[P.P.4D

Government
of South Australia

Report

of the

Auditor-General

Annual Report

for the

year ended 30 June 2012

Tabled in the House of Assembly and ordered to be published, 16 October 2012

Second Session, Fifty-Second Parliament

Part B: Agency audit reports

Volume 1

By Authority: B. Morris, Government Printer, South Australia

2012

General enquiries regarding this report should be directed to:

Auditor-General
Auditor-General's Department
9th floor
State Administration Centre
200 Victoria Square
Adelaide SA 5000

Copies may be obtained from:
Service SA
Government Legislation Outlet
Ground Floor
EDS Building
108 North Terrace
Adelaide SA 5000

Website: www.audit.sa.gov.au

ISSN 0815-9157

Part B

Table of contents

Page

Volume 1

Accounts of public authorities 1
Adelaide Convention Centre Corporation 3
Adelaide Entertainments Corporation 24
Adelaide Festival Centre Trust 46
Adelaide Festival Corporation 71
Adelaide Oval SMA Limited 86
Art Gallery Board 103
Attorney-General's Department 104
  Public Trustee 190
Auditor-General's Department 216
Department for Communities and Social Inclusion 233
Department for Correctional Services 303

Volume 2

Courts Administration Authority 339
Defence SA 380
Department for Education and Child Development 410
Department of Environment and Natural Resources 484
Environment Protection Authority 543
Flinders University of South Australia 574
Department of Further Education, Employment, Science and Technology 626

Volume 3

Department for Health and Ageing 667
  Incorporated hospitals and health services 723
    Central Adelaide Local Health Network Incorporated 725
    Southern Adelaide Local Health Network Incorporated 727
    Northern Adelaide Local Health Network Incorporated 729
    Country Health SA Local Health Network Incorporated 730
    Women's and Children's Health Network Incorporated 733
    SA Ambulance Service Inc 734
  Health sector staffing and patient activity data – unaudited 739
Health Services Charitable Gifts Board 741
HomeStart Finance 763

Part B

Table of contents

Page

Volume 3

Judges' Pensions Scheme 814
Land Management Corporation 826
Legal Services Commission 860
The Legislature 882
Libraries Board of South Australia 932
Local Government Finance Authority of South Australia 957
Lotteries Commission of South Australia 978
Department for Manufacturing, Innovation, Trade, Resources and Energy 1009

Volume 4

Motor Accident Commission 1053
Museum Board 1084
Parliamentary Superannuation Scheme 1108
Department of Planning and Local Government 1122
Department of Planning, Transport and Infrastructure 1164
Police Superannuation Scheme 1256
Department of the Premier and Cabinet 1273
Department of Primary Industries and Regions 1336
South Australia Police 1404

Volume 5

South Australian Asset Management Corporation 1449
South Australian Country Fire Service 1463
South Australian Fire and Emergency Services Commission 1491
South Australian Forestry Corporation 1534
South Australian Government Financing Authority 1562
South Australian Housing Trust 1604
South Australian Metropolitan Fire Service 1649
South Australian Motor Sport Board 1677
South Australian State Emergency Service 1701
South Australian Superannuation Board 1727
    South Australian Ambulance Service Superannuation Scheme 1737
    South Australian Superannuation Scheme 1751
    Southern State Superannuation Scheme 1773
    Super SA Retirement Investment Fund 1791
South Australian Tourism Commission 1808

Part B

Table of contents

Page

Volume 6

South Australian Water Corporation 1837
Superannuation Funds Management Corporation of South Australia 1892
Department of Treasury and Finance 1929
University of Adelaide 1988
University of South Australia 2043
Urban Renewal Authority 2092
Department for Water 2093
WorkCover Corporation of South Australia 2147

Appendix

Treasurer's Financial Statements (Statements A-L)

Part B

References to matters of significance

Issues of importance that are included in this Part of this Report include matters that arose during the course of audit that have been referred to senior agency management and other matters that are of public interest.

Those matters that are regarded as being more significant are listed below. This list is not exhaustive as many other issues are reported in Part B of this Report.

Reference should also be made to Part A – Audit overview which also contains comments on specific matters of importance and interest.

Adelaide Convention Centre Corporation

Redevelopment of the Convention Centre 6

Adelaide Festival Centre Trust

Information and communications technology and control 47
Qualified opinion – assessment of controls 47
Qualified opinion – financial report 47

Adelaide Festival Corporation

Cash handling 72
Qualified opinion – assessment of controls 72

Adelaide Oval SMA Limited

Highlights of the financial report 88

Art Gallery Board

Status of the financial report 103

Attorney-General's Department

Alleged fraud against the Victims of Crime Fund 106
Consumer and Business Services 110
Crown Solicitor's Office 108
Gaming machine administration 123
Information and communications technology and control 111
Preparation of draft financial statements 107
Qualified opinion – assessment of controls 106
Shared Services SA – e-Procurement and electronic payment control environments 114

Central Adelaide Local Health Network Incorporated

Qualified opinion – assessment of controls 726
Qualified opinion – financial report 726

Communities and Social Inclusion, Department for

Brokerage expenditure 235
Cash at bank 239
Client trust funds 240
Concessions 240
Expenditure 237
Grants and subsidies 234
Payroll 236

Communities and Social Inclusion, Department for (continued)

Qualified opinion – assessment of controls ... 234
Shared Services SA – e-Procurement and electronic payment control environments ... 238
The functions performed by Families SA and associated assets and liabilities were transferred to the Department for Education and Child Development ... 233

Correctional Services, Department for

Payroll ... 305
Qualified opinion – assessment of controls ... 304
Risk management ... 304
Shared Services SA – e-Procurement and electronic payment control environments ... 305

Country Health SA Local Health Network Incorporated

Qualified opinion – assessment of controls ... 731
Qualified opinion – financial report ... 731

Courts Administration Authority

Information and communications technology and control ... 340
Qualified opinion – assessment of controls ... 340

Defence SA

Qualified opinion – assessment of controls ... 381
Shared Services SA – e-Procurement and electronic payment control environments ... 382
The property and asset management and program delivery functions of Defence SA were transferred to the Urban Renewal Authority ... 384

Education and Child Development, Department for

Building the Education Revolution ... 432
Carer payments ... 424
Families SA ... 424
Family day care ... 423
General ledger processing ... 425
Information and communications technology and control ... 427
Payroll ... 416
Qualified opinion – assessment of controls ... 411
Revenue ... 413
School audit arrangements ... 412
School maintenance ... 419
Shared Services SA – e-Procurement and electronic payment control environments ... 418
Transfer of employees and functions ... 410

Environment and Natural Resources, Department of

Adelaide's Living Beaches project ... 494
Asset management ... 488
Coorong, Lower Lakes and Murray Mouth projects ... 493
Events after balance date ... 492
Fixed assets – accounting for Crown land ... 485
Governance ... 487
Qualified opinion – assessment of controls ... 487
Qualified opinion – financial report ... 485
Shared Services SA – e-Procurement and electronic payment control environments ... 488

Environment Protection Authority

Licence compliance ... 545
Licensing Administration Modernisation project ... 548
Qualified opinion – assessment of controls ... 544

Flinders University of South Australia
Information and communications technology and control ... 577
Expenditure ... 576
General ledger ... 575
Payroll ... 576
Qualified opinion – assessment of controls ... 575

Further Education, Employment, Science and Technology, Department of
Expenditure ... 628
Payroll and human resources ... 627
Qualified opinion – assessment of controls ... 627
Shared Services SA – e-Procurement and electronic payment control environments ... 631
Student Information System implementation and operation ... 630
Student revenue ... 629

Health and Ageing, Department for
Accounts payable ... 680
Accounts receivable ... 681
Changes to health regions and services from 1 July 2011 ... 667
Financial reports and reconciliations ... 671
Health sector challenges ... 668
Hospital budget performance and remediation review ... 683
Implementation and operation of Oracle Corporate Systems ... 672
Information and communications technology and control ... 681
Payroll ... 680
Public Private Partnership – the new Royal Adelaide Hospital project ... 683
Qualified opinion – assessment of controls ... 672
Risk management ... 677
South Australian Health and Medical Research Institute ... 683
Supplementary Report of April 2012 ... 668

Health Services Charitable Gifts Board
Establishment ... 741
Qualified opinion – financial report ... 743

HomeStart Finance
Bad and impaired loans expense ... 767
Breakthrough loans ... 768
Distributions to government ... 773
Financial risks ... 769
HomeStart operating parameters ... 775
Loans and advances ... 768
Provisions for impairment ... 770

Land Management Corporation
Dissolution of the Land Management Corporation ... 826

Legal Services Commission
LAW Office System ... 861
Qualified opinion – assessment of controls ... 861

Legislature, The
Joint Parliamentary Service – qualified opinion – financial report – disclaimer of opinion ... 883

Libraries Board of South Australia
Implementation of TIs 2 and 28 ... 933
Qualified opinion – assessment of controls ... 933
Shared Services SA – e-Procurement and electronic payment control environments ... 933

Lotteries Commission of South Australia

Distributions to government ... 982
Information and communications technology and control ... 979
Private operator of the Commission's brands and products ... 983

Manufacturing, Innovation, Trade, Resources and Energy, Department for

Financial assistance grants ... 1011
Qualified opinion – assessment of controls ... 1010
Shared Services SA – e-Procurement and electronic payment control environments ... 1011

Motor Accident Commission

Investment result ... 1056
Investments ... 1057
Outstanding claims ... 1058
Solvency level ... 1059
Underwriting result ... 1055

Museum Board

Legal compliance ... 1085
Qualified opinion – assessment of controls ... 1085
Shared Services SA – e-Procurement and electronic payment control environments ... 1087

Northern Adelaide Local Health Network Incorporated

Qualified opinion – assessment of controls ... 729

Planning and Local Government, Department of

Transfer of functions and employees ... 1122

Planning, Transport and Infrastructure, Department of

Adelaide Oval redevelopment ... 1182
Bank account reconciliations ... 1168
Building management – commercial and residential properties ... 1178
Building management – facilities services ... 1179
Building management – project services ... 1176
Bus contract payments ... 1171
Information and communications technology and control ... 1180
Metroticket revenue ... 1173
Organisational changes ... 1165
Payment control environment ... 1169
Payroll ... 1170
Qualified opinion – assessment of controls ... 1167
Qualified opinion – financial report ... 1167
Revenue and accounts receivable ... 1174
Risk management ... 1174
Shared Services SA – e-Procurement and electronic payment control environments ... 1169
State Aquatic Centre and GP Plus Health ... 1182

Premier and Cabinet, Department of the

Corporate issues ... 1274
Implementation of TIs 2 and 28 ... 1275
Information and communications technology and control – Shared Services SA – CHRIS HRMS ... 1279
Office of the Chief Information Officer – government voice and data telecommunication charging arrangements ... 1280
Qualified opinion – assessment of controls ... 1274

Premier and Cabinet, Department of the (continued)
Service SA – T-Recs 1277
Shared Services SA – accounts payable (e-Procurement) control environment 1275
Shared Services SA – electronic payment control environment 1277

Primary Industries and Regions, Department of
Expenditure 1337
Grants and advances revenue – South Australia Research and Development Institute 1341
Masterpiece accounts receivable and Reculver systems 1339
Payroll 1338
Qualified opinion – assessment of controls 1337
Shared Services SA – e-Procurement and electronic payment control environments 1338

Public Trustee
Implementation of TIs 2 and 28 192
Qualified opinion – assessment of controls 191
Reconciliation processes 191

SA Ambulance Service Inc
Qualified opinion – assessment of controls 734

South Australia Police
Information and communications technology and control 1408
Payroll 1406
Qualified opinion – assessment of controls 1405
Shared Services SA – e-Procurement and electronic payment control environments 1407
Workers compensation 1405

South Australian Asset Management Corporation
Dissolution of South Australian Asset Management Corporation 1449

South Australian Country Fire Service
Shared Services SA – e-Procurement and electronic payment control environments 1464

South Australian Fire and Emergency Services Commission
Administered comprehensive income 1499
Building Project Control Committee 1493
Deficiencies in record keeping and other information 1494
Qualified opinion – assessment of controls 1493
Shared Services SA – e-Procurement and electronic payment control environments 1497

South Australian Forestry Corporation
Distributions to government 1538
Forward sale of forest rotations 1534
Qualified opinion – assessment of controls 1535
Standing timber 1539

South Australian Government Financing Authority
Alternative fleet management arrangements 1575
Business risk management 1570
Catastrophe reinsurance program 1573
Changes to SAFA's lending arrangements with the Treasurer 1572
Natural disaster relief and recovery arrangements 1574
Treasury 'end-to-end' processes 1564

South Australian Housing Trust
Capital works 1607
Loss on disposal of assets 1611

South Australian Housing Trust (continued)
Maintenance ... 1606
Management of grant payments ... 1607
Qualified opinion – assessment of controls ... 1605
Rent ... 1605
Shared Services SA – e-Procurement and electronic payment control environments ... 1608

South Australian Metropolitan Fire Service
Qualified opinion – assessment of controls ... 1650

South Australian Motor Sport Board
Qualified opinion – assessment of controls ... 1679
Qualified opinion – financial report ... 1679

South Australian State Emergency Service
Qualified opinion – assessment of controls ... 1702

South Australian Superannuation Board
Qualified opinion – assessment of controls ... 1728

South Australian Superannuation Scheme
Benefits paid ... 1755
Statement of Financial Position – Estimated liability for accrued benefits ... 1753

South Australian Tourism Commission
Expenditure – cooperative marketing ... 1809
Performance agreement ... 1809
Procurement and contract management – South Australian Visitor and Travel Centre ... 1810
Qualified opinion – assessment of controls ... 1809
Shared Services SA – e-Procurement and electronic payment control environments ... 1810
Shared Services SA – Revenue and receipting ... 1810

South Australian Water Corporation
Adelaide Desalination project ... 1852
Contributions to the State Government ... 1849
Metropolitan Adelaide Service Delivery project ... 1857
North South Interconnection System project ... 1857
Procurement ... 1838
Qualified opinion – assessment of controls ... 1838
SA Water and United Water charging dispute ... 1858
Wastewater and water rates and charges ... 1851

Southern Adelaide Local Health Network Incorporated
Qualified opinion – assessment of controls ... 728

Southern State Superannuation Scheme
Benefits paid ... 1776

Superannuation Funds Management Corporation of South Australia
Funds under management ... 1895
Income from investments ... 1896

Treasury and Finance, Department of
Commonwealth funding arrangements ... 1938
Government Accounting, Reporting and Procurement Branch ... 1932
Information and communications technology and control – RISTEC project ... 1933
Qualified opinion – assessment of controls ... 1931
RevenueSA ... 1931
Shared Services SA ... 1929
Shared Services SA – e-Procurement and electronic payment control environments ... 1933

University of Adelaide
Information and communications technology and control 1990
Payroll 1989
Qualified opinion – assessment of controls 1989

University of South Australia
Expenditure 2045
General ledger – journal processing 2047
Grant funding 2045
Information and communications technology and control 2048
Intellectual property 2048
Payroll 2047
Qualified opinion – assessment of controls 2045
Qualified opinion – financial report 2044
Revenue – approval of tuition fee waivers 2047

Urban Renewal Authority
Status of the financial report 2092
Statutory corporation established on 1 March 2012 2092

Water, Department for
Fixed assets – control and recognition 2106
Implementation of TIs 2 and 28 2097
Payroll 2096
Qualified opinion – assessment of controls 2095
Qualified opinion – financial report 2094
Shared Services SA – e-Procurement and electronic payment control environments 2099
WILMA and corporate accounts receivable systems 2095

Women's and Children's Health Network Incorporated
Qualified opinion – assessment of controls 733

WorkCover Corporation of South Australia
Auditor's report on the financial report
Inherent uncertainty – outstanding claims liability and funding ratio 2150
Information and communications technology and control 2157
Levies 2151
Outstanding claims – Compensation Fund 2164
Qualified opinion – assessment of controls 2150
Review of WorkCover Scheme in 2011 2148
Underwriting result 2160
Workers compensation 2152

Volumes 1 to 6

Accounts of public authorities

Introduction

Part B – Volumes 1 to 6 of the Annual Report of the Auditor-General contains the financial reports of, and comments concerning, the operations of those public sector agencies that I am required by law to audit and that are defined by the PFAA as 'public authorities'. Where appropriate, charts and tables have been used to illustrate selected information.

Agencies not included in this Report

In preparing this Report every effort is made to ensure that only matters that are relevant, appropriate and timely are included. Section 36(2) of the PFAA provides the Auditor-General with a discretionary power to choose which agencies are excluded from this Report.

The following factors are taken into consideration in determining which agencies are to be included in the Report:

- materiality of financial operations
- materiality of any impact on the public finances
- consolidation of the financial operations in the parent entity's financial statements included in this Report
- timeliness of information
- materiality of issues arising from the audit
- public interest.

A number of the agencies excluded from the Report are required to prepare an annual report in accordance with the requirements of the PSA. In addition, TI 19 requires that each chief executive officer must ensure that the annual report, which is required to be submitted to the responsible Minister in accordance with the PSA and Regulations, or other legislation, includes the general purpose financial report in the form in which it was presented to the Auditor-General, together with a copy of the Auditor-General's Independent Auditor's Report on the financial report.

Supplementary report

There are certain agencies that would have been included in this Annual Report had their financial reports been completed at the time of finalising this Report. These agencies are:

- Art Gallery Board
- Urban Renewal Authority.

The financial report and commentary on the operations for each of these agencies will be included in a Supplementary Report to be presented to Parliament.

Modified Independent Auditor's Reports

The expression of an opinion on an organisation's annual financial report by an independent professional auditor adds credibility to that financial report and ensures that an appropriate level of financial disclosure has been exercised.

For those agencies that I am required to audit, I issue an Independent Auditor's Report on the financial report in accordance with professional requirements and standards. The opinion expressed in that Report is usually unmodified but where, in my opinion, circumstances so warrant, a modified opinion is expressed. In extreme cases it may be necessary to decline to express an opinion.

In all cases where a modified opinion is given, the Independent Auditor's Report includes explanatory paragraphs clearly describing the reason for issuing a modified opinion.

Modified opinions were expressed on the financial reports of the following agencies included in this Annual Report:

- Adelaide Festival Centre Trust
- Central Adelaide Local Health Network Incorporated
- Country Health SA Local Health Network Incorporated
- Department of Environment and Natural Resources
- Health Services Charitable Gifts Board
- The Legislature - Joint Parliamentary Service
- Department of Planning, Transport and Infrastructure
- South Australian Motor Sport Board
- University of South Australia
- Department for Water.

Whilst not expressing a modified opinion on the financial report of the WorkCover Corporation of South Australia which is also included in this Annual Report, I drew attention to the inherent uncertainty associated with that entity's outstanding claims liability.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA requires the Auditor-General to advise Parliament whether, in his opinion, the controls exercised by the Treasurer and by public authorities in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities is sufficient to provide reasonable assurance that the financial transactions of the Treasurer and public authorities have been conducted properly and in accordance with law.

A controls opinion has been expressed for each agency included in Part B of this Report.

Audit of the Auditor-General's Department

The PFAA requires that the accounts of the Auditor-General's Department be audited by an auditor appointed by the Governor. The audit for the financial year ended 30 June 2012 was conducted by Edwards Marshall, Chartered Accountants, who have issued an unmodified Independent Auditor's Report on the Department's financial report.

References to matters of significance

Matters that have arisen from the audit of agencies during this financial year are commented on in Volumes 1 to 6 of Part B of this Report. Those issues that are regarded as either serious in nature or of public interest importance are listed separately under the heading 'References to matters of significance' immediately after the table of contents in each volume.

Adelaide Convention Centre Corporation

Functional responsibility

Establishment

The Adelaide Convention Centre Corporation (the Corporation), a subsidiary to the Minister for Tourism, was established pursuant to regulations under the PCA.

Functions

The main function of the Corporation is to manage the Adelaide Convention Centre. For more information about the Corporation's functions refer note 1 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 13(3) of the Schedule to the PCA and section 31(1)(b) of the PFAA provide for the Auditor-General to audit the accounts of the Corporation for each financial year.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of the audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial report and internal controls.

During 2011-12, specific areas of audit attention included:

- revenue from events and car park operations
- payroll
- procurement and expenditure
- capital works.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Adelaide Convention Centre Corporation as at 30 June 2012, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

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

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Chief Executive Officer of the Corporation. These included recommendations for ensuring that prices are authorised annually by the Executive, developing a policy regarding the operation of the financial management compliance program and ensuring signed event schedules are obtained for each event. Responses to the issues outlined in the management letter were satisfactory and indicated that documentation of approval of prices by Executive will be retained, a policy will be developed for the financial management compliance program and that event coordinators will be reminded of the need to obtain signed event schedules.

Further matter of payment authorisation

In 2011-12 the Corporation was provided with a capital contribution from government of $65 million. However, in June 2012, as a result of revised funding arrangements, $22.3 million was returned to DTF which represented unspent funds for this year. At the time the payment was made to DTF the transaction was not authorised in accordance with the Corporation’s delegations of authority which required the Minister for Tourism’s approval. Following an Audit inquiry, the Corporation subsequently received retrospective approval from the Minister for the transaction.

Interpretation and analysis of the financial report

The Corporation presents it operating statement on an activity basis. The following analysis summarises expenses and income by classification.

Highlights of the financial report	2012 $’million	2011 $’million
Expenses		
Employee benefits expenses	18	17
Supplies and services	13	14
Other expenses	5	5
Total expenses	36	36
Income		
Facility charges revenues	29	30
State Government grants	4	4
Other income	3	3
Total income	36	37
Profit (Loss) from trading activities	5	7
Profit (Loss) from property management activities	(5)	(5)
Profit (Loss) before income tax equivalents	-	2
Net cash provided by (used in) operating activities	6	5
Net cash provided by (used in) investing activities	(41)	(10)
Net cash provided by (used in) financing activities	43	5

	2012 $'million	2011 $'million
Assets		
Current assets	26	19
Non-current assets	189	151
Total assets	215	170
Liabilities		
Current liabilities	9	7
Non-current liabilities	2	2
Total liabilities	11	9
Equity		
Contributed capital	126	83
Retained earnings	78	78
Total equity	204	161

Statement of Comprehensive Income

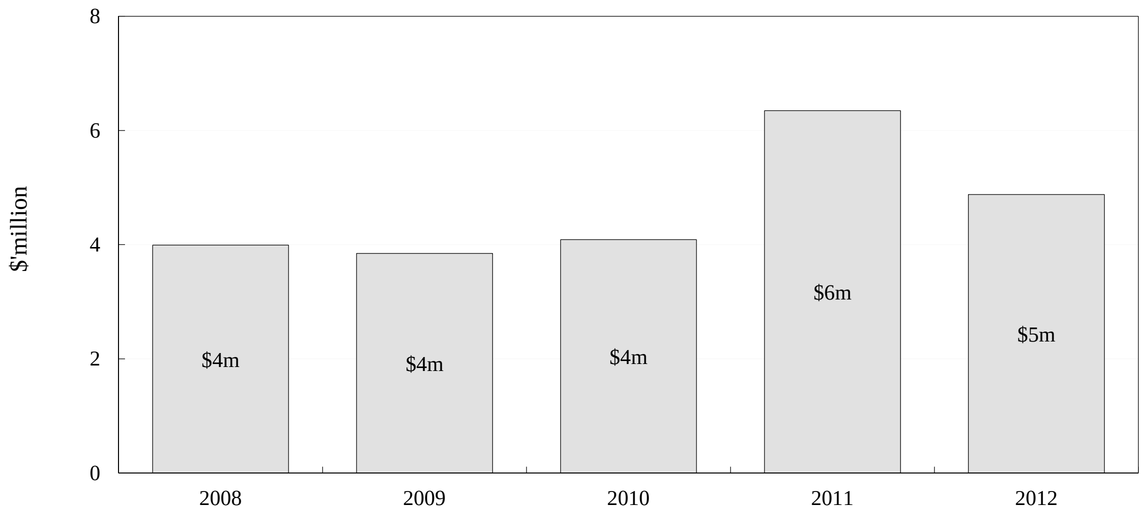
Trading activities

Income from trading activities decreased by $597 000 to $31 million. In 2011-12, revenue from facility charges decreased by $1.7 million to $28.6 million, down 6% from the previous year. Decreases in room hire income, down $834 000, as a result of fewer conferences held during the year and car park income, down $342 000, as a result of the impact of construction work as part of the Convention Centre redevelopment contributed to the result. Interest income increased by $954 000 as a result of higher cash balances held during the year.

Expenses from trading activities increased by $1.3 million primarily as a result of higher employee benefits expenses with salaries and wages up $563 000 due to increased pay rates and LSL expense up $482 000. The increase in LSL expense is mainly due to the change in the LSL benchmark which went from five years in 2011 to zero in 2012 (refer note 16 to the financial statements).

The profit from trading activities was $4.9 million, a decrease of $1.9 million from the previous year.

The chart below shows the profit from trading activities for the last five years.



Profit was steady for the years 2008 to 2010 and increased significantly in 2011 due to higher revenue from facility charges. In 2012, the number of events held increased over 2011 but the mix of events was different with fewer conferences being held and this impacted the profit figure.

Property management activities

The Corporation is charged with managing and maintaining the common areas of the Adelaide Convention Centre and surrounds and revenue is provided from the State Government for this purpose. The revenue received for this purpose in 2011-12 remained unchanged at $4.5 million while interest income increased by $45 000 bringing total income to $5.3 million. Expenses decreased by $408 000 to $10.1 million mainly as a result of expenditure in 2010-11 including costs for the development of the master plan for upgrading the Riverbank precinct. The overall result from property management activities was a loss of $4.8 million ($5.2 million).

Overall profit

The Corporation reported an overall profit after income tax equivalents of $100 000 ($1.1 million). The decrease in total profit reflects mainly the reduced profit from trading.

Statement of Financial Position

The Corporation's net assets increased by $42.7 million to $204.1 million mainly as a result of an increase in building, plant and equipment of $36.1 million. The value of buildings, plant and equipment as at 30 June 2012 was $168.9 million and included $46.3 million work in progress relating mainly to the relocation of Regatta's restaurant and the Convention Centre extension and redevelopment.

Contributed capital grew by $42.7 million due to an equity contribution from the SA Government for costs associated with the Convention Centre extension and redevelopment. This increase comprised a capital contribution of $65 million and a return of capital of $22.3 million. The return of capital was a result of changed funding arrangements which are discussed further under the heading 'Redevelopment of the Convention Centre' below.

Statement of Cash Flows

Cash held by the Corporation was $42.2 million ($33.9 million) and includes $20.2 million ($18 million) in specific purpose deposits of which $17.8 million ($15.7 million) is earmarked for future assets replacement.

The increase in cash held of $8.3 million is attributable mainly to the net cash provided by operating activities of $6.5 million. This was influenced by the timing of events held which resulted in an increase in security deposits held at year end, together with increased interest income and an increase in cash held for future asset replacement.

Further commentary on operations

Redevelopment of the Convention Centre

The extension and redevelopment of the Convention Centre is a five year project which commenced in 2010-11 and is expected to cost $350 million. In 2010-11 and 2011-12 funding for this project was provided to the Corporation as a capital contribution from the State Government. From 2012-13 revised funding arrangements will be in place with all further development costs funded by loans rather than capital contributions from the Government. As part of these arrangements capital contributions already made to the Corporation for the funding of the redevelopment will be returned. This change was implemented to align the funding arrangements more with the commercial nature of the Corporation's operations.

The Corporation is partnering with the Department of Planning, Transport and Infrastructure (DPTI) to deliver the project and DPTI has responsibility for managing the procurement of design and construction and for managing project delivery. The Corporation makes progress payments to DPTI for work completed.

As at 30 June 2012 expenditure on the extension and redevelopment totalled $46.2 million.

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Expenses from trading activities:			
Employee benefits expenses	6	15 335	14 265
Supplies and services	7	8 980	8 529
Depreciation and amortisation expense	9	1 767	1 931
Net loss from the disposal of non-current assets	10	-	50
Total expenses from trading activities		26 082	24 775
Income from trading activities:			
Facility charges revenues	4	28 588	30 280
Interest revenues		2 023	1 069
Other income		351	251
Net gain from the disposal of non-current assets	5	41	-
Total income from trading activities		31 003	31 600
Profit from trading activities		4 921	6 825
Expenses from property management activities:			
Employee benefits expenses	6	2 447	2 342
Supplies and services	7	4 489	5 014
Depreciation and amortisation expense	9	3 135	3 123
Total expenses from property management activities		10 071	10 479
Income from property management activities:			
Interest		839	794
Revenues from SA Government		4 454	4 454
Total income from property management activities		5 293	5 248
Profit (Loss) from property management activities		(4 778)	(5 231)
Profit (Loss) before income tax equivalents		143	1 594
Income tax equivalent expense		43	478
Profit (Loss) after income tax equivalents		100	1 116
Total comprehensive result		100	1 116

Profit (Loss) after income tax equivalents and total comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash and cash equivalents	20	21 921	15 887
Receivables	11	3 466	2 655
Inventories		304	336
Prepayments		462	415
Total current assets		26 153	19 293
Non-current assets:			
Specific purpose deposits	12,20	20 248	18 005
Building, plant and equipment	13	168 870	132 809
Total non-current assets		189 118	150 814
Total assets		215 271	170 107
Current liabilities:			
Payables	14	3 015	2 753
Security deposits	15	5 246	3 704
Employee benefits	16	978	728
Total current liabilities		9 239	7 185
Non-current liabilities:			
Payables	14	115	79
Employee benefits	16	1 793	1 427
Total non-current liabilities		1 908	1 506
Total liabilities		11 147	8 691
Net assets		204 124	161 416
Equity:			
Contributed capital		125 976	83 304
Retained earnings		78 148	78 112
Total equity		204 124	161 416

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	17
Contingent assets and liabilities	18

Statement of Changes in Equity
for the year ended 30 June 2012

	Note	Contributed capital $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2010		77 804	77 713	155 517
Profit (Loss) after income tax equivalents for 2010-11		-	1 116	1 116
Total comprehensive result for 2010-11		-	1 116	1 116
Transactions with SA Government as owner:				
Equity contribution		5 500	-	5 500
Dividend paid	3(g)	-	(717)	(717)
Balance at 30 June 2011		83 304	78 112	161 416
Profit (Loss) after income tax equivalents for 2011-12		-	100	100
Total comprehensive result for 2011-12		-	100	100
Transactions with SA Government as owner:				
Equity contribution	3(k)	65 000	-	65 000
Equity returned		(22 328)	-	(22 328)
Dividend paid	3(g)	-	(64)	(64)
Balance at 30 June 2012		125 976	78 148	204 124

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

Statement of Cash Flows
for the year ended 30 June 2012

		2012	2011
		Inflows	Inflows
		(Outflows)	(Outflows)
Cash flows from operating activities:	Note	$'000	$'000
Cash outflows:			
Employee benefit payments		(17 132)	(16 420)
Payments for supplies and services		(13 321)	(13 346)
GST payments on purchases		(5 096)	(2 002)
GST payments to the ATO		(3 055)	(2 928)
Cash used in operations		(38 604)	(34 696)
Cash inflows:			
Facility charges		29 275	29 073
Interest received		2 789	1 829
GST receipts on facility charges		3 076	2 871
GST received from the ATO		5 186	1 545
Other receipts		351	251
Cash generated from operations		40 677	35 569
Cash flows from SA Government:			
Receipts from SA Government		4 454	4 454
Cash generated from SA Government		4 454	4 454
Net cash provided by (used in) operating activities	20	6 527	5 327
Cash flows from investing activities:			
Cash outflows:			
Purchase of building, plant and equipment		(41 050)	(9 774)
Cash used in investing activities		(41 050)	(9 774)
Cash inflows:			
Proceeds from the sale of building, plant and equipment		128	104
Cash generated from investing activities		128	104
Net cash provided by (used in) investing activities		(40 922)	(9 670)
Cash flows from financing activities:			
Cash outflows:			
Capital returned to government		(22 328)	-
Cash used in financing activities		(22 328)	-
Cash inflows:			
Capital contribution from government		65 000	5 500
Cash generated from financing activities		65 000	5 500
Net cash provided by (used in) financing activities		42 672	5 500
Net increase (decrease) in cash and cash equivalents		8 277	1 157
Cash and cash equivalents at 1 July		33 892	32 735
Cash and cash equivalents at 30 June	20	42 169	33 892

Notes to and forming part of the financial statements

1. Objectives of the Adelaide Convention Centre Corporation (the Corporation)

The Corporation was established as a subsidiary to the Minister for Tourism by Regulations issued under the PCA.

The functions of the Corporation are to:

- manage and operate the Adelaide Convention Centre site, and to hold and manage assets associated with the Corporation
- manage, promote and sponsor events at the Adelaide Convention Centre site or elsewhere
- attract economic benefits to the State of South Australia
- foster and assist the commercial development of the Adelaide Convention Centre site in order to complement and enhance the commercial potential of the Corporation.

2. Funding

The SA Government (through the Minister for Tourism) provides funding to the Corporation for expenses relating to the maintenance of the common areas and the Riverbank Precinct, Exhibition Hall land rent, office accommodation rent and for replacement of assets.

The funding for asset replacement is transferred by DTF into an interest bearing special deposit account titled 'Adelaide Convention Centre Future Asset Replacement Account'. With the approval of the Treasurer, these funds are available for the replacement and upgrade of assets and minor works.

During 2011-12, the SA Government made an equity injection of $65 million, with the funds being allocated to the Convention Centre extension and redevelopment. Due to a change in how the project will be funded during 2012-13, the Corporation returned $22.328 million in equity.

All other financial activities of the Corporation are conducted through an interest bearing special deposit account titled 'Adelaide Convention Centre Operating Account'.

3. Summary of significant accounting policies

(a) Statement of compliance

The Corporation has prepared these financial statements in compliance with section 23 of the PFAA and section 13 of the Schedule to the PCA.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and comply with TIs and APSs promulgated under the provision of the PFAA.

The Corporation has applied AASs that are applicable to not-for-profit entities, as the Corporation is a not-for-profit entity.

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Corporation for the reporting period ending 30 June 2012.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in this financial report:

  (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of $100 000 for separate identification of these items applies

(b) Basis of preparation (continued)

(b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)

(c) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

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

The Corporation's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2012 and the comparative information presented.

(c) Comparative information

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

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

Where the Corporation has applied an accounting policy retrospectively; retrospectively restated items in the financial statements; reclassified items in the financial statements, it has provided three Statements of Financial Position and related notes.

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

(d) Rounding

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

(e) Taxation

In accordance with TIs issued under the PFAA, the Corporation is required to pay to the State Government an income tax equivalent. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate be applied to the net profit. The Treasurer has exempted capital funding from the calculation of the income tax equivalents.

The Corporation is liable for payroll tax, FBT, GST, Emergency Services levy, land tax and local government rates.

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

- where the GST incurred by the Corporation is not recoverable from the ATO, in which case GST is recognised as part of the cost of acquisition of an asset or as part of the expense item applicable
- receivables and payables are stated with the amount of GST included.

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

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

(e) Taxation (continued)

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

Income tax equivalent payable for 2011-12 is $43 000 ($478 000).

(f) Events after reporting period

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

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

(g) Dividend policy

DTF has determined a distribution policy, which will apply to the Corporation as being 75% of the operating profit before income tax equivalents, less any capital funding. This distribution is reduced by the income tax equivalent expense plus the other tax equivalent regime expenditure resulting in a dividend which is paid to DTF. The deduction of income tax equivalent and other tax equivalent regime expenditure from the gross 75% distribution ensures consistency with competitive neutrality and DTF policies concerning budget neutrality.

The dividend provided for 2011-12 is $64 000 ($717 000).

(h) Income and expenses

Incomes and expenses are recognised to the extent that it is probable that the flow of economic benefits to or from the Corporation will occur and can be reliably measured.

Income and expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The notes accompanying the financial statements disclose income, expenses, financial assets and financial liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Transactions with SA Government entities below the threshold of $100 000 have been included with the non-government transactions, classified according to their nature.

The following are specific recognition criteria:

Income from facility charges

Income from facility charges is derived from the provision of goods and services to the public and other SA Government agencies and is recognised at the conclusion of an event or after a service has been provided. This income is driven by consumer demand.

Contributions from SA Government

The contribution from the SA Government is recognised as income when the Corporation obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Interest income

Interest income is recognised as it is accrued.

Income from the disposal of non-current assets

Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer.

Maintenance expense

The Corporation undertakes major cyclical maintenance on its infrastructure assets. All costs involved with the major cyclical maintenance are recorded as an expense unless they add to the service potential of the existing infrastructure asset.

Depreciation and amortisation of non-current assets
All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation relates to leasehold improvements, while depreciation is applied to physical assets such as property, plant and equipment.

The useful lives of all major assets held by the Corporation are reassessed on an annual basis and adjusted if appropriate. The value of leasehold improvements is amortised over the unexpired period of the relevant lease.

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

Class of asset	*Useful life (years)*
Buildings	30-50
Leasehold improvements	Life of lease
Plant and equipment	2-20

(i) Current and non-current classification
Assets and liabilities are characterised as either current or non-current in nature. The Corporation has a clearly identifiable operating cycle of 12 months. Therefore assets and liabilities that will be realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

(j) Assets and liabilities
Assets and liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where an asset line item combines amounts expected to be settled within 12 months and more than 12 months, the Corporation has separately disclosed the amounts expected to be recovered after more than 12 months.

The notes accompanying the financial statements disclose financial assets where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature.

Transactions with SA Government entities below the threshold of $100 000 have been included with the non-government transactions, classified according to their nature.

Cash and cash equivalents
For the purposes of the Statement of Cash Flows cash includes cash on deposit, at bank, and on hand and deposits at call that are readily converted to cash. Cash on deposit (specific purpose deposits) cannot be used for operational cash purposes. Security deposits held at bank can be used for operational purposes at the conclusion of an event.

Cash is measured at nominal value.

Receivables
Trade receivables include security deposits raised in accordance with a client’s respective payment plan, the selling of goods and services to the public and to other SA Government agencies. Trade receivables are payable within 14 days after the issue of a deposit/tax invoice or the goods/services have been provided under a contractual arrangement.

Based on an assessment of the collection of trade receivables at balance date, the Corporation has determined that a provision for doubtful debts is not warranted.

Inventories
Inventories are carried at cost as they are expected to be consumed in the holding of functions that will have a net realisable value that exceeds cost. Cost is assigned on a weighted average cost basis.

Non-current assets
- *Acquisition and recognition*
  Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation. The Corporation capitalises all non-current physical assets with a value equal to or greater than $3000 or a useful life greater than three years.

- *Acquisition and recognition (continued)*
  The Corporation capitalises costs associated with projects to work in progress. On completion of a project the capitalised costs are transferred to the relevant non-current asset account. The balance of work in progress reflects costs for projects which are at various stages of completion as at 30 June 2012.

- *Revaluation of non-current assets*
  Buildings, plant and equipment are valued at written down current cost (a proxy for fair value) and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than $1 million and estimated useful life is greater than three years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

  The Corporation has taken the exemption available under APF III, APS 3.10 to take asset revaluation adjustments to the asset revaluation surplus on a class basis rather than an individual asset basis. Any accumulated depreciation as at revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset. Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Payables
Payables include creditors, accrued expenses, GST payable, employment on-costs and Paid Parental Leave Scheme payable.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Corporation.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

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

All amounts are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employment on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, LSL and annual leave.

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

Security deposits
The Corporation recognises security deposits at the time of raising a security deposit requisition/tax invoice in accordance with a client's respective payment plan. The Corporation will hold all security deposits received on behalf of the client/hirer and will not treat these monies as consideration until such time as the deposits are applied towards payment at the conclusion of the event/hiring period or are forfeited and applied towards a cancellation fee. Security deposits for car park cards are returned to the client when the card is returned.

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

- *Wages, salaries, annual leave and sick leave*
  The liability for salaries and wages is measured as the amount unpaid at 30 June 2012 at remuneration rates current at reporting date.

  Provision has been made for the unused component of annual leave as at 30 June 2012. The liability is calculated at nominal amounts based on the 2011-12 pay rates and is expected to be paid during the next financial year.

  No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement of sick leave.

- *Employer superannuation*
  The Corporation made contributions of $1.371 million ($1.314 million) in respect of its employees for the financial year to several superannuation schemes operated by the SA Government and externally managed superannuation schemes.

- *Workers compensation*
  The Corporation is deemed to be an exempt employer by virtue of the WRCA and as such is liable for all medical, income and other day-to-day type expenses associated with a claim. The Corporation is also liable for any lump sum, redemption or permanent disability type payments for claims occurring post 1 July 2006. Any claims originating prior to 1 July 2006 are funded through a central government fund. Given the immaterial nature of the claims existing as at 30 June 2012, no provision has been recognised in the Statement of Financial Position.

- *LSL*
  The Corporation has adopted the shorthand method determined by DTF to measure the LSL liability for 2012. For 2012, the shorthand method determined that a liability for LSL would be recognised after zero years of service with a 10% premium being allocated. For 2011, the liability was recognised after five years of service.

  The current component of LSL is determined on what was taken during the financial year and based on estimates of LSL due to be taken during the next financial year.

(k) Equity contributed by the SA Government

Contributions made by the SA Government through its role as owner of the Corporation, which increase the net assets of the entity, are treated as contributions of equity. During 2011-12, the SA Government made an equity injection of $65 million, with the funds being allocated to the Convention Centre extension and redevelopment, which have been recognised as work in progress. Due to a change in how the project will be funded during 2012-13, the Corporation returned $22.328 million in equity.

(l) Leases

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

The Corporation has only entered into operating leases.

Operating leases
The Corporation has entered into operating leases for the land on which the buildings are situated and for office accommodation. The leases are reviewed each year for adjustments in the CPI.

In respect of operating leases, the lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased items. Operating lease payments are charged to the Statement of Comprehensive Income on a basis, which is representative of the pattern of benefits derived from the leased assets.

(m) Financial instruments

The Corporation’s accounting policies, including the terms and conditions of each class of financial asset and financial liability recognised as at 30 June 2012 are as follows:

Financial assets
The Corporation has interest bearing cash assets with the SA Government. Cash on deposit and at bank comprises deposits at call with the Westpac Banking Corporation and is recorded at cost. Interest income is recognised as it is accrued. For the deposit with the Westpac Banking Corporation, the interest rate ranged from 4.6% to 3.93% (4.35% to 4.6%).

Financial assets (continued)
Specific purpose deposits comprise the Future Asset Replacement Deposit Account with DTF and the Adelaide Railway Station Area Service Facilities maintenance monies at SAFA. Both deposits and interest income are recorded at cost and are recognised as they accrue. The interest rate on the deposit account with DTF ranged from 4.6% to 3.93% (4.35% to 4.6%) and the average interest rate on the monies at SAFA ranged from 5.08% to 4.16% (4.84% to 5.1%).

Total receivables are reported at amounts due. There is no interest rate risks associated with these financial assets.

The Corporation has no significant concentration of credit risk. The Corporation has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

Financial liabilities
Trade payables are recognised for goods and services that have been supplied but have not been paid for and are normally settled within 30 days or in accordance with the terms of credit offered by the trade payable.

Security deposits held are recorded at cost.

All financial instruments are valued at the carrying amount as per the Statement of Financial Position, which approximates net fair value.

(n) Program information
The principal activity of the Corporation is to manage and operate the Adelaide Convention Centre site.

4. Facility charges revenues

	2012	2011
Facility charges received/receivable from entities external to the SA Government:	$'000	$'000
Catering	16 540	16 684
Room hire	3 548	4 247
Technical services	2 721	2 915
Car park	4 624	5 085
Total facility charges - non-SA Government entities	27 433	28 931
Facility charges received/receivable from entities within the SA Government:		
Catering	863	1 038
Room hire	-	135
Technical services	173	176
Car park	119	-
Total facility charges - SA Government entities	1 155	1 349
Total facility charges	28 588	30 280

5. Net gain from disposal of non-current assets

	2012	2011
Building, plant and equipment:		
Proceeds from disposal	128	-
Net book value of assets disposed	87	-
Total net gain from disposal of non-current assets	41	-

6. Employee benefits expenses

	2012	2011
Trading activities:		
Salaries and wages	12 060	11 497
LSL	737	255
Annual leave	575	646
Superannuation	1 182	1 124
Employment on-costs - other	713	675
Board fees	68	68
Total employee benefits expenses - trading activities	15 335	14 265
Property management activities:		
Salaries and wages	1 896	1 880
LSL	130	37
Annual leave	131	136
Superannuation	189	190
Employment on-costs - other	101	99
Total employee benefits expenses - property management activities	2 447	2 342
Total employee benefits expenses	17 782	16 607

6. Employee benefits expenses (continued)

The number of employees whose remuneration received falls within the following bands:	2012 Number	2011 Number
$134 000 - $143 999	-	1
$144 000 - $153 999	2	2
$154 000 - $163 999	1	1
$194 000 - $203 999	-	1
$214 000 - $223 999	-	-
$224 000 - $233 999	1	-
$314 000 - $323 999	-	1
$344 000 - $353 999	1	-
Total	5	6

Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits and associated FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $1.033 million ($1.12 million).

7. Supplies and services expense

	2012 $'000	2011 $'000
Supplies and services comprises:		
Supplies and services - trading activities	8 980	8 529
Supplies and services - property management activities	4 489	5 014
Total supplies and services	13 469	13 543
Supplies and services provided by entities external to the SA Government:		
Administration expenses and sundries	3 063	3 046
Direct materials	5 042	5 007
Building service costs	1 992	1 863
Maintenance	1 434	1 650
Marketing and promotions	883	903
Total supplies and services - non-SA Government entities	12 414	12 469
Supplies and services provided by entities within the SA Government:		
Building service costs	1 055	1 074
Total supplies and services - SA Government entities	1 055	1 074
Total supplies and services	13 469	13 543

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	2012 Number	2012 $'000	2011 Number	2011 $'000
Below $10 000	3	15	1	9
Between $10 000 and $50 000	3	63	-	-
Above $50 000	2	124	-	-
Total paid/payable to the consultants engaged	8	202	1	9

8. Auditor's remuneration

	2012 $'000	2011 $'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements	41	40
Total audit fees	41	40

No other services were provided by the Auditor-General's Department.

9. Depreciation and amortisation expense

	2012	2011
Depreciation and amortisation comprises:		
Depreciation and amortisation - trading activities	1 767	1 931
Depreciation and amortisation - property management activities	3 135	3 123
Total depreciation and amortisation	4 902	5 054
Depreciation:		
Plant and equipment	1 756	1 917
Buildings	3 135	3 123
Total depreciation	4 891	5 040

9. Depreciation and amortisation expense (continued)

	2012	2011
Amortisation:	$'000	$'000
Leasehold improvements	11	14
Total amortisation	11	14
Total depreciation and amortisation	4 902	5 054

10. Net loss from disposal of non-current assets

Building, plant and equipment:		
Proceeds from disposal	-	104
Net book value of assets disposed	-	(154)
Total net loss from disposal of non-current assets	-	(50)

11. Receivables

Receivables	2 090	1 025
Accrued revenues	955	1 098
GST receivable	421	532
Total receivables	3 466	2 655
Receivables from non-SA Government entities:		
Receivables	2 090	1 025
Accrued revenues	729	945
GST receivable	421	532
Total receivables from non-SA Government entities	3 240	2 502
Receivables from SA Government entities:		
Accrued revenues	226	153
Total receivables from SA Government entities	226	153
Total receivables	3 466	2 655

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables and accrued income are non-interest bearing.

It is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition, there is no concentration of credit risk.

12. Specific purpose deposits

	2012	2011
Specific purpose deposits with SA Government entities:	$'000	$'000
Investments with SAFA	2 405	2 292
Future assets replacement deposit account	17 843	15 713
Total specific purpose deposits	20 248	18 005

13. Building, plant and equipment

Building:		
Building at fair value	120 446	120 409
Accumulated depreciation	(6 258)	(3 123)
Total buildings	114 188	117 286
Leasehold improvements:		
Leasehold improvements at fair value	170	170
Accumulated amortisation	(111)	(100)
Total leasehold improvements	59	70
Plant and equipment:		
Plant and equipment at fair value	20 575	19 435
Accumulated depreciation	(12 214)	(10 897)
Total plant and equipment	8 361	8 538
Work in progress:		
Work in progress	46 262	6 915
Total work in progress	46 262	6 915
Total building, plant and equipment	168 870	132 809

Valuation of non-current assets

Valuation of buildings was performed by Martin Burns an independent valuer from Liquid Pacific Holdings Pty Ltd as at 30 June 2010 with the fair value methodology of replacement cost less depreciation being adopted as the valuation basis.

Reconciliation of building, plant and equipment

The following table shows the movement of building, plant and equipment during 2011-12.

	Building $'000	Leasehold imprvmnts $'000	Plant and equipment $'000	Work in progress $'000	2012 Total $'000
Carrying amount at 1 July	117 286	70	8 538	6 915	132 809
Additions	-	-	1 273	39 777	41 050
Disposals	-	-	(87)	-	(87)
Depreciation and amortisation	(3 135)	(11)	(1 756)	-	(4 902)
Acquisition from transfer	37	-	393	(430)	-
Carrying amount at 30 June	114 188	59	8 361	46 262	168 870

14. Payables

	2012	2011
Current:	$'000	$'000
Creditors	358	210
Accrued expenses	466	451
Income received in advance	68	74
Employment on-costs	97	99
Income tax equivalent payable	1 217	1 174
Dividend payable	809	745
Total current payables	3 015	2 753
Non-current:		
Employment on-costs	115	79
Total non-current payables	115	79
Total payables	3 130	2 832
Government/Non-government payables:		
Payables to non-SA Government entities:		
Creditors	358	210
Accrued expenses	280	284
Income received in advance	68	74
Total payables to non-SA Government entities	706	568
Payables to SA Government entities:		
Accrued expenses	186	167
Employment on-costs	212	178
Income tax equivalent payable	1 217	1 174
Dividend payable	809	745
Total payables to SA Government entities	2 424	2 264
Total payables	3 130	2 832

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

15. Security deposits

	2012	2011
Security deposits from non-SA Government entities:	$'000	$'000
Security deposits	4 979	3 560
Total security deposits from non-SA Government entities	4 979	3 560
Security deposits from SA Government entities:		
Security deposits	267	144
Total security deposits from SA Government entities	267	144
Total security deposits	5 246	3 704

16. Employee benefits

	2012	2011
Current:	$'000	$'000
Accrued salaries and wages	194	116
Annual leave	487	446
LSL	297	166
Total current employee benefits	978	728
Non-current:		
LSL	1 793	1 427
Total non-current employee benefits	1 793	1 427
Total employee benefits	2 771	2 155

AASB 119 contains the calculation methodology for LSL liability. It is accepted practice to estimate the present values of future cash outflows associated with the LSL liability by using a shorthand measurement technique. The shorthand measurement technique takes into account such factors as changes in discount rates and salary inflation.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 5.25% in 2011 to 3% in 2012.

This significant decrease in the bond yield, which is used as the rate to discount future LSL cash flows, results in a significant increase in the reported LSL liability.

Based on this actuarial assessment, the LSL liability has increased significantly from 2011. This significant increase is mainly due to the decrease in the long-term discount rate, which is based on government bond rates as at reporting date. The net financial effect of the changes in the current financial year is an increase in the LSL liability and employee benefit expense of $584 000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

17. Unrecognised contractual commitments

	2012	2011
Operating lease commitments:	$'000	$'000
Within one year	552	534
Later than one year but not longer than five years	1 936	2 031
Later than five years	25 688	25 175
Total operating lease commitments	28 176	27 740

18. Contingent assets and liabilities

The Corporation has no contingent assets or liabilities as at 30 June 2012.

19. Remuneration of board members

Members of the Board during the 2012 financial year were:

Ms Jane Jeffreys - Chairman
Ms Kathy Gramp
Mr Jeff Ellison
Ms Megan Hender
Ms Denise Von Wald
Mr Alan Brideson

The number of board members whose remuneration received or receivable falls within the following bands:	2012	2011
	Number	Number
$0 (SA Government employee)	1	1
$10 000 - $19 999	5	5
Total	6	6

Remuneration of board members reflects all costs of service including, board fees and superannuation. The total remuneration received by these board members for the year was $74 000 ($74 000).

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

20. Cash flow reconciliation

	2012	2011
Reconciliation of cash and cash equivalents at 30 June:	$'000	$'000
Statement of Financial Position:		
Current:		
Cash and cash equivalents	21 921	15 887
Non-current:		
Specific purpose deposits and on hand	20 248	18 005
Cash and cash equivalents as recorded in the Statement of Cash Flows	42 169	33 892
Reconciliation of net cash provided by (used in) operating activities to profit (loss) after income tax equivalents:		
Net cash provided by (used in) operating activities	6 527	5 327
Non-cash items:		
Depreciation and amortisation	(4 902)	(5 054)
Net gain (loss) from disposal of non-current assets	41	(50)
Movements in assets/liabilities:		
Receivables	811	35
Inventories	(32)	48
Prepayments	47	(60)
Payables	(234)	(655)
Security deposits held	(1 542)	1 720
Employee benefits	(616)	(195)
Profit (Loss) after income tax equivalents	100	1 116

Adelaide Entertainments Corporation

Functional responsibility

Establishment

The Adelaide Entertainments Corporation (the Corporation) was established on 4 February 1999 pursuant to Regulations under the PCA. The Corporation is an instrumentality of the Crown and the Board of the Corporation is responsible to the Minister for Tourism.

Functions

The main function of the Corporation is to manage and operate the Adelaide Entertainment Centre. For details of the Corporation's functions refer note 1 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA and the Schedule to the PCA provides for the Auditor-General to audit the accounts of the Corporation for each financial year.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of the audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial report and internal controls.

During 2011-12, specific areas of audit attention included:

- expenditure
- payroll
- revenue
- fixed assets
- cash at bank
- inventory
- financial accounting.

Internal audit activities were also reviewed and considered in planning and conducting auditable area reviews.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Adelaide Entertainments Corporation as at 30 June 2012, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

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

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Chief Executive Officer of the Corporation.

Audit recommended measures to improve Corporation control processes, notably:

- reviewing user access to the Corporation's financial systems
- reviewing payroll masterfile changes
- regularly verifying the existence of plant and equipment assets.

The response from the Corporation advised implementation of measures that effectively address the matters raised.

Interpretation and analysis of the financial report

Highlights of the financial report

	2012 $'million	2011 $'million
Income		
Revenues from the provision of services	7	9
Revenue from sales	6	7
Interest revenues	1	1
Other revenues	2	2
Total income	16	19
Expenses		
Employee benefits expenses	7	7
Other expenses	10	12
Total expenses	17	19
Net profit (loss)	(1)	-
Net cash provided by (used in) operating activities	5	6
Net cash provided by (used in) investing activities	(1)	(3)
Assets		
Current assets	20	17
Non-current assets	129	133
Total assets	149	150
Liabilities		
Current liabilities	3	3
Non-current liabilities	6	6
Total liabilities	9	9
Total equity	140	141

Statement of Comprehensive Income

The Corporation recorded a net loss of $904 000 for 2012 compared to a net profit of $434 000 in 2011. The 2012 outcome is a result of a reduced number of events held at the venue compared to 2011.

The following table shows the income, expenses and profits (losses) for the four years to 2012.

	2012 $'million	2011 $'million	2010 $'million	2009 $'million
Income	16	19	14	15
Expenses	17	19	15	14
Net profit (loss)	(1)	-	(1)	1

The Corporation's income decreased by $3.4 million principally reflecting decreases in revenues from the provision of services ($2.2 million), revenues from sales ($880 000) and other revenues ($230 000), which were attributable to the reduction in the number of events held. These decreases were offset by an increase in interest income ($160 000) from increased average cash holdings in 2012 compared to 2011.

Expenses have decreased by $2 million primarily reflecting decreases in sales and marketing expenses ($630 000), employee benefits expenses ($450 000), raw materials and consumables used ($390 000), and supplies and services expenses ($370 000). The reduced expenses also reflected the reduction in the number of events held in 2012.

Statement of Financial Position

As at 30 June 2012 total assets have decreased by $1 million. This results from decreases in the Corporation's buildings and other fixed assets ($4.1 million) and receivables ($620 000), offset by an increase in cash and cash equivalents ($3.8 million).

Liabilities as at 30 June 2012 have decreased by $70 000 principally reflecting a decrease in payables ($380 000), offset by increases in employee benefits ($220 000) and other liabilities ($90 000).

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2012.

	2012 $'million	2011 $'million	2010 $'million	2009 $'million
Net cash flows				
Operating	5	6	3	4
Investing	(1)	(3)	(47)	(9)
Change in cash	4	3	(44)	(5)
Cash at 30 June	19	15	12	56

The increase in cash held by the Corporation reflects the net cash provided by operations of the Adelaide Entertainment Centre. Cash flows from investing activities in 2012 principally represent purchases of plant and equipment.

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Income from trading activities:			
Revenues from fees and charges	6	316	534
Revenues from the provision of services	7	6 645	8 804
Revenues from sales	8	5 828	6 708
Interest revenues	9	1 018	860
Net gain from the disposal of assets	10	-	34
Other revenues	11	1 546	1 856
Total income		15 353	18 796
Expenses from trading activities:			
Employee benefits expenses	12	6 137	6 741
Raw materials and consumables used	21	1 569	1 959
Sales and marketing		960	1 586
Ticketing		119	292
Supplies and services	15	814	1 191
Depreciation and amortisation expense	16	1 279	1 210
Net loss from the disposal of assets	10	8	-
Other expenses	17	326	402
Total expenses		11 212	13 381
Profit (Loss) from trading activities		4 141	5 415
Income from property management activities:			
Other revenues	11	542	465
Total income		542	465
Expenses from property management activities:			
Employee benefits expenses	12	443	290
Supplies and services	15	1 219	1 213
Depreciation and amortisation expense	16	3 809	3 785
Other expenses	17	116	158
Total expenses		5 587	5 446
Profit (Loss) from property management activities		(5 045)	(4 981)
Net profit (loss)		(904)	434
Total comprehensive result		(904)	434

Net profit (loss) and total comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash and cash equivalents	19,31	18 730	14 904
Receivables	20	661	1 278
Inventories	21	175	232
Total current assets		19 566	16 414
Non-current assets:			
Property, plant and equipment	22	129 139	133 259
Total non-current assets		129 139	133 259
Total assets		148 705	149 673
Current liabilities:			
Payables	23	803	1 181
Employee benefits	24	508	492
Other liabilities	26	1 783	1 633
Total current liabilities		3 094	3 306
Non-current liabilities:			
Payables	23	50	50
Employee benefits	24	520	314
Other liabilities	26	5 302	5 360
Total non-current liabilities		5 872	5 724
Total liabilities		8 966	9 030
Net assets		139 739	140 643
Equity:			
Contributed capital	27	55 536	55 536
Revaluation surplus	27	48 551	48 551
Accumulated surplus	27	35 652	36 556
Total equity		139 739	140 643

Total equity is attributable to the SA Government as owner

Commitments	28		
Contingent assets and liabilities	30		

Statement of Changes in Equity
for the year ended 30 June 2012

	Note	Contributed capital $'000	Revaluation surplus $'000	Accumulated surplus $'000	Total $'000
Balance at 30 June 2010		55 536	48 551	36 122	140 209
Net profit (loss) for 2010-11		-	-	434	434
Total comprehensive result for 2010-11		-	-	434	434
Balance at 30 June 2011		55 536	48 551	36 556	140 643
Net profit (loss) for 2011-12		-	-	(904)	(904)
Total comprehensive result for 2011-12		-	-	(904)	(904)
Balance at 30 June 2012	27	55 536	48 551	35 652	139 739

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

Statement of Cash Flows
for the year ended 30 June 2012

	Note	2012 Inflows (Outflows) $'000	2011 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash inflows:			
Receipts from the sale of goods and services		17 090	20 545
Interest received		1 013	866
GST received from ATO		-	159
Cash generated from operations		18 103	21 570
Cash outflows:			
Employee benefit payments		(6 357)	(6 788)
Supplies and services		(6 017)	(7 574)
GST remitted to ATO		(1 013)	(1 106)
Cash used in operations		(13 387)	(15 468)
Net cash provided by (used in) operating activities	31	4 716	6 102
Cash flows from investing activities:			
Cash inflows:			
Proceeds from the sale of property, plant and equipment		2	56
Cash generated from investing activities		2	56
Cash outflows:			
Purchase of property, plant and equipment		(892)	(3 472)
Cash used in investing activities		(892)	(3 472)
Net cash provided by (used in) investing activities		(890)	(3 416)
Net increase (decrease) in cash and cash equivalents		3 826	2 686
Cash and cash equivalents at 1 July		14 904	12 218
Cash and cash equivalents at 30 June	31	18 730	14 904

Notes to and forming part of the financial statements

1. Objectives of the Adelaide Entertainments Corporation (the Corporation)

The Corporation, trading as the Adelaide Entertainment Centre, was established on 4 February 1999 as a subsidiary of the Minister for Tourism by Regulations under the PCA.

The functions of the Corporation are to:

- manage and operate the Adelaide Entertainment Centre site
- manage, promote and sponsor events at the Adelaide Entertainment Centre site or elsewhere
- foster and assist the commercial development of the Adelaide Entertainment Centre site in order to complement and enhance the commercial potential of the Adelaide Entertainment Centre
- carry out any other functions conferred on the subsidiary by the Minister.

The Corporation is governed by a Board of Directors and operates under a charter approved pursuant to the provisions of the PCA. The Act and the charter require the preparation of general purpose financial statements which reflect the performance and position of the Corporation for each financial year ended 30 June.

2. Summary of significant accounting policies

(a) Statement of compliance

The Corporation has prepared these financial statements in compliance with section 23 of the PFAA.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and TIs and APSs promulgated under the provision of the PFAA.

The Corporation has applied AASs that are applicable to not-for-profit entities, as the Corporation is a not-for-profit entity.

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Corporation for the reporting period ending 30 June 2012.

(b) Basis of preparation

The preparation of the financial statements require:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, that have been included in these financial statements:

  (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature

  (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)

  (c) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

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

The Corporation's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

(b) Basis of preparation (continued)

The Statement of Cash Flows has been prepared on a cash basis.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2012 and the comparative information presented for the year ended 30 June 2011.

(c) Reporting entity

The financial statements cover the Corporation, trading as the Adelaide Entertainment Centre as an individual reporting entity. The Corporation is a statutory authority of the State of South Australia, established pursuant to PCA.

(d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where a specific APS or AAS has required a change.

Where presentation or classification of items in the financial statements have been amended, comparative amounts have been reclassified unless reclassification is impracticable.

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

(e) Rounding

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

(f) Taxation

The Corporation is not subject to income tax.

The Corporation is liable for payroll tax, FBT, GST, Emergency Services levy, land tax equivalents and local government rate equivalents.

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

- when the GST incurred on a purchase of goods or services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

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

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

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

(g) Events after reporting period

Where an event occurs after 30 June but provides information about conditions that existed at 30 June, adjustments are made to amounts recognised in the financial statements.

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

(h) Income and expenses

Income and expenses are recognised to the extent that it is probable that the flow of economic benefits to or from the Corporation will occur and can be reliably measured.

(h) Income and expenses (continued)

Income and expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The notes accompanying the financial statements disclose income and expenses where the counterparty/ transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Income

The following are specific recognition criteria:

- *Revenues from fees and charges and from the provision of services*
  Revenues from fees and charges are derived from the provision of goods and services to the public and other SA government agencies. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

- *Revenues from sales*
  Revenues from sales are recognised when the significant risks and rewards of ownership transfer to the purchaser.

- *Interest income*
  Interest revenue includes interest received on bank term deposits, interest from investments, and other interest received. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

- *Revenues from SA Government*
  Appropriations for program funding are recognised as revenues when the Corporation obtains control over the funding. Control over appropriations is normally obtained upon receipt.

  Where money has been appropriated in the form of a loan, the Corporation has recorded a loan payable.

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

- *Other contributions*
  All contributions from non-government entities are recognised as income when the Corporation obtains control of the contribution or the right to receive the contribution and the income recognition criteria are met.

- *Resources received/provided free of charge*
  Resources received/provided free of charge are recorded as revenue and expenditure in the Statement of Comprehensive Income at their fair value.

- *Disposal of non-current assets*
  Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer and is determined by comparing proceeds with carrying amount. When revalued assets are sold, the revaluation increments are transferred to accumulated surplus.

Expenses

The following are specific recognition criteria:

- *Employee benefits*
  Employee benefits expenses includes all costs related to employment including wages and salaries and leave entitlements. These are recognised when incurred.

- *Superannuation*
  The amount charged to the Statement of Comprehensive Income represents the contributions made by the Corporation to the superannuation plan in respect of current services of current Corporation staff. The Corporation is not liable for benefits payable by the schemes to which it contributes.

(i) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. The Corporation has a clearly identifiable operating cycle of 12 months. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Corporation has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

(j) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand and in other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value. Cash and cash equivalents recorded in the Statement of Cash Flows are consistent with the Statement of Financial Position.

Cash is measured at nominal value.

(k) Receivables

Receivables include amounts receivable from trade, prepayments and other accruals.

Trade receivables arise in the normal course of selling goods and services to other agencies and to the public. Trade receivables are generally receivable within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

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

(l) Inventories

Inventories include goods and other property held for sale in the ordinary course of business. It excludes depreciating assets.

Inventories are measured at the lower of cost or their net realisable value. Cost is allocated in accordance with the average cost method. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

The amount of any inventory write-down to net realisable value or inventory losses are recognised as an expense in the period the write-down or loss occurred. Any write-down reversals are recognised as an expense reduction.

Inventories include food and beverage stock held for resale.

(m) Non-current asset acquisition and recognition

Assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recorded at the value recorded by the transferor prior to transfer.

Where the payment for an asset is deferred, the Corporation measures the obligation at the present value of the future outflow, discounted using the interest rate of a similar length borrowing.

(n) Revaluation of non-current assets

All non-current tangible assets are valued at written down current cost (a proxy for fair value); and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than $1 million and estimated useful life is greater than three years.

Every five years the Corporation revalues its land, buildings and building improvements. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

(n) Revaluation of non-current assets (continued)

The Corporation has taken the exemption available under APF III, APS 3.8 to take asset revaluation adjustments to the revaluation surplus on a class basis rather than an individual asset basis.

Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrement of the same asset class previously recognised in the Statement of Comprehensive Income, in which case the increase is recognised in the Statement of Comprehensive Income.

Any revaluation decrease is recognised in the Statement of Comprehensive Income, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluation surplus for that asset class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to accumulated surplus.

(o) Impairment

All non-current assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset’s carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets an impairment loss is offset against the revaluation surplus.

(p) Depreciation and amortisation of non-current assets

All non-current assets, having limited useful lives, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

Assets’ residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

Depreciation/amortisation is calculated over the estimated useful life of the following classes of assets as follows:

Class of assets	*Depreciation method*	*Useful life (years)*
Buildings and improvements	Straight-line and diminishing value	5-140
Plant and equipment	Straight-line	2-20
Furniture and fittings	Straight-line	3-20

(q) Payables

Payables include creditors, accrued expenses, GST payable and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Corporation.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employment on-costs include superannuation contributions, WorkCover levy and payroll tax with respect to outstanding liabilities for salaries and wages, LSL and annual leave.

(q) Payables (continued)

The Corporation makes contributions to several externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at balance date relates to any contributions due but not yet paid.

(r) Employee benefits

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

Wages, salaries, annual leave and time off in lieu

Liability for salary and wages, annual leave and time off in lieu are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

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

Sick leave

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement of sick leave.

LSL

The liability for LSL is recognised for employees using the shorthand method in accordance with APF IV, at zero years of service plus a 10% premium. In the previous financial year the shorthand method resulted in recognising the liability for LSL after an employee had completed five years of service.

An actuarial assessment of LSL undertaken by DTF based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments.

The unconditional portion of the LSL provision is classified as current as the Corporation does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of LSL relates to an unconditional legal entitlement to payment arising after 10 years of service for permanent staff and seven years of service for casual staff.

(s) Other liabilities

Income received in advance represents amounts invoiced under Corporate Suite Licensing and Advertising Agreements and amounts invoiced in relation to events which relate to future periods.

Corporate Suite Licencing and Advertising Agreements payments received are recognised as income over the term of the agreement as the provision of services are supplied.

Event related monies are recognised as income as the provision of services are supplied.

Unearned lease revenue represents payment received for a section of land leased on a 99 year lease agreement during 2007. The payments received for the lease are being recognised as income over the life of the lease.

(t) Administered items

The Corporation includes a schedule of administered items as a note to the accounts as it is considered that administered transactions and balances are insignificant in relation to the Corporation's overall financial performance and position, in accordance with APF II, APS 3.11.2. Refer note 29.

The Corporation receives gross box office receipts from its ticketing agency, and holds those receipts in separate Event Funds bank accounts. In any instance where a show does not proceed, those monies are returned to the ticketing agency and refunded to patrons. Alternatively, the monies are paid to promoters, the Corporation and other service providers.

(u) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. The Corporation has assessed whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The Corporation has entered into operating leases.

(v) Insurance

The Corporation has arranged, through SAICORP, a division of SAFA, to insure all major risk of the Corporation. The excess payable under this arrangement is $5000 per claim made.

(w) Workers compensation

Contributions are made by the Corporation to WorkCoverSA to provide insurance coverage in relation to workers compensation. These contributions are treated as an expense when they occur. There is no liability for payments to claimants as they have been assumed by the WorkCoverSA.

3. Financial risk management

The Corporation is exposed to a variety of financial risks, market risk (foreign exchange and price), credit risk and liquidity risk.

Risk management is carried out by the corporate services section and risk management policies and practices are in accordance with Australian Risk Management Standards and internal written policies approved by the Board.

The Corporation has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and held to maturity investments).

The Corporation's exposure to cash flow interest rate risk is minimal.

The Corporation has no exposure to foreign exchange risk in relation to its financial assets or liabilities.

The Corporation has no significant concentration of credit risk. The Corporation has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

4. Changes in accounting policies

The Corporation has assessed the impact of new and amended standards and interpretations which are not yet effective and considers there will be no impact on the accounting policies or the financial statements of the Corporation.

The Corporation did not voluntarily change any of its accounting policies during 2011-12.

5. Activities of the Corporation

The principal activity of the Corporation is to manage and operate the Adelaide Entertainment Centre.

6. Revenues from fees and charges	2012	2011
Fees and charges received/receivable from entities external to the SA Government:	$'000	$'000
Merchandise revenues	316	534
Total fees and charges - non-SA Government entities	316	534

7. Revenues from the provision of services		
Services provided to entities external to the SA Government:		
Corporate revenue	2 121	2 099
Equipment hire	417	628
Recoveries	1 415	1 991
Venue hire	2 602	3 980
Total revenues from the provision of services - non-SA Government entities	6 555	8 698
Services provided to entities within the SA Government:		
Corporate revenue	54	63
Equipment hire	-	2
Recoveries	22	6
Venue hire	14	35
Total revenues from the provision of services - SA Government entities	90	106
Total revenues from the provision of services	6 645	8 804

8. Revenues from sales		
Sales from entities external to the SA Government:		
Beverage sales	2 511	2 889
Food sales	3 207	3 708
Total revenues from sales - non-SA Government entities	5 718	6 597

8. Revenues from sales (continued)	2012	2011
Sales from entities within the SA Government:	$'000	$'000
Beverage sales	19	22
Food sales	91	89
Total revenues from sales - SA Government entities	110	111
Total revenues from sales	5 828	6 708

9. Interest revenues

Interest from entities external to the SA Government	75	106
Interest from entities within the SA Government	943	754
Total interest revenues	1 018	860

10. Net gain (loss) from disposal of assets

Plant and equipment:		
Proceeds from disposal	2	56
Net book value of assets disposed	(10)	(22)
Net gain (loss) from disposal of assets	(8)	34

11. Other revenues

Trading activities:		
Other revenue from entities external to the SA Government:		
Car park	217	249
Ticketing charges	469	751
Other revenue	860	856
Total other revenues - non-SA Government entities	1 546	1 856
Total other revenues from trading activities	1 546	1 856
Property management activities:		
Property lease revenue	221	185
Other revenue	321	280
Total other revenues from property management activities	542	465
Total other revenues	2 088	2 321

12. Employee benefits expenses

Trading activities:		
Salaries and wages	4 498	5 032
LSL	285	219
Annual leave	258	332
Employment on-costs - superannuation	467	495
Employment on-costs - other	374	401
Board fees	108	108
Other employee related expenses	147	154
Total employee benefit expenses from trading activities	6 137	6 741
Property management activities:		
Salaries and wages	410	272
LSL	9	5
Annual leave	21	10
Other employee related expenses	3	3
Total employee benefit expenses from property management activities	443	290
Total employee benefit expenses	6 580	7 031

During the year payments made to entities within SA Government include employment on-costs of $374 000 ($401 000).

Remuneration of employees	2012	2011
The number of employees whose remuneration received/receivable falls within the following bands:	Number	Number
$134 000 to $143 999	1	-
$264 000 to $273 999	-	1
$274 000 to $283 999	1	-
Total	2	1

Remuneration of employees (continued)

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $418 000 ($266 000).

13. Key management personnel

(a) Board members

The following persons held the position of governing board member during the financial year:

R Foord (Chairperson)	G Wallace
J Bell	G Pitt
A Herald	J Staugas
W Spurr	

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly during the financial year:

Mr Anthony Kirchner	Chief Executive
Ms Janine Webb	Chief Financial Officer
Ms Marie Hannaford	Finance Manager
Ms Sally Arch	General Manager - Venue Services
Mr Ross Beale	Corporate Partnerships Manager
Ms Coralie Cheney	Senior Manager - Sales & Marketing
Mr Mark Braby	Guest Services Manager

(c) Remuneration of governing board members	2012	2011
The number of governing board members whose remuneration received or receivable falls within the following bands:	Number	Number
$10 000 - $19 999	6	6
$20 000 - $29 999	1	1
Total	7	7

Remuneration of board members reflects all costs of performing their duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $101 000 ($101 000).

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

During the year there were no other payments made to board members.

14. Related party

Related parties include parties that control or have an interest in the entity that gives it significant influence over the Corporation. Individual board members are also considered related parties.

The Corporation is controlled by the SA Government. Transactions and balances between the Corporation and related parties (other SA Government controlled entities and individual board members) are disclosed in the notes accompanying the financial statements where appropriate.

15. Supplies and services	2012	2011
Trading activities:	$'000	$'000
Supplies and services provided by entities external to the SA Government:		
Contractors	280	595
Equipment hire	66	43
Linen and laundry	89	114
Printing and stationery	47	53
Repairs and maintenance	58	90
Utilities	119	148
Total supplies and services - non-SA Government entities	659	1 043

15. Supplies and services (continued)

	2012	2011
Supplies and services provided by entities within the SA Government:	$'000	$'000
Insurance	144	145
Contractors	1	2
Legal	10	1
Total supplies and services - SA Government entities	155	148
Total supplies and services from trading activities	814	1 191
Property management activities:		
Supplies and services provided by entities external to the SA Government:		
Repairs and maintenance	449	491
Utilities	448	419
Total supplies and services - non-SA Government entities	897	910
Supplies and services provided by entities within the SA Government:		
Utilities	322	303
Total supplies and services - SA Government entities	322	303
Total supplies and services from property management activities	1 219	1 213
Total supplies and services	2 033	2 404

The total supplies and services amount disclosed include GST amounts non-recoverable from the ATO due to the Corporation not holding a valid tax invoice or payments relating to third party arrangements.

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	2012 Number	2012 $'000	2011 Number	2011 $'000
Below $10 000	-	-	6	10
$10 000 - $50 000	1	12	1	15
Total paid/payable to the consultants engaged	1	12	7	25

16. Depreciation and amortisation

	2012	2011
Depreciation:	$'000	$'000
Trading activities:		
Plant and equipment	1 279	1 210
Total depreciation for trading activities	1 279	1 210
Property management activities:		
Buildings	3 809	3 785
Total depreciation for property management activities	3 809	3 785
Total depreciation	5 088	4 995

17. Other expenses

	2012	2011
Trading activities:		
Other expenses paid/payable to entities external to the SA Government:		
Other	284	358
Total other expenses - non-SA Government entities	284	358
Other expenses paid/payable to entities within the SA Government:		
Other	42	44
Total other expenses - SA Government entities	42	44
Total other expenses from trading activities	326	402
Property management activities:		
Other expenses paid/payable to entities external to the SA Government:		
Other	116	158
Total other expenses - non-SA Government entities from property management activities	116	158
Total other expenses	442	560

18. Auditor's remuneration

Audit fees of $33 300 ($32 700) were paid/payable to the Auditor-General's Department, relating to the audit of the financial statements.

No other services were provided by the Auditor-General's Department.

19. Cash and cash equivalents

	2012 $'000	2011 $'000
Cash at bank and cash on hand	1 135	1 276
Short-term deposits with SAFA	17 595	13 628
Total cash and cash equivalents	18 730	14 904

Cash deposits

The cash deposits are carried at cost in accordance with APF IV, APS 2.1. Cash at bank is comprised of funds held in an operating account at a commercial banking institution. Cash at bank deposits are on-call and carry an average variable interest rate of 4.23% (4.57%). Interest is accrued daily and distributed monthly. The SAFA Cash Management Fund is a pooled investment portfolio comprising cash and short-term money market securities of high credit quality and marketability. The SAFA Cash Management Funds are on-call and carry an average variable interest rate of 4.74% (5%). The portfolio return is calculated daily, being the total earnings on the portfolio's investments from the close of business on the previous day. Interest is accrued daily and distributed monthly.

Interest rate risk

Cash on hand is non-interest bearing. Deposits at call earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

20. Receivables

	2012	2011
Current:	$'000	$'000
Receivables	534	1 148
Provision for doubtful debts	(8)	(8)
Accrued revenues	71	91
Prepayments	64	47
Total current receivables	661	1 278
Government/Non-government receivables:		
Receivables from non-SA Government entities:		
Receivables	522	1 128
Provision for doubtful debts	(8)	(8)
Accrued revenues	2	27
Prepayments	61	47
Total receivables from non-SA Government entities	577	1 194
Receivables from SA Government entities:		
Receivables	12	20
Accrued revenues	69	64
Prepayments	3	-
Total receivables from SA Government entities	84	84
Total receivables	661	1 278

Provision for doubtful debts

The provision for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movements in the provision for doubtful debts (impairment loss)	2012 $'000	2011 $'000
Carrying amount at 1 July	(8)	(8)
Increase in the provision	-	-
Amounts written off	-	-
Carrying amount at 30 June	(8)	(8)

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than recognised in the provision for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition, there is no concentration of credit risk.

Bad and doubtful debts

The Corporation has recognised no bad and doubtful debt expense in the Statement of Comprehensive Income.

21. Inventories	2012	2011
Current - inventories held for resale:	$'000	$'000
Beverages	168	219
Food	7	13
Total inventories held for resale	175	232

Inventory wastage

The Corporation has recognised an inventory wastage expense of $5000 ($16 000) in the Statement of Comprehensive Income.

Raw materials and consumables

The Corporation recognised an expense for raw materials and consumables of $1.569 million ($1.959 million).

22. Property, plant and equipment	2012	2011
Land and buildings:	$'000	$'000
Land at fair value	27 000	27 000
Buildings at fair value	102 428	102 428
Accumulated depreciation	(7 581)	(3 783)
Total land and buildings	121 847	125 645
Building improvements:		
Building improvements at cost	223	114
Accumulated depreciation	(13)	(2)
Total building improvements	210	112
Work in progress	310	-
Total work in progress	310	-
Plant and equipment:		
Plant and equipment at cost	11 840	11 316
Accumulated depreciation	(5 068)	(3 814)
Total plant and equipment	6 772	7 502
Total property, plant and equipment	129 139	133 259

Valuation of land and buildings

The valuation of land and buildings was performed by Martin Burns, an independent valuer from Liquid Pacific as at 30 June 2010. The valuer arrived at fair value based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

Impairment

There were no indications of impairment of property, plant and equipment, infrastructure and intangible assets at 30 June 2012.

Reconciliation of non-current assets

2012	Land $'000	Buildings $'000	Building imprvmnts $'000	Work in progress $'000	Plant and equipment $'000	Non-current assets Total $'000
Carrying amount at 1 July	27 000	98 645	112	-	7 502	133 259
Revaluation increments (decrements)	-	-	-	-	-	-
Reclassify assets from cost to fair value	-	-	-	-	-	-
Additions	-	-	-	979	-	979
Transfers in (out)	-	-	109	(669)	559	(1)
Disposals eg sales, write-off	-	-	-	-	(10)	(10)
Depreciation and amortisation	-	(3 798)	(11)	-	(1 279)	(5 088)
Carrying amount at 30 June	27 000	94 847	210	310	6 772	129 139

Reconciliation of non-current assets (continued)

2011	Land $'000	Buildings $'000	Building imprvmnts $'000	Work in progress $'000	Plant and equipment $'000	Non-current assets Total $'000
Carrying amount at 1 July	27 000	102 428	-	96	7 862	137 386
Revaluation increments (decrements)	-	-	-	-	-	-
Reclassify assets from cost to fair value	-	-	-	-	-	-
Additions	-	-	-	890	-	890
Transfers in (out)	-	-	114	(986)	872	-
Disposals eg sales, write-off	-	-	-	-	(22)	(22)
Depreciation and amortisation	-	(3 783)	(2)	-	(1 210)	(4 995)
Carrying amount at 30 June	27 000	98 645	112	-	7 502	133 259

23. Payables

	2012 $'000	2011 $'000
Current:		
Creditors	249	810
Accrued expenses	436	219
GST payable	52	70
Employment on-costs	66	82
Total current payables	803	1 181
Non-current:		
Employment on-costs	50	50
Total non-current payables	50	50
Total payables	853	1 231

Government/Non-government payables:		
Payables to non-SA Government entities:		
Creditors	230	764
Accrued expenses	383	180
GST payable	52	70
Employment on-costs	116	132
Total payables to non-SA Government entities	781	1 146
Payables to SA Government entities:		
Creditors	19	46
Accrued expenses	53	39
Total payables to SA Government entities	72	85
Total payables	853	1 231

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

24. Employee benefits

	2012 $'000	2011 $'000
Current:		
Annual leave	255	266
LSL	245	190
Accrued salaries and wages	8	36
Total current employee benefits	508	492
Non-current:		
LSL	520	314
Total non-current employee benefits	520	314
Total employee benefits	1 028	806

AASB 119 contains the calculation methodology for LSL liability. It is accepted practice to estimate the present values of future cash outflows associated with the LSL liability by using a shorthand measurement technique. The shorthand measurement technique takes into account such factors as changes in discount rates and salary inflation.

24. Employee benefits (continued)

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 2011 (5.25%) to 2012 (3.0%).

This significant decrease in the bond yield, which is used as the rate to discount future LSL cash flows, results in a significant increase in the reported LSL liability.

The net financial effect of the changes in the current financial year is an increase in the LSL liability of $175 000 and employee benefit expense of $155 000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions – a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

25. Dividend

No dividend has been declared or paid in the financial year.

26. Other liabilities

	2012	2011
	$'000	$'000
Current:		
Income received in advance	1 725	1 575
Unearned lease revenue	58	58
Total current other liabilities	1 783	1 633
Non-current:		
Unearned lease revenue	5 302	5 360
Total non-current other liabilities	5 302	5 360
Total other liabilities	7 085	6 993
Government/Non-government other liabilities:		
Other liabilities to non-SA Government entities:		
Income received in advance	1 699	1 546
Unearned lease revenue	5 360	5 418
Total other liabilities to non-SA Government entities	7 059	6 964
Other liabilities to SA Government entities:		
Income received in advance	26	29
Total other liabilities to SA Government entities	26	29
Total other liabilities	7 085	6 993

27. Equity

	2012	2011
Contributed capital	55 536	55 536
Revaluation surplus	48 551	48 551
Accumulated surplus	35 652	36 556
Total equity	139 739	140 643

The revaluation surplus is used to record increments and decrements in the fair value of land and buildings to the extent that they offset one another. Relevant amounts are transferred to accumulated surplus when an asset is disposed or written off.

28. Commitments

	2012	2011
Capital commitments	$'000	$'000
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:		
Within one year	83	-
Total capital commitments	83	-
Remuneration commitments		
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	451	454
Later than one year but not longer than five years	405	822
Total remuneration commitments	856	1 276

Amounts disclosed include commitments arising from executive and other service contracts. The Corporation does not offer fixed term remuneration contracts greater than five years.

Other commitments	2012	2011
The Corporation's other commitments are associated with ongoing business operations, reflected by purchase orders issued but not filled.	$'000	$'000
Within one year	35	88
Total other commitments	35	88

Operating lease commitments receivable

Future minimum lease payments receivable under non-cancellable operating leases contracted for at reporting date but not recognised as receivables are:

Within one year	160	151
Later than one year but not longer than five years	318	401
Later than five years	111	167
Total operating lease revenue commitments	589	719

The Corporation's operating lease commitments as lessor are for the lease of shops located on the Corporation's site. The Corporation also leases a section of land on the site. As rental in relation to the lease of this land was received in advance, there are no minimum lease payments receivable in relation to this lease.

29. Administered items

	2012	2011
Event funds:	$'000	$'000
Administered revenues:		
Net box office receipts	24 650	29 984
Interest earned on event funds	319	530
Total administered revenues	24 969	30 514
Administered expenses:		
Settlements paid	23 022	33 721
Total administered expenses	23 022	33 721
Movement in administered items during the year	1 947	(3 207)
Administered assets:		
Cash at bank	6 224	4 279
Receivable - interest	16	14
Total administered assets	6 240	4 293
Administered liabilities:		
Funds held in trust	6 224	4 279
Accrued interest payable	16	14
Total administered liabilities	6 240	4 293
Movement in administered items during the year	1 947	(3 207)
Total administered assets held at 1 July	4 293	7 500
Total administered assets held 30 June	6 240	4 293

Cash deposits

The cash deposits are carried at cost in accordance with APF IV, APS 2.1. Cash at bank is comprised of funds held in a bank account at a commercial banking institution and in a SAFA Cash Management Fund. Commercial bank account deposits are on-call and carry an average variable interest rate of 4.23% (4.57%). Interest is accrued daily and distributed monthly. The SAFA Cash Management Fund is a pooled investment portfolio comprising cash and short-term money market securities of high credit quality and marketability. The SAFA Cash Management Funds are on-call and carry an average variable interest rate of 4.74% (5%). The portfolio return is calculated daily, being the total earnings on the portfolio's investments from the close of business on the previous day. Interest is accrued daily and distributed monthly.

Interest rate risk

Deposits at call earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

30. Contingent assets and liabilities

The Corporation is not aware of any contingent assets.

The Corporation is not aware of any contingent liabilities.

The Corporation has issued no guarantees.

31. Cash flow reconciliation

	2012	2011
Reconciliation of cash and cash equivalents:	$'000	$'000
Statement of Cash Flows	18 730	14 904
Statement of Financial Position	18 730	14 904
Reconciliation of profit (loss) to net cash provided by (used in) operating activities:		
Net profit (loss) for the year	(904)	434
Non-cash items:		
Depreciation and amortisation expense	5 088	4 995
Leased land income	(58)	(58)
Net gain (loss) on disposal of assets	8	(34)
Movements in assets/liabilities:		
Receivables	617	523
Inventories	57	(141)
Payables	(464)	111
Other liabilities	150	29
Employee benefits	222	243
Net cash provided by (used in) operating activities	4716	6 102

32. Events after balance date

On 13 August 2012 the Department of Planning, Transport and Infrastructure, on behalf of the Corporation, executed a contract with a building contractor for the design and construction of a multi-deck car park on the Corporation's site. The contracted project completion date is 15 July 2013. The financial effect of the construction of the multi-deck car park development has not been reflected in the financial statements in accordance with accounting standards. The cost of construction of the multi-deck car park development is estimated to be $11.7 million (excluding GST).

Adelaide Festival Centre Trust

Functional responsibility

Establishment

The Adelaide Festival Centre Trust (the Trust) is a body corporate established pursuant to the *Adelaide Festival Centre Trust Act 1971* (the AFCT Act). The Trust is under the general control and direction of the Minister for the Arts.

Regulations enacted under the PCA specify certain provisions of that Act apply to the Trust. These provisions relate mainly to governance and operational performance.

Functions

The Trust is responsible for encouraging and facilitating artistic, cultural and performing arts activities throughout the State and managing and maintaining the Adelaide Festival Centre and Her Majesty's Theatre. Further information on the Trust's objectives is provided in note 1 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 24(3) of the AFCT Act, section 32(4) of the PCA and section 31(1)(b) of the PFAA provide for the Auditor-General to audit the accounts of the Trust for each financial year.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Trust in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of the audit

The audit program covered the major financial systems to obtain sufficient evidence to form an opinion on the financial report and internal controls.

During 2011-12, areas of audit attention included:

- revenue, receipting and banking
- BASS
- expenditure
- payroll
- financial accounting
- fixed assets
- follow-up of information technology matters.

Audit findings and comments

Auditor's report on the financial report

The following is an extract from the 2011-12 Independent Auditor's Report, which details the qualification to the Trust's financial report.

> ***Basis for Qualified Opinion***
>
> *As at 30 June 2010 the Adelaide Festival Centre Trust recorded $500 000 of operating grant funding received during the 2009-10 financial year as a liability (income in advance). During the year ended 30 June 2011 this $500 000 of operating grant funding received in the 2009-10 financial year was recognised as revenue.*
>
> *In my opinion, the funds represented contributions and met the recognition criteria of income in accordance with Accounting Standard AASB 1004 'Contributions' and the Department of Treasury and Finance Accounting Policy Framework V 'Income Framework'. The Adelaide Festival Centre Trust controlled these funds upon receipt and there were no documented and agreed enforceable stipulations to trigger repayment. Further, no event established a present obligation on the Adelaide Festival Centre Trust to repay the grant funding.*
>
> *As a result, the following amounts reported for the year ended 30 June 2011 have been misstated in the 2011-12 financial statements:*
>
> - *Revenues from SA Government is overstated by $500 000.*
> - *Net result is overstated by $500 000.*
> - *Total comprehensive result is overstated by $500 000.*
>
> *There is no corresponding effect on the 2012 figures.*
>
> ***Qualified Opinion***
>
> *In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraphs, the financial report gives a true and fair view of the financial position of the Adelaide Festival Centre Trust as at 30 June 2012, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the* Public Finance and Audit Act 1987 *and Australian Accounting Standards.*

Assessment of controls

In my opinion, the controls exercised by the Adelaide Festival Centre Trust in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for all matters raised under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Adelaide Festival Centre Trust have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive Officer and responses were received. The main matters raised with the Trust and the related responses are detailed below.

Information and communications technology and control

Last year's Report provided specific comment on the Trust's new ticketing sales and customer data capture (ENTA) system and general ICT management and security controls.

The Report noted that the Trust has initiated in recent years a series of IT security reviews and that matters arising from these reviews and audit reviews have not been fully rectified and need to be addressed with more urgency. This was particularly important in consideration of the ENTA system being implemented in late 2010.

Remediation of these matters will address the Trust's compliance with the Government's Information Security Management Framework (ISMF).

Audit follow-up during 2011-12 identified that a number of matters remained outstanding. These included:

- no full information security risk assessment in the past six years
- incomplete ENTA operational and security policy and procedures
- no system capability for the production of audit logs and monitoring of the ENTA application
- out-dated business continuity planning procedures
- non-finalisation of the escrow arrangement for the ENTA application.

The position status was formally communicated to the Trust.

In response, the Trust indicated that work would continue within the available funds to address the outstanding matters. The Trust also provided details of some of the developments in progress.

While a complete risk assessment had not occurred in the past six years, an architecture security review was completed in December 2010 on the new ticketing system infrastructure and an ISMF gap analysis was completed in April 2011. Work had also been done on closing the gaps highlighted in both documents. The Trust anticipates the engagement of an external contractor to undertake the full risk assessment in January 2013.

The data security classification had proceeded to a limited extent. Also the BASS ENTA configuration guide is still a work in progress and user operational manuals were in draft form. The Trust has advised that the customised user manuals are envisaged to be completed early 2013. The business continuity planning procedures were also continuing to be developed and are anticipated to be tabled at the November 2012 Board meeting. Escrow arrangements were awaiting external advice before being further progressed.

In regard to system logging, the Trust advised that the current ENTA system has no capability for logging. Discussions have been held with ENTA regarding audit logs as a development priority for future versions.

Until these matters are appropriately addressed the Trust's ICT security and control environment is considered less than satisfactory.

Interpretation and analysis of the financial report

Highlights of the financial report

	2012 $'million	2011 $'million
Expenses		
Staff benefits expenses	18	16
Other expenses	20	19
Total expenses	38	35
Income		
User charges and interest	23	21
Net cost of providing services	15	14

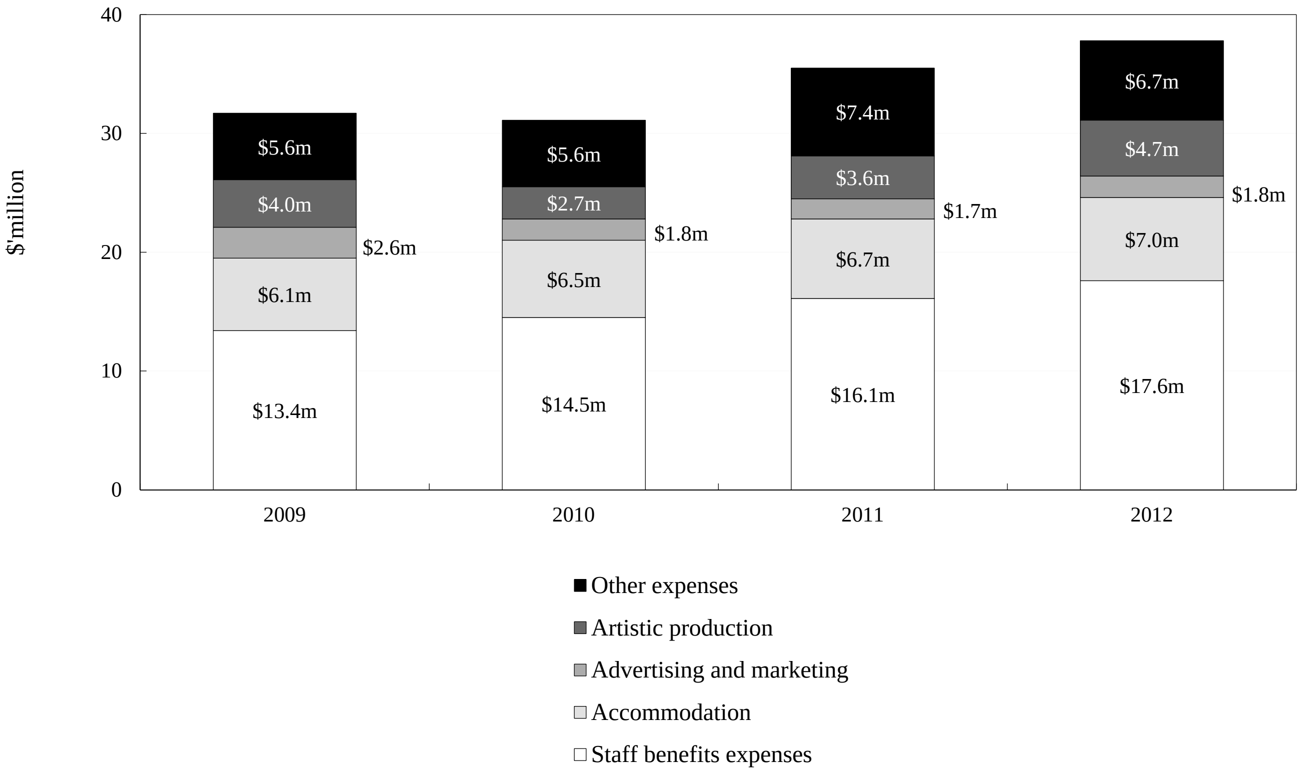
	2012 $'million	2011 $'million
Revenues from SA Government	15	15
Net result	-	1
Net cash provided by (used in) operating activities	4	1
Assets		
Current assets	12	8
Non-current assets	9	8
Total assets	21	16
Liabilities		
Current liabilities	10	6
Non-current liabilities	3	2
Total liabilities	13	8
Total equity	8	8

Statement of Comprehensive Income

The Trust is reliant on SA Government funding to support its operations. That is, the net cost of services is met through funding provided by the Government. The Trust's activities are largely dependent on the level of external demand for theatre services and extent of Trust programmed activities. Depending on the level and timing of these activities the nature and amount of revenues and expenditure will vary from year to year.

Expenses

An analysis of expenses for the Trust for the four years to 2012 is presented in the following chart.



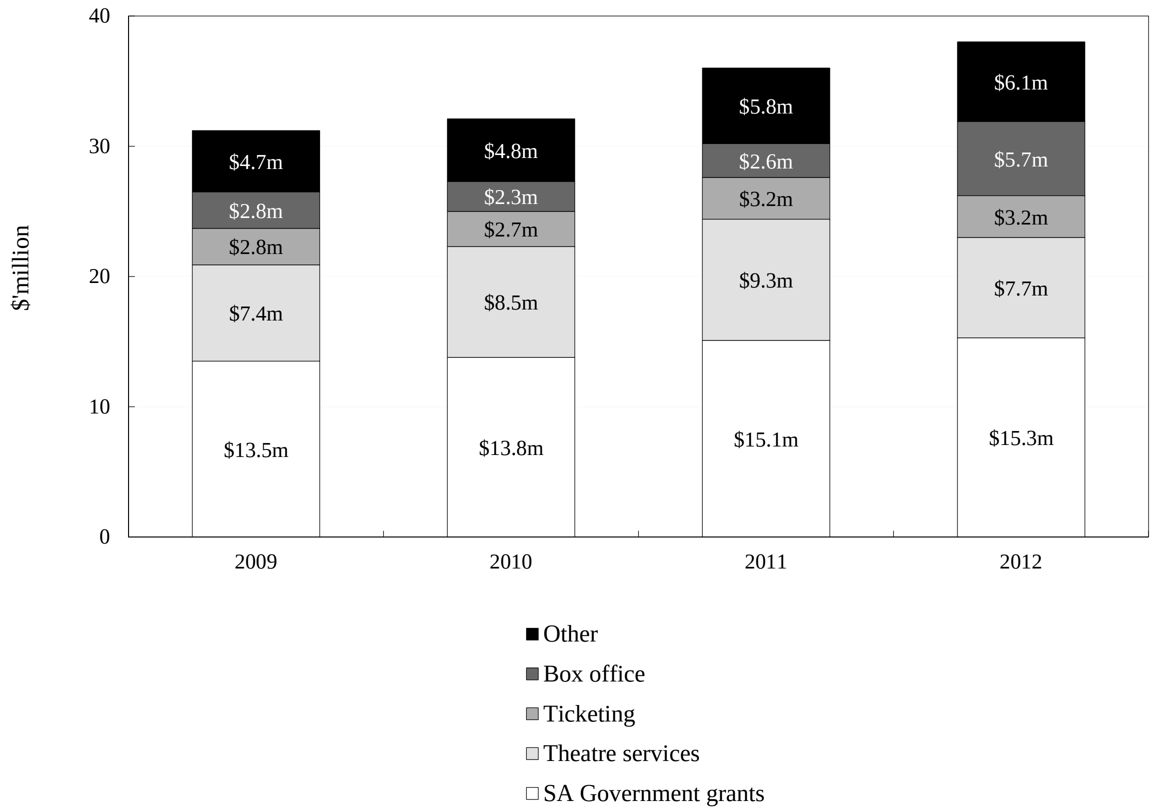
Expenses increased by $2.3 million in 2012 to $37.8 million. The main changes in expenditure since 2009 were:

- staff benefits expenses increased by $1.1 million in 2010, $1.6 million in 2011 and $1.5 million in 2012. This mainly reflects additional staff expenses associated with:
  - additional theatre services provided from 2010
  - bringing catering activities in-house from December 2010
  - increased LSL expense arising from the assessed net present value of the LSL liability at 30 June 2012. The main factor impacting the increase in liability for 2012 was the declining bond yields. Refer note 16 to the financial statements
  - enterprise bargaining outcomes
- artistic production decreased by $1.3 million in 2010, increased by $899 000 in 2011 and increased by $1.1 million in 2012 due mainly to changes in the level of Trust programmed performances (also refer to comments under 'Income' below)
- other expenses increased by $1.8 million in 2011 due mainly to bringing catering activities in-house from December 2010 and additional expenses for minor equipment and repairs and maintenance. The Trust is responsible for the repairs and maintenance of the Adelaide Festival Centre and Her Majesty's Theatre facilities and equipment.

A large fixed component of the Trust's expenditure is accommodation charges for the Adelaide Festival Centre and Her Majesty's Theatre, which are leased from the owners, DPC.

Income

An analysis of income for the Trust for the four years to 2012 is presented in the following chart.



The chart reflects the significance of:

- the significance of SA Government funding which accounts for 40% of income. The Trust received $15.3 million of which $563 000 comprised assets received free of charge from DPC. Both the 2010 and 2011 Independent Auditor's Reports included a qualification indicating $500 000 included as an SA Government grant in 2011 should have been recorded as revenue in 2010
- increases of $1.1 million in 2010 and $772 000 in 2011, and a decrease of $1.6 million in 2012 in theatre services revenue from theatre hires and recovery of associated (labour and facilities) costs, and set build income. In particular:
  - theatre hire and recoveries are dependent on the level of externally programmed activities. The Trust may use theatre occupancy for Trust programmed activities, in which case no theatre hire income is produced, however the Trust will retain the box office income. In 2012 the Trust programmed 'A Chorus Line' instead of the traditional externally programmed musical (refer to comments for box office below)
  - income from set building is dependent on the level of demand from the industry
- that box office income decreased by $538 000 in 2010, increased by $347 000 in 2011 and increased by $3.1 million in 2012, due mainly to changes in the level of Trust programmed performances. For example, the Adelaide International Guitar Festival is a biennial event that occurred during the 2009 and 2011 financial years. In 2012 the Trust programmed a significant additional production 'A Chorus Line'
- that other revenue increased from 2011, due mainly to catering activities being brought in-house in December 2010.

Statement of Financial Position

Current assets and liabilities

As at 30 June 2012 current assets, $12.3 million ($7.9 million), exceeded current liabilities, $10.3 million ($6.1 million). Current assets and liabilities include $5.8 million ($1.8 million) held by the Trust payable to promoters.

Current assets include prepaid production expenses of $561 000 ($155 000). The increase in prepaid production expenses is due mainly to the Adelaide Guitar Festival held in early August 2012.

Non-current assets

The Trust's non-current assets comprise works of art $5.2 million ($5.2 million), plant and equipment $2.9 million ($2.3 million) and intangible assets $329 000 ($467 000).

Liabilities

Payables of $7.3 million ($3.9 million) together with staff entitlements of $4.2 million ($3.2 million) represent 89% (88%) of total liabilities.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2012.

	2012 $'million	2011 $'million	2010 $'million	2009 $'million
Net cash flows				
Operating	4.3	1.1	1.0	(3.3)
Investing	(0.5)	(0.6)	(0.7)	(0.2)
Financing	-	-	-	-
Change in cash	3.8	0.5	0.3	(3.5)
Cash at 30 June	10.4	6.6	6.1	5.8

Cash held at 30 June 2012 includes $5.8 million ($1.8 million) held on behalf of promoters.

Major factors affecting net cash flows from operations over the period from 2009 were:

- the level of demand for theatre services and extent of Trust produced activities which both impact the size of cash flows. For example operating cash outflows were $39.6 million in 2012, $37.5 million in 2011, $32.9 million in 2010 and $35 million in 2009
- the change in the level of funds held on behalf of promoters. For example, the level of funds held on behalf of promoters increased by $4 million in 2012, however decreased by $396 000 in 2011
- in 2009, $1.2 million of capital grants received in 2008 were paid back to the SA Government.

Cash inflows from the SA Government amounted to $14.7 million ($14.5 million) and are included in operating activities. The Trust is highly reliant on the SA Government for funding both operating and investing activities.

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Staff benefits expenses	7	17 550	16 070
Supplies and services	8	19 684	18 760
Depreciation and amortisation expense	9	531	589
Net loss on disposal of non-current assets	9	-	39
Total expenses		37 765	35 458
Income:			
Revenue from fees and charges	5	22 304	20 367
Interest revenue	6	419	529
Total income		22 723	20 896
Net cost of providing services	22	15 042	14 562
Revenues from SA Government:			
Revenues from SA Government	4	15 303	15 081
Net result		261	519
Other comprehensive income:			
Changes in revaluation surplus	19	-	(1 933)
Total comprehensive result		261	(1 414)

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

Statement of Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash and cash equivalents	10	10 386	6 596
Receivables	11	1 102	925
Inventories	12	143	132
Other	13	675	232
Total current assets		12 306	7 885
Non-current assets:			
Property, plant and equipment	14	2 942	2 266
Works of art	14	5 179	5 177
Intangible assets	14	329	467
Total non-current assets		8 450	7 910
Total assets		20 756	15 795
Current liabilities:			
Payables	15	7 087	3 760
Staff benefits	16	1 867	1 476
Provisions	17	304	324
Other	18	1 033	561
Total current liabilities		10 291	6 121
Non-current liabilities:			
Payables	15	213	153
Staff benefits	16	2 296	1 753
Provisions	17	23	96
Total non-current liabilities		2 532	2 002
Total liabilities		12 823	8 123
Net assets		7 933	7 672
Equity:			
Revaluation surplus	19	8 788	8 788
Accumulated deficits	19	(855)	(1 116)
Total equity		7 933	7 672

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments 20

Statement of Changes in Equity
for the year ended 30 June 2012

	Note	Revaluation surplus $'000	Accumulated deficits $'000	Total $'000
Balance at 30 June 2010		10 721	(1 635)	9 086
Net result for 2010-11		-	519	519
Revaluation of non-current assets		(1 933)	-	(1 933)
Total comprehensive result for 2010-11		(1 933)	519	(1 414)
Balance at 30 June 2011	19	8 788	(1 116)	7 672
Net result for 2011-12		-	261	261
Total comprehensive result for 2011-12		-	261	261
Balance at 30 June 2012	19	8 788	(855)	7 933

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

Statement of Cash Flows
for the year ended 30 June 2012

		2012	2011
		Inflows	Inflows
		(Outflows)	(Outflows)
Cash flows from operating activities:	Note	$'000	$'000
Cash outflows:			
Staff benefit payments		(16 601)	(15 949)
Payments for supplies and services		(22 697)	(20 730)
Decrease in funds held on behalf of promoters		-	(396)
GST paid to the ATO		(260)	(392)
Cash used in operations		(39 558)	(37 467)
Cash inflows:			
Receipts from patrons and customers		24 164	23 110
Increase in funds held on behalf of promoters		4 017	-
Interest received		410	520
GST recovered from the ATO		561	417
Cash generated from operations		29 152	24 047
Cash flows from SA Government:			
Receipts from SA Government		14 740	14 548
Cash generated from SA Government		14 740	14 548
Net cash provided by (used in) operating activities	22	4 334	1 128
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment and works of art		(544)	(641)
Net cash provided by (used in) investing activities		(544)	(641)
Net increase (decrease) in cash and cash equivalents		3 790	487
Cash and cash equivalents at 1 July		6 596	6 109
Cash and cash equivalents at 30 June	10	10 386	6 596

Notes to and forming part of the financial statements

1. Adelaide Festival Centre Trust objectives

The objectives of the Adelaide Festival Centre Trust (the Trust) are to:

(a) encourage and facilitate artistic, cultural and performing arts activities throughout the State

(b) be responsible for the care, control, management, maintenance and improvement of the Adelaide Festival Centre and its facilities

(c) provide expert advisory, consultative, managerial or support services to persons associated with artistic, cultural or performing arts activities

(d) promote the involvement of young people and their families and extend activities into the school sector.

2. Summary of significant accounting policies

(a) Statement of compliance

The Trust has prepared these financial statements in compliance with section 23 of the PFAA.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and comply with TIs and APSs promulgated under the provision of the PFAA.

(a) Statement of compliance (continued)

The Trust has applied AASs that are applicable to not-for-profit entities, as the Trust is a not-for-profit entity.

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Trust for the reporting period ending 30 June 2012. These are outlined in note 3.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in this financial statement:
  - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of $100 000 for separate identification of these items applies
  - (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)
  - (c) staff whose normal remuneration is $134 000 ($130 700) or more (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly, by the Trust to those staff
  - (d) board member and remuneration information, where a board member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Trust's Statement of Comprehensive Income, Statement of Financial Position, and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2012 and the comparative information presented.

(c) Reporting entity

The Trust is established pursuant to the *Adelaide Festival Centre Act 1971*.

On 21 October 1999 the Adelaide Festival Centre Foundation (the Foundation) was incorporated under the *Associations Incorporation Act 1985*, and is controlled by the Trust by virtue of clauses in the Foundation's constitution which require its board appointments to be approved by the Trust and also require the Foundation to act in accordance with directions from the Trust.

The financial statements and accompanying notes include the activities of the Trust and the Foundation. The effect of transactions between the Trust and the Foundation are eliminated in full. A summary of the Foundation's activities is given in note 23.

(d) Transactions performed on behalf of promoters

The Trust provides services on behalf of event promoters under exclusive agency arrangements. The Trust charges a fee for these services that is recognised as revenue. The Trust does not control the revenue (net of fees charged) generated from promoter events and as such only recognises the changes in cash held in trust on behalf of promoters (shown at note 10) and the requisite amount payable to those promoters (shown at note 15) together with the net change in cash held in the Statement of Cash Flows as at 30 June.

(e) Comparative information

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

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

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

(f) Rounding

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

(g) Taxation

The Trust is not subject to income tax. The Trust is liable for payroll tax, FBT and GST.

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

- when the GST incurred on a purchase of goods or services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

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

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

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

(h) Events after the reporting period

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

There were no events between 30 June and the date the financial statements are authorised for issue where the events may have a material impact on the results of subsequent years.

(i) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to the Trust will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Fees and charges

Income from fees and charges is derived from the provision of goods and services to other SA Government agencies and to the public.

The Trust's income from box office sales, marketing services and theatre hire is recognised when the performances occur. Amounts deferred are recognised in the financial statements as income received in advance.

Income from sponsorships is recognised in the periods or against the performances to which the sponsorships relate.

Income from theatre set construction is recognised as revenue progressively based on the stage of completion.

Revenues from SA Government
Grants are recognised as revenues when the Trust obtains control over the funding. Control over grants is normally obtained upon receipt.

Net gain (loss) on non-current assets
Income from the disposal of non-current assets is recognised when the control of the asset has passed to the buyer and determined by comparing proceeds with carrying amount. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

Gains on disposal of non-current assets are recognised at the date control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at the time.

(j) Expenses
Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Trust will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Staff benefits expenses
Staff benefits expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation
The amount charged to the Statement of Comprehensive Income represents the contributions made by the Trust to superannuation plans in respect of current services of current Trust staff. DTF centrally recognises its superannuation liability in the whole-of-government financial statements. Other superannuation plans receiving contributions carry their liability in respect of Trust staff in their financial statements.

Prepaid production expenses
Marketing and production expenses are recognised as an expense when the performances occur. Expenses incurred in advance of performances are deferred and shown in the financial statements as prepaid production expenses.

Depreciation and amortisation
All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

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

Class of asset	*Useful life (years)*
Plant and equipment	10-25
Intangibles	5

(k) Current and non-current classification
Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle, even when they are not expected to be realised within 12 months after the reporting date, have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Trust has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

(l) Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where an asset line item combines amounts expected to be settled within 12 months and more than 12 months, the Trust has separately disclosed the amounts expected to be recovered after more than 12 months.

The notes accompanying the financial statements disclose financial assets where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand. Cash is measured at nominal value.

Receivables

Receivables include amounts receivable from goods and services, GST input tax credits recoverable, and other accruals.

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are generally settled within 14 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

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

Historic assets

Assets that form part of the performing arts collection are considered heritage in nature and are so unique they are not capable of reliable measurement. These assets are not recognised in the financial statements due to the difficulties of measurement because of its size of the collection and the lack of a market for the items within it.

Inventories

Inventories are maintained for catering, theatre set construction, production and merchandising activities and are valued at the lower of cost or net realisable value.

The amount of any inventory write-down to net realisable value or inventory losses are recognised in the Statement of Comprehensive Income as an expense in the period the write-down or loss occurred. Any write-down reversals are also recognised in the Statement of Comprehensive Income.

Non-current assets

- *Acquisition and recognition*

  Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation.

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

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

- *Revaluation of non-current assets*

  All non-current tangible assets are valued at fair value and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than $1 million and estimated useful life is greater than three years.

  Every three years, the Trust revalues its non-current assets. However if at any time, management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

  Any revaluation increment of an asset class is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease in an asset class is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluations reserve for that asset class.

- *Revaluation of non-current assets (continued)*
  Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

  Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

- *Impairment*
  All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

  For revalued assets, an impairment loss is offset against the respective revaluation surplus.

- *Intangible assets*
  An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

  The Trust only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets are reviewed on an annual basis.

  The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to $10 000.

(m) Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where a liability line item combines amounts expected to be settled within 12 months and more than 12 months, the Trust has separately disclosed the amounts expected to be settled after more than 12 months.

Payables

Payables include creditors, accrued expenses, GST payable and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Trust.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Staff benefit on-costs include payroll tax and superannuation contributions in respect to outstanding liabilities for salaries and wages, LSL and annual leave.

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

Leases

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

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

Staff benefits
These benefits accrue for staff as a result of services provided up to the reporting date that remain unpaid. Long-term staff benefits are measured at present value and short-term staff benefits are measured at nominal amounts.

- *Wages, salaries, annual leave and sick leave*
  The liability for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date. The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

  No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by staff is estimated to be less than the annual entitlement for sick leave.

- *LSL*
  The liability for LSL is recognised after staff have completed zero years of service plus a 10% premium (five years). An actuarial assessment of LSL undertaken by DTF based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments.

  The Trust classifies a portion of LSL as current, based on its history of settlements.

Provisions
Provisions are recognised when the Trust has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Trust expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

(n) Unrecognised contractual commitments and contingent assets and liabilities
Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

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

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

3. New and revised accounting standards and policies
The Trust did not voluntarily change any of its accounting policies during 2011-12.

AASs and interpretations that have recently been used issued or amended but are not yet effective, have not been adopted by the Trust for the period ending 30 June 2012. The Trust has assessed the impact of the new and amended standards and interpretations and considers there will be no material impact on the accounting policies for the financial statements of the Trust.

4. Revenues from SA Government

	2012	2011
Grants received:	$'000	$'000
Operating base	14 740	15 051
Capital replacement	563	30
Total revenues from SA Government	15 303	15 081

The revenue derived from the Government is significant, and without it the Trust would not be able to continue its operations.

Capital assets received free of charge were $563 000 ($0).

5. Revenues from fees and charges

	2012	2011
	$'000	$'000
Theatre services	7 674	9 312
Ticketing	3 233	3 176
Car park	829	900
Box office	5 679	2 595
Sponsorship	628	861
Catering and functions	2 488	1 760
Other	1 773	1 763
Total revenues from fees and charges	22 304	20 367

6. Interest revenue

Interest from entities within the SA Government	419	529
Total interest revenue	419	529

7. Staff benefits expenses

Salaries and wages	13 485	12 674
LSL	826	365
Annual leave	886	785
Employment on-costs - superannuation	1 292	1 191
Employment on-costs - other	706	719
Board fees	105	105
Other	250	231
Total staff benefits expenses	17 550	16 070

Remuneration of staff	2012	2011
The number of staff whose remuneration received or receivable falls within the following bands:	Number	Number
$130 700 - $133 999*	n/a	1
$134 000 - $143 999	2	2
$144 000 - $153 999	1	-
$174 000 - $183 999	1	1
$184 000 - $193 999	-	1
$214 000 - $223 999	1	-
$234 000 - $243 999	-	1
$254 000 - $263 999	1	-
$334 000 - $343 999	1	1
Total	7	7

* This band has been included for the purpose of reporting comparative figures for 2010-11.

The table includes all staff who received remuneration of $134 000 ($130 700) or more during the year. Remuneration of staff reflects all costs of employment including salaries and wages, superannuation contributions, salary sacrifice benefits and fringe benefits and any FBT in respect of those benefits. The total remuneration received by these staff for the year was $1.43 million ($1.35 million).

8. Supplies and services

	2012	2011
	$'000	$'000
Accommodation	7 001	6 650
Advertising and marketing	1 769	1 654
Artistic production	4 740	3 571
Communications and IT	1 055	1 112
Finance expenses	273	398
Professional expenses	612	732
Repairs and maintenance	1 240	1 729
Sponsorship	167	194
Supplies	2 007	1 889
Travel and entertainment	289	256
Other	531	575
Total supplies and services	19 684	18 760

The total supplies and services amount disclosed includes GST amounts not recoverable from the ATO due to the Trust not holding a valid tax invoice or payments relating to third party arrangements.

During the year operating lease payments totalled $4.4 million ($4.3 million).

8. Supplies and services (continued)

The number and dollar amount of consultancies paid/payable that fell within the following bands:	2012 Number	2012 $'000	2011 Number	2011 $'000
Below $10 000	7	31	2	7
$10 000 - $50 000	3	62	2	28
Above $50 000	2	185	1	170
Total paid/payable to the consultants engaged	12	278	5	205

Auditor's remuneration

	2012 $'000	2011 $'000
Audit fees paid/payable to the Auditor-General's Department for the audit of the financial statements	73	87
Audit fees paid/payable to Edwards Marshall for the audit of the Foundation financial statements	4	4
Total audit fees	77	91

No other services were provided by the Auditor-General's Department or Edwards Marshall.

9. Depreciation and amortisation expense

Depreciation:		
Plant and equipment	393	448
Amortisation:		
Intangibles	138	141
Total depreciation and amortisation expense	531	589

Net loss on disposal of non-current assets

Disposal of assets:		
Works of art	-	20
Intangibles	-	19
Net loss on disposal of assets	-	39

A stocktake of certain classes of the Trust's non-current assets was carried out at 30 June 2012.

10. Cash and cash equivalents

Cash at bank and on hand	4 566	4 793
Cash held in trust for promoters	5 820	1 803
Total cash and cash equivalents	10 386	6 596

Interest rate risk

Cash on hand is non-interest bearing.

Cash at bank earns a floating interest rate, based on daily bank deposit rates.

The carrying amount of cash and cash equivalents represents fair value.

11. Receivables

Current:		
Receivables	1 109	928
Allowance for doubtful debts	(47)	(34)
Accrued interest	40	31
Total current receivables	1 102	925

Movement of doubtful debts

The following table shows the movement of doubtful debts.

Carrying amount at 1 July	34	154
Increase in allowances	28	56
Recovery of doubtful debts	(11)	-
Amounts written off	(4)	(176)
Carrying amount at 30 June	47	34

Movement of doubtful debts (continued)

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

An allowance for doubtful debts of $17 000 ($56 000) has been recognised in 'finance expenses' in 'supplies and services' (refer note 8) for specific debtors for which such evidence exists.

Unimpaired receivables overdue by less than 30 days is $237 000 ($115 000) and overdue by more than 30 days is $34 000 ($47 000).

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 14 days.

Receivables and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

	2012	2011
12. Inventories	$'000	$'000
Theatre set construction work in progress at cost	19	3
Materials at cost	124	129
Total inventories	143	132

Cost of inventories

The costs recognised as an expense for raw materials and consumables is $1.464 million ($1.273 million).

13. Other current assets		
Prepaid expenses	114	77
Prepaid production expenses	561	155
Total other current assets	675	232

14. Non-current assets		
Plant and equipment:		
At independent valuation	2 014	2 015
Accumulated depreciation at 30 June	(798)	(571)
At cost	1 274	707
Accumulated depreciation at 30 June	(249)	(83)
	2 241	2 068
Capital work in progress (CWIP):		
Capital work in progress at cost	701	198
Total plant and equipment	2 942	2 266
Works of art:		
At independent valuation	5 179	5 177
Total works of art	5 179	5 177
Intangible assets:		
At cost	652	652
Accumulated amortisation	(323)	(185)
Total intangible assets	329	467
Total non-current assets	8 450	7 910

Works of art were valued by Theodore Bruce Auctions Pty Ltd as at 30 June 2011. A valuation of plant and equipment comprising of computers, furniture, catering and theatre set construction equipment was carried out at 30 June 2009 by Valcorp Australia Pty Ltd. A valuation of theatre-related plant and equipment was carried out at 30 June 2010 by Maloney Field Services (Australia) Pty Ltd. All assets are valued at the current market price with regard to the assets highest and best use.

Reconciliation of non-current assets

The following table shows the movements of non-current assets during 2011-12:

	Plant and equipment $'000	Works of art $'000	Intangibles $'000	CWIP $'000	Total $'000
Carrying amount at 1 July	2 068	5 177	467	198	7 910
Additions	566	2	-	503	1 071
Depreciation and amortisation	(393)	-	(138)	-	(531)
Carrying amount at 30 June	2 241	5 179	329	701	8 450

Plant and equipment additions of $525 000 ($0) were received free of charge as a capital grant from Arts SA. Capital works in progress addition of $503 000 ($495 000) represents an acquired intangible asset yet to be commissioned.

The following table shows the movements of non-current assets during 2010-11:

	Plant and equipment $'000	Works of art $'000	Intangibles $'000	CWIP $'000	Total $'000
Carrying amount at 1 July	2 178	7 092	299	262	9 831
Additions	107	38	-	495	640
Transfers within classes	231	-	328	(559)	-
Disposals	-	(20)	(19)	-	(39)
Depreciation and amortisation	(448)	-	(141)	-	(589)
Revaluation	-	(1 933)	-	-	(1 933)
Carrying amount at 30 June	2 068	5 177	467	198	7 910

15. Payables

	2012 $'000	2011 $'000
Current:		
Creditors	477	1 361
Accrued expenses	474	314
Amounts payable to promoters	5 820	1 803
Staff on-costs	316	282
Total current payables	7 087	3 760
Non-current:		
Staff on-costs	213	153
Total payables	7 300	3 913

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of LSL taken as leave has changed from the 2011 rate of 35% to 40% in 2012 and the average factor for the calculation of employer superannuation on-costs has remained the same as the 2011 rate of 10.3%. These rates are used in the employment on-cost calculation.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective staff benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

16. Staff benefits

	2012 $'000	2011 $'000
Current:		
Annual leave	1 027	994
LSL	304	231
Accrued salaries and wages	536	251
Total current staff benefits	1 867	1 476
Non-current:		
LSL	2 296	1 753
Total staff benefits	4 163	3 229

16. Staff benefits (continued)

The total current and non-current staff benefits liability (ie aggregate staff benefit plus related on-costs) is $4.6 million ($3.6 million).

AASB 119 contains the calculation methodology for LSL liability. It is accepted practice to estimate the present values of future cash outflows associated with the LSL liability by using a shorthand measurement technique. The shorthand technique takes into account such factors as changes in discount rates and salary inflation.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds decreased from 2011 (5.25%) to 2012 (3%).

This significant decrease in the bond yield, which is used as the rate to discount future LSL cash flows, results in a significant increase in the reported LSL liability.

The net financial effect of the changes in the current financial year is an increase in the LSL liability of $525 000 and employee benefit expenses of $525 000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

17. Provisions

	2012	2011
Current:	$'000	$'000
Liability for outstanding claim	295	295
Provision for workers compensation	9	29
	304	324
Non-current:		
Provision for workers compensation	23	96
Total provisions	327	420

Provision for workers compensation

Carrying amount at 1 July	125	106
Reductions in provisions recognised	(87)	19
Reductions arising from payments	(6)	-
Carrying amount at 30 June	32	125

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of DPC.

On 30 June 2010, a liability was recognised to reflect an outstanding claim by WorkCoverSA. The Trust was required to cease its registration as a levy paying employer with WorkCoverSA following enactment of the *Statutes Amendment (Public Sector Employment) Act 2006*. Subsequently, WorkCoverSA has sought to impose a supplementary levy, known as a 'balancing payment' of $295 000 on the Trust. At the 30 June 2012, the Trust continues to appeal against this claim.

18. Other liabilities

	2012	2011
Current:	$'000	$'000
Theatre hire deposits	247	133
Catering and function hire deposits	68	43
Income in advance	648	381
Unclaimed monies	70	4
Total other liabilities	1 033	561

Income in advance

Income received for the programming, marketing and sponsorship of performances taking place after the balance date is deferred until the performances occur.

19. Equity

Revaluation surplus:		
Plant and equipment	4 015	4 015
Works of art	4 773	4 773
	8 788	8 788
Accumulated losses	(855)	(1 116)
Total equity	7 933	7 672

19. Equity (continued)

The revaluation surplus is used to record increments and decrements in the fair value of property, plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

As at 30 June 2011, works of arts previously revalued upwards were subjected to downward revaluation by $1.933 million.

20. Unrecognised contractual commitments

	2012	2011
Remuneration commitments	$'000	$'000
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	6 052	4 681
Later than one year and not longer than five years	3 893	2 711
Total remuneration commitments	9 945	7 392

Amounts disclosed include commitments arising from executive and other service contracts. The Trust does not offer fixed-term remuneration contracts greater than five years.

Other commitments

The Trust's other commitments are for non-cancellable maintenance agreements payable as follows:		
Within one year	346	367
Later than one year and not longer than five years	151	444
Total other commitments	497	811

Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	4 382	4 355
Later than one year and not longer than five years	18 005	17 783
Later than five years	58 604	61 824
Total operating lease commitments	80 991	83 962

The Trust's operating leases include accommodation and motor vehicle leases for fixed terms up to five years.

The Trust has a 20 year lease agreement to rent Her Majesty's Theatre and the Adelaide Festival Centre. The rent payable is determined by a combination of annual rent increases and triennial market reviews commencing 30 October 2011. The lease expires on 30 June 2028 and the Trust has a right of renewal for 10 years.

21. Remuneration of trustees

Trustees of the Trust during the year were:

Mr Barry Fitzpatrick (Chairperson)	Ms Carolyn Mitchell	Mr Bill Spurr
Mr Peter Goers	Ms Caroline Cordeaux	Ms Susan Clearihan
Mr Ian Kowalick	Ms Zannie Flanagan	Mr Hieu Van Le

The number of trustees whose remuneration received or receivable falls within the following bands:	2012 Number	2011 Number
\$0 - \$9 999	1	-
\$10 000 - \$19 999	7	7
\$20 000 - \$29 999	1	1
Total	9	8

Remuneration of members reflects all costs of trustee duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by trustees was $115 000 ($115 000).

The trustees of the Trust, or their director related entities, have transactions with the Trust that occur within a normal staff, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonably expected the entity would have adopted if the transactions were undertaken with any other entity at arm's length in similar circumstances.

21. Remuneration of trustees (continued)

As a part of the duties of office, from time to time, trustees receive complimentary tickets to shows and events conducted by or through the Trust. These benefits serve to involve the trustees in the product and business that is being managed and/or involve the execution of office in liaison with external parties.

22. Cash flow reconciliation

	2012	2011
Reconciliation of cash and cash equivalents:	$'000	$'000
Statement of Financial Position	10 386	6 596
Statement of Cash Flows	10 386	6 596

Reconciliation of net cash provided by operating activities to net cost of providing services

	2012	2011
Net cash provided by (used in) operating activities	4 334	1 128
Revenues from SA Government	(15 303)	(15 081)
Non-cash items:		
Capital assets received free of charge	527	-
Depreciation and amortisation expense of non-current assets	(531)	(589)
Loss on sale or disposal of non-current assets	-	(39)
Movements in assets and liabilities:		
Receivables	177	(808)
Inventories	11	(45)
Other assets	443	(79)
Payables	(3 387)	660
Other liabilities	(472)	419
Provisions	93	(19)
Staff benefits	(934)	(109)
Net cost of providing services	(15 042)	(14 562)

23. Controlled entity

The consolidated financial statements at 30 June 2012 include the following controlled entity:

Name of controlled entity	*Place of incorporation*
The Adelaide Festival Centre Foundation Incorporated	Australia

Significant items in the financial report of the Foundation are:	2012	2011
	$'000	$'000
Revenue	312	155
Expenses	248	209
Surplus (Deficit)	64	(54)
Cash at bank	283	152

24. Government/Non-government split

As required by APF II, APS 4.1 the following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. A threshold of $100 000 for separate identification of these items has been applied.

	SA Government	
	2012	2011
Revenues from SA Government:	$'000	$'000
Operating grant	14 740	15 051
Capital grant	563	30
Total revenue from SA Government	15 303	15 081
Revenue from fees and charges:		
Theatre services	2 535	1 933
Other	178	-
Total revenue from fees and charges	2 713	1 933
Interest revenue:		
Interest from entities with the SA Government	419	529
Total interest revenue	419	529

24. Government/Non-government split (continued)

	SA Government 2012 $'000	SA Government 2011 $'000
Supplies and services:		
Accommodation	4 541	4 206
Total supplies and services	4 541	4 206
Receivables		
Receivables	259	91
Total receivables	259	91
Payables:		
Current:		
Creditors	112	42
Employment on-costs	166	153
	278	195
Non-current:		
Employment on-costs	118	90
Total payables	396	285

Adelaide Festival Corporation

Functional responsibility

Establishment

The Adelaide Festival Corporation (the Corporation) is a body corporate established pursuant to the *Adelaide Festival Corporation Act 1998* (AFC Act). The Corporation is an instrumentality of the Crown. The Board of the Corporation is responsible to the Minister for the Arts.

Functions

The main function of the Corporation is to conduct the Adelaide Festival of Arts. For details of the Corporation's functions refer note 1 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

The Auditor-General audits the accounts of the Corporation pursuant to section 31(1)(b) of the PFAA and section 19(3) of the AFC Act.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of the audit

The audit program covered major financial systems to obtain sufficient evidence to form an opinion on the financial report and internal controls.

During 2011-12, specific areas of audit attention included:

- revenue, including cash receipting and debtors
- expenditure
- salaries and wages
- general ledger
- contracts
- budgetary control.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Adelaide Festival Corporation as at 30 June 2012, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Adelaide Festival Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for all matters raised under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Adelaide Festival Corporation have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Chief Executive. Major matters raised with the Corporation and the related responses are detailed below.

Cash handling

Audit review included an assessment of cash receipting, recording and banking during the 2012 Festival. Cash handling, particularly at public events, is considered by Audit to be an area of high inherent risk and consequently requires a strong control environment. Audit identified the following areas where the Corporation's controls were not sufficient to provide reasonable assurance that all cash received was receipted and banked:

- individuals accessed or counted cash without a second witnessing officer
- individuals had access to both physical cash and had record keeping/reporting responsibilities
- daily cash takings were not adequately reconciled to cash register transaction records.

Audit recommended that the Corporation review and establish formalised procedures for cash handling during festival events. Specific recommendations included:

- requiring the presence of at least two officers when counting, reconciling or otherwise handling cash

- segregating the responsibilities for custody of cash, record keeping and reconciliation

- ensuring cash in tills is reconciled to the register's record of transactions at the end of each day/shift.

The Corporation responded that security and controls in relation to cash handling would be given a high priority as it refined processes to be employed for the upcoming 2013 Festival. The Corporation advised it would address all audit recommendations and update its cash handling procedures.

Segregation of duties

The audit assessed whether systems access restrictions prevent staff from performing incompatible tasks. The review noted that a senior officer who is responsible for important review and reconciliation functions is able to process, authorise and disburse payments. These are functions that it is appropriate to segregate because high levels of systems access may compromise controls designed to prevent inappropriately authorised or invalid transactions.

Audit recommended the Corporation review its business processes to separate the responsibility for disbursement, record keeping, authorisation and reconciliation. In response the Corporation recognised the importance of appropriately segregating duties and indicated that segregation was achieved through checking and approval processes. The Corporation acknowledged the need for access and security controls and indicated it had since reviewed its systems and implemented access restrictions to ensure transaction processing was separated from review and authorisation.

Bank reconciliations

The audit included a review of the Corporation's bank reconciliation processes. The review noted that documentation supporting the performance of bank reconciliations was limited to system generated reports. Audit was not able to identify the extent that staff had reviewed the reports and followed up reconciling items. Further, the audit noted bank reconciliations were not signed as performed and were not independently checked.

In response to Audit recommendations the Corporation confirmed it had performed and checked bank reconciliations each month and responded that it would ensure bank reconciliations are signed off by the preparer and reviewer indicating all items are appropriately reconciled.

Journal processing

As part of the review of the general ledger Audit considered controls over general journals. The audit found that the Corporation's policy requiring independent review of general journals was not followed. Independent approval provides assurance that journal adjustments to accounting records, including the general ledger, are valid and correct.

Audit recommended that the Corporation ensure all journals are independently reviewed. The Corporation responded that it will develop a system generated report to enable the review of all general journals to approved manual records.

Interpretation and analysis of the financial report

The 2012 Adelaide Festival of Arts was the last biennial event and from 2013 the event will be held annually. Financial activity relating to the 2012 event was recorded over a cycle of two financial years, 2010-11 and 2011-12. As 2011 was not an event year, the prior year figures in the financial report are not comparable.

Statement of Comprehensive Income

Income

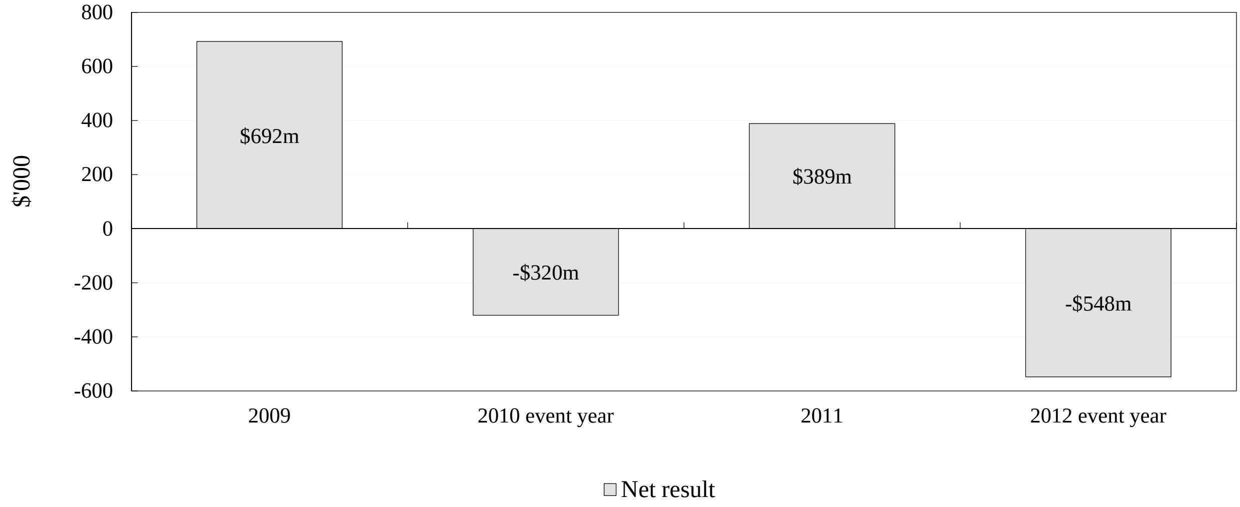
The Corporation is reliant on the State Government to fund its operations and government grants represent 54% of total income for the two years to 30 June 2012. Box office sales of $2.56 million increased 2% from the 2010 event where they were $2.51 million. Other sales, $736 000, include sales of books, merchandise and Bario revenues.

Expenses

Programmed events expenditure of $7.2 million represents the major cost of the Corporation, being 53% of total expenses for the year ended 30 June 2012.

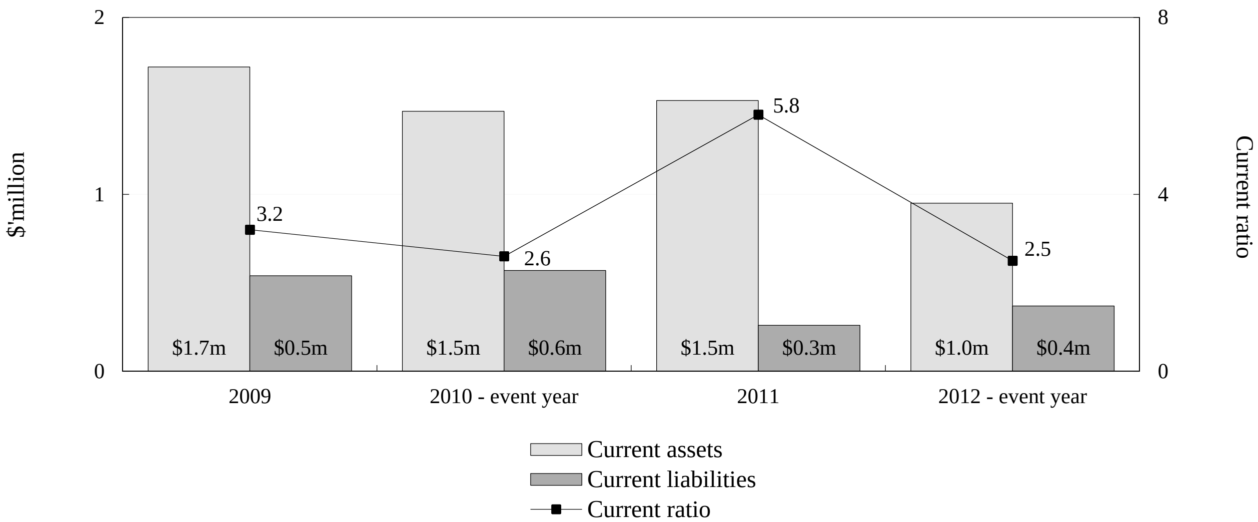
Net result

The net result for the year was a deficit of $548 000 (surplus $389 000). The following chart shows the fluctuation in the net result which reflects the impact of the biennial staging of the Adelaide Festival of Arts.



Statement of Financial Position

The following chart shows that current assets, including cash, decreased 38% to $951 000 as at 30 June 2012. Current assets exceeded current liabilities by $578 000 as at 30 June 2012.



Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2012 and illustrates the cycle of cash flows from operations between festival and non-festival years. The table also shows the Corporation's cash balance as at 30 June 2012 was the lowest for the four years.

	2012 $'000	2011 $'000	2010 $'000	2009 $'000
Net cash flows				
Operating	(761)	542	(261)	709
Investing	(141)	(7)	(52)	(49)
Financing	-	-	-	-
Change in cash	(902)	535	(313)	660
Cash at 30 June	526	1 428	893	1 206

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Staff benefits expenses	3	3 187	1 148
Supplies and services	4	10 185	921
Depreciation and amortisation expense		45	46
Total expenses		13 417	2 115
Income:			
Grants from non-SA Government	5	107	-
Box office sales		2 555	-
Other sales		736	-
Interest revenues		163	86
Sponsorship - corporate		939	387
Sponsorship - in-kind		557	30
Sponsorship - government		650	50
Other income	6	808	58
Total income		6 515	611
Net cost of providing services		(6 902)	(1 504)
Revenues from (Payments to) SA Government:			
Revenues from SA Government	5	6 354	1 893
Net result		(548)	389
Total comprehensive result		(548)	389

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

Statement of Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash and cash equivalents	7	526	1 428
Receivables	8	409	98
Inventories		16	-
Total current assets		951	1 526
Non-current assets:			
Property, plant and equipment	9	173	56
Total non-current assets		173	56
Total assets		1 124	1 582
Current liabilities:			
Payables	10	196	101
Staff benefits	11	137	97
Provisions	12	40	65
Total current liabilities		373	263
Non-current liabilities:			
Payables	10	3	8
Staff benefits	11	77	92
Total non-current liabilities		80	100
Total liabilities		453	363
Net assets		671	1 219
Equity:			
Retained earnings		671	1 219
Total equity		671	1 219

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	16		

Statement of Changes in Equity
for the year ended 30 June 2012

	Retained earnings $'000	Total equity $'000
Balance at 30 June 2010	830	830
Net result for 2010-11	389	389
Total comprehensive result for the year 2010-11	389	389
Balance at 30 June 2011	1 219	1 219
Net result for 2011-12	(548)	(548)
Total comprehensive result for the year 2011-12	(548)	(548)
Balance at 30 June 2012	671	671

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

Statement of Cash Flows
for the year ended 30 June 2012

	Note	2012 Inflows (Outflows) $'000	2011 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Staff benefits payments		(3 139)	(1 189)
Payments for supplies and services		(10 070)	(1 411)
Payments for paid parental leave scheme		(11)	-
GST paid to the ATO		(27)	(71)
Cash used in operations		(13 247)	(2 671)
Cash inflows:			
Receipts from patrons, sponsors, donors and others		5 576	946
Receipts from Commonwealth		74	-
Interest received		167	82
Receipts for paid parental leave scheme		11	-
GST recovered from the ATO		304	292
Cash generated from operations		6 132	1 320
Cash flows from SA Government:			
Receipts from SA Government		6 354	1 893
Net cash provided by (used in) operating activities	13	(761)	542
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(141)	(7)
Cash used in investing activities		(141)	(7)
Net cash provided by (used in) investing activities		(141)	(7)
Net increase (decrease) in cash and cash equivalents		(902)	535
Cash and cash equivalents at 1 July		1 428	893
Cash and cash equivalents at 30 June	7	526	1 428

Notes to and forming part of the financial statements

1. Functions of the Adelaide Festival Corporation (the Corporation)

The functions of the Corporation, as prescribed under the *Adelaide Festival Corporation Act 1998*, are to:

(a) conduct in Adelaide and other parts of the State the multifaceted arts event that is known as the Adelaide Festival of Arts

(b) continue and further develop the Adelaide Festival of Arts as an event of international standing and excellence

(c) conduct or promote other events and activities

(d) provide advisory, consultative, managerial or support services within areas of the Corporation's expertise

(e) undertake other activities that promote the arts or public interest in the arts, or that otherwise involve an appropriate use of its resources

(f) carry out other functions assigned to the Corporation by or under the *Adelaide Festival Corporation Act 1998* or any other Act, or by the Minister.

2. Statement of significant accounting policies

2.1 Statement of compliance

The Corporation has prepared these financial statements in compliance with section 23 of the PFAA.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and comply with TIs and APSs promulgated under the provision of the PFAA.

The Corporation has applied AASs that are applicable to not-for-profit entities, as the Corporation is a not-for-profit entity.

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Corporation for the reporting period ending 30 June 2012.

2.2 Basis of preparation

The Corporation's Statement of Comprehensive Income, Statement of Financial Position, and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention. The Statement of Cash Flows has been prepared on a cash basis.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2012 and the comparative information presented.

2.3 Rounding

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

2.4 Taxation

The Corporation is not subject to income tax. The Corporation is liable for payroll tax, FBT, GST, Emergency Services levy, land tax equivalents and local government rate equivalents.

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

- when the GST incurred on a purchase of goods or services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

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

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

2.4 Taxation (continued)

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

2.5 Events after the reporting period

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

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

2.6 Income

Income is recognised to the extent that it is probable that the flow of economic benefits to the Corporation will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The notes accompanying the financial statements disclose income where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

Operating and performing arts grants
In accordance with APF V, all grants are recognised as revenue when received.

Sponsorship, sundry income and interest
All income of this nature is recognised as revenue as it accrues. Some sponsorship is received as resources in-kind which is valued at fair value.

Donations
All income of this nature is recognised as revenue when received.

2.7 Expenditure

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Corporation will occur and can be reliably measured.

The following are specific recognition criteria:

Depreciation and amortisation
All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Depreciation of office furniture and equipment is calculated using the straight line method of allocation over a useful life of four to five years and is recognised from the date of acquisition.

Staff benefits expenses
The employment provisions of the *Adelaide Festival Corporation Act 1998* provide that the Chief Executive of DPC is the employing authority of all staff of the Corporation.

Consistent with the *Statutes Amendment (Public Sector Employment) Act 2006*, the Chief Executive of DPC has delegated all of his powers and functions relating to the employment of staff to the Corporation. The Treasurer, pursuant to the *Statutes Amendment (Public Sector Employment) Act 2006*, has also issued a direction to the Corporation to make payments with respect to any matter arising in connection with the employment of a person under the *Adelaide Festival Corporation Act 1998.*

Salaries, wages and compensated absences
Liabilities for staff entitlements to salaries, wages and compensated absences owed at reporting date (including payroll based on-costs) are measured in accordance with AASB 119.

Superannuation

Contributions are made by the Corporation to a number of State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the superannuation schemes. The only liability outstanding at balance date relates to any contributions due but not yet paid to the superannuation schemes.

2.8 Workers compensation

The Corporation is self-insured for workers compensation purposes. The Corporation is responsible for the payment for workers compensation claims.

For the period 1 July 2011 to 30 June 2012, the Corporation processed three workers compensation claims.

A provision for workers compensation liabilities has been included as at 30 June 2012 (note 12) and is based on management's assessment as being a reasonable estimate of the outstanding liability as at 30 June 2012. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

2.9 Foreign exchange

Transactions in foreign currencies are translated at rates of exchange applicable at the date the foreign currency is acquired. Gains or losses arising from translation are taken directly to revenues or expenses.

2.10 Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current. Where asset and liability line item combine amounts expected to be realised within 12 months and more than 12 months, the Corporation has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

2.11 Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event. Where an asset line item combine amounts expected to be settled within 12 months and more than 12 months, the Corporation has separately disclosed the amounts expected to be recovered after more than 12 months.

The notes accompanying the financial statements disclose financial assets where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand and in other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

Receivables

Receivables include amounts receivable from goods and services, GST input tax credits recoverable, prepayments and other accruals.

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

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

Inventories

Inventories held for sale are measured at the lower of cost or their net realisable value.

Plant and equipment

Office furniture and equipment is valued at cost.

Where assets are acquired at no value, or minimal value, they are recorded at fair vale in the Statement of Financial Position. All non-current tangible assets with a value equal to or in excess of $1000 are capitalised.

Leasehold improvements

Leasehold improvements have been valued at cost and were amortised over the length of the lease (six years). These improvements have now been fully amortised.

2.12 Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event. Where a liability line item combine amounts expected to be settled within 12 months and more than 12 months, the Corporation has separately disclosed the amounts expected to be settled after more than 12 months.

The notes accompanying the financial statements disclose financial liabilities where the counterparty/ transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Payables

Payables include creditors, accrued expenses, GST payable, employment on-costs and Paid Parental Leave Scheme payable.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period.

Creditors include all unpaid invoices received relating to the normal operations of the Corporation.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

Staff benefits expenses

Liabilities for staff entitlements to salaries, wages and compensated absences owed at reporting date (including payroll based on-costs) are measured in accordance with AASB 119.

Annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

LSL is measured at the present value of the estimated future cash outflows (including payroll based on-costs) to be made in respect of services provided by staff up to the reporting date. This calculation is consistent with the Corporation’s experience of employee retention and leave taken. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No provision has been made in respect of sick leave. As sick leave taken by staff is considered to be taken from the current year's accrual, no liability is recognised.

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

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Staff benefit on-costs include payroll tax and superannuation contributions in respect to outstanding liabilities for salaries and wages, LSL and annual leave.

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

2.13 Economic dependency

The normal business activity of the Corporation is dependent on the contribution of grants from the State Government at the appropriate levels. The Corporation has been advised by the Minister that the Corporation will, from the 2012 year, produce the Adelaide Festival on an annual basis (historically produced biennially). Accordingly, this financial report has been prepared on a going concern basis.

2.14 *Comparative figures*

Where applicable, comparative amounts have been adjusted to conform with changes in presentation and classification in the current financial year.

3. Staff benefits expenses

	Note	2012 $'000	2011 $'000
Salaries and wages		2 681	987
LSL		26	13
Annual leave		41	6
Staff on-costs - superannuation		260	78
Staff on-costs - other		127	8
Board fees	18	52	56
		3 187	1 148

4. Supplies and services

	Note	2012 $'000	2011 $'000
Administration and marketing expenses:			
Marketing		1 759	90
Property lease	16	193	165
Development		264	11
Insurance		96	3
Communications		52	27
Operating leases		-	4
Artistic directorate		360	302
Other expenses		296	188
		3 020	790
Programmed events:			
Writers' Week 2012		559	27
Festival of Arts 2012		6 606	104
		7 165	131
Total supplies and services		10 185	921
Supplies and services provided by entities within the SA Government:			
Insurance		4	3
Audit		26	25
Other		28	11
Programmed events		834	-
Total supplies and services - SA Government entities		892	39

5. Grants from government

	2012 $'000	2011 $'000
Grants from SA Government	6 354	1 893
Commonwealth grants	74	-
Grants from overseas governments	33	-
Grants from non-SA Government	107	-

6. Other income

	2012 $'000	2011 $'000
Sundry	716	5
Friends membership	58	9
Donations	34	44
	808	58

7. Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand, at bank and on deposit.

	2012 $'000	2011 $'000
Cash on hand	3	1
Cash at bank	522	137
SAFA deposit	1	1 290
	526	1 428

Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.

All deposited funds attract interest. Rates are determined by the bank and SAFA. The interest rate was 1.5% at Adelaide Bank and 3.6% at SAFA. Interest is paid monthly.

8. Receivables

	2012 $'000	2011 $'000
Trade debtors	43	1
Prepayments and accrued revenue	361	97
Other receivables (GST)	5	-
	409	98

Standard credit terms are 30 days.

Receivables are recognised at their nominal amounts and are non-interest bearing. Amounts are recognised when services are provided.

Collectability of debts is assessed at balance date with any bad debts being written off prior to balance date.

All amounts are attributed to non-SA Government entities and are expected to be recovered within 12 months from 30 June 2012.

9. Plant and equipment

	2012 $'000	2011 $'000
(a) Office equipment and furniture at cost	477	315
Accumulated depreciation	(304)	(259)
Written down value	173	56
(b) Leasehold improvements	334	334
Accumulated amortisation	(334)	(334)
Written down value	-	-
Total plant and equipment written down value	173	56
(c) ***Reconciliation of carrying amounts of plant and equipment***		
Balance at 1 July	649	642
Additions (plant and equipment)	162	7
Balance at 30 June	811	649
Accumulated depreciation/amortisation:		
Balance at 1 July	593	547
Amortisation expense (leasehold improvements)	-	20
Depreciation expense (plant and equipment)	45	26
Balance at 30 June	638	593
Net book value	173	56

10. Payables

	2012	2011
Current:		
Trade creditors and accruals	172	81
Staff on-costs	24	14
Other payables (GST)	-	6
	196	101
Non-current:		
Staff on-costs	3	8
	3	8

Creditors are generally paid within 30 days.

Creditors are recognised at their nominal amounts and are non-interest bearing. Liabilities are recognised once the goods or services have been received. All current trade creditors are non-SA Government entities and are expected to be paid within 12 months from 30 June 2012.

11. Staff benefits

(a) ***Staff benefits***	2012 $'000	2011 $'000
Current:		
Accrued salaries and wages	29	15
Annual leave	89	62
LSL	19	20
	137	97
Non-current:		
LSL	77	92
	77	92

(b) ***Staff benefits and related on-cost liabilities***		2012	2011
Accrued salaries:	Note	$'000	$'000
On-costs included in payables - current	10	4	2
Provision for staff benefits - current	11(a)	29	15
		33	17
Annual leave:			
On-costs included in payables - current	10	11	10
Provision for staff benefits - current	11(a)	89	62
		100	72
LSL:			
On-costs included in payables - current and non-current	10	12	10
Provision for staff benefits - current and non-current	11(a)	96	112
		108	122
Aggregate staff benefits and related on-cost liabilities		241	211

12. Provisions

Current:		
Provision for workers compensation (self-insurance)	40	65
Total provisions	40	65

13. Reconciliation of net cash provided by (used in) operating activities to net cost of providing services:

Net cash provided by (used in) operating activities	(761)	542
Revenues from SA Government	(6 354)	(1 893)
Non-cash items:		
In-kind sponsorship income	657	30
In-kind expenditure	(657)	(30)
Assets acquired at no cost or nominal consideration	21	-
Depreciation/Amortisation	(45)	(46)
Deferred rent incentive	-	13
Movements in assets/liabilities:		
Receivables	311	(464)
Inventories	16	-
Payables	(90)	290
Provision for staff benefits	(25)	29
Provisions	25	25
Net cost of providing services	(6 902)	(1 504)

14. Remuneration to auditors

The amount due to and receivable by the Auditor-General's Department for auditing the accounts for the year was $26 000 ($25 000).

The auditors provided no other services.

15. Consultancies

During the year, the board did not engage any consultants to assist in its operation. The costs of these consultancies was $0 ($18 000).

The number of consultancies which fell within the following bands were:	2012 Number	2011 Number
Below $10 000	-	-
$10 000 - $50 000	-	1

16. Unrecognised contractual commitments

Operating leases	2012 $'000	2011 $'000
Commitments under non-cancellable operating leases at the reporting date are payable as follows:		
Not later than one year	189	181
Later than one year but not later than five years	470	659
	659	840

These operating lease commitments are not recognised in the financial report as liabilities.

17. Remuneration of staff

The number of staff whose total remuneration fell within the following bands:	2012 Number	2011 Number
$194 000 - $203 999	-	1
$214 000 - $223 999	1	-

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and FBT paid or payable in respect of those benefits. The total remuneration received by these staffs for the year was $216 000 ($196 000).

18. Remuneration of board members

The board members are appointed by the Governor in accordance with the *Adelaide Festival Corporation Act 1998*. As at 30 June 2012 two members of the board, who are government employees, received no sitting fees from the Corporation.

During the period, the following persons occupied the position of board members of the Corporation:

Mr Richard Ryan, AO
Ms Tammie Pribanic
Mr Graham Walters, AM
Ms Christabel Anthoney
Mr Stephen Yarwood
Mr Peter Goers (commenced September 2011)
Mr Stephen Brown (commenced May 2012)
Ms Amanda Duthie (commenced May 2012)

Remuneration of the board members fell between the following bands:	2012 Number	2011 Number
$nil - $9 999	5	5
$10 000 - $19 999	2	2
$20 000 - $29 999	1	1

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any FBT tax paid or payable in respect of those benefits.

The aggregate remuneration referred to in the above table for board members is $56 000 ($61 000).

The aggregate superannuation paid on behalf of the board members included in the above was $4000 ($5000).

In accordance with DPC Circular 16, government employees did not receive any remuneration for board/committee duties during the financial year.

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

As part of the duties of office, from time to time, board members receive complimentary tickets to shows or events conducted by the Corporation. These benefits serve to involve the board members in the product and business that is being managed and/or involve the execution of office in liaison with external parties.

Adelaide Oval SMA Limited

Functional responsibility

Establishment

The Adelaide Oval SMA Limited (AOSMA) is a company whose directors and members are appointed equally by the South Australian Cricket Association (SACA) and the South Australian National Football League (SANFL).

AOSMA is not a public authority. It was created in December 2009 as a non-profit public company limited by guarantee.

Functions

AOSMA is bound by the objects in its constitution which are to:

- develop, promote, control and manage the game of cricket and the game of football within the precinct
- develop, promote, control and manage a multi-purpose stadium at the Adelaide Oval
- promote and conduct sports, recreation and entertainment other than cricket and football within the precinct
- control, manage, improve, promote and maximise the use of the precinct having regard to, among other things, the environment
- control, manage, improve, promote and maximise the use of any other ground controlled by AOSMA from time to time.

AOSMA will manage the new stadium at the Adelaide Oval upon its expected completion in March 2014. AOSMA also manages the area closely surrounding the stadium (the precinct).

The operations of AOSMA are subject to the requirements of the *Adelaide Oval Redevelopment and Management Act 2011* (AORM Act) which specifies the following matters:

- Leasing and licensing requirements for the redevelopment and management of the Adelaide Oval. These requirements involve the Adelaide City Council, the responsible Minister, AOSMA, SACA and SANFL.
- The establishment of a sinking fund to be managed by AOSMA to pay for non-recurrent expenditure of the Adelaide Oval in the years after its completion. After consulting AOSMA the Treasurer must determine annually the amount payable by the AOSMA into the sinking fund. A report on monies paid into and out of the fund must be provided to the Minister by 1 September of each year. The sinking fund has not yet been established.
- Financial and audit reporting requirements of AOSMA and the redevelopment in general.
- AOSMA be audited by the Auditor-General effective 1 July 2011. As a consequence, this is the first year that AOSMA has been reported on in the Annual Report of the Auditor-General to Parliament. The financial statements of AOSMA were previously audited by a private sector auditor.

For the 2010 and 2011 financial years AOSMA focussed on preparing and developing the requirements, briefs, concepts, designs, plans and costings for the Adelaide Oval redevelopment. The Treasurer provided a grant of $5 million to AOSMA for this specific purpose. Most of this grant was expended in 2010 and 2011 with the remainder being expended in early 2012.

The focus of AOSMA's operations changed in 2012 to finalising leasing and licensing requirements, engaging permanent staff and developing business models and strategies to generate income to cover AOSMA's expenses that will be incurred before and after the stadium's completion.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 9(3) of the AORM Act stipulates that the Auditor-General must audit the accounts of AOSMA each year and include a report on that audit in the Auditor-General's Annual Report.

Section 6 of the AORM Act stipulates that the Auditor-General must, at least once in every year, audit the accounts of the sinking fund and report if necessary on its operations.

Scope of the audit

The audit program covered financial accounting records and processes and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial report.

During 2011-12, specific areas of audit attention included:

- progress in finalising leasing and licensing requirements for the redevelopment and management of the Adelaide Oval
- State Government grants and other contributions
- other income
- expenses.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report of the Adelaide Oval SMA Limited:

(a) gives a true and fair view of the company's financial position as at 30 June 2012 and its performance for the year ended on that date

(b) complies with Australian Accounting Standards and the Corporations Regulations 2001.

Communication of audit matters

The audit did not identify any notable matters requiring formal communication to parties with governance authority for the AOSMA.

Interpretation and analysis of the financial report

Highlights of the financial report

	2012 $'000	2011 $'000
Income		
State Government grants and other contributions	1 368	2 128
Other	133	4
Total income	1 501	2 132
Expenses		
Services contributed by SACA and SANFL	900	1 075
Other	739	1 067
Total expenses	1 639	2 142
Net result and total comprehensive result	(138)	(10)
Net cash provided by (used in) operating activities	(137)	(1 956)
Assets		
Current assets	29	171
Non-current assets	3	-
Total assets	32	171
Liabilities		
Current liabilities	148	150
Total liabilities	148	150
Total equity	(116)	21

In February 2010 the Treasurer entered into a grant deed with AOSMA.

Pursuant to the grant deed the Treasurer provided AOSMA with $5 million to prepare and develop the requirements, briefs, concepts, designs, plans and costings for the Adelaide Oval redevelopment. The $5 million was paid in instalments upon AOSMA providing proof of expenses to the Treasurer. Most of this grant was received and expended in 2010 and 2011 with the remainder being received and expended in early 2012.

In addition to the $5 million stipulated in the grant deed the State Government has funded costs of AOSMA incurred by SACA and SANFL .

In 2010-11 and 2011-12 some expenditure of AOSMA was incurred and paid directly by SACA and SANFL. As mentioned this expenditure was on top of the $5 million and mainly related to salaries of SACA and SANFL staff, legal fees and other professional service costs. The expenditure of $900 000 in 2011-12 and $1.075 million in 2010-11 paid by SACA and SANFL from their own funds is recognised in the Statement of Comprehensive Income as services contributed by SACA and SANFL. The Treasurer reimbursed SACA and SANFL for this expenditure by way of an ex gratia payment. These reimbursements are recognised in the Statement of Comprehensive Income as State Government grants and other contributions.

The Department of Planning, Transport and Infrastructure (DPTI) also paid invoices related to AOSMA expenditure above the $5 million. These expenses, which amounted to $357 000 and related mainly to legal fees and staff recruiting costs, are included in expenses in the Statement of Comprehensive Income with an offsetting amount included in State Government grants and other contributions.

Audit recommended and assisted AOSMA in ensuring the value of financial support provided by the State Government (DPTI) to AOSMA was brought appropriately to account in AOSMA's financial statements.

AOSMA anticipates that going forward it will no longer require funding from the State Government. A Promoters Agreement was signed by SANFL, SACA and AOSMA on 17 November 2011. The agreement has a clause whereby financial support to AOSMA must be provided by SANFL and SACA in times of financial difficulty.

To generate income in 2012, AOSMA established a car park and catering activities for use by the construction workforce at Adelaide Oval. SANFL operated the car park while SACA operated the catering activity. Both these activities incurred losses. The car park operations were stopped while the catering activity has continued in anticipation of increased sales following commencement of building activities. SANFL and SACA expect to be reimbursed $44 000 by AOSMA for these losses. The income and expenses from these activities are included in the Statement of Comprehensive Income with the losses being included in trade and other payables in the Statement of Financial Position.

Further commentary on operations

At 30 June 2012 all leasing and licensing requirements for the redevelopment and management of the Adelaide Oval had been finalised apart from the Adelaide Oval Area sublicence between the responsible Minister and AOSMA.

Until 1 June 2012, AOSMA had no staff. Instead SANFL and SACA staff undertook AOSMA activities. On 1 June 2012 a Chief Executive Officer was appointed and will be working full time on AOSMA activities. Additional staff will be recruited in 2012-13. Their roles will include developing business models and strategies to generate income to cover AOSMA's expenses that will be incurred before and after the stadium's completion.

In August 2012 Cabinet approved that $18 million of Commonwealth funding be passed onto AOSMA under a funding deed to procure works for the Adelaide Oval redevelopment. The Cabinet submission advised that AOSMA was well placed to procure the works as they related to items concerning the playing surface, oval operations and equipment with which SACA and SANFL have previous operational experience.

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $	2011 $
Revenue	3	1 498 924	2 127 526
Other income	3	2 498	4 474
Total revenue and other income		1 501 422	2 132 000
Employee benefits expense		(45 259)	-
Depreciation and amortisation expense	3	-	(15 625)
Canteen expenses		(56 330)	-
Car park expenses		(10 807)	-
Finance costs		(324)	(465)
Rental expense	3	(2 000)	(31 432)
Audit expense	3	(10 000)	(5 000)
Professional services expense		(560 247)	(911 002)
Administration expense		(54 263)	(103 823)
Services contributed by SACA and SANFL	2	(899 925)	(1 074 513)
Total expenses		(1 639 155)	(2 141 860)
Profit (Loss) for the year		(137 733)	(9 860)
Other comprehensive income:			
Other comprehensive income for the year		-	-
Total comprehensive income		(137 733)	(9 860)
Profit (Loss) attributable to members of the entity		(137 733)	(9 860)
Total comprehensive income (loss) attributable to members of the entity		(137 733)	(9 860)

Statement of Financial Position
as at 30 June 2012

	Note	2012 $	2011 $
Current assets:			
Cash and cash equivalents	4	25 459	165 906
Trade and other receivables	5	-	1 291
Other assets	6	3 640	4 168
Total current assets		29 099	171 365
Non-current assets:			
Property, plant and equipment	7	3 069	-
Total non-current assets		3 069	-
Total assets		32 168	171 365
Current liabilities:			
Trade and other payables	8	145 164	149 891
Provisions	9	3 263	-
Total current liabilities		148 427	149 891
Total liabilities		148 427	149 891
Net assets		(116 259)	21 474
Equity:			
Retained earnings		(116 259)	21 474
Total equity		(116 259)	21 474

Statement of Changes in Equity
for the year ended 30 June 2012

	Retained earnings $	Total $
Balance at 1 July 2010	31 334	31 334
Profit (Loss) attributable to the entity	(9 860)	(9 860)
Total other comprehensive income for the year	-	-
Balance at 30 June 2011	21 474	21 474
Balance at 1 July 2011	21 474	21 474
Profit (Loss) attributable to the entity	(137 733)	(137 733)
Total other comprehensive income for the year	-	-
Balance at 30 June 2012	(116 259)	(116 259)

Statement of Cash Flows
for the year ended 30 June 2012

		2012 Inflows (Outflows)	2011 Inflows (Outflows)
Cash flows from operating activities:	Note	$	$
Receipt of grants		411 242	22 927
Receipt of other income		132 660	-
Payments to suppliers and employees		(683 454)	(1 982 526)
Interest received		2 498	4 474
Finance costs		(324)	(465)
Net cash provided by (used in) operating activities	16(b)	(137 378)	(1 955 590)
Cash flows from investing activities:			
Payment for property, plant and equipment		(3 069)	-
Net cash provided by (used in) investing activities		(3 069)	-
Cash flows from financing activities:			
Net cash provided by (used in) financing activities		-	-
Net increase (decrease) in cash held		(140 447)	(1 955 590)
Cash and cash equivalents at 1 July		165 906	2 121 496
Cash and cash equivalents at 30 June	4	25 459	165 906

Notes to and forming part of the financial statements

The financial statements are for Adelaide Oval SMA Limited (AOSMA) as an individual entity, incorporated and domiciled in Australia. AOSMA is a company limited by guarantee. AOSMA is a joint venture between the South Australian Cricket Association (SACA) and the South Australian National Football League (SANFL). The members of the entity are SACA and SANFL.

1. Summary of significant accounting policies

Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001*, AASs, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group interpretations. AASs set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 31 August 2012 by the directors of AOSMA.

Going concern

The financial report has been prepared on the going concern basis, which the AOSMA Board believes contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

AOSMA incurred a trading loss of $137 733 ($9860 loss) and has a net working capital deficiency of $119 328 (net working capital $21 474). The deficiency in working capital is due to costs incurred with starting the business with minimal income streams available until the stadium redevelopment project is completed in 2014.

Going concern (continued)
The continuity of normal business activities is deemed possible due to:

- On 17 November 2011, SANFL, SACA and AOSMA signed a Promoters Agreement. Clause 14.4 of the agreement provides a vehicle for financial support from SANFL and SACA in the event of AOSMA experiencing financial difficulty.
- On 29 June 2012, AOSMA entered into a funding facility agreement with the Commonwealth Bank of Australia. This facility will provide funding up to $5.1 million to assist with the initial start-up costs.

Accounting policies

(a) Revenue

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. All revenue is stated net of the amount of GST.

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair values as indicated, less, where applicable, accumulated depreciation and impairment losses.

Plant and equipment
Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation
The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	*Depreciation rate*
Plant and equipment	20%
Electronic equipment, computer hardware and software	30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Financial instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that AOSMA commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified at fair value through profit or loss in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at either, fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(i) the amount at which the financial asset or financial liability is measured at initial recognition

(ii) less principal repayments

(iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method

(iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Financial assets at fair value through profit or loss
Financial assets are classified at ‘fair value through profit or loss’ when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity’s intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment
At the end of each reporting period, AOSMA assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(d) Impairment of assets
At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(e) Employee benefits
Employee benefits comprise wages and salaries, annual leave and LSL, and contributions to superannuation plans.

Liabilities for wages and salaries expected to be settled within 12 months are recognised in other payables in respect to employees' services up to reporting date. Liabilities for annual leave in respect of employees' services up to the reporting date which are expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in the provision for annual leave. Both liabilities are measured at the amounts expected to be paid when the liabilities are settled.

The liability for LSL is recognised in the provision for employee benefits and measured as the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to anticipated future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yield at the reporting date on notional government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(f) Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks or SAFA, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(g) GST
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(h) Income tax
The entity is exempt from income tax under section 50.1 of the ITAA as the entity has been established for the encouragement of sport.

(i) Provisions
Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(j) Comparative figures

Where required by accounting standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

Comparatives have been adjusted to reflect contributions of services from SACA and SANFL that were not recognised in 2011. There was no impact on the profit (loss) for the 2011 year.

(k) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by AOSMA during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within AOSMA.

Key estimates

- *Unearned grant revenue*

  The conditions of the grant provided to AOSMA require the entity to expend the grant monies on permitted expenses as incurred. For the year ended 30 June 2012 all grant revenue was fully expended.

(m) Economic dependence

The SA Government has committed to fund the Adelaide Oval redevelopment, and as such operations of AOSMA are dependent on the completion of these capital works. At the date of this report the board of directors has no reason to believe that the SA Government will not continue to support these capital works.

The operations of AOSMA are dependent on SANFL and SACA pursuant to clause 14.4 of the Promoters Agreement.

(n) New accounting standards for application in future periods

AOSMA did not voluntarily change any of its accounting policies during 2011-12.

AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by AOSMA for the period ending 30 June 2012. AOSMA has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the entity.

2. Services contributed by SACA and SANFL

Services contributed by SACA and SANFL included salaries of SACA and SANFL staff, legal fees and other professional services.

3. Revenue, other income and expenses

	2012	2011
Revenue:	$	$
State Government grants and other contributions	1 367 555	2 127 526
Northern car park operations	109 057	-
Canteen operations	22 312	-
Total revenue	1 498 924	2 127 526
Other income:		
Interest received	2 498	4 474
Total other income	2 498	4 474
Total revenue and other income	1 501 422	2 132 000
Expenses:		
Depreciation and amortisation	-	15 625
Rental expense on operating leases:		
Minimum lease payments	2 000	31 432
Total rental expense	2 000	31 432

3. Revenue, other income and expenses (continued)

	Note	2012	2011
Auditor remuneration:		$	$
Audit services		10 000	5 000
Other services		-	27 970
Total auditor remuneration		10 000	32 970

4. Cash and cash equivalents

	Note	2012	2011
Current:			
Cash at bank		25 259	(3 246)
Cash on hand		200	200
Amount on deposit with SAFA		-	168 952
	16,17	25 459	165 906

5. Trade and other receivables

	Note	2012	2011
Current:			
Due from related party		-	1 291
Total current trade and other receivables	17	-	1 291

AOSMA does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

There are no balances within trade receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due.

6. Other assets

	2012	2011
Current:	$	$
Prepayments	3 640	4 168
	3 640	4 168

7. Plant and equipment

	2012	2011
Plant and equipment at cost	19 949	16 880
Accumulated depreciation	(16 880)	(16 880)
Total property, plant and equipment	3 069	-

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Property, plant and equipment	Furniture and equipment	Total
2012	$	$	$
Balance at 1 July	-	-	-
Additions at cost	3 069	-	3 069
Disposals	-	-	-
Depreciation expense	-	-	-
Carrying amount at 30 June	3 069	-	3 069
2011			
Balance at 1 July	3 338	12 287	15 625
Additions at cost	-	-	-
Disposals	-	-	-
Depreciation expense	(3 338)	(12 287)	(15 625)
Carrying amount at 30 June	-	-	-

8. Trade and other payables

	Note	2012	2011
Current:		$	$
Trade payables	8(a)	24 190	26 901
Other current payables	8(a)	76 533	11 660
Unearned income		-	111 330
Due to related party	8(a)	44 441	-
		145 164	149 891

(a) Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables:	Note	2012 $	2011 $
Total current		145 164	38 561
Financial liabilities as trade and other payables	17	145 164	38 561

Trade and other payables exclude amounts, which are not considered a financial instrument such as unearned grant revenue.

9. Provisions

Current:		
Annual leave	3 263	-
	3 263	-

10. Borrowings

Bank facility

AOSMA has in place a loan facility (secured against the assets of AOSMA) of $5 million, with a further $100 000 card facility. These facilities were not utilised during the reporting period.

11. Expenditure commitments

There were no expenditure commitments in place as at 30 June 2012 ($0).

12. Contingent liabilities and assets

There are no other matters in relation to the entity that would give rise to contingent liabilities or assets in the financial statements at 30 June 2012.

13. Events after the reporting period

There are no significant post balance day events.

14. Key management personnel compensation

Key management personnel include the directors and other personnel having authority and responsibility for planning, directing and controlling the activities of the entity. The directors did not receive any remuneration for their role as director in 2012 or 2011. The entity provides salaries, non-cash benefits and contributes to post-employment accumulation plans to other key management personnel.

The compensation paid to key management personnel noted above is as follows:

	2012 $	2011 $
Short-term employee benefits	240 337	347 802
Post-employment benefits	20 196	31 302
	260 533	379 104

15. Related party transactions

The names of each person who has been a director during the year and to the date of this report are:

Ian Murray McLachlan AO
Leigh Robert Whicker
John Charles Bannon AO
Keith Bradshaw (appointed 30 January 2012)
Philip James Gallagher
Dion McCaffrie (appointed 26 April 2012)
Francis Creagh O’Connor
John Wayne Olsen AO
John Harnden AM (retired 30 January 2012)
James Reginald Coppins (retired 26 April 2012)
Richard Price Allen (alternate director appointed 26 April 2012)
Andrew Carver (alternate director appointed 21 September 2011)
Philip Reynold Duval (alternate director appointed 17 August 2011)
Andrew William Sinclair (alternate director)
David John Shipway (retired 26 April 2012)

No directors fees were paid or payable in 2012 ($0).

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

15. Related party transactions (continued)

	2012	2011
During the year, AOSMA incurred amounts paid or payable to SANFL as reimbursement for expenses paid on its behalf	$ 116 394	$ 2 854
During the year, AOSMA incurred amounts paid or payable to SACA as reimbursement for expenses paid on its behalf	61 963	2 978
During the year, SANFL paid or is due to pay AOSMA income received on its behalf	4 684	-
During the year, SACA paid or is due to pay AOSMA income received on its behalf	139 822	-
Net amount owing to (from) related parties	44 441	(1 291)

In addition, the State Government made payments to SACA and SANFL to reimburse costs incurred on behalf of the AOSMA.

16. Cash flow information

	Note	2012 $	2011 $
(a) Reconciliation of cash			
Cash at bank		25 259	(3 246)
Other cash		200	200
Amount on deposit with SAFA		-	168 952
	4	25 459	165 906
(b) Reconciliation of net cash provided by (used in) operating activities with profit (loss)			
Profit (Loss)		(137 733)	(9 860)
Non-cash flows:			
State Government grant and contributions		(956 225)	(1 074 513)
Services contributed by SACA and SANFL		899 925	1 074 513
Other non-cash expenditure		56 300	-
Depreciation and amortisation		-	15 625
Increase (Decrease) in provisions		3 263	-
Movements in assets/liabilities:			
Trade and other receivables		1 291	6 640
Trade and other payables		106 603	(938 586)
Unearned income		(111 330)	(1 030 086)
Prepayments		528	677
Net cash provided by (used in) operating activities		(137 378)	(1 955 590)

17. Financial risk management

AOSMA's financial instruments consist mainly of deposits with banks, amounts on deposit with SAFA, and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2012 $	2011 $
Financial assets			
Cash and cash equivalents	4	25 459	165 906
Other receivables	5	-	1 291
Total financial assets		25 459	167 197
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	8(a)	145 164	38 561
Borrowings		-	-
Total financial liabilities		145 164	38 561

Specific financial risk exposures and management

The main risks AOSMA is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and equity price risk.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for AOSMA.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at note 5.

AOSMA has no significant concentration of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in note 5.

Credit risk related to balances with banks and other financial institutions is managed by the board. Other than a nominal amount of cash on hand, surplus funds are only invested with major Australian financial institutions or are held on deposit with SAFA. The following table provides information regarding the credit risk relating to cash and cash equivalents.

		2012	2011
Cash and cash equivalents:	Note	$	$
Cash on hand		200	200
Cash held with a major Australian financial institution		25 259	(3 246)
Cash on deposit with SAFA		-	168 952
	4	25 459	165 906

(b) *Liquidity risk*

Liquidity risk arises from the possibility that AOSMA might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. AOSMA manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- only investing surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Contractual maturities			
	Within 1 year	1-5 years	More than 5 years	Total
2012	$	$	$	$
Financial liabilities due for payment:				
Trade and other payables	145 164	-	-	145 164
Total expected outflows	145 164	-	-	145 164
Financial assets - cash flows realisable:				
Cash and cash equivalents	25 459	-	-	25 459
Trade and other receivables	-	-	-	-
Total anticipated inflows	25 459	-	-	25 459
Net inflow (outflow) on financial instruments	(119 705)	-	-	(119 705)

Financial liability and financial asset maturity analysis (continued)

	Contractual maturities			
	Within 1 year	1-5 years	More than 5 years	Total
2011	$	$	$	$
Financial liabilities due for payment:				
Trade and other payables	38 561	-	-	38 561
Total expected outflows	38 561	-	-	38 561
Financial assets - cash flows realisable:				
Cash and cash equivalents	165 906	-	-	165 906
Trade and other receivables	1 291	-	-	1 291
Total anticipated inflows	167 197	-	-	167 197
Net inflow (outflow) on financial instruments	128 636	-	-	128 636

(c) *Market risk*

(i) *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. AOSMA is also exposed to earnings volatility on floating rate instruments. At 30 June 2012 there is no company debt and therefore the AOSMA has no exposure to interest rate risk on financial liabilities.

(ii) *Price risk*

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held.

Sensitivity analysis

The following table illustrates sensitivities to AOSMA's exposures to changes in interest rates. The table indicates the impact on how profit reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit
Year ended 30 June 2012:	$
+/-2% in interest rates	2 394
Year ended 30 June 2011:	
+/- 2% in interest rates	2 573

No sensitivity analysis has been performed on foreign exchange risk as AOSMA is not exposed to foreign currency fluctuations.

Net fair values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by AOSMA. Most of these instruments which are carried at amortised cost (ie trade and other receivables) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to AOSMA.

Fair value estimation (continued)

	2012		2011	
	Net carrying value	Net fair value	Net carrying value	Net fair value
Financial assets	$	$	$	$
Cash and cash equivalents(i)	25 459	25 459	165 906	165 906
Trade and other receivables(i)	-	-	1 291	1 291
Total financial assets	25 459	25 459	167 197	167 197
Financial liabilities				
Trade and other payables(i)	145 164	145 164	38 561	38 561
Total financial liabilities	145 164	145 164	38 561	38 561

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other receivables and payables exclude amounts, which are not considered a financial instrument such as unearned grant revenue.

18. Capital management

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its activities. The board ensures that the overall risk management strategy is in line with this objective.

Risk management exposures are reviewed by the board on a regular basis. These include credit risk exposures and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year.

19. Entity details

The registered office of the entity is:

O'Loughlins Lawyers, Level 2, 99 Frome Street, Adelaide SA 5000.

The principal place of business is:

Adelaide Oval, War Memorial Drive, North Adelaide SA 5006.

20. Members' guarantee

The entity is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstandings and obligations of the entity.

Art Gallery Board

Functional responsibility

Establishment

The Art Gallery Board (the Board) is established pursuant to the *Art Gallery Act 1939*. The Board is responsible for the management of the Art Gallery of South Australia (the Gallery). The objectives of the Board are to:

- collect heritage and contemporary works of art of aesthetic excellence and historical or regional significance
- ensure the preservation and conservation of the Gallery's collections
- display the collections and to program temporary exhibitions
- research and evaluate the collections and to make the collections and documentation accessible to others for the purposes of research and as a basis for teaching and communications
- document the collections within a central cataloguing system
- provide interpretative information about collection displays and temporary exhibitions and other public programs
- promote the Gallery's collections and temporary exhibitions
- ensure that the Gallery's operations, resources and commercial programs are managed efficiently, responsibly and profitably
- advise the SA Government on the allocation of South Australian resources to works of art, art collections, art museums and art associations.

Status of the financial report

The financial report of the Board for the year ended 30 June 2012 was not finalised in sufficient time by the Board to enable the audit to be completed at the date of finalising this Report.

The audited financial report of the Board for the year ended 30 June 2012 will be included in a Supplementary Report to Parliament.

Attorney-General's Department

Functional responsibility

Establishment

The Attorney-General's Department (the Department or AGD) is an administrative unit established pursuant to the PSA.

Functions

The functions of the Department are to help create a safe and secure environment in which the public of South Australia can live and work and where the rights of individuals are protected; and to advise government agencies and statutory authorities in minimisation of the Government's exposure to legal and business risk.

The Department aims to provide:

- a legal infrastructure for South Australia that fosters:
  - a legislative framework that is just, equitable, robust and appropriate for our State
  - increased understanding and adoption of crime prevention strategies, and timely and just resolution of cases before the courts
  - increased public and industry awareness of their rights and responsibilities
  - an inclusive, fair and cohesive society
- public access to:
  - impartial, timely and appropriate resolution of complaints
  - improved systems and processes to reduce causes of complaints
  - a fair and balanced market place
  - increased public confidence in the protection of people's rights.

For more information about the Department refer notes 1, 2(c), and 4 to the financial statements and note A1 to the administered financial statements.

Transferred functions

As a result of restructuring of administrative arrangements, responsibility for the following business units was transferred to other agencies during 2011-12:

- Office for Recreation and Sport
- Office for Racing
- Multicultural SA
- Office for Women
- Office for Volunteers
- Office for Youth.

Refer note 29 to the financial statements for further details on transferred functions.

In addition, the responsibility for the following administered funds was also transferred to other agencies during 2011-12 as a result of the abovementioned restructuring of administrative arrangements:

- Recreation and Sport Fund
- Sport and Recreation Fund
- Duke of Edinburgh Award Trust Fund
- Retail Shop Leases Fund.

Refer note A25 to the administered financial statements for details.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of the Department for each financial year.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Department in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial report and internal controls.

During 2011-12, specific areas of audit attention included:

- cash, debtors and investments
- non-current assets, including revaluations
- payroll and employee entitlements
- expenditure, including grants and subsidies
- revenue
- taxation receipts and payments
- statutory funds including the Crown Solicitor's Trust Account
- financial accounting and reporting
- financial management compliance programs.

The audit also specifically considered functions which transferred to other agencies during the year. This included transactions and related control processes that are still processed and partially managed through the Department's financial systems and control environment.

Internal audit activities were reviewed to assess the risks of material misstatement of the financial report and to design and perform audit procedures. Use was made of the work performed by internal audit, including:

- an assessment of compliance with aspects of TIs 2 and 28
- application of statutory delegations
- South Australian Computer Aided Dispatch project review
- South Australian Government Radio Network (SAGRN) project review.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Attorney-General's Department as at 30 June 2011, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Attorney-General's Department in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for all matters outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Attorney-General's Department have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive, Acting Chief Executive and other officers responsible for the governance of the Department, including administered activities. Major matters raised with the Department and the related responses are detailed below.

Alleged fraud against the Victims of Crime Fund (VOC Fund)

The Acting Chief Executive was advised of an alleged fraud against the VOC Fund on 10 August 2012. The VOC Fund is reported in the administered financial statements of the Department.

The matter is currently subject to an investigation by the South Australia Police (SAPOL) and the amount alleged to have been misappropriated is yet to be quantified. SAPOL have taken possession of certain documentation for forensic examination. As such the VOC Fund's operations cannot be subject to specific audit examination in the short-term.

This issue is disclosed in note A27 to the administered financial statements of the Department.

The understandable limits placed on access to victims of crime (VOC) information means that normal audit procedures relating to the VOC Fund could not be performed nor a full audit undertaken at this time. Management has specifically considered other administered areas of the Department that may be at risk of fraudulent activity arising from similar circumstances to the VOC Fund. Whilst the Department considers the control environment to be satisfactory in these areas, an internal audit review to ensure the Department is not further exposed to risk was in progress at the time of preparation of this Report.

Audit considered these areas and designed alternate procedures to determine if the alleged fraudulent activities known at the time could be reliably isolated to the VOC Fund.

The result of executing these procedures revealed that it was not practicable to quantify the financial effect of the alleged fraud against the VOC Fund in the administered financial statements at the time of completing the audit of the financial statements. Audit procedures were however, able to reliably isolate the impact of the alleged fraud to VOC activities. The financial activity for VOC is disclosed in Activity 3 Victims of Crime per note A1 to the administered financial statements.

The Department has advised that they are currently assisting SAPOL with their investigation and provided Audit with information throughout this process to enable conclusion of the 2011-12 financial statement audit. Audit will monitor developments and follow-up actions taken to improve the control environment and other matters in 2012-13.

I consider the matter is appropriately disclosed in note A27 to the administered financial statements of the Department and consequently have not modified the Auditor's report on the Department's financial report for 2011-12. I have included the alleged fraud against the VOC Fund in matters relevant to my assessment of controls reported under the earlier heading 'Assessment of controls'.

Preparation of draft financial statements

As stated in Part B of the 2010-11 Auditor-General's Annual Report to Parliament, the 2010-11 financial report presented in August 2011 for audit did not meet the expected quality standard. It was therefore not included in last year's Annual Report but included in a Supplementary Report tabled in Parliament in November 2011. A review of the processes used to prepare the 2010-11 statements was performed and identified necessary improvements to allow timely completion and reporting on an ongoing basis.

The Department responded to the recommendations made to improve the quality and timing of financial statements and documented a plan to improve in key areas. Draft 2011-12 financial statements provided to Audit were an improvement on the 2010-11 quality standard.

However, the following areas should be further considered for future preparation of financial statements:

- timely completion, quality assurance and review of draft financial statements, including:
  - incorrect balances, referencing and significant adjustments after the deadline for submission of financial statements
  - accounting treatments that were not considered, understood or reflected in the statements including valuation of significant SAGRN and other non-current assets
  - balances and disclosures where supporting documentation was still being prepared, not fully considered until late in the audit or absent.
- include appropriate personnel from business units to review financial statement disclosures and ensure agreed actions are fully carried out
- improve supporting information, reconciliations and documentation underlying draft financial statements before submission of draft financial statements.

Delegations

Review of delegations of authority for 2011-12 and follow-up of prior year audit findings during the 2011-12 audit identified:

- 2011-12 financial delegations were not completely approved by the Chief Executive
- differences between approved delegations schedules and electronic versions uploaded to the AGD intranet and used by staff
- subdelegations granted by the Chief Executive were not within limits delegated from the Attorney-General.

The results of the audit did not identify any payments in excess of the amount delegated by the Attorney-General. However, it was recommended that the Department review and update delegations of authority to ensure future payments are in accordance with approved delegations.

In response to the delegation issues raised, the Acting Chief Executive advised that subdelegations and documentation were revisited for approval. The delegations for 2012-13 were amended, approved and electronic versions made available to staff.

Crown Solicitor's Office (CSO)

Crown Solicitor's Trust Account (CSTA)

Review of the CSTA revealed the following areas that can be improved:

- Ensure monitoring access to the on-line banking is reviewed regularly. Audit testing identified a number of terminated employees who still had access.
- Ensure review of monthly holding reports detailing financial activity through the CSTA is conducted in a timely manner per established policies and procedures.
- Investigate and clear reconciling items of the CSTA in a timely manner.
- Ensure bank reconciliations contain evidence of the date of review.

In response to the CSTA issues raised, the Chief Executive advised that:

- in future the online banking and cheque signatories for the CSTA will be reviewed regularly by AGD Financial Services
- the time taken to complete this reconciliation should be no more than one month, and therefore, the monthly Holding report should be completed within six weeks of the end of the relevant month. The CSO will include this condition into relevant policies and procedures
- in future, unpresented cheques will be cleared in a more timely manner
- in future monthly bank reconciliations will be dated on completion.

Debtrack system and debts related to VOC

In 2008, the CSO implemented the Debtrack system to manage criminal injury compensation debts supporting the VOC Fund. Total debt was $120.9 million at 30 June 2011 which includes $72.1 million in outstanding managed debt and $48.8 million in debt notionally written off.

Review of criminal injury compensation debt and previous audit findings during 2011-12 revealed that the CSO has continued to work on identified issues. However, issues raised in previous audits are still outstanding. Specifically, the audit identified the following:

- Work continues on the validity of recorded debtor balances and unresolved variances at the time of the audit were $675 000 representing 254 files with variances to be corrected.

- Whilst timeframes for the completion of verification and validity work were estimated at January 2012 a documented action plan was not prepared and adjustment of variances were not achieved within agreed timeframes.

Audit recommended that an updated timeframe and action plan to resolve remaining issues should be developed and assigned to a responsible officer to address the identified issues.

This is a long outstanding issue and increases the risk of the overall VOC control environment not being effective. Variances identified and still outstanding include the validity of offender debtor balances and may impact on data used for decision making purposes. This includes management reporting of VOC balances, information recorded for subsequently known offenders and the integrity of information linked to approved and processed VOC payments for further debtor follow-up.

In response to the Debtrack issues raised, the Acting Chief Executive advised that although it was expected that all files would be resolved by June 2012, staff turnover resulted in some delays in finalising the remaining files. The CSO will resolve the remaining variances related to the implementation of Debtrack, and associated reconciling items between Debtrack and the general ledger, in a timely manner.

VOC policies and procedures

Audit review in previous years has identified that policies and procedures for VOC and Debt Recovery were in draft form.

Audit review in 2011-12 revealed these policies and procedures were still in draft form and had not been finalised or endorsed by management. Policies and procedures that do not reflect current processes increase the risk that control activities will not be performed effectively or fully indicate the required checking and supporting documentation for the related financial activity.

Audit recommended that VOC and Debt Recovery policies and procedures are finalised, approved and made available to all relevant officers as soon as practicable.

In response to the policies and procedure issues raised, the Acting Chief Executive advised:

- in relation to debt recovery, the CSO has a comprehensive manual of procedures for existing and new staff, providing written instruction in many debt recovery processes such as receipting, payments and data entry into Debtrack and the Basware financial system

- other policies and procedures in relation to assessment of VOC/criminal injury compensation (CIC) claims are in final draft form. The CSO will ensure that VOC/CIC policies and procedures are finalised, approved and made available to all relevant officers.

Public Safety Group

SAGRN assets

Audit review of the processes and management controls surrounding key SAGRN asset activities of purchases, disposals, depreciation, stocktakes and reconciliations were not performed adequately for the 2011-12 financial year.

SAGRN contract payments

The 2011-12 Audit identified payments to Telstra for the SAGRN that were made under an expired contract. Transactions sampled by Audit identified that these were for the period covering 25 May 2012 to 30 June 2012.

In response to the SAGRN issues raised, the Acting Chief Executive advised that:

- during 2011-12 there were delays in the updating information to the fixed asset register due to the SAGRN upgrade project and stocktakes by the external provider. In 2012-13, these items will be completed in a more timely manner
- due to the uncertainty around the SAGRN upgrade project, it was necessary to obtain independent advice before formally extending contract arrangements. This advice has now been received and the Department is in a position to finalise a new contract.

Consumer and Business Services (CBS)

Review of CBS penalties

Various acts under the administration of CBS state that if an occupational licensee fails to pay the annual fee or lodge the annual return the Commissioner may, by notice in writing, require the occupational licensee to make good the default and, in addition, to pay to the Commissioner the amount fixed by regulation as a penalty for default.

Review of the Penalties Due Summary report in 2009-10, identified some penalties that should have been issued but were not. A system information technology error in processing such penalties and printing a report for review may have contributed to this matter. Follow-up of this issue during 2010-11 revealed a significant increase in the number of penalties due from 152 in 2009-10 to 1206 to be reviewed on the Penalties Due Summary report.

Audit recommended that the supervisor of each system/area should regularly review the Penalties Due Summary report and determine whether it is appropriate to issue a penalty and ensure these decisions are appropriately documented and evidenced for compliance with each Act.

Follow-up of this issue in 2011-12 revealed a significant decrease in the number of penalties on the Penalties Due Summary report. However, at the time of audit review there were still 201 penalties over more than three months overdue that had not been reviewed on the Penalties Due Summary report. Audit was informed that the penalties still existing on the report were a combination of licenses under investigation and ICT errors in the system. Further, audit review in 2011-12 revealed that supervisors of each section review the Penalties Due Summary reports, however evidence of this review is not documented.

In response to the CBS penalty issue raised, the Acting Chief Executive advised that:

- during 2011-12 the Licensing and Registration Unit experienced delays with some annual returns being processed in a timely manner. As a result, not all penalties and cancellations could be processed

- the number of outstanding annual returns has since reduced and supervisors of each section have become responsible for regular reviews of the penalties due summary report to ensure fees are collected and licences are cancelled in accordance with legislation.

Other CBS matters

Other CBS matters arising from the audit communicated to the Department include:

- ensuring monthly reconciliations of Occupational Licencing System to the general ledger are performed in a timely manner and reconciling items promptly investigated and cleared
- ensuring liquor and gaming taxation review functions are signed or clearly evidenced to indicate the performance of approved tasks and all reconciliations are performed in a timely manner and variances promptly investigated and cleared
- supporting documentation is maintained securely and in order to support transactions.

In response the Acting Chief Executive advised that the Department acknowledges these issues and that:

- all reconciliations for the 2011-12 financial year have since been completed and reviewed
- the CBS Financial Management Compliance Program for 2012-13 will emphasise the need to complete and review all reconciliations in a timely manner
- all reconciliations of Independent Gaming Corporation data to the liquor and gaming system database are now performed in a timely manner and are signed off by the responsible officers
- CBS will complete these reconciliations in a more timely manner in future
- the Department archived some current information in an approved temporary offsite facility and will address the issue to ensure information is maintained appropriately and is available for audit review.

Information and communications technology and control

Last year's Supplementary Report of November 2011 provided comment on AGD's business continuity planning arrangements and key aspects of security control for certain selected AGD systems.

The report noted the Occupational Licencing System and the SACREDD DNA system had risks associated with business continuity planning and the adequacy of supporting ICT infrastructure. AGD recognised that these risks had a wider context across AGD.

In particular the CBS business unit identified an extreme risk of the lack of a disaster recovery plan for some of its systems. The Forensic Science SA business unit identified as high risk inadequacies in its ICT infrastructure, with the development of business continuity plans/disaster recovery plans dependent on the specific requirements of planned new systems.

AGD indicated that remediation of the business continuity matters would involve the development of a business continuity methodology framework and implementation program. It was expected that the framework would be completed by early 2012 and be fully implemented within two years. Further, it was expected that the ICT infrastructure upgrade would be completed by mid 2012 and would provide the capability to implement a corporate disaster recovery solution.

Audit's 2011-12 review included a follow-up of AGD's progress on developing a business continuity methodology framework and associated implementation program. This activity is being actioned by an AGD Business Continuity Project (the Project), to be conducted in stages. Audit also followed up on the progress of the ICT infrastructure upgrade.

Business continuity framework

In August 2012 AGD advised that stage one of the Project had been completed. This involved the finalisation and endorsement of two key documents, a 'Business Continuity Management Framework' and a 'Business Continuity Policy'.

Both endorsed documents were provided to Audit. The business continuity framework is being combined with a work program to implement the first stage of the information security framework which will span 2012-14.

At the time of the preparation of this Report AGD advised that stages two and three of the Project were to commence shortly. These stages involve the rollout of the business continuity framework into the operations of the AGD and the development of final business continuity plans. The estimated completion timeframes of these stages is early 2014.

ICT infrastructure

In relation to the ICT infrastructure upgrade, AGD has advised that a new ICT environment has been implemented. This has involved the transitioning of all new applications and in-scope corporate application servers to a virtual server platform and storage area network. It is expected that all user data will be migrated by December 2012, thus allowing the decommissioning of the old ICT environment.

The replacement systems for the Forensic Science SA business unit have also been progressed and a contract with an external supplier is expected to be signed by September 2012. The new systems may have implications for the supporting ICT infrastructure.

Audit will continue to monitor the progress of the abovementioned developments.

TIs 2 and 28

TIs 2 and 28 specify financial management requirements for agencies including the need to document key financial policies and procedures. TI 28 also requires agencies to develop and maintain a financial management compliance program (FMCP) to review relevant policies and procedures, internal controls and financial reporting.

Policies and procedures

TI 2.5 requires each Chief Executive to ensure that policies, procedures and systems are properly documented and are regularly reviewed, revised where necessary and readily available to relevant staff.

The 2011-12 audit identified documentation from a number of business units that was not regularly reviewed or evidence of the last review date was not present. Policies and procedures that do not reflect current processes increase the risk that control activities will not be performed effectively.

It was recommended that senior management remind business units of the need to regularly review and update all policies, procedures and system documentation. Business units should ensure that documentation is aligned with corporate level policies and appropriately evidenced with the date of last review to assist in scheduling subsequent review functions.

Fraud management

Perusal of policies and procedures also identified the need for management to clarify at what point actual or alleged instances of fraud should be updated to the fraud register. Some matters, whilst being investigated and appropriately considered were not recorded on the register as required by TI 2.

The audit also specifically identified that management review of the annual financial statement policy and the fraud policy were both overdue at the time of the audit.

FMCP partial and non-compliant matters

Audit observed a number of FMCPs that indicated partial or non-compliant areas with original timeframes that had elapsed. It was suggested that actions to address these areas be integrated into other existing business plans and monitoring frameworks to ensure identified matters are progressed.

In response to the TIs 2 and 28 issues raised, the Acting Chief Executive advised that the:

- Department will consult with SSSA to determine the responsibility for reviewing policies and procedures used by SSSA policies and procedures
- Fraud Policy was scheduled for review in December 2011 and a draft was considered by the Audit and Risk Management Committee in early 2012 and has been incorporated into an amended policy. The updated policy was approved by the Chief Executive after the audit visit in May 2012. A reminder to all policy responsible officers will be sent to ensure that review dates are more closely adhered to in the future
- Fraud Policy will be revised to clearly stipulate that an incident will be included on the Fraud Incident Register once a matter has been fully investigated and approved.

Other AGD matters

Other matters arising from the audit communicated to the Chief Executive include:

- the Department did not have an endorsed strategic plan covering 2011-12 and not all significant divisions/business units/projects of the Department had a formal approved business plan for the financial year
- reconciliations of certain subsidiary systems were not prepared on a timely basis and long outstanding variances were not rectified
- bona fide reports were not reviewed in a timely manner
- invoice certifiers did not have adequate information to undertake an appropriate review of certain payments before disbursement.

In response to the other AGD matters raised, the Acting Chief Executive advised that:

- the AGD Strategic Plan for 2012-2014 was launched in May 2012
- reconciliations of subsidiary systems will be prepared on a timely basis and long outstanding variances were rectified
- FMCPs will be updated to require bona fide reports to be reviewed and certified and correspondence will also be sent to business units reminding them of the requirement to review the reports in a timely manner.

Shared Services SA

SSSA control environment

The overall control environment for an agency includes central controls at SSSA and specific controls established by individual agencies. Therefore, the consideration and assessment of controls requires coverage in both agencies. The AGD audit considered central reviews of SSSA expenditure; payroll, revenue and financial accounting systems and controls maintained by SSSA and AGD under shared services arrangements.

Detailed audit findings from central reviews were provided directly to SSSA in various letters during the year for their consideration and comment. Responses were received to the issues raised.

Shared Services SA — e-Procurement and electronic payment control environments

The audit review of the Department's expenditure processes considered the e-Procurement and electronic payment systems' control environments operated by SSSA.

Review of these systems and environments in previous years identified significant key control weaknesses. While SSSA progressively implemented significant remedial action over these deficiencies during 2011-12, SSSA only anticipates completion of planned actions by December 2012.

As a result, the systems and control environments could not be considered robust during 2011-12.

This matter is further discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report.

Impacts on AGD control environment and audit approach

The results of these reviews and enquiry with AGD management concerning agency level controls were considered when planning the approach to the AGD audit. In some instances, Audit was able to identify specific AGD management controls that compensated for some issues raised with SSSA. However, it was concluded that the overall internal control environment for AGD was not sufficient to place reliance on management control activities for the expenditure, payroll and revenue transaction cycles.

Reconciliations to the DTF central general ledger (CGL)

TI 19.10 requires each Chief Executive to ensure that, where applicable, the general purpose financial statements required to be prepared in accordance with this instruction are reconciled with relevant accounting records maintained by the Treasurer.

In 2008-09 and 2009-10, the Department had difficulties in demonstrating that their cash and certain other financial statement balances agreed to those records maintained by DTF. In July 2011, the Department and SSSA agreed that SSSA would directly reconcile the Department's general ledger and affected financial statement balances to the DTF CGL.

Audit found that this process was ongoing until October 2011 at which point SSSA had isolated variances to certain clearing accounts and practices used by DTF to journal information provided by the Department, including ledger balance advices. It is acknowledged that in order for SSSA to fully complete the reconciliation, DTF would need to investigate variances and clear long outstanding balances to assist agencies fulfil TI 19 requirements.

Audit recommends that the Department and SSSA request DTF to review and clear long outstanding balances to satisfy TI 19.10 and support financial reporting requirements. Once completed, regular comparison of AGD and CGL balances should be performed and documented.

Other SSSA findings

Other SSSA matters specific to AGD raised by Audit include:

- policies and procedures for all major control activities should be documented, regularly reviewed and revised where necessary in accordance with TI 2.5 to ensure they reflect current and appropriate practices.

- clearing and suspense accounts are reviewed and cleared in accordance with service level determinations and in a timely manner.

- payroll reconciliations are reviewed and signed to evidence the performance of this function.

- the vendor master file should be reviewed to minimise duplicate vendor codes and the risk of duplicate payment.

In response to the issues raised, the Acting Executive Director, SSSA, advised:

- an organisation-wide project is currently under consideration to address the audit finding in relation to procedural documentation. SSSA will address the policies and procedures that transitioned with agency services, as well as services that transitioned without any documented policies and procedures

- Financial Services are responsible for clearing these accounts and have engaged Payroll Services to clear these variances in a timely manner

- all reconciliations are now signed off by one payroll officer who performs the reconciliation and by another who performs the independent review

- SSSA conducts the biannual vendor review to deactivate and purge all duplicate or inactive vendors. The last vendor review was performed in April 2011. In line with this procedure, the next review will be conducted in April 2013.

Follow-up of the management response and actions taken by SSSA and/or the Department will be performed as part of the 2012-13 audit.

Interpretation and analysis of the financial report

Highlights of the financial report

	2012 $'million	2011 $'million
Expenses		
Employee benefit expenses	130	140
Supplies and services	58	75
Other expenses	13	43
Total expenses	201	258

	2012 $'million	2011 $'million
Income		
Revenues from fees and charges	75	78
Resources received free of charge	-	104
Other	26	34
Total income	101	216
Net cost of providing services	(100)	(42)
Revenues from SA Government	98	145
Net result	(2)	103
Other comprehensive income	-	10
Total comprehensive result	(2)	113
Net cash provided by (used in) operating activities	9	6
Assets		
Current assets	47	46
Non-current assets	11	283
Total assets	58	329
Liabilities		
Current liabilities	20	25
Non-current liabilities	31	34
Total liabilities	51	59
Total equity	7	270

Statement of Comprehensive Income

Expenses

During 2011-12 total expenses decreased by $57 million to $201 million. This included decreases in employee benefit expenses of $10 million, supplies and services expenses of $17 million and grants and subsidies expenses of $21 million.

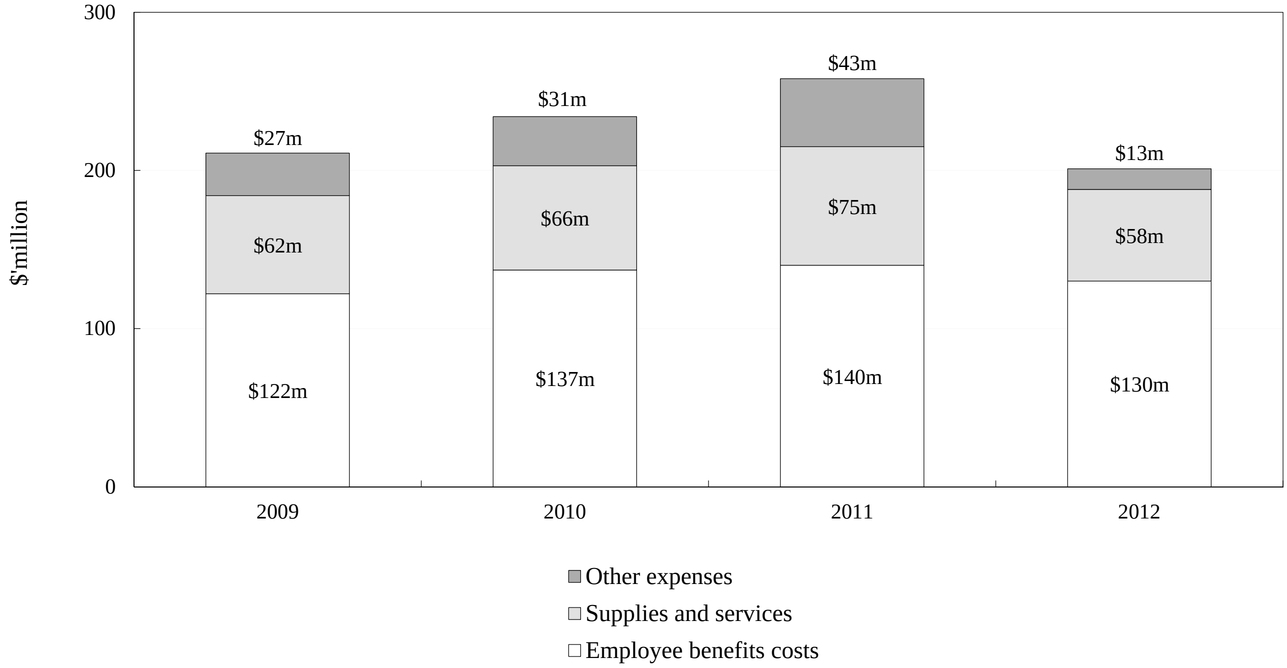
The decrease in expenditure is predominantly due to transferred functions and business units out of the Department from the reorganisation of public sector operations (machinery of government). The transfer of the Office for Recreation and Sport (ORS) to the Department of Planning and Local Government from 1 July 2011 represents the majority of these decreases, including a decrease in related grants.

For further details on ORS refer note 2 to the financial statements and the 2010-11 disaggregated disclosure statements. Refer note 29 to the financial statements for details of all functions transferred from AGD.

Employee benefit expenses represents 65% of total expenditure which reflects the protection, advisory and compliance roles the Department achieves through employment of staff. Refer note 5 to the financial statements for details.

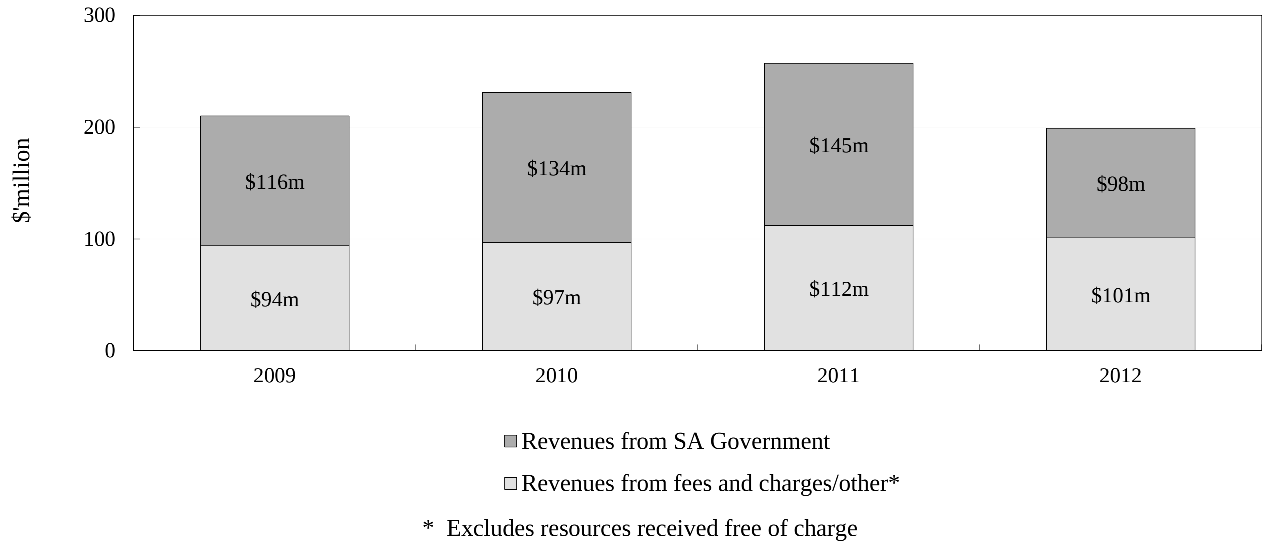
ICT expenses of $15 million, accommodation expenses of $16 million and grants and subsidies expenses of $10 million represent an additional 20% of total expenses. Refer notes 6 and 7 to the financial statements for details.

The following chart analyses the main expense items for the Department for the four years to 2012.



Income

The following chart analyses the main sources of income, excluding resources received free of charge, for the Department for the four years to 2012.



During 2011-12 total income decreased by $115 million to $101 million. Resources received free of charge for the transfer of the SA Aquatic & Leisure Centre to ORS within the Department during 2010-11 totalling $104 million represents the majority of this decrease. From 1 July 2011 ORS was transferred to the Department of Planning and Local Government, refer note 29 to the financial statements for details.

The Department collected $75 million in fees and charges which represents 74% of total income. Note 12 to the financial statements discloses fees and charges.

In 2011-12 revenues from the SA Government decreased by $47 million to $98 million due to a reduction in funding for transferred functions and approved activities as detailed in the earlier section titled 'Expenses'.

Statement of Financial Position

In 2011-12 total assets decreased by $271 million to $58 million. This decrease is due mainly to the previously mentioned transfers of functions from the Department. This included infrastructure such as the SA Aquatic & Leisure Centre and other stadia assets totalling $261 million.

Current assets include cash which increased by $9 million to $32 million at 30 June 2012 which reflects an increase of $4 million held in an accrual appropriation account to $17.5 million at 30 June 2012 ($13.5 million). The account is with the Treasurer and can only be used with the Treasurer's/Under Treasurer's approval.

Total liabilities have decreased by $8 million to $51 million due mainly to a reduction in payables associated with trade creditors associated with ORS programs offset slightly by higher accruals.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2012.

	2012 $'million	2011 $'million	2010 $'million	2009 $'million
Net cash flows				
Operating	9	6	(2)	7
Investing	(1)	(5)	(2)	(4)
Financing	1	-	-	1
Change in cash	9	1	(4)	4
Cash at 30 June	32	23	22	26

Interpretation and analysis of the financial statements for administered activities

Highlights of the financial statements - administered items

The administered items of the Department are identified in note A1 to the administered financial statements.

	2012 $'million	2011 $'million
Expenses		
Payments to Consolidated Account	323	323
Grants and subsidies	43	46
Other expenses	92	77
Total expenses	458	446
Income		
Revenues from SA Government	76	76
Taxation revenue	319	318
Other income	114	112
Total income	509	506
Net cost of providing services	51	60

	2012 $'million	2011 $'million
Other comprehensive income	(17)	1
Total comprehensive result	34	61
Net cash provided by (used in) operating activities	79	46
Assets		
Current assets	391	347
Non-current assets	155	163
Total assets	546	510
Liabilities		
Current liabilities	97	97
Non-current liabilities	88	82
Total liabilities	185	179
Total equity	361	331

Statement of Administered Comprehensive Income

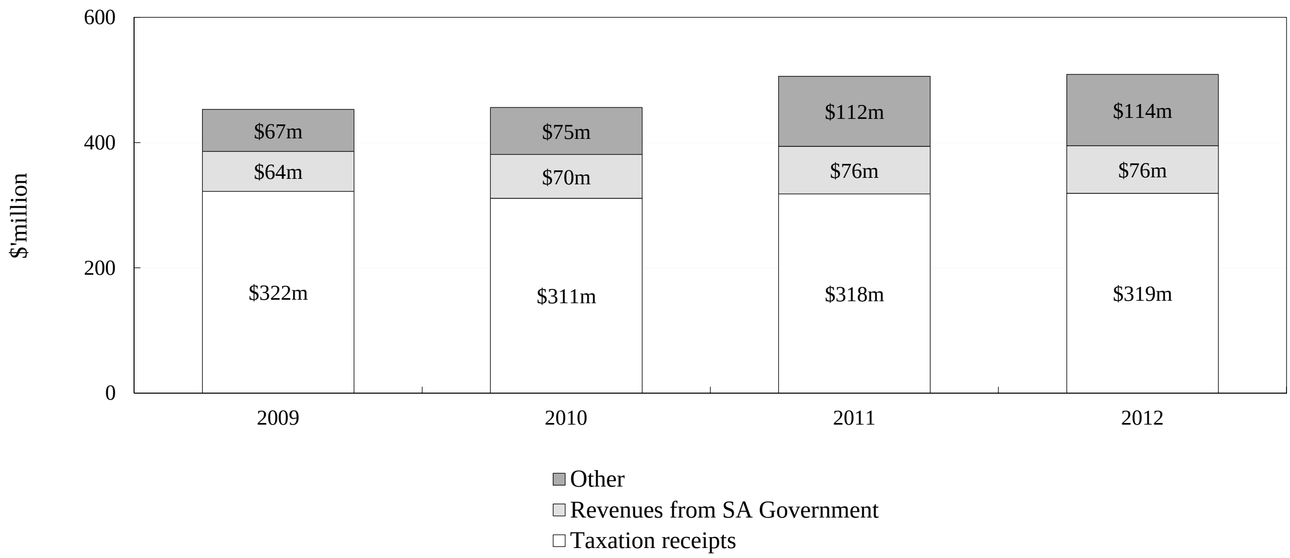
Income

Income administered by the Department includes taxation receipts collected on behalf of government.

Taxation receipts comprise gaming tax collected pursuant to the *Gaming Machines Act 1992* (GM Act), and taxation receipts collected from operations at the Adelaide Casino. Note A2 to the administered financial statements provides further details on taxation revenue.

Total income was relatively stable at $509 million ($506 million). The Department collected $319 million in administered taxation revenue which represents 63% of total income for 2011-12. Refer note A2 to the administered financial statements for details. The Department also received revenues from the SA Government of $76 million which represents a further 15% of total income. Note A3 to the administered financial statements discloses revenues from the SA Government.

The following chart analyses the main sources of income administered by the Department for the four years to 2012.



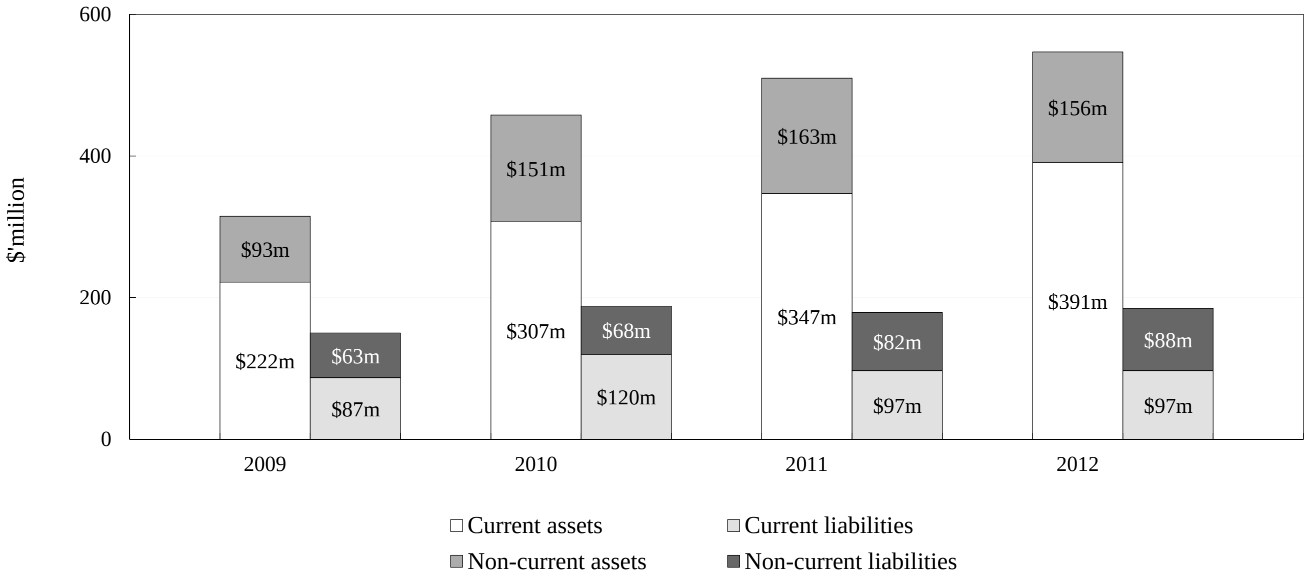
Expenses

Total administered expenses increased by $12 million to $458 million. Payments to the Consolidated Account of gaming taxation and other receipts of $323 million are the Department's largest administered expenses and represent 71% of total expenditure.

In 2011-12, the Department also disbursed monies for the first gaming machine trading round totalling $4 million. Refer to the heading 'Further commentary on operations' later on in this section of this Report for details on this activity.

Statement of Administered Financial Position

The following chart analyses the administered assets and liabilities of the Department for the four years to 2012.



In 2011-12 total assets increased by $36 million to $546 million. This was due mainly to increases in cash and cash equivalents, up $57 million offset by decreases in property, plant and equipment of $20 million.

Cash and cash equivalents rose $58 million to $265 million. The balance of cash at 30 June 2012 includes taxation receipts totalling $27 million recorded as payable (other liabilities) to the Consolidated Account. Note A21 to the administered financial statements discloses details. These amounts reflect accrual accounting timing differences between the Department and the Consolidated Account, which on a cash basis, was credited with the amounts when received by the Department.

The cash position at 30 June 2012 is also attributable to the following activities:

- an increase in cash balances for VOC Fund ($28 million) and the Consumer and Business Affairs statutory funds ($12 million)
- an increase in cash held by SAGRN totalling $23 million
- cash balances associated with various administered trust accounts increasing by $6 million
- cash balances associated with emergency management communications decreasing by $8 million which reflects the addition of property, plant and equipment of $5 million.

The Department also administers investments totalling $191 million in common funds operated by the Public Trustee which are exposed to movements in the value of the underlying Common Fund assets. Investments increased by $8 million during 2011-12.

Total liabilities have increased by $6 million to $185 million due mainly to an increase in security bonds lodged. Refer note A21 to the administered financial statements for details.

Statement of Administered Cash Flows

The following table summarises the administered net cash flows for the four years to 2012.

	2012 $'million	2011 $'million	2010 $'million	2009 $'million
Net cash flows				
Operating	79	46	83	40
Investing	(15)	(33)	(23)	(25)
Financing	(6)	-	-	5
Change in cash	58	13	60	20
Cash at 30 June	265	207	194	134

Further commentary on operations

VOC Fund

The Department is responsible for administering the *Victims of Crime Act 2001* (the VOC Act). The VOC Fund is reported in the administered financial statements of the Department.

The VOC Act establishes principles for the treatment of victims of crime and provides rights to statutory compensation for injuries suffered as a result of criminal offences. Injury can include physical injury or mental illness if they are the result of the crime, but does not include property loss or damage.

The maximum compensation that may be awarded under the VOC Act is $50 000 in addition to costs and disbursements. A claim can succeed without a known offender.

Compensation is paid where an offence has been admitted or proven beyond reasonable doubt. In cases where no person has been charged with an offence, the applicant's evidence must be corroborated. Where an offence has not been established, the Attorney-General has a discretion to make an ex gratia payment to the claimant.

Recoveries from offenders

The VOC Act empowers the Attorney-General to recover the cost of compensation payments from offenders who were convicted of the offence to which the compensation relates. Recovery of amounts is difficult as most compensation claims are for unknown offenders. This is demonstrated by the following:

- The amounts recovered directly from offenders during the year totalled $836 000 ($704 000).
- Outstanding amounts at 30 June 2012 were $77 million ($72 million). Since the inception of the VOC Fund, $53 million ($49 million) has been written off.

A further $2.3 million ($2.2 million) was recovered from offenders pursuant to the *Criminal Asset Confiscation Act 2005*.

In order to supplement these funds a levy is imposed by the VOC Act on all persons convicted of offences and on expiation notices. Total VOC income for 2011-12 was $48 million and included VOC levies totalling $34 million ($29 million) and revenues from the SA Government of $7 million ($10 million). Payments made for the year through the Special Deposit Account titled 'Victims of Crime Fund' totalled $16 million ($17 million). Payments from the VOC Fund include legal and other costs incurred in the administration of the VOC Fund.

The net result for the VOC was a surplus of $25 million. Total cash and cash equivalents increased by $28 million to $104 million ($76 million).

Residential Tenancies Fund (the Fund)

The *Residential Tenancies Act 1995* (the Act) is kept and administered by the Commissioner for Consumer Affairs and reflected as an administered activity of the Department. The Fund consists of amounts received by the Commissioner by way of security bonds and other amounts paid into the Fund under the Act. The Commissioner will make repayments in respect of security bonds from the Fund.

Income derived from investment of the Fund is applied towards the costs of administering and enforcing the Act, education of landlords and tenants about their statutory and contractual rights and obligations, and operations of the Residential Tenancies Tribunal.

Security bonds lodged with the Commissioner during 2011-12 increased by $10 million to $81 million ($71 million). Security bonds refunded for 2011-12 increased by $7 million to $65 million ($58 million).

Investments of fund monies totalling $143 million are held by the Public Trustee in common funds. These are exposed to movements in the value of the underlying Common Fund assets. Investments increased by $7 million during 2011-12.

During 2011-12 total expenses of the Fund increased $490 000 to $6 million due the effect of an increase in staffing costs reimbursed to the Department.

Other administered funds

The Commissioner for Consumer Affairs is also responsible for the following administered statutory funds that are separate reporting entities which are reflected in the administered activities of the Department:

- Agents Indemnity Fund
- Second-hand Vehicles Compensation Fund.

The function of the Retail Shop Leases Fund was transferred from the administered activities of the Department to the Office of the Small Business Commissioner as of 22 March 2012.

In addition, the Department is responsible for the Professional Standards Council in South Australia which is a separate reporting entity. The financial results of the Professional Standards Council are also reflected as an administered activity of the Department.

For more information on the purpose and financial activities of these funds, refer note A1 to the administered financial statements and the Commissioner for Consumer Affairs Annual Report.

Taxation

Taxation revenue for 2011-12 totalled $319 million ($318 million). Taxation revenue principally comprises gaming machine taxes totalling $291 million ($292 million).

Gaming machine administration

Section 5 of the GM Act provides that the Liquor and Gambling Commissioner is responsible to the Independent Gambling Authority for the scrutiny of the operations of all licensees under the GM Act.

Under the GM Act, the operations of gaming machines in licensed premises must return winnings to players of not less than 85% in the case of machines installed prior to 31 May 2001, and 87.5% in the case of machines installed subsequent to that date. A prescribed percentage of the net gambling revenue is then required to be paid to the Treasurer (Consolidated Account).

The *Gaming Machines (Miscellaneous) Amendment Act 2005* was proclaimed on 13 January 2005. Key provisions of this Act included the:

- introduction of gaming machine entitlements for each authorised gaming machine licence
- transferability of gaming machine entitlements at a fixed price.

Provisions reflecting the maximum number of gaming machines that can be operated under a licence did not come into effect until 1 July 2005.

On 14 July 2011, the SA Government introduced a new approved trading system to allow eligible persons to purchase and sell gaming machine entitlements. Full details are prescribed in the *Gaming Machines Regulations 2005*.

Under the new approved trading system the purchase price of a gaming machine entitlement is no longer fixed at $50 000. This means that when a trading round is announced an eligible person can submit a written offer to:

- purchase a gaming machine entitlement and specify the highest price that they would be willing to pay for the entitlement if their offer was accepted
- sell a gaming machine entitlement and specify the lowest price that they would be willing to accept as payment for the entitlement if their offer was accepted.

The following table summarises gaming machine activity for four years to 2012.

	2012	2011	2010	2009
	Number	Number	Number	Number
Machines (installed as at 30 June)	12 688	12 726	12 744	12 737

	2012	2011	2010	2009
	$'000	$'000	$'000	$'000
Turnover	7 996	7 989	7 747	7 900
Amount won	7 253	7 243	7 018	7 149
Net gambling revenue	743	745	751	751
Tax	291	292	283	293

Independent Gaming Corporation Limited (IGC)

Pursuant to section 25 of the GM Act, the Liquor and Gambling Commissioner granted the Gaming Machine Monitor licence to IGC. IGC is, under this licence, responsible for monitoring the operations of gaming machine licensees.

Section 75 of the GM Act, specifically provides for the accounts and operations of IGC to be audited by the Auditor-General.

With respect to the 2011-12 operations, the audit of IGC is complete and an unmodified Independent Auditor's Report was issued for the 2011-12 financial statements of IGC.

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Employee benefit expenses	5	129 956	140 422
Supplies and services	6	57 827	75 353
Grants and subsidies	7	9 737	31 041
Depreciation and amortisation	8	2 409	7 873
Donated assets	10(a)	-	2 094
Borrowing costs	9	-	254
Other expenses	10	958	1 166
Total expenses		200 887	258 203
Income:			
Revenues from fees and charges	12	74 590	77 571
Recoveries	13	19 455	23 162
Commonwealth revenue		4 177	4 765
Grants and subsidies	14	1 533	5 444
Resources received free of charge	15(a)	-	104 060
Other income	15	853	1 345
Total income		100 608	216 347
Net cost of providing services		(100 279)	(41 856)
Revenues from SA Government	16	98 329	145 185
Net result		(1 950)	103 329
Other comprehensive income:			
Error correction	2(o)	-	9 750
Changes in property, plant and equipment revaluation surplus		396	-
Total comprehensive result		(1 554)	113 079

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

Statement of Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash and cash equivalents	17	30 144	22 745
Receivables	18	13 613	19 773
Lease incentive receivable		1 779	2 899
Other current assets		-	853
Total current assets		45 536	46 270
Non-current assets:			
Property, plant and equipment	19(a)	9 508	281 943
Intangible assets	20(a)	1 086	1 027
Other non-current assets		-	116
Total non-current assets		10 594	283 086
Total assets		56 130	329 356
Current liabilities:			
Payables	21	9 356	13 950
Employee benefits	22	9 024	9 644
Provisions	23	398	532
Lease incentive liability		698	597
Borrowings	25	-	375
Other current liabilities	24	65	45
Total current liabilities		19 541	25 143
Non-current liabilities:			
Payables	21	2 295	2 593
Employee benefits	22	24 701	23 002
Provisions	23	1 317	1 805
Lease incentive liability		2 835	3 487
Borrowings	25	-	2 673
Total non-current liabilities		31 148	33 560
Total liabilities		50 689	58 703
Net assets		5 441	270 653
Equity:			
Revaluation surplus		396	33 896
Retained earnings		5 045	236 757
Total equity		5 441	270 653

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	27		
Contingent assets and liabilities	28		

Statement of Changes in Equity
for the year ended 30 June 2012

	Note	Revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2010		33 896	122 435	156 331
Net result for 2010-11		-	100 666	100 666
Error correction		-	12 413	12 413
Total comprehensive result for 2010-11		-	113 079	113 079
Transactions with SA Government as owner:				
Net assets received from an administrative restructure	29	-	1 243	1 243
Restated balance at 30 June 2011		33 896	236 757	270 653
Changes in property, plant and equipment revaluation surplus		396	-	396
Net result for 2011-12		-	(1 950)	(1 950)
Total comprehensive result for 2011-12		396	(1 950)	(1 554)
Transactions with SA Government as owner:				
Other movements for restructure activities		-	88	88
Prior period error adjustments to equity		-	(343)	(343)
Net assets transferred as a result of administrative restructures	29	(33 896)	(229 507)	(263 403)
Balance at 30 June 2012		396	5 045	5 441

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

Statement of Cash Flows
for the year ended 30 June 2012

		2012	2011
		Inflows	Inflows
		(Outflows)	(Outflows)
Cash flows from operating activities:	Note	$'000	$'000
Cash outflows:			
Employee benefit payments		(127 532)	(141 754)
Payments for supplies and services		(57 160)	(73 880)
GST paid to the ATO		(8 012)	(10 078)
Grants and subsidies		(9 737)	(31 041)
Payments for Paid Parental Leave Scheme		(173)	-
Other payments		(961)	(937)
Cash used in operations		(203 576)	(257 690)
Cash inflows:			
Fees and charges		79 411	69 667
Receipts from Commonwealth		4 177	4 765
GST recovered from the ATO		8 259	11 082
Recoveries		19 455	23 162
Grants and subsidies received		1 533	5 444
Receipts for Paid Parental Leave Scheme		187	-
Other receipts		876	4 391
Cash generated from operations		113 889	118 511
Cash flows from SA Government:			
Receipts from SA Government		98 329	145 185
Cash generated from SA Government		98 329	145 185
Net cash provided by (used in) operating activities	26	8 642	6 006
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(1 596)	(4 665)
Purchase of intangible assets		(389)	(40)
Cash used in investing activities		(1 985)	(4 705)
Cash inflows:			
Proceeds from lease fitout		1 120	-
Cash generated from investing activities		1 120	-
Net cash provided by (used in) investing activities		(865)	(4 705)
Cash flows from financing activities			
Cash outflows:			
Cash from administrative restructure		(378)	-
Net cash used in financing activities		(378)	-
Net cash provided by (used in) financing activities		(378)	-
Net increase (decrease) in cash and cash equivalents		7 399	1 301
Cash and cash equivalents at 1 July		22 745	21 444
Cash and cash equivalents at 30 June	17	31 776	22 745

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2012

(Activities - refer note 4)	1	2	3	4	5	6
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	56 752	15 258	2 976	1 262	1 226	3 849
Supplies and services	11 312	9 146	723	368	685	2 065
Grants and subsidies	1 235	216	6 779	-	-	74
Depreciation and amortisation	364	1 055	16	31	19	41
Donated assets	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Other expenses	420	31	95	12	17	52
Total expenses	70 083	25 706	10 589	1 673	1 947	6 081
Income:						
Revenues from fees and charges	19 471	3 670	-	-	-	12 010
Recoveries	10 406	53	2 445	8	26	573
Commonwealth revenues	-	-	3 871	-	-	-
Grants and subsidies	188	58	98	-	-	-
Resources received free of charge	-	-	-	-	-	-
Other income	-	-	-	-	-	219
Total income	30 065	3 781	6 414	8	26	12 802
Net cost of providing services	(40 018)	(21 925)	(4 175)	(1 665)	(1 921)	6 721
Revenues from (Payments to) SA Government	-	-	-	-	-	-
Net result	(40 018)	(21 925)	(4 175)	(1 665)	(1 921)	6 721

(Activities - refer note 4)	7	8	9	10	11	12
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	13 662	1 115	4 736	7 063	2 396	13 666
Supplies and services	16 381	317	1 399	6 404	1 141	5 992
Grants and subsidies	115	10	-	-	93	114
Depreciation and amortisation	439	55	106	96	4	32
Donated assets	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Other expenses	46	18	40	14	53	138
Total expenses	30 643	1 515	6 281	13 577	3 687	19 942
Income:						
Revenues from fees and charges	11 302	97	-	6 384	1 002	17 600
Recoveries	3 061	28	12	913	42	1 848
Commonwealth revenues	14	10	-	251	-	-
Grants and subsidies	(3)	-	24	1 009	-	37
Resources received free of charge	-	-	-	-	-	-
Other income	99	198	-	-	-	310
Total income	14 473	333	36	8 557	1 044	19 795
Net cost of providing services	(16 170)	(1 182)	(6 245)	(5 020)	(2 643)	(147)
Revenues from (Payments to) SA Government	-	-	-	-	-	-
Net result	(16 170)	(1 182)	(6 245)	(5 020)	(2 643)	(147)

Disaggregated Disclosures - Expenses and Income
for the year ended 30 June 2012 (continued)

(Activities - refer note 4)	13	14	15	16	Total
Expenses:	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	652	2 176	3 167	-	129 956
Supplies and services	157	183	1 554	-	57 827
Grants and subsidies	7	-	1 094	-	9 737
Depreciation and amortisation	-	141	10	-	2 409
Donated assets	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Other expenses	-	23	(1)	-	958
Total expenses	816	2 523	5 824	-	200 887
Income:					
Revenues from fees and charges	-	1 205	1 849	-	74 590
Recoveries	-	-	40	-	19 455
Commonwealth revenues	-	-	31	-	4 177
Grants and subsidies	-	-	122	-	1 533
Resources received free of charge	-	-	-	-	-
Other income	-	21	6	-	853
Total income	-	1 226	2 048	-	100 608
Net cost of providing services	(816)	(1 297)	(3 776)	-	(100 279)
Revenues from (Payments to) SA Government	-	-	-	98 329	98 329
Net result	(816)	(1 297)	(3 776)	98 329	(1 950)

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2011

(Activities - refer note 4)	1	2	3	4	5	6	7
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	7 048	8 998	12 089	1 563	1 988	3 464	49 719
Supplies and services	8 368	11 987	4 646	602	704	912	12 607
Grants and subsidies	37	18 285	86	269	1	91	1 403
Depreciation and amortisation	47	4 891	105	1	173	2	332
Donated assets	-	-	2 094	-	-	-	-
Borrowing costs	-	254	-	-	-	-	-
Other expenses	-	-	304	34	88	4	384
Total expenses	15 500	44 415	19 324	2 469	2 954	4 473	64 445
Income:							
Revenues from fees and charges	26	3 428	17 200	-	-	1 305	17 862
Recoveries	12 726	828	413	2	4	45	6 988
Commonwealth revenues	233	466	-	-	-	-	-
Grants and subsidies	-	4 867	40	-	-	-	100
Resources received free of charge	-	104 060	-	-	-	-	-
Other income	-	-	-	-	-	806	-
Total income	12 985	113 649	17 653	2	4	2 156	24 950
Net cost of providing services	(2 515)	69 234	(1 671)	(2 467)	(2 950)	(2 317)	(39 495)
Revenues from (Payments to) SA Government	-	-	-	-	-	-	-
Net result	(2 515)	69 234	(1 671)	(2 467)	(2 950)	(2 317)	(39 459)

(Activities - refer note 4)	8	9	10	11	12	13
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	14 045	4 670	1 070	981	2 939	18 948
Supplies and services	8 287	1 039	251	568	2 593	19 412
Grants and subsidies	220	6 899	1	1	31	155
Depreciation and amortisation	1 643	15	31	18	97	334
Donated assets	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Other expenses	-	105	8	9	95	62
Total expenses	24 195	12 728	1 361	1 577	5 755	38 911
Income:						
Revenues from fees and charges	4 231	7	-	-	16 973	13 098
Recoveries	81	678	2	15	221	1 023
Commonwealth revenues	-	3 771	-	-	-	131
Grants and subsidies	-	220	-	-	-	-
Resources received free of charge	-	-	-	-	-	-
Other income	-	-	-	-	-	539
Total income	4 312	4 676	2	15	17 194	14 791
Net cost of providing services	(19 883)	(8 052)	(1 359)	(1 562)	11 439	(24 120)
Revenues from (Payments to) SA Government	-	-	-	-	-	-
Net result	(19 883)	(8 052)	(1 359)	(1 562)	11 439	(24 120)

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2011 (continued)

(Activities - refer note 4)	14	15	16	17	18	Total
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	1 125	4 265	371	7 139	-	140 422
Supplies and services	446	1 081	29	1 821	-	75 353
Grants and subsidies	16	2	195	3 349	-	31 041
Depreciation and amortisation	54	103	-	27	-	7 873
Donated assets	-	-	-	-	-	2 094
Borrowing costs	-	-	-	-	-	254
Other expenses	19	43	-	11	-	1 166
Total expenses	1 660	5 494	595	12 347	-	258 203
Income:						
Revenues from fees and charges	92	-	-	3 349	-	77 571
Recoveries	1	7	-	128	-	23 162
Commonwealth revenues	10	-	-	154	-	4 765
Grants and subsidies	-	196	-	21	-	5 444
Resources received free of charge	-	-	-	-	-	104 060
Other income	-	-	-	-	-	1 345
Total income	103	203	-	3 652	-	216 347
Net cost of providing services	(1 557)	(5 291)	(595)	(8 695)	-	(41 856)
Revenues from (Payments to) SA Government	-	-	-	-	145 185	145 185
Net result	(1 557)	(5 291)	(595)	(8 695)	145 185	103 329

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2012

(Activities - refer note 4)	1	2	3	4	5	6
Current assets:	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	-	173	-	-	-	-
Receivables	4 637	767	128	-	7	21
Lease incentive receivable	130	688	20	6	1	16
Other current assets	-	-	-	-	-	-
Non-current assets:	-	-	-	-	-	-
Property, plant and equipment	702	3 679	106	33	6	84
Intangible assets	79	420	12	4	1	10
Other non-current assets	-	-	-	-	-	-
Total assets	5 548	5 727	266	43	15	131
Current liabilities:						
Payables	2 534	1 597	111	63	65	417
Employee benefits	4 136	1 126	278	95	103	224
Provisions	183	49	12	4	5	10
Lease incentive liability	50	262	8	2	-	6
Current borrowings	-	-	-	-	-	-
Other current liabilities	(36)	(26)	(2)	(1)	(1)	(7)
Non-current liabilities:	-	-	-	-	-	-
Payables	956	358	81	21	28	65
Employee benefits	10 311	3 858	875	232	306	702
Provisions	550	206	47	12	16	37
Lease incentive liability	208	1 093	32	10	2	25
Non-current borrowings	-	-	-	-	-	-
Total liabilities	18 892	8 523	1 442	438	524	1 479
Net assets	(13 344)	(2 796)	(1 176)	(395)	(509)	(1 348)

(Activities - refer note 4)	7	8	9	10	11	12
Current assets:	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	1	-	-	10	-	-
Receivables	2 624	62	1	2 779	34	2 553
Lease incentive receivable	430	18	97	264	45	68
Other current assets	-	-	-	-	-	-
Non-current assets:	-	-	-	-	-	-
Property, plant and equipment	2 297	95	516	1 411	241	361
Intangible assets	262	11	59	161	28	41
Other non-current assets	-	-	-	-	-	-
Total assets	5 614	186	673	4 625	348	3 023
Current liabilities:						
Payables	3 054	19	77	459	155	745
Employee benefits	986	46	205	492	179	952
Provisions	44	2	9	22	8	41
Lease incentive liability	164	7	37	121	17	26
Current borrowings	-	-	-	-	-	-
Other current liabilities	(50)	-	(1)	204	(3)	(12)
Non-current liabilities:	-	-	-	-	-	-
Payables	249	8	41	137	49	236
Employee benefits	2 631	84	439	1 473	531	2 547
Provisions	140	4	23	79	28	136
Lease incentive liability	683	28	153	429	72	107
Non-current borrowings	-	-	-	-	-	-
Total liabilities	7 901	198	983	3 416	1 036	4 778
Net assets	(2 287)	(12)	(310)	1 209	(688)	(1 755)

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2012 (continued)

(Activities - refer note 4)	13 $'000	14 $'000	15 $'000	16 $'000	Total $'000
Current assets:					
Cash and cash equivalents	-	-	-	29 960	30 144
Receivables	-	-	-	-	13 613
Lease incentive receivable	-	(4)	-	-	1 779
Other current assets	-	-	-	-	-
Non-current assets:					
Property, plant and equipment	-	(23)	-	-	9 508
Intangible assets	-	(2)	-	-	1 086
Other non-current assets	-	-	-	-	-
Total assets	-	(29)	-	29 960	56 130
Current liabilities:					
Payables	-	60	-	-	9 356
Employee benefits	-	202	-	-	9 024
Provisions	-	9	-	-	398
Lease incentive liability	-	(2)	-	-	698
Current borrowings	-	-	-	-	-
Other current liabilities	-	-	-	-	65
Non-current liabilities:					
Payables	-	66	-	-	2 295
Employee benefits	-	712	-	-	24 701
Provisions	-	39	-	-	1 317
Lease incentive liability	-	(7)	-	-	2 835
Non-current borrowings	-	-	-	-	-
Total liabilities	-	1 079	-	-	(50 689)
Net assets	-	(1 108)	-	29 960	5 441

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2011

(Activities - refer note 4)	1	2	3	4	5	6	7
Current assets:	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	10	132	-	246	-	-	-
Receivables	7 468	238	1 895	25	-	44	4 492
Lease incentive receivable	1 031	95	264	37	-	6	624
Other current assets	65	325	29	2	-	2	68
Non-current assets:							
Property, plant and equipment	1 310	271 789	282	-	194	283	1 780
Intangible assets	14	-	-	-	-	-	-
Other non-current assets	-	116	-	-	-	-	-
Total assets	9 898	272 695	2 470	310	194	335	6 964
Current liabilities:							
Payables	625	4 707	586	57	62	95	1 719
Employee benefits	509	651	857	87	178	231	3 362
Provisions	43	123	31	3	5	7	109
Lease incentive liability	129	116	30	3	5	7	104
Current borrowings	-	375	-	-	-	-	-
Other current liabilities	1	8	2	-	-	-	18
Non-current liabilities:							
Payables	245	133	244	13	62	81	817
Employee benefits	1 134	1 156	2 250	125	571	745	7 588
Provisions	113	252	156	9	40	52	532
Lease incentive liability	196	489	307	17	78	102	1 036
Non-current borrowings	-	2 673	-	-	-	-	-
Total liabilities	2 995	10 683	4 463	314	1 001	1 320	15 285
Net assets	6 903	262 012	(1 993)	(4)	(807)	(985)	(8 321)

(Activities - refer note 4)	8	9	10	11	12	13
Current assets:	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	173	-	-	-	-	1
Receivables	839	143	3	2	1 910	2 426
Lease incentive receivable	150	22	-	-	264	357
Other current assets	87	20	-	1	17	183
Non-current assets:						
Property, plant and equipment	2 275	108	60	29	155	2 625
Intangible assets	626	-	-	-	-	387
Other non-current assets	-	-	-	-	-	-
Total assets	4 150	293	63	32	2 346	5 979
Current liabilities:						
Payables	1 394	458	35	45	174	2 980
Employee benefits	1 030	284	75	90	197	1 366
Provisions	52	16	2	3	8	93
Lease incentive liability	50	15	2	3	8	89
Current borrowings	-	-	-	-	-	-
Other current liabilities	4	1	-	-	-	5
Non-current liabilities:						
Payables	319	90	19	28	65	333
Employee benefits	2 980	840	179	255	597	3 047
Provisions	209	59	13	18	42	214
Lease incentive liability	407	115	24	35	82	417
Non-current borrowings	-	-	-	-	-	-
Total liabilities	6 445	1 878	349	477	1 173	8 544
Net assets	(2 295)	(1 585)	(286)	(445)	1 173	(2 565)

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2011 (continued)

(Activities - refer note 4)	14	15	16	17	18	Total
Current assets:	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	-	-	-	13	22 170	22 745
Receivables	51	18	1	218	-	19 773
Lease incentive receivable	7	3	1	38	-	2 899
Other current assets	1	1	3	49	-	853
Non-current assets:						
Property, plant and equipment	242	378	-	433	-	281 943
Intangible assets	-	-	-	-	-	1 027
Other non-current assets	-	-	-	-	-	116
Total assets	301	400	5	751	22 170	329 356
Current liabilities:						
Payables	32	72	50	859	-	13 950
Employee benefits	45	181	30	471	-	9 644
Provisions	2	5	2	28	-	532
Lease incentive liability	2	5	2	27	-	597
Current borrowings	-	-	-	-	-	375
Other current liabilities	6	-	-	-	-	45
Non-current liabilities:						
Payables	8	29	3	104	-	2 593
Employee benefits	75	279	24	1 157	-	23 002
Provisions	5	20	2	69	-	1 805
Lease incentive liability	10	38	3	131	-	3 487
Non-current borrowings	-	-	-	-	-	2 673
Total liabilities	185	629	116	2 846	-	58 703
Net assets	116	(229)	(111)	(2 095)	22 170	270 653

Notes to and forming part of the financial statements

1. Objectives of the Attorney-General's Department (the Department)

The aim of the Department is to help create a safe and secure environment in which the public of South Australia can live and work and where the rights of individuals are protected; and to advise government agencies and statutory authorities in minimisation of the Government's exposure to legal and business risk.

The Department aims to provide:

- a legal infrastructure for South Australia that fosters:
  - a legislative framework that is just, equitable, robust and appropriate for our State
  - increased understanding and adoption of crime prevention strategies, and timely and just resolution of cases before the courts
  - increased public and industry awareness of their rights and responsibilities
  - an inclusive, fair and cohesive society
- public access to:
  - impartial, timely and appropriate resolution of complaints
  - improved systems and processes to reduce causes of complaints
  - a fair and balanced market place
  - increased public confidence in the protection of people's rights.

The Department believes that the following corporate objectives are critical to its operational success. The Department will:

- recognise the importance of good leadership by managers, supervisors and team leaders
- facilitate and encourage open communications and participative decision making and provide easy access to all information and publications of relevance to staff

1. Objectives of the Attorney-General's Department (the Department) (continued)

- foster client satisfaction by providing high quality services which meet their needs
- maintain high professional and management standards, including encouraging professional membership and participation of professional bodies, and provide identified training programs which are consistent with the strategic direction of government and departmental objectives
- recognise performance management and quality principles as tools which assist the organisation to evaluate the contribution of its people in day-to-day activities and which contributes to continuous performance improvement and learning
- recognise that through policy and planning the organisation's values are communicated, adopted and reinforced throughout the organisation
- facilitate a cooperative and participative industrial relations culture through the enterprise bargaining process.

2. Summary of significant accounting policies

(a) Statement of compliance

The Department has prepared these financial statements in compliance with section 23 of the PFAA. The financial statements are general purpose financial statements which have been prepared in accordance with applicable AASs and comply with TIs and APSs promulgated under the provision of the PFAA.

The Department has applied AASs that are applicable to not-for-profit entities, as the Department is a not-for-profit entity. AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2012. These are outlined in note 3.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Department's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in this financial report:

  (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature

  (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)

  (c) employee TVSP information

  (d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

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

The Department's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2012 and the comparative information presented.

(c) Reporting entity

The Department is a government department of the State of South Australia, established pursuant to the PSA. The Department is an administrative unit acting on behalf of the Crown.

The Department produces both departmental and administered financial statements. The departmental financial statements include income, expenses, assets and liabilities, controlled or incurred by the Department in its own right. The administered financial statements include income, expenses, assets and liabilities which the Department administers on behalf of the SA Government but does not control. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for controlled items.

For the purposes of accrual accounting and external financial reporting, the Ombudsman Services, Police Complaints Authority, Guardianship Board and Office of the Public Advocate are included in the financial reporting entity of the Department.

The Ombudsman and the Police Complaints Authority undertake investigations into complaints or matters under their respective Acts without interference from the Department and both report separately to Parliament on their operations. The Guardianship Board is a court-like tribunal which has the power to make important decisions affecting the lives and property of persons over whom it has jurisdiction. The Public Advocate provides education, investigation, advocacy and guardianship services in accordance with its statutory functions. The Guardianship Board and Public Advocate were established pursuant to the *Guardianship and Administration Act 1993* and are not subject to the direction of the Minister in the performance of their functions under the Act.

Administered items of the Department include:

- Consumer and Business Services
  - payment of liquor subsidies to licensees
  - racing services
  - taxation receipts (casino, gaming, gambling, liquor, lottery licenses)
  - Agents Indemnity Fund
  - Second-hand Motor Vehicles Dealers Compensation Fund
  - Residential Tenancies Fund
  - Retail Shop Leases Fund
- Victims of Crime Fund
- Crown Solicitor's Trust Account
- SA Computer Aided Dispatch
- SA Government Radio Network
- Contribution to Legal Services Commission for Legal Aid
- State Rescue Helicopter Service
- Other
  - Child Abuse Protection Program
  - Expensive State Criminal Cases
  - Legal Practitioners Act Fund
  - Professional Standards Council
  - Native Title
  - Special Acts - Payment of Ministerial Salary and Allowances
  - Special Acts - Payment of Statutory Officer Salaries
  - War Graves
  - Industrial Relations Court and Commission and Workers Compensation Tribunal.

(d) Transferred functions

The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 (dated 30 June 2011) declared that:

- The Office for Recreation and Sport, Recreation and Sport Fund, Sport and Recreation Fund and Office for Racing were transferred from the Attorney-General's Department to the Department of Planning and Local Government effective from 1 July 2011 (refer notes 29 and A25).

The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 (dated 8 December 2011) declared that:

- Office for Women, Office for Youth, Duke of Edinburgh's Award Trust Fund, Office for Volunteers and Multicultural SA were transferred from the Attorney-General's Department to the Department of Communities and Social Inclusion effective from 1 January 2012 (refer notes 29 and A25).

(d) Transferred functions (continued)

The Administrative Arrangements (Administration of Retail and Commercial Leases Act) Proclamation 2012 (dated 15 March 2012) declared that:

- The Administration of the *Retail and Commercial Leases Act 1995* was committed to the Minister for Small Business effective 22 March 2012. The Retail Shop Lease Fund was transferred from the Attorney-General's Department to the Office of the Small Business Commissioner effective from 22 March 2012 (refer notes 29 and A25).

(e) Comparative information

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

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

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

(f) Rounding

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

(g) Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, FBT, GST, Emergency Services levy, land tax equivalents and local government rate equivalents.

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

- when the GST incurred on a purchase of goods or services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

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

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

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

(h) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provides information about conditions that existed at 30 June. Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

(i) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to the Department will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The notes accompanying the financial statements disclose income where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Transactions with SA Government entities below the threshold of $100 000 have been included with the non-government transactions, classified according to their nature.

The following are specific recognition criteria:

Fees and charges
Revenues from fees and charges are derived from the provision of goods and services to other SA Government agencies and to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Contributions (grants)
Contributions are recognised as an asset and income when the Department obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met ie the amount can be reliably measured and the flow of resources is probable.

Contributions can be either for general assistance or a particular purpose and will usually be subject to terms and conditions set out in a contract, correspondence, or by legislation governing the contribution.

Generally, the Department has obtained control or the right to receive for:

- contributions with unconditional stipulations – this will be when the agreement becomes enforceable ie the earlier of when the receiving entity has formally been advised that the contribution (eg grant application) has been approved; agreement/contract is executed; and/or the contribution is received

- contributions with conditional stipulations – this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

All contributions received by the Department have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Resources received free of charge
Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated. The SA Aquatic & Leisure Centre (SAALC) transferred to the Office for Recreation and Sport during 2010-11. The amount recognised with respect to this transfer was $104.1 million.

Revenues from SA Government
Appropriations for program funding are recognised as revenues when the Department obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Net gain on non-current assets
Income from the disposal of non-current assets is recognised when the control of the asset has passed to the buyer and determined by comparing proceeds with the carrying amount. When revalued assets are sold, the revaluation increments are transferred to retained earnings.

Other income
Other income consists of refunds and other recoveries.

(j) Expenses
Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Department will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The notes accompanying the financial statements disclose expenses where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

Employee benefit expenses
Employee benefit expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation
The amount charged to the Statement of Comprehensive Income represents the contributions made by the Department to the superannuation plan in respect of current services of current departmental staff. DTF centrally recognises the superannuation liability in the whole-of-government financial statements.

Depreciation and amortisation
All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

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

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

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

Class of assets	*Depreciation method*	*Useful life (years)*
Buildings and other structures	Straight-line	5-80
Leasehold improvements	Straight-line	Life of lease
Plant and equipment	Straight-line	1-16
Intangible assets	Straight-line	1-10
Information technology	Straight-line	3-12
Mobile transport assets	Straight-line	2-16
Radio network assets	Straight-line	5-40
SAALC	Straight-line	15-50

Grants and subsidies
For contributions payable, the contribution will be recognised as a liability and expense when the entity has a present obligation to pay the contribution and when expense recognition criteria are met.

All contributions paid by the Department have been contributions with unconditional stipulations attached.

Contributions can be either for general assistance or a particular purpose and will usually be subject to terms and conditions set out in a contract, correspondence, or by legislation governing the contribution.

Borrowing costs
All borrowing costs are recognised as expenses.

Payments to SA Government
Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy and taxation revenue paid directly to the Consolidated Account.

(k) Current and non-current classification
Assets and liabilities are characterised as either current or non-current in nature.

Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where an asset and liability line item combines amounts expected to be realised within 12 months and more than 12 months, the Department has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

(l) Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where an asset line item combines amounts expected to be settled within 12 months and more than 12 months, the Department has separately disclosed the amounts expected to be recovered after more than 12 months.

The notes accompanying the financial statements disclose financial assets where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand, deposits held at call and other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables

Receivables include amounts receivable from goods and services, GST input tax credits recoverable, prepayments and other accruals.

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

Other debtors arise outside the normal course of providing goods and services to other agencies and to the public.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Department will not be able to collect the debt. These are generally receivables that are 90 days or more overdue. Bad debts are written off when identified.

Other financial assets

Investments represent funds deposited with the Public Trustee. These investments have been designated as available-for-sale financial assets as they are held with the intention to dispose of the asset if required to ensure sufficient cash flow to meet bond repayments or claims on administered funds. Investments are made by way of notional unit holdings in a selection of common funds managed by Public Trustee. The proportion of unit holdings is dependent upon the investment strategy adopted.

Investments are measured at fair value in accordance with unit prices at balance date as advised by the applicable fund manager.

Investments are classified as either current or non-current. Those to be rolled over within 12 months are classified as current investments.

Revaluation increments and decrements are recognised in the investment market value reserve except where, and to the extent, the decrement exceeds the balance of the reserve which is recognised as expenses or the increment reverses previous decrements which are recognised as revenue.

Non-current asset acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation. Where assets are acquired at no value or minimal value they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal cost as part of a restructuring of administrative arrangements then the assets are recognised at book value ie the amount recorded by the transferor public authority immediately prior to restructure.

The Department capitalises all non-current physical assets with a value of $10 000 or greater. Items with an acquisition cost less than $10 000 are expensed in the year of acquisition.

Revaluation of non-current assets
All non-current tangible assets are valued at written down current cost (a proxy for fair value); and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than $1 million and estimated useful life is greater than three years.

Every three years, the Department revalues its land, buildings, leasehold improvements, furniture, specialised plant and equipment and mobile transport assets. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluations reserve for that asset class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Impairment
All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets an impairment loss is offset against the respective revaluation surplus.

Intangible assets
An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Department only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to $10 000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

Subsequent expenditure on intangible assets has not been capitalised. This is because the Department has been unable to attribute this expenditure to the intangible asset rather than to the Department as a whole.

(m) Liabilities
Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where a liability line item combines amounts expected to be settled within 12 months and more than 12 months, the Department has separately disclosed the amounts expected to be settled after more than 12 months.

The notes accompanying the financial statements disclose financial liabilities where the counterparty/ transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Payables
Payables include creditors, accrued expenses, employment on-costs and Paid Parental Leave Scheme payable.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Department.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

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

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employee benefit on-costs include superannuation contributions, payroll tax and workers compensation in respect to outstanding liabilities for salaries and wages, LSL and annual leave.

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

Borrowings/Financial liabilities
The Department measures financial liabilities including borrowings/debt at historical cost, except for interest free loans (measured at the present value of expected repayments).

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

The Department has a number of operating leases and payments are expensed on a basis which is representative of the pattern of benefits derived from the leased asset.

The Department leases sporting venues and office accommodation to various external sporting organisations through operating leases as well as access rights to State owned land sites. Income from operating leases is recognised as rental income in the period incurred, and is representative of the pattern of benefits derived from the leased assets.

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

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

  Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement whichever is shorter.

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

- *Wages, salaries, annual leave and sick leave*
  The liability for salaries and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date. In 2011-12 employees were paid on 29 June for the pay period ending 30 June 2012. Accordingly, at 30 June 2012, there was no liability.

- *Wages, salaries, annual leave and sick leave (continued)*
  The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages and annual leave are payable later than 12 months, the liability is measured at present value.

  No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

- *LSL*
  An actuarial assessment of LSL undertaken by DTF based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Department's experience of employee retention and leave taken.

  Based on this actuarial assessment, the shorthand method was used to measure the LSL liability for 2012 (refer note 22).

  The unconditional portion of the LSL provision is classified as current as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of LSL relates to an unconditional legal entitlement to payment arising after 10 years of service.

Provisions
Provisions are recognised when the Department has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Department expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

A liability has been reported to reflect workers compensation claims. The workers compensation liability, which was based on an actuarial assessment, was provided by the Public Sector Workforce Relations Division of DPC of the outstanding liability as at 30 June 2012. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The workers compensation provision is based on an actuarial assessment prepared by Taylor Fry Consulting Actuaries. The Department's liability is an allocation of the Justice portfolio's total assessment of the outstanding liability as at 30 June 2012.

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

(n) Unrecognised contractual commitments and contingent assets and liabilities
Commitments include operating and capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

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

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

(o) Errors

2010-11

During 2010-11, the SAALC transferred to the Attorney-General's Department. The amount recognised with respect to the transfer was $104.1 million. In 2011-12, it was found the land associated with the SAALC had transferred to the control of the Department during 2009-10 but had not previously been brought to account. This land has now been valued at $9.75 million, reflected in the comparative figures for 2010-11 and transferred to the Department of Planning and Local Government from 1 July 2011 (refers notes 2(d) and 29).

3. New and revised accounting standards and policies

2011-12

The Department did not voluntarily change any of its accounting policies during 2011-12.

AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the period ending 30 June 2012. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

2010-11

During 2009-10, the operations of the SAGRN shifted from the then Department for Transport, Energy and Infrastructure to the Department. As at 30 June 2010, the capitalisation policy for SAGRN assets was a threshold of $500. However, the departmental policy at the time was $10 000. During 2010-11, the Department has amended the accounting treatment of the assets. The SAGRN will now be reflected as a network asset with a capitalisation threshold of $1000. Adjustments have now been made to the 2009-10 and 2010-11 figures to reflect this treatment where appropriate.

The following funds are included within the Department's administered items: Residential Tenancies Fund, Agents Indemnity Fund, Second-hand Vehicles Compensation Fund and the Retail Shop Leases Fund. Up until 2009-10 these funds have been recorded at fair value. The APSs require financial assets to be recorded at their 'historical cost'. In accordance with TI 1, an exemption to the requirement to record the value of these investments at historical cost was sought from the Treasurer. This request was approved. Adjustments have now been made to the 2009-10 and 2010-11 figures to reflect this treatment where appropriate.

4. Activities of the Department

Information about the Department's activities are set out in the Disaggregated Disclosures Schedule. An activity is a grouping of related subactivities that contribute to the achievement of agency and government objectives.

Activities from 2011-12

Activity 1: Legal Services

This activity is focused on increasing the South Australian community's and industry's awareness of their rights and responsibilities and increasing confidence that the system of justice is fair, equitable and accessible. It also provides the people of South Australia with an independent and effective prosecution service which is timely, efficient and just.

Activity 2: Forensic Science

Provision of forensic science services, primarily in relation to coronial and police investigations.

Activity 3: Policy, Planning and Legislation

This activity provides advice on policy development, review and reform of the law, evaluation of Justice initiatives and strategic planning.

Activity 4: Police Complaints Authority

Included in this activity is the requirement to maintain public confidence in, and proper accountability of South Australia Police through the provision of complaint investigation and resolution services.

Activity 5: Ombudsman Services

This activity covers the investigation and complaints resolutions against State and Local government agencies. It is focused on ensuring that the public receives fair treatment from government bodies and that public administration is reasonable and just.

Activity 6: Registration Services

This activity is responsible for registering and maintaining the particulars relating to births, deaths and marriages, business names, incorporated associations and security and investigation agents. The registration of these particulars assists with ensuring transparency in business dealings.

Activities from 2011-12 (continued)

Activity 7: Justice Portfolio

This activity is focused on providing excellence in customer service in the delivery of Justice portfolio support services, including procurement and contract management, ICT, ministerial offices and ministerial support.

Activity 8: Building Communities - Equal Opportunity

This activity is focused on promoting equality of opportunity for the community through the administration of anti-discrimination legislation by examining and responding to complaints and providing information, education and training to encourage compliance with legislation.

Activity 9: Building Communities - Advocacy and Guardianship Services

This activity covers services to promote and protect the rights and interests of people with reduced mental capacity and, where appropriate, their carers, through the Guardianship Board and the Office of the Public Advocate.

Activity 10: Consumer and Business Affairs

This activity covers the promotion and protection of consumers' interests in South Australia by ensuring that South Australian legislation supports and protects all citizens and that the South Australian public has access to consumer focussed services.

Activity 11: Building Communities - Status of Women

Pursuit of the full and equal participation of women in the social and economic life of the State by providing innovative and balanced public policy advice to government. Providing high quality state-wide information and referral services through the Women's Information Service.

Activity 12: Liquor Regulatory Services

This activity deals with encouraging responsible attitudes towards the promotion, sale, supply, consumption and use of liquor products; to minimise the harm associated with these products; and to ensure the sale, supply and consumption of liquor is conducted in a way that contributes to, and does not detract from, the amenity of South Australian community life.

Activity 13: Gambling Regulatory Services

This activity encourages responsible attitudes towards the promotion, sale, supply and use of gambling products; to minimise the harm associated with these products and to maintain public confidence in the State's gambling industries.

Activity 14: Employee Advocacy

This activity covers the provision of services to ensure the rights and obligations of employees and employers are protected and the relevant law applied to prevent and resolve workplace disputes.

Activity 15: Building Communities - Multicultural, Youth and Volunteer Services

This activity is focused on providing valued services to South Australia's multicultural community, young people and volunteers. It incorporates Multicultural SA, the Office for Youth and the Office for Volunteers.

Activity 16: General/Not attributable

Certain items of the Department are not allocated to activities.

Activities from 2010-11

Activity 1: Employee Advocacy

This activity covers the fair trading legislation, regulating defined business activities and maintaining business and civil records for South Australia through the provision of court and tribunal case resolution, alternative dispute resolution, licensing, and regulatory services.

Activity 2: Recreation, Sport and Racing

This activity is responsible for the provision of strategic policy, programs, services, sporting infrastructure and elite sport pathways aimed at all South Australians enjoying lives enriched through participation in active recreation and sport. This activity also includes the provision of strategic policy advice to the Minister for Recreation, Sport and Racing on matters relating to the South Australian racing industry.

Activities from 2010-11 (continued)

Activity 3: Consumer and Business Affairs

This activity covers the fair trading legislation, regulating defined business activities and maintaining business and civil records for South Australia through the provision of court and tribunal case resolution, alternative dispute resolution, licensing, and regulatory services.

Activity 4: Building Communities - Status of Women

Pursuit of the full and equal participation of women in the social and economic life of the State by providing innovative and balanced public policy advice to government. Providing high quality state-wide information and referral services through the Women's Information Service.

Activity 5: Liquor Regulatory Services

This activity deals with encouraging responsible attitudes towards the promotion, sale, supply, consumption and use of liquor products.

Activity 6: Gambling Regulatory Services

This activity encourages responsible attitudes towards the promotion, sale, supply and use of gambling products; to minimise the harm associated with these products; and to maintain public confidence in the State's gambling industries.

Activity 7: Legal Services

This activity is focused on increasing the SA community's and industry's awareness of their rights and responsibilities and increasing confidence that the system of justice is fair, equitable and accessible. It also provides the people of South Australia with an independent and effective prosecution service which is timely, efficient and just.

Activity 8: Forensic Science

Provision of forensic science services, primarily in relation to coronial and police investigations.

Activity 9: Policy, Planning and Legislation

This activity provides advice on policy development, review and reform of the law and strategic planning for the Department and Justice portfolio.

Activity 10: Police Complaints Authority

Included in this activity is the requirement to maintain public confidence in, and proper accountability of South Australia Police through the provision of complaint investigation and resolution services.

Activity 11: Ombudsman Services

This activity covers the investigation and complaints resolutions against State and Local government agencies. It is focused on ensuring that the public receives fair treatment from government bodies and that public administration is reasonable and just.

Activity 12: Registration Services

This activity is responsible for registering and maintaining the particulars relating to births, deaths and marriages, business names, incorporated associations and security and investigation agents. The registration of these particulars assists with ensuring transparency in business dealings.

Activity 13: Justice Portfolio Services

This activity is focused on providing excellence in customer service in the delivery of the following support services: financial, business and contract management, Justice technology, portfolio human resources, information knowledge management, strategic development and communications, business reform, Ministerial offices and support, Justice executive and legal community centre along with other grants.

Activity 14: Building Communities - Equal Opportunity

This activity is focused on promoting equality of opportunity for the community through the administration of anti-discrimination legislation by examining and responding to complaints and providing information, education and training to encourage compliance with legislation.

Activity 15: Building Communities - Advocacy and Guardianship Services

This activity covers services to promote and protect the rights and interests of people with reduced mental capacity and, where appropriate, their carers, through the Guardianship Board and the Office of the Public Advocate.

Activities from 2010-11 (continued)

Activity 16: ***Building Communities - Veterans' Affairs***

The activity is focussed on providing assistance to ex-servicemen and women and those who support them.

Activity 17: ***Building Communities - Multicultural, Youth and Volunteer Services***

This activity is focused on building community capacity and safe communities by having sound public sector programs that are designed to implement the State Government's policy commitments and promote equity of access to services. It also covers the provision of services that facilitate the implementation of the 'Advancing the Community Together' partnership in order to build stronger communities and increase volunteer rates in accordance with South Australia's Strategic Plan and provides a leadership role in coordinating a whole of government and community response in supporting young people.

Activity 18: ***General/Not attributable***

Certain items of the Department are not allocated to activities.

5. Employee benefit expenses	2012 $'000	2011 $'000
Salaries and wages	92 215	102 328
TVSPs	1 481	2 391
Employee on-costs - superannuation	12 413	13 640
Employee on-costs - other	5 918	6 568
Annual leave	8 547	9 371
LSL	7 103	4 101
Board fees	1 726	1 940
Workers compensation	(264)	(184)
Other	817	267
Total employee benefit expenses	129 956	140 422

TVSPs

Amount paid during the reporting period to separated employees:		
TVSPs	1 481	2 391
Annual leave and LSL paid to 30 June	568	693
Recovery from DTF	(1 959)	(2 155)
Net cost to the Department	90	929

The number of employees who were paid TVSPs to 30 June 2011 was 12 (21).

Remuneration of employees The number of employees whose remuneration received or receivable falls within the following bands:	2012 Number	2011 Number
$130 700 - $133 999	n/a	7
$134 000 - $143 999*	42	38
$144 000 - $153 999	7	10
$154 000 - $163 999	9	12
$164 000 - $173 999	7	10
$174 000 - $183 999	4	4
$184 000 - $193 999	5	6
$194 000 - $203 999*	20	17
$204 000 - $213 999	4	8
$214 000 - $223 999	1	1
$224 000 - $233 999*	2	2
$234 000 - $243 999	4	3
$244 000 - $253 999	1	6
$254 000 - $263 999	14	12
$264 000 - $273 999	3	5
$274 000 - $283 999	3	1
$284 000 - $293 999*	2	5
$294 000 - $303 999*	3	3

Remuneration of employees (continued)	2012 Number	2011 Number
$304 000 - $313 999*	2	1
$314 000 - $323 999*	2	-
$324 000 - $333 999	3	2
$334 000 - $343 999*	-	1
$344 000 - $353 999*	-	2
$354 000 - $363 999*	-	1
$364 000 - $373 999	-	1
$374 000 - $383 999*	2	1
$394 000 - $403 999	1	1
$404 000 - $413 999	-	1
$424 000 - $433 999	1	-
$454 000 - $463 999*	1	-
$474 000 - $483 999*	2	1
$484 000 - $493 999*	1	1
$494 000 - $503 999	1	3
$504 000 - $514 999*	1	-
$674 000 - $683 999*	1	-
Total	149	166

* Includes payment of LSL, annual leave, termination benefits for officers who have left the Department.

Remuneration of employees by category		
Legal officers	102	102
Executive	19	31
Other	28	33
Total	149	166

The table includes all employees who received remuneration of $134 000 ($130 700) or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. Total remuneration received or due and receivable by these employees was $32 million ($34.5 million).

6. Supplies and services

	2012 $'000	2011 $'000
ICT	15 058	14 845
Accommodation	15 580	18 815
Contract staff	2 816	4 159
Staff payments	2 540	3 776
Legal fees	3 311	2 952
Office expenses	2 157	2 573
Laboratory supplies	1 224	1 392
Telephone related expenses	1 696	1 944
Motor vehicle expenses	1 251	1 675
Promotions and publications	1 183	1 661
Tax and taxable payments	876	987
Repairs, maintenance and minor purchases	764	1 706
SSSA charges	2 066	3 710
Minor works	386	2 683
Cost of goods sold	5	770
Project costs	-	719
Consultancies	668	457
Storage and archive costs	544	365
Outsourced services	662	595
Facilitator costs	4	13
Fingerprinting costs	41	93
Insurance	99	262
Other	4 896	9 201
Total supplies and services	57 827	75 353

6. Supplies and services (continued)

Supplies and services provided by entities within the SA Government:	2012 $'000	2011 $'000
ICT	2 046	3 695
Accommodation	15 032	17 403
Contract staff	2	187
Staff payments	127	378
Legal fees	-	19
Office expenses	9	-
Laboratory supplies	4	-
Telephone related expenses	1 112	1 159
Motor vehicle expenses	1 109	1 507
Promotions and publications	78	168
Repairs, maintenance and minor purchases	-	373
SSSA charges	2 066	3 710
Minor works	127	-
Consultancies	2	6
Storage and archive costs	13	-
Fingerprinting costs	3	-
Insurance	99	-
Other	751	1 961
Total supplies and services - SA Government entities	22 580	30 566

The total supplies and services amount disclosed includes GST amounts not recoverable from the ATO due to the Department not holding a valid tax invoice or payments relating to third party arrangements.

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	2012 Number	2012 $'000	2011 Number	2011 $'000
Below $10 000	33	89	30	94
Between $10 000 and $50 000	15	346	10	216
Above $50 000	2	233	1	147
Total paid/payable to the consultants engaged	50	668	41	457

7. Grants and subsidies

	2012 $'000	2011 $'000
Grants to:		
Community legal centres	4 870	4 741
Crime prevention grants	1 444	832
South Australian Native Title Service	850	1 000
Grants by:		
Office for Recreation and Sport	-	18 484
Office for Youth	553	1 765
Native Title Claims Resolution Unit	350	375
Multicultural SA	191	1 009
Other	1 479	2 835
Total grants and subsidies	9 737	31 041

Grants and subsidies provided to entities within the SA Government:	2012	2011
Community legal centres	60	-
Crime prevention grants	245	-
Office for Youth	-	338
Office for Recreation and Sport	-	419
Native Title Claims Resolution Unit	350	375
Other	355	565
Total grants and subsidies - SA Government entities	1 010	1 697

		2012	2011
8.	**Depreciation and amortisation expenses**		
	Depreciation:	$'000	$'000
	Information technology	169	148
	Leasehold improvements	811	1 322
	Plant and equipment	1 175	1 515
	Buildings and other structures	-	4 590
	Total depreciation	2 155	7 575
	Amortisation:		
	Intangible assets	254	298
	Total amortisation	254	298
	Total depreciation and amortisation expense	2 409	7 873
9.	**Borrowing costs**		
	Interest paid/payable on short-term and long-term borrowings	-	254
	Total borrowing costs	-	254
10.	**Other expenses**		
	Witness expenses	686	831
	Doubtful debt expense	28	58
	Other	244	277
	Total other expenses	958	1 166
	Other expenses paid/payable to entities within the SA Government:		
	Witness expenses	686	736
	Other	242	276
	Total other expenses - SA Government entities	928	1 012

(a) Donated assets

Trade measurement transferred from the Department to the Commonwealth on 1 July 2010.

11.	**Auditor's remuneration**		
	Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	244	263
	Total auditor's remuneration	244	263

Other services

No other services were provided by the Auditor-General's Department.

12.	**Revenues from fees and charges**		
	Licence and regulatory fees	30 312	29 916
	Legal services	17 185	17 288
	Network services	13 415	13 075
	Recovery of administration expenditure	7 241	6 244
	Forensic services	4 356	4 224
	Interpreting and translating services	1 848	3 290
	Sale of goods	-	2 151
	Rental income	-	1 155
	Other	233	228
	Total revenues from fees and charges	74 590	77 571
	Fees and charges received/receivable from entities within the SA Government:		
	Legal services	17 151	17 105
	Network services	13 415	13 075
	Recovery of administration expenditure	7 241	6 244
	Forensic services	3 444	3 554
	Interpreting and translating services	1 382	2 710
	Other	41	47
	Total revenues from fees and charges - SA Government entities	42 674	42 735

13. Recoveries

	2012	2011
Recovery of expenditure for:	$'000	$'000
Crown Solicitor's Office	7 704	6 726
Industrial Relations Court	4 401	5 561
Medical Panels SA	3 047	6 343
Consumer and Business Services	708	551
Crime Statistics	566	523
WorkCover Ombudsman	392	411
Business operations	284	483
Human resource services	230	121
Office for Recreation and Sport	-	554
Other	2 123	1 889
Total recoveries	19 455	23 162

Recoveries received/receivable from entities within the SA Government:		
Crown Solicitor's Office	7 487	6 621
Medical Panels SA	3 044	6 343
Industrial Relations Court	4 142	5 545
WorkCover Ombudsman	392	410
Consumer and Business Services	513	343
Business operations	255	393
Human resource services	218	110
Other	1 528	1 266
Total recoveries - SA Government entities	17 579	21 031

14. Grants and subsidies

Grants received by:		
Office for Recreation and Sport	-	4 864
Office for Youth	724	210
Crown Solicitor's Office	135	100
Other	674	270
Total grants and subsidies received	1 533	5 444

Grants received from SA Government entities:		
Office for Recreation and Sport	-	4 175
Office for Youth	724	210
Crown Solicitor's Office	135	100
Other	571	153
Total grants from SA Government entities	1 430	4 638

15. Other income/revenue

Other income	853	1 345
Total other income	853	1 345

Other income received/receivable from entities within the SA Government:		
Other	-	-
Total other income	-	-

(a) Resources received free of charge

The SA Aquatic & Leisure Centre was transferred to the Office of Recreation and Sport during 2010-11. The amount recognised with respect to this transfer was $104.1 million.

16. Revenues from SA Government

Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the *Appropriation Act*	98 329	145 185
Total revenues from SA Government	98 329	145 185

Total revenues from government consists of $98.3 million ($145.2 million) for operational funding. For details on the expenditure associated with the operational funding received refer notes 5 to 11. There were no material variations between the amount appropriated and the expenditure associated with this appropriation.

17. Cash and cash equivalents

	2012 $'000	2011 $'000
Deposits with the Treasurer[1]	29 964	22 604
Cash and cheques in transit	124	13
Cash on hand (including petty cash)[2]	56	128
Total cash and cash equivalents	30 144	22 745

Deposits with Treasurer

(1) Includes funds held in the Accrual Appropriation Excess Funds Account of $17.5 million ($13.5 million). The balances of these funds are not available for general use ie funds can only be used in accordance with the Under Treasurer's approval.

Interest rate risk

(2) Cash on hand is non-interest bearing. Deposits at call with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

18. Receivables

	2012 $'000	2011 $'000
Receivables	13 585	18 965
Allowance for doubtful debts	(593)	(642)
GST receivable	155	401
Prepayments	466	1 048
Other	-	1
Total receivables	13 613	19 773
Receivables from SA Government entities:		
Receivables	13 039	17 329
Allowance for doubtful debts	(539)	(642)
Prepayments	-	861
Total receivables from SA Government entities	12 500	17 548

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (ie calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired.

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

Movements in the allowance for doubtful debts (impairment loss):	2012 $'000	2011 $'000
Carrying amount at 1 July	642	595
Increase (Decrease) in the allowance	(49)	47
Carrying amount at 30 June	593	642

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled with 30 days. Receivables, prepayments and accrued revenues are non-interest bearing.

Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

(a) Maturity analysis of receivables - refer note 31.
(b) Categorisation of financial instruments and risk exposure information - refer note 31.

19. *(a) Property, plant and equipment*

	2012 $'000	2011 $'000
Land, buildings and improvements:		
Land at fair value	-	9 750
Total land, buildings and improvements	-	9 750

19. (a) Property, plant and equipment (continued)

	2012 $'000	2011 $'000
Recreation and sport infrastructure:		
Recreation and sport infrastructure at cost/valuation	-	265 724
Accumulated depreciation	-	(4 594)
Total recreation and sport infrastructure	-	261 130
Leasehold improvements:		
Leasehold improvements at fair value	10 253	10 095
Accumulated amortisation	(5 000)	(4 216)
Total leasehold improvements	5 253	5 879
Plant and equipment:		
Plant and equipment at fair value	10 603	13 697
Accumulated depreciation	(7 795)	(9 306)
Total plant and equipment	2 808	4 391
Information technology:		
Information technology at fair value	6 633	6 021
Accumulated depreciation	(5 822)	(5 686)
Total information technology	811	335
Library collections:		
Library collections at fair value	407	407
Total library collections	407	407
Capital work in progress:		
Capital work in progress at cost	229	51
Total capital work in progress	229	51
Total property, plant and equipment	9 508	281 943

(1) Valuations of land and buildings, furniture, mobile transport assets and specialised plant and equipment were performed by Martin Burns, MBA, BAppSc Property Resource Management, AAPI, Certified Practising Valuer of Liquid Pacific as at 1 July 2008. Valuations of leasehold improvements, fixtures and fittings were performed by Martin Burns, MBA, BAppSc Property Resource Management, AAPI, Certified Practising Valuer of Liquid Pacific as at 30 June 2012.

(2) There were no indications of impairment of property, plant and equipment, infrastructure at 30 June 2012.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(b) Property, plant and equipment movement schedule

2012	Land $'000	Leasehold imprvmnts $'000	Capital works in progress $'000	Recreation and sport infrastructure $'000
Carrying amount at 1 July	9 750	5 879	51	261 130
Additions	-	-	176	-
Depreciation and amortisation	-	(811)	-	-
Revaluation	-	396	-	-
Transfer from (to) work in progress	-	-	-	-
Transfers out due to administrative restructure	(9 750)	(72)	-	(261 130)
Disposals	-	(45)	-	-
Other charges	-	(94)	2	-
Carrying amount at 30 June	-	5 253	229	-

(b) ***Property, plant and equipment movement schedule (continued)***

2012	Information technology $'000	Library collections $'000	Plant and equipment $'000	Total property, plant and equipment $'000
Carrying amount at 1 July	335	407	4 391	281 943
Additions	627	-	852	1 655
Depreciation and amortisation	(169)	-	(1 175)	(2 155)
Revaluation	-	-	-	396
Transfer from (to) work in progress	48	-	(216)	(168)
Transfers out due to administrative restructure	-	-	(1 071)	(272 023)
Disposals	(4)	-	-	(49)
Other charges	(26)	-	27	(91)
Carrying amount at 30 June	811	407	2 808	9 508

2011	Land $'000	Leasehold imprvmnts $'000	Mobile Transport Assets $'000	Capital works in progress $'000	Recreation and sport infrastructure $'000
Carrying amount at 1 July	1 060	4 092	203	397	159 654
Additions	-	1 885	-	1 851	18
Depreciation and amortisation	-	(1 322)	-	-	(4 590)
Transfer from (to) work in progress in progress	-	1 170		(3 367)	1 988
Transfers in due to administrative restructure	-	54	-	1 170	-
Asset donated free of charge	(1 060)	-	(203)	-	-
Asset received free of charge	-	-	-	-	104 060
Disposals	-	-	-	-	-
Other charges	9 750	-	-	-	-
Carrying amount at 30 June	9 750	5 879	-	51	261 130

	Information technology $'000	Library collections $'000	Plant and equipment $'000	Total property, plant and equipment $'000
Carrying amount at 1 July	472	407	5 503	171 788
Additions	-	-	915	4 669
Depreciation and amortisation	(148)	-	(1 515)	(7 575)
Transfer from (to) work in progress	-	-	209	-
Transfers in due to administrative restructure	11	-	130	1 365
Asset donated free of charge	-	-	(831)	(2 094)
Asset received free of charge	-	-	-	104 060
Disposals	-	-	(20)	(20)
Other charges	-	-	-	9 750
Carrying amount at 30 June	335	407	4 391	281 943

(1) Transfers out per note 29.

20. ***(a)*** ***Intangible assets***

	2012 $'000	2011 $'000
Computer software:		
Internally developed computer software	3 194	2 933
Accumulated amortisation	(2 453)	(1 935)
Total computer software	741	998
Work in progress:		
Intangible work in progress at cost	345	29
Total work in progress	345	29
Total intangible assets	1 086	1 027

The internally developed computer software relates to Forensic Science South Australia's Case Management Database software. There were no indications of impairment of intangible assets at 30 June 2012.

(b) Intangibles movement schedule

	Computer software $'000	Intangible work in progress $'000	Total intangibles $'000
Carrying amount at 1 July 2011	998	29	1 027
Additions	-	409	409
Transfers from (to) work in progress	261	(93)	168
Depreciation and amortisation	(254)	-	(254)
Other charges	(264)	-	(264)
Carrying amount 30 June 2012	741	345	1 086
Carrying amount at 1 July 2010	418	871	1 289
Additions	-	36	36
Transfers from (to) work in progress	878	(878)	-
Depreciation and amortisation	(298)	-	(298)
Carrying amount 30 June 2011	998	29	1 027

21. Payables

	2012 $'000	2011 $'000
Current:		
Creditors	2 753	9 951
Employee on-costs	1 291	2 268
Other current payables	14	1 436
Accruals	5 298	295
Total current payables	9 356	13 950
Non-current:		
Employee on-costs	2 295	2 593
Total non-current payables	2 295	2 593
Total payables	11 651	16 543
Payables to SA Government entities:		
Creditors	2	3 869
Employee on-costs	1 764	3 016
Accruals	1 847	295
Total payables to SA Government entities	3 613	7 180

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of LSL taken as leave has changed from the 2011 (45%) rate to 40% and the average factor for the calculation of employer superannuation cost on-cost has remained at the 2011 rate of 10.3%. These rates are used in the employment oncost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of $144 000 and employee benefit expenses of $144 000.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid and are settled within the normal terms of payment of 30 days, unless otherwise agreed. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

(a) Maturity analysis of payables - refer note 31.
(b) Categorisation of financial instruments and risk exposure information - refer note 31.

22. Employee benefits

	2012 $'000	2011 $'000
Current:		
Annual leave	6 995	7 631
Accrued salaries and wages	-	178
Accrued termination payment payable	-	104
LSL	2 029	1 731
Total current employee benefits	9 024	9 644
Non-current:		
LSL	24 701	23 002
Total non-current employee benefits	24 701	23 002
Total employee benefits	33 725	32 646

22. Employee benefits (continued)

AASB 119 contains the calculation methodology for LSL liability. It is accepted practice to estimate the present values of future cash outflows associated with the LSL liability by using a shorthand measurement technique. The shorthand measurement technique takes into account such factors as changes in discount rates and salary inflation.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 2011 (5.25%) to 2012 (3%).

This significant decrease in the bond yield, which is used as the rate to discount future LSL cash flows, results in a significant increase in the reported LSL liability.

Based on an actuarial assessment performed by DTF, the benchmark for the measurement of the LSL liability was revised to zero years (five years). The net financial effect of the changes in the current financial year is an increase in the LSL liability of $4.1 million and employee benefit expenses of $4.1 million. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

The actuarial assessment performed by DTF left the salary inflation rate at 4%. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

23. Provisions

	2012	2011
Current:	$'000	$'000
Provisions for workers compensation	398	532
Total current provisions	398	532
Non-current:		
Provisions for workers compensation	1 317	1 805
Total non-current provisions	1 317	1 805
Total provisions	1 715	2 337
Carrying amount at 1 July	2 337	3 061
Reduction in provisions recognised	(622)	(724)
Carrying amount at 30 June	1 715	2 337

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Division of DPC.

24. Other liabilities

Current:		
Unearned revenue	-	21
Other	65	24
Total current other liabilities	65	45
Other liabilities from SA Government entities:		
Unearned revenue	-	8
Other	39	14
Total other liabilities from SA Government entities	39	22

Other is predominately comprised of amounts owing at 30 June 2012 for superannuation and PAYG.

25. Borrowings

Current borrowings:		
Loans from non-SA Government	-	375
Total current borrowings	-	375
Non-current borrowings:		
Loans from non-SA Government	-	2 673
Total non-current borrowings	-	2 673
Total borrowings	-	3 048

26. Cash flow reconciliation

	2012	2011
Reconciliation of cash and cash equivalents at 30 June:	$'000	$'000
Balance as per the Statement of Cash Flows	30 144	22 745
Cash and cash equivalents disclosed in the Statement of Financial Position	30 144	22 745

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services

	2012	2011
Net cash provided by (used in) operating activities	8 642	6 006
Revenues from SA Government	(98 329)	(145 185)
Non-cash items:		
Depreciation and amortisation expense	(2 409)	(7 873)
Loss on disposal	(48)	(20)
Bad debt write-off	49	(10)
Resources received free of charge	-	104 060
Donated assets	-	(2 094)
Loss on restructure	(9 086)	-
Movement in assets/liabilities:		
Receivables	(7 009)	3 762
Other assets	(116)	831
Other non-current assets	-	(9)
Payables	4 905	(4 528)
Employee benefits	(1 080)	1 233
Provisions	622	724
Lease incentive liability	551	785
Other liabilities/borrowings	(3 029)	331
Transfer of current assets on restructure	-	(2 568)
Transfer of current liabilities on restructure	-	1 575
Transfer of non-current liabilities on restructure	-	1 124
Net cost of providing services	(100 279)	(41 856)

27. Unrecognised contractual commitments

Operating lease commitments

Commitments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2012	2011
Within one year	12 879	13 684
Later than one year but not longer than five years	39 394	40 750
Later than five years	7 438	13 677
Total operating lease commitments	59 711	68 111

The accommodation and office equipment leases are non-cancellable leases with rental payable monthly in advance.

Contingent rental provisions within the accommodation lease agreements provide for the minimum lease payments to be increased on specified rent review dates. Options exist to renew the accommodation leases at the end of the term of the lease.

Department as lessor	2012	2011
Leases receivable contracted for at the reporting date but not recognised as assets are receivable as follows:	$'000	$'000
Within one year	-	274
Later than one year but not longer than five years	-	569
Later than five years	-	372
Total operating lease commitments	-	1 215

Remuneration commitments

Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:

	2012	2011
Within one year	18 065	19 413
Later than one year but not longer than five years	39 576	34 465
Later than five years	812	-
Total remuneration commitments	58 453	53 878

Amounts disclosed include commitments arising from executive contracts. The Department does not offer fixed-term remuneration contracts greater than five years.

Other commitments	2012	2011
	$'000	$'000
Grants[(1)]	242	7 608
Motor vehicles[(2)]	1 134	1 673
Other[(3)]	19	59
Total	1 395	9 340
Within one year	952	7 989
Later than one year but not longer than five years	443	1 351
Total other commitments	1 395	9 340

(1) Grant amounts payable under agreements in respect of which the grantee has yet to provide the services required under the agreement. The grants cover the period 2010 to 2012.

(2) Agreements for the provision of motor vehicles to senior executive officers or sections (ie pool vehicles) with Fleet SA. There are no purchase options available to the Department.

(3) Other commitments relate to purchase orders placed for goods and services before 30 June 2012.

28. Contingent assets and liabilities

There are no contingent assets and liabilities as at 30 June 2012.

29. Transferred functions

2011-12

Transferred out

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 July 2011 the Department transferred responsibility from the Office for Recreation and Sport and the Office for Racing to the Department of Planning and Local Government.

Assets and liabilities relating to these business units were transferred out of the Attorney-General's Department as at 1 July 2011.

	Office for Recreation and Sport	Office for Racing	2012 Total
	$'000	$'000	$'000
Cash	132	-	132
Receivables	519	-	519
Property, plant and equipment	271 918	-	271 918
Other assets	157	1	158
Total assets	272 726	1	272 727
Payables	3 908	19	3 927
Provisions	6	-	6
Employee benefit expenses	1 346	150	1 496
Borrowings	3 048	-	3 048
Other liabilities	235	-	235
Total liabilities	8 543	169	8 712
Total net assets transferred	264 183	(168)	264 015

Net assets transferred by the Department as a result of the administrative restructure were at the carrying amount. The net assets transferred were treated as a distribution to the Government as owner.

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 January 2012 the Department transferred responsibility for Multicultural SA, the Office for Women, Office for Volunteers, and the Office for Youth to the Department of Communities and Social Inclusion.

Assets and liabilities relating to these business units were transferred out of the Attorney-General's Department as at 1 January 2012.

	Multi-cultural SA	Office for Women	Office for Volunteers	Office for Youth	2012 Total
Assets:	$'000	$'000	$'000	$'000	$'000
Cash	-	246	-	-	246
Receivables	537	-	-	-	537
Property, plant and equipment	-	-	94	11	105
Other assets	-	-	-	-	-
Total assets	537	246	94	11	888

2011-12 (continued) ***Transferred out (continued)*** Liabilities:	Multi-cultural SA $'000	Office for Women $'000	Office for Volunteers $'000	Office for Youth $'000	2012 Total $'000
Payables	63	19	25	37	144
Provisions	-	-	-	-	-
Employee benefit expenses	596	172	237	351	1 356
Borrowings	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	659	191	262	388	1 500
Total net assets transferred	(122)	55	(168)	(377)	(612)

Net assets transferred by the Department as a result of the administrative restructure were at the carrying amount. The net assets transferred were treated as a distribution to the Government as owner.

Under the decision of the Council of Australian Governments, responsibility for the South Australian Business Names Register transferred to the Commonwealth effective from 28 May 2012. No assets or liabilities transferred to the Commonwealth as part of this arrangement.

Under the Administrative Arrangements (Administration of Retail and Commercial Leases Act) Proclamation 2012, from 22 March 2012 the Department transferred responsibility for the Retail Shop Leases Fund to the Small Business Commissioner. Assets and Liabilities relating to these business units were transferred out of the Attorney-General's Department as at 1 April 2012.

Refer note 29	Retail Shop Leases Fund $'000
Cash	-
Receivables	-
Property, plant and equipment	-
Other assets	-
Total assets	-
Payables	-
Provisions	-
Employee benefit expenses	71
Borrowings	-
Other liabilities	-
Total liabilities	71
Total net assets transferred	(71)

2010-11

Transferred in

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2010.

As a result of restructuring of administrative arrangements, DPC transferred responsibility for the Industrial Relations Court and Commission, Workers Compensation Tribunal (WCT), Office of the Employee Ombudsman, Office for the WorkCover Ombudsman, and Medical Panels SA to the Department.

Assets and liabilities relating to these business units were transferred to the Attorney-General's Department as at 1 July 2010.

Assets:	Industrial Relations Court and Commission and WCT $'000	Office of the Employee Ombudsman $'000	Office for the WorkCover Ombudsman $'000	Medical Panels SA $'000	2011 Total $'000
Current:					
Cash and cash equivalents	10	-	-	-	10
Receivables	743	-	89	1 736	2 568
	753	-	89	1 736	2 578
Non-current:					
Property, plant and equipment	65	-	22	1 278	1 365
	65	-	22	1 278	1 365

2010-11 (continued) ***Transferred in (continued)***	Industrial Relations Court and Commission and WCT	Office of the Employee Ombudsman	Office for the WorkCover Ombudsman	Medical Panels SA	2011 Total
Liabilities:	$'000	$'000	$'000	$'000	$'000
Current:					
Payables	205	6	-	421	632
Employee benefits	649	14	4	-	667
Provisions	16	-	36	121	173
Other	-	-	-	103	103
	870	20	40	645	1 575
Non-current:					
Payables	97	-	3	-	100
Employee benefits	976	-	35	2	1 013
Provisions	12	-	-	-	12
	1 085	-	38	2	1 125
Net assets transferred in	(1 137)	(20)	33	2 367	1 243

Net assets assumed by the Department as a result of the administrative restructure are the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to transfer. The net assets transferred were treated as a contribution by the Government as owner.

Transferred out

Under the amendments to the *Trade Measurements Act 1993*, effective from 1 July 2010, Trade Measurement transferred the following assets from the Department to the Commonwealth.

Assets:	Trade Measurement	2011 Total
Non-current:	$'000	$'000
Property, plant and equipment	2 094	2 094
Net assets transferred out	2 094	2 094

Net assets transferred by the Department as a result of the administrative restructure were at the carrying amount. The net assets transferred were treated as a distribution to the Government as owner.

30. Remuneration of board and committee members

Forensic Science Advisory Committee

Mr John Lyons	Dr Claire Lenehan	Mr Mark Hanson*
Mr Peter Anderson*	Prof Brendon Kearney*	Ms Jenny Hall*
Mr Adam Kimber*	Mr Grant Stevens*	Mr Alan Moss (appointed 08.12.11)
Ms Christina Buckley*	Ms Caroline Mealor* (appointed 01.01.12)	
Mr Mark Wieszyk* (appointed 02.04.12)	Mr Ross Vining*	

South Australian Multicultural and Ethnic Affairs Commission

Mr Hieu Van Le	Ms Michelle (Swee Ming) Dieu	Ms Sumeja Skaka
Mrs Vahedeh Mansoury	Mr Norman Schueler	Mr Vikram Madan
Mr Domenico Totino	Ms Daniella Conesa	
Mr Peter Ppiros	Mr George Fomba	

Guardianship Board

Prof Jennifer Abbey	Ms Jane Anderson	Ms Gaby Berd
Ms Lee-Anne Clark	Ms Jeanette Curtis OAM	Dr Linley Denson
Mr Anthony Durkin	Mr Greg Box	Ms Julie Forgan
Dr Jonathan Fry	Ms Lindley Gilfillan	Ms Jan Harry
Dr Lothar Hoff	Ms Eugenia Koussidis	Ms Sally Langton
Ms Karen Dahl	Ms Janece Petrie	Mr Lange Powell
Ms Di Gursansky	Mr Neil Rainford	Dr George Rawson
Ms Elizabeth Salna	Dr Elaine Skinner	Ms Patricia Sutton
Mr Noel Twohig	Ms Judith Worrall	Mr Rick Halliday
Ms Rosemary Hordern	Miss Catheryne Lester	Ms Rebecca Maerschel
Dr Steve McLean	Ms Kate Miller	Ms Cecelia Quinn
Mr Paul Simpson	Ms Johanna Lammersma	Mr Ian Shephard

30. Remuneration of board and committee members (continued)

Residential Tenancies Tribunal

Mrs Marie Alvino	Ms Harrison Anderson	Ms Julia Dunstone
Mr Peter Carey	Mr Peter Duffy	Mr Thomas Rymill
Mr Stavros Georgiadis	Ms Barbara Johns	Mr Roger Vincent
Ms Patricia Mickan	Mr Gerard Twohig	
Ms Karen Hannon	Mr Stuart Andrew	

Minister's Youth Council

Ms Emma Moulds	Ms Abby King	Ms Emma Gillett
Mr Jared McLoughlin	Mr Lucas DeBoer	Mr Michael Thompson
Mr Noby Leong	Ms Vanessa Wong	Mr Mohamad Al-Khafaji
Ms Cassandra Attwood	Mr Henry De Cure	Ms Sarah Elsayed
Mr Paul Fitzgerald	Mr Kye Hanley	Ms Lulu Hensman
Ms Lauren Kimm	Mr Nai Heak Lim	Mr Thomas James Manning
Mr Patrick Wundke	Ms Catherine Whitington	

SA Classification Council

Ms Barbara Biggins	Mr Michael Dawson	Mr Anthony Durkin
Ms Julie Redman	Mr George Karzis	Ms Ester Huxtable

Volunteer Ministerial Advisory Group

Ms Anne Bachmann	Ms Leanne Powell	Mr Michael Dawson
Mr David Mitchell	Ms Janine Keulen	Mr Jock Statton OAM
Ms Janet Stone	Ms Jan Sutherland	Ms Cathy Chong
Ms Darilyn Roman	Ms Kathryn Zeitz	Mr John Godwin

Ministerial Advisory Committee on Victims of Crime

Ms Diana Gilcrist-Humphrey	Ms Julie Gunn*	Mr Don Mackie*
Mr George Korolis*	Mr Peter May*	Mr Matthew Mitchell
Ms Lynette Nitschke	Mr Michael O'Connell*	Mr Dean Oliver*
Mr Thomas Osborn*	Ms Helen Rodwell	Ms Vanessa Swan*
Mr Gary Thompson*	Ms Sonia Waters*	Mr Tony Waters
Ms Jo Battersby*	Ms Nichole Hunter*	Ms Fiona Mort*
Ms Melissa Finocchio*	Mr Andrew Ford* (appointed 07.10.11)	Mr Terry Donald*

Premier's Council for Women

Ms Alison Adair	Ms Eunice Aston	Prof Anne Edwards
Ms Elizabeth Haebich	Ms Maria Hagias	Ms Elizabeth Jensen
Ms Anuradha Mundkur	Ms Louise Stock	Ms Katrina Webb-Denis
Ms Katrine Hildyard	Ms Sonia Romeo	

* In accordance with DPC Circular 16, government employees did not receive any remuneration for board/ committee duties during the financial year.

The number of members whose remuneration received or receivable falls within the following bands:	2012 Number	2011 Number
$0 - $9 999	71	108
$10 000 - $19 999	7	11
$20 000 - $29 999	12	9
$30 000 - $39 999	7	8
$40 000 - $49 999	1	1
$50 000 - $59 999	1	2
$60 000 - $69 999	1	2
$70 000 - $79 999	2	4
$80 000 - $89 999	2	2
$90 000 - $99 999	-	1
$110 000 - $119 999	2	-
$120 000 - $129 999	1	-
$130 000 - $139 999	1	1
$150 000- $159 999	-	1
Total	108	150

30. Remuneration of board and committee members (continued)

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $1.76 million ($1.99 million).

Amounts paid to a superannuation plan for board/committee members was $220 000 ($160 000).

For those boards that transferred to the Department for Communities and Social Inclusion from 1 January 2012, remuneration payable up to 31 December 2011 has been included.

Remuneration for members of the Residential Tenancies Tribunal is paid for by the Residential Tenancies Fund (the Fund). Activities of the Fund are administered by the Attorney-General's Department and included within administered activity 5. 'Trust accounts' payments to these members has been included above.

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

31. Financial instruments/Financial risk management

(a) Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2.

		2012		2011	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	Note	$'000	$'000	$'000	$'000
Cash and cash equivalents:					
Cash and cash equivalents	17	30 144	30 144	22 745	22 745
Loans and receivables:					
Receivables[(1)]	18	13 146	13 146	18 725	18 725
Financial liabilities					
Financial liabilities at cost:					
Payables[(1)(2)]	21	8 065	8 065	11 682	11 682
Other liabilities	24	65	65	45	45

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost) except for employee on-costs which are determined via reference to the employee benefit liability to which they relate.

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 18 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Credit risk

The Department has no significant concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

Allowances for impairment of financial assets are calculated on past experiences and expected changes in client credit rating. Currently the Department does not hold any collateral as security for any of its financial assets. Other than receivables there is no evidence to indicate that financial assets are impaired. The following table discloses the ageing of financial assets past due. There are no financial assets administered by the Department past due.

(b) Ageing analysis of financial statements

The following table discloses the ageing of financial assets and the ageing of impaired assets past due.

	Past due by			
	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2012	$'000	$'000	$'000	$'000
Not impaired:				
Receivables	862	450	975	2 287
Impaired:				
Receivables	-	-	593	593
2011				
Not impaired:				
Receivables	992	344	1 051	2 387
Impaired:				
Receivables	-	-	642	642

(c) Maturity analysis of financial assets and liabilities

		Contractual maturities		
	Carrying amount	Less than 1 year	1-5 years	More than 5 years
2012				
Financial assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents	30 144	30 144	-	-
Receivables(1)	12 993	12 993	-	-
Other financial assets	1 779	1 779	-	-
Total financial assets	44 917	44 917	-	-
Financial liabilities:				
Payables(1)	8 065	8 065	-	-
Borrowings	-	-	-	-
Finance lease liability	3 533	698	2 835	-
Other financial liabilities	-	-	-	-
Total financial liabilities	11 598	8 763	2 835	-

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables.

		Contractual maturities		
	Carrying amount	Less than 1 year	1-5 years	More than 5 years
2011	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	22 745	22 745	-	-
Receivables(1)	18 324	18 324	-	-
Other financial assets	3 868	3 752	116	-
Total financial assets	44 937	44 821	116	-
Financial liabilities:				
Payables(1)	11 387	11 387	-	-
Borrowings	3 048	375	2 673	-
Finance lease liability	4 084	597	3 487	-
Other financial liabilities	45	45	-	-
Total financial liabilities	18 564	12 404	6 160	-

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables.

Liquidity risk

The Department is funded principally from appropriations by the SA Government. The Department works with DTF to determine the cash flows associated with its government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash outflows.

Liquidity risk (continued)
The continued existence of the Department in its present form, and with its present programs, is dependent on State Government policy and on continuing appropriations by Parliament for the Department's administration and programs. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received.

The Department's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

Market risk
The Department currently holds no interest bearing financial instruments and is not exposed to interest rate risk.

Sensitivity disclosure analysis
A sensitivity analysis has not been undertaken for the interest rate risk of the department as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

32 Events after reporting period
There are no known events after balance date that affect these financial statements in a material manner.

The disclosures in notes 1 to 3 of the controlled statements are equally applicable to the administered items of the Department.

Statement of Administered Comprehensive Income for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Payments to Consolidated Account		322 672	323 493
Grants and subsidies	A7	43 253	45 911
Victims of Crime payments	A8	16 313	17 254
State Rescue Helicopter Service charges	A9	10 683	10 453
Employee benefit expenses	A10	14 642	13 458
Depreciation and amortisation	A11	7 466	5 628
Donated asset		2 281	-
Other expenses		40 923	29 327
Total expenses		458 233	445 524
Income:			
Taxation revenue	A2	318 930	318 089
Revenues from SA Government	A3	75 888	75 785
Grants and subsidies received	A4	17 077	19 860
Interest revenues	A5	23 295	24 518
Victims of Crime levies		33 980	28 535
Fees and charges		3 237	3 610
Sale of goods and services		23 472	26 825
Recoveries and other income	A6	13 711	8 548
Total income		509 590	505 770
Net result		51 357	60 246
Other comprehensive income:			
Change in asset recognition policy		-	(915)
Market value movement of investments		(1 001)	2 138
Changes in property, plant and equipment revaluation surplus		(16 011)	-
Total comprehensive result		34 345	61 469

Statement of Administered Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash and cash equivalents	A13	264 604	207 176
Receivables	A14	36 749	42 177
Investments	A15	89 662	97 144
Other current assets	A16	-	295
Total current assets		391 015	346 792
Non-current assets:			
Investments	A15	101 119	89 528
Intangible assets	A18	4	8
Property, plant and equipment	A17(a)	53 989	73 795
Total non-current assets		155 112	163 331
Total assets		546 127	510 123
Current liabilities:			
Payables	A19	9 492	10 631
Employee benefits	A20	413	384
Other current liabilities	A21	87 444	85 955
Total current liabilities		97 349	96 970
Non-current liabilities:			
Payables	A19	73	83
Employee benefits	A20	784	668
Other non-current liabilities	A21	86 965	81 176
Total non-current liabilities		87 822	81 927
Total liabilities		185 171	178 897
Net assets		360 956	331 226
Equity:			
Investment market value reserve		975	2 138
Revaluation surplus		6 561	22 572
Retained earnings		353 420	306 516
Total equity		360 956	331 226
Unrecognised contractual commitments	A23		
Contingent assets and liabilities	A24		

Statement of Administered Changes in Equity for the year ended 30 June 2012

	Note	Investment market value reserve $'000	Revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2010		-	22 572	247 489	270 061
Net result for 2010-11		-	-	60 246	60 246
Gain (Loss) taken to equity	AA	2 138	-	-	2 138
Change in asset recognition policy		-	-	(915)	(915)
Total comprehensive result for 2010-11		2 138	-	59 331	61 469
Transactions with SA Government as owner:					
Net liabilities received from an administrative restructure	A25	-	-	(304)	(304)
Balance at 30 June 2011		2 138	22 572	306 516	331 226
Net result for 2010-12		-	-	51 357	51 357
Changes in property, plant and equipment revaluation surplus		-	(16 011)	-	(16 011)
Gain (Loss) taken to equity		(1 001)	-	-	(1 001)
Total comprehensive result for 2011-12		(1 001)	(16 011)	51 357	34 345
Transactions with SA Government as owner:					
Other movement for restructures		-	-	1531	1 531
Prior period error adjustments taken to equity		-	-	268	268
Net assets transferred out from an administrative restructure	A25	(162)	-	(6 252)	(6 414)
Balance at 30 June 2012		975	6 561	353 420	360 956

Statement of Administered Cash Flows
for the year ended 30 June 2012

		2012 Inflows (Outflows)	2011 Inflows (Outflows)
Cash flows from operating activities:	Note	$'000	$'000
Cash inflows:			
Taxation receipts		317 502	312 654
Bond lodgements		77 741	71 758
GST recovered from the ATO		-	7
Receipts from SA Government		75 888	75 035
Grants and subsidies received		17 077	19 860
Interest received		14 173	13 714
Victims of Crime levies		34 420	28 535
Bond guarantee receipts		3 660	-
Sales of goods and services		30 462	26 990
Fees and charges		2 851	8 879
Other receipts		10 595	8 551
Cash generated from operations		584 369	565 983
Cash outflows:			
Payments to Consolidated Account		(323 696)	(345 794)
Grants		(42 687)	(45 911)
GST paid to the ATO		-	(100)
Victims of Crime payments		(16 313)	(17 254)
Employee benefit payments		(14 461)	(12 934)
Bond refunds		(60 926)	(58 290)
Bond guarantee payments		(3 660)	-
Other payments		(43 905)	(40 029)
Cash used in operations		(505 648)	(520 312)
Net cash provided by (used in) operating activities	A22	78 721	45 671
Cash flows from investing activities:			
Cash outflows:			
Payments for investments		-	(16 000)
Purchase of property, plant and equipment		(15 471)	(16 584)
Adjustment to cash investments		-	(304)
Cash used in investing activities		(15 471)	(32 888)
Net cash provided by (used in) investing activities		(15 471)	(32 888)
Cash flows from financing activities:			
Cash outflows:			
Transfer out from restructure activities		(5 822)	-
Cash provided by financing activities		(5 822)	-
Net cash provided by (used in) financing activities		(5 822)	-
Net increase (decrease) in cash and cash equivalents		57 428	12 783
Cash and cash equivalents at 1 July		207 176	194 393
Cash and cash equivalents at 30 June	A13	264 604	207 176

Schedule of Income and Expenses attributable to Administered Activities for the year ended 30 June 2012

(Activities - refer note A1)	1	2	3	4	5
Income:	$'000	$'000	$'000	$'000	$'000
Taxation receipts	318 930	-	-	-	-
Revenues from SA Government	4 802	170	7 425	7 577	-
Grants and subsidies received	-	-	-	592	-
Interest revenues	-	11 271	3 570	-	8 435
Victims of Crime levies	-	-	33 980	-	-
Fees and charges	3 206	-	-	-	-
Sale of goods and services	-	-	-	-	-
Recoveries and other income	-	508	3 140	3 553	429
Total income	326 938	11 949	48 115	11 722	8 864
Expenses:					
Payments to Consolidated Account	320 639	-	-	1 022	-
Grants	3 110	242	2 917	-	-
Victims of Crime payments	-	-	16 313	-	-
State Rescue Helicopter Service charges	-	-	-	10 325	-
Employee benefit expenses	-	-	944	-	3 927
Depreciation expense	-	-	4	-	6
Other expenses	106	2 016	2 780	376	1 868
Total expenses	323 855	2 258	22 958	11 723	5 801
Net result	3 083	9 691	25 157	(1)	3 063

(Activities - refer note A1)	6	7	8	9	Total
Income:	$'000	$'000	$'000	$'000	$'000
Taxation receipts	-	-	-	-	318 930
Revenues from SA Government	3 215	18 903	19 990	13 806	75 888
Grants and subsidies received	290	15 434	-	761	17 077
Interest revenues	-	-	-	19	23 295
Victims of Crime levies	-	-	-	-	33 980
Fees and charges	-	-	-	31	3 237
Sale of goods and services	-	-	23 472	-	23 472
Recoveries and other income	1 088	-	6	4 987	13 711
Total income	4 593	34 337	43 468	19 604	509 590
Expenses:					
Payments to Consolidated Account	-	-	-	1 011	322 672
Grants	47	34 337	62	2 538	43 253
Victims of Crime payments	-	-	-	-	16 313
State Rescue Helicopter Service charges	-	-	-	358	10 683
Employee benefit expenses	889	-	1 316	7 566	14 642
Depreciation expense	1 288	-	6 135	33	7 466
Other expenses	5 247	-	23 672	7 139	43 204
Total expenses	7 471	34 337	31 185	18 645	458 233
Net result	(2 878)	-	12 283	959	51 357

Schedule of Income and Expenses attributable to Administered Activities for the year ended 30 June 2011

(Activities - refer note A1)	1	2	3	4	5
Income:	$'000	$'000	$'000	$'000	$'000
Taxation receipts	318 089	-	-	-	-
Revenues from SA Government	6 200	164	9 567	7 373	-
Grants and subsidies received	-	-	25	578	-
Interest revenues	-	12 690	2 783	-	9 033
Victims of Crime levies	-	-	28 535	-	-
Fees and charges	3 583	2	2	-	-
Sale of goods and services	-	-	-	-	-
Recoveries and other income	1	597	3 022	3 823	400
Total income	327 873	13 453	43 934	11 774	9 433
Expenses:					
Payments to Consolidated Account	321 247	1	-	2 045	-
Grants	5 845	-	2 562	-	-
Victims of Crime payments	-	-	17 254	-	-
State Rescue Helicopter Service charges	-	-	-	10 453	-
Employee benefit expenses	-	39	932	17	3 653
Depreciation expense	-	-	3	-	60
Other expenses	140	1 185	2 914	65	1 583
Total expenses	327 232	1 225	23 665	12 546	5 296
Net result	641	12 228	20 269	(772)	4 137

(Activities - refer note A1)	6	7	8	9	Total
Income:	$'000	$'000	$'000	$'000	$'000
Taxation receipts	-	-	-	-	318 089
Revenues from SA Government	7 868	18 047	16 181	10 385	75 785
Grants and subsidies received	290	14 946	-	4 021	19 860
Interest revenues	-	-	-	12	24 518
Victims of Crime levies	-	-	-	-	28 535
Fees and charges	-	-	-	23	3 610
Sale of goods and services	-	-	26 825	-	26 825
Recoveries and other income	131	-	58	632	8 548
Total income	8 289	32 993	42 948	15 073	505 770
Expenses:					
Payments to Consolidated Account	-	-	-	200	323 493
Grants	-	32 993	-	4 511	45 911
Victims of Crime payments	-	-	-	-	17 254
State Rescue Helicopter Service charges	-	-	-	-	10 453
Employee benefit expenses	640	-	1 297	6 914	13 458
Depreciation expense	64	-	5 472	29	5 628
Other expenses	2 251	-	19 211	1 978	29 327
Total expenses	2 955	32 993	25 980	13 632	445 524
Net result	5 334	-	16 968	1 441	60 246

Schedule of Assets and Liabilities attributable to Administered Activities as at 30 June 2012

(Activities - refer note A1)	1	2	3	4	5
Current assets:	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	32 850	58 745	100 688	442	15 868
Receivables	26 808	1 840	2 698	1 003	2 225
Investments	-	24 196	-	-	65 466
Other current assets	-	-	-	-	-
Non-current assets:	-	-	-	-	-
Investments	-	23 453	-	-	77 666
Intangible assets	-	-	-	-	-
Property, plant and equipment	-	-	26	-	65
Other non-current assets	-	-	-	-	-
Total assets	59 658	108 234	103 412	561	161 290
Current liabilities:					
Payables	373	51	276	823	1 651
Employee benefits	-	-	15	-	-
Other current liabilities	27 379	-	-	4	59 913
Non-current liabilities:					
Payables	-	-	2	-	-
Employee benefits	-	-	18	-	-
Other non-current liabilities	-	-	-	-	86 965
Total liabilities	27 752	51	311	827	148 529
Net assets (liabilities)	31 906	108 183	103 101	(266)	12 761

(Activities - refer note A1)	6	7	8	9	Total
Current assets:	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	5 618	2	41 503	9 772	264 604
Receivables	196	-	931	1 048	36 749
Investments	-	-	-	-	89 662
Other current assets	-	-	-	-	-
Non-current assets:	-	-	-	-	-
Investments	-	-	-	-	101 119
Intangible assets	-	-	-	4	4
Property, plant and equipment	17 552	-	37 424	(1 078)	53 989
Other non-current assets	-	-	-	-	-
Total assets	23 366	2	79 858	9 746	546 127
Current liabilities:					
Payables	198	-	1 025	5 095	9 492
Employee benefits	55	-	100	243	413
Other current liabilities	-	-	-	148	87 444
Non-current liabilities:		-			-
Payables	11	-	18	42	73
Employee benefits	116	-	191	459	784
Other non-current liabilities	-	-	-	-	86 965
Total liabilities	380	-	1 334	5 987	185 171
Net assets (liabilities)	22 986	2	78 524	3 759	360 956

Schedule of Assets and Liabilities attributable to Administered Activities as at 30 June 2011

(Activities - refer note A1)	1	2	3	4	5
Current assets:	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	32 334	49 695	75 547	347	10 308
Receivables	25 380	2 843	3 364	298	3 239
Investments	-	21 336	-	-	75 808
Other current assets	-	9	-	90	-
Non-current assets:					
Investments	-	23 745	-	-	65 783
Intangible assets	-	-	-	-	-
Property, plant and equipment	-	1 379	10	-	13
Total assets	57 714	99 007	78 921	735	155 151
Current liabilities:					
Payables	283	106	871	1 124	4 860
Employee benefits	-	2	29	-	-
Other current liabilities	28 609	-	4	-	57 633
Non-current liabilities:					
Payables	-	-	7	-	-
Employee benefits	-	-	65	-	-
Other non-current liabilities	-	-	-	-	81 176
Total liabilities	28 892	108	976	1 124	143 669
Net assets (liabilities)	28 822	98 899	77 945	(389)	11 482

(Activities - refer note A1)	6	7	8	9	Total
Current assets:	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	13 178	2	18 497	7 268	207 176
Receivables	608	-	6 210	235	42 177
Investments	-	-	-	-	97 144
Other current assets	17	-	80	99	295
Non-current assets:					
Investments	-	-	-	-	89 528
Intangible assets	-	-	8	-	8
Property, plant and equipment	12 311	-	59 761	321	73 795
Total assets	26 114	2	84 556	7 923	510 123
Current liabilities:					
Payables	183	-	4 599	(1 395)	10 631
Employee benefits	19	-	89	245	384
Other current liabilities	3	-	13	(307)	85 955
Non-current liabilities:					
Payables	4	-	18	54	83
Employee benefits	39	-	165	399	668
Other non-current liabilities	-	-	-	-	81 176
Total liabilities	248	-	4 884	(1 004)	178 897
Net assets (liabilities)	25 866	2	79 672	8 927	331 226

Notes to and forming part of the administered financial statements

The disclosures in notes 1 to 3 to the controlled statements are equally applicable to the administered items of the Department.

AA. Adjustment of investment market value reserve

In 2010-11

An error correction has been made to the expenses, investment market value reserve and retained earning of the Residential Tenancies Fund, Retail Shop Leases Fund and the Second-hand Vehicles Compensation Fund. Under AASB 139, investments held with the Public Trustee have now been classified as available for sale. Any gains or losses as a result of holding these investment is now recognised through an investment market revaluation reserve, rather than through profit or loss. The treatment of revaluations gains or losses has been amended to comply with the requirements of AASB 139 and have been recognised directly in the equity of the Funds. In the following table, comparative figures have been retrospectively restated from 2006-07 where required with gains or losses on investments moved to the investment market value reserve.

For the Residential Tenancies Fund, the error correction has resulted in a decrease in the value of decrement on revaluation of investments in 2009 of $4.295 million and 2008 of $1.776 million. There is also an equivalent increase in the retained earnings and decrease in the investment market value reserve of the Fund for the same periods. There was no change to 2007 figures.

For the Retail Shop Leases Fund, the error correction has resulted in a decrease in the value of decrement on revaluation of investments in 2009 of $225 000 and 2008 of $29 000. There is also an equivalent increase in the retained earnings and decrease in the investment market value reserve of the Fund for the same periods. There was no change to 2007 figures.

For the Second-hand Vehicles Compensation Fund, the error correction has resulted in a decrease in the value of other expenses in 2009 of $138 000 and 2008 of $50 000. There is also an equivalent increase in the retained earnings and decrease in the investment market value reserve of the Fund for the same periods. There was no change to 2007 figures.

	2010 $'000	2009 $'000	2008 $'000	Total $'000
Expenses:				
Residential Tenancies Fund	1 549	(4 295)	(1 776)	(4 522)
Retail Shop Leases Fund	69	(225)	(29)	(185)
Second-hand Vehicles Compensation Fund	44	(138)	(50)	(144)
Agents Indemnity Fund	719	(1 306)	-	(587)
	2 381	(5 964)	(1 855)	(5 438)
Retained earnings:				
Residential Tenancies Fund	(1 549)	4 295	1 776	4 522
Retail Shop Leases Fund	(69)	225	29	185
Second-hand Vehicles Compensation Fund	(44)	138	50	144
Agents Indemnity Fund	(719)	1 306	-	587
	(2 381)	5 964	1 855	5 438
Investment market value reserve:				
Residential Tenancies Fund	1 549	(4 295)	(1776)	(4 522)
Retail Shop Leases Fund	69	(225)	(29)	(185)
Second-hand Vehicles Compensation Fund	44	(138)	(50)	(144)
Agents Indemnity Fund	719	(1 306)	-	(587)
	2 381	(5 964)	(1 855)	(5 438)

A1. Administered activities

Administered activities 2011-12

Activity 1: Liquor and Gambling Services

This administered activity recognises activities in relation to the receipt of payments associated with casino operations, gaming machines and gaming taxation. It also recognises receipts and payments associated with betting services, racing operations, lottery licences and liquor licence subsidies.

Activity 2: Consumer and Business Affairs

This administered activity includes activities in relation to the Agents Indemnity Fund and the Second-hand Vehicles Compensation Fund.

Administered activities 2011-12 (continued)

Activity 3: Victims of Crime

This administered activity relates to receipts and payments associated with the *Victims of Crime Act 2001* . The Act provides for payment of compensation to persons who suffer injury as a result of criminal acts and the recovery from the offenders. Payments to victims and the monies recovered from offenders are processed through a special interest bearing deposit account.

Activity 4: State Rescue Helicopter Service

This administered activity relates to the activities of the State Rescue Helicopter Service used by South Australia Police, Department for Health and Ageing, South Australian Country Fire Service, South Australian Ambulance Service and other non-government organisations.

Activity 5: Trust Accounts

This administered activity relates to activities associated with the Residential Tenancies Fund, Crown Solicitor's Trust Account and the Retail Shop Leases Fund. The Department receives monies which are held in trust pending the outcome of future events or settlements. The Department does not have direct control over these funds and acts in the capacity as trustee. Beneficiaries include other government departments for the sale of government property, claims from individuals and funding for the administration of these trusts (funded by the income earned from investing the Funds' monies).

Activity 6: Emergency Management Communications

This administered activity relates to activities associated with the implementation of the SA Computer Aided Dispatch.

Activity 7: Legal Aid

This administered activity relates to grant payments made to the Legal Services Commission. The Department receives annual specific grant funding from the Commonwealth which, together with the State Government component, is paid to the Legal Services Commission. The Commonwealth grant funding provides legal assistance for matters arising under Commonwealth law, while the State Government grant funding is expended on State law matters.

Activity 8: SA Government Radio Network (SAGRN)

The SAGRN is a significant project focussed on the radio communication needs of South Australian public safety organisations and government agencies.

Activity 9: Other

This administered activity reflects the financial performance and position of various administered activities, including the payment of special act salaries, the Child Abuse Protection Program, expensive State criminal cases, Professional Standards Council and Duke of Edinburgh Award Trust Account.

Administered activities 2010-11

Activity 1: Liquor and Gambling Services

This administered activity recognises activities in relation to the receipt of payments associated with casino operations, gaming machines and gaming taxation. It also recognises receipts and payments associated with betting services, racing operations, lottery licences and liquor licence subsidies.

Activity 2: Consumer and Business Affairs

This administered activity includes activities in relation to the Agents Indemnity Fund and the Second-hand Vehicles Compensation Fund.

Activity 3: Victims of Crime

This administered activity relates to receipts and payments associated with the *Victims of Crime Act 2001*. The Act provides for payment of compensation to persons who suffer injury as a result of criminal acts and the recovery from the offenders. Payments to victims and the monies recovered from offenders are processed through a special interest bearing deposit account.

Activity 4: State Rescue Helicopter Service

This administered activity relates to the activities of the State Rescue Helicopter Service used by the South Australia Police, Department for Health and Ageing, South Australian Country Fire Service, South Australian Ambulance Service and other non-government organisations.

Administered activities 2010-11 (continued)

Activity 5: Trust Accounts

This administered activity relates to activities associated with the Residential Tenancies Fund, Crown Solicitor's Trust Account and the Retail Shop Leases Fund. The Department receives monies which are held in trust pending the outcome of future events or settlements. The Department does not have direct control over these funds and acts in the capacity as trustee. Beneficiaries include other government departments for the sale of government property, claims from individuals and funding for the administration of these trusts (funded by the income earned from investing the Funds' monies).

Activity 6: Emergency Management Communications

This administered activity relates to activities associated with the implementation of the SA Computer Aided Dispatch.

Activity 7: Legal Aid

This administered activity relates to grant payments made to the Legal Services Commission. The Department receives annual specific grant funding from the Commonwealth which, together with the State Government component, is paid to the Legal Services Commission. The Commonwealth grant funding provides legal assistance for matters arising under Commonwealth law, while the State Government grant funding is expended on State law matters.

Activity 8: SA Government Radio Network (SAGRN)

The SAGRN is a significant project focussed on the radio communication needs of South Australian public safety organisations and government agencies.

Activity 9: Other

This administered activity reflects the financial performance and position of various administered activities, including the payment of special act salaries, the Child Abuse Protection Program, expensive State criminal cases, Professional Standards Council, Sport and Recreation Fund, Recreation and Sport Fund and Duke of Edinburgh Award Trust Account.

A2. Taxation revenue - administered items

	2012 $'000	2011 $'000
Taxation - gaming machines	290 932	291 611
Taxation - casino operations	23 350	21 404
Taxation - off-course totalisator	4 648	5 074
Total taxation revenue	318 930	318 089

A3. Revenues from SA Government - administered items

	2012	2011
Appropriations from Consolidated Account pursuant to the *Appropriation Act*	63 354	63 359
Appropriations under other Acts	12 534	12 426
Total revenues from SA Government	75 888	75 785

Total revenues from government consists of $63.4 million ($63.4 million) for operational funding. For details on the expenditure associated with the operational funding received refer notes A7 to A12. There were no material variations between the amount appropriated and the expenditure associated with this appropriation.

A4. Grants and subsidies received - administered items

	2012 $'000	2011 $'000
Commonwealth specific purpose grants:		
Legal aid	15 434	14 946
Total Commonwealth specific purpose grants	15 434	14 946
Grants from SA Government:		
SA Computer Aided Dispatch	290	290
Recreation and Sport	-	3 500
State Rescue Helicopter Service	592	578
Other	761	546
Total grants from SA Government	1 643	4 914
Total grants and subsidies received	17 077	19 860

A5. Interest revenues - administered items

	2012	2011
Interest from investments	8 878	10 154
Agents Indemnity Fund interest from agents	6 851	7 787
Interest from DTF	6 277	5 517
Interest from Housing SA	1 283	1 060
Other	6	-
Total interest revenues	23 295	24 518

		2012	2011
A5.	**Interest revenues - administered items (continued)**		
	Interest received/receivable from entities within the SA Government:	$'000	$'000
	Interest from investments	8 878	10 154
	Interest from DTF	6 277	5 517
	Interest from Housing SA	1 283	1 060
	Total interest revenues - SA Government entities	16 438	16 731
A6.	**Recoveries and other income - administered items**		
	Confiscation of profits	2 281	2 220
	Recoveries for State Rescue Helicopter Service	1 947	2 615
	Sundry recoveries	3 014	2 094
	Recoveries from offenders	836	704
	Gaming machine trading round revenue	4 430	-
	Other	1 203	915
	Total recoveries and other income	13 711	8 548
	Recoveries and other income received/receivable from entities within the SA Government:		
	Recoveries for State Rescue Helicopter Service	1 651	1 798
	Sundry recoveries	1 862	1 839
	Other	288	285
	Total recoveries and other income - SA Government entities	3 801	3 922
A7.	**Grants and subsidies - administered items**		
	Legal Services Commission	35 955	33 553
	Liquor licensees subsidies	3 110	5 845
	Victims of Crime	2 917	2 562
	Other	1 271	3 951
	Total grants	43 253	45 911
	Grants and subsidies paid/payable to entities within the SA Government:		
	Victims of Crime	1 220	-
	Other	586	-
	Total grants and subsidies - SA Government entities	1 806	-
A8.	**Victims of Crime payments - administered items**		
	Victims of Crime payments	16 313	17 254
	Total Victims of Crime payments	16 313	17 254
	Victims of Crime payments paid/payable to entities within the SA Government:		
	Victims of Crime payments	771	646
	Total Victims of Crime payments - SA Government entities	771	646
A9.	**State Rescue Helicopter Service charges - administered items**		
	State Rescue Helicopter Service charges	10 683	10 453
	Total State Rescue Helicopter Service charges	10 683	10 453
A10.	**Employee benefit expenses - administered items**		
	Salaries and wages	10 698	9 614
	TVSPs (refer below)	-	-
	Employee on-costs - superannuation	1 626	1 448
	Employee on-costs - other	617	581
	Board fees	897	979
	Annual leave	426	572
	LSL	378	264
	Workers compensation	-	-
	Total employee benefit expenses	14 642	13 458

Remuneration of officers

The number of officers, including judicial officers, whose remuneration received or receivable falls within the following bands:	2012 Number	2011 Number
$134 000 - $143 999	2	5
$144 000 - $153 999	1	1
$164 000 - $173 999	1	-
$194 000 - $203 999	-	1
$204 000 - $213 999	-	1
$254 000 - $263 999	2	-
$264 000 - $273 999	-	2
$284 000 - $293 999	1	-
$304 000 - $313 999	1	1
$324 000 - $333 999	-	1
$334 000 - $343 999	-	1
$364 000 - $373 999	1	-
$394 000 - $403 999	-	3
$404 000 - $413 999	-	1
$414 000 - $423 999	-	1
$424 000 - $433 999	-	1
$434 000 - $443 999	5	-
$454 000 - $463 999	1	-
$464 000 - $473 999	1	-
$504 000 - $514 999	-	1
$524 000 - $533 999	1	-
Total	17	20

The table includes all officers who received remuneration of $134 000 ($130 700) during the year. Remuneration of officers reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. Total remuneration received or due and receivable by these employees was $5.7 million ($5.7 million).

There were no TVSPs paid during the reporting period.

A11. Depreciation and amortisation expenses - administered items

	2012 $'000	2011 $'000
Depreciation:		
Information technology	652	410
Leasehold improvements	-	52
Plant and equipment	15	15
Buildings and other structures	114	114
Radio network assets	6 708	5 033
Total depreciation expense	7 462	5 624
Amortisation:		
Intangible assets	4	4
Total amortisation	4	4
Total depreciation and amortisation expense	7 466	5 628

A12. Other expenses - administered items

	2012 $'000	2011 $'000
Legal fees	434	895
Contract staff	3 478	448
Contract maintenance	1 172	1 129
Accommodation	1 328	1 103
Promotions and publications	264	487
ICT	2 473	981
Office expenses	780	187
Telephone related expenses	176	188
Betting services	40	46
Consultancies	201	22
Radio network expenditure	17 426	18 426
Gaming machine trading round disbursements	4 412	-
Transfer Victims of Crime Fund	2 436	2 537
Other	6 303	2 878
Total other expenses	40 923	29 327

A12. Other expenses - administered items (continued)

Other expenses paid/payable to entities within the SA Government:	2012 $'000	2011 $'000
Legal fees	6	60
Contract maintenance	14	-
Accommodation	533	335
ICT	294	54
Office expenses	352	-
Telephone related expenses	119	6
Consultants	16	-
Radio network expenditure	235	49
Transfer Victims of Crime Fund	2 137	-
Other	507	1 483
Total other expenses - SA Government entities	4 213	1 987

The number and dollar amount of consultancies paid/payable (included in other expenses) that fell within the following bands:	2012 Number	2012 $'000	2011 Number	2011 $'000
Below $10 000	6	15	5	22
Between $10 000 and $50 000	6	186	-	-
Total paid/payable to the consultants engaged	12	201	5	22

Auditor's remuneration	2012 $'000	2011 $'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	71	39
Total auditor's remuneration	71	39

No other services were provided by the Auditor-General's Department.

A13. Cash and cash equivalents - administered items

	2012	2011
Deposits with the Treasurer	264 604	207 176
Total cash and cash equivalents	264 604	207 176

Interest rate risk

Deposits at call and with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

Movement in trust accounts	Crown Solicitor's Trust Account		Residential Tenancies Fund		Retail Shop Leases Fund	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Balance at 1 July	4 357	4 897	3 536	9 400	321	917
Receipts	29 515	35 769	96 637	79 262	863	282
Payments	(32 852)	(36 309)	(85 304)	(85 126)	(590)	(878)
Balance transferred to Small Business Commissioner	-	-	-	-	(594)	-
Balance at 30 June	1 020	4 357	14 869	3 536	-	321

A14. Receivables - administered items

	2012 $'000	2011 $'000
Receivables	28 121	34 957
Allowance for doubtful debts	-	(1)
Accrued interest	3 460	5 053
Prepayments	290	884
Other	4 878	1 281
GST receivable	-	3
Total receivables	36 749	42 177
Receivables from SA Government entities:		
Receivables	4 418	10 555
Allowance for doubtful debts	-	(1)
Accrued interest	3 460	5 053
Prepayments	-	870
Total receivables from SA Government entities	7 878	16 477

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing.

Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

(a) Maturity analysis of receivables - refer note 26.
(b) Categorisation of financial instruments and risk exposure information - refer note 26.

A15. Investments - administered items

	2012	2011
Current:	$'000	$'000
Funds invested with the Public Trustee	89 662	97 144
Total current investments	89 662	97 144
Non-current:		
Funds invested with the Public Trustee	101 119	89 528
Total non-current investments	101 119	89 528
Total investments	190 781	186 672
Investments represent funds invested with the Public Trustee as follows:		
Residential Tenancies Fund	143 132	135 964
Agents Indemnity Fund	44 655	42 248
Second-hand Vehicles Compensation Fund	2 994	2 833
Retail Shop Leases Fund	-	5 627
Total investments	190 781	186 672

A16. Other current assets - administered items

Other current assets	-	295
Total other current assets	-	295
Other current assets from SA Government entities:		
Other current assets	-	295
Total other current assets from SA Government entities	-	295

A17. *(a)* *Property, plant and equipment - administered items*

Land, buildings and improvements:		
Buildings and improvements at fair value	2 124	3 409
Accumulated depreciation	(227)	(114)
Total land, buildings and improvements	1 897	3 295
Leasehold improvements:		
Leasehold improvements at fair value	373	317
Accumulated amortisation	(317)	(317)
Total leasehold improvements	56	-
Plant and equipment:		
Plant and equipment at fair value	201	719
Accumulated depreciation	(146)	(134)
Total plant and equipment	55	585
Information technology:		
Information technology at fair value	3 431	2 613
Accumulated depreciation	(1 715)	(1 090)
Total information technology	1 716	1 523
Capital work in progress:		
Capital work in progress at cost	2 157	13 810
Total capital work in progress	2 157	13 810
Radio network assets:		
Radio network assets for fair value	59 177	59 615
Accumulated depreciation	(11 069)	(5 033)
Total radio network assets	48 108	54 582
Total property, plant and equipment	53 989	73 795

A17. (a) *Property, plant and equipment - administered items (continued)*

(1) Valuations of leasehold improvements, fixtures and fittings were performed by Martin Burns, MBA, BAppSc Property Resource Management, AAPI, Certified Practising Valuer of Liquid Pacific as at 30 June 2012.

(2) Valuations of radio network assets were performed by Mark Ochota, Principal Consultant of UXC Consulting as at 30 June 2012.

(3) There were no indications of impairment of property, plant and equipment and infrastructure at 30 June 2012.

(b) Property, plant and equipment movement schedule - administered items

2012	Leasehold imprvmnts $'000	Information technology $'000	Plant and equipment $'000	Capital works in progress $'000
Carrying amount at 1 July	-	1 523	585	13 810
Additions	-	-	31	15 527
Depreciation and amortisation	-	(625)	(15)	-
Donation	-	-	-	(2 281)
Transfers from (to) work in progress	-	18	-	(18 705)
Revaluation	56	800	-	-
Disposal	-	-	-	-
Other	-	-	(546)	(6 194)
Carrying amount at 30 June	56	1 716	55	2 157

	Buildings and other structures $'000	Radio network assets $'000	Total property, plant & equipment $'000
Carrying amount at 1 July	3 295	54 582	73 795
Additions	-	-	15 558
Depreciation and amortisation	(114)	(6 708)	(7 462)
Donation	-	-	(2 281)
Transfers from (to) work in progress	-	18 687	-
Revaluation	(1 284)	(15 583)	(16 011)
Disposal	-	(2 870)	(2 870)
Other	-	-	(6 740)
Carrying amount at 30 June	1 897	48 108	53 989

2011	Leasehold imprvmnts $'000	Information technology $'000	Plant and equipment $'000	Capital works in progress $'000
Carrying amount at 1 July	52	343	51	7 261
Additions	-	1 645	-	7 098
Depreciation and amortisation	(52)	(410)	(15)	-
Transfers from (to) work in progress	-	-	549	(549)
Change in asset policy	-	(55)	-	-
Carrying amount at 30 June	-	1 523	585	13 810

	Buildings and other structures $'000	Radio network assets $'000	Total property, plant & equipment $'000
Carrying amount at 1 July	3 409	52 539	63 655
Additions	-	7 841	16 584
Depreciation and amortisation	(114)	(5 033)	(5 624)
Transfers from (to) work in progress	-	-	-
Change in asset policy	-	(765)	(820)
Carrying amount at 30 June	3 295	54 582	73 795

A18. ***(a)*** ***Intangible assets - administered items***

	2012	2011
SAGRN:	$'000	$'000
SAGRN	12	12
Accumulated amortisation	(8)	(4)
Total computer software	4	8
Total intangible assets	4	8

There was no indication of impairment of intangible assets at 30 June 2012.

(b) ***Intangible movement schedule - administered items***

	Intangibles $'000	2012 Total intangibles $'000
Carrying amount 1 July 2011	8	8
Depreciation and amortisation	(4)	(4)
Carrying amount 30 June 2012	4	4
Carrying amount 1 July 2010	12	12
Depreciation and amortisation	(4)	(4)
Carrying amount 30 June 2011	8	8

A19. **Payables - administered items**

	2012	2011
Current:	$'000	$'000
Creditors	9 403	10 478
Employee on-costs	60	76
Accruals	29	36
GST payable	-	41
Total current payables	9 492	10 631
Non-current:		
Employee on-costs	73	83
Total non-current payables	73	83
Total payables	9 565	10 714
Payables to SA Government entities:		
Creditors	1 634	3 243
Employee on-costs	133	161
Accruals	262	-
Total payables to SA Government entities	2 029	3 404

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of LSL taken as leave has changed from the 2011 (45%) rate to 40% and the average factor for the calculation of employer superannuation cost on-cost has remained at the 2011 rate of 10.3%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of $4000 and employee benefit expenses of $4000.

Interest rate and credit risk
Creditors and accruals are raised for all amounts billed but unpaid and are settled within the normal terms of payment of 30 days, unless otherwise agreed. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

(a) Maturity analysis of payables - refer note 26.
(b) Categorisation of financial instruments and risk exposure information - refer note 26.

A20. **Employee benefits - administered items**

	2012	2011
Current:	$'000	$'000
Annual leave	348	333
Accrued salaries and wages	-	1
LSL	65	50
Total current employee benefits	413	384

A20. Employee benefits - administered items (continued)

	2012 $'000	2011 $'000
Non-current:		
LSL	784	668
Total non-current employee benefits	784	668
Total employee benefits	1 197	1 052

AASB 119 contains the calculation methodology for LSL liability. It is accepted practice to estimate the present values of future cash outflows associated with the LSL liability by using a shorthand measurement technique. The shorthand measurement technique takes into account such factors as changes in discount rates and salary inflation.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 5.25% (2011) to 3% (2012).

This significant decrease in the bond yield, which is used as the rate to discount future LSL cash flows, results in a significant increase in the reported LSL liability.

Based on an actuarial assessment performed by DTF, the benchmark for the measurement of the LSL liability was revised to zero years (five years). The net financial effect of the changes in the current financial year is an increase in the LSL liability of $175 000 and employee benefit expenses of $175 000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

The actuarial assessment performed by DTF left the salary inflation rate at 4%. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

A21. Other liabilities - administered items

	2012 $'000	2011 $'000
Current:		
Gaming and other receipts payable to DTF	26 927	27 951
Security bonds lodged	58 892	52 982
Crown Solicitor's Trust Account	1 021	4 359
Other	604	663
Total other current liabilities	87 444	85 955
Non-current:		
Security bonds lodged	86 965	81 176
Total other non-current liabilities	86 965	81 176
Total other liabilities	174 409	167 131
Other current liabilities to SA Government entities:		
Gaming and other receipts payable to DTF	26 927	27 951
Total other current liabilities to SA Government entities	26 927	27 951

A22. Cash flow reconciliation - administered items

	2012	2011
Reconciliation of cash and cash equivalents at 30 June:		
Balance as per the Statement of Administered Cash Flows	262 604	207 176
Cash and cash equivalent as disclosed in the Statement of Administered Financial Position	262 604	207 176
Reconciliation of net cash provided by (used in) operating activities to net cost of providing services		
Net cash provided by (used in) operating activities	78 721	45 671
Non-cash items:		
Depreciation expense	(7 466)	(5 628)
Donated asset expense	(2 281)	-
Loss on write-off of assets	(2 870)	-
Loss from restructuring activities	(593)	-
Assets derecognised/written off	(6 193)	-
Equity movements	(156)	-
Other movement	81	-

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services (continued)	2012 $'000	2011 $'000
Movements in assets/liabilities:		
Receivables	(5 429)	2 523
Investments	4 109	-
Other assets	(295)	9 022
Payables	1 149	(100)
Employee benefits	(145)	(467)
Other liabilities	(7 275)	9 529
Current liabilities from restructure	-	(263)
Non-current liabilities from restructure	-	(133)
Current assets from restructure	-	92
Net result	51 357	60 246

A23. Unrecognised contractual commitments - administered items

Operating lease commitments

Commitments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	4 683	4 467
Later than one year but not longer than five years	15 402	5 574
Later than five years	-	121
Total operating lease commitments	20 085	10 162

The accommodation and office equipment leases are non-cancellable leases with rental payable monthly in advance.

Contingent rental provisions within the accommodation lease agreements provide for the minimum lease payments to be increased on specified rent review dates. Options exist to renew the accommodation leases at the end of the term of the lease.

Leases receivable contracted for at the reporting date but not recognised as assets are receivable as follows:	2012 $'000	2011 $'000
Within one year	645	600
Later than one year but not longer than five years	1 805	1 785
Later than five years	-	82
Total operating lease commitments	2 450	2 467

When acting as lessor, leases are non-cancellable leases for access rights to state-owned land sites. The leases have terms ranging from one to 25 years with some having a right of renewal.

Other commitments

Within one year	15 707	15 434
Later than one year but not longer than five years	15 971	31 667
Total other commitments(1)	31 678	47 101

(1) Grant amounts payable under agreements in respect of which the grantee has yet to provide the services required under the agreement. The grant commitments as at 30 June 2012 relates to the National Partnership Agreement on legal assistance services between the Commonwealth of Australia and the states and territories.

A24. Contingent assets and liabilities - administered items

The Department is not aware of any contingent assets.

The Agents Indemnity Fund has an estimated contingent obligation to pay $130 000 relating to current and expected claims against the Fund.

The Department is of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Under the *Residential Tenancies Act 1995*, interest is paid to tenants when a bond is repaid to them, interest is not paid when a bond is paid to landlords or third parties such as Housing SA. The interest payable to tenants has not been recorded as a liability, as the Residential Tenancies Fund does not have a present obligation until the tenant lodges a claim for the repayment of the bond. It is estimated that the interest liability as at 30 June 2012 is $118 000.

A25. Transferred functions - administered items

2011-12

Transferred out

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 July 2011 the Attorney-General's Department transferred responsibility for the Recreation and Sport Fund and the Sport and Recreation Fund to the Department of Planning and Local Government. Assets and liabilities relating to these business units were transferred out of the Attorney-General's Department as at 1 July 2011.

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 January 2012 the Attorney-General's Department transferred responsibility for the Duke of Edinburgh Trust Fund to the Department for Communities and Social Inclusion. Assets and liabilities relating to these business units were transferred out of the Attorney-General's Department as at 1 January 2012.

Under the Administrative Arrangements (Administration of Retail and Commercial Leases Act) Proclamation 2012, from 22 March 2012 the Attorney-General's Department transferred responsibility for the Retail Shop Leases Fund to the Officer of the Small Business Commissioner. Assets and liabilities relating to these business units were transferred out of the Attorney-General's Department as at 1 April 2012.

	Recreation and Sport Fund	Sport and Recreation Fund	Duke of Edinburgh Trust	Retail Shop Leases Fund	2012 Total
Assets:	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	1 738	3 322	167	594	5 821
Investments	-	-	-	5 896	5 896
Receivables	-	-	14	12	26
Property, plant and equipment	-	-	-	-	-
Total assets	1 738	3 322	181	6 502	11 743
Liabilities:					
Payables	-	-	-	657	657
Employee benefit expenses	-	-	4	-	4
Provisions	-	-	-	-	-
Other	-	-	-	4 668	4 668
Total liabilities	-	-	4	5 325	5 329
Total net assets transferred out	1 738	3 322	177	1 177	6 414

Net assets transferred by the Department as a result of the administrative restructure were at the carrying amount. The net assets transferred were treated as a distribution to the Government as owner.

2010-11

Transferred in

As a result of restructuring of administrative arrangements, DPC transferred responsibility for the Employee Ombudsman and the WorkCover Ombudsman as at 1 July 2010.

As a result of restructuring of administrative arrangements, DPC transferred responsibility for salary payments for judges and magistrates as at 1 July 2010.

	Employee Ombudsman	Judges and magistrates	2011 Total
Assets:	$'000	$'000	$'000
Cash and cash equivalents	-	-	-
Receivables	92	-	92
Inventory	-	-	-
Property, plant and equipment	-	-	-
Other	-	-	-
Total assets	92	-	92
Liabilities:			
Payables	9	35	44
Employee benefit expenses	72	280	352
Provisions	-	-	-
Other	-	-	-
Total liabilities	81	315	396
Total net liabilities transferred in	11	(315)	(304)

The net liabilities transferred in were taken up by the Department.

A26. Financial instruments - administered items

(a) Categorisation of financial instrument

		2012		2011	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	Note	$'000	$'000	$'000	$'000
Cash and cash equivalents:					
Cash and cash equivalents	A13	264 604	264 604	207 176	207 176
Loans and receivables:					
Receivables[(1)(2)]	A14	36 459	36 459	41 293	41 293
Other financial assets	A15	190 781	190 781	186 672	186 672
Financial liabilities					
Financial liabilities at cost:					
Payables[(1)]	A19	9 432	9 432	10 555	10 555
Borrowings/interest bearing liabilities		-	-	-	-
Other liabilities	A21	174 409	174 409	167 131	167 131
Total		183 841	183 841	177 686	177 686

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost) except for employee on-costs which are determined via reference to the employee benefit liability to which they relate.

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 20 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Financial assets

Cash and receivables are recorded at the carrying amount which approximates net fair value.

Investments represent funds held by the Public Trustee on behalf of the Residential Tenancies Fund, Retail Shop Leases Fund, Agents Indemnity Fund and Second-hand Vehicles Compensation Fund (the Funds). The Public Trustee has invested in collective investment vehicles for the purpose of gaining exposure to Australian and international equities. The managers of such vehicles have invested in a variety of financial instruments which expose the Funds to investment risks, including market, credit, interest and currency risk. These investments are valued by the Public Trustee at reporting date and recognised at fair value.

Financial liabilities

Financial liabilities principally represent security bonds held on behalf of third parties and taxation receipts payable to the Treasurer. The carrying amount of all financial liabilities is considered to be a reasonable estimate of net fair value.

Credit risk

At reporting date funds totalling $190.8 million were invested with the Public Trustee. Pooled investment funds are not rated for credit risk. The Public Trustee considers the credit risk of individual fund managers prior to investing funds and reviews these assessments quarterly.

Other than pooled investments, the Department has no significant concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

Allowances for impairment of financial assets are calculated on past experiences and expected changes in client credit rating. Currently the Department does not hold any collateral as security for any of its financial assets. There are no financial assets administered by the Department past due.

(b) Ageing analysis of financial statements

The following table discloses the ageing of impaired assets past due.

	Past due by			
	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2012	$'000	$'000	$'000	$'000
Not impaired:				
Receivables	4	5	176	185
Impaired:				
Receivables	-	-	1	1
2011				
Not impaired:				
Receivables	44	1 374	268	1 686
Impaired:				
Receivables	-	-	1	1

(c) Maturity analysis of financial assets and liabilities

The following table discloses the maturity analysis of financial assets and financial liabilities.

		Contractual maturities		
	Carrying amount	Less than 1 year	1-5 years	More than 5 years
2012	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	264 604	264 604	-	-
Investments	190 781	89 662	101 119	-
Receivables[(1)]	36 458	36 458	-	-
Other financial assets	-	-	-	-
Total financial assets	491 843	390 724	101 119	-
Financial liabilities:				
Payables[(1)]	9 432	9 432	-	-
Other financial liabilities	174 409	87 444	86 965	-
Total financial liabilities	183 841	96 876	86 965	-
2011				
Financial assets:				
Cash and cash equivalents	207 176	207 176	-	-
Investments	186 672	97 144	89 528	-
Receivables[(1)]	41 290	41 290	-	-
Other financial assets	295	295	-	-
Total financial assets	435 433	345 905	89 528	-
Financial liabilities:				
Payables[(1)]	10 478	10 478	-	-
Other financial liabilities	167 131	85 955	81 176	-
Total financial liabilities	177 609	96 433	81 176	-

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables.

Liquidity risk

Financial liabilities principally represent security bonds held on behalf of third parties and taxation receipts payable to the Treasurer. Security bonds are payable on receipt of an application from the tenant or lessee. Cash balances and cash common funds held with the Public Trustee are available at call.

(d) Market risk

Activities administered by the Department are exposed to price risk. Price risk represents the risk that the fair value of investments held with the Public Trustee will fluctuate due to changes in the market price for the underlying asset.

(d) Market risk (continued)

Investments held with the Public Trustee are classified as 'available-for-sale' financial assets. Net gains or losses resulting from movements in the fair value of investments are recognised directly in equity. Accordingly there is no impact on administered income and expenses.

Cash administered by the Department is also subject to interest rate risk.

Sensitivity analysis

The impact of a 1% movement in interest rates and a 1% movement in equity indexes on financial assets administered by the Department is shown in the following table.

		Interest rate risk		Price risk	
		-1%	+1%		
	Carrying	Operating	Operating	-1%	+1%
2012	amount	surplus	surplus	Equity	Equity
Financial assets:	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	264 604	(2 646)	2 646	-	-
Investments	190 781	-	-	(1 908)	1 908
Total increase (decrease)		(2 646)	2 646	(1 908)	1 908
2011					
Financial assets:					
Cash and cash equivalents	207 176	(2 071)	2 071	-	-
Investments	186 672	-	-	(1 867)	1 867
Total increase (decrease)		(2 071)	2 071	(1 867)	1 867

A27. Events after reporting period

On 10 August 2012, the Acting Chief Executive was advised of an alleged fraud against the Victims of Crime Fund. As of September 2012, the matter was subject to a police investigation and the amount alleged to have been misappropriated was unknown.

The Department has been advised that current insurance arrangements cover any losses incurred as a result of fraudulent activity. The financial exposure is limited to $10 000 under these insurance arrangements.

Public Trustee

Functional responsibility

Establishment

The Public Trustee is a body corporate established pursuant to the provisions of the *Public Trustee Act 1995*.

Functions

The powers and functions of the Public Trustee are established by the *Public Trustee Act 1995*. The Public Trustee administers the estates of deceased and protected people which requires the management of assets, preparation of wills, investment of funds and arranging legal representation and advice. For information about the Public Trustee's objectives refer note 1 to the corporate financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA and section 50 of the *Public Trustee Act 1995* provide for the Auditor-General to audit the accounts of the Public Trustee for each financial year.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Public Trustee in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial report and internal controls.

The 2011-12 audit covered the corporate, trusts and common funds operations of the Public Trustee.

Specific areas of audit attention included:

- corporate governance
- expenditure
- revenue
- payroll
- investments and fund manager reporting
- client assets
- general ledger.

Audit findings and comments

Auditor's report on the financial report

In my opinion the financial report gives a true and fair view, in all material respects, of the financial position of the Public Trustee as at 30 June 2012, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Public Trustee in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters relating to Corporate and Trust operations' reconciliation processes and the implementation of TIs 2 and 28 as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Public Trustee have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Public Trustee. The significant matters raised with the Public Trustee and the responses are detailed below. Some of the matters raised are similar to issues reported in previous years.

Corporate operations

The following matters were noted and raised with the Public Trustee:

- Certain key reconciliation processes, including payroll and sundry debtor reconciliations were not being undertaken on a timely basis.
- There was a need to review segregation of duties associated with expenditure transaction processing.
- A policy/procedure should be developed covering user administration and transaction authorised limits for online banking processing.

In response, the Public Trustee advised that greater emphasis will be given to the effective performance of key reconciliations; that it had reviewed expenditure segregation of responsibilities; and a policy/procedure covering user administration and transaction limits will be developed by November 2012.

Common fund operations

Certain matters raised in the last Report, including the need for a monthly reconciliation of investments held to the general ledger, have been satisfactorily addressed.

Trust operations

The following notable matters were raised with the Public Trustee:

- There was a need to improve daily and monthly bank reconciliation processes, in particular for daily bank reconciliations reconciling items to be checked on a daily basis, and for improved records management associated with the preparation and retention of monthly bank reconciliations.

- A system of control was suggested to ensure any high risk issues arising from the annual review process of estate files were adequately addressed.

In response, the Public Trustee advised that it would address the reconciliation matters and institute from October 2012 the sampling of high risk issues to ensure appropriate actioning.

Implementation of TIs 2 and 28

Policies and procedures

Audit noted that a significant amount of work has been undertaken to develop and revise all corporate and operational policies and procedures. The Public Trustee advised that over 500 documents have been reviewed and updated with a further 70 documents currently being reviewed and expected to be finalised by October 2012.

In the areas of common fund and trust management Audit recommended certain updates to policies/procedures. These included an update to investment guidelines for common funds and the development of a formal policy on revaluation of accommodation bonds held by estates. Public Trustee advised that it has or is addressing these specific recommendations.

Financial management compliance

Previous Reports conveyed that the Public Trustee uses an established financial management compliance program (FMCP) and the performance of Control Self-Assessments (CSAs) to evaluate its internal control environment. However, because controls tested through the CSA were not mapped to the relevant areas of the FMCP, the Public Trustee was not assured of a complete and effective review of its internal control environment.

At the time of the 2011-12 audit, work was in progress to address this important documentation and assessment linkage gap. The Public Trustee advised in August 2012 that it had completed the process mapping work; was updating the CSA; and had completed a compliance assessment which was provided to Audit.

These developments will be subject to audit for effectiveness for the 2012-13 financial year.

Interpretation and analysis of the financial report

Highlights of the financial report

	2012 $'million	2011 $'million
Income		
Fees and charges	20	19
Other revenues	2	3
Total income	22	22
Expenses		
Employee benefits	14	13
Supplies and services	6	5
Other expenses	1	1
Total expenses	21	19

	2012 $'million	2011 $'million
Profit before tax	1	3
Income tax equivalent expense	-	1
Profit after tax and total comprehensive result	1	2
Net cash provided by (used in) operating activities	2	2
Assets		
Current assets	12	10
Non-current assets	20	22
Total assets	32	32
Liabilities		
Current liabilities	3	3
Non-current liabilities	6	6
Total liabilities	9	9
Total equity	23	23

Statement of Comprehensive Income

Income

The Public Trustee's main source of income is fees and charges comprising commissions from the management of trusts, management fees for the investment of common funds and various other fees and charges. The fees and charges reflect the number and value of trusts managed throughout the year.

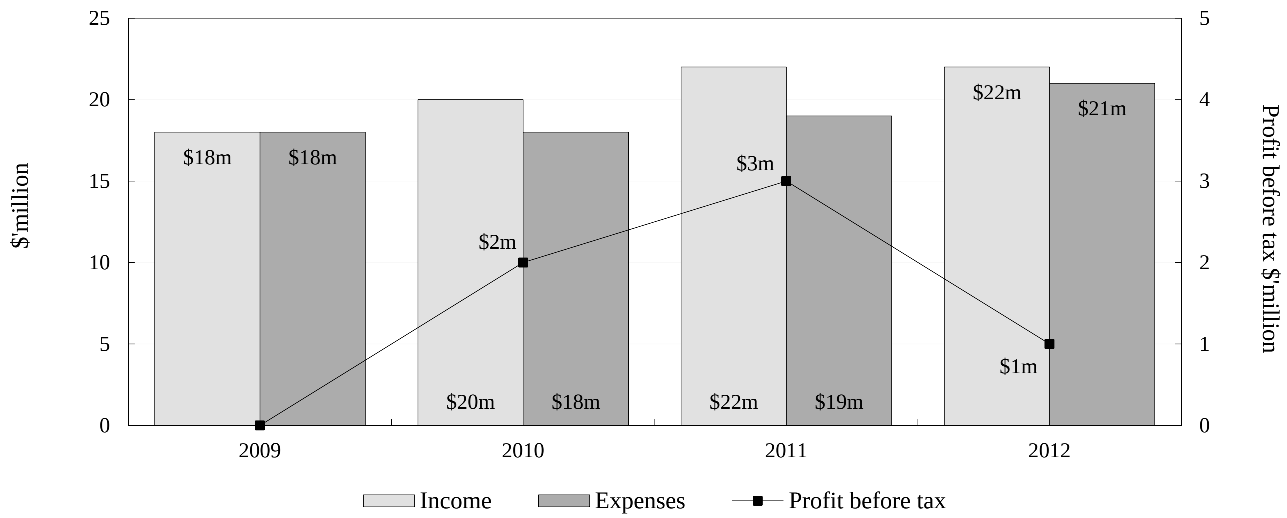
The decrease of $1.1 million in other revenue is attributable to a reduction in returns on investments of corporate funds.

Expenses

Employee benefits account for the majority of the Public Trustee expenses, representing 68% of the total. In 2011-12 expenses increased by $2 million to $20.7 million. The principal reason for the increase was employee benefits increasing by $1.5 million.

Net result

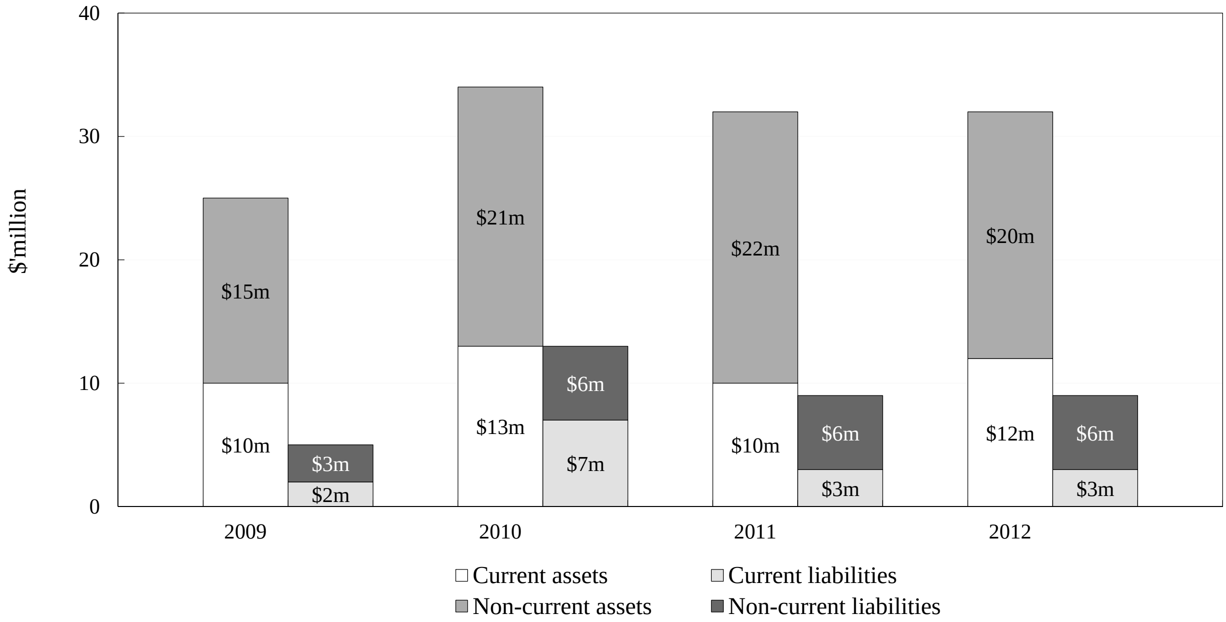
The following chart shows the revenues, expenses and profit before tax for the four years to 2012.



The decrease in profit before tax is the net result of the reduction in returns on investments and the increase in employee benefits expense.

Statement of Financial Position

The following chart analyses the assets and liabilities for the four years to 2012.



Current assets

Current assets have increased by $2.6 million (27%) to $12.1 million in 2012. This is mainly the result of a reclassification of a financial asset for $2 million from non-current to a current asset.

Non-current assets

Non-current assets have decreased by $2.4 million (11%) to $19.9 million in 2012. This is largely due to the reclassification of a financial asset for $2 million from non-current to a current asset.

Liabilities

Total liabilities have remained relatively constant in 2012.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2012.

	2012 $'million	2011 $'million	2010 $'million	2009 $'million
Net cash flows				
Operating	2.5	2.0	1.7	3.8
Investing	(0.7)	(3.5)	(2.3)	1.6
Financing	(0.7)	-	-	(0.5)
Change in cash	1.1	(1.5)	(0.6)	4.9
Cash at 30 June	8.7	7.6	9.1	9.7

Cash increased by $1.1 million in 2012 mainly as a result of reduced payments for investing activities in 2012.

Interpretation and analysis of Statement of Trusts being Administered

The value of trust funds administered by the Public Trustee in 2012 was $1.2 billion.

Note 3 to the Statement of Trusts being Administered provides details of the number and value of trust funds under administration.

Of the total funds being administered, 68% (67%) were invested in the common funds with the remaining 32% (33%) represented by estate assets.

Further commentary on operations

Common fund financial statements

The Public Trustee operates seven common funds through which client funds are invested. These funds are:

- Cash
- Short-term Fixed Interest
- Long-term Fixed Interest
- Overseas Fixed Interest
- Australian Shares
- Overseas Shares
- Listed Property Securities.

A summary of the net operating result and total assets of each of the seven common funds is provided in the table below. Full versions of the financial statements for each of the common funds are available in the Public Trustee's annual report.

Analysis of common fund key figures

The following table summarises for each common fund the annual net operating result and the value of assets held at 30 June 2012 and 30 June 2011.

Common fund	Net operating result		Assets	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Cash	19 667	19 757	*400 519	*403 729
Short-term Fixed Interest	2 891	2 207	50 064	50 331
Long-term Fixed Interest	6 215	3 891	90 986	88 676
Overseas Fixed Interest	2 930	1 948	35 558	36 676
Australian Shares	(11 614)	24 846	145 815	167 338
Overseas Shares	1 852	9 468	105 499	108 394
Listed Property Securities	3 672	8 701	45 047	45 175

* Includes $65 million ($90 million) deposited by other common funds.

Corporate Statements

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Income:			
Fees and charges	4(a)	19 881	19 300
Interest	4(b)	1 171	1 012
Unrealised gains on financial assets		1	-
Gain from the disposal of financial assets		-	7
Other income	4(c)	366	1 424
Total income		21 419	21 743
Expenses:			
Employee benefits	5(a),5(b),5(c),5(d)	13 990	12 465
Supplies and services	5(e),5(f),5(g)	5 879	5 040
Unrealised loss on financial assets		-	360
Depreciation and amortisation		828	865
Total expenses		20 697	18 730
Profit (Loss) before income tax equivalents		722	3 013
Income tax equivalent	2(c)	217	904
Profit (Loss) after income tax equivalents		505	2 109
Total comprehensive result		505	2 109

Profit (Loss) after income tax equivalents and total comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash and cash equivalents	17	8 741	7 638
Receivables	6	1 347	1 897
Financial assets	7,8	1 998	-
Total current assets		12 086	9 535
Non-current assets:			
Financial assets	7,8	14 692	16 187
Plant and equipment	9	5 164	5 880
Intangible assets	10	17	160
Total non-current assets		19 873	22 227
Total assets		31 959	31 762
Current liabilities:			
Payables	11	1 435	1 732
Lease incentive		268	270
Employee benefits	12	1 233	1 180
Total current liabilities		2 936	3 182
Non-current liabilities:			
Payables	11	404	286
Lease incentive		1 851	2 157
Employee benefits	12	3 634	2 824
Total non-current liabilities		5 889	5 267
Total liabilities		8 825	8 449
Net assets		23 134	23 313
Equity:			
Reserves	15	285	285
Retained earnings		22 849	23 028
Total equity		23 134	23 313

Total equity is attributable to the SA Government as owner

Contingent assets and liabilities	14
Unrecognised contractual commitments	18

Statement of Changes in Equity
for the year ended 30 June 2012

	Note	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2010		311	20 893	21 204
Payments from other reserves	15	(26)	26	-
Net expense (income) recognised directly in equity		(26)	26	-
Profit (Loss) after income tax equivalent		-	2 109	2 109
Total comprehensive result for 2010-11		(26)	2 135	2 109
Transactions with SA Government as owner:				
Dividend provided for		-	-	-
		(26)	2 135	2 109
Balance at 30 June 2011		285	23 028	23 313
Payments from other reserves	15	-	-	-
Net expense (income) recognised directly in equity		-	-	-
Profit (Loss) after income tax equivalent		-	505	505
Total comprehensive result for 2011-12		-	505	505
Transactions with SA Government as owner:				
Dividend provided for	13	-	(684)	(684)
		-	(179)	(179)
Balance at 30 June 2012		285	22 849	23 134

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

Statement of Cash Flows
for the year ended 30 June 2012

		2012	2011
		Inflows	Inflows
		(Outflows)	(Outflows)
Cash flows from operating activities:	Note	$'000	$'000
Cash inflows:			
Fees and charges		21 861	21 348
Sundry income		169	59
Interest		1 124	1 001
Distributions		1 390	220
GST received from ATO		-	213
Cash generated from operations		24 544	22 841
Cash outflows:			
Employee benefits		(12 989)	(12 669)
Supplies and services		(6 629)	(6 100)
Tax equivalents		(1 041)	(775)
GST remitted to ATO		(1 405)	(1 284)
Cash used in operations		(22 064)	(20 828)
Net cash provided by (used in) operating activities	16	2 480	2 013
Cash flows from investing activities:			
Cash inflows:			
Proceeds from sales/maturities of financial assets		-	2 000
Plant and equipment incentive		-	2 269
Cash generated from investing activities		-	4 269
Cash outflows:			
Financial assets		(504)	(4 106)
Purchase of plant and equipment		(189)	(3 694)
Purchase of intangibles		-	(8)
Cash used in investing activities		(693)	(7 808)
Net cash provided by (used in) investing activities		(693)	(3 539)
Cash flows from financing activities:			
Cash outflows:			
Dividend distribution to State Government		(684)	-
Net cash provided by (used in) financing activities		(684)	-
Net increase (decrease) in cash and cash equivalents held		1 103	(1 526)
Cash and cash equivalents at 1 July		7 638	9 164
Cash and cash equivalents at 30 June	17	8 741	7 638

Notes to and forming part of the financial statements

1. Objectives of the Public Trustee

The office of the Public Trustee was established in 1881 and is constituted under the provisions of the *Public Trustee Act 1995* (the Act). The Public Trustee is a statutory officer pursuant to the Act. Public Trustee is a body corporate with the powers of a natural person.

1. Objectives of the Public Trustee (continued)

The role of the Public Trustee is to provide all South Australians with access to will making services, powers of attorney preparation and deceased estate and trust administration. The Public Trustee also has a role in managing the financial affairs of those people in the community who lack the capacity to manage their own affairs as determined by the courts, the Guardianship Board or through activation of powers of attorney.

2. Statement of significant accounting policies

The corporate statements present the financial performance, financial position and cash flows of Public Trustee as at 30 June 2012 together with the supporting notes.

Financial statements relating to funds administered by Public Trustee are prepared separately, detailing Trusts being administered and common funds under management.

(a) Basis of accounting

Statement of compliance

The financial statements are general purpose financial statements and have been prepared in accordance with relevant AASs and comply with TIs and APSs promulgated under the provisions of the PFAA.

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by Public Trustee for the reporting period ending 30 June 2012 (refer note 3).

Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying Public Trustee's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in these financial statements:

  (i) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of $100 000 for separate identification of these items applies

  (ii) expenses incurred as a result of engaging consultants

  (iii) employee TVSP information

  (iv) employees whose normal remuneration is equal to or greater than the base executive remuneration level and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

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

The Public Trustee Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable. The Statement of Cash Flows has been prepared on a cash basis.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2012 and the comparative information presented for the year ended 30 June 2011.

(b) Comparative information

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

Where presentation or classification of items in the financial statements has been amended comparative amounts have been reclassified unless reclassification is impracticable. The restated comparative amounts do not replace the original financial statements for the preceding period.

For the year ended 30 June 2012 Public Trustee has not applied an accounting policy retrospectively or made a retrospective restatement of items or reclassified items in the financial statements.

(c) Taxation and dividend

The Act, through the provisions of sections 47 and 48, provides for the payment to government of taxation equivalents and dividends. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate be applied to the net profit. The Public Trustee consults with the Minister as to whether a dividend should be paid to the Treasurer for that financial year and, if so, as to the amount of the dividend.

Public Trustee is also liable for payroll tax, FBT, and GST.

(d) Events after balance date

Where an event occurs after 30 June but provides information about conditions that existed at 30 June, adjustments are made to amounts recognised in the financial statements.

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

(e) Basis of valuation

Non-current assets and liabilities with the exception of plant and equipment are carried at fair value.

Plant and equipment

Plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation or amortisation. The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amounts from these assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining the recoverable amount. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. The acquisition of software is capitalised when the expenditure meets the definition and recognition criteria of an asset and when the amount of expenditure is greater than or equal to $5000. Software is measured at cost unless the asset is acquired for no cost or for a nominal amount and then the asset's fair value is deemed to be cost. All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

Plant and equipment and intangible assets are depreciated or amortised on a straight-line basis over their estimated useful lives, commencing from the time the asset is held ready for use. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to physical assets such as plant and equipment.

The depreciation/amortisation rates used for each class of depreciable assets are:

Class of fixed assets	*Depreciation rate (%)*
Plant and equipment	20-27
Software	20-27
Accommodation fitout	10

Financial instruments

Financial instruments are carried at fair value determined as below:

Financial instruments (continued)

- Cash and cash equivalents are valued at nominal amounts. This asset consists of cash at bank, cash on hand and short-term money market deposits that are readily converted to cash and which are subject to insignificant risk of changes in value.
- Investments on acquisition are brought to account at cost and subsequently revalued at the balance date to fair value. Fixed interest investments are classified as held at fair value through the profit or loss and valued at market value based on independently obtained market yields applying at the balance date. Australian and international equities currently held in pooled funds are valued at the fair value prices established by the managers of the collective investment vehicles in which Public Trustee has invested.

Financial instruments - recognition
Public Trustee recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Financial instruments - measurement
Financial assets and liabilities held at fair value through the profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit and loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

- *Fair value in an active market*
  The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.
- *Fair value of unlisted unit trusts*
  Investments in other unlisted unit trusts are recorded at the fair value as reported by the managers of such funds.

Financial instruments - classification
Investments in financial assets such as equities and units in unlisted schemes have been classified as 'fair value through the profit or loss' and recognised in the Statement of Financial Position at fair value, with changes in fair value during the period recognised in the Statement of Comprehensive Income.

If any indication of impairment exists, an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the Statement of Comprehensive Income.

Receivables and payables are valued on a historical cost basis and it is considered that carrying value approximates market value.

Distributions from trust investments are recognised on a present entitlement basis.

(f) Rounding
All amounts in the financial statements have been rounded to the nearest thousand dollars ($'000).

(g) Income and expenses
Income and expenses are recognised in Public Trustee's Statement of Comprehensive Income when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Income and expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard or where offsetting reflects the substance of the transaction or other event.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer and is determined by comparing proceeds with carrying amounts.

(h) Employee benefits

Provision has been made in the financial statements, where stated, for Public Trustee's liability for employee benefits arising from services rendered by employees to balance date that remain unpaid. Related on-costs consequential to the employment of employees (payroll tax and superannuation contributions) have been included under 'payables' (refer note 11).

Salaries and wages

Liability for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

Superannuation

Public Trustee makes contributions to several superannuation schemes operated by the State Government. These contributions are treated as an expense when they occur. There is no liability for payment to beneficiaries as the South Australian Superannuation Board has assumed this liability. The only liability outstanding at balance date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

Annual leave

Provision has been made for the unused component of annual leave to balance date. The provision has been calculated at nominal amounts based on current salary rates plus 4% inflation rate as recommended in APF IV, APSs 5.4 and 5.5.

LSL

LSL is recognised on a pro-rata basis in respect of services provided by Public Trustee employees up to balance date. The liability is measured at the actuarial assessment by DTF based on a significant sample of employees throughout the South Australian public sector. This calculation is consistent with Public Trustee's experience of employee retention and leave taken. The liability has been calculated at nominal amounts based on current salary rates. The current liability portion has been based on the past history of annual payments.

Sick leave

No provision has been made in respect of sick leave, as entitlements are non-vesting. As sick leave taken by employees is considered to be taken from the current year's accrual, no liability is recognised.

(i) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. Public Trustee has assessed whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Public Trustee has entered into operating leases.

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

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

The aggregate benefits of lease incentives received by the Public Trustee in respect of operating leases are recorded as a reduction of rental expense over the lease term, on a straight-line basis.

(j) Insurance

Public Trustee has insured for risks through the State Government's insurers, SAICORP, a division of SAFA. The excess payable under this arrangement varies depending on each class of insurance held.

(k) Current and non-current items

Assets and liabilities are characterised as either current or non-current in nature. Public Trustee has a clearly identifiable operating cycle of 12 months. Therefore assets and liabilities that will be realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

(l) Receivables

Receivables comprise debtors, accrued investment income and prepayments. Debtors arise in the normal course of selling goods and services to the public and other agencies. Trade receivables are payable within 30 days after the issue of an invoice or the services have been provided under a contractual arrangement.

(m) Payables

Payables include creditors, accrued expenses, employment on-costs, income tax equivalents and GST (refer note 2(n)).

Creditors represent the amounts owing for goods and services received, but not paid prior to the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of Public Trustee.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All amounts are measured at their nominal amount and are normally settled within 30 days after Public Trustee receives an invoice.

Employment on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, LSL and annual leave.

(n) Accounting for GST

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

- the amount of GST incurred by Public Trustee as a purchaser that is not recoverable from the ATO is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- receivables and payables are stated with the amount of GST included.

The net GST payable to, or recoverable from, the ATO has been recognised as a payable or receivable in the Statement of Financial Position.

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

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

(o) Disaggregated reporting

Disaggregated reporting has been deemed not appropriate for Public Trustee, as assets, liabilities, income and expenses attributable to different activities cannot be reliably determined.

(p) Impairment

All assets are assessed annually for evidence of impairment at reporting date, where there is an indication of impairment, the recoverable amount is estimated. Any amount by which the carrying amount exceeds the recoverable amount is recorded as an impairment loss.

3. New and revised accounting standards

The AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Public Trustee for the period ending 30 June 2012. The Public Trustee has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements.

4. Income

	2012	2011
(a) Fees and charges:	$'000	$'000
Fees and charges from entities external to the SA Government:		
Commissions[(1)]	10 886	10 077
Fees and charges[(1)]	1 620	1 829
Management fees[(2)]	7 375	7 394
Total fees and charges	19 881	19 300

(1) Commissions and fees are charged against estates pursuant to section 45 of the Act.

(2) A management fee is charged against common funds at the rate of one-twelfth of one percent of the value of each fund as at the first business day of the month.

(b) Interest:

	2012	2011
	$'000	$'000
Interest from entities external to the SA Government:		
Interest on fixed-term investments	1 064	862
Total interest - non-SA Government entities	1 064	862
Interest from entities within the SA Government:		
Interest on operating and reserve accounts	107	150
Total interest - SA Government entities	107	150
Total interest	1 171	1 012

(c) Other income:

Other income from entities external to the SA Government:		
Sundry income	20	28
Distributions from trusts	197	1 396
Total other income - non-SA Government entities	217	1 424
Other income from entities within the SA Government:		
Recoupment of salaries and on-costs	149	-
Total other income- SA Government entities	149	-
Total other income	366	1 424

5. Expenditure

(a) ***Superannuation***

During 2011-12 Public Trustee paid an amount of $1.3 million ($1.1 million) to DTF towards the accruing government liability for superannuation in respect of its employees.

(b) ***Remuneration of employees***

The number of employees whose remuneration received or receivable fell within the following bands:	2012 Number	2011 Number
$137 300 - $147 299	-	1
$167 300 - $177 299	-	1
$187 300 - $197 299[(1)]	2	1
$267 300 - $277 299	1	-
Total	3	3

(1) One employee was seconded to the Department for Education and Child Development on 31 October 2011. The Department for Education and Child Development reimbursed Public Trustee for the period 31 October 2011 to 30 June 2012. The total remuneration to the officer is included in the table above.

Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. Total remuneration received or due and receivable by these employees was $659 000 ($509 000).

(c) ***TVSPs***

Public Trustee provided no TVSPs during 2011-12 or the previous year.

(d) ***Remuneration of board and committee members***

Members that were entitled to receive remuneration for membership during the 2011-12 financial year were:

Public Trustee Audit and Risk Management Committee

Mr Michael Barrett Mr Peter Whelan Ms Christine Locher

The number of members whose remuneration received or receivable fell within the following bands was:	2012 Number	2011 Number
$0 - $9 999	2	2
$10 000 - $19 999	1	1
Total	3	3

The total remuneration received or receivable by members was $34 000 ($25 000).

(d) Remuneration of board and committee members (continued)

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

In accordance with DPC Circular 16, government employees did not receive any remuneration for board/committee duties during the financial year.

	2012	2011
(e) Supplies and services		
Supplies and services provided by entities external to the SA Government:	$'000	$'000
Personal services contractors	353	202
Other service contractors	416	107
Information technology	831	795
Minor works, maintenance and equipment	10	2
Accommodation and telecommunication	27	20
Other services and supplies	1 082	863
Total supplies and services - non-SA Government entities	2 719	1 989
Supplies and services provided by entities within the SA Government:		
Insurance	165	170
Information technology	445	438
Accommodation and telecommunication	1 619	1 574
Legal expenses	35	44
Service contractors	595	504
Supplies and services where value to entity is less than $100 000	130	127
Total supplies and services - SA Government entities	2 989	2 857
(f) Auditors' remuneration		
Amounts paid/payable to the Auditor-General's Department during the year for auditing the accounts	171	167
Total audit fees	171	167
(g) Payment to consultants		
Between $10 000 and $50 000: 0 (1) consultancies	-	27
	-	27
Total supplies and services	5 879	5 040

6. Receivables

	2012	2011
Current receivables:		
Debtors	306	192
Accrued investment income	376	1 520
Income tax equivalent refund due	235	-
Prepayments	430	185
	1 347	1 897
Government/Non-government receivables		
Receivables from SA Government entities:		
Debtors	290	185
Accrued investment income	7	8
Income tax equivalent refund due	235	-
Total receivables from SA Government entities	532	193
Receivables from non-SA Government entities:		
Debtors	16	7
Accrued investment income	369	1 512
Prepayments	430	185
Total receivables from non-SA Government entities	815	1 704
Total receivables	1 347	1 897

7. Financial assets

Public Trustee is required, pursuant to section 46(2)(c) of the Act, to obtain the Treasurer's approval as to the manner of investment of corporate funds.

7. **Financial assets (continued)**	2012	2011
Current assets:	$'000	$'000
Current financial assets with entities other than SAFA:		
Australian fixed interest	1 998	-
Short-term financial assets	1 998	-
Non-current assets:		
Non-current financial assets with entities other than SAFA:		
Australian fixed interest	-	2 002
Australian fixed interest (pooled funds)	7 141	6 819
International equities (pooled funds)	2 833	2 273
Australian listed property (pooled funds)	1 075	1 034
Australian equities (pooled funds)	3 643	4 059
Long-term financial assets	14 692	16 187
Total financial assets	16 690	16 187

8. Financial instruments

(a) *Fair value of financial assets and liabilities*

Financial instruments are carried at fair value based upon the valuation policies set out in note 2(e). The aggregate carrying amounts for each class of financial instrument are as disclosed within the notes to the financial statements.

Investments in Australian fixed interest are readily traded on organised markets in standardised form. The value of these investments is disclosed in note 7.

Other classes of financial instruments are not readily traded on organised markets in standardised form.

(b) *Investment in collective investment vehicles*

In addition to holding financial instruments directly, Public Trustee has invested in collective investment vehicles for the purpose of gaining exposure to Australian and international assets. The managers of such vehicles have invested in a variety of financial instruments, which expose Public Trustee to investment risks, including market risk, credit risk, interest risk and currency risk. Public Trustee has assessed the investment rules of these collective investments and determined their suitability as investments.

(c) *Financial risk management*

Public Trustee's activities expose it to a variety of financial risks, market risk (including interest rate risk and price risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of Public Trustee. Only Australian domiciled pooled funds are used for investments in overseas assets. These funds are not directly exposed to foreign exchange risk as the pooled funds are fully hedged against currency risk.

Management of risk is focused on both strategic and business process risk. Annually, an analysis of strategic risk is undertaken which is comprehensive and covers investment, financial, operational and administrative responsibilities of Public Trustee. Business processes are documented, key risks are identified and management strategies used to control these risks are in place.

(d) *Market risk*

Price risk

Public Trustee is exposed to equity securities price risk. This arises from investments held by Public Trustee and classified on the Statement of Financial Position as financial assets at fair value through the profit or loss. Public Trustee is not exposed to commodity price risk, as the classes of investments include Australian shares, international shares and listed properties.

To manage its price risk arising from investments, Public Trustee diversifies its portfolio. Diversification of the portfolio is done in accordance with its investment guidelines. The analysis detailed below is based on the assumption that the market indexes had increased/decreased by a set percentage with all other variables held constant and all instruments moving according to the historical correlation with the index.

Cash flow and interest rate risk

Public Trustee's interest rate risk arises from cash investments, short-term investments and Australian fixed interest investments. Instruments issued at fixed interest rates expose Public Trustee to fair value interest rate risk and variable rate instruments expose Public Trustee to cash flow interest rate risk. Public Trustee invests in short-term money market instruments with maturities less than one year and with credit ratings that satisfy the credit ratings of Public Trustee's Cash Common Fund.

Cash flow and interest rate risk (continued)

A sensitivity analysis is provided below, outlining the exposure to each type of market risk at reporting date, showing how profit or loss would be affected by the changes in the relevant risk variable that were reasonably possible at that date. All instruments are designated as financial assets at fair value through the profit or loss; therefore there is no impact on equity.

Sensitivity analysis		Interest rate risk		Price risk	
		-1%	+1%	-20%	+10%
2012	Carrying amount	Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income
Financial assets:	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	8 741	(87)	87	-	-
Financial assets at fair value through profit or loss:					
Australian fixed interest (short-term)	1 998	(20)	20	-	-
Australian fixed interest (pooled funds)	7 141	(71)	71	-	-
International equities (pooled funds)	2 833	-	-	(567)	283
Australian listed property (pooled funds)	1 075	-	-	(215)	108
Australian equities (pooled funds)	3 643	-	-	(729)	364
Total increase (decrease)		(178)	178	(1 511)	755
2011					
Financial assets:					
Cash and cash equivalents	7 638	(76)	76	-	-
Financial assets at fair value through profit or loss:					
Australian fixed interest	2 002	(20)	20	-	-
Australian fixed interest (pooled funds)	6 819	(68)	68	-	-
International equities (pooled funds)	2 273	-	-	(455)	227
Australian listed property (pooled funds)	1 034	-	-	(207)	103
Australian equities (pooled funds)	4 059	-	-	(812)	406
Total increase (decrease)		(164)	164	(1 474)	736

(e) Credit risk

Credit risk is managed at the corporate level. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to outstanding receivables and committed transactions. Public Trustee has no direct exposure to derivative instruments, thus credit risk arises primarily through investments with banking corporations.

Short-term money market instruments must have a short-term Standard & Poor's rating of A1 or in the case of the issuer being a bank under the *Banking Act 1959* a rating of A2 is accepted. Floating rate instruments must have a long-term Standard & Poor's credit rating of A+ or better or where the counterparty is a bank under the *Banking Act 1959* a rating of BBB or better is accepted.

If there is no independent rating, Public Trustee assesses the credit quality of the customer, taking into account its financial position and past experience. Pooled investment funds are not rated, however Public Trustee has made a thorough assessment of all pooled funds managers in regard to credit and other risks prior to investing funds with each manager. The credit risk lies with the pooled fund manager responsible for the management of the underlying investments. Public Trustee continually monitors these assessments.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Public Trustee has no direct exposure to derivative instruments.

(e) Credit risk (continued)

	2012	2011
Cash at bank, short-term bank deposits and floating rate notes:	$'000	$'000
A1+	4 241	5 338
A1	2 000	-
A2	2 500	2 300
BBB+	1 998	-
Total cash at bank, short-term bank deposits and floating rate notes	10 739	7 638
Long-term bank deposits:		
BBB+	-	2 002
Total long-term bank deposits	-	2 002
Trade receivables:		
Counterparties with external ratings:		
A1	39	-
A1+	52	56
A2	26	44
BBB+	7	8
Counterparties without external ratings:		
Existing customers with no defaults in the past	1 223	1 789
Total trade receivables	1 347	1 897

(f) Liquidity risk

Public Trustee has working capital policies in place in order to maintain liquidity. Short-term investment analysis assists in determining the amount, if any, to be invested or reinvested in order to maintain working capital. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close-out market positions. Public Trustee manages the liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

All financial assets held to maturity have a maturity date within 12 months. Pooled funds investments have no maturity date.

9. Plant and equipment

2012	Opening balance	Additions	Disposals	Depreciation	Revaluation/ Other	Closing balance
Plant and equipment:	$'000	$'000	$'000	$'000	$'000	$'000
Plant and equipment at cost	1 863	-	(837)	-	-	1 026
Accommodation fitout	6 155	61	-	-	1	6 217
Total plant and equipment	8 018	61	(837)	-	1	7 243
Accumulated depreciation:						
Plant and equipment:						
Plant and equipment	(1 521)	-	837	(161)	-	(845)
Accommodation fitout	(617)	-	-	(617)	-	(1 234)
Total accumulated depreciation	(2 138)	-	837	(778)	-	(2 079)
Net plant and equipment	5 880	61	-	(778)	1	5 164
2011						
Plant and equipment:						
Plant and equipment at cost	1 845	51	(33)	-	-	1 863
Accommodation fitout	6 155	-	-	-	-	6 155
Total plant and equipment	8 000	51	(33)	-	-	8 018
Accumulated depreciation:						
Plant and equipment:						
Plant and equipment	(1 389)	-	33	(165)	-	(1 521)
Accommodation fitout	(3)	-	-	(614)	-	(617)
Total accumulated depreciation	(1 392)	-	33	(779)	-	(2 138)
Net plant and equipment	6 608	51	-	(779)	-	5 880

10. Intangible assets

	Opening balance $'000	Additions $'000	Disposals $'000	Amortisation $'000	Other $'000	Closing balance $'000
2012						
Software at cost	7 614	-	(1 514)	-	-	6 100
Works in progress at cost	93	-	-	-	(93)	-
Accumulated amortisation	(7 547)	-	1 514	(50)	-	(6 083)
Total intangible assets	160	-	-	(50)	(93)	17
2011						
Software at cost	7 606	8	-	-	-	7 614
Works in progress at cost	93	-	-	-	-	93
Accumulated amortisation	(7 461)	-	-	(86)	-	(7 547)
Total intangible assets	238	8	-	(86)	-	160

Works in progress items are transferred to intangible assets when ready for use.

11. Payables

	2012 $'000	2011 $'000
Current liabilities:		
Trade creditors and accrued expenses	943	619
Income tax equivalents	-	589
GST payable	241	294
Employment on-costs	251	230
	1 435	1 732
Non-current liabilities:		
Employment on-costs	404	286

Government/Non-government payables

	2012 $'000	2011 $'000
Payables to SA Government entities:		
Trade creditors and accrued expenses	603	1 029
On-costs on employee benefits	324	268
Total payable to SA Government entities	927	1 297
Payables to non-SA Government entities:		
Trade creditors and accrued expenses	340	179
GST	241	294
On-costs on employee benefits	331	248
Total payable to non-SA Government entities(1)	912	721
Total payables	1 839	2 018

(1) The total includes payables to SA Government entities where the amount payable to the SA Government entity was less than $100 000.

12. Employee benefits liability

(a) Employee benefits

	2012	2011
Current liabilities:		
LSL(2)	290	342
Accrued salaries	82	68
Recreation leave(1)	861	770
	1 233	1 180
Non-current liabilities:		
LSL(2)	3 634	2 824
	3 634	2 824

(1) An actuarial assessment performed by DTF set the salary inflation rate at 4%. This is unchanged from last year.

(2) APF IV, APS 5.24 has revised the LSL taken percentage to 40% (35%).

AASB 119 contains the calculation methodology for LSL liability. It is accepted practice to estimate the present values of future cash outflows associated with the LSL liability by using a shorthand measurement technique. The shorthand measurement technique takes into account such factors as changes in discount rates and salary inflation.

(a) Employee benefits (continued)

The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

(b) Employee benefits and related on-cost liabilities

		2012	2011
Current:	Note	$'000	$'000
On-costs included in payables[1]	11	251	230
Employee benefits	12(a)	1 233	1 180
		1 484	1 410
Non-current:			
On-costs included in payables[1]	11	404	286
Employee benefits	12(a)	3 634	2 824
		4 038	3 110
Aggregate employee benefits and related on-cost liabilities		5 522	4 520

(1) DTF, the percentage of the proportion of LSL taken as leave has changed from the 2011 rate (35%) to 40%. This rate is used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of $27 000.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 2011 (5.25%) to 2012 (3%).

This significant decrease in the bond yield, which is used as the rate to discount future LSL cash flows, results in a significant increase in the reported LSL liability. The net financial effect of the changes in the current financial year is an increase in the LSL liability of $467 000 and employee related on-costs of $49 000. Based on actuarial assessment performed by DTF, the benchmark for the measurement of the LSL liability was revised to zero years (five years) plus a premium of 10%.

13. Dividend

	2012	2011
Current liabilities:	$'000	$'000
Provision for dividend to State Government at 1 July	-	-
Additional provision recognised	684	-
Payments to State Government	(684)	-
Provision for dividend at 30 June	-	-

14. Contingencies

Public Trustee had no known contingent assets or liabilities as at balance date.

15. Reserves

	Deficits and losses reserve[1]	Workers compensation reserve[2]	Total reserves
	$'000	$'000	$'000
Balance as at 30 June 2010	26	285	311
Payments/transfers from reserves	(26)	-	(26)
Balance as at 30 June 2011	-	285	285
Payments/transfers from reserves	-	-	-
Total reserves	-	285	285

(1) Public Trustee has determined that the reserve for deficits and losses is no longer required. Any losses made during the administration of estates will be funded from retained earnings.

(2) Public Trustee has established a reserve to meet the costs of workers compensation claims. Payments amounting to $0 ($0) were made from the reserve.

16. Cash flow reconciliation

	2012	2011
(a) Reconciliation of cash and cash equivalents	$'000	$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	8 741	7 638
Cash and cash equivalents disclosed in the Statement of Cash Flows	8 741	7 638

	2012	2011
(b) Reconciliation of profit (loss) after income tax equivalents to net cash provided by (used by) operating activities	$'000	$'000
Profit (Loss) for the year after income tax equivalent	505	2 109
Non-cash items:		
Depreciation and amortisation	828	865
Lease incentive	(288)	(270)
Unrealised gain (loss) on financial assets	(1)	360
Gain (Loss) from disposal of financial assets	-	(7)
Movements in assets/liabilities:		
Receivables	787	(1 194)
Payables	432	(116)
Employee benefits and on-costs	1 001	(206)
Capital written off	93	-
Income tax equivalents	(824)	(40)
GST liability	(53)	512
Net cash provided by (used in) operating activities	2 480	2 013

17. Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash comprises the Statement of Financial Position item of cash and cash equivalents.

Cash	1 241	2 338
Short-term financial assets held to maturity	7 500	5 300
	8 741	7 638

18. Unrecognised contractual commitments

The Public Trustee has no capital contractual arrangements for 2010-11 or 2011-12.

Remuneration commitments		
One year or less	820	553
Later than one year but no longer than five years	1 760	1 022
Total remuneration commitments	2 580	1 575

Amounts disclosed include commitments arising from executive service contracts. Public Trustee does not offer remuneration contracts greater than five years.

Operating lease commitments		
One year or less	1 696	1 808
Later than one year but no longer than five years	7 443	7 933
Later than five years	6 162	8 986
Total operating lease commitments	15 301	18 727

Public Trustee's operating leases are for office accommodation. Office accommodation is leased from the Department of Planning, Transport and Infrastructure. The leases are non-cancellable and expire in May 2020. Rent is payable monthly in advance.

Statement of Trusts being Administered as at 30 June 2012

	Note	2012 $'000	2011 $'000
Trust funds under administration:	3		
Court award orders		282 329	285 068
Protected estates		236 486	231 392
Investors		232 890	224 639
Deceased estates		160 999	165 024
Trusts		113 609	115 471
Administration matters		83 164	84 277
Powers of attorney		60 100	62 273
Workers compensation awards		242	241
Other		-	(35)
Total funds		1 169 819	1 168 350
Represented by:			
Investment in common funds:	1.3,2		
Non-current assets:			
Australian equities		134 595	151 073
International equities		98 193	98 890
Listed property securities		42 966	37 252
Australian fixed interest investments		177 094	138 737
International fixed interest investments		23 704	22 386
		476 552	448 338
Current assets:			
Cash and cash equivalents		5 049	2 509
Australian fixed interest investments		306 992	324 774
Advances to estates		6 401	8 602
Other assets		13 705	25 838
		332 147	361 723
Current liabilities:			
Bank overdraft		1 713	3 480
Income distribution payable		12 652	25 597
Other liabilities		21	74
		14 386	29 151
Net common fund assets		794 313	780 910
Estate assets:			
Non-current assets:	1.2		
Real estate		307 188	299 669
Personal chattels		34 997	36 678
Equities		14 535	17 191
Fixed interest and cash assets		13 166	15 590
Mortgages		193	372
		370 079	369 500
Current assets:			
Other assets		14 206	26 726
Current liabilities:			
Other liabilities		8 779	8 786
Net estate assets		375 506	387 440
Total net assets		1 169 819	1 168 350

Notes to and forming part of the administered financial statements

1. Statement of principal accounting policies

1.1 Format of the accounts

The Statement of Trusts being Administered (the Statement) and related notes are special purpose financial statements that provide information on the value and nature of trusts being administered. The Statement consolidates all trusts being administered by Public Trustee. Accordingly, no accounting standards and other mandatory reporting requirements are applied in the preparation and presentation of this Statement.

Public Trustee has prepared the Statement, where appropriate, based on the general principles outlined in AASs.

The Statement has been prepared using the accrual basis of accounting. Dividend income is recognised on the date that shares are quoted as ex-dividend. Distributions from trusts are recognised on a present entitlement basis.

1.2 Basis of valuation for estate assets

Real estate

For deceased estates, valuation is at date of death; in other matters, valuation is at the date Public Trustee is being appointed manager, administrator or new trustee. Public Trustee revalues all real estate (except deceased estates) other than accommodation bonds every three years wherever a current valuation is not held. Such revaluations are determined by reference to valuations established by the South Australian Valuer-General, with a revaluation last being carried out as at 30 June 2012. Accommodation bonds are valued annually at cost less retention amount until the retention terms have expired.

Personal chattels

For deceased estates, valuation is at date of death; in other matters, valuation is at the date of Public Trustee being appointed manager, administrator or new trustee. In the case of some sundry minor assets, nominal values are used for valuation purposes.

Investment by estates in common funds

Valuation of estate investment in common funds is based on the underlying fair value of common funds as at balance date.

Other estate investments

Investments other than equities are shown at their face value. Valuation is performed at the date of the Public Trustee being appointed manager, administrator or new trustee or at the date of death in the case of deceased estates. Equities are valued at net fair value as at balance date.

1.3 Basis of valuation of common fund assets and liabilities

For the 2011-12 reporting period, assets for the Australian Shares Common Fund, Overseas Fixed Interest Common Fund, Overseas Shares Common Fund and the Listed Property Securities Common Fund are reported at market value to comply with current accounting standards.

Australian fixed interest investments: are valued at market value based on independently obtained market yields applying at balance date.

Advances to estates: are carried at their nominal amounts. Public Trustee is authorised by the *Public Trustee Act 1995* (the Act) to advance monies where an estate has insufficient monies to make payments as authorised or required to administer the estate, usually on a short-term basis. Funds advanced are a first charge on the estate's property vested under the control of Public Trustee. The interest rate applicable on advances at 30 June 2012 was 4.2% (5.3%).

Cash and cash equivalents: are carried at nominal amounts, translated at prevailing exchange rates where applicable. This asset consists of cash at bank and on hand, as well as other short-term, highly liquid investments with original maturities of three months or less.

Other assets and other liabilities: are carried at their nominal amounts.

2. Operation of the common funds

Common funds managed by Public Trustee have been established pursuant to section 29 of the Act or its predecessor legislation. Financial statements for each common fund operated by Public Trustee are presented within the annual report of Public Trustee.

Investment in common funds (with the exception of direct investment in the Cash Common Fund) are by way of notional unit holdings in the common funds. Contributors may invest in the Cash Common Fund or alternately invest in a selection of common funds in proportions determined by one or more of the following standard investment strategies provided by Public Trustee:

- capital stable
- balanced
- growth
- equities.

3. Trust funds under administration

Trust funds under administration	Number 2012	Number 2011	Value 2012 $'000	Value 2011 $'000
Court award orders:				
Monies directed by the Court to be paid to the Public Trustee on behalf of clients and invested and applied by the Public Trustee as the Court directs and monies administered by the Public Trustee under the *Aged and Infirm Persons' Property Act 1940*	832	833	282 329	285 068
Protected estates:				
Monies administered by the Public Trustee under the *Guardianship and Administration Act 1993*	3 141	3 085	236 486	231 392
Investors:				
Monies invested in common funds pursuant to section 29(1) of the Act by classes of persons approved by the Minister	328	347	232 890	224 639
Deceased estates:				
Monies and assets held under the administration of the Public Trustee pursuant to the provisions of the Act	1 308	1 499	160 999	165 024
Trusts:				
Monies and assets held under the administration of the Public Trustee pursuant to the terms of a will or a deed of trust	1 473	1 522	113 609	115 471
Administration matters:				
Monies paid and assets transferred to the Public Trustee on account of minor beneficiaries pursuant to the Act	460	472	83 164	84 277
Powers of attorney:				
Monies and assets held on behalf of donors who have appointed the Public Trustee to act on their behalf	383	412	60 100	62 273
Workers compensation awards:				
Monies directed by the Court to be paid to the Public Trustee on behalf of widows and minors and invested and applied by the Public Trustee as the Court directs	4	4	242	241
Other:				
Previous year adjustment - timing issue	-	-	-	(35)
	7 929	8 174	1 169 819	1 168 350

4. Unclaimed monies

During the reporting period, unclaimed monies totalling $290 000 ($2.4 million) in respect of estates were paid to the Consolidated Account pursuant to section 32(1) of the Act.

Auditor-General's Department

Functional responsibility

Establishment

The PFAA confers wide responsibilities and powers on the Auditor-General to examine any matters relating to the collection, receipt, issue or expenditure of public monies and to report on the efficiency and economy of public sector operations.

The responsibilities and powers are applied in the annual audits of a range of public sector agencies, including government departments, statutory authorities, public corporations, health bodies and various funds.

In addition the Auditor-General has a discretionary right under the *Education Act 1972* to inspect or audit the accounts of school councils and to approve the auditors of certain bodies, such as certain health bodies and statutory boards.

The Auditor-General's Department operates to assist the Auditor-General in the discharge of his/her statutory audit mandate. It is an administrative unit established pursuant to the PSA.

Audit mandate and coverage

Audit authority

Audit of the financial report

Under section 35(1) of the PFAA, the Governor, on the recommendation of the Treasurer, has appointed Edwards Marshall as auditor of the Auditor-General's Department.

Audit findings and comments

Auditor's report on the financial report

In Edwards Marshall's opinion:

> *(a)* *the financial report presents fairly, in all material respects, the financial position of the Department, as at 30 June 2012, and of its financial performance and cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the* Public Finance and Audit Act 1987 *and the Australian Accounting Standards (including the Australian Accounting Interpretations); and*
>
> *(b)* *the financial report also complies with accounts and records of the Department.*

Assessment of controls

In Edwards Marshall's opinion:

> *… the internal controls employed by the Department for the financial year ended 30 June 2012 over its financial reporting and the preparation of the financial statements are effective.*

Communication of audit matters

Edwards Marshall advised in their completion letter dated 28 August 2012 that 'During our audit we did not note any significant matters which we believe should be communicated to the Department'.

Payroll function

Edwards Marshall however did advise in relation to their audit of the Department's payroll function that is undertaken by SSSA that:

> *During our audit testing of the payroll function which is carried out by Shared Services SA for and on behalf of the Auditor-General's Department, we noted that there are a large number of employees that have high access capabilities to the payroll master files.*
>
> *Whilst a control has been implemented to review changes made to employee details on the master data file, we recommend that a review of access levels be performed with a view to reducing the number of employees with access to the Auditor-General's Department payroll files to further strengthen controls around the security of the Auditor-General's Department payroll information and records.*

This potential weakness was referred to SSSA for their attention.

Long outstanding debtor

Edwards Marshall also advised that:

> *On the debtors listing at 30 June 2012 is a specific outstanding amount for services performed totalling $22,000 dating back to 2009, of which no provision for doubtful debts has been recognised. Potentially this debtor could have been written off at 30 June 2012.*
>
> *Whilst the amount is considered immaterial and any reduction in the amount receivable through a provision for doubtful debts would be offset through a reduced amount payable to the consolidated account, we recommend that the Department seek to finalise this long outstanding matter through recovery or write-off of the debtor.*

The Department has further corresponded with the auditee agency regarding this outstanding audit fee and expects to recover the overdue amount.

Interpretation and analysis of the financial report

Highlights of the financial report

	2012 $'million	2011 $'million
Expenses		
Employee expenses	10.5	9.9
Other expenses	5.0	3.8
Total expenses	15.5	13.7
Revenues from (Payments to) SA Government	15.1	13.6
Total assets	3.3	3.1
Total liabilities	4.4	3.9

The increase in total expenses of $1.6 million (comprising employee and contractor costs) was due mainly to a significant increase in audit activity for the South Australian health sector. Revenues from SA Government increased to fund the increased costs of audit activity.

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Employee expenses	3	10 479	9 863
Supplies and services:	4		
Contractors		2 883	1 805
Office accommodation and service costs		663	668
Computing and network processing costs		262	231
Consultancies		165	87
Other expenses		158	147
Motor vehicle		145	154
Staff development and training		138	174
FBT		60	57
SSSA charges		53	49
Staff travel and accommodation		48	53
Temporary staff		47	25
Report printing		9	33
		4 631	3 483
Depreciation and amortisation		349	333
Net loss from the disposal of non-current assets	5	10	-
Total expenses		15 469	13 679
Income:			
Other income		1	1
Total income		1	1
Net cost of providing services		15 468	13 678
Revenues from (Payments to) SA Government:			
Appropriations and contingency provision grant	6	15 099	13 568
Net result		(369)	(110)
Total comprehensive result		(369)	(110)

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

Statement of Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash and cash equivalents	7	2 664	2 354
Receivables	8	160	191
Total current assets		2 824	2 545
Non-current assets:			
Computing and office facilities	9	337	395
Intangible assets	10	102	182
Total non-current assets		439	577
Total assets		3 263	3 122
Current liabilities:			
Payables	11	270	455
Cash advance - imprest account		3	3
Employee benefits	12	947	852
Provision for workers compensation	13	7	5
Total current liabilities		1 227	1 315
Non-current liabilities:			
Payables	11	300	232
Employee benefits	12	2 816	2 292
Provision for workers compensation	13	23	17
Total non-current liabilities		3 139	2 541
Total liabilities		4 366	3 856
Net assets		(1 103)	(734)
Equity:			
Opening balance - deficit		(734)	(624)
Increase (Decrease) in net assets		(369)	(110)
Total equity		(1 103)	(734)

Total equity is attributable to the SA Government as owner

Commitments 14

Statement of Changes in Equity
for the year ended 30 June 2012

	Retained earnings $'000	Total $'000
Balance at 30 June 2010	(624)	(624)
Total comprehensive result for the year 2010-11	(110)	(110)
Balance at 30 June 2011	(734)	(734)
Total comprehensive result for the year 2011-12	(369)	(369)
Balance at 30 June 2012	(1 103)	(1 103)

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

Statement of Cash Flows
for the year ended 30 June 2012

		2012 Inflows (Outflows)	2011 Inflows (Outflows)
Cash flows from operating activities:	Note	$'000	$'000
Cash outflows:			
Employee expenses		(9 732)	(9 946)
Supplies and services		(5 304)	(3 735)
Cash inflows:			
Other income		1	1
GST refunds from ATO		467	385
Cash flows from SA Government:			
Appropriations and contingency provision grant	6	15 099	13 568
Net cash provided by (used in) operating activities	15.2	531	273
Cash flows from investing activities:			
Cash outflows:			
Purchase of computing and office facilities	9.2	(217)	(257)
Purchase of intangible assets	10.2	(4)	(157)
Net Cash provided by (used in) investing activities		(221)	(414)
Net increase (decrease) in cash and cash equivalents held		310	(141)
Cash and cash equivalents at 1 July		2 354	2 495
Cash and cash equivalents at 30 June	7,15.1	2 664	2 354

Notes to and forming part of the financial statements

1. Objectives of the Auditor-General's Department (the Department)

The Department's main statutory responsibilities are to audit the public accounts and the accounts of public authorities and to report the results to Parliament in accordance with the requirements of the PFAA.

The Department's sole activity is the provision of auditing services covering all the audit responsibilities prescribed under the PFAA. Within this activity class there are two activities:

Prescribed audits
Includes all audit work to be undertaken for agencies where the Auditor-General is the prescribed auditor and the Department must annually conduct the audit as prescribed by the PFAA. During the year the Department spent $15.361 million ($13.679 million) on this activity.

Special investigations
Includes all work defined in the PFAA that is specifically requested by the Parliament, Treasurer or Minister to be undertaken by the Auditor-General. The Auditor-General may be requested to undertake work associated with:

- conducting and reporting on special investigations when requested by the Parliament or Treasurer
- reviewing summary documents of confidential government contracts and reporting on the adequacy of each document as a summary of the contents of the contract when requested to do so by a Minister.

These projects have specific terms of reference requested by the referring party and are treated as a separate subprogram. Consistent with the legislative requirement of audit independence the reports are presented directly to the Parliament. In 2011-12 the Auditor-General was required to examine and report to the Parliament on the:

- probity of the processes leading up to the awarding of bus service contracts
- progress of construction of the Adelaide Oval Redevelopment and other matters.

During 2011-12 the Department spent $100 000 ($nil) on these activities.

2. Summary of significant accounting policies

(a) Statement of compliance

The financial statements are general purpose financial statements that have been prepared in accordance with applicable AASs and TIs and APSs issued pursuant to the PFAA.

The accounts are presented on the accrual basis of accounting using historical cost accounting which does not take into account changing money values.

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

AASs and AASB interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2012.

The Department's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention.

The Statement of Cash Flows has been prepared on a cash basis.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Department's accounting policies. Areas involving a higher degree of judgment, or where assumption and estimates are significant to the financial statements are outlined in the applicable notes
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures in these financial statements:

  (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature

  (b) employees whose normal remuneration is equal to or greater than the base executive remuneration level and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly to those employees

  (c) expenses incurred as a result of engaging consultants (reported in the Statement of Comprehensive Income).

(c) ***Reporting entity***

The Department produces both departmental and administered financial statements. The departmental financial statements report on the use of assets, liabilities, income and expenses controlled or incurred by the Department. The administered items financial statements report on the income, expenses, assets and liabilities which the Department administers on behalf of the SA Government but does not control.

(d) ***Comparative information***

The presentation and classification of items in the financial statements are consistent with prior periods except where a specific APS or AAS has required a change.

Where applicable the comparatives have been restated to assist users understanding of the current reporting period and do not replace the original financial statements for the preceding period.

(e) ***Rounding***

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

(f) ***Taxation***

The Department is not subject to income tax. The Department is liable for payroll tax, FBT and GST. Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred by the Department on a purchase of goods or services is not recoverable from the ATO it is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- receivables and payables which are stated with the amount of GST included.

The net GST receivable/payable to the ATO has been recognised as a receivable in the Statement of Financial Position.

Cash flows are reported on a gross basis in the Statement of Cash Flows. The GST component of the cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO have however been classified as operating cash flows.

(g) ***Income and expenses***

Income and expenses are recognised in the Statement of Comprehensive Income only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Income and expenses have been classified according to their nature in accordance with APF II, APS 3.5 and have not been offset unless required or permitted by another accounting standard.

The loss on the disposal of non-current assets is recognised when control of the asset has passed to the recipient.

(h) ***Revenues from (Payments to) SA Government***

Parliament approved funding appropriations are received for the full accrual cost of services. The appropriation is paid into a special deposit account titled 'Auditor-General's Department Operating Account'. Appropriations for accrued expenses are deposited in a special deposit account in the name of the Auditor-General's Department at DTF titled 'Accrual Appropriation Excess Funds'. Use of the funds requires the approval of the Treasurer. Pursuant to TI 3, paragraph 3.8, this money is deemed to be controlled by the public authority in the name of which the money is recorded.

Administered items are funded by Parliamentary appropriations on a cash basis.

(i) ***Current and non-current classification***

Assets and liabilities are characterised as either current or non-current in nature.

The Department has a clearly identifiable operating cycle of 12 months. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current. All other assets and liabilities are classified as non-current.

(j) ***Cash and cash equivalents***

Cash and cash equivalents includes cash on hand and deposits held at call.

(k) Receivables

Receivables arise in the normal course of audit services to other agencies. Receivables are generally settled within 14 days after the issue of an invoice.

Prepaid salaries are recognised, and are measured as the amount paid for employee service periods passed the reporting date.

(l) Inventories

Consumable supplies are not recognised in the Statement of Financial Position as the value of these supplies is not considered to be material.

(m) Non-current asset acquisition and recognition

Assets are recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition, less accumulated depreciation.

All non-current physical assets with a value greater than $2000 are capitalised in accordance with APF III, APSs 2.15 and 2.16.

The acquisition of software is capitalised when the expenditure meets the definition criteria of an intangible asset and when expenditure is greater than or equal to $2000 in accordance with APF III, APSs 2.15 and 2.16. The Department has no internally generated intangible assets.

(n) Revaluation of non-current assets

The revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than $1 million and estimated useful life is greater than three years in accordance with APF III, APS 3.3.

All non-current assets with a limited useful life are systematically depreciated over their useful lives.

(o) Depreciation/Amortisation of non-current assets

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. The useful lives of all major assets are reassessed on an annual basis.

Depreciation/Amortisation for non-current assets is determined as follows:

Class of asset	*Depreciation method*	*Useful life (years)*
Computing and office equipment	Straight-line	3
Laptop computer equipment	Straight-line	2
Leasehold improvements	Straight-line	3
Computer software	Straight-line	3

(p) Payables

Payables include employee on-costs, creditors and accrued expenses.

Employee on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries, LSL and annual leave.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid. Creditors include all unpaid invoices received relating to the normal 12 month operating cycle.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All amounts are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

(q) Employee benefits

Provision has been made for employee benefits liabilities arising from services rendered by employees to balance date in accordance with AASB 119. Employee benefits comprise salaries, annual leave and LSL.

Salaries
Liabilities for salaries are recognised, and are measured as the amount unpaid at current pay rates in respect of employee service periods up to the reporting date.

Annual leave
Liabilities for annual leave are recognised, and are measured as the amount unpaid at the pay rate at which the liability is expected to be settled in respect of employee service periods up to the reporting date. Annual leave is expected to be paid within 12 months.

Sick leave
No liability is recognised, as all sick leave is non-vesting and the average sick leave taken by employees is considered to be taken from the current year's accrual, as it is estimated to be less than the annual entitlement for sick leave.

LSL
LSL is recognised on a pro-rata basis for the employee service periods up to the reporting date. An actuarial assessment of LSL liability undertaken by DTF based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using a shorthand method was not materially different from the liability measured using a present value of expected future payments. Based on this actuarial assessment, the short hand method was used to measure the LSL liability for 2012. Refer note 12.

The LSL to be taken in the 12 months to 30 June 2012 has been estimated by adding the estimated termination payments in this period to the estimated LSL to be taken by ongoing employees in the 12 months (based on previous years' experience). The basis of calculation is similar to that used in previous years.

Superannuation
Contributions are paid to several superannuation schemes operated by the SA Government and are treated as an expense when they occur. The liability for payments to beneficiaries is assumed by the South Australian Superannuation Board. The liability outstanding at the reporting date for any contributions due but not yet paid to the South Australian Superannuation Board is included in payables.

(r) Provisions
The workers compensation provision is an actuarial estimate of the outstanding liability at 30 June 2012 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

(s) Leases
The Department has entered into two operating leases. The two leases are for office accommodation and motor vehicles.

Operating leases
Under the operating leases, the lessor effectively retains the entire risks and benefits incidental to ownership of the leased items.

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

(t) Events after the end of the reporting period
There have been no events subsequent to 30 June 2012 that have had a material impact on the information disclosed in these financial statements.

3. Employee expenses

	2012	2011
Employee benefits:	$'000	$'000
Salaries	7 663	7 464
Annual leave	698	703
LSL	652	331
Total employee benefits	9 013	8 498

3. Employee expenses (continued)

	2012	2011
Employee on costs:	$'000	$'000
Superannuation	936	877
Payroll tax	519	482
Total employee on-costs	1 455	1 359
Workers compensation	11	6
Total employee expenses	10 479	9 863

4. Supplies and services provided by entities within SA Government

Office accommodation and service costs	660	661
Staff development and training	2	1
Other expenses	23	49
Motor vehicle	98	111
Shared Services SA charges	53	50
Total supplies and services provided by entities within SA Government	836	872

5. Net loss from the disposal of non-current assets

Net book value of non-current assets disposed	10	-
Total net loss from disposal of non-current assets	10	-

No proceeds were received from the disposal of non-current assets.

6. Funding of the Department

Appropriations to the Department in 2011-12 amounted to $15.094 million ($13.561 million) and there was a contingency provision grant of $5000 ($7000).

Appropriations under Special Acts are reported under administered items.

7. Cash and cash equivalents

Deposits with the Treasurer	2 661	2 351
Impress account and cash on hand	3	3
Total cash and cash equivalents	2 664	2 354

Deposits with the Treasurer

These include funds held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use, ie funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.

Interest rate risk

Deposits with the Treasurer are non-interest bearing for the Department. The Department's only interest bearing asset is an imprest account and the exposure to interest rate risk is insignificant.

The weighted average interest rate for the imprest account was 4.37% (4.55%).

The carrying amounts of cash and cash equivalents represents fair value.

8. Receivables

	2012	2011
Current:	$'000	$'000
GST input tax recoverable	153	151
Prepayments - salaries	-	30
Other	7	10
Total current	160	191

The current receivable amounts are with non-SA Government entities.

Interest rate and credit risk

GST input tax credits are recoverable from the ATO and as such there is no interest rate or credit risk and the carrying amount represents fair value. With respect to the other receivables (prepayments - salaries and other) there is no interest rate risk and the carrying amount represents fair value. The credit risk associated with these other receivables are insignificant.

9. Computing and office facilities

9.1 Classes of computing and office facilities

	2012	2011
	$'000	$'000
Computing and office equipment - at cost	632	593
Accumulated depreciation	(486)	(459)
	146	134
Laptop computer equipment - at cost	344	442
Accumulated depreciation	(201)	(269)
	143	173
Leasehold improvements - at cost	563	562
Accumulated depreciation	(515)	(474)
	48	88
	337	395

There were no indications of impairment of non-current assets at 30 June 2012.

9.2 Reconciliation of carrying amount

	Carrying amount 01.07.11	Additions	Disposals	Depreciation	Carrying amount 30.06.12
	$'000	$'000	$'000	$'000	$'000
Computing and office equipment	134	94	-	82	146
Laptop computer equipment	173	122	10	143	142
Leasehold improvements	88	1	-	40	49
Total computing and office facilities	395	217	10	265	337

	Carrying amount 01.07.10	Additions	Disposals	Depreciation	Carrying amount 30.06.11
	$'000	$'000	$'000	$'000	$'000
Computing and office equipment	119	84	-	69	134
Laptop computer equipment	197	108	-	132	173
Leasehold improvements	97	65	-	74	88
Total computing and office facilities	413	257	-	275	395

10. Intangible assets

10.1 Classes of intangible assets

	2012	2011
	$'000	$'000
Computer software - at cost	503	698
Accumulated amortisation	(401)	(516)
	102	182

There were no indications of impairment of non-current assets at 30 June 2012.

10.2 Reconciliation of carrying amount

	Carrying amount 01.07.11	Additions	Disposals	Amortisation	Carrying amount 30.06.12
	$'000	$'000	$'000	$'000	$'000
Computer software	182	4	-	84	102
Total intangible assets	182	4	-	84	102

	Carrying amount 01.07.10	Additions	Disposals	Amortisation	Carrying amount 30.06.11
	$'000	$'000	$'000	$'000	$'000
Computer software	83	157	-	58	182
Total intangible assets	83	157	-	58	182

11. Payables

	2012	2011
Current:	$'000	$'000
Employee on-costs	231	207
Creditors	28	246
Accrued expenses	11	2
Total current	270	455

11. Payables

	2012	2011
Non-current:	$'000	$'000
Employee on-costs	300	232
Total non-current	300	232
Total payables	570	687
Payables to entities within the SA Government	307	269

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. All payables are non-interest bearing. The carrying amount of payables approximates fair value due to the amounts being payable on demand.

12. Employee benefits

	2012	2011
Current:	$'000	$'000
Salaries	-	-
Annual leave	634	598
LSL	313	254
Total current	947	852
Non-current:		
LSL	2 816	2 292
Total non-current	2 816	2 292
Total employee benefits	3 763	3 144

AASB 119 contains the calculation methodology for LSL liability. It is accepted practice to estimate the present value of future cash outflows associated with the LSL liability by using a shorthand measurement technique. The shorthand measurement technique takes into account such factors as changes in discount rates and salary inflation.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 5.4% at 30 June 2011 to 3.4% at 30 June 2012. This significant decrease in the bond yield, which is used as the rate to discount future LSL cash flows, results in a significant increase in the reported LSL liability.

The net financial effect of the changes in the current financial year is an increase in the LSL liability of $448 000 and employee expenses of $493 000. The net financial effect of the changes on administered items in the current financial year is an increase in both the LSL liability and employee expenses of $38 000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

13. Provision for workers compensation

	2012	2011
Current:	$'000	$'000
Provision for workers compensation	7	5
Total current	7	5
Non-current:		
Provision for workers compensation	23	17
Total non-current	23	17
Total provision	30	22
Carrying amount at 1 July	22	18
Workers compensation payments	-	-
Increase (Decrease) in provision	8	4
Carrying amount at 30 June	30	22

The workers compensation provision is based on an actuarial assessment provided by the Public Sector Workforce Relations Division of DPC.

14. Commitments

Operating lease commitments

The Department's operating leases are for the leasing of office accommodation and motor vehicles.

Office accommodation

Office accommodation is leased from the Building Management Division of the Department of Planning, Transport and Infrastructure. The lease expires on 30 June 2015. The rental amount is based on floor space, with the rental rate reviewable by Department of Planning, Transport and Infrastructure every two years.

Motor vehicles

Motor vehicles are leased from the Fleet SA business unit of DTF. The vehicles are leased for a specified time period or a specified number of kilometres, whichever occurs first. The lease rate is determined according to the type of vehicle being leased and the number of months of the lease period. The lease rates are reviewed annually by Fleet SA.

	2012	2011
At the reporting date the Department had the following obligations under non-cancellable operating leases (these obligations have not been recognised as liabilities):	$'000	$'000
Not later than one year	692	699
Later than one year but not later than five years	1 268	1 884
Total operating lease commitments as lessee	1 960	2 583

Remuneration commitments

At the reporting date the Department had commitments for the payment of salaries and other remuneration under fixed-term employment contracts (these obligations have not been recognised as liabilities):		
Not later than one year	984	703
Later than one year but not later than five years	2 300	509
Total remuneration commitments	3 284	1 212

Amounts disclosed include commitments arising from executive and employee contracts under fixed-term employment. The Department does not offer fixed-term employment contracts to executives and employees for periods greater than five years.

15. Cash flow reconciliations

	2012	2011
15.1 Reconciliation of cash and cash equivalents	$'000	$'000
Cash and cash equivalents at 30 June per:		
Statement of Financial Position	2 664	2 354
Statement of Cash Flows	2 664	2 354

15.2 Reconciliation of net cost of providing services to net cash provided by (used in) operating activities		
Net cost of providing services	(15 468)	(13 678)
Net cash flows from government	15 099	13 568
Depreciation and amortisation	349	333
Loss on disposal of non-current assets	10	-
Movements in assets/liabilities:		
Receivables	31	(18)
Employee benefits	619	(24)
Provision for workers compensation	8	4
Payables	(117)	88
Net cash provided by (used in) operating activities	531	273

16. Remuneration of employees

	2012	2011
The number of employees whose normal remuneration is equal to or greater than the base executive remuneration level during the year are grouped within the following bands:	Number	Number
$184 000 - $193 999	2	3
$194 000 - $203 999	1	1
$204 000 - $213 999	1	1
$214 000 - $223 999	1	-
$384 000 - $393 999	1	1
Total	6	6

16. Remuneration of employees (continued)

The table includes all employees whose normal remuneration is equal to or greater than the base executive remuneration level during the year. Total remuneration received or receivable by these employees was $1.402 million ($1.372 million).

The employee remuneration figures detailed above include employee remuneration recorded in both the Department's financial statements and in the administered financial statements of the Department.

17. Remuneration of auditor	2012	2011
	$'000	$'000
Remuneration for audit of financial statements	15*	10
Remuneration for other services	-	-
	15	10

* Remuneration for audit of financial statements in 2011-12 includes the payment for the cost of auditing the 2010-11 financial statements and payment of an interim bill for work performed as part of the audit of financial statements for 2011-12.

18. Financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2.

	Carrying amount	
	2012	2011
Financial assets	$'000	$'000
Cash and cash equivalents	2 664	2 354
Receivables*	2	-
Financial liabilities		
Payables	553	687
Cash advance - imprest account	3	3

* Receivables amounts disclosed exclude amounts relating to statutory receivables where rights or obligations have their source in legislation such as the GST.

Statement of Administered Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Employee expenses		343	318
Amounts paid/payable to Consolidated Account		13 971	12 549
Total expenses		14 314	12 867
Income:			
Fees for audit services		13 971	12 549
Appropriation - Special Acts	A2.2	288	280
Total income		14 259	12 829
Net result		(55)	(38)
Total comprehensive result		(55)	(38)

Statement of Administered Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash and cash equivalents	A4.1	817	558
Receivables		1 932	1 149
Total assets		2 749	1 707
Current liabilities:			
Employee benefits	A3	131	131
Amounts payable to Consolidated Account		1 795	1 101
GST payable		787	438
Total current liabilities		2 713	1 670
Non-current liabilities:			
Employee benefits	A3	418	364
Total non-current liabilities		418	364
Total liabilities		3 131	2 034
Net assets		(382)	(327)
Equity:			
Opening balance - deficit		(327)	(289)
Increase (Decrease) in net assets		(55)	(38)
Total equity		(382)	(327)

Statement of Administered Changes in Equity
for the year ended 30 June 2012

	Retained earnings $'000	Total $'000
Balance at 30 June 2010	(289)	(289)
Total comprehensive result for the year 2010-11	(38)	(38)
Balance at 30 June 2011	(327)	(327)
Total comprehensive result for the year 2011-12	(55)	(55)
Balance at 30 June 2012	(382)	(382)

Statement of Administered Cash Flows
for the year ended 30 June 2012

	Note	2012 Inflows (Outflows) $'000	2011 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee expenses		(289)	(292)
Amounts paid to Consolidated Account		(13 277)	(11 656)
GST paid to ATO		(1 048)	(1 123)
Cash inflows:			
Fees for audit services	A2.1	14 585	12 849
Cash flows from SA Government:			
Appropriations - Special Acts		288	280
Net cash provided by (used in) operating activities	A4.2	259	58
Net increase (decrease) in cash and cash equivalents held		259	58
Cash and cash equivalents at 1 July		558	500
Cash and cash equivalents at 30 June	A4.1	817	558

Notes to and forming part of the administered financial statements

A1. Statement of significant accounting policies

The summary of all significant accounting policies for the Auditor-General's Department (the Department) are contained in note 2. The policies outlined in note 2 apply to both the Department and the administered financial statements.

A2. Administered items

A2.1 Auditing fees

Section 39 of the PFAA provides for the levying of fees for audit services provided by the Department. These are paid into the Consolidated Account.

	2012 $'000	2011 $'000
Fees outstanding at 1 July	1 148	193
Billings (including GST)	15 369	13 804
	16 517	13 997
Receipts (including GST)	14 585	12 849
Fees outstanding at 30 June	1 932	1 148

At 30 June, the value of audit work in progress was $5.991 million ($6.328 million). The Department is of the opinion that this amount is recoverable.

Interest rate and credit risk

Receivables are normally settled within 14 days and are all non-interest bearing. It is not anticipated that counterparties will fail to discharge their obligations and there is no concentration of credit risk. The carrying amount of receivables approximates net fair value due to the amounts being payable on demand.

A2.2 Special Acts

Section 24(4) of the PFAA, provides that the salary and allowances of the Auditor-General will be determined by the Governor and will be paid from the Consolidated Account which is appropriated for that purpose and the necessary extent.

A3. Employee benefits

	2012	2011
Current:	$'000	$'000
Salaries	-	-
Annual leave	131	131
Total current	131	131
Non-current:		
LSL	418	364
Total non-current	418	364
Total employee benefits	549	495

A4. Notes to the Administered Statement of Cash Flows

A4.1 Reconciliation of cash and cash equivalents

Cash and cash equivalents at 30 June per:		
Statement of Administered Financial Position	817	558
Statement of Administered Cash Flows	817	558

A4.2 Reconciliation of net result to net cash provided by (used in) operating activities

Net result	(55)	(38)
Movements in assets/liabilities:		
Receivables	(783)	(956)
Employee benefits	54	27
Amounts payable to the Consolidated Account	694	893
GST payable	349	132
Net cash provided by (used in) operating activities	259	58

A5. Specific disclosure - SA Government

The following discloses revenues, expenses, assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date.

Income excluding appropriations	12 278	11 144
Expenses	13 971	12 549
Financial assets	2 177	1 173
Financial liabilities	1 795	1 101

Department for Communities and Social Inclusion

Functional responsibility

Establishment

The Department for Communities and Social Inclusion (DCSI or the Department) is an administrative unit established pursuant to the PSA.

On 8 December 2011 the functions performed by Families SA and associated assets and liabilities, were transferred to the Department for Education and Child Development (DECD). The transfer was effective from 1 January 2012.

Functions

DCSI works with people in need who, through circumstance, may be poor, vulnerable, at risk of harm or isolated and disconnected. DCSI is responsible for delivering specific programs to the public with respect to activities assigned to it under various Acts.

In addition, DCSI provides all the employee and housing related services to the South Australian Housing Trust (SAHT) through its Housing SA division. An agreement with SAHT sets out the arrangements.

The Department's functions and responsibilities changed during 2011-12 as a result of administrative restructures which were effected by the:

- Public Sector (Reorganisation of Public Sector Operations) Notice 2011 of 17 November 2011, 1 December 2011, 8 December 2011 and 15 December 2011
- Public Sector (Reorganisation of Public Sector Operations) Notice 2012 of 19 April 2012.

For more information about these changes and about DCSI's objectives and functions refer note 1 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of DCSI for each financial year.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by DCSI in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial report and internal controls.

During 2011-12, specific areas of audit attention included:

- payroll expenditure
- supplies and services including brokerage expenditure
- payments to non-government organisations (NGOs)
- children’s payments
- other grants, subsidies and client payments
- concession payments
- accounts receivable
- financial accounting
- client trust accounts.

Internal audit activities were reviewed to assess the risks of material misstatement of the financial report and to design and perform audit procedures.

Audit findings and comments

Auditor’s report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Department for Communities and Social Inclusion as at 30 June 2012, its financial performance and its cash flows for the year then ended in accordance with the Treasurer’s Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Department for Communities and Social Inclusion in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for all matters raised under ‘Communication of audit matters’, are sufficient to provide reasonable assurance that the financial transactions of the Department for Communities and Social Inclusion have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive of DCSI. Major matters raised with DCSI and SSSA and related responses are detailed below.

Grants and subsidies

The audit of the Department’s grants and subsidies included an assessment of grant payment systems and testing a sample of payments.

Audit has previously recommended that the Department execute grant agreements in a timely manner. The 2011-12 review again found instances, across a range of programs, where agreements were executed after the beginning of the funding term. Delays in executing agreements cause ambiguity, increase the potential for dispute and may delay payment. The Department advised that it endeavours to execute agreements before the commencement date and provided its reasons for the delays.

Specific matters arising from audit testing of a sample of grant payments, which were raised with the Department, and the Department's response include the following:

- The audit identified instances where recipients were overpaid because variations to the relevant grant agreements were not updated to the Department's grant payment system. The Department responded that it would review procedures to ensure variations are properly identified and processed.

- Payments were identified by Audit that were not approved as required by the Department's financial authorisation register. The Department advised it would seek to strengthen the relevant staff members' understanding of financial and contractual authorities.

- An NGO received $1.5 million of payments for services that were not covered by a grant agreement. The Department advised that the NGO had provided the relevant services and that the inadvertent error in the relevant grant variation documentation would be addressed by updating the documentation to reflect these arrangements.

The audit also included a review of the Department's plans to introduce a financial costing framework and needs based planning. The review found that these frameworks were not finalised. The Department advised it had gathered costing information and was considering the most appropriate system to load and maintain the data for future comparison purposes. It also advised that it plans to develop its evidenced based framework to enable it to identify population groups that were disadvantaged and reflected priority of need by June 2013.

In September 2011 the Department also advised it was investigating a risk based approach to grant performance management which incorporated centralising certain review responsibilities to enable program areas to focus on service specific performance management. Audit follow-up of the Department's progress in 2011-12 found that the proposed changes had not occurred. The Department advised it was reviewing its approach to performance management including the roles of its Procurement and Grants Unit.

Families SA

As a result of the Government's administrative changes the responsibility for Families SA transferred to DECD as of 1 January 2012. The results of 2011-12 audit testing of Families SA expenditure are relevant to both departments and are detailed in the commentary under 'Department for Education and Child Development' elsewhere in Part B of this Report.

Brokerage expenditure

The Department purchases (brokers) services from the non-government sector to meet individual client needs. Brokerage payments include services to clients of the Department's Disability SA and Domiciliary Care SA divisions.

The cost of brokerage expenditure has increased significantly in recent years, rising from $47 million in 2007-08 to $98 million in 2011-12. Reference should be made to comments under 'Interpretation and analysis of the financial report - Expenses'.

In previous years Audit has recommended improvements to the Department's procedures that confirm clients have received brokerage services before providers are paid. In September 2011 the Department advised it relies on feedback from the client, carer or family to confirm service delivery.

Audit follow-up in 2011-12 found:

- the Department does not have a consistent structured approach to recording, analysing and communicating client feedback
- no evidence that finance officers considered analysis of client feedback prior to authorising payments.

The audit review for 2011-12 concluded that the Department's approach to confirming brokerage services were provided to clients before expenditure was authorised for payment lacked structure and was not documented.

The Department responded that it considered it was impractical to independently confirm that services have been delivered on a contract-by-contract basis. The Department advised it continues to rely on a range of indicators, communications and workflows to gain assurance that services are delivered including:

- advising clients of agreed level of service
- the provider's complaint and feedback mechanisms
- the provider's internal monitoring of service hours
- the Department's complaint processes
- annual review of each client.

The Department also advised it would investigate ways to sample test the performance of provider organisations against contracts.

The review of brokerage service payments also identified other areas where controls could be improved. The matters and the Department's response to the audit findings and recommendations were as follows:

- Staff continued to have access to a previous version of the brokerage financial system which provided an opportunity to by-pass established approval processes. The Department advised it will change permissions to restrict access.
- Client services agreements were not independently checked for accuracy prior to authorisation. The Department advised a new system to be implemented in the latter part of 2012-13 will address this matter.
- Disbursement of brokerage invoices were not approved in accordance with the Department's financial authorisation register. The Department advised that while it considered payment authorisation occurred when contracts were executed it will amend its financial authorisation register.
- Brokerage and finance officers' system access was inconsistent with their roles. The Department advised it will review separation of responsibilities.
- Payment files were not adequately protected against unauthorised edit. The Department responded that it will limit access to directories containing the payment files data.

Payroll

Management review of payroll reports

While significant components of the payroll processing environment are performed by SSSA, the Department has an important role to review payroll reports each pay run and to validate employee payments and leave records.

The Department has approved policies and procedures that require managers to review bona fide reports, which list employees paid by the Department each fortnight, and monthly leave reports which list leave recorded in the payroll system for employees. The policies and procedures address the risk of invalid payments to employees and leave taken by staff not being recorded. The audit found 30% of fortnightly bona fide reports were not reviewed within the timeframes specified in the Department's policies and procedures. In response the Department advised it will remind its managers to address bona fide reporting as a matter of priority.

Payroll - rostered staff leave records

In 2011 Audit reported that the Department had identified groups of employees who had been short paid leave loading. Audit had previously recommended that the Department review each affected employee's entitlement and establish correct leave records. A follow-up review of this matter in 2011-12 found that the Department had not completed the calculation of the liability for affected employees and consequently had not paid amounts due to employees.

In September 2012 the Department advised that responding to this matter required a review of approximately 2000 employees for the period June 2005 until December 2011 and advised it was expected to be completed within six months.

Payroll - provision of services by SSSA

Audit review also included an assessment of payroll processing by SSSA. Specific matters arising from the review of SSSA controls and the SSSA response are summarised below:

- Senior payroll officers responsible for important review and reconciliation functions were also able to process, authorise and disburse payroll payments. Audit considered it was appropriate to segregate these roles and functions. SSSA advised that a revised segregation of duties will operate from the end of November 2012.

- Payroll staff can access and adjust general ledger upload files increasing the risk of invalid or unauthorised adjustments to the general ledger. SSSA advised it will change procedures to prevent payroll staff access to the files.

- A majority of changes to employee payment details were not independently checked. SSSA advised that it had since established a team that is responsible for reviewing all masterfile data changes.

- There were instances where staff had processing access to CHRIS where it was no longer necessary or appropriate. SSSA advised that it had since developed a register of users and had reviewed all user profiles.

- Access to the Westpac Corporate Online EFT system was not regularly reviewed. SSSA advised it had since instituted a quarterly review of all access profiles.

All of these matters were also raised with SSSA in 2011. While SSSA had advised in August 2011 that these matters would be addressed through a series of projects, at the time of Audit's 2011-12 review improved controls had not been implemented.

Expenditure

Authorisation limits on Basware

The audit reviewed controls that provide assurance that payments are made only when authorised by an officer with approved financial delegation and included consideration of the Basware online payment authorisation system. The review considered the Department's procedures that ensure that employee's delegated authority is correctly reflected in Basware on a timely basis.

Audit found that the Department had not effectively reviewed Basware authorisations during 2011-12 and concluded that controls were not adequate to ensure Basware user profiles, including financial authorisation limits, always correctly reflected the employee's approved delegated authority. The Department advised that managers are required to validate and confirm existing details on Basware and the compliance section checks these confirmations. Audit also concluded that the Department's reliance on individual managers reviewing the validity of Basware authorisation limits was likely to lead to inconsistent outcomes.

Specific recommendations arising from the review of Basware and the Department's response are summarised below:

- Audit recommended the Department update Basware without delay to reflect all changes in employees' delegated authority. The Department responded that it considered authority levels in Basware are adequately maintained through central review of change requests and through post-payment review of transactions over $20 000.

- It was also recommended that the Department review Basware authorisation limits against the Department's financial delegations on a regular basis. The Department advised that since the audit review it required divisions to confirm Basware authorisation data and was reviewing the processes for updating delegations of authority with a view to introducing more regular checks of Basware data.

Purchase cards

The audit of expenditure considered purchase card payments including certification of expenditure by cardholders and their supervisors. The review found that 9% of card statements had not been authorised in the timeframe specified in the Department's policies, of which 7% were outstanding for more than 30 days. Audit recommended that the Department acquit and authorise purchase card statements in accordance with the DCSI purchase card policy.

The Department responded that it was reviewing its follow-up procedures and would introduce a register of actions taken to follow-up purchase card statements that were not acquitted or authorised in accordance with the Department's policies.

Shared Services SA - e-Procurement and electronic payment control environments

The audit review of DCSI's expenditure processes considered the e-Procurement and electronic payment systems' control environments operated by SSSA.

Review of these systems and environments in previous years identified significant key control weaknesses. While SSSA progressively implemented significant remedial action over these deficiencies during 2011-12, SSSA only anticipates completion of planned actions by December 2012.

As a result, the systems and control environments could not be considered robust during 2011-12.

This matter is further discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report.

Cash at bank

Domiciliary Equipment Service (DES) operating account

The audit included a review of bank accounts used by the Department in conducting its operations.

The review found that the Department uses its Domiciliary Equipment Service Operating Westpac account (DES operating account) to receive equipment related revenues.

The audit review concluded that revenues receipted by the Department on behalf of the Crown should be paid into the Department's operating account unless the Department is specifically authorised to credit receipts to another account. The Department advised that it would investigate the practicality of receipting these revenues through its operating account and where relevant seek DTF advice.

Audit also reviewed financial accounting for the DES operating account. Matters arising from this review and the Department's response include:

- DCSI did not advise DTF of the monthly reconciliation and balance of the account as required by TI 6.20. The Department responded that it will ensure the account is appropriately reported to DTF
- the Department's general ledger did not record the transactions processed through the DES operating account. Audit noted these transactional records are kept on a separate system and only updated to the general ledger on a net basis which compromises the Department's ability to scrutinise transactional details. The Department responded that it would revise processes to ensure that the general ledger is updated for month end balances.

Gamblers Rehabilitation Fund

The audit included a review of the operation of the Department's special deposit accounts.

The review found the Gamblers Rehabilitation Fund special deposit account was overdrawn in December 2011, and in January and April 2012. TI 6.7 requires that chief executives ensure that at no time are any special deposit accounts and deposit accounts overdrawn.

The Department responded that it was aware the account was overdrawn and it understood this position was caused by misaligned receipts, which are received in arrears, and grants that are paid in advance. It advised it would review the arrangements and seek the input of DTF.

Accounts receivable

Responsibilities for the follow-up of outstanding debtors are shared between the Department and SSSA.

Audit review of SSSA debtor management found that overdue debtor follow-up did not occur for significant periods during 2011-12. The agreed operating level responsibilities between SSSA and the Department require SSSA to follow-up overdue invoices within 10 days of month end. A report of the status of debtor follow-up at 30 June 2012 showed that SSSA had not followed up overdue debtors since March 2012.

SSSA advised that it had commenced regular review of debtor management activities to ensure compliance with the agreed operating level responsibilities.

Concessions

Concessions – reconciling payments to client records

Audit has previously reported that the Department was unable to comprehensively reconcile concession payments with client eligibility details maintained on the Department's databases. A follow-up audit review in 2011-12 again found the Department was unable to confirm that concessions provided by service providers (South Australian Water Corporation, RevenueSA and energy providers) were complete and made only to valid, eligible customers.

The Department advised in 2011 that the concerns would be addressed when a proposed new database system for concessions and seniors card administration (CASIS) was implemented. The review noted the continued delay in the development of CASIS which was not implemented during 2011-12.

The Department advised in September 2012 that it intended to develop an internal audit plan to ensure only eligible customers receive concessions. It also advised the CASIS system would be operational at the end of April 2013.

Concessions – Energy Concessions Scheme (ECS)

Last year Audit reported that energy concessions provided by electricity entities do not match those set out in the ECS as established pursuant to section 21(1)(h) of the *Electricity Act 1996*. Audit understands that DCSI has relied upon Cabinet approval when increasing the rates.

The Department advised in September 2011 that the ECS would be updated by December 2011. Follow-up of this matter noted the ECS was not amended and energy concessions continue to be provided in excess of legislative limits.

In September 2012 the Department advised that a revision to the scheme had been drafted including terms that addressed audit recommendations.

Client trust funds

The Client Trust Account holds funds on behalf of approximately 680 clients. The balance of the Client Trust Account at 30 June 2012 was $11.6 million ($11.3 million). During 2011-12 receipts totalled $13.8 million and payments were $13.5 million. As the Department cannot use the trust funds to achieve its objectives they are disclosed as an administered item.

Matters arising from the audit that were communicated to the Department are summarised below with the Department's responses:

- The audit identified employees who can process data and also had important review and reconciliation responsibility. Audit considers these functions were not appropriately segregated. The Department advised that it had begun a process of changing systems and controls including the introduction of better segregation of duties.

- Important client fee files were not adequately protected against unauthorised edit. The Department responded that it would restrict access to the files, maintain audit trails and require its quality assurance team to review the rates in the files.

- The financial accounting system was not reconciled to the general ledger. The Department advised that its quality assurance team would review reconciliation and recording processes.

Interpretation and analysis of the financial report

Highlights of the financial report	2012 $'million	2011 $'million
Expenses		
Employee benefit expenses	433	463
Supplies, services and other expenses	254	227
Grants, subsidies and client payments	788	855
Total expenses	1 475	1 545
Income		
Rent, fees and charges	133	125
Commonwealth revenues	267	235
Other revenues	8	5
Total income	408	365
Net cost of providing services	(1 067)	(1 180)
Revenues from (Payments to) SA Government	1 104	1 195
Net result	37	15
Other comprehensive income	(57)	-
Total comprehensive result	(20)	15
Net cash provided by (used in) operating activities	61	(6)
Assets		
Current assets	99	92
Non-current assets	272	326
Total assets	371	418
Liabilities		
Current liabilities	97	113
Non-current liabilities	87	99
Total liabilities	184	212
Total equity	187	206

Transferred functions

The Department's functions and responsibilities changed during 2011-12 principally as a result of the transfer of Families SA to DECD. As a result of these changes the 2010-11 and 2011-12 figures are not directly comparable.

For more information about these changes refer notes 1.2 and 31 to the financial statements.

Statement of Comprehensive Income

Expenses

In 2012 total expenses decreased by $70 million to $1.47 billion.

Grants subsidies and client payments

Grants, subsidies and client payments of $788 million are the Department's material expenditure. Note 8 to the financial statements discloses a detailed list of grants, subsidies and client payments by program and by recipient type.

Grants to SAHT decreased by $32 million to $418 million primarily reflecting decreased Commonwealth and State funding including:

- National Partnership Agreement on Nation Building and Jobs Plan decreased by $54 million
- National Affordable Housing Agreement decreased by $9 million
- State Government contribution to disability group housing decreased by $4 million.

These decreases were offset by increases in payments to SAHT:

- for the National Partnership Agreement on Remote and Indigenous Housing which increased by $26 million

- as tax equivalent regime reimbursement increased by $8 million.

Grants, subsidies and client payments, excluding SAHT payments, were $370 million a reduction of $35 million from the prior year. Contributing to the change were:

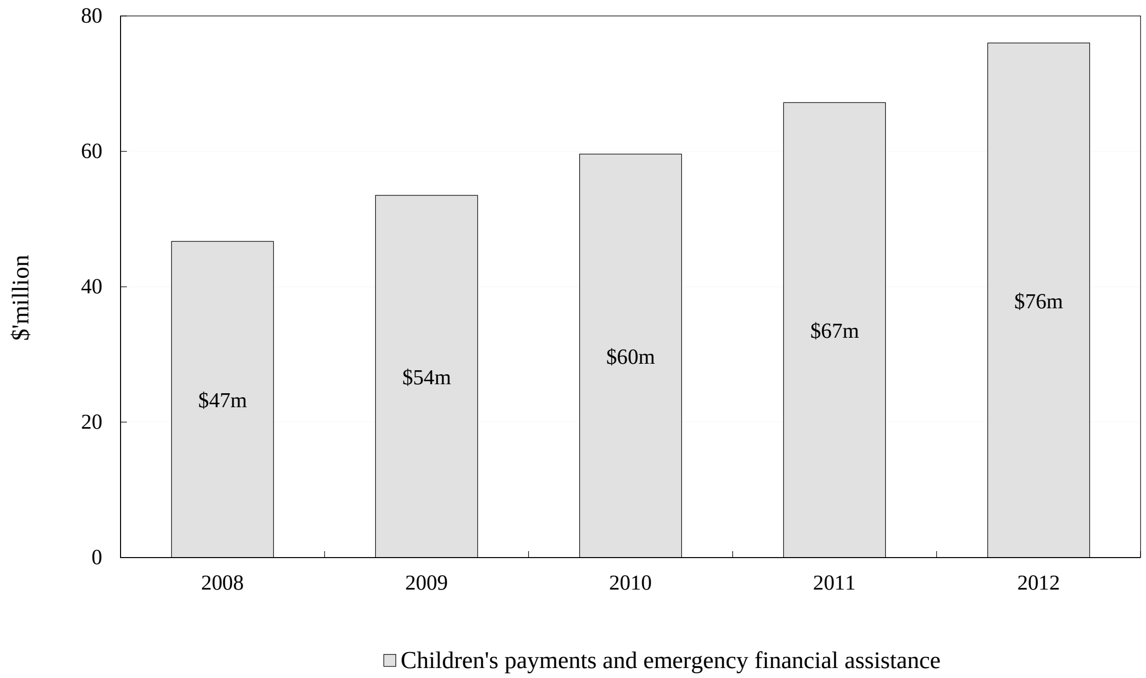
- Families SA related grants, subsidies and client payments which decreased by $57 million (these activities transferred to DECD from 1 January 2012)

- disability grants which increased by $16 million

- Home and Community Care which increased by $4 million.

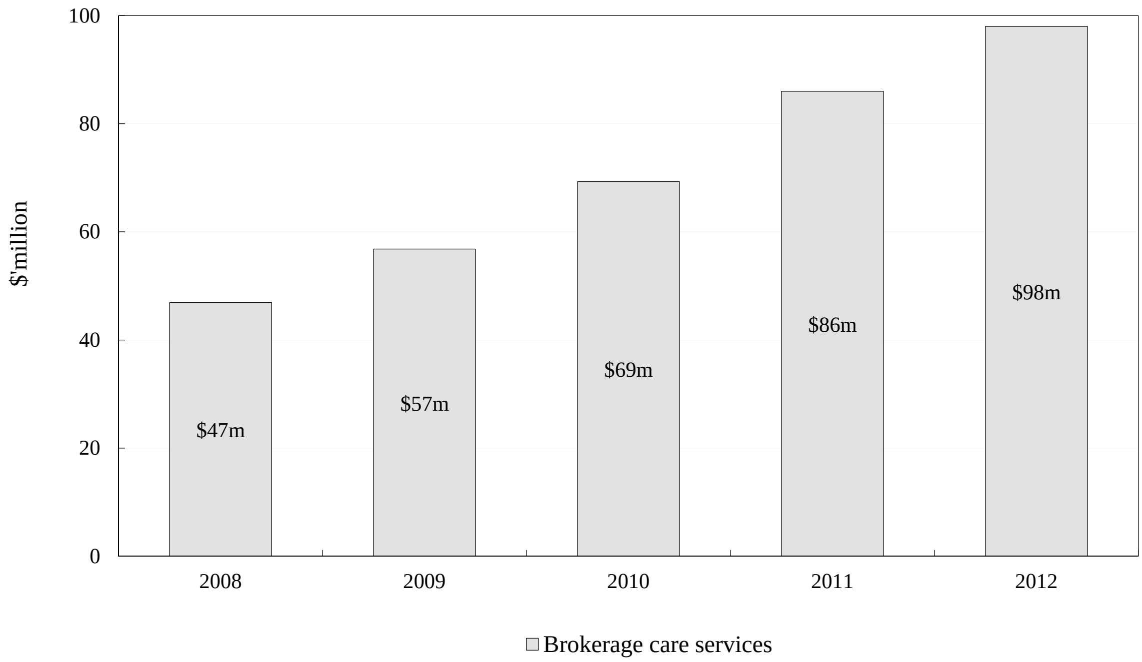
Grants and subsidy funding to NGOs decreased by $7 million to $267 million. Note 8.1 to the financial statements discloses a detailed list of funding to NGOs by recipient where the total payments to an NGO are greater than $1 million.

The responsibility for children's payments and emergency financial assistance transferred to DECD as of 1 January 2012. Total payments for children's payments and emergency financial assistance across both departments were $76 million up 13% from $67 million in 2010-11. The following chart highlights the continuing upward trend in these payments over the five years to 2011-12.



Supplies and services

Expenditure on brokerage care services increased $12 million (14%) to $98 million. Brokerage services were not affected by the administrative restructures. The following chart highlights the continuing upward trend in brokerage care services which have more than doubled in the five years to 2011-12.



Other expenses

Included in other expenses are $27 million payments to the Commonwealth under the National Partnership Agreement on Transitioning Responsibilities for Aged Care and Disability Services. Under the National Health Reform arrangements the Commonwealth takes over responsibility for community care services and specialist disability services for people aged 65 years and over (50 years for indigenous Australians). As part of these reforms, the State reimburses the Commonwealth for the cost of these services.

Employee benefit expenses

Employee benefit expenses decreased $30 million to $433 million.

The administrative transfer of functions involved transferring around 1890 employees to other agencies and around 640 employees to the Department.

Employee benefit expenses include TVSPs to nine employees of $941 000. Reference should be made to note 5 to the financial statements which provides further detail of TVSP payments and recoveries from DTF.

Income

Commonwealth revenues

Commonwealth revenues increased by $32 million to $267 million. Of note were the following increases in funding in 2011-12:

- $18 million increase in Home and Community Care grants

- $42 million disability reform funding under the National Partnership Agreement on Transitioning Responsibilities for Aged Care and Disability Services
- $26 million increase in remote indigenous housing funding.

The increases were offset by a $54 million decrease in Nation Building and Jobs Plan funding.

Commonwealth Government funding relating to DCSI programs is received via DTF either through its administered special deposit account or through its Consolidated Account. The Commonwealth revenues in the financial report only record funding received either directly from the Commonwealth Government or via DTF's administered special deposit account.

Commonwealth Government funding relating to DCSI programs but received by DTF into the Consolidated Account is incorporated with other SA Government appropriations.

Appropriations from the SA Government

Appropriations from the SA Government decreased by $70 million to $1.11 billion which was principally due to the administrative restructures.

Net result

The net result for 2011-12 was a surplus of $37 million, compared to a surplus of $15 million for 2011-12. In understanding this result it is important to consider that the Department has recognised funding for specific purposes which it has not expended in the current financial year (refer note 16 to the financial statements).

Statement of Financial Position

Assets

Property plant and equipment

Property, plant and equipment represents 51% of total assets. The carrying value of property, plant and equipment decreased by $95 million to $189 million due mainly to:

- the revaluation of land and buildings as of 30 June 2012 which resulted in a $70 million decrement in the value of land offset by a $17 million increment in the value of building and improvements
- a reduction of $41 million for assets transferred out through administrative restructures
- $4 million depreciation and amortisation charges.

Capital works in progress

Capital works in progress increased by $50 million to $68 million mainly due to expenditure of $49 million during 2011-12 for the Secure Youth Training Centre at Cavan. The total value of the new Cavan training centre included in the capital works in progress as at 30 June 2012 was $67 million. The 60 bed facility was officially opened in September 2012 and replaces the old Magill training centre, which is being decommissioned.

Liabilities

Total liabilities decreased by $28 million reflecting mainly the transfer of employees and related liabilities to DECD.

Equity

Total equity decreased by $19 million due mainly to:

- the land and building revaluation resulting in a decrease to the revaluation surplus of $57 million
- a net surplus of $37 million.

Statement of Cash Flows

The following table summarises the net cash flows for the five years to 2012.

	2012 $'million	2011 $'million	2010 $'million	2009 $'million	2008 $'million
Net cash flows					
Operating	61	(6)	12	(14)	19
Investing	(49)	(14)	(13)	(3)	(4)
Financing	-	30	2	13	12
Change in cash	12	10	1	(4)	27
Cash at 30 June	64	52	42	41	45

Of the Department's cash balance, $43 million is held in DTF's Accrual Appropriation Excess Fund Account, which can only be used in accordance with the Treasurer's/Under Treasurer's approval.

During 2011-12 $18 million cash was paid to the SA Government as part of the DTF cash alignment policy.

DCSI is engaged in a number of programs involving the receipt of funds from State and Commonwealth sources on the basis that funds are expended in a manner consistent with the terms of the funding arrangements. As at 30 June 2012 the value of unexpended funding commitments was $9.3 million. Reference should be made to note 16 to the financial statements for details of unexpended funding commitments.

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Employee benefit expenses	5	432 680	462 601
Supplies and services	6	222 081	222 265
Depreciation and amortisation expense	7	4 722	5 455
Grants, subsidies and client payments	8	787 888	854 760
Other expenses	9	27 259	82
Total expenses		1 474 630	1 545 163
Income:			
Revenue from rent, fees and charges	10	132 734	125 363
Commonwealth revenues	11	267 185	235 162
Interest revenues	12	31	54
Net gain from disposal of non-current assets	13	628	(1)
Other revenues	14	7 066	4 837
Total income		407 644	365 415
Net cost of providing services		(1 066 986)	(1 179 748)
Revenues from (Payments to) SA Government:			
SA Government appropriation	15.1	1 110 680	1 181 171
Grants from SA Government agencies	15.2	10 991	13 863
Payments to SA Government	15.3	(17 938)	(396)
Total revenues from (payments to) SA Government		1 103 733	1 194 638
Net result		36 747	14 890
Other comprehensive income:			
Revaluation surplus		(56 867)	-
Total other comprehensive income		(56 867)	-
Total comprehensive result		(20 120)	14 890

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

Statement of Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash and cash equivalents	17	63 678	52 055
Receivables	18	35 256	39 650
Inventories	19	295	284
Total current assets		99 229	91 989
Non-current assets:			
Receivables	18	15 070	17 319
Property, plant and equipment	20	188 927	283 887
Capital works in progress	21	68 009	18 240
Intangible assets	22	-	6 309
Total non-current assets		272 006	325 755
Total assets		371 235	417 744
Current liabilities:			
Payables	23	46 852	48 680
Employee benefits	24	42 051	53 804
Provisions	26	7 718	10 004
Other current liabilities	27	785	752
Total current liabilities		97 406	113 240
Non-current liabilities:			
Payables	23	4 733	5 030
Employee benefits	24	50 800	56 694
Borrowings	25	-	285
Provisions	26	26 932	31 083
Other non-current liabilities	27	4 778	5 415
Total non-current liabilities		87 243	98 507
Total liabilities		184 649	211 747
Net assets		186 586	205 997
Equity:			
Contributed capital	28	74 325	74 325
Retained earnings	28	54 315	16 859
Revaluation surplus	28	57 946	114 813
Total equity		186 586	205 997

Total equity is attributable to the SA Government as owner

	Note
Unexpended funding commitments	16
Unrecognised contractual commitments	30
Contingent assets and liabilities	32

Statement of Changes in Equity
for the year ended 30 June 2012

	Note	Contributed capital $'000	Revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2010		43 799	115 549	1 233	160 581
Net result for 2010-11		-	-	14 890	14 890
Transfer to retained earnings of increment realised on sale of land and buildings		-	(736)	736	-
Total comprehensive result for 2010-11		-	(736)	15 626	14 890
Transactions with SA Government as owner:					
Equity contribution received		30 526	-	-	30 526
Balance at 30 June 2011	28	74 325	114 813	16 859	205 997
Net result for 2011-12		-	-	36 747	36 747
Loss on revaluation of property, plant and equipment during 2011-12		-	(56 867)	-	(56 867)
Total comprehensive result for 2011-12		-	(56 867)	36 747	(20 120)
Transactions with SA Government as owner:					
Net assets received from an administrative restructure	31	-	-	(3 290)	(3 290)
Net assets transferred as a result of an administrative restructure	31	-	-	3 999	3 999
Balance at 30 June 2012	28	74 325	57 946	54 315	186 586

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

Statement of Cash Flows
for the year ended 30 June 2012

	Note	2012 Inflows (Outflows) $'000	2011 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefit payments		(415 466)	(455 435)
Payments for supplies and services		(215 244)	(221 661)
Payments for grants and subsidies		(790 138)	(876 532)
GST payments on purchases		(62 909)	(54 615)
GST paid to the ATO		(2 153)	(1 898)
Other payments		(26 788)	-
Cash used in operations		(1 512 698)	(1 610 141)
Cash inflows:			
Fees and charges		134 432	114 018
Receipts from Commonwealth		267 568	234 779
Interest received		31	54
GST receipts on receivables		2 080	1 527
GST recovered from the ATO		62 422	54 513
Other receipts		3 170	4 838
Cash generated from operations		469 703	409 729
Cash flows from SA Government:			
Receipts from SA Government		1 110 680	1 181 171
Grants from SA Government agencies		10 991	13 863
Payments to SA Government		(17 938)	(396)
Cash generated from SA Government		1 103 733	1 194 638
Net cash provided by (used in) operating activities	33	60 738	(5 774)
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment (including works in progress)		(49 770)	(14 966)
Purchase of intangibles		-	(757)
Cash used in investing activities		(49 770)	(15 723)
Cash inflows:			
Proceeds from sale of property, plant and equipment		710	1 512
Cash generated from investing activities		710	1 512
Net cash provided by (used in) investing activities		(49 060)	(14 211)
Cash flows from financing activities:			
Cash outflows:			
Cash transferred as a result of restructuring activities		(301)	-
Cash used in financing activities		(301)	-
Cash inflows:			
Capital contributions from SA Government		-	30 526
Proceeds from restructuring activities		246	-
Cash generated from financing activities		246	30 526
Net cash provided by (used in) financing activities		55	30 526
Net increase (decrease) in cash and cash equivalents		11 623	10 541
Cash and cash equivalents at 1 July		52 055	41 514
Cash and cash equivalents at 30 June	17	63 678	52 055

Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2012

(Activities - refer note 4)	1	2	3	4
	2012	2012	2012	2012
Expenses:	$'000	$'000	$'000	$'000
Employee benefit expenses	79 765	84 017	156 001	37 912
Supplies and services	-	19 407	126 724	30 243
Depreciation and amortisation expense	-	1 506	409	1 330
Grants, subsidies and client payments	417 872	62 473	155 653	133 425
Net gain (loss) from disposal of non-current assets	-	-	-	-
Other expenses	-	-	26 783	25
Total expenses	497 637	167 403	465 570	202 935
Income:				
Revenues from rent, fees and charges	82 423	323	15 802	4 832
Commonwealth revenues	86 204	1 378	44 874	134 302
Interest revenues	-	-	2	27
Net gain (loss) from disposal on non-current assets	-	-	(4)	(50)
Other revenues	-	327	-	1 625
Total income	168 627	2 028	60 674	140 736
Net cost of providing services	(329 010)	(165 375)	(404 896)	(62 199)
Revenues from (Payments to) SA Government				
SA Government appropriation	192 866	-	-	-
Grants from SA Government agencies	-	589	5 307	1 700
Payments to SA Government	-	-	-	-
Net result	(136 144)	(164 786)	(399 589)	(60 499)

(Activities - refer note 4)	5	6	General/ Not attributable	Total
	2012	2012	2012	2012
Expenses:	$'000	$'000	$'000	$'000
Employee benefit expenses	9 954	65 031	-	432 680
Supplies and services	5 519	40 188	-	222 081
Depreciation and amortisation expense	57	1 420	-	4 722
Grants, subsidies and client payments	13 624	4 841	-	787 888
Net gain (loss) from disposal of non-current assets	-	-	-	-
Other expenses	-	451	-	27 259
Total expenses	29 154	111 931	-	1 474 630
Income:				
Revenues from rent, fees and charges	953	28 401	-	132 734
Commonwealth revenues	-	427	-	267 185
Interest revenues	-	2	-	31
Net gain (loss) from disposal on non-current assets	-	682	-	628
Other revenues	-	5 114	-	7 066
Total income	953	34 626	-	407 644
Net cost of providing services	(28 201)	(77 305)	-	(1 066 986)
Revenues from (Payments to) SA Government				
SA Government appropriation	-	-	917 814	1 110 680
Grants from SA Government agencies	2 753	642	-	10 991
Payments to SA Government	-	-	(17 938)	(17 938)
Net result	(25 448)	(76 663)	899 876	36 747

Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2011

(Activities - refer note 4)	1	2	3	4
	2011	2011	2011	2011
Expenses:	$'000	$'000	$'000	$'000
Employee benefit expenses	78 037	137 458	143 004	42 180
Supplies and services	550	34 360	109 125	29 446
Depreciation and amortisation expense	-	1 328	415	1 272
Grants, subsidies and client payments	445 201	114 679	143 470	131 684
Other expenses	-	1	56	37
Total expenses	523 788	287 826	396 070	204 619
Income:				
Revenues from rent, fees and charges	77 483	2 898	14 477	3 155
Commonwealth revenues	113 849	1 915	3 122	115 978
Interest revenues	-	-	9	42
Net gain (loss) from disposal of non-current assets	-	(4)	(28)	(39)
Other revenues	-	391	10	3 795
Total income	191 332	5 200	17 590	122 931
Net cost of providing services	(332 456)	(282 626)	(378 480)	(81 688)
Revenues from (Payments to) SA Government				
SA Government appropriation	185 042	-	-	-
Grants from SA Government agencies	-	2 070	6 291	1 900
Payments to SA Government	-	-	-	-
Net result	(147 414)	(280 556)	(372 189)	(79 788)

(Activities - refer note 4)	5	6	General/ Not attributable	Total
	2011	2011	2011	2011
Expenses:	$'000	$'000	$'000	$'000
Employee benefit expenses	9 195	52 727	-	462 601
Supplies and services	4 706	44 078	-	222 265
Depreciation and amortisation expense	35	2 405	-	5 455
Grants, subsidies and client payments	17 518	2 208	-	854 760
Other expenses	-	(12)	-	82
Total expenses	31 454	101 406	-	1 545 163
Income:				
Revenues from rent, fees and charges	1 204	26 146	-	125 363
Commonwealth revenues	275	23	-	235 162
Interest revenues	-	3	-	54
Net gain (loss) from disposal of non-current assets	-	70	-	(1)
Other revenues	-	641	-	4 837
Total income	1 479	26 883	-	365 415
Net cost of providing services	(29 975)	(74 523)	-	(1 179 748)
Revenues from (Payments to) SA Government				
SA Government appropriation	-	-	996 129	1 181 171
Grants from SA Government agencies	2 417	1 185	-	13 863
Payments to SA Government	-	-	(396)	(396)
Net result	(27 558)	(73 338)	995 733	14 890

Disaggregated Disclosures – Assets and Liabilities as at 30 June 2012

(Activities - refer note 4)	1	2	3	4
	2012	2012	2012	2012
Assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents*	-	-	-	-
Receivables*	-	-	-	-
Inventories	-	-	51	-
Property, plant and equipment	-	60 772	64 770	17 615
Capital works in progress	-	-	-	-
Intangible assets	-	-	-	-
Total assets	-	60 772	64 821	17 615
Liabilities:				
Payables*	-	-	-	-
Employee benefits*	-	-	-	-
Borrowings	-	-	-	-
Provisions*	-	-	-	-
Other liabilities*	-	-	-	-
Total liabilities	-	-	-	-

(Activities - refer note 4)	5	6	General/ Not attributable	Total
	2012	2012	2012	2012
Assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents*	-	-	63 678	63 678
Receivables*	-	-	50 326	50 326
Inventories	-	244	-	295
Property, plant and equipment	2 589	43 181	-	188 927
Capital works in progress	-	68 009	-	68 009
Intangible assets	-	-	-	-
Total assets	2 589	111 434	114 004	371 235
Liabilities:				
Payables*	-	-	51 585	51 585
Employee benefits*	-	-	92 851	92 851
Borrowings	-	-	-	-
Provisions*	-	-	34 650	34 650
Other liabilities*	-	-	5 563	5 563
Total liabilities	-	-	184 649	184 649

* The Department considers that the significant expenditure associated with accounting system modifications and other associated expenditure required to reliably capture these disaggregated asset and disaggregated liability information is not justifiable. The Department has therefore chosen not to disclose these assets and liabilities by disaggregated activities.

Disaggregated Disclosures – Assets and Liabilities as at 30 June 2011

(Activities - refer note 4)	1	2	3	4
	2011	2011	2011	2011
Assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents*	-	-	-	-
Receivables*	-	-	-	-
Inventories	-	-	44	-
Property, plant and equipment	-	115 749	99 809	15 761
Capital works in progress	-	18 195	10	-
Intangible assets	-	6 309	-	-
Total assets	-	140 253	99 863	15 761
Liabilities:				
Payables*	-	-	-	-
Employee benefits*	-	-	-	-
Borrowings	-	285	-	-
Provisions*	-	-	-	-
Other liabilities*	-	-	-	-
Total liabilities	-	285	-	-

(Activities - refer note 4)	5	6	General/ Not attributable	Total
	2011	2011	2011	2011
Assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents*	-	-	52 055	52 055
Receivables*	-	-	56 969	56 969
Inventories	-	240	-	284
Property, plant and equipment	1 643	50 925	-	283 887
Capital works in progress	-	35	-	18 240
Intangible assets	-	-	-	6 309
Total assets	1 643	51 200	109 024	417 744
Liabilities:				
Payables*	-	-	53 710	53 710
Employee benefits*	-	-	110 498	110 498
Borrowings	-	-	-	285
Provisions*	-	-	41 087	41 087
Other liabilities*	-	-	6 167	6 167
Total liabilities	-	-	211 462	211 747

* The Department considers that the significant expenditure associated with accounting system modifications and other associated expenditure required to reliably capture these disaggregated asset and disaggregated liability information is not justifiable. The Department has therefore chosen not to disclose these assets and liabilities by disaggregated activities.

Notes to and forming part of the financial statements

1. Objectives and functions of the Department for Communities and Social Inclusion (the Department)

The Department (formerly the Department for Families and Communities) is committed to ensuring that all South Australians, particularly the most vulnerable and disadvantaged, have access to high quality services that protect and enhance the community's wellbeing and provide support to people when they need it.

The Department has a commitment to delivering better and more connected services to the vulnerable and disadvantaged in our community, and to build engaged, socially inclusive, strong and vibrant communities.

The work of the Department will support the achievement of the SA Government strategic priorities.

Following a number of machinery of government reforms which were announced by the Premier, Hon Jay Weatherill MP on 22 October 2011, the Department serves the Minister for Communities and Social Inclusion, Minister for Social Housing, Minister for Disabilities, Minister for Youth, Minister for Volunteers, the Minister for the Status of Women, and the Minister for Multicultural Affairs.

The Department has responsibility for the delivery of specific programs to the public with respect to activities assigned to the Department under various Acts as delegated, by the respective Ministers, to the Chief Executive of the Department.

The Department also functions as a service provider to the South Australian Housing Trust. The financial affairs of the South Australian Housing Trust does not form part of the Department's financial report.

1.1 Administered items

The Department administered certain revenues, expenses, assets and liabilities on behalf of other government agencies and non-government entities. They are not controlled by the Department and are consequently not recognised in the Department's financial statements. They are regarded as significant and disclosed in a separate set of financial statements.

1.2 Administrative restructures

2011-12

- *Transferred out*

  Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 January 2012 the Department transferred responsibilities for Families SA to the Department for Education and Child Development. Assets and liabilities relating to these business units were transferred out of the Department and into the Department for Education and Child Development as at 1 January 2012.

  Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 January 2012 the Department transferred responsibilities for Ageing Policy and Age Care Assessment Team to the Department for Health and Ageing. Assets and liabilities relating to these business units were transferred out of the Department and into the Department for Health and Ageing as at 1 January 2012.

  Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2012, from 23 April 2012 the Department transferred responsibilities for specified employees only, to the Urban Renewal Authority.

- *Transferred in*

  Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 December 2011 DPC transferred responsibilities for the Social Inclusion Unit, to the Department. Assets and liabilities relating to these business units were transferred out of their respective departments and into the Department as at 1 December 2011.

  Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 January 2012 the Attorney-General's Department transferred responsibility for the Office for Women, Office for Youth, Office for Volunteers and Multicultural SA to the Department. Assets and liabilities relating to these business units were transferred out of their respective department and into the Department as at 1 January 2012.

- *Transferred in (continued)*
  Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 January 2012 the Department of Planning and Local Government transferred responsibilities for Office for the Southern Suburbs and Office for the Northern Suburbs to the Department. Assets and liabilities relating to these business units were transferred out of their respective department and into the Department as at 1 January 2012.

2010-11
There were no functions transferred in the 2010-11 financial year.

Funding for the Department
Funding for the Department comes mainly from appropriation funding from State and Commonwealth Government sources. These funds are applied to both controlled and administered activities.

The Department also receives amounts from other sources including rents, fees and charges.

2. Summary of significant accounting policies

2.1 Statement of compliance

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with:

- relevant AASs
- TIs and APSs promulgated under the provision of the PFAA
- other mandatory professional reporting requirements in Australia.

Early adoption of accounting standards
AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2012. The Department has assessed the impact of new and amended standards and interpretations and considers that there will be no impact on the accounting policies or financial statements of the Department.

2.2 Basis of preparation

The preparation of the financial statements requires the use of certain accounting estimates, where management is required to exercise its judgment in the process of applying the Department's accounting policies. The areas involving a higher degree of judgments or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.

The preparation of the financial statements also requires compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency, the APSs require the following note disclosures, that have been included in this financial report:

- revenues, expenses, financial assets and financial liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature

- expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)

- employee TVSP information

- employees whose normal remuneration is equal to or greater than the base executive remuneration level (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the Department to those employees

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

The Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historic cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

2.2 Basis of preparation (continued)

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

The existence of the Department and the ongoing delivery of current programs and services is dependent on government policy and on continuing appropriations by Parliament.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2012 and the comparative information presented.

2.3 Reporting entity

The Department's financial statements include both departmental and administered items. The Department's financial statements include assets, liabilities, income and expenses controlled or incurred by the Department in its own right. The administered financial statements include assets, liabilities, income and expenses which the Department administers on behalf of the SA Government, but does not control. A separate set of financial statements is produced as these administered items are regarded as significant in respect to the Department's operations.

2.4 Comparative information

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

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

Where the Department has applied an accounting policy retrospectively, such items are reclassified retrospectively in the financial statements.

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

2.5 Rounding

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

2.6 Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, FBT, GST and the Emergency Services levy.

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

- where the amount of GST incurred by the Department as a purchaser is not recoverable from the ATO, GST is recognised as part of the cost of acquisition of an asset or is part of an item of expenses
- where appropriate, receivables and payables are stated with the amount of GST included.

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

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

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

2.7 Income

Income is recognised in the Department's Statement of Comprehensive Income when and only when the flow of economic benefits has occurred and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard or where offsetting reflects the substance of the transaction or other event.

2.7 Income (continued)

The notes to the financial statements disclose income where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

Fees and charges

Revenues from fees and charges are derived from the provision of goods and services to other SA Government agencies and to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Grant contributions received

Grants that are received from other entities by the Department for general assistance or a particular purpose may be for capital or recurrent purposes and the name of the category reflects the use of the grant. These entities may be other SA Government agencies or the Commonwealth Government. The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation. The contribution is recognised as an asset and income when the Department obtains control of the contribution or the right to receive the contribution.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

Revenues from SA Government

Appropriations are recognised as revenues when the Department obtains control over the funding. Control over appropriations is normally obtained upon their receipt.

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

Net gain on disposal of non-current assets

Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer and determined by comparing proceeds with carrying amount. When revalued assets are sold, the revaluation increments are transferred to retained earnings.

2.8 Expenses

Expenses are recognised in the Department's Statement of Comprehensive Income when and only when the flow or consumption or loss of future economic benefits has occurred and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard or where offsetting reflects the substance of the transaction or other event.

The notes to the financial statements disclose expenses where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

Employee benefit expenses

Employee benefit expenses includes all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Depreciation and amortisation of non-current assets

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to physical assets such as property, plant and equipment.

The useful lives, residual values and depreciation/amortisation method of all major assets held by the Department are reassessed on an annual basis.

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

Depreciation and amortisation of non-current assets (continued)
Land and non-current assets held for sale are not depreciated.

Depreciation/Amortisation for non-current assets is determined as follows:

Class of asset	*Depreciation method*	*Useful life (years)*
Buildings and improvements	Straight-line	4-50
Leasehold improvements	Straight-line	Life of lease
Computing equipment	Straight-line	3
Motor vehicles	Straight-line	3-10
Other plant and equipment	Straight-line	2-15
Intangible assets - computer software	Straight-line	3-10

Grants paid
Grants that are paid to other entities by the Department for general assistance or a particular purpose, may be for capital or recurrent purposes and the name of the category reflects the use of the grant. These entities may be other SA Government agencies, non-government organisations or the public. The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation. For contributions payable, the contribution will be recognised as a liability and expense when the Department has a present obligation to pay the contribution.

Resources provided free of charge
Resources provided free of charge are recorded as expenditure in the Statement of Comprehensive Income at their fair value and in the expense line items to which they relate.

Payments to SA Government
Payments to SA Government include the return of surplus cash pursuant to the cash alignment policy.

2.9 Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. The Department has a clearly identifiable operating cycle of 12 months. Therefore assets and liabilities that will be realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.10 Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard or where offsetting reflects the substance of the transaction or other event.

Where an asset line item combines amounts expected to be settled within 12 months and more than 12 months, the Department has separately disclosed the amounts expected to be recovered after more than 12 months.

The notes to the financial statements disclose financial assets where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Cash and cash equivalents
Cash and cash equivalents as reported in the Statement of Financial Position includes cash on hand, deposits held at call and other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value. Cash and cash equivalents in the Statement of Cash Flows comprise cash and cash equivalents as defined above. Cash is measured at nominal value.

In October 2003 the SA Government introduced a policy with respect to aligning agency cash balances with the appropriation and expenditure authority. During the 2011-12 financial year the Department was required to transfer $17.9 million of its cash balance to the Consolidated Account. During 2010-11 the Department was required to transfer $7.6 million for concessions which is an administered item.

Receivables
Receivables include amounts receivable from goods and services, prepayments and other accruals.

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are due within 30 days after the issue of an invoice or otherwise in accordance with relevant contractual arrangements.

Receivables (continued)
Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Department will not be able to collect the debt. Debts that are known to be uncollectible, after all reasonable attempts have been made to collect the debt, are written off when identified.

Inventories
Inventories are stated at the lower of cost and their net realisable value. Inventories held for use by the Department are measured at cost, with cost being allocated in accordance with the first-in, first-out method.

Non-current asset acquisition and recognition
Non-current assets are initially recorded at cost plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. Where the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recorded at the value recorded by the transferor prior to transfer.

The Department capitalises all non-current physical assets with a value of $10 000 or greater.

Assets held for sale are separately disclosed and measured at the lower of their carrying amount and fair value less costs to sell.

Works in progress are projects incomplete as at reporting date.

Revaluation of non-current assets
In accordance with APF III, all non-current physical assets are valued at written down current cost (a proxy for fair value); and revaluation of non-current assets or groups of assets is performed when its fair value at the time of acquisition is greater than $1 million and estimated useful life is equal to or greater than three years.

The Department revalues its land and buildings every three years. However, if at any time management considers that the carrying amount of the asset materially differs from the fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current physical assets that are acquired between revaluations are held at cost until the next valuation, when they are revalued to fair value.

Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in the revaluation surplus for that asset class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

The Department's land and buildings were revalued as at 30 June 2012.

The professional valuer engaged to perform the independent valuations was Mr Fred Taormina, BAppSc (Val), AAPI Certified Practicing Valuer of Valcorp Pty Ltd.

Prior to 30 June 2012, the Department's land and buildings were revalued using the fair value methodology, as at 30 June 2009, based on an independent valuation performed by Martin Burns, MBA, BAppSc Property Resource Management, AAPI, CPV, Liquid Pacific Limited. The last site valuation performed by Martin Burns was at 30 June 2009. Desktop valuations were carried out by Martin Burns in 2011 to ensure the carrying amount of land and building assets were not materially different from fair value.

Assets deemed to be at fair value
For those classes of non-current assets where an independent revaluation has not been undertaken, the criteria which require revaluation within APF III have not been met. For these classes of non-current assets, written down cost is deemed to be at fair value as determined by APF III.

Assets deemed to be at fair value (continued)
Asset classes where written down cost is deemed to be fair value include:

- leasehold improvements
- buildings and improvements in progress (WIP)
- computing equipment
- motor vehicles
- other plant and equipment.

Impairment
All non-current assets are tested for an indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset has been revalued. For revalued assets an impairment loss is offset against the revaluation surplus for that same class of assets, to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

Intangibles
An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Department only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of or internal development of software is capitalised when the expenditure meets the asset definition criteria (identifiability, control, and the existence of future economic benefits) and the asset recognition criteria (probability of future economic benefit and cost can be reliably measured) and when the amount of expenditure is greater than or equal to $10 000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

Investment property
The investment property is held to earn rentals and/or for capital appreciation. Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Department.

Subsequent to initial recognition at cost, investment properties are revalued to fair value with changes in the fair value recognised as income or expense in the period that they arise. The properties are not depreciated and are not tested for impairment.

Rental income from the leasing of investment properties is recognised in the Statement of Comprehensive Income as part of other income, on a straight-line basis over the lease term.

At 30 June 2012 there was only one investment property reported in the administered financial statements.

2.11 Liabilities
Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard or where offsetting reflects the substance of the transaction or other event.

Where a liability line item combines amounts expected to be settled within 12 months and more than 12 months, the Department has separately disclosed the amounts expected to be settled after more than 12 months.

The notes to the financial statements disclose financial liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Payables
Payables include creditors, accrued expenses and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to normal operations of the Department.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been processed or received.

In previous years, the Department applied a materiality threshold of $5000 when determining which expenses to accrue. From the 2009-10 financial year, the Department has adopted a policy of accruing expenses of any value, for expenses incurred but not paid, as at reporting date.

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

All payables are measured at their nominal amount and are unsecured. Invoices are normally settled promptly in accordance with TI 11 after the Department receives an invoice.

Employment on-costs include superannuation contributions and payroll tax with respect to the outstanding liabilities for salaries and wages, LSL and annual leave.

The Department makes contributions to several superannuation schemes operated by the SA Government. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as DTF centrally recognises the superannuation liability in the whole-of-government financial statements. The only liability outstanding at balance date relates to any contributions due but not yet paid to the superannuation schemes.

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

- *Sick leave*
  No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years is estimated to be less than the annual entitlement of sick leave.

- *Annual leave*
  The liability for annual leave is measured as the amount unpaid at the reporting date at remuneration rates expected to be paid at reporting date. The annual leave liability is expected to be paid within 12 months and is measured at the undiscounted nominal amount. In the unusual event where salary and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

- *LSL*
  The liability for LSL was determined through an actuarial assessment undertaken by Mercer (Australia) Pty Ltd, in accordance with AASB 119. The following assumptions were made by the actuary when performing the assessment:

  - salary increases of 2.5% and thereafter 4% (2.5% for the first year and thereafter 4%) per annum based on the current enterprise bargaining agreement and short-term forecasts.

  - discounting of 2.7% (5%) per annum based on the gross six year (six year) Commonwealth Government bonds rate at 30 June 2012.

- *Accrued salaries and wages*
  The liability for accrued salaries and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

Borrowings
The Department measures financial liabilities including borrowings/debt at historical cost, except for interest free loans (measured at the present value of expected repayments).

Provisions

- *Insurance*
  The Department is a participant in the State Government's insurance program. The Department pays a premium to SAICORP, a division of SAFA, for professional indemnity insurance and general public liability insurance and is responsible for the payment of claim amounts up to an agreed amount (the deductible). SAICORP provides the balance of funding for claims in excess of the deductible.

  The provision for public liability and professional indemnity insurance represents liabilities for outstanding claims in respect of incidents that have occurred. The liabilities include claims incurred and reported but not paid, claims incurred but not reported (IBNR), claims incurred but not enough reserve (IBNER) and the anticipated costs of settling those claims. The claims liabilities are measured as the present values of the expected future payments. Claims incurred but not paid and claim settlement costs that can be directly attributed to particular claims are assessed by reviewing individual claim files.

  In respect of IBNR and IBNER claims, an amount of $50 000 has been set aside for both the public liability claims and professional indemnity claims. These amounts are based upon historical claims activity, with allowance for prudential margins and are reviewed annually. Public liability and professional indemnity claims relating to periods prior to the restructuring of the former Department of Human Services, effective 1 July 2004, are the responsibility of the Department for Health and Ageing.

  The provision for property claims represents outstanding payments for incurred damage to property. An allowance is also included for IBNER claims. This provision is based upon historical claims activity and with allowance for prudential margins and is reviewed annually.

- *Workers compensation*
  The Department is an exempt employer under the WRCA. Under a scheme arrangement the Department is responsible for the management of workers rehabilitation and compensation.

  The workers compensation liability recognised for the employees of the Department is based on an apportionment of an actuarial assessment of the whole-of-government workers compensation liability conducted by Taylor Fry Consulting Actuaries based on 30 April 2012 data. Taylor Fry Consulting Actuaries extrapolate this data to 30 June 2012. For the 2011-12 financial year the Department has reflected a workers compensation provision of $34.45 million ($40.84 million), refer note 26.2.

  The actuarial assessment conducted by Taylor Fry Consulting Actuaries is based on the payment per claim incurred valuation method. The assessment has been conducted in accordance with AASB 137 and the WorkCoverSA Guidelines for Actuarial Assessments. The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling those claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all the claims do not have to be paid out in the immediate future.

Leases
The Department has not entered into any finance leases. The Department has entered into some operating leases.

- *Operating leases*
  In respect of operating leases, the lessor retains substantially the entire risks and benefits incidental to the ownership of the leased items. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a basis which is representative of the pattern of benefits derived from the leased assets.

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

  The aggregate benefits of lease incentives received by the Department in respect of operating leases have been recorded as a reduction of rental expenses over the lease term, on a straight-line basis.

  Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement whichever is shorter.

2.12 Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

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

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

3. New and revised accounting standards and policies

The Department did not voluntarily change any of its accounting policies during 2011-12.

The AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the period ending 30 June 2012. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

There were no error corrections in 2011-12.

4. Activities of the Department

In achieving its objectives the Department provides a range of services classified into the following activities for 2011-12 agency statements, Budget Paper 4, Volume 2:

Activity 1: Housing

The focus of this program is to develop and implement better housing and service responses for people at risk or in high need, and to work with others to expand and improve affordable housing choices across the state.

This activity encompasses the management of grants for housing services to low income households, people in high need and supported accommodation assistance for people in crisis. This includes grants for the provision of private rental services, public, Aboriginal and community managed housing, and the regulation of community housing and homelessness and support services. The program also provides housing strategy, policy development and advice (including financial advice) to the South Australian Housing Trust.

Activity 2: Families

The program encompasses family support and child safety, alternative care for children and young people not able to be cared for by their own families, case management and support for young people under the guardianship of the Minister, adoption and post-care services and youth justice services as directed by the Youth Court.

The program also included the provision of emergency financial assistance, domestic violence assistance, poverty preventative programs and recovery services for victims of disasters.

Services are provided to Aboriginal children, young people, families and communities to strengthen capacity and reduce over representation of Aboriginal children and young people in care and protection and youth justice activities. This includes working in partnership with Aboriginal communities to address family violence.

Activity 3: Disability

The objective of this program is to promote and develop opportunities for people with a disability to actively engage in the community; and to ensure delivery, both directly and through partnership with non-government organisations, of services to support people with a disability and to enhance their options and choices.

Activity 4: Ageing

To work with partners and directly in the community to ensure opportunities, services and support are available for older South Australians, and to recognise and promote the important contribution older South Australians make in the community.

Activity 5: Communities and Partners

To build and maintain solid relationships with the non-government community services sector and other key partners of the portfolio to help develop and support South Australian families and communities.

Activity 6: ***Organisational Capability***

To establish and maintain business practices that support the delivery of South Australia's Strategic Plan as it affects the portfolio, including ensuring timely decision-making, improving administrative efficiency, increasing customer satisfaction and promoting sustainability.

To continue to build a capable, creative workforce that engages with our customers and partners to ensure effective service provision. Social innovation and continuous improvement will be fostered and our infrastructure will support connected services.

5. Employee benefit expenses

	2012	2011
	$'000	$'000
Salaries and wages	305 649	333 133
TVSPs	941	4 042
LSL	20 352	11 184
Annual leave	30 624	35 249
Superannuation	34 421	35 721
Workers compensation	18 735	19 932
Payroll tax	19 758	20 775
Other employee related expenses	2 200	2 565
Total employee benefit expenses	432 680	462 601

TVSPs

Amount paid to these employees:		
TVSPs	941	4 042
Annual leave and LSL paid during the reporting period	245	1 031
Recovery from DTF*	(2 961)	(2 117)
Net cost to the Department	(1 775)	2 956

Number of employees that were paid TVSPs during the reporting period was 9 (44).

* Recovery exceeds expenses due to $2.009 million received for June 2011 in July.

Remuneration of employees	2012	2011
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
$130 700 - $133 699*	-	3
$134 000 - $143 999	6	13
$144 000 - $153 999	8	12
$154 000 - $163 999	11	10
$164 000 - $173 999	3	10
$174 000 - $183 999	4	2
$184 000 - $193 999	2	4
$194 000 - $203 999	3	4
$204 000 - $213 999	-	4
$214 000 - $223 999	2	1
$224 000 - $233 999	1	-
$244 000 - $253 999	2	3
$254 000 - $263 999	-	1
$264 000 - $273 999	-	1
$274 000 - $283 999	1	-
$284 000 - $293 999	-	1
$324 000 - $333 999	-	1
$344 000 - $353 999	1	-
$384 000 - $393 999	-	1
Total	44	71

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2010-11.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $7.744 million ($12.5 million).

Remuneration of employees who transferred into the Department under machinery of government arrangements

This disclosure is representative of the employees remuneration for the full year of 2011-12. The Department recognises employee benefit expenditure for these employees from the date of transition. Expenses prior to the date were incurred and recognised by the transferor department.

The number of employees whose remuneration received or receivable falls within the following bands:	2012 Number
$130 700 - $133 699*	-
$134 000 - $143 999	1
$144 000 - $153 999	2
$154 000 - $163 999	2
$194 000 - $203 999	2
$214 000 - $223 999	1
Total	8

* This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2010-11.

6. Supplies and services

	2012 $'000	2011 $'000
Accommodation and property related	30 177	34 856
Advertising and promotions	649	618
Brokerage care services	97 720	85 629
Business services	5 310	5 510
Client related expenses	7 382	8 634
Communication and computing	16 352	19 260
Contractors and agency staff	19 013	18 456
Consultants	429	464
Drugs and medical supplies	2 062	2 180
Insurance	1 325	1 361
Interpreter and translator fees	65	89
Managed payments	765	3 458
Minor equipment	9 430	8 509
Motor vehicles	11 489	13 359
Printing, stationery, postage and periodicals	2 978	3 655
Seminars, courses and training	1 517	1 573
Travel and accommodation	2 284	2 628
Other administration	12 836	11 731
Total supplies and services (excluding audit fees)	221 783	221 970
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements*	298	295
Total audit fees	298	295
Total supplies and services (including audit fees)	222 081	222 265
Supplies and services provided by entities within SA Government:		
Accommodation and property related	19 224	24 717
Advertising and promotions	75	34
Brokerage care services	1 301	710
Business services	5 297	5 501
Client related expenses	88	168
Communication and computing	3 374	4 999
Contractors and agency staff	2 133	3 576
Consultants	32	-
Drugs and medical supplies	3	18
Insurance	1 317	1 415
Interpreter and translator fees	1	10
Managed payments	681	3 356
Minor equipment	876	814
Motor vehicles	10 851	12 706
Printing, stationery, postage and periodicals	539	68
Seminars, courses and training	169	94
Travel and accommodation	46	7
Other administration	2 457	2 065
Total supplies and services - SA Government (excluding audit fees)	48 464	60 258

6. Supplies and services (continued)

	2012 $'000	2011 $'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements*	298	295
Total audit fees - SA Government	298	295
Total supplies and services - SA Government (including audit fees)	48 762	60 553

* There were no other services provided by the Auditor-General's Department.

The number and dollar amount of consultancies paid/payable (included in supplies and services) that fell within the following bands:	2012 Number	2012 $'000	2011 Number	2011 $'000
Below $10 000	15	103	12	77
Between $10 000 - $50 000	4	145	9	148
Above $50 000	2	181	3	239
Total paid/payable to the consultants engaged	21	429	24	464

7. Depreciation and amortisation expense

	2012 $'000	2011 $'000
Depreciation expense:		
Buildings and improvements	1 538	1 757
Computing equipment	104	155
Motor vehicles	48	30
ILEP equipment	1 032	867
Other plant and equipment	252	267
Total depreciation expense	2 974	3 076
Amortisation expense:		
Leasehold improvements	1 351	1 562
Computer software	397	817
Total amortisation expense	1 748	2 379
Total depreciation and amortisation expense	4 722	5 455

8. Grants, subsidies and client payments

Grants, subsidies and client payments by program

	2012 $'000	2011 $'000
Aboriginal Community Benefit grants	996	1 190
Disability grants	147 125	131 112
Community Connect grants	965	840
National Rental Affordability Scheme	994	-
National Affordable Housing Agreement (NAHA)	130 740	139 735
National Partnership Agreement on Social Housing	36	-
National Partnership Agreement on Remote Indigenous Housing	45 465	19 381
National Partnership Agreement on the Nation Building and Jobs Plan	30 709	84 855
Supported Residential Facility	8 456	8 156
Tax equivalents regime	192 866	185 042
Social Inclusion funding	412	-
National Partnership Agreement on Homelessness	17 062	16 188
Home and Community Care	131 841	127 736
Alternative Care Support payments	36 991	65 448
Family and Community Development	9 754	8 930
Stronger Families Safer Children - Early Intervention	4 038	7 797
Alternative Care grants	21 092	45 070
Emergency Financial Assistance	550	1 778
Concessions	1 197	791
Aged Care grants	2 097	3 831
Parks Community Centre (local government grant)	1 784	1 784
Strathmont Centre Devolution grant	-	7
Disability Group Home contribution	-	4 357
Office for Youth	1 288	-
Other	1 430	732
Total grants, subsidies and client payments	787 888	854 760

Grants, subsidies and client payments by program (continued)		2012	2011
Grants, subsidies and client payments by program paid/payable within SA Government:	Note	$'000	$'000
Aboriginal Community Benefit grants		5	15
Disability grants		3 832	3 308
Community Connect grants		799	739
National Rental Affordability Scheme		994	-
National Affordable Housing Agreement (NAHA)		130 740	139 735
National Partnership Agreement on Social Housing		36	-
National Partnership Agreement on Remote Indigenous Housing		45 465	19 381
National Partnership Agreement on the Nation Building and Jobs Plan		30 709	84 855
Supported Residential Facility		-	560
Tax equivalents regime		192 866	185 042
Social Inclusion funding		362	-
National Partnership Agreement on Homelessness		17 062	16 188
Home and Community Care		32 225	31 387
Alternative Care Support payments		267	1 316
Alternative Care grants		-	301
Emergency Financial Assistance		1	403
Aged Care grants		892	2 438
Strathmont Centre Devolution grant		-	7
Disability Group Home contribution		-	4 357
Office for Youth		276	-
Other		952	220
Total grants, subsidies and client payments - SA Government		457 483	490 252
Grants, subsidies and client payments by recipient type:			
South Australian Housing Trust		417 872	449 562
SA Government entities - other		3 986	3 573
SA Health units		35 357	35 398
Non-government organisations	8.1	267 065	274 569
Local government		23 396	22 444
Universities		595	623
Grant - Commonwealth and other State/Territory Governments		879	575
Concessions		1 197	791
Children's payments and emergency financial assistance* - government		268	1 719
Children's payments and emergency financial assistance* - non-government		37 273	65 506
Total grants, subsidies and client payments		787 888	854 760

* Small payments are made to numerous providers in accordance with the departmental client payment policies.

8.1 Funding to non-government organisations

Minda Inc	36 869	35 083
Royal District Nursing Service of SA Inc	18 729	18 387
Community Accommodation and Respite Agency Inc	15 032	13 370
Anglicare SA Inc	12 767	15 640
Novita Children's Services Inc	11 792	10 788
Leveda Inc	9 444	6 488
Aged Care and Housing Group Inc	6 785	6 927
Spastic Centres of SA Inc	6 488	5 966
Resthaven Inc	4 839	4 621
Centacare Catholic Family Services	4 653	5 597
Uniting Care Wesley Adelaide Inc	4 065	3 915
Aboriginal Family Support Services Inc	3 929	7 121
Helping Hand Aged Care Inc	3 650	3 262
Community Living and Support Services Inc	3 565	2 318
Orana Inc	3 394	3 057
Life's for Living Inc	3 331	3 861
Life Without Barriers	3 289	11 680
Uniting Care Wesley Port Adelaide Inc	3 174	3 094

8.1 Funding to non-government organisations (continued)	2012 $'000	2011 $'000
Community Lifestyles Inc	3 094	2 972
Baptist Care SA Inc	3 068	4 409
Community Living Options Inc	2 709	2 168
Anglican Community Care Inc	2 586	4 374
Autism Association of SA Inc	2 568	2 259
Royal Society for the Blind of SA Inc	2 542	2 473
Meals on Wheels (SA) Inc	2 525	2 568
Hills Community Options Inc	2 453	1 959
Country Home Advocacy Project Inc	2 132	1 964
Guide Dogs Association of SA & NT Inc	2 066	1 916
Southern Junction Community Services Inc	1 993	3 831
Bedford Group Inc	1 920	1 846
Community Living Project Inc	1 872	1 658
Barkuma Inc	1 749	2 868
Italian Benevolent Foundation (SA) Inc	1 742	1 407
EBL Disability Services Inc	1 648	1 058
Uniting Care Wesley Port Pirie Inc	1 644	2 748
Paraquad SA (The Paraplegic and Quadriplegic Association of SA Inc)	1 604	1 541
Comrec Australia Pty Ltd	1 599	1 326
Aboriginal Elders and Community Care Services Inc	1 594	1 488
Australian Red Cross Society	1 561	1 249
Individual Supported Accommodation Services Inc	1 544	1 493
Aboriginal Prisoners and Offenders Support Services Inc	1 481	1 435
Disability Living Inc	1 452	1 403
Catholic Diocese of Port Pirie	1 449	2 309
Northern Carer's Network Inc	1 410	1 339
Carer Support & Respite Centre Inc	1 405	1 380
Alzheimers Australia SA Inc	1 377	1 264
Carers Association of SA Inc	1 326	1 275
Key Assets SA Ltd	1 263	2 060
Stanhope Healthcare Services (SA) Pty Ltd	1 166	1 128
Lifestyle Assistance and Accommodation Service Inc	1 158	1 118
Xlent Disability Services	1 148	1 032
Masonic Homes Ltd	1 073	1 272
Boandik Lodge Inc	1 010	1 061
The Salvation Army (SA) Property Trust	921	1 698
Seniors Information Service Inc	872	1 069
Other	46 546	42 976
Total funding to non-government organisations	267 065	274 569

Payments to non-SA Government organisations, where total payments to an organisation are greater than $1 million are individually disclosed above. Payments less than $1 million are in 'other'. This excludes payments for children's payments and emergency financial assistance.

9. Other expenses	2012 $'000	2011 $'000
Bad and doubtful debts	451	82
Donated assets	20	-
Aged care payments to Commonwealth*	26 782	-
Other	6	-
Total other expenses	27 259	82
Other expenses paid/payable to entities within the SA Government:		
Bad and doubtful debts	(24)	32
Total other expenses - SA Government	(24)	32

* Reimbursement to the Commonwealth in 2011-12 arising from the aged care funding reform for persons with a disability who are under 65 and are being accommodated within the residential aged care sector.

10. Revenue from rent, fees and charges

	2012 $'000	2011 $'000
Employee services*	82 423	77 482
Insurance recoveries	1 028	1 108
Recoveries	18 904	18 230
Business services	17 037	15 256
Fees, fines and penalties**	2 016	494
Rent	880	829
Patient and client fees	10 446	11 964
Total rent, fees and charges	132 734	125 363
Rent, fees and charges received/receivable from entities within SA Government:		
Employee services*	82 423	77 482
Insurance recoveries	22	91
Recoveries	12 983	11 698
Business services	17 019	15 256
Fees, fines and penalties**	1 500	205
Rent	588	677
Total rent, fees and charges - SA Government	114 535	105 409

* Represents the recovery of costs for the provision of employee related services to Housing SA.

** Includes fees from Multicultural SA, which was transferred to the Department effective 1 January 2012.

11. Commonwealth revenues

	2012 $'000	2011 $'000
National partnership payments:		
Home and Community Care	127 007	109 427
HACC Services for Veterans	1 500	1 455
Disability Reform Funding*	41 682	-
Social Housing	36	-
Remote Indigenous Housing	45 465	19 381
Nation Building and Jobs Plan	30 709	84 855
Aged Care Assessment	5 705	5 096
Homelessness	9 994	9 613
Other	5 087	5 335
Total Commonwealth revenues	267 185	235 162

* An increased in the Commonwealth contribution for specialist disability services to the over 65s arising from the aged care funding reform.

12. Interest revenues

	2012	2011
Interest on funds held	31	54
Total interest revenues	31	54

13. Net gain (loss) from disposal of non-current assets

	2012	2011
Land and buildings:		
Proceeds from disposal	-	1 509
Net book value of assets disposed	-	(1 391)
Net gain (loss) from disposal of land and buildings	-	118
Plant and equipment:		
Proceeds from disposal	10	3
Net book value of assets disposed	(82)	(122)
Net gain (loss) from disposal of plant and equipment	(72)	(119)
Other assets:		
Proceeds from disposal	700	-
Net gain (loss) from disposal of other assets	700	-
Total assets:		
Total proceeds from disposal	710	1 512
Total value of assets disposed	(82)	(1 513)
Total net gain (loss) from disposal of assets	628	(1)

14. Other revenues

	2012 $'000	2011 $'000
Gain on revaluation of assets	3 897	-
Other	3 169	4 837
Total other revenues	7 066	4 837
Other revenues received/receivable from entities within SA Government:		
Other	1 570	702
Total other revenues - SA Government	1 570	702

15. Revenues from (Payments to) SA Government

15.1 SA Government appropriation

	2012 $'000	2011 $'000
Appropriations from Consolidated Account pursuant to the *Appropriation Act*:		
General appropriation	902 800	985 393
DTF - contingency funds	15 014	10 736
Tax equivalent regime reimbursement - Housing SA	192 866	185 042
Total SA Government appropriation	1 110 680	1 181 171

15.2 Grants from SA Government agencies

	2012 $'000	2011 $'000
State capital grants	268	837
Community Development Fund	3 400	3 443
Other	7 323	9 583
Total grants from SA Government agencies	10 991	13 863

15.3 Payments to SA Government

	2012 $'000	2011 $'000
Return of surplus cash pursuant to cash alignment policy	(17 938)	-
Other payments to the Consolidated Account	-	(396)
Total payments to SA Government	(17 938)	(396)
Total revenues from (payments to) SA Government	1 103 733	1 194 638

16. Unexpended funding commitments

The Department is engaged in a variety of funding programs involving State and Commonwealth sources who provide monies to the Department on the premise that these funds are expended in a manner consistent with the terms of the program.

As at 30 June 2012 the Department had outstanding funding commitments to the following programs:

	2012 $'000	2011 $'000
HACC - Commonwealth funding for under 65	2 576	5 883
HACC Project funding	1 460	-
SA Health - ENU Bilateral funding	635	-
Common Access Points	436	-
National Partnership Agreement on Indigenous Economic Participation (Youth and Family Centre programs)	360	360
Property related works	257	-
Common Arrangements - Community Care Reforms	212	-
Commonwealth Department for Health and Ageing CDEP Conversion Program	191	631
Building Practical Inclusions and Participation Project	175	-
Magill Secure Care Sustainment	113	194
Metropolitan Equipment Scheme HACC project no. 1542-04	100	-
Intervention Orders	79	-
CCIF - Funding for Independent Arts Foundation	50	-
Office of the Ageing - Home and Community Care Program	12	425
Eastern Collaboration and Western Linkages Project	12	-
Stockport Community Recovery Project	-	25
Seniors Card Replacement	-	247
Recovery Workforce Development Strategy	-	27
Management of Donated Goods after Disasters Project	-	30
Flexible Working Arrangements for Older South Australians	-	32
DCSI Equipment Program	-	1 252
Community Protection Panel	-	219
Community Development Fund	-	294
Adolescent Community Brokerage	-	149
Total operating funding commitments	6 668	9 768

16. Unexpended funding commitments (continued)

	2012	2011
	$'000	$'000
Domiciliary Care SA - Northern office	1 072	324
Family Wellbeing Centre	500	-
Staff accommodation - Anangu Pitjantjatjara Yankunytjatjara (APY) Lands	280	640
Cavan Training Centre - upgrade Jonal Drive	277	605
Cavan Sustainment	210	-
Client Management Engine	170	27
New Seniors Card - production equipment	76	8
Strathmont Centre - sustainment	41	-
Cavan Youth Training Facility - Goldsborough Road YTC	23	1 458
Community Residential Care Facilities	-	197
Total capital funding commitments	2 649	3 259
Total unexpended funding commitments	9 317	13 027

17. Cash and cash equivalents

Special deposit account with the Treasurer	62 941	50 852
Advance account	100	339
Other deposits	637	864
Total cash and cash equivalents	63 678	52 055

Cash deposits are recognised at their nominal amounts.

Health Services Charitable Gifts Board (previously Commissioners of Charitable Funds)
Other deposits include $559 000 ($534 000) held by the Board.

On 24 November 2010 the Health Services Charitable Gifts Bill was introduced into the House of Assembly. The purpose of this Bill, passed on the 5 May 2011, was to revise and update the existing *Public Charities Funds Act 1935*, under which the Commissioners of Charitable Funds operated.

The *Health Services Charitable Gifts Act 2011*, as stated in The South Australian Government Gazette, was proclaimed by the Governor on 30 June 2011. The Act (No 15 of 2011) came into operation on 1 July 2011. The *Public Charities Funds Act 1935* was repealed.

The arrangements whereby donations and bequests were previously vested in the Commissioners on behalf of the former public health entities, Intellectual Disability Services Council (IDSC) and Metropolitan Domiciliary Care (MDC), ceased as at 30 June 2011.

The Health Services Charitable Gifts Board must, on the request of the Minister to whom the *Family and Community Services Act 1972* is committed, transfer to that Minister funds held on behalf of the Minister.

Deposits with the Treasurer
Includes funds of $42.556 million ($8.335 million) held in the Accrual Appropriation Excess Fund Account. The balance of these funds is not available for general use, ie funds can only be used in accordance with the Treasurer's/ Under Treasurer's approval.

18. Receivables

	2012	2011
Current:	$'000	$'000
Debtors	18 546	21 596
Allowance for doubtful debts	(603)	(183)
Employee related services recoverable	12 759	11 306
Overpaid salaries	192	225
Sundry	136	229
Grant receivables	-	383
Prepayments	153	2 581
GST receivable	4 073	3 513
Total current receivables	35 256	39 650
Non-current:		
Sundry	223	480
Employee related services recoverable	14 847	16 839
Total non-current receivables	15 070	17 319
Total receivables	50 326	56 969

18. Receivables (continued)	2012	2011
Receivables from SA Government entities:	$'000	$'000
Debtors	14 367	17 909
Allowance for doubtful debts	(37)	(64)
Employee related services recoverable	26 984	28 145
Sundry	-	69
Grant receivables	-	383
Prepayments	-	152
Total receivables - SA Government	41 314	46 594

Movements in allowance for doubtful debts

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

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

Movements in the allowance for doubtful debts (impairment loss)	2012	2011
	$'000	$'000
Carrying amount at 1 July	183	195
Transfer from administrative restructure	10	-
Increase (Decrease) in the allowance	431	82
Amounts written off	(21)	(94)
Carrying amount at 30 June	603	183

Bad and doubtful debts

The Department has recognised a bad and doubtful debt expense of $451 000 ($82 000) in the Statement of Comprehensive Income.

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing.

Other than recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk to non-public sector debtors.

Maturity analysis of receivables

Refer note 29.

Categorisation of financial instruments and risk exposure information

Refer note 29.

19. Inventories	2012	2011
Current - held for distribution at no or nominal amount:	$'000	$'000
Inventories held for distribution at cost:		
Stores	295	284
Total current inventories held for distribution at no or nominal amount	295	284
Total inventories	295	284

20. Property, plant and equipment

Land and buildings:		
Vacant land at valuation (fair value)	5 670	7 010
Site land at valuation (fair value)	118 036	211 715
Buildings and improvements at valuation (fair value)	63 476	58 982
Buildings at cost (deemed fair value)	-	2 846
Accumulated depreciation - buildings and improvements	(10 714)	(12 780)
Total land and buildings	176 468	267 773
Leasehold improvements:		
Leasehold improvements at cost (deemed fair value)	11 190	20 824
Accumulated amortisation - leasehold improvements	(3 539)	(9 439)
Total leasehold improvements	7 651	11 385

20. Property, plant and equipment (continued)

	2012	2011
Plant and equipment:	$'000	$'000
Computing equipment at cost (deemed fair value)	710	997
Accumulated depreciation - computing equipment at cost	(602)	(766)
Motor vehicles at cost (deemed fair value)	410	268
Accumulated depreciation - motor vehicles at cost	(267)	(218)
ILEP equipment at cost (deemed fair value)	7 879	6 557
Accumulated depreciation - ILEP equipment at cost	(4 551)	(3 775)
Other plant and equipment at cost (deemed fair value)	3 246	3 917
Accumulated depreciation - other plant and equipment at cost	(2 017)	(2 251)
Total plant and equipment	4 808	4 729
Total property, plant and equipment at valuation (fair value)	187 182	277 707
Total property, plant and equipment at cost (deemed fair value)	23 435	35 409
Total accumulated amortisation	(3 539)	(9 439)
Total accumulated depreciation	(18 151)	(19 790)
Total property, plant and equipment	188 927	283 887

Valuation of land and buildings

Refer note 2.9 above.

Impairment

There were no indications of impairment of property, plant and equipment and infrastructure at 30 June 2012.

20.1 Reconciliation of land, buildings and leasehold improvements

The following table shows the movement of land, buildings and improvements, and leasehold improvements during 2011-12.

2012	Vacant land $'000	Site land $'000	Buildings & imprvmnts $'000	Leasehold imprvmnts $'000	Total land, buildings & leasehold imprvmnts $'000
Carrying amount at 1 July	7 010	211 715	49 048	11 385	279 158
Purchases	-	-	-	121	121
Depreciation and amortisation for the year	-	-	(1 538)	(1 351)	(2 889)
Transfer out through administrative restructures	-	(24 982)	(11 892)	(3 749)	(40 623)
Transfer in through administrative restructures	-	-	72	220	292
Transfers from works in progress	-	-	-	1 025	1 025
Net revaluation increment (decrement)	(1 340)	(68 697)	17 067	-	(52 970)
Other movements	-	-	5	-	5
Carrying amount at 30 June	5 670	118 036	52 762	7 651	184 119
2011					
Carrying amount at 1 July	7 010	212 940	44 462	6 030	270 442
Purchases	-	42	-	450	492
Assets received for nil consideration	-	-	-	6 423	6 423
Disposals	-	(1 267)	(78)	(46)	(1 391)
Depreciation and amortisation for the year	-	-	(1 757)	(1 562)	(3 319)
Transfers from works in progress	-	-	6 421	90	6 511
Carrying amount at 30 June	7 010	211 715	49 048	11 385	279 158

20.2 Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2011-12.

2012	Computing equipment $'000	Motor vehicles $'000	ILEP equipment $'000	Other plant & equipment $'000	Total plant & equipment $'000
Carrying amount at 1 July	231	50	2 782	1 666	4 729
Purchases	22	141	1 628	104	1 895
Assets received/donated for nil consideration	-	-	-	(20)	(20)
Disposals	-	-	(50)	(32)	(82)
Depreciation and amortisation for the year	(104)	(48)	(1 032)	(252)	(1 436)
Transfer out through administrative restructures	(101)	-	-	(272)	(373)
Transfer in through administrative restructures	-	-	-	35	35
Transfers from works in progress	60	-	-	-	60
Carrying amount at 30 June	108	143	3 328	1 229	4 808
2011					
Carrying amount at 1 July	152	80	2 437	1 692	4 361
Purchases	41	-	1 253	212	1 506
Disposals	-	-	(41)	(39)	(80)
Depreciation and amortisation for the year	(155)	(30)	(867)	(267)	(1 319)
Transfers from works in progress	193	-	-	68	261
Carrying amount at 30 June	231	50	2 782	1 666	4 729

21. Capital works in progress

	2012 $'000	2011 $'000
Property, plant and equipment in progress at cost (deemed fair value)	68 009	17 756
Intangibles in progress at cost (deemed fair value)	-	484
Total capital works in progress	68 009	18 240

Reconciliation of capital works in progress

The following table shows the movement of capital works in progress:

2012	Total capital works in progress $'000
Carrying amount at 1 July	18 240
Purchases	51 603
Transfers to completed works	(1 802)
Transfer out through administrative restructures	(32)
Carrying amount at 30 June	68 009
2011	
Carrying amount at 1 July	6 618
Purchases	19 094
Transfers to completed works	(7 571)
Works in progress adjustments	99
Carrying amount at 30 June	18 240

22. Intangible assets

	2012 $'000	2011 $'000
Computer software at cost (deemed fair value)	-	7 830
Accumulated amortisation - computer software	-	(1 521)
Total intangible assets	-	6 309

Reconciliation of intangible assets

The following table shows the movement of intangible assets:

	Total intangible assets
2012	$'000
Carrying amount at 1 July	6 309
Transfer out through administrative restructures	(6 618)
Transfers from works in progress	706
Amortisation for the year	(397)
Carrying amount at 30 June	-
2011	
Carrying amount at 1 July	6 369
Disposals	(42)
Transfers from works in progress	799
Amortisation for the year	(817)
Carrying amount at 30 June	6 309

Impairment

There were no indications of impairment on intangible assets at 30 June 2012.

23. Payables

	2012	2011
Current:	$'000	$'000
Creditors	38 006	37 551
Other accrued expenses	366	2 617
Employee benefit on-costs	8 299	8 309
Other	181	203
Total current payables	46 852	48 680
Non-current:		
Employee benefit on-costs	4 733	5 030
Total non-current payables	4 733	5 030
Total payables	51 585	53 710
Payables to SA Government entities:		
Creditors	18 765	16 283
Other accrued expenses	60	-
Employee benefit on-costs	10 935	12 285
Total payables - SA Government entities	29 760	28 568

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand.

Maturity analysis of payables

Refer note 29.

Categorisation of financial instruments and risk exposure information

Refer note 29.

24. Employee benefits

	2012	2011
Current:	$'000	$'000
Annual leave	27 218	35 167
LSL	9 171	13 033
Accrued salaries and wages	5 662	5 604
Total current employee benefits	42 051	53 804
Non-current:		
LSL	50 800	56 694
Total non-current employee benefits	50 800	56 694
Total employee benefits	92 851	110 498

24. Employee benefits (continued)

The total current and non-current employee liabilities (ie aggregate employee benefit plus related on-costs) for 2012 is $50.35 million ($62.113 million) and $55.533 million ($61.724 million) respectively.

The liability for LSL was determined through an actuarial assessment undertaken by Mercer (Australia) Pty Ltd. A salary inflation rate of 2.5% and thereafter 4% (2.5%) per annum was used and a discount rate of 2.7% (5%) per annum, based on the gross six year (six year) Commonwealth Government bonds rate at 30 June 2012. The proportion of leave taken in service for 2012 was assumed to be 40% (35%) in accordance with the factor set out in APS 5.24.

The significant decrease in bond yield, which is used as the rate to discount future LSL cash flow, results in an increase in reported LSL liability. This increase has been offset with the transfer of the Department for Communities and Social Inclusion - Families SA employees transferring to the Department for Education and Child Development as a result of a reorganisation of public sector operations. It is considered impracticable to estimate the net financial effect of the changes in assumptions in the current financial year for future years.

25. Borrowings

	Note	2012 $'000	2011 $'000
Non-current:			
Advance - Treasury imprest account		-	285
Total non-current borrowings - SA Government		-	285
Total borrowings		-	285

26. Provisions

	Note	2012 $'000	2011 $'000
Current:			
Insurance	26.1	89	109
Workers compensation	26.2	7 629	9 895
Total current provisions		7 718	10 004
Non-current:			
Insurance	26.1	112	141
Workers compensation	26.2	26 820	30 942
Total non-current provisions		26 932	31 083
Total provisions		34 650	41 087

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Division of DPC.

26.1 Reconciliation of insurance

The following table shows the movement of insurance:

	Public liability $'000	Property $'000	2012 Total $'000	Public liability $'000	Property $'000	2011 Total $'000
Carrying amount at 1 July	200	50	250	266	57	323
Transfers out due to restructure (Families SA)	(126)	(13)	(139)	-	-	-
Increase to provision due to new claims	220	20	240	241	115	356
Reduction due to payments	(18)	(10)	(28)	(26)	(19)	(45)
Net revision of estimates	(116)	(6)	(122)	(281)	(103)	(384)
Carrying amount at 30 June	160	41	201	200	50	250

26.2 Reconciliation of workers compensation

The following table shows the movement of workers compensation:

	2012 $'000	2011 $'000
Carrying amount at 1 July	40 837	33 584
Transfers out due to restructure - Families SA	(11 479)	-
Increase to provision due to revision of estimates	19 382	19 696
Reduction due to payments	(14 291)	(12 443)
Carrying amount at 30 June	34 449	40 837

27. Other liabilities

	2012	2011
Current:	$'000	$'000
Unclaimed monies	116	115
Unearned revenue	32	-
Lease incentive	637	637
Total current other liabilities	785	752
Non-current:		
Lease incentive	4 778	5 415
Total non-current other liabilities	4 778	5 415
Total other liabilities	5 563	6 167
Other liabilities with SA Government entities:		
Unearned revenue	32	-
Total other liabilities - SA Government	32	-

28. Equity

	2012	2011
Contributed capital	74 325	74 325
Retained earnings	54 315	16 859
Revaluation surplus	57 946	114 813
Total equity	186 586	205 997

The revaluation surplus is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

29. Financial instruments/Financial risk management

29.1 Categorisation of financial instruments

		2012		2011	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	Note	$'000	$'000	$'000	$'000
Cash and cash equivalents	17,33	63 678	63 678	52 055	52 055
Receivables	18	46 253	46 253	53 456	53 456
Total financial assets		109 931	109 931	105 511	105 511
Financial liabilities					
Payables	23	51 585	51 585	53 710	53 710
Borrowings	25	-	-	285	285
Total financial liabilities		51 585	51 585	53 995	53 995

The value of receivables and payables disclosed above excludes statutory receivables and payables such as GST input tax credit payable and recoverable.

29.2 Credit risk

Credit risk arises when there is the possibility of the Department's debtors defaulting on their contractual obligations resulting in financial loss to the Department.

The Department has minimal concentration of credit risk to non-public sector. The Department does not engage in high risk hedging for its financial assets.

29.3 Ageing analysis of financial assets

The following table discloses the ageing of financial assets, past due including impaired assets past due.

	Past due by			
	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2012	$'000	$'000	$'000	$'000
Not impaired:				
Receivables	1 883	555	542	2 980
Impaired:				
Receivables	-	-	603	603
	1 883	555	1 145	3 583

29.3 *Ageing analysis of financial assets (continued)*

	Past due by			
2011	Overdue for less than 30 days $'000	Overdue for 30-60 days $'000	Overdue for more than 60 days $'000	Total $'000
Not impaired:				
Receivables	197	124	1 595	1 916
Impaired:				
Receivables	-	-	183	183
	197	124	1 778	2 099

The amount of receivables and payables disclosed above excludes statutory receivables and payables such as GST input tax credit payable and recoverable.

29.4 *Maturity analysis of financial assets and liabilities*

		Contractual maturities		
2012	Carrying amount	Less than 1 year	1-5 years	More than 5 years
Financial assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents	63 678	63 678	-	-
Receivables	46 253	31 183	6 904	8 166
Total financial assets	109 931	94 861	6 904	8 166
Financial liabilities:				
Payables	51 585	46 852	4 733	-
Total financial liabilities	51 585	46 852	4 733	-
2011				
Financial assets:				
Cash and cash equivalents	52 055	52 055	-	-
Receivables	53 456	36 137	8 058	9 261
Total financial assets	105 511	88 192	8 058	9 261
Financial liabilities:				
Payables	53 710	48 680	5 030	-
Borrowings	285	-	-	285
Total financial liabilities	53 995	48 680	5 030	285

Maturity analysis of receivables and payables excludes statutory receivables and payables such as GST receivables and payables.

29.5 *Liquidity risk*

Liquidity risk arises where the Department is unable to meet its financial obligations as they are due to be settled. The Department is funded principally from appropriation by the SA Government. The Department works with DTF to determine the cash flows associated with its government approved program of work and to ensure funding is provided through the SA Government budgetary process to meet the expected cash flows. The Department settles undisputed accounts within 30 days from the date of the invoice or the date the invoice is first received.

The Department considers its liquidity risk is minimal based on past experience and current assessment of risk.

The carrying amount of financial liabilities shown at note 29.1 represent the Department's maximum exposure to financial liabilities.

29.6 *Market risk*

Market risk for the Department is primarily through interest rate risk. Exposure to interest rate risk may arise through interest bearing liabilities, including borrowings. The Department's interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. Any exposure to foreign currency risks is managed by SAFA.

29.7 *Sensitivity disclosure analysis*

A sensitivity analysis has not been undertaken for the interest rate risk of the Department as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

30. Unrecognised contractual commitments

30.1 Capital commitments

	2012 $'000	2011 $'000
Capital expenditure contracted at the reporting date but not recognised as liabilities in the financial report, are as follows:		
Within one year	5 678	55 998
Total capital commitments	5 678	55 998

Included in capital expenditure commitments above is $510 000 ($5.09 million) which is the GST component of the capital expenditure commitments.

30.2 Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:		
Within one year	11 274	18 014
Later than one year but not later than five years	36 431	51 350
Later than five years	30 351	39 692
Total operating lease commitments	78 056	109 056

Included in the operating lease commitments above is $7.096 million ($9.91 million) which is the GST component of the operating lease payments.

The Department has many lease agreements. These leases are for administrative purposes and vary in length. Lease payments are monthly and predominantly paid in advance. Some lease agreements have renewal options for a determined period, exercisable by both the lessor and lessee.

31. Transferred functions

31.1 Transferred functions for 2011-12

Transfers out of the Department.

Note 1.2 Administrative restructures details the transfers out of the Department. They were:

- Families SA (FSA) effective 1 January 2012
- Aged Care Assessment Team (ACAT) effective 1 January 2012
- Ageing and Policy (AGEING) effective 1 January 2012
- Employees in relation to Urban Renewal Authority (URA) effective 1 April 2012.

The following assets and liabilities were transferred out of the Department during 2011-12:

	FSA $'000	ACAT $'000	AGEING $'000	URA $'000	Total $'000
Current assets:					
Cash	301	-	-	-	301
Receivables	2 523	-	-	-	2 523
Total current assets	2 824	-	-	-	2 824
Non-current assets:					
Receivables	149	-	-	-	149
Property, plant and equipment	40 996	-	-	-	40 996
Capital works in progress	32	-	-	-	32
Intangible assets	6 618	-	-	-	6 618
Total non-current assets	47 795	-	-	-	47 795
Total assets	50 619	-	-	-	50 619
Current liabilities:					
Payables	10 843	58	26	107	11 034
Employee benefits	13 123	432	188	812	14 555
Provisions	2 866	-	-	-	2 866
Total current liabilities	26 832	490	214	919	28 455
Non-current liabilities:					
Payables	1 185	56	23	112	1 376
Employee benefits	13 568	642	263	1 277	15 750
Borrowings	285	-	-	-	285
Provisions	8 752	-	-	-	8 752
Total non-current liabilities	23 790	698	286	1 389	26 163
Total liabilities	50 622	1 188	500	2 308	54 618
Total net assets transferred	(3)	(1 188)	(500)	(2 308)	(3 999)

Transfers in to the Department

Note 1.2 Administrative restructures details the transfers into the Department for Communities and Social Inclusion (DCSI). They were:

- Social Inclusion Unit (SIU) effective 1 December 2011
- Office for Women (OFW) effective 1 January 2012
- Office for Volunteers (OFV) effective 1 January 2012
- Office for Youth (OFY) effective 1 January 2012
- Multicultural SA (MSA) effective 1 January 2012
- Office for Northern Suburbs (OFN) effective 1 January 2012
- Office for Southern Suburbs (OFS) effective 1 January 2012.

Opening balance for assets and liabilities transferred to the Department in 2011-12.

	Assets $'000	Liabilities $'000	Net assets $'000
Social Inclusion Unit	-	2 749	(2 749)
Office for Women	246	191	55
Office for Volunteers	94	262	(168)
Office for Youth	11	388	(377)
Multicultural SA	537	659	(122)
Office for Northern Suburbs	223	85	138
Office for Southern Suburbs	-	67	(67)
Total	1 111	4 401	(3 290)

Detailed restructure note per business unit for assets, liabilities, expenses and income transferred to the Department in 2011-12.

Assets and liabilities transferred in for Social Inclusion Unit as at 1 December 2011.

	SIU $'000	Total $'000
Current liabilities:		
Payables	2 449	2 449
Employee benefits	177	177
Total current liabilities	2 626	2 626
Non-current liabilities:		
Payables	11	11
Employee benefits	112	112
Total non-current liabilities	123	123
Total liabilities	2 749	2 749
Total net assets transferred	(2 749)	(2 749)

Expense and revenue for Social Inclusion Unit for 2011-12.

	DPC 01.07.11 to 30.11.11 $'000	DCSI 01.12.11 to 30.06.12 $'000	Total $'000
Expenses:			
Employee costs	916	673	1 589
Grant payments	2 452	412	2 864
Supplies and services	144	684	828
Other	8	-	8
Total expenses	3 520	1 769	5 289
Income:			
Grants and subsidies revenue	250	250	500
Other recoveries	-	1	1
Total income	250	251	501
Net cost of providing services	(3 270)	(1 518)	(4 788)

Assets and liabilities transferred in for Office for Women as at 1 January 2012.

	OFW $'000	Total $'000
Current assets:		
Cash	246	246
Total current assets	246	246
Total assets	246	246

Transfers in to the Department (continued)

Assets and liabilities transferred in for Office for Women as at 1 January 2012 (continued).

	OFW	Total
Current liabilities:	$'000	$'000
Payables	10	10
Employee benefits	69	69
Total current liabilities	79	79
Non-current liabilities:		
Payables	9	9
Employee benefits	103	103
Total non-current liabilities	112	112
Total liabilities	191	191
Total net assets transferred	55	55

Expense and revenue for Office for Women for 2011-12.

	AGD 01.07.11 to 31.12.11	DCSI 01.01.12 to 30.06.12	Total
Expenses:	$'000	$'000	$'000
Employee costs	723	775	1 498
Grant payments	7	86	93
Supplies and services	159	466	625
Other	141	-	141
Total expenses	1 030	1 327	2 357
Income:			
Grants and subsidies revenue	110	6	116
Other recoveries	1	157	158
Total income	111	163	274
Net cost of providing services	(919)	(1 164)	(2 083)

Assets and liabilities transferred in for Office for Volunteers as at 1 January 2012.

	OFV	Total
Non-current assets:	$'000	$'000
Property, plant and equipment	94	94
Total non-current assets	94	94
Total assets	94	94
Current liabilities:		
Payables	10	10
Employee benefits	67	67
Total current liabilities	77	77
Non-current liabilities:		
Payables	15	15
Employee benefits	170	170
Total non-current liabilities	185	185
Total liabilities	262	262
Total net assets transferred	(168)	(168)

Expense and revenue for Office for Volunteers for 2011-12.

	AGD 01.07.11 to 31.12.11	DCSI 01.01.12 to 30.06.12	Total
Expenses:	$'000	$'000	$'000
Employee costs	251	267	518
Grant payments	350	149	499
Supplies and services	79	169	248
Other	12	-	12
Depreciation	10	16	26
Total expenses	702	601	1 303
Income:			
Other recoveries	6	16	22
Total income	6	16	22
Net cost of providing services	(696)	(585)	(1 281)

Transfers in to the Department (continued)

Assets and liabilities transferred in for Office for Youth as at 1 January 2012.

	OFY	Total
Non-current assets:	$'000	$'000
Property, plant and equipment	11	11
Total non-current assets	11	11
Total assets	11	11
Current liabilities:		
Payables	13	13
Employee benefits	90	90
Total current liabilities	103	103
Non-current liabilities:		
Payables	24	24
Employee benefits	261	261
Total non-current liabilities	285	285
Total liabilities	388	388
Total net assets transferred	(377)	(377)

Expense and revenue for Office for Youth for 2011-12.

	AGD 01.07.11 to 31.12.11	DCSI 01.01.12 to 30.06.12	Total
Expenses:	$'000	$'000	$'000
Employee costs	762	785	1 547
Grant payments	553	1 257	1 810
Supplies and services	87	366	453
Other	97	-	97
Depreciation	1	1	2
Total expenses	1 500	2 409	3 909
Income:			
Grants and subsidies revenue	100	-	100
Commonwealth revenue	29	-	29
Other recoveries	39	190	229
Total income	168	190	358
Net cost of providing services	(1 332)	(2 219)	(3 551)

Assets and liabilities transferred in for Multicultural SA as at 1 January 2012.

	MSA	Total
Current assets:	$'000	$'000
Receivables	537	537
Total current assets	537	537
Total assets	537	537
Current liabilities:		
Payables	26	26
Employee benefits	177	177
Total current liabilities	203	203
Non-current liabilities:		
Payables	37	37
Employee benefits	419	419
Total non-current liabilities	456	456
Total liabilities	659	659
Total net assets transferred	(122)	(122)

Transfers in to the Department (continued)

Expense and revenue for Multicultural SA for 2011-12.

	AGD 01.07.11 to 31.12.11	DCSI 01.01.12 to 30.06.12	Total
Expenses:	$'000	$'000	$'000
Employee costs	2 154	2 039	4 193
Grant payments	154	832	986
Supplies and services	333	659	992
Other	67	-	67
Total expense	2 708	3 530	6 238
Income:			
Fees and charges	1 848	1 218	3 066
Grants and subsidies revenue	22	-	22
Other recoveries	2	771	773
Total income	1 872	1 989	3 861
Net cost of providing services	(836)	(1 541)	(2 377)

Assets and liabilities transferred in for Office for Northern Suburbs as at 1 January 2012.

	OFN	Total
Current assets:	$'000	$'000
Receivables	1	1
Total current assets	1	1
Non-current assets:		
Property, plant and equipment	222	222
Total non-current assets	222	222
Total assets	223	223
Current liabilities:		
Payables	5	5
Employee benefits	35	35
Provisions	6	6
Total current liabilities	46	46
Non-current liabilities:		
Payables	2	2
Employee benefits	18	18
Provisions	19	19
Total non-current liabilities	39	39
Total liabilities	85	85
Total net assets transferred	138	138

Expense and revenue for Office for Northern Suburbs for 2011-12.

	DPLG 01.07.11 to 31.12.11	DCSI 01.01.12 to 30.06.12	Total
Expenses:	$'000	$'000	$'000
Employee costs	216	203	419
Grant payments	-	88	88
Supplies and services	58	64	122
Depreciation	20	-	20
Total expenses	294	355	649
Income:			
Appropriation from SA Government	238	-	238
Grants and subsidies revenue	-	56	56
Other recoveries	-	17	17
Total income	238	73	311
Net cost of providing services	(56)	(282)	(338)

Transfers in to the Department (continued)

Assets and liabilities transferred in for Office for Southern Suburbs as at 1 January 2012.

	OFS	Total
Current liabilities:	$'000	$'000
Payables	5	5
Employee benefits	33	33
Total current liabilities	38	38
Non-current liabilities:		
Payables	3	3
Employee benefits	26	26
Total non-current liabilities	29	29
Total liabilities	67	67
Total net assets transferred	(67)	(67)

Expense and revenue for Office for Southern Suburbs for 2011-12.

	DPLG 01.07.11 to 31.12.11	DCSI 01.01.12 to 30.06.12	Total
Expenses:	$'000	$'000	$'000
Employee costs	148	107	255
Supplies and services	18	12	30
Total expenses	166	119	285
Income:			
Appropriation from SA Government	157	-	157
Total income	157	-	157
Net cost of providing services	(9)	(119)	(128)

31.2 Transferred functions for 2010-11

There were no functions transferred in or out of the Department in the 2010-11 financial year.

32. Contingent assets and liabilities

The Department is not aware of any contingent assets or liabilities.

33. Cash flow reconciliation

	2012	2011
Reconciliation of cash and cash equivalents at 30 June as per:	$'000	$'000
Statement of Cash Flows	63 678	52 055
Statement of Financial Position	63 678	52 055

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services

	2012	2011
Net cash provided by (used in) operating activities	60 738	(5 774)
SA Government appropriation	(1 110 680)	(1 181 171)
Grants from SA Government agencies	(10 991)	(13 863)
Payments to SA Government	17 938	396
	(1 042 995)	(1 200 412)
Non-cash items:		
Depreciation	(2 974)	(3 076)
Amortisation	(1 748)	(2 379)
Donated assets	(20)	-
Gain (Loss) from disposal of non-current assets	628	(1)
Revaluation increments (decrements)	3 897	-
Bad and doubtful debts	(451)	(82)
Works in progress adjustment	-	99
Transferred in for administrative restructures	3 863	-
Transferred out for administrative restructures	(51 661)	-
Movements in assets/liabilities:		
Receivables	(6 192)	14 586
Inventories	11	(35)
Payables and provisions	8 562	4 971
Non-current assets accrued in payables	4 480	5 740
Employee benefits	17 647	842
Other liabilities	(33)	(1)
Net cost of providing services	(1 066 986)	(1 179 748)

34. Remuneration of board and committee members

There are various committees, forums, groups, panels and councils that have been created to assist the Department in meeting its objectives. In addition, there are committees that have been created by the Minister. Where any of the members are remunerated, certain disclosures are required under the APFs issued by DTF.

All members of the board/committees, including those who may have resigned or their term had expired during the financial year, are listed below:

Charitable and Social Welfare Fund Board (Community Benefit SA)

Gary David Storkey (Chair)
Declan Jonathon Andrews (Member)
Letitia Ashworth (Member)
Christina Pauline Birch (Member)
Michelle Lee-Anne Jones (Member)

Child Death and Serious Injury Review Committee*

Dymphna Eszenyi (Chair)
Roger William Byard (Member)
Daniel Cox (Member)
Angela Marie Davis (Member)
Dianne Elizabeth Gursansky (Member)
Janine Nicola Harvey (Member)
Michelle Hasani (Member)
Diana Margaret Hetzel (Member)
Barry John Jennings (Member)
Sandra Anne Miller (Sandy) (Member)
Thomas Ian Osborn (Member)
Michelle Papillo (Member)
Dana Tung-choi Shen (Member)
Nigel Stewart (Member)
Barbara Dorothy Tiffin (Member)

Council for the Care of Children*

Diana Margaret Hetzel (Chair)
Keith James Bartley (Member)
Barbara (Jane) Chapman (Member)
Kaye Colmer (Member)
Jane Mulcuster Cooper (Member)
Angelique Edmonds (Member)
Thomas (Thom) Manning (Member)
Joslene Mazel (Member)
Kiara Rahman (Member)
Emily Rozee (Member)
Nerida Michelle Sanders (Member)
Simon Schrapel (Member)
Phillip Thomas Slee (Member)
David Swan (Member)

Ministerial Advisory Board on Ageing**

Rosemary Anne Crowley (Chair)
David Caudrey (Ex Officio)
Kenneth John Coventry (Member)
Patricia Lesley Greethead (Member)
Graeme John Hugo (Member)
Lawrence Lewis (Member)
Gerard McEwen (Member)
Patricia Kaye Mickan (Member)
Janice Dorothy Rigney (Member)
Graham Robert Strathearn (Member)
Marjorie Ann (Marj) Tripp (Member)
Dana Vukovich (Member)

Minister's Disability Advisory Council

Lorna Elizabeth Hallahan (Chair)
Katherine Elisabeth Annear (Deputy Chair)
David Caudrey (Ex Officio)
Siyat Abdi (Member)
Jacqueline Elise Beard (Member)
Sheelagh Daniels-Mayes (Member)
Silvana Gant (Member)
Evdokia Kalaitzidi (Member)
Kyra Kimpton (Member)
Neil Lillecrap (Member)
Gaelle Mellis (Member)
Wayne Oldfield (Member)
Michael John Taggart (Member)

Minister's Youth Council***

Mohammad Al-Khafaji (Co-Chairperson)
Cassandra Attwood (Member)
Henry De Cure (Member)
Sarah Elsayed (Member)
Paul Fitzgerald (Member)
Emma Gillett (Member)
Kye Hanley (Member)
Lulu Hensman (Member)
Lauren Kimm (Member)
Noby Leong (Member)
Nai Heak Lim (Co-Chairperson)
Thomas (Thom) Manning (Member)
Georgina Frances Morphett (Member)
Emma Jane Moulds (Member)
Michael Thompson (Member)
Ruth Wallace (Member)
Catherine Whitington (Member)

Premier's Council for Women*

Alison Frances Adair (Member)
Eunice Elizabeth Aston (Member)
Anne Rosalie Edwards (Co-Chairperson)
Kate Jean Gould (Co-Chairperson)
Elizabeth Anne Haebich (Member)
Maria Hagias-Tramontin (Member)
Anne-Marie Hayes (Member)
Katrine Anne Hildyard (Member)
Elizabeth Jensen (Member)
Anuradha (Anu) Mundkur (Member)
Sonia Romeo (Member)
Nerida Michelle Saunders (Member)
Miriam Silva (Member)
Louise Kathryn Stock (Member)
Katrina Lea Webb-Dennis (Member)
Christine Zeitz (Member)

Risk Management and Audit Committee

Mary Patetsos (Chair)
Peter Agars (Member) 1 July 2011, deceased 30 October 2011
Peter Bull (Member)
Michael JB Evans (Member)
Geoff Lamshed (Member)
Nicolle Rantanen (Member)
Yvonne Sneddon (Member)
Lynn Young (Member)

South Australian Multicultural and Ethnic Affairs Commission*

Daniela Valentina Conesa (Member)
Michelle (Swee Ming) Dieu (Member)
Vesna Drapac (Member)
Branka King (Member)
Stamatiki Kritas (Deputy Chair)
Hieu Van Le (Chair)
Vikram Maden (Member)
Joseph Julius Masika (Member)
Teresa Nowak (Member)
Peter Ppiros (Member)
Norman Schueler (Member)
Miriam Silva (Member)
Sumeja Skaka (Member)
Malgorzata (Gosia) Skalban (Member)
Domenico Totino (Member)

State Emergency Relief Fund

Barry Joseph Grear (Chair)
Angela Chooi (Member)
Veronica Margaret Faggotter (Member)
Sherree Goldsworthy (Member)
Helen Kay Lamont (Member)
Raina Nella Nechvoglod (Member)

Supported Residential Facilities Advisory Committee

Barbara (Jane) Chapman (Chair)
Alister Lyndon Armstrong (Member)
(Sheila) Carol Bouwens (Deputy Member) (Duke)
Kevin John Duke (Member)
Shaunee Fox (Member)
Neville Kitchin (Member)
Mariann Rose McNamara (Member)
Anne Megaw (Deputy Member) (Petrys)
Kirin Moat (Deputy Member) (Nikolettos)
Paul Nikolettos (Member)
Debra Petrys (Member)
Penelope Richardson (Member)
Paula Elizabeth Ryan (Member)
Susan Whitington (Member)
Jillian Yvonne Whittaker (Deputy Member) (Whitington)
Carolyn Ann Wigg (Deputy Member) (Wright)
Helen Wright (Member)

Ministerial Advisory Group on Volunteering*

Claudia Cream (Member)
Michael Egbert Feszczak (Member)
Emma Gillett (Member)
John Gerard Haren (Member)
Georgia Heath (Member)
Sabah Izzett (Member)
Con Katsambis (Member)
Sophie Larsen (Member)
David Edward Mitchell (Member)
Lisel Alice O'Dwyer (Member)
Evelyn O'Loughlin (Member)
Antonio (Tony) Priccolo (Chair)
Jan Lynette Sutherland (Member)
Wayne Brian Thorley (Member)
Sonya Weiser (Member)
Mark Kennett Whitfield (Member)

* Finances transferred to the Department for Education and Child Development as at 1 January 2012.

** Finances transferred to the Department for Health and Ageing as at 1 January 2012.

*** Finances transferred to DCSI from the Attorney-General's Department as at 1 January 2012.

Deputies listed may or may not have attended a committee meeting during the financial year.

Total income received, or due to be receivable by members was $160 000 ($120 000).

34. Remuneration of board and committee members (continued)

The number of members whose income from the entity falls within the following bands is:	2012 Number	2011 Number
$0	51	41
$1 - $9 999	96	51
$10 000 - $19 999	2	2
Total	149	94

In accordance with DPC Circular 16, government employees did not receive any remuneration for board, committee or forum duties during the financial year.

Benefits given by the Department to superannuation funds or otherwise in connection with the retirement of members were $10 000 ($10 000).

During the financial year, no loans were made to members. At the reporting date, no outstanding loans exist with members.

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

35. Events after balance date

On 13 August 2012 the Government announced it intends to establish a community safety directorate which will be a directorate of DCSI. The directorate will provide strategic advice and high level coordination across police, correctional services, emergency services and road safety, and oversee the development and implementation of policy. A project team has been established to determine the best model for the Department.

36. Administered items

The revenues, expenditures, assets and liabilities that were administered but not controlled by the Department have not been included in the financial statements. These administered transactions and balances are regarded as significant in relation to the Department's overall financial performance and in accordance with APF II, separate consolidated administered financial statements and notes to the accounts have been prepared.

37. Residential aged care sector reporting

The *Aged Care Act 1997* (the Act) provides for the regulation and funding of aged care services. Persons who are approved under the Act to provide aged care services (approved providers) can be eligible to receive subsidy payments in respect of the care they provide to approved care recipients.

In accordance with the Act, the Department must prepare an audited general purpose financial report for the residential aged care facilities provided at Highgate and Northgate.

The financial statements for the regulated aged care services reflect an allocation of the Department's income, expenses, assets and liabilities, as recorded in the Department's financial records, to the regulated activities. The financial statements have been prepared using the Department's accounting policies described in note 2.

The former Julia Farr Services (JFS) was an approved provider of residential aged care (RAC) with 62 places licensed by the Commonwealth Department of Health and Ageing. Effective 1 July 2007, the Governor proclaimed the dissolution of JFS and all assets and liabilities vested in or held by JFS were transferred or assigned to or vested in, the Minister for Disability. Certain assets held by the former JFS are subject to the terms and conditions of the Home for Incurables Trust and the Minister for Disability has been appointed as trustee. The trust assets are administered but not controlled by the Department, hence they are not included in the accounts of the Department.

The former Intellectual Disability Services Council (IDSC) was also an approved provider of residential aged care with 32 places licensed by the Commonwealth Department of Health and Ageing. On 29 June 2006 the Governor proclaimed to dissolve IDSC in association with reforms to the governance arrangements within the SA Government with respect to the management of the provision of disability services. Effective 1 July 2006, the Board of IDSC dissolved and the assets and liabilities of IDSC were transferred, assigned or were vested in the Minister for Disability.

Statement of Comprehensive Income for the year ended 30 June 2012

	Residential Aged Care			
	Highgate Disability SA	Northgate Disability Services SA		
NAPS ID*	1021	3051		2012
RACS ID**	6402	6203	Non-RAC	Total
Expenses:	$'000	$'000	$'000	$'000
Employee benefit expenses	4 269	3 374	425 037	432 680
Supplies and services	2 831	1 210	218 040	222 081
Depreciation and amortisation	1	143	4 578	4 722
Grants, subsidies and client payments	-	-	787 888	787 888
Other expenses	-	-	27 259	27 259
Total expenses	7 101	4 727	1 462 802	1 474 630
Income:				
Rent, fees and charges	1 154	720	130 860	132 734
Commonwealth revenues	1 452	1 740	263 993	267 185
Interest revenues	-	-	31	31
Net gain from disposal of non-current assets	-	-	628	628
Other revenues	-	-	7 066	7 066
Total income	2 606	2 460	402 578	407 644
Net cost of providing services	(4 495)	(2 267)	(1 060 224)	(1 066 986)
Revenues from (payments to) SA Government:				
SA Government appropriation	-	-	1 110 680	1 110 680
Grants from SA Government agencies	-	-	10 991	10 991
Payments to SA Government	-	-	(17 938)	(17 938)
Total revenues from (payments to) SA Government	-	-	1 103 733	1 103 733
Net result	(4 495)	(2 267)	43 509	36 747

* National Approved Provider System (NAPS)
** Residential Aged Care Service (RACS)

Statement of Financial Position as at 30 June 2012

		Residential Aged Care			
		Highgate Disability SA	Northgate Disability Services SA		
	NAPS ID	1021	3051		2012
	RACS ID	6402	6203	Non-RAC	Total
Current assets:		$'000	$'000	$'000	$'000
Cash and cash equivalents*		-	-	63 678	63 678
Receivables		42	21	35 193	35 256
Inventories		-	-	295	295
Total current assets		42	21	99 166	99 229
Non-current assets:					
Receivables		5	4	15 061	15 070
Property, plant and equipment		-	9 008	179 919	188 927
Capital works in progress		-	-	68 009	68 009
Total non-current assets		5	9 012	262 989	272 006
Total assets		47	9 033	362 155	371 235
Current liabilities:					
Payables		216	233	46 403	46 852
Employee benefits		677	481	40 893	42 051
Provisions		170	144	7 404	7 718
Other liabilities		-	-	785	785
Total current liabilities		1 063	858	95 485	97 406
Non-current liabilities:					
Payables		46	37	4 650	4 733
Employee benefits		497	400	49 903	50 800
Provisions		596	505	25 831	26 932
Other liabilities		-	-	4 778	4 778
Total non-current liabilities		1 139	942	85 162	87 243
Total liabilities		2 202	1 800	180 647	184 649
Net assets		(2 155)	7 233	181 508	186 586

* Cash deficits in residential aged care are funded by contributions from SA Government.

Statement of Comprehensive Income for the year ended 30 June 2011

	Residential Aged Care			
	Highgate Disability SA	Northgate Disability Services SA		
NAPS ID	1021	3051		2011
RACS ID	6402	6203	Non-RAC	Total
Expenses:	$’000	$’000	$’000	$’000
Employee benefit expenses	4 185	3 053	455 363	462 601
Supplies and services	2 422	949	218 894	222 265
Depreciation and amortisation	1	143	5 311	5 455
Grants, subsidies and client payments	-	-	854 760	854 760
Net loss from disposal of non-current assets	-	-	1	1
Other expenses	-	-	82	82
Total expenses	6 608	4 145	1 534 411	1 545 164
Income:				
Rent, fees and charges	1 178	714	123 471	125 363
Commonwealth revenues	1 399	1 723	232 040	235 162
Interest revenues	-	-	54	54
Other revenues	-	-	4 837	4 837
Total income	2 577	2 437	360 402	365 416
Net cost of providing services	(4 031)	(1 708)	(1 174 009)	(1 179 748)
Revenues from (Payments to) SA Government:				
SA Government appropriation	-	-	1 181 171	1 181 171
Grants from SA Government agencies	-	-	13 863	13 863
Payments to SA Government	-	-	(396)	(396)
Total revenues from (payments to) SA Government	-	-	1 194 638	1 194 638
Net result	(4 031)	(1 708)	20 629	14 890

Statement of Financial Position as at 30 June 2011

		Residential Aged Care			
		Highgate Disability SA	Northgate Disability Services SA		
	NAPS ID	1021	3051		2011
	RACS ID	6402	6203	Non-RAC	Total
Current assets:		$'000	$'000	$'000	$'000
Cash and cash equivalents*		-	-	52 055	52 055
Receivables		27	17	39 606	39 650
Inventories		-	-	284	284
Total current assets		27	17	91 945	91 989
Non-current assets:					
Receivables		7	5	17 307	17 319
Property, plant and equipment		-	10 102	273 785	283 887
Capital works in progress		-	-	18 240	18 240
Intangible assets		-	-	6 309	6 309
Total non-current assets		7	10 107	315 641	325 755
Total assets		34	10 124	407 586	417 744
Current liabilities:					
Payables		210	140	48 330	48 680
Employee benefits		562	388	52 854	53 804
Provisions		132	97	9 775	10 004
Other liabilities		-	-	752	752
Total current liabilities		904	625	111 711	113 240
Non-current liabilities:					
Payables		45	34	4 951	5 030
Employee benefits		505	386	55 803	56 694
Borrowings		-	-	285	285
Provisions		413	305	30 365	31 083
Other liabilities		-	-	5 415	5 415
Total non-current liabilities		963	725	96 819	98 507
Total liabilities		1 867	1 350	208 530	211 747
Net assets		(1 833)	8 774	199 056	205 997

* Cash deficits in residential aged care are funded by contributions from SA Government.

Statement of Administered Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Employee benefit expenses		294	246
Supplies and services		1 374	1 269
Loss on revaluation of investment property		1 374	-
Depreciation and amortisation expense		761	761
Grants, subsidies and client payments	A5	162 514	154 569
Client trust fund payments	A4	13 514	12 572
Total expenses		179 831	169 417
Income:			
Grants and contributions		10 354	10 616
Revenue from rent, fees and charges		1 022	441
Interest revenues		911	926
Client trust fund receipts	A4	13 270	13 008
Other income		372	112
Total income		25 929	25 103
Net cost of providing services		(153 902)	(144 314)
Revenues from (Payments to) SA Government:			
SA Government appropriation		160 000	151 492
Payment to SA Government under Cash Alignment Policy	A6	(8 060)	(7 556)
Total revenues from (payments to) SA Government		151 940	143 936
Net result		(1 962)	(378)
Other comprehensive income:			
Revaluation surplus		(4 016)	-
Total other comprehensive income		(4 016)	-
Total comprehensive result		(5 978)	(378)

Statement of Administered Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash and cash equivalents		61 676	53 220
Receivables		294	600
Total current assets		61 970	53 820
Non-current assets:			
Property, plant and equipment	A9.1	31 328	36 105
Investment property	A9.2	1 220	2 594
Total non-current assets		32 548	38 699
Total assets		94 518	92 519
Current liabilities:			
Payables		14 704	6 905
Overdraft		23	21
Total current liabilities		14 727	6 926
Total liabilities		14 727	6 926
Net assets		79 791	85 593
Equity:			
Retained earnings		53 605	55 391
Revaluation surplus		26 186	30 202
Total equity		79 791	85 593

Statement of Administered Changes in Equity
for the year ended 30 June 2012

	Revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2010	30 202	55 769	85 971
Net result for 2010-11	-	(378)	(378)
Total comprehensive result for 2010-11	-	(378)	(378)
Balance at 30 June 2011	30 202	55 391	85 593
Net result for 2011-12	-	(1 962)	(1 962)
Loss on revaluation of property, plant and equipment during 2011-12	(4 016)	-	(4 016)
Total comprehensive result for 2011-12	(4 016)	(1 962)	(5 978)
Net assets received from administrative restructure	-	176	176
Balance at 30 June 2012	26 186	53 605	79 791

Statement of Administered Cash Flows
for the year ended 30 June 2012

	Note	2012 Inflows (Outflows) $'000	2011 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Payments to SA Government		(8 060)	(7 556)
Employee benefit payments		(292)	(265)
Concessions		(130 267)	(127 346)
Payments of grants, subsidies and client payments		(24 311)	(26 191)
Payments for supplies and services		(1 501)	(1 108)
Client trust fund payments		(13 514)	(12 572)
Other payments		(10)	(2)
Cash used in operations		(177 955)	(175 040)
Cash inflows:			
Receipts from SA Government		160 000	151 492
Rent, fees and charges		1 025	330
Grants and contributions		10 631	11 265
Interest received		949	915
Client trust fund receipts		13 270	13 008
Other receipts		370	75
Cash generated from operations		186 245	177 085
Net cash provided by (used in) operating activities	A11	8 290	2 045
Cash flows from financing activities:			
Cash outflows:			
Cash overdraft		-	1
Cash used in financing activities		-	1
Cash inflows:			
Cash from administrative restructure		166	-
Cash generated from financing activities		166	-
Cash provided by (used in) financing activities		166	1
Net increase (decrease) in cash and cash equivalents		8 456	2 046
Cash and cash equivalents at 1 July		53 220	51 174
Cash and cash equivalents at 30 June	A11	61 676	53 220

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2012

(Activities - refer note A3)	1		2		3	
	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	-	-	9	7	-	1
Supplies and services	853	1 059	162	180	315	27
Revaluation of investment property	-	-	-	-	1 374	-
Depreciation and amortisation expense	-	-	-	-	761	761
Grants, subsidies and client payments	5 814	5 394	775	3 795	414	402
Client trust fund payments	-	-	-	-	-	-
Total expenses	6 667	6 453	946	3 982	2 864	1 191
Income:						
Grants and contributions	5 845	5 845	4000	4 000	-	-
Revenue from rent, fees and charges	-	74	151	39	491	328
Interest revenues	24	28	-	-	396	380
Client trust fund receipts	-	-	-	-	-	-
Other income	310	110	-	-	-	-
Total income	6 179	6 057	4 151	4 039	860	708
Net cost of providing services	(488)	(396)	3 205	57	(2 004)	(483)
Revenues from (Payments to) SA Government:						
SA Government appropriation	-	-	-	-	-	-
Payment to SA Government under Cash Alignment Policy	-	-	-	-	-	-
Total revenues from (payments to) SA Government	-	-	-	-	-	-
Net result	(488)	(396)	3 205	57	(2 004)	(483)

(Activities - refer note A3)	4		5		6	
	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	-	-	-	-	279	238
Supplies and services	-	-	-	-	-	-
Depreciation and amortisation expense	-	-	-	-	-	-
Grants, subsidies and client payments	-	-	-	-	-	-
Client trust fund payments	-	-	13 514	12 572	-	-
Total expenses	-	-	13 514	12 572	279	238
Income:						
Grants and contributions	-	-	-	-	277	257
Revenue from rent, fees and charges	-	-	-	-	-	-
Interest revenues	1	1	514	514	-	-
Client trust fund receipts	-	-	13 270	13 008	-	-
Other income	2	2	-	-	-	-
Total income	3	3	13 784	13 522	277	257
Net cost of providing services	3	3	270	950	(2)	19
Revenues from (Payments to) SA Government:						
SA Government appropriation	-	-	-	-	-	-
Payment to SA Government under Cash				-	-	-
Alignment Policy	-	-	-		-	-
Total revenues from (payments to) SA Government	-	-	-	-	-	-
Net result	3	3	270	950	(2)	19

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2012 (continued)

(Activities - refer note A3)	7		8		9	
	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	-	-	-	-	-	-
Supplies and services	2	3	-	-	-	-
Depreciation and amortisation expense	-	-	-	-	-	-
Grants, subsidies and client payments	138 203	128 478	17 308	16 500	-	-
Client trust fund payments	-	-	-	-	-	-
Total expenses	138 205	128 481	17 308	16 500	-	-
Income:						
Grants and contributions	232	514	-	-	-	-
Revenue from rent, fees and charges	330	-	-	-	-	-
Interest revenues	-	-	-	-	3	3
Client trust fund receipts	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total income	562	514	-	-	3	3
Net cost of providing services	(137 643)	(127 967)	(17 308)	(16 500)	3	3
Revenues from (Payments to) SA Government:						
SA Government appropriation	142 692	134 573	17 308	16 919	-	-
Payment to SA Government under Cash				-	-	-
Alignment Policy	(8 060)	(7 556)	-	-	-	-
Total revenues from (payments to) SA Government	134 632	127 017	17 308	16 919	-	-
Net result	(3 011)	(950)	-	419	3	3

(Activities - refer note A3)	10		Total	
	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000
Employee benefit expenses	6	-	294	246
Supplies and services	42	-	1 374	1 269
Revaluation of investment property	-	-	1 374	-
Depreciation and amortisation expense	-	-	761	761
Grants, subsidies and client payments	-	-	162 514	154 569
Client trust fund payments	-	-	13 514	12 572
Total expenses	48	-	179 831	169 417
Income:				
Grants and contributions	-	-	10 354	10 616
Revenue from rent, fees and charges	50	-	1 022	441
Interest revenues	-	-	911	926
Client trust fund receipts	-	-	13 270	13 008
Other income	60	-	372	112
Total income	110	-	25 929	25 103
Net cost of providing services	62	-	(153 902)	(144 314)
Revenues from (Payments to) SA Government:				
SA Government appropriation	-	-	160 000	151 492
Payment to SA Government under Cash Alignment Policy	-	-	(8 060)	(7 556)
Total revenues from (payments to) SA Government	-	-	151 940	143 936
Net result	62	-	(1 962)	(378)

Notes to and forming part of the administered financial statements

A1. Background

The revenues, expenditures, assets and liabilities that were administered but not controlled by the Department for Communities and Social Inclusion (the Department) have not been included in the financial statements of the Department. These administered transactions and balances are regarded as significant in relation to the Department's overall financial performance and in accordance with APF II, separate consolidated administered financial statements and notes to the accounts have been prepared.

A2. Accounting policies

The accounting policies pertaining to the administered items for the Department are contained in note 2 for the Department.

A3. Activities of administered items

1. Gamblers Rehabilitation
2. Community Benefit SA Program
3. Home for Incurables Trust**
4. Supported Residential Facilities Indemnity Fund
5. Client trust accounts
6. Minister's salary
7. Concessions
8. Community service obligations
9. State Emergency Relief Fund
10. Duke of Edinburgh Trust*

** Effective 1 July 2007, the Minister for Disability became the trustee of the Home for Incurables Trust by virtue of the vesting of assets and liabilities of the former Julia Farr Services (JFS). Separate financial information pertaining to the Home for Incurables Trust is in note A14.

* Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 January 2012 the Attorney-General's Department (AGD) transferred responsibility for the Administered Item - Duke of Edinburgh Trust to the Department. Assets and liabilities relating to these business units were transferred into the Department as at 1 January 2012.

A4. Client trust accounts

The Department acts as trustee of client trust accounts, relating to clients of the former Intellectual Disability Services Council Incorporated (IDSC) and the former JFS. The balance of the client trust accounts at 30 June 2012 was $11.554 million ($11.284 million). These amounts cannot be used by the Department to achieve its own objectives, and accordingly are not included in the controlled financial statements.

	2012	2011
	$'000	$'000
Opening balance 1 July	11 284	10 334
Receipts	13 784	13 522
Expenses	(13 514)	(12 572)
Closing balance 30 June	11 554	11 284

A5. Grants and subsidies and client payments

	2012	2011
Gamblers Rehabilitation	5 814	5 394
Community Benefit SA program	775	3 795
Home for Incurables Trust	414	402
Concessions	138 203	128 478
Community service obligations	17 308	16 500
Total grants, subsidies and client payments	162 514	154 569
Concessions:		
Water and sewerage rates	34 859	28 815
Council rates	32 951	32 834
Energy	30 728	28 817
Transport	31 758	30 729
Emergency Services levy	6 909	6 551
Other	998	732
Total concessions	138 203	128 478

A6. Payments to SA Government

	2012	2011
	$'000	$'000
Concessions (Cash Alignment Policy transfer)	8 060	7 556
Total payments to SA Government	8 060	7 556

A7. Consultancies

There were no consultants engaged in the 2010-11 and 2011-12 financial years.

A8. Unexpended funding commitments

The Department is engaged in a variety of funding programs involving State and Commonwealth sources who provide monies to the Department on the premise that these funds are expended in a manner consistent with the terms of the program. As at 30 June 2012, the Department had outstanding funding commitments to the following programs:

	2012	2011
	$'000	$'000
Community Benefits SA Program	3 396	191
Gamblers Rehabilitation Fund	782	969
Home for Incurables Trust (fire upgrade of Highgate Building)	40	-
Total operating funding commitments	4 218	1 160
Total unexpended funding commitments	4 218	1 160

A9. Property, plant and equipment

(1) Property, plant and equipment

	2012	2011
Land and buildings:		
Site land (fair value)	13 510	14 621
Buildings and improvements (fair value)	17 818	22 245
Accumulated depreciation - buildings and improvements	-	(761)
Total land and buildings	31 328	36 105

Reconciliation of land and buildings

The following table shows the movement of land and buildings and improvements during 2011-12.

	Site land	Buildings & improvements	Total land & buildings
	$'000	$'000	$'000
Carrying amount at 1 July	14 621	21 484	36 105
Depreciation and amortisation	-	(761)	(761)
Other movements - revaluation	(1 111)	(2 905)	(4 016)
Carrying amount at 30 June	13 510	17 818	31 328

(2) Investment property

	2012	2011
	$'000	$'000
Investment building	925	925
Revaluation decrement	(139)	-
Fair value at 30 June	786	925
Investment land	1 669	1 669
Revaluation decrement	(1 235)	-
Fair value at 30 June	434	1669
Total investment property at 30 June	1 220	2 594

A10. Transferred functions

The Duke of Edinburgh Trust transferred into the Department from AGD effective 1 January 2012.

On transfer the Department recognised the following assets and liabilities in 2011-12.

	Duke of Edinburgh Trust	Total
Current assets:	$'000	$'000
Cash	166	166
Receivables	14	14
Total current assets	180	180
Total assets	180	180

A10. Transferred functions (continued)

	Duke of Edinburgh Trust	Total
Current liabilities:	$'000	$'000
Employee benefits	4	4
Total current liabilities	4	4
Total liabilities	4	4
Total net assets transferred	176	176

Total income and expenses attributable to the Duke of Edinburgh Trust for 2011-12 were:

	AGD 01.07.11 to 31.12.11	DCSI 01.01.12 to 30.06.12	Total
Expenses:	$'000	$'000	$'000
Employee costs	17	6	23
Grant payments	2	-	2
Supplies and services	81	42	123
Total expenses	100	48	148
Income:			
Fees and charges	-	50	50
Other recoveries	85	60	145
Total income	85	110	195
Net cost of providing services	(15)	62	47

A11. Cash flow reconciliation

	2012	2011
Reconciliation of cash and cash equivalents at 30 June as per:	$'000	$'000
Statement of Administered Cash Flows	61 676	53 220
Statement of Administered Financial Position	61 676	53 220

Reconciliation of net cash provided by (used in) operating activities to net result

	2012	2011
Net cash provided by (used in) operating activities	8 290	2 045
Non-cash items:		
Depreciation and amortisation	(761)	(761)
Revaluation of investment property	(1 374)	-
Movements in assets/liabilities:		
Receivables	(306)	(486)
Payables	(7 799)	(1 195)
Administrative restructures	(10)	-
Other liabilities	(2)	2
Net result	(1 962)	(378)

A12. Administered contingent assets and liabilities

The Department has no administered contingent assets and liabilities.

A13. Supported Residential Facilities Indemnity Fund

	2012	2011
Opening balance 1 July	34	31
Receipts:		
Fees - councils[1]	2	2
Interest	1	1
Closing balance 30 June	37	34

This note has been prepared to meet the requirements of section 56(11) of the *Supported Residential Facilities Act 1992* (the Act) in reporting upon the operations of the Supported Residential Facilities Indemnity Fund. The note meets the specific requirements of the Act.

(1) Under the Act, certain premises which provide residential accommodation are required to be licensed. That licence fee is payable to the local councils who monitor the residential accommodation. The Act requires the councils to remit 10% of fees collected for deposit in the Fund within 28 days after the end of the financial year in which the fees are received.

A14. Home for Incurables Trust

As part of wide ranging reforms relating to the delivery of disability services by the Department, effective 1 July 2007, JFS was dissolved and all assets and liabilities vested in or held by JFS were transferred or assigned or vested with the Minister for Disability. Certain assets held by the former JFS are subject to the terms and conditions of the Home for Incurables Trust. The original Trust was established in June 1879 and was varied by the Supreme Court on 7 November 1997.

The former Board of JFS was trustee of the Home for Incurables Trust and on dissolution, the Board of JFS resolved to resign as trustee of the Home for Incurables Trust. The Minister for Disability is the trustee for the Home for Incurables Trust.

The role of the Trust is

to apply property vested in it for the purpose of providing for persons whose ability to live independently is temporarily or permanently impaired or in jeopardy as a consequence of an acquired brain injury or degenerative neurological condition or a physical condition resulting in disability including but not limiting the foregoing in any way whatsoever, the following services and facilities:

(a) by providing for them, in a variety of residential, centre and community based settings
- *(i) accommodation*
- *(ii) nursing, medical, allied health and attendant care service*
- *(iii) personal and community support services*
- *(iv) technical and personal support aids*
- *(v) rehabilitation, respite and recreational services*
- *(vi) out patient and day care services*
- *(vii) measures and services to enhance their quality of life*

(b) by providing facilities for education research with respect to such persons

(c) by providing any services and facilities ancillary or in relation to the foregoing or by providing additional services and facilities that may be appropriate from time to time.

The following income, expenses, assets and liabilities of the Home for Incurables Trust have been included in the administered items financial statements, but are separately disclosed in the following schedules in accordance with the governance requirements of the Trust.

Schedule of Income and Expenses - Home for Incurables Trust for the year ended 30 June 2012

	2012 $'000	2011 $'000
Expenses:		
Employee benefit costs	-	1
Supplies and services	315	27
Grants, subsidies and client payments	414	402
Loss on revaluation of investment property	1 374	-
Depreciation and amortisation	761	761
Total expenses	2 864	1 191
Income:		
Rental income	491	328
Interest	369	380
Total income	860	708
Net result	(2 004)	(483)
Other comprehensive income:		
Revaluation surplus	(4 016)	-
Total comprehensive income	(4 016)	-
Total comprehensive result	(6 020)	(483)

Schedule of Assets and Liabilities - Home for Incurables Trust as at 30 June 2012

	2012 $'000	2011 $'000
Current assets:		
Cash and cash equivalents:		
Deposits with the Treasurer	238	441
Deposits with SAFA	7 515	7 136
Total cash and cash equivalents	7 753	7 577
SAFA interest receivable	-	32
Total current assets	7 753	7 609
Non-current assets:		
Property, plant and equipment	31 328	36 105
Investment property	1 220	2 594
Total non-current assets	32 548	38 699
Total assets	40 301	46 308
Current liabilities:		
Payables	13	-
Total current liabilities	13	-
Total liabilities	13	-
Net assets	40 288	46 308

Schedule of Changes in Equity - Home for Incurables Trust for the year ended 30 June 2012

	Revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2010	30 202	16 589	46 791
Net result for 2010-11	-	(483)	(483)
Total comprehensive result for 2010-11	-	(483)	(483)
Balance at 30 June 2011	30 202	16 106	46 308
Net result for 2011-12	-	(2 004)	(2 004)
Gain (Loss) on revaluation of property, plant and equipment during 2011-12	(4 016)	-	(4 016)
Total comprehensive result for 2011-12	(4 016)	(2 004)	(6 020)
Balance at 30 June 2012	26 186	14 102	40 288

Schedule of Administered Cash Flows - Home for Incurables Trust for the year ended 30 June 2012

	2012 Inflows (Outflows) $'000	2011 Inflows (Outflows) $'000
Cash flows from operating activities:		
Cash inflows:		
Interest revenue	401	376
Rental revenue	491	328
Total cash inflows	892	704
Cash outflows:		
Employee payments	-	(1)
Supplies and services	(302)	(27)
Grants, subsidies and client payments	(414)	(402)
Total cash outflows	(716)	(430)
Net cash inflows (outflows) from operating activities	176	274
Net increase (decrease) in cash and cash equivalents	176	274
Cash and cash equivalents at 1 July	7 577	7 303
Cash and cash equivalents at 30 June	7 753	7 577

Accounting policies

The accounting policies pertaining to the administered items for the Department are contained in note 2 for the Department.

Cash and cash equivalents

Cash and cash equivalents as reported in the Schedule of Assets and Liabilities - Home for Incurables Trust includes cash on hand, deposits held at call and other short-term, highly liquid investments with maturities of three months or less that are readily convertible to cash and which are subject to insignificant risk of changes in value. Cash and cash equivalents in the Schedule of Administered Cash Flows - Home for Incurables Trust comprise cash and cash equivalents as defined above. Cash is measured at nominal value.

Reconciliation of property, plant and equipment - Home for Incurables Trust	2012	2011
Property, plant and equipment:	$'000	$'000
Land and buildings:		
Site land (fair value)	13 510	14 621
Buildings and improvements (fair value)	17 818	22 245
Accumulated depreciation - buildings and improvements	-	(761)
Total land and buildings	31 328	36 105

Reconciliation of land and buildings - Home for Incurables Trust

The following table shows the movement of land and buildings and improvements for the Home for Incurables Trust during 2011-12.

	Site land	Buildings and imprvmnts	Total land and buildings
	$'000	$'000	$'000
Carrying amount at 1 July	14 621	21 484	36 105
Depreciation and amortisation for the year	-	(761)	(761)
Other movements - revaluations	(1 111)	(2 905)	(4 016)
Carrying amount at 30 June	13 510	17 818	31 328

Investment property - Home for Incurables Trust	2012	2011
	$'000	$'000
Investment building	925	925
Revaluation decrement	(139)	-
Fair value at 30 June	786	925
Investment land*	1 669	1 669
Revaluation decrement	(1 235)	-
Fair value at 30 June	434	1 669
Total investment property at 30 June	1 220	2 594

* The land value was based on the footprint of the investment building not the surrounding land.

Department for Correctional Services

Functional responsibility

Establishment

The Department for Correctional Services (the Department) is an administrative unit established pursuant to the PSA. The Department is responsible to the Minister for Correctional Services.

Functions

The primary function of the Department is to work to maintain a safer community while contributing to rebuilding lives affected by crime. For details of the Department's functions refer note 1 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of the Department for each financial year.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Department in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of the audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial report and internal controls. Specific areas of audit attention included:

- payroll
- accounts payable
- revenue
- property, plant and equipment including capital works in progress
- cash
- general ledger
- risk management.

In addition, Audit initiated a review of the following:

- the procurement process undertaken by the Department regarding the awarding of the contract to G4S Custodial Services Pty Ltd for the management of the Mount Gambier Prison

- the ongoing contract management processes in place.

This review had not been finalised at the time of preparation of this Report.

An understanding of internal audit activities has been obtained in order to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Department for Correctional Services as at 30 June 2012, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Department for Correctional Services in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to risk management and SSSA control environments as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Department for Correctional Services have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the officers responsible for the governance of the Department. The main matters raised with the Department and the related responses are detailed below.

Risk management

Audit identified that the Department's risk management controls have not been operating effectively. In particular, the review found:

- no evidence that all material risks were being continually reviewed and monitored
- no evidence that all risks had been reviewed in the last 12 months. Audit noted that some risks documented in the risk registers dated back to 2005-06
- extreme and high risks were not always reported to the Audit and Risk Management Committee as required by the Committee's Charter
- senior management were signing off the financial management compliance program (FMCP) as being compliant without sufficient evidence that the risk management controls were operating effectively.

The Department has advised that the Internal Audit and Risk Management branch will be responsible for reviewing and monitoring all risk registers and reporting to the Audit and Risk Management Committee on a quarterly basis. The review of risk registers and the update of risks will be included as an integral part of the annual internal audit plan.

With respect to the FMCP, the Department advised that amendments will be made to better reflect the monitoring and reporting of risks, including instances of non-compliance, and quarterly reports will be provided to the Audit and Risk Management Committee.

Payroll

In response to a number of issues raised by Audit over the past few years in relation to non-compliance with departmental policy regarding control over bona fide certificates and leave return reports, the Department implemented a number of changes including the development and implementation of a draft procedure for leave return and bona fide certificate auditing. The Department has advised that the draft procedure is expected to be finalised by 30 September 2012.

While Audit found for the pay points reviewed that they were in general complying with the draft procedure, some issues of non-compliance were identified as detailed below:

- Bona fide certificates were not always signed by the relevant delegated authorising officer as evidence of review.
- There was inconsistency in the use of the bona fide certificate and leave return registers/checklists required by the new procedure.
- Leave reports were not always reviewed by managers in a timely manner or signed as evidence of review. In some instances Audit could not determine if the reports were reviewed in a timely manner as the reviewer had not dated the report.

In response the Department advised that a number of changes have been made by both the Department and SSSA to improve the certification process for both the bona fide certificates and leave return reports.

Accounts payable

Audit identified a number on non-purchase related invoices that were processed for payments without any evidence that the goods/services have been received and that the invoices agreed to the goods/services ordered/received.

The Department has amended its expenditure policy to reflect that prior to invoices being processed for payment there must be a check that goods/services have been received and the invoice has been certified correct.

Shared services SA

Last year's audit identified a number of key reconciliations, including accounts receivable module to general ledger, consolidated bank reconciliation and the fixed assets register to the general ledger, that contained long outstanding reconciling items. While this year's review has identified that SSSA has made improvements in ensuring that outstanding reconciling items are followed up and cleared in a timely manner, there is still a need for SSSA to ensure that adequate supporting documentation is maintained for variances/reconciling items.

SSSA advised that action was being taken to address these issues.

Shared Services SA – e-Procurement and electronic payment control environments

The audit review of the Department's expenditure processes considered the e-Procurement and electronic payment systems' control environments operated by SSSA.

Review of these systems and environments in previous years identified significant key control weaknesses. While SSSA progressively implemented significant remedial action over these deficiencies during 2011-12, SSSA only anticipates completion of planned actions by December 2012.

As a result, the systems and control environments could not be considered robust during 2011-12.

This matter is further discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report.

Interpretation and analysis of the financial report

Highlights of the financial report	2012 $'million	2011 $'million
Expenses		
Employee benefit expenses	136	126
Supplies and services	61	54
Other expenses	26	27
Total expenses	223	207
Income		
Income from prison labour and canteen and kitchen sales	5	5
Other income	5	5
Total income	10	10
Net cost of providing services	213	197
Revenues from SA Government	193	199
Payments to SA Government	(1)	(1)
Net result	(21)	1
Total comprehensive result	(15)	12
Net cash provided by (used in) operating activities	-	18
Net cash provided by (used in) investing activities	(24)	(17)
Assets		
Current assets	11	28
Non-current assets*	412	396
Total assets	423	424
Liabilities		
Current liabilities	30	27
Non-current liabilities	37	33
Total liabilities	67	60
Total equity	356	364

* Includes biological assets.

Statement of Comprehensive Income

Expenses

Total expenses increased by $16 million (7%) to $223 million ($207 million). This increase mainly reflects:

- an increase in employee benefit expenses of $10 million which is mainly attributable to:
  - the enterprise agreement wage increases

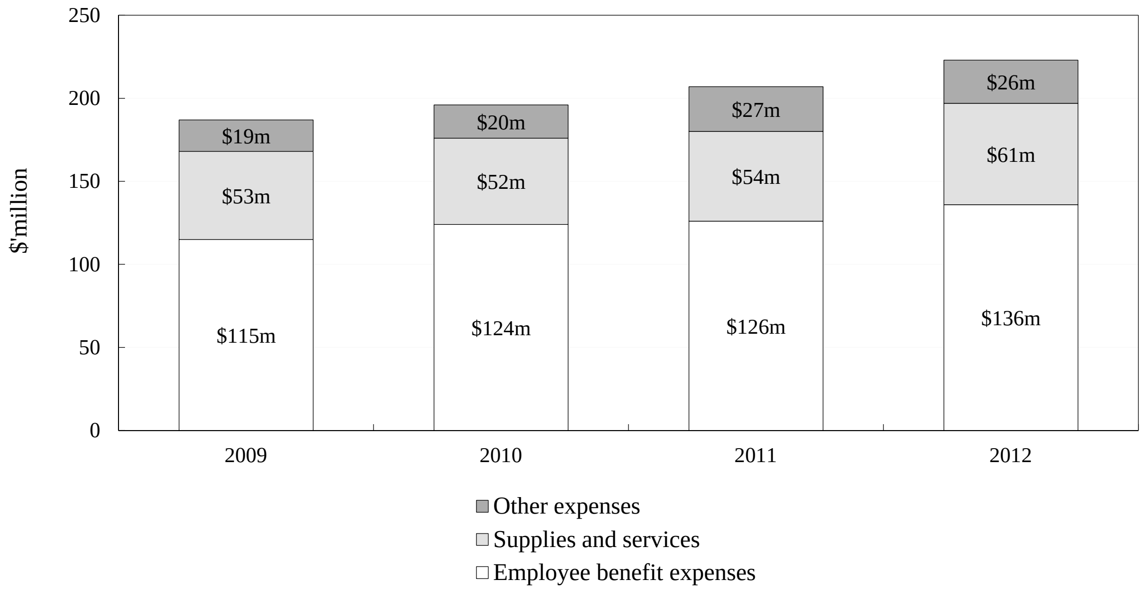
— increased costs associated with additional prisoner accommodation at Port Lincoln and Yatala Labour prisons

— costs associated with the transfer of the Office for the Minister for Correctional Services to the Department effective from 21 October 2011

— an increase in LSL expense of $2.5 million – this increase mainly reflects the increase in the LSL liability as a result of the revaluation of LSL at 30 June 2012

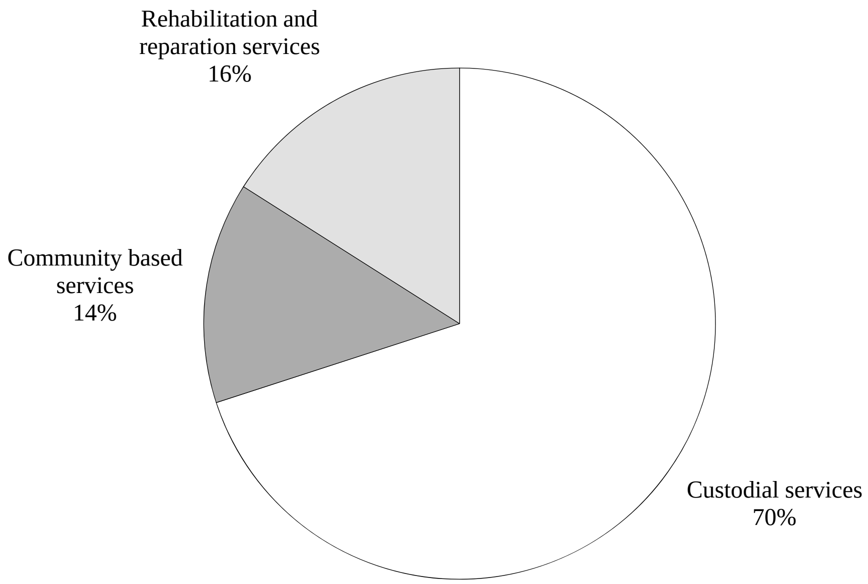
- an increase in supplies and services of $7 million of which $3 million relates to an increase in workers compensation related expenses, mainly reflecting the revaluation in the workers compensation liability and the transfer of the Government Workers Compensation Fund claims expense from DPC.

For the four years to 2012, a structural analysis of the main expense items for the Department is shown in the following chart.



The largest component of the Department's expenditure relates to custodial services. The proportion of expenses on the different programs has remained relatively stable each year.

The following chart shows expenditure proportion by program for 2011-12.

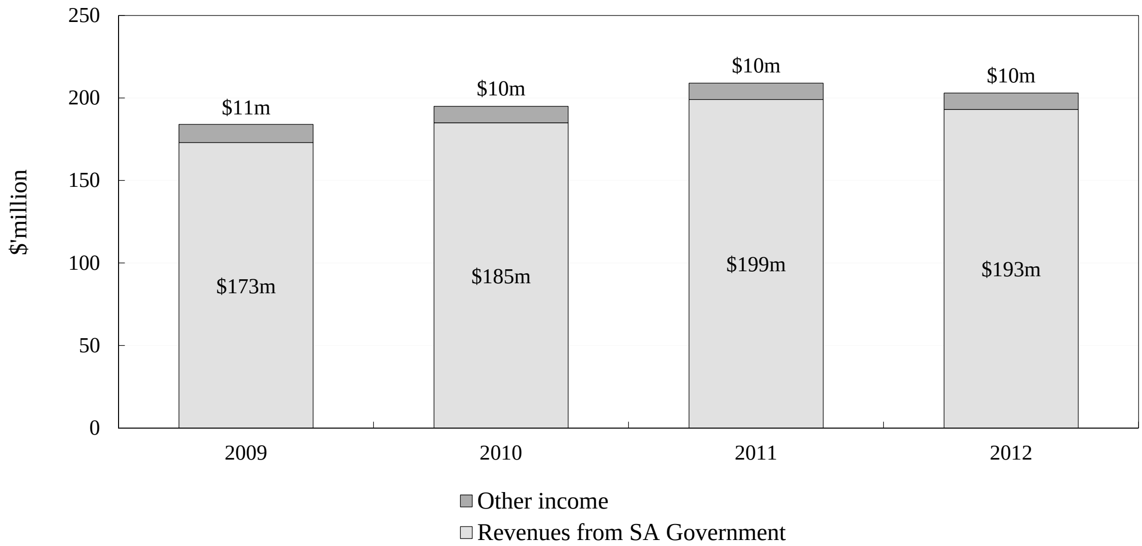


Income

Revenues from SA Government are the major source of funding for the Department accounting for 95% of total income.

Other income has remained stable between 2010-11 and 2011-12.

A structural analysis of income for the Department in the four years to 2012 is presented in the following chart.



Net cost of providing services

The net cost of services increased by 8% to $213 million ($197 million). The increase is mainly a result of the increases in certain expense items commented on under 'Expenses' above.

Statement of Financial Position

Assets

Current assets have decreased by $17 million (61%) to $11 million ($28 million). This decrease relates mainly to the decrease in cash and cash equivalents of $17 million which mainly reflects the draw-down of $15.5 million during the year of the 'accrual appropriation excess funds' held in the DTF special deposit account. These monies have been applied by the Department towards the cost of its capital expenditure program.

Non-current assets have increased by $16 million (4%) to $412 million ($396 million). This increase reflects the increase in the value of capital works in progress and relates mainly to the additional prisoner accommodation capital projects at Port Augusta and Mount Gambier prisons and the Northfield infrastructure upgrade. The Department revalued its land and buildings as at 30 June 2012 resulting in a revaluation increment of $6 million.

Liabilities

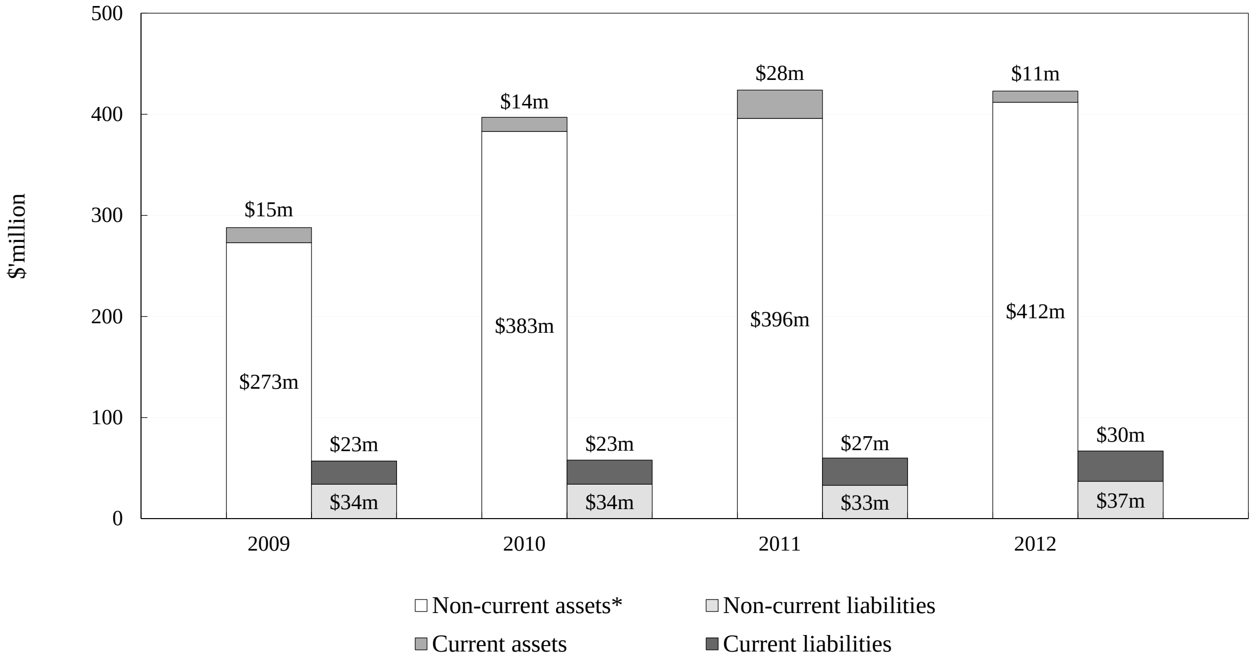
Total liabilities have increased by $7 million (11%) to $67 million ($60 million).

This increase is represented by:

- an increase in payables of $3 million which relates mainly to capital related payables for the additional prisoner accommodation projects

- an increase in employee benefits of $3 million mainly resulting from the revaluation of LSL at 30 June 2012.

For the four years to 2012, a structural analysis of assets and liabilities is shown in the following chart.



* Includes biological assets

The chart shows that the largest component of the Department's Statement of Financial Position is non-current assets, mainly the prison infrastructure.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2012.

	2012 $'million	2011 $'million	2010 $'million	2009 $'million
Net cash flows				
Operating	-	18	6	4
Investing	(24)	(16)	(8)	(10)
Financing	6	13	-	-
Change in cash	(18)	15	(2)	(6)
Cash at 30 June	7	25	10	12

The decrease in net cash flows from operating activities reflects both the increase in cash used in operations of $14 million and the decrease in government revenues of $6 million.

The increase in net cash flows used in investing activities mainly reflects the cash outflows relating to the additional prisoner accommodation and infrastructure upgrade at various prisons.

The net cash flows from financing activities reflects the equity contribution received from the SA Government of $7 million.

During the year cash decreased by $18 million to $7 million which mainly reflects the draw down of $15.5 million in the DTF special deposit account 'Accrual Appropriation Excess Funds - Department for Correctional Services' to fund the prisoner accommodation and infrastructure upgrades.

Further commentary on operations

Service contracts

The Department utilises service contracts for prisoner movement and in-court management, home detention monitoring and management of the Mount Gambier Prison. The Department has commitments in respect of these contracts as outlined below:

Prisoner movement and in-court management

This contract was awarded for a five year term on 1 August 2009 after a tender process was completed.

Home detention monitoring

The home detention monitoring contract commenced on 20 January 2010 for a three year period until 19 January 2013 following the completion of a tender process.

Management of the Mount Gambier Prison

This contract was, following the completion of a tender process during the year, awarded for a five year term effective from 1 December 2011.

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Employee benefit expenses	5	135 586	125 663
Supplies and services	6	60 765	53 995
Depreciation and amortisation expense	7	14 321	13 962
Payments to prisoners		2 479	2 432
Accommodation and associated lease costs		8 330	7 822
Grants	8	566	596
Net loss from disposal of non-current assets	9	52	17
Resources provided free of charge	10	-	2 356
Other expenses	11	555	439
Total expenses		222 654	207 282
Income:			
Prison labour	13	1 260	1 408
Salaries and goods and services recoups		1 770	1 952
Interest revenues		7	6
Commonwealth revenue	14	793	599
Canteen and kitchen sales	15	3 332	3 162
Resources received free of charge	16	20	-
Other income	17	2 546	2 671
Total income		9 728	9 798
Net cost of providing services		212 926	197 484
Revenues from (Payments to) SA Government:			
Revenues from SA Government	18	192 833	199 174
Payments to SA Government	18	(591)	(1 413)
Net result		(20 684)	277
Other comprehensive income:			
Changes in revaluation surplus	22	5 789	11 689
Total comprehensive result		(14 895)	11 966

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

Statement of Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash and cash equivalents	19	7 336	24 683
Receivables	20	2 473	2 255
Inventories	21	1 165	1 329
Total current assets		10 974	28 267
Non-current assets:			
Property, plant and equipment	22	387 569	387 560
Capital works in progress	23	23 699	7 869
Intangible assets	24	-	2
Biological assets	25	259	322
Total non-current assets		411 527	395 753
Total assets		422 501	424 020
Current liabilities:			
Payables	26	14 208	11 731
Employee benefits	27	11 113	10 654
Provisions	28	4 113	4 370
Total current liabilities		29 434	26 755
Non-current liabilities:			
Payables	26	2 018	1 681
Employee benefits	27	21 210	18 791
Provisions	28	14 119	12 709
Total non-current liabilities		37 347	33 181
Total liabilities		66 781	59 936
Net assets		355 720	364 084
Equity:			
Retained earnings	29	77 499	98 090
Prisoner amenities reserve	29	234	327
Revaluation surplus	29	258 323	252 534
Contributed capital	29	19 664	13 133
Total equity		355 720	364 084

Total equity is attributable to the SA Government as owner

	Note
Commitments	30
Contingent assets and liabilities	31

Statement of Changes in Equity
for the year ended 30 June 2012

	Note	Prisoner amenities reserve $'000	Revaluation surplus $'000	Contributed capital $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2010		116	240 845	-	98 318	339 279
Error correction		-	-	-	(294)	(294)
Restated balance at 30 June 2010		116	240 845	-	98 024	338 985
Net result for 2010-11		-	-	-	277	277
Gain on revaluation of land and buildings during 2010-11		-	11 689	-	-	11 689
Net changes in reserves		211	-	-	(211)	-
Total comprehensive result for 2010-11		211	11 689	-	66	11 966
Transactions with SA Government as owner:						
Equity contribution received		-	-	13 133	-	13 133
Balance at 30 June 2011	29	327	252 534	13 133	98 090	364 084
Net result for 2011-12		-	-	-	(20 684)	(20 684)
Gain on revaluation of land and buildings during 2011-12		-	5 789	-	-	5 789
Net changes in reserves		(93)	-	-	93	-
Total comprehensive result for 2011-12		(93)	5 789	-	(20 591)	(14 895)
Transactions with SA Government as owner:						
Equity contribution received		-	-	6 531	-	6 531
Balance at 30 June 2012	29	234	258 323	19 664	77 499	355 720

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

Statement of Cash Flows
for the year ended 30 June 2012

	Note	2012 Inflows (Outflows) $'000	2011 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefit payments		(132 572)	(124 507)
Supplies and services		(74 340)	(68 498)
Prisoner payments		(2 479)	(2 432)
Grants		(566)	(596)
Payments for Paid Parental Leave Scheme		(62)	-
Other payments		(562)	(423)
Cash used in operations		(210 581)	(196 456)
Cash inflows:			
Receipts from prison labour		1 260	1 408
Interest received		7	6
GST recovered from the ATO		7 301	6 392
Receipts for Paid Parental Leave Scheme		71	-
Other receipts		9 306	9 048
Cash generated from operations		17 945	16 854
Cash flows from (to) SA Government:			
Receipts from SA Government		192 833	199 174
Payments to SA Government		(591)	(1 413)
Cash generated from SA Government		192 242	197 761
Net cash provided by (used in) operating activities	34	(394)	18 159
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(23 484)	(16 848)
Cash used in investing activities		(23 484)	(16 848)
Net cash provided by (used in) investing activities		(23 484)	(16 848)
Cash flows from financing activities:			
Cash inflows:			
Capital contributions from SA Government		6 531	13 133
Cash generated from financing activities		6 531	13 133
Net cash provided by (used in) financing activities		6 531	13 133
Net increase (decrease) in cash and cash equivalents		(17 347)	14 444
Cash and cash equivalents at 1 July		24 683	10 239
Cash and cash equivalents at 30 June	34	7 336	24 683

Disaggregated Disclosures – Expenses and Income for the year ended 30 June 2012

(Activities - refer note 4)	1		2	
	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000
Employee benefit expenses	89 881	83 303	20 624	19 115
Supplies and services	48 400	43 008	5 111	4 541
Depreciation and amortisation expense	12 289	11 981	411	401
Payments to prisoners	2 024	1 986	-	-
Accommodation and associated lease costs	3 188	2 993	3 255	3 056
Grants	227	239	53	55
Net loss from disposal of non-current assets	52	17	-	-
Resources provided free of charge	-	-	-	2 356
Other expenses	421	333	60	48
Total expenses	156 482	143 860	29 514	29 572
Income:				
Prison labour	-	-	-	-
Salaries and goods and services recoups	368	406	186	205
Interest revenues	7	6	-	-
Commonwealth revenue	-	-	793	599
Canteen and kitchen sales	3 332	3 162	-	-
Resources received free of charge	20	-	-	-
Other income	1 194	1 543	971	615
Total income	4 921	5 117	1 950	1 419
Net cost of providing services	151 561	138 743	27 564	28 153
Revenues from SA Government	137 258	139 931	24 963	28 394
Payments to SA Government	(421)	(993)	(76)	(201)
Net result	(14 724)	195	(2 677)	40

(Activities - refer note 4)	3		Total	
	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000
Employee benefit expenses	25 081	23 245	135 586	125 663
Supplies and services	7 254	6 446	60 765	53 995
Depreciation and amortisation expense	1 621	1 580	14 321	13 962
Payments to prisoners	455	446	2 479	2 432
Accommodation and associated lease costs	1 887	1 773	8 330	7 822
Grants	286	302	566	596
Net loss from disposal of non-current assets	-	-	52	17
Resources provided free of charge	-	-	-	2 356
Other expenses	74	58	555	439
Total expenses	36 658	33 850	222 654	207 282
Income:				
Prison labour	1 260	1 408	1 260	1 408
Salaries and goods and services recoups	1 216	1 341	1 770	1 952
Interest revenues	-	-	7	6
Commonwealth revenue	-	-	793	599
Canteen and kitchen sales	-	-	3 332	3 162
Resources received free of charge	-	-	20	-
Other income	381	513	2 546	2 671
Total income	2 857	3 262	9 728	9 798
Net cost of providing services	33 801	30 588	212 926	197 484
Revenues from SA Government	30 612	30 849	192 833	199 174
Payments to SA Government	(94)	(219)	(591)	(1 413)
Net result	(3 283)	42	(20 684)	277

Disaggregated Disclosures – Assets and Liabilities as at 30 June 2012

(Activities - refer note 4)	1		2		3	
	2012	2011	2012	2011	2012	2011
Current assets:	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	30	30	5	5	1	1
Receivables	-	-	-	-	10	111
Inventories	346	319	-	-	471	666
Total current assets	376	349	5	5	482	778
Non-current assets:						
Property, plant and equipment	354 968	353 907	14 850	15 451	13 335	13 231
Capital works in progress	23 531	7 820	144	35	14	-
Intangible assets	-	-	-	-	-	-
Biological assets	-	-	-	-	259	322
Total non-current assets	378 499	361 727	14 994	15 486	13 608	13 553
Total assets	378 875	362 076	14 999	15 491	14 090	14 331
Current liabilities:						
Payables	7 803	7 129	1 704	1 134	1 037	459
Employee benefits	8 035	7 065	2 022	2 325	1 056	1 264
Provisions	-	-	-	-	-	-
Total current liabilities	15 838	14 194	3 726	3 459	2 093	1 723
Non-current liabilities:						
Payables	1 427	1 257	389	232	202	192
Employee benefits	14 812	14 051	4 200	2 597	2 198	2 143
Provisions	-	-	-	-	-	-
Total non-current liabilities	16 239	15 308	4 589	2 829	2 400	2 335
Total liabilities	32 077	29 502	8 315	6 288	4 493	4 058
Net assets	346 798	332 574	6 684	9 203	9 597	10 273

(Activities - refer note 4)	General/Not attributable		Total	
	2012	2011	2012	2011
Current assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents	7 300	24 647	7 336	24 683
Receivables	2 463	2 144	2 473	2 255
Inventories	348	344	1 165	1 329
Total current assets	10 111	27 135	10 974	28 267
Non-current assets:				
Property, plant and equipment	4 416	4 971	387 569	387 560
Capital works in progress	10	14	23 699	7 869
Intangible assets	-	2	-	2
Biological assets	-	-	259	322
Total non-current assets	4 426	4 987	411 527	395 753
Total assets	14 537	32 122	422 501	424 020
Current liabilities:				
Payables	3 664	3 009	14 208	11 731
Employee benefits	-	-	11 113	10 654
Provisions	4 113	4 370	4 113	4 370
Total current liabilities	7 777	7 379	29 434	26 755
Non-current liabilities:				
Payables	-	-	2 018	1 681
Employee benefits	-	-	21 210	18 791
Provisions	14 119	12 709	14 119	12 709
Total non-current liabilities	14 119	12 709	37 347	33 181
Total liabilities	21 896	20 088	66 781	59 936
Net assets	(7 359)	12 034	355 720	364 084

Notes to and forming part of the financial statements

1. Objectives of the Department for Correctional Services (the Department)

The Department is an administrative unit established pursuant to the PSA.

The Department contributes to a safer community by working in partnership with other criminal justice organisations and the community to prevent crime and reduce repeat offending.

The Department safely, securely and humanely manages people ordered by the courts to serve a community based or prison sanction and provides them with opportunities to lead law-abiding productive lives.

2. Significant accounting policies

(a) Statement of compliance

The Department has prepared these financial statements in compliance with section 23 of the PFAA.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with applicable AASs and comply with TIs and APSs promulgated under the provisions of the PFAA.

The Department has applied AASs that are applicable to not-for-profit entities, as the Department is a not-for-profit entity.

AASs and interpretations that have recently been issued or amended but are not yet in effect have not been adopted by the Department for the reporting period ending 30 June 2012. These are outlined in note 3.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Department's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA, by authority of TI 19. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in these financial statements:

  (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature

  (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)

  (c) employee TVSP information

  (d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

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

The Department's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2012 and the comparative information presented.

(c) Reporting entity

The Department is a government department of the State of South Australia, established pursuant to the PSA. The Department is an administrative unit acting on behalf of the Crown.

The financial statements and accompanying notes include all the controlled activities of the Department. The transactions and balances relating to administered items are not recognised as departmental income, expense, assets and liabilities. As administered items are insignificant in relation to the Department's overall financial performance and position, they are disclosed in note 36. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

(d) Comparative information

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

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

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

(e) Rounding

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

(f) Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, FBT, GST, Emergency Services levy and other tax equivalents.

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

- when the GST incurred on a purchase of goods or services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

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

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

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

(g) Events after the reporting period

Where an event occurs after 30 June and before the date the financial statements are authorised for issue but provides information about conditions that existed at 30 June, adjustments are made to amounts recognised in the financial statements.

(h) Income and expenses

Income and expenses are recognised to the extent that it is probable that the flow of economic benefits to or from the Department will occur and can be reliably measured.

Income and expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard or where offsetting reflects the substance of the transaction or other event.

The notes accompanying the financial statements disclose income, expenses, financial assets and financial liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Income

The following are specific recognition criteria:

- *Disposal of non-current assets*

  Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer and determined by comparing proceeds with the carrying amount. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

  Any gain (loss) on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deducting the cost of the asset from the proceeds at that time.

- *Revenues from SA Government*

  Appropriations for program funding are recognised as revenues when the Department obtains control over the funding. Control over appropriations is normally obtained upon receipt.

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

- *Resources received/provided free of charge*

  Resources received/provided free of charge are recorded as income and expenditure in the Statement of Comprehensive Income at their fair value. Resources provided free of charge are recorded in the expense line items to which they relate.

- *Grants received/paid*

  Grants paid are amounts provided by the Department to entities for general assistance or for a particular purpose. Such grants may be for capital, current or recurrent purposes and the name or category reflects the use of the grant. Grants received are recognised as income at the time the Department obtains control over the funds. Grants paid/received are usually subject to terms and conditions set out in the contract, correspondence, or by legislation governing the provision of the grant.

Expenses

- *Employee benefits*

  Employee benefit expenses include all costs related to employment including wages and salaries and leave entitlements. These are recognised when incurred.

- *Superannuation*

  The amount charged to the Statement of Comprehensive Income represents the contributions made by the Department to the superannuation plan in respect of current services of current departmental staff. DTF centrally recognises the superannuation liability in the whole-of-government financial statements.

- *Payments to SA Government*

  Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy and are paid directly to the Consolidated Account.

(i) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. The Department has a clearly identifiable operating cycle of 12 months. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Department has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

(j) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand and are used in the cash management function on a day to day basis.

Cash is measured at nominal value.

(k) *Receivables*

Receivables include amounts receivable from goods and services, GST input tax credits recoverable, prepayments and other accruals.

Trade receivables arise in the normal course of selling goods and services to other agencies and to the public. Trade receivables are receivable within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

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

Other debtors arise outside the normal course of selling goods and services to other agencies and to the public.

(l) *Inventories*

Inventories include goods and other property held either for sale or distribution at nominal cost in the ordinary course of business.

Inventory in institutional stores is held for distribution at cost and is adjusted when applicable for any loss of service potential.

Inventory held in prison canteens is held for sale at nominal cost and is assigned on the basis of average cost.

Inventory held by prison industries is measured at cost.

Lock and physical security item inventory is held for distribution at cost and adjusted when applicable for any loss of service potential.

(m) *Non-current asset acquisition and recognition*

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental costs involved with the acquisition. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position.

Since the Department controls a large number of low value items, the cost of accounting for the capitalisation of items costing less than $10 000 is expected to outweigh the benefits that would be gained from reporting this information. As a result, items with an acquisition cost less than $10 000 are expensed in the period in which they are acquired.

Capital works in progress are recognised as the cumulative costs of capital projects to balance date. Projects completed during the year have been recognised as buildings, plant or equipment and are valued at cost.

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved in the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation.

(n) *Revaluation of non-current assets*

All non-current tangible assets are valued at written down current cost (a proxy for fair value) and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than $1 million and estimated useful life is greater than three years.

Every three years, a full revaluation of the Department's land, buildings and leasehold improvements is undertaken. A 'desktop' revaluation is undertaken by a licensed valuer for the two interim years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value then a full revaluation may be undertaken and the asset will be revalued regardless of when the last full valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset class previously recognised in the Statement of Comprehensive Income, in which case the increase is recognised in the Statement of Comprehensive Income.

(n) Revaluation of non-current assets (continued)

Any revaluation decrement is recognised in the Statement of Comprehensive Income, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in the revaluation surplus for that asset class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

(o) Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets, an impairment loss is offset against the revaluation surplus.

(p) Depreciation and amortisation of non-current assets

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to leasehold improvements and intangible assets such as software licences, while depreciation is applied to tangible assets such as property, plant and equipment.

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

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

Land is not depreciated.

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

Class of asset	*Depreciation method*	*Useful life (years)*
Plant and equipment	Straight-line	4-20
Buildings (including prisons)	Straight-line	Up to 60
Intangibles	Straight-line	3-5
Leasehold improvements	Straight-line	Life of lease

(q) Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Department only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits), the recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to $10 000.

(r) Biological assets

Biological assets such as cattle are measured at fair value less estimated point-of-sales costs. The fair value is determined based on current market values of the biological assets.

(r) Biological assets (continued)

The olive grove is measured at cost plus any gains arising from changes in fair value less estimated point-of-sale costs attributable to physical changes.

The citrus grove is measured at cost plus any gains arising from changes in fair value less estimated point-of-sale costs attributable to physical changes.

(s) Payables

Payables include creditors, accrued expenses, GST payable, employment on-costs and Paid Parental Leave Scheme payable.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Department.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

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

All payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or the date the invoice is first received.

Employment benefit on-costs include superannuation contributions, workers compensation levies and payroll tax with respect to outstanding liabilities for salaries and wages, LSL and annual leave.

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

(t) Employee benefits

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

Wages, salaries, annual leave and sick leave

Liability for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability is generally expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. Where salary and wages and annual leave are payable later than 12 months, the liability is measured at present value.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement of sick leave.

LSL

An actuarial assessment of LSL liability undertaken by DTF based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using a shorthand method was not materially different from the liability measured using a present value of expected future payments.

Based on this actuarial assessment, the shorthand method was used to measure the LSL liability for 2012 (refer note 27).

This calculation is consistent with the Department's experience of employee retention and leave taken.

Unclaimed salaries and wages have been included as a current liability for employee benefits.

Employee benefit on-costs
Employee benefit on-costs (payroll tax, workers compensation and superannuation) are recognised separately under payables.

Provisions
Provisions are recognised when the Department has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Department expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2012 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

(u) Leases
The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement. The Department has assessed whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The Department has entered into a number of operating lease agreements for buildings and motor vehicles.

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

The Department does not have any finance lease arrangements.

(v) Prisoner amenities reserve
Proceeds from the sale of canteen goods to prisoners net of the cost of certain direct canteen expenses are made available for the acquisition of items for the benefit of prisoners. These net proceeds are accounted for in the prisoner amenities reserve.

(w) Payments to prisoners
These include payments made on behalf of prisoners and payments made to prisoners upon release.

3. Changes in accounting policies
The Department did not voluntarily change any of its accounting policies during 30 June 2012.

AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the period ending 30 June 2012. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

4. Activities of the Department
In achieving its objectives, the Department provides a range of services classified into the following activities:

Activity 1: Custodial Services
The Department provides secure containment and supervision for adults on remand and those sentenced by the courts to serve a custodial sanction. The custodial services program includes costs associated with operating the State's prison system, the humane treatment of prisoners while in custody and the secure movement of prisoners.

Activity 2: ***Community Based Services***
The Department case manages and supervises offenders in the community on probation, parole or under home detention and bailees on supervised bail.

Activity 3: ***Rehabilitation and Reparation Services***
The Department provides a range of educational, vocational and rehabilitative activities designed to assist offenders to address their offending behaviour and provide them with opportunities to lead law abiding and productive lives.

General/Not attributable
Certain assets and liabilities of the Department are unable to be allocated reliably between activities.

5. Employee benefit expenses

	2012	2011
	$'000	$'000
Salaries and wages	101 404	94 891
Employment on-costs - superannuation	10 740	9 972
Employment on-costs - payroll tax	6 216	5 871
Annual leave	9 757	9 648
LSL	5 754	3 301
Workers compensation salary payments	1 715	1 980
Total employee benefit expenses	135 586	125 663

Salaries and wages on termination are included in salaries and wages.

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:	2012 Number	2011 Number
$130 700 - $133 999*	n/a	3
$134 000 - $143 999	7	7
$144 000 - $153 999	2	2
$154 000 - $163 999	3	2
$164 000 - $173 999	-	3
$174 000 - $183 999	4	-
$194 000 - $203 999	-	1
$204 000 - $213 999	-	1
$214 000 - $223 999	1	-
$224 000 - $233 999	-	1
$244 000 - $253 999	1	-
$284 000 - $293 999	-	1
$304 000 - $313 999	1	-
Total	19	21

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2011-12.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages (including termination payments), superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $3.3 million ($3.5 million).

TVSPs

	2012	2011
Amount paid during the reporting period to separated employees :	$'000	$'000
TVSPs	473	206
Annual leave and LSL paid to those employees	191	79
	664	285
Recovery from DTF	(431)	(206)
Amount paid using departmental funds	(115)	-
Amount paid using Accrual Appropriation Excess Funds Account	118	79

The number of employees who were paid TVSPs during the reporting period was 4 (2).

6. Supplies and services

Supplies and services provided:	2012 $'000	2011 $'000
Contracts[1]	17 947	16 983
Works and equipment costs	5 434	5 031
Cost of goods sold - prison industries	1 914	1 669
Cost of goods sold - canteen and kitchen sales	3 174	3 046
Offender related costs	6 607	5 691
Utilities	6 061	5 993
Travel expenses	1 192	1 128
IT costs	3 357	3 267
Workers compensation related payments	4 511	1 617
Staff related costs	1 826	1 648
Contracted staff	1 391	1 652
SSSA processing charges	1 761	1 756
Insurance charges	1 033	956
OHS&W expenses	288	174
Materials and consumables	400	375
Board and committee fees	261	261
Sundry other expenses	3 608	2 748
Total supplies and services[2]	60 765	53 995

(1) The main contracts for the Department include the Mount Gambier Prison management, prisoner movement and in-court management and Electronic Monitoring Services South Australia.

(2) Supplies and services expenses include $11.9 million ($9.7 million) to SA Government entities in 2011-12.

7. Depreciation and amortisation expense

	2012 $'000	2011 $'000
Depreciation:		
Buildings	13 061	12 863
Plant and equipment	300	297
Total depreciation	13 361	13 160
Amortisation:		
Leasehold improvements	958	779
Intangible assets	2	23
Total amortisation	960	802
Total depreciation and amortisation expense	14 321	13 962

8. Grants

Grants paid or payable to entities external to the SA Government:		
Recurrent grants	566	596
Total grants provided	566	596

9. Net loss from disposal of non-current assets

Plant and equipment:		
Proceeds from disposal of non-current assets	1	-
Net book value of assets disposed	(40)	(11)
Net gain (loss) from disposal of plant and equipment	(39)	(11)
Leasehold improvements:		
Proceeds from disposal of non-current assets	-	-
Net book value of assets disposed	-	(6)
Net gain (loss) from disposal of leasehold improvements	-	(6)
Land and buildings:		
Proceeds from disposal of non-current assets	-	-
Net book value of assets disposed	(13)	-
Net gain (loss) from disposal of land and buildings	(13)	-
Total assets:		
Total proceeds from disposal of non-current assets	1	-
Total value of assets disposed	(53)	(17)
Net gain (loss) from disposal of total assets	(52)	(17)

10. Resources provided free of charge

	2012	2011
Resources provided free of charge to entities within the SA Government:	$'000	$'000
Donated assets[1]	-	2 356
Total resources provided free of charge - SA Government entities	-	2 356
Total resources provided free of charge	-	2 356

[1] On 12 April 2011 the former Noarlunga Community Corrections Centre at 3 James Clark Road, Noarlunga Centre was transferred to the Department of Planning, Transport and Infrastructure for no consideration. The effective date of the transfer was 31 May 2011.

11. Other expenses

	2012	2011
Other expenses paid or payable to entities external to the SA Government:	$'000	$'000
Bad and doubtful debts expense	-	16
Bank charges	25	21
FBT	392	338
Other	138	64
Total other expenses - non-SA Government entities	555	439
Total other expenses	555	439

12. Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	155	123
Total audit fees	155	123

Other services

No other services were provided by the Auditor-General's Department.

13. Net income (loss) from prison labour

	Yatala Labour Prison		Mobilong Prison		Cadell Training Centre		Adelaide Women's Prison/Pre-release Centre	
	2012	2011	2012	2011	2012	2011	2012	2011
Sales income	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Internal sales	452	415	328	340	625	546	150	110
External sales	418	344	338	705	174	101	100	40
Total sales income	870	759	666	1 045	799	647	250	150
Cost of goods sold	(373)	(325)	(544)	(774)	(567)	(293)	(122)	(84)
Gross profit	497	434	122	271	232	354	128	66
Other income	(14)	-	(5)	3	37	13	-	-
Other expenses	(1 691)	(1 762)	(837)	(951)	(1 170)	(1 070)	(260)	(221)
Net income (loss)	(1 208)	(1 328)	(720)	(677)	(901)	(703)	(132)	(155)

	Port Augusta Prison		Port Lincoln Prison		Total	
	2012	2011	2012	2011	2012	2011
Sales income	$'000	$'000	$'000	$'000	$'000	$'000
Internal sales	329	86	24	9	1 908	1 506
External sales	20	34	210	184	1 260	1 408
Total sales income	349	120	234	193	3 168	2 914
Cost of goods sold	(128)	(115)	(180)	(78)	(1 914)	(1 669)
Gross profit	221	5	54	115	1 254	1 245
Other income	1	2	10	16	29	34
Other expenses	(580)	(516)	(310)	(339)	(4 848)	(4 859)
Net income (loss)	(358)	(509)	(246)	(208)	(3 565)	(3 580)

Internal sales include $415 000 ($252 000) resulting from work undertaken by prisoners for projects that are part of the capital works program.

Internal sales have been eliminated from consolidated income and are therefore not included in the Statement of Comprehensive Income.

Other expenses include employee benefits, supplies and services, offender related costs and depreciation associated with industry operations at each location.

14. Commonwealth revenue

	2012 $'000	2011 $'000
Commonwealth revenue	793	599
Total Commonwealth revenue	793	599

Commonwealth revenue is for the Remote Areas Program.

15. Canteen and kitchen sales

	2012 $'000	2011 $'000
Canteen and kitchen sales	3 332	3 162
Cost of goods sold	(3 174)	(3 046)
Total canteen and kitchen sales	158	116

16. Resources received free of charge

	2012 $'000	2011 $'000
Resources received free of charge to entities within the SA Government:		
Donated assets[1]	20	-
Total resources received free of charge - SA Government entities	20	-
Total resources received free of charge	20	-

(1) The assets of the Office for the Minister for Correctional Services were transferred to the Department for no consideration. The effective date of the transfer was 21 October 2011.

17. Other income

	2012 $'000	2011 $'000
Other income received from entities within the SA Government:		
Grants received	816	555
Revenue from recoveries	38	51
Other	49	169
Total other income - SA Government entities	903	775
Other income received from entities external to the SA Government:		
Prisoner telephone receipts	997	1 070
Internally generated assets	429	243
Revenue from recoveries	160	447
Net revaluation increment (decrement) from valuation of biological assets	(99)	1
Other	156	135
Total other income - non-SA Government entities	1 643	1 896
Total other income	2 546	2 671

18. Revenues from (Payments to) SA Government

	2012 $'000	2011 $'000
Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the *Appropriation Act* and other revenues from the Consolidated Account	192 833	199 174
Total revenues from SA Government	192 833	199 174
Payments to SA Government:		
Return of surplus cash pursuant to cash alignment policy	(591)	(1 413)
Total payments to SA Government	(591)	(1 413)

19. Cash and cash equivalents

	2012 $'000	2011 $'000
Deposits with the Treasurer	7 294	24 645
Prison imprest accounts	28	28
Petty cash	14	10
Total cash and cash equivalents	7 336	24 683

Deposits with the Treasurer

Includes funds held in the Accrual Appropriation Excess Funds Account totalling $0 ($15.5 million). The balance of this fund is not available for general use, ie funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.

During 2011-12, the Department transferred $591 000 ($1.4 million) of its cash balance to the Consolidated Account in accordance with the cash alignment policy.

Interest rate risk

Petty cash and deposits at call and with the Treasurer are non-interest bearing. Prison imprest and payment processing service accounts earn a floating interest rate based on daily bank deposit rates. The carrying amount of cash approximates fair value.

20. Receivables

	2012	2011
Current:	$'000	$'000
Receivables	558	647
Provision for doubtful debts	(18)	(18)
	540	629
Accrued revenue	183	-
GST receivable	1 710	1 616
Prepayments - other	40	10
Total receivables	2 473	2 255
Receivables from SA Government entities:		
Receivables	133	272
Accrued revenue	183	-
Total receivables from SA Government entities	316	272
Receivables from non-SA Government entities:		
Receivables	425	375
GST receivable	1 710	1 616
Prepayments	40	10
Provision for doubtful debts	(18)	(18)
Total receivables from non-SA Government entities	2 157	1 983
Total receivables	2 473	2 255

Provision for doubtful debts

A provision for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2012	2011
Movements in the provision for doubtful debts (impairment loss):	$'000	$'000
Carrying amount at 1 July	18	-
Increase in the provision	-	34
Amounts written off	-	(16)
Carrying amount at 30 June	18	18

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received.

Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than recognised in the provision for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

(a) Maturity analysis of receivables - refer note 35.
(b) Categorisation of financial instruments and risk exposure information - refer note 35.

The Department does not have any material interest bearing assets and liabilities and is not exposed to any interest rate risk.

21. Inventories

	2012	2011
Current - held for distribution:	$'000	$'000
Stores	688	663
Total current inventories held for distribution	688	663
Current - other than those held for distribution:		
Raw materials and work in progress	392	396
Finished goods	80	264
Stores	5	6
Total current inventories other than those held for distribution	477	666
Total inventories	1 165	1 329

22. Property, plant and equipment

Land and buildings:		
Land at fair value (existing use)	53 057	57 157
Buildings at fair value	651 235	621 157
Accumulated depreciation	(327 115)	(302 099)
Total land and buildings	377 177	376 215
Leasehold improvements:		
Leasehold improvements at fair value	11 301	11 137
Accumulated amortisation	(2 682)	(1 725)
Total leasehold improvements	8 619	9 412
Plant and equipment:		
Plant and equipment at fair value	4 889	4 976
Accumulated depreciation	(3 116)	(3 043)
Total plant and equipment	1 773	1 933
Total property, plant and equipment	387 569	387 560

Valuation of land and buildings

A desktop valuation of land and buildings was performed by Fred Taormina of Valcorp as at 30 June 2012. The valuer arrived at fair value based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use. Where land was held to support on going operations of the entity, the land was valued at its existing use.

Impairment

There were no indications of impairment of property, plant and equipment and infrastructure assets at 30 June 2012.

Reconciliation of property, plant and equipment

The following table shows movement in property, plant and equipment during 2011-12:

	Land and buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Carrying amount at 1 July	376 215	9 412	1 933	387 560
Acquisitions	-	-	152	152
Transfers from capital works in progress	8 177	164	73	8 414
Disposals	(13)	-	(40)	(53)
Donated assets	-	-	20	20
Revaluation increment	5 789	-	-	5 789
Depreciation and amortisation	(13 061)	(957)	(301)	(14 319)
Transfers between asset classes	70	-	(70)	-
Other changes	-	-	6	6
Carrying amount at 30 June	377 177	8 619	1 773	387 569

The increase in asset values for prisons in 2011-12 reflects an increase in the construction cost estimates used by the independent valuer relative to the costs incorporated in the 2011-12 desktop valuation.

Reconciliation of property, plant and equipment (continued)

The following table shows movement in property, plant and equipment during 2010-11:

	Land and buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Carrying amount at 1 July	367 469	2 320	1 905	371 694
Acquisitions	-	-	505	505
Transfers from capital works in progress	12 107	7 878	-	19 985
Disposals	-	(6)	(11)	(17)
Donated assets	(2 356)	-	-	(2 356)
Revaluation increment	11 688	-	-	11 688
Depreciation and amortisation	(12 863)	(779)	(297)	(13 939)
Transfers between asset classes	169	-	(169)	-
Other changes	1	(1)	-	-
Carrying amount at 30 June	376 215	9 412	1 933	387 560

23. Capital works in progress

	2012 $'000	2011 $'000
Capital works in progress	23 699	7 869
Total capital works in progress	23 699	7 869

Reconciliation of capital works in progress

The following table shows movement in capital works in progress during 2011-12:

	2012	2011
Carrying amount at 1 July	7 869	11 401
Additions	24 230	16 453
Transfers to property, plant and equipment	(8 414)	(19 985)
Expense of prior years capital costs	14	-
Carrying amount at 30 June	23 699	7 869

The increase in the carrying amount in 2011-12 reflects the expenditure on the additional accommodation projects at Port Augusta and Mount Gambier Prisons of $15 million and the Northfield Infrastructure Upgrade Project of $7.5 million.

24. Intangible assets

	2012 $'000	2011 $'000
Software licences:		
Software licences	-	97
Accumulated amortisation	-	(95)
Total software licences	-	2
Carrying amount at 1 July	2	25
Amortisation	(2)	(23)
Carrying amount at 30 June	-	2

25. Biological assets

2012	Citrus $'000	Livestock $'000	Olive grove $'000	Total $'000
Carrying amount at 1 July	43	117	162	322
Increases due to purchases	-	6	-	6
Gain arising from changes in fair value less estimated point-of-sale costs attributable to physical changes	-	59	-	59
Gain arising from changes in fair value less estimated point-of-sale costs attributable to price changes	-	(14)	-	(14)
Revaluation decrement	(43)	-	(56)	(99)
Decreases due to sales	-	(15)	-	(15)
Carrying amount at 30 June	-	153	106	259

25. Biological assets (continued)

2011	Citrus $'000	Livestock $'000	Olive grove $'000	Total $'000
Carrying amount at 1 July	43	104	161	308
Increases due to purchases	-	5	-	5
Gain arising from changes in fair value less estimated point-of-sale costs attributable to physical changes	-	12	-	12
Gain arising from changes in fair value less estimated point-of-sale costs attributable to price changes	-	5	-	5
Revaluation increment	-	-	1	1
Decreases due to sales	-	(9)	-	(9)
Carrying amount at 30 June	43	117	162	322

Livestock

Currently there are 192 (177) cattle held at Cadell Training Centre and Port Lincoln Prison for the purpose of milk and meat production for internal use within the prison system. The cattle are at various stages of life. As at reporting date there are no commitments for the development or acquisition of livestock.

Financial risk is considered to be extremely low with any losses being absorbed in the year of exposure. No government grants have been issued in relation to the livestock.

Plants

The olive grove is situated on approximately 32 hectares of land at the Cadell Training Centre. The grove has been developed to produce commercially viable olive oil.

The citrus grove is situated on approximately 19 hectares of land at the Cadell Training Centre. The original plantation (13.21 hectares) has reached the end of its useful life. The current plantation comprises 6.23 hectares of existing trees.

26. Payables

	2012 $'000	2011 $'000
Current:		
Creditors[(1)(2)]	8 689	7 921
Accruals	3 698	1 822
GST payable	68	98
Employment on-costs	1 744	1 890
Paid Parental Leave Scheme payable	9	-
Total current payables	14 208	11 731
Non-current:		
Employment on-costs	2 018	1 681
Total non-current payables	2 018	1 681
Total payables	16 226	13 412
Payables to SA Government entities:		
Creditors	5 573	4 252
Accruals	1 556	1 065
Employment on-costs	3 762	3 571
Total payables to SA Government entities	10 891	8 888
Payables to non-SA Government entities:		
Creditors	3 116	3 669
Accruals	2 142	757
GST payable	68	98
Paid Parental Leave Scheme payable	9	-
Total payables to non-SA Government entities	5 335	4 524
Total payables	16 226	13 412

(1) Creditors to non-SA Government entities includes contract payments for Mount Gambier Prison management and electronic monitoring of $952 000 ($901 000).

(2) Creditors to SA Government entities includes $3.9 million ($1.4 million) for additional prisoner accommodation projects.

26. Payables (continued)

Based on an actuarial assessment performed by DTF, the percentage of the proportion of LSL taken as leave has changed from the 2011 rate of 35% to 40% and the average factor for the calculation of employer superannuation on-cost has remained at the 2011 rate of 10.3%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of $130 000 and employee benefit expense of $130 000.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged.

All payables are non-interest bearing.

The carrying amount of payables represents fair value due to the amounts being payable on demand.

27. Employee benefits

	2012	2011
Current:	$'000	$'000
Annual leave	8 327	7 771
LSL	2 316	2 057
Accrued salaries and wages[(1)]	466	822
Unclaimed salaries and wages	4	4
Total current employee benefits	11 113	10 654
Non-current:		
Annual leave	364	270
LSL	20 846	18 521
Total non-current employee benefits	21 210	18 791
Total employee benefits	32 323	29 445

(1) Accrued salaries and wages for 2010-11 included the underpayment of on-call allowance claims for community corrections and correctional officers higher duties.

AASB 119 contains the calculation methodology for LSL liability. It is accepted practice to estimate the present values of future cash outflows associated with the LSL liability by using a shorthand measurement technique. The shorthand measurement technique takes into account such factors as changes in discount rates and salary inflation.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 2011 (5.25%) to 2012 (3%).

The significant decrease in the bond yield, which is used as the rate to discount future LSL cash flows, results in a significant increase in the reported LSL liability.

The net financial effect of the changes in the current financial year is an increase in the LSL liability of $3.971 million, employment on-costs payable of $375 000 and employee benefit expense of $4.346 million. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

The actuarial assessment performed by DTF left the salary inflation rate at 4%. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

28. Provisions

	2012	2011
Current:	$'000	$'000
Workers compensation - medical and other costs	2 750	2 617
Workers compensation - income maintenance	1 363	1 753
Total current provisions	4 113	4 370
Non-current:		
Workers compensation - medical and other costs	8 767	7 413
Workers compensation - income maintenance	5 352	5 296
Total non-current provisions	14 119	12 709
Total provisions	18 232	17 079

28. Provisions (continued)

	2012	2011
	$'000	$'000
Carrying amount at 1 July	17 079	18 824
Workers compensation payments	(4 799)	(4 958)
Increase in provision	5 952	3 213
Carrying amount at 30 June	18 232	17 079

A liability has been recognised to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of DPC.

The liability of the Government Workers Compensation Fund claims expenses relating to the Department were transferred from DPC from 1 July 2011.

29. Equity

	2012	2011
	$'000	$'000
Retained earnings	77 499	98 090
Revaluation surplus	258 323	252 534
Prisoner amenities reserve	234	327
Contributed capital	19 664	13 133
Total equity	355 720	364 084

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets to the extent that they offset one another. Relevant amounts are transferred to retained earnings on disposal of an asset.

The prisoner amenities reserve reflects the funds available to purchase amenities, such as gym equipment, for the specific benefit and use of prisoners. Proceeds from the sale of canteen goods to prisoners net of the cost of certain direct expenses less any associated prisoner amenities expenditure incurred during the financial year is transferred to or from the reserve at year end.

Contributed capital received represents equity contribution from the SA Government under the *Appropriation Act* to fund the investing activities of the Department.

30. Commitments

Contract service commitments	2012 $'000	2011 $'000
Within one year	18 669	13 640
Later than one year but not later than five years	37 951	20 217
Total contract service commitments	56 620	33 857

The prisoner movement and in-court management contract is due to expire on 31 July 2014. The motor vehicle replacement commitment is included as part of the contract. All vehicles have been commissioned.

The home detention monitoring contract is for a three year period due to expire on 19 January 2013. The contract has a potential 12 month extension that has not been exercised at this stage.

The management of Mount Gambier Prison contract was renewed, effective from 1 December 2011 to 30 November 2016.

The above contracts have provisions for termination by the Crown without penalty to the Crown. However, a termination for convenience by the Crown would attract variable payments and reimbursements specified in the contract depending on the circumstance and amount of the termination notice. The ongoing cancellable commitments (which have not been recognised as liabilities) are noted above.

The above figures:

- are subject to an escalation based on indices not yet published by the Australian Bureau of Statistics, and as a result are not adjusted for inflation and are based on 2011-12 prisoner populations
- are exclusive of GST.

Expenditure commitments - remuneration

Commitments for the payment of salaries and other remuneration under employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:

	2012	2011
	$'000	$'000
Within one year	2 274	2 324
Later than one year but not later than five years	4 358	3 352
Total expenditure commitments - remuneration	6 632	5 676

Expenditure commitments - remuneration (continued)

Amounts disclosed include commitments arising from executive and other limited tenure employment contracts. The Department does not offer remuneration contracts greater than five years.

Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:	2012 $'000	2011 $'000
Within one year	4 875	4 499
Later than one year but not later than five years	14 028	12 839
Later than five years	8 969	11 038
Total operating lease commitments	27 872	28 376

The Department's operating leases are for office accommodation and for motor vehicles. Office accommodation is leased from Building Management Accommodation and Property Services, a branch of the Department of Planning, Transport and Infrastructure. Motor vehicles are leased from Fleet SA. The leases are non-cancellable and are payable monthly in advance.

31. Contingent assets and liabilities

The Department has a number of common law claims made against it by various claimants. The maximum exposure facing the Department in respect of these claims is $351 000 ($387 000).

The Department has an exposure in respect of a possible underpayment of officer's higher duty allowances. This is disclosed as a contingent liability as its potential value has not been determined as at balance date.

These contingent liabilities are not actual liabilities and have therefore not been included in the financial statements. They represent a potential financial obligation in circumstances which have been deemed to be possible but not probable.

32. Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2011-12 financial year were:

Parole Board of South Australia

Frances Nelson (Presiding Member)
Timothy Bourne (Deputy Presiding Member)
Robin Durant (Deputy Member)
Denis Edmonds
Pamela Mitchell
Janina Gipslis
Garth Dodd
Vanessa Swan*
David Haebich

Department for Correctional Services Advisory Council

Ian Shephard (Presiding Member)
Elizabeth Anne Bachmann
Kathryn Stone
Helena Jasinski
Vince Monterola (appointment ceased February 2012)
Lindsay Thompson (appointment ceased February 2012)

Serious Offender Committee

David M Brown* (Chair)
Darren Fielke*
Elizabeth Finlay*
Anne Marie Martin* (Chair)
Peter Ralph May*
William Lutton Muchan*
Anthony James Shillabear*
Anthony Eoughton Waters*
Kevin Wade Wilson*
David Hugh Kerr*
Richard King*
Hayley Millhouse*
Naomi Oberscheidt*

The number of members whose income from the entity falls within the following bands:	2012 Number	2011 Number
$0 - $9 999	20	30
$10 000 - $19 999	1	4
$20 000 - $29 999	-	3
$30 000 - $39 999	4	2
$40 000 - $49 999	2	1
$50 000 - $59 999	1	-
Total	28	40

Remuneration of members reflects all costs of performing board member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by board members was $290 000 ($284 000).

32. Remuneration of board and committee members (continued)

Amounts paid to a superannuation plan for board members totalled $29 000 ($23 000).

In accordance with the *Correctional Services Act 1982* the Department has established Community Service Advisory Committees within each region (Northern Metro, Southern Metro, Northern Country and Southern Country) to formulate guidelines for the approval of projects and tasks suitable for the performance of community service by offenders and to perform other functions as directed by the Minister. The members are entitled to remuneration, however, the majority of members volunteer. The total remuneration received or receivable by Community Service Advisory Committee members was $0 ($0).

* In accordance with DPC Circular 16, government employees did not receive any remuneration for board duties during the financial year.

Transactions between members are on conditions no more favourable to the recipient than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

33. Trust funds

The Department holds prisoner monies in a trustee capacity. These monies are excluded from the financial statements as the Department cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	2012 $'000	2011 $'000
Balance at 1 July	480	456
Prisoner monies receipts	5 761	5 564
Prisoner monies payments	(5 722)	(5 540)
Balance at 30 June	519	480

34. Cash flow reconciliation

	2012 $'000	2011 $'000
Reconciliation of cash - cash at 30 June as per:		
Statement of Cash Flows	7 336	24 683
Statement of Financial Position	7 336	24 683

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services

	2012 $'000	2011 $'000
Net cash provided by (used in) operating activities	(394)	18 159
Revenues from SA Government	(192 833)	(199 174)
Payments to SA Government	591	1 413
Non-cash items:		
Provision for doubtful debts	-	(18)
Net loss on disposal of assets	(52)	(17)
Depreciation and amortisation expense	(14 321)	(13 962)
Assets donated	20	(2 356)
Other	7	-
Movements in assets/liabilities:		
Receivables	218	(178)
Inventories	(164)	161
Biological assets	(63)	14
Payables	(1 904)	(1 941)
Employee benefits	(2 878)	(1 330)
Provisions	(1 153)	1 745
Net cost of providing services	(212 926)	(197 484)

35. Financial instruments

(a) Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2.

A separate table for the categorisation of financial assets and liabilities has not been included (refer notes 19, 20 and 26).

Financial assets

Cash and receivables are recorded at the carrying amount as per the Statement of Financial Position, which approximates net fair value.

Financial liabilities

Payables are recorded at the carrying amount which is considered to be a reasonable estimate of net fair value.

(b) Credit risk

Credit risk arises when there is the possibility of the Department's debtors defaulting on their contractual obligations resulting in financial loss to the Department. The Department measures credit risk on a fair value basis and monitors risk on a regular basis.

The Department has minimal concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Department does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently the Department does not hold any collateral as security to any of its financial assets.

The following table discloses the ageing of financial assets, past due, including impaired assets past due.

	Past due by			
	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2012	$'000	$'000	$'000	$'000
Not impaired:				
Receivables	391	23	59	473
Impaired:				
Receivables	-	-	18	18
2011				
Not impaired:				
Receivables	413	48	103	564
Impaired:				
Receivables	3	1	14	18

(c) Maturity analysis

All non-statutory receivables and payables are expected to be settled within 12 months.

(d) Liquidity risk

Liquidity risk arises where the Department is unable to meet its financial obligations as they are due to be settled. The continued existence of the Department is dependent on State Government policy and on continuing appropriations by Parliament for the Department's administration and programs. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution. The Department's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

(e) Market risk

Market risk for the Department is primarily through interest rate risk. The Department currently holds no interest bearing financial instruments and is not exposed to any market risk.

36. Disclosure of administered items

	2012	2011
Administered income:	$'000	$'000
Revenues from Victims of Crime levy	126	110
Mobilong Inmate Charity Fund	2	5
Revenues from SA Government	177	-
Total administered income	305	115
Administered expenses:		
Victims of Crime levy payments	126	110
Employee benefit expense	177	-
Total administered expenses	303	110
Net result	2	5

36. Disclosure of administered items (continued)

	2012	2011
Administered current assets:	$'000	$'000
Cash	23	21
Receivables	177	-
Total administered assets	200	21
Administered current liabilities:		
Victims of Crime levy payables	9	9
Mobilong Inmate Charity Fund	6	6
Minister's salary payable	177	-
Total administered liabilities	192	15
Net administered assets	8	6
Administered equity:		
Retained earnings	8	6
Total administered equity	8	6
Changes in equity:		
Balance at 1 July	6	1
Net result	2	5
Balance at 30 June	8	6

	2012 Inflows (Outflows)	2011 Inflows (Outflows)
Cash flows from operating activities:		
Cash inflows:	$'000	$'000
Victims of Crime levy	126	110
Mobilong Inmate Charity Fund	2	5
Total administered income	128	115
Cash outflows:		
Victims of Crime levy payments	(126)	(110)
Total administered expenses	(126)	(110)
Net cash inflows (outflows) from operating activities	2	5
Net increase in cash	2	5
Cash at 1 July	21	16
Cash at 30 June	23	21

Administered items of the Department

The Department administers but does not control certain resources on behalf of the Attorney-General (Victims of Crime levy), the Mobilong Inmate Charity Fund and appropriations from Special Acts. It is accountable for the transactions involving these administered resources but does not have the discretion to deploy these resources for the achievement of the Department's objectives. Transactions and balances relating to these administered resources are not recognised as departmental income, expenses, cash inflows or cash outflows, assets or liabilities, but are recognised as administered income, expenses, cash inflows, cash outflows, assets or liabilities.

Part B

Glossary of terms

Australian Accounting Standards - AASB

Reference	Title
AASB 1	First-time Adoption of Australian Accounting Standards
AASB 2	Share-based Payment
AASB 3	Business Combinations
AASB 4	Insurance Contracts
AASB 5	Non-current Assets Held for Sale and Discontinued Operations
AASB 7	Financial Instruments: Disclosures
AASB 8	Operating Segments
AASB 9	Financial Instruments
AASB 101	Presentation of Financial Statements
AASB 102	Inventories
AASB 107	Statement of Cash Flows
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110	Events after the Reporting Period
AASB 111	Construction Contracts
AASB 112	Income Taxes
AASB 116	Property, Plant and Equipment
AASB 117	Leases
AASB 118	Revenue
AASB 119	Employee Benefits
AASB 120	Accounting for Government Grants and Disclosure of Government Assistance
AASB 121	The Effects of Changes in Foreign Exchange Rates
AASB 123	Borrowing Costs
AASB 124	Related Party Disclosures
AASB 127	Consolidated and Separate Financial Statements
AASB 128	Investments in Associates
AASB 131	Interests in Joint Ventures
AASB 132	Financial Instruments: Presentation
AASB 133	Earnings per Share
AASB 136	Impairment of Assets
AASB 137	Provisions, Contingent Liabilities and Contingent Assets
AASB 138	Intangible Assets
AASB 139	Financial Instruments: Recognition and Measurement
AASB 140	Investment Property
AASB 141	Agriculture
AASB 1004	Contributions
AASB 1023	General Insurance Contracts
AASB 1031	Materiality
AASB 1038	Life Insurance Contracts
AASB 1048	Interpretation of Standards

Australian Accounting Standards - AASB – continued

Reference	Title
AASB 1049	Whole of Government and General Government Sector Financial Reporting
AASB 1050	Administered Items
AASB 1051	Land Under Roads
AASB 1052	Disaggregated Disclosures
AASB 1054	Australian Additional Disclosures
AASB 2009-12	Amendments to Australian Accounting Standards

Australian Interpretations

Reference	Title
Interpretation 4	Determining whether an Arrangement contains a Lease
Interpretation 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
Interpretation 115	Operating Leases - Incentives
Interpretation 121	Income Taxes – Recovery of Revalued Non-Depreciable Assets
Interpretation 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
Interpretation 132	Intangible Assets – Web Site Costs
Interpretation 1030	Depreciation of Long-Lived Physical Assets: Condition-Based Depreciation and Related Methods
Interpretation 1031	Accounting for the Goods and Services Tax (GST)
Interpretation 1038	Contributions by Owners Made to Wholly-Owned Public Sector Entities
Interpretation 1055	Accounting for Road Earthworks

Australian Accounting Standards - AAS

Reference	Title
AAS 25	Financial Reporting by Superannuation Plans

Treasurer's Instructions – TIs

Reference	Title
TI 1	Interpretation and Application
TI 2	Financial Management
TI 3	Appropriation
TI 4	Establishment of Merchant Facilities for Acceptance of Payments
TI 5	Debt Recovery and Write Offs
TI 6	Deposit Accounts and Banking
TI 8	Financial Authorisations
TI 9	Payroll Deductions
TI 10	Engagement of Legal Practitioners
TI 11	Payment of Creditors' Accounts
TI 12	Government Purchase Cards and Stored Value Cards
TI 13	Expenditure Incurred by Ministers and Ministerial Staff

Treasurer's Instructions – TIs – continued

Reference	Title
TI 14	Ex Gratia Payments
TI 15	Grant Funding
TI 17	Evaluation of and Approvals to Proceed with Public Sector Initiatives
TI 19	Financial Reporting
TI 20	Guarantees and Indemnities
TI 22	Tax Equivalent Payments
TI 23	Management of Foreign Currency Exposures
TI 25	Taxation Policies
TI 28	Financial Management Compliance Program

Accounting Policy Framework - APF

Reference	Title
APF I	Purpose and Scope
APF II	General Purpose Financial Statements Framework
APF III	Asset Accounting Framework
APF IV	Financial Asset and Liability Framework
APF V	Income Framework
APF VI	Definitions

Legislation

Reference	Title
ITAA	*Income Tax Assessment Act 1936 and/or Income Tax Assessment Act 1997*
NRMA	*Natural Resources Management Act 2004*
PCA	*Public Corporations Act 1993*
PFAA	*Public Finance and Audit Act 1987*
PSA	*Public Sector Act 2009*
WRCA	*Workers Rehabilitation and Compensation Act 1986*

Acronyms

Reference	Title
AASs	Australian Accounting Standards[1]
APF	Accounting Policy Framework
APS	Accounting Policy Statement
ATO	Australian Taxation Office
CHRIS	Complete Human Resource Information System
CPE	Computer processing environment
CPI	Consumer price index
DPC	Department of the Premier and Cabinet
DTF	Department of Treasury and Finance
EFT	Electronic funds transfer

[1] 'Australian Accounting Standards' means accounting standards issued by the Australian Accounting Standards Board which are in force in relation to the reporting period to which the financial report relates.

Acronyms – continued

Reference	Title
FBT	Fringe benefits tax
GST	Goods and services tax
ICT	Information and communications technology
LSL	Long service leave
SAFA	South Australian Government Financing Authority
Service SA	Government Services Group - Service SA
SSSA	Government Services Group - Shared Services SA
TI	Treasurer’s Instruction
TVSP	Targeted voluntary separation package

Part B

General index

A

Adelaide Convention Centre Corporation, 3
  Assessment of controls, 4
  Auditor's report on the financial report, 3
  Payment authorisation, 4
  Redevelopment of the Convention Centre, 6
Adelaide Desalination Project
  South Australian Water Corporation, 1852
Adelaide Entertainments Corporation, 24
  Assessment of controls, 25
  Auditor's report on the financial report, 24
Adelaide Festival Centre Trust, 46
  Assessment of controls, 47
  Auditor's report on the financial report, 47
  Information and communications technology and control, 47
  Qualified opinion – assessment of controls, 47
  Qualified opinion – financial report, 47
Adelaide Festival Corporation, 71
  Assessment of controls, 72
  Auditor's report on the financial report, 72
  Bank reconciliations, 73
  Cash handling, 72
  Journal processing, 73
  Qualified opinion – assessment of controls, 72
  Segregation of duties, 72
Adelaide Oval redevelopment
  Planning, Transport and Infrastructure, Department of, 1182
Adelaide Oval SMA Limited, 86
  Auditor's report on the financial report, 87
  Commentary on operations, 89
Art Gallery Board, 103
  Status of the financial report, 103
Assessment of controls
  Adelaide Convention Centre Corporation, 4
  Adelaide Entertainments Corporation, 25
  Adelaide Festival Centre Trust, 47
  Adelaide Festival Corporation, 72
  Attorney-General's Department, 106
  Auditor-General's Department, 216
  Central Adelaide Local Health Network Incorporated, 726
  Communities and Social Inclusion, Department for, 234
  Correctional Services, Department for, 304
  Country Health SA Local Health Network Incorporated, 731
  Courts Administration Authority, 340
  Defence SA, 381
  Education and Child Development, Department for, 411
  Environment and Natural Resources, Department of, 487
  Environment Protection Authority, 544
  Flinders University of South Australia, 575
  Further Education, Employment, Science and Technology, Department of, 627
  Health and Ageing, Department for, 672
  Health Services Charitable Gifts Board, 743
  HomeStart Finance, 764
  Judges' Pensions Scheme, 815
  Legal Services Commission, 861
  Libraries Board of South Australia, 933
  Local Government Finance Authority of South Australia, 958
  Lotteries Commission of South Australia, 979
  Manufacturing, Innovation, Trade, Resources and Energy, Department for, 1010
  Motor Accident Commission, 1054
  Museum Board, 1085
  Northern Adelaide Local Health Network Incorporated, 729
  Parliamentary Superannuation Scheme, 1109
  Planning and Local Government, Department of, 1123
  Planning, Transport and Infrastructure, Department of, 1167
  Police Superannuation Scheme, 1257
  Premier and Cabinet, Department of the, 1274
  Primary Industries and Regions, Department of, 1337
  Public Trustee, 191
  SA Ambulance Service Inc, 734
  South Australia Police, 1405
  South Australian Asset Management Corporation, 1450
  South Australian Fire and Emergency Services Commission, 1493
  South Australian Forestry Corporation, 1535
  South Australian Government Financing Authority, 1563
  South Australian Housing Trust, 1605
  South Australian Metropolitan Fire Service, 1650
  South Australian Motor Sport Board, 1679
  South Australian State Emergency Service, 1702
  South Australian Superannuation Board, 1728
  South Australian Tourism Commission, 1809
  South Australian Water Corporation, 1838
  Southern Adelaide Local Health Network Incorporated, 728
  Superannuation Funds Management Corporation of South Australia, 1894
  Treasury and Finance, Department of, 1931
  University of Adelaide, 1989
  University of South Australia, 2045
  Water, Department for, 2095

Women's and Children's Health Network Incorporated, 733
WorkCover Corporation of South Australia, 2150
Attorney-General's Department, 104
Alleged fraud against the Victims of Crime Fund, 106
Assessment of controls, 106
Auditor's report on the financial report, 106
Consumer and Business Services, 110
Crown Solicitor's Office, 108
Delegations, 108
Gaming machine administration, 123
Independent Gaming Corporation Limited, 124
Information and communications technology and control, 111
Preparation of draft financial statements, 107
Public Safety Group, 110
Qualified opinion – assessment of controls, 106
Recoveries from offenders, 121
Residential Tenancies Fund, 122
Shared Services SA, 114
Shared Services SA – e-Procurement and electronic payment control environments, 114
TIs 2 and 28, 112
Victims of Crime Fund, 121
Auditor's report on the financial report, 1493
Adelaide Convention Centre Corporation, 3
Adelaide Entertainments Corporation, 24
Adelaide Festival Centre Trust, 47
Adelaide Festival Corporation, 72
Adelaide Oval SMA Limited, 87
Attorney-General's Department, 106
Auditor-General's Department, 216
Central Adelaide Local Health Network Incorporated, 725
Communities and Social Inclusion, Department for, 234
Correctional Services, Department for, 304
Country Health SA Local Health Network Incorporated, 730
Courts Administration Authority, 339
Defence SA, 381
Education and Child Development, Department for, 411
Environment and Natural Resources, Department of, 485
Environment Protection Authority, 544
Flinders University of South Australia, 575
Further Education, Employment, Science and Technology, Department of, 627
Health and Ageing, Department for, 672
Health Services Charitable Gifts Board, 742
HomeStart Finance, 764
Judges' Pensions Scheme, 815
Land Management Corporation, 827
Legal Services Commission, 860
Legislature, The
House of Assembly, 883
Joint Parliamentary Service, 883
Legislative Council, 883
Libraries Board of South Australia, 932
Local Government Finance Authority of South Australia, 958
Lotteries Commission of South Australia, 979
Manufacturing, Innovation, Trade, Resources and Energy, Department for, 1010
Motor Accident Commission, 1054
Museum Board, 1084
Northern Adelaide Local Health Network Incorporated, 729
Parliamentary Superannuation Scheme, 1109
Planning and Local Government, Department of, 1123
Planning, Transport and Infrastructure, Department of, 1166
Police Superannuation Scheme, 1257
Premier and Cabinet, Department of the, 1274
Primary Industries and Regions, Department of, 1337
Public Trustee, 191
SA Ambulance Service Inc, 734
South Australia Police, 1405
South Australian Ambulance Service Superannuation Scheme, 1737
South Australian Asset Management Corporation, 1450
South Australian Country Fire Service, 1464
South Australian Forestry Corporation, 1535
South Australian Government Financing Authority, 1563
South Australian Housing Trust, 1605
South Australian Metropolitan Fire Service, 1650
South Australian Motor Sport Board, 1678
South Australian State Emergency Service, 1702
South Australian Superannuation Board, 1728
South Australian Superannuation Scheme, 1751
South Australian Tourism Commission, 1809
South Australian Water Corporation, 1838
Southern Adelaide Local Health Network Incorporated, 727
Southern State Superannuation Scheme, 1773
Super SA Retirement Investment Fund, 1791
Superannuation Funds Management Corporation of South Australia, 1894
Treasury and Finance, Department of, 1931
University of Adelaide, 1989
University of South Australia, 2044
Water, Department for, 2094
Women's and Children's Health Network Incorporated, 733
WorkCover Corporation of South Australia, 2150

Auditor-General's Department, 216
Assessment of controls, 216
Auditor's report on the financial report, 216

C

Central Adelaide Local Health Network Incorporated, 725
Assessment of controls, 726
Auditor's report on the financial report, 725
Qualified opinion – assessment of controls, 726
Qualified opinion – financial report, 726
Communities and Social Inclusion, Department for, 233
Accounts receivable, 239
Assessment of controls, 234
Auditor's report on the financial report, 234
Brokerage expenditure, 235
Cash at bank, 239
Client trust funds, 240
Concessions, 240
Expenditure, 237
Families SA, 235
Grants and subsidies, 234
Payroll, 236
Qualified opinion – assessment of controls, 234
Shared Services SA – e-Procurement and electronic payment control environments, 238
Correctional Services, Department for, 303
Accounts payable, 305
Assessment of controls, 304
Auditor's report on the financial report, 304
Payroll, 305
Qualified opinion – assessment of controls, 304
Risk management, 304
Service contracts
Home detention monitoring, 310
Management of the Mount Gambier Prison, 310
Prisoner movement and in-court management, 310
Shared Services SA, 305
Shared Services SA – e-Procurement and electronic payment control environments, 305
Country Health SA Local Health Network Incorporated, 730
Assessment of controls, 731
Auditor's report on the financial report, 730
Qualified opinion – assessment of controls, 731
Qualified opinion – financial report, 731
Courts Administration Authority, 339
Assessment of controls, 340
Auditor's report on the financial report, 339
Fines, fees and levies, 344, 345
Information and Communications Technology and Control, 340
Qualified opinion – assessment of controls, 340
Victims of Crime levy, 345

D

Defence SA, 380
Assessment of controls, 381
Auditor's report on the financial report, 381
Cash, 381
Contract management, 381
Qualified opinion – assessment of controls, 381
Shared Services SA – e-Procurement and electronic payment control environments, 382
Transferred functions, 384
Department for Communities and Social Inclusion. *see* Communities and Social Inclusion, Department for
Department for Correctional Services. *see* Correctional Services, Department for
Department for Education and Child Development. *see* Education and Child Development, Department for
Department for Health and Ageing. *see* Health and Ageing, Department for
Department for Manufacturing, Innovation, Trade, Resources and Energy. *see* Manufacturing, Innovation, Trade, Resources and Energy, Department for
Department for Water. *see* Water, Department for
Department of Environment and Natural Resources. see Environment and Natural Resources, Department of
Department of Further Education, Employment, Science and Technology. *see* Further Education, Employment, Science and Technology, Department of
Department of Planning and Local Government. *see* Planning and Local Government, Department of
Department of Planning, Transport and Infrastructure. *see* Planning, Transport and Infrastructure, Department of
Department of Primary Industries and Regions. *see* Primary Industries and Regions, Department of
Department of the Premier and Cabinet. *see* Premier and Cabinet, Department of the
Department of Treasury and Finance. *see* Treasury and Finance, Department of

E

Education and Child Development, Department for, 410
Assessment of controls, 411
Auditor's report on the financial report, 411
Building the Education Revolution, 432
Families SA, 424
Family day care, 423
General ledger processing, 425
Information and communications technology and control, 427
Connected Client and Case Management System, 427

Payroll, 416
Qualified opinion – assessment of controls, 411
Revenue, 413
School audit arrangements, 412
School maintenance, 419
Shared Services SA – e-Procurement and electronic payment control environments, 418
State grants to non-SA Government schools, 423
Student enrolments, 432
Transfer of employees and functions, 410
Environment and Natural Resources, Department of, 484
Assessment of controls, 487
Asset management, 488
Auditor's report on the financial report, 485
Cash, 488
Coorong, Lower Lakes and Murray Mouth projects, 493
Events after balance date, 492
Fixed assets – accounting for Crown land, 485
Governance, 487
Grant funding agreements, 488
Payroll, 488
Qualified opinion – assessment of controls, 487
Qualified opinion – financial report, 485
Shared Services SA – e-Procurement and electronic payment control environments, 488
Environment Protection Authority, 543
Assessment of controls, 544
Auditor's report on the financial report, 544
Licence compliance, 545
Licensing Administration Modernisation Project, 548
Qualified opinion – assessment of controls, 544
Solid waste levies, 548
Timely update of policies and procedures, 544

F

Flinders University of South Australia, The, 574
Assessment of controls, 575
Auditor's report on the financial report, 575
Expenditure, 576
General ledger, 575
Information and communications technology and control, 577
Payroll, 576
Qualified opinion – assessment of controls, 575
Further Education, Employment, Science and Technology, Department of, 626
Assessment of controls, 627
Auditor's report on the financial report, 627
Expenditure, 628
Payroll and human resources, 627
Qualified opinion – assessment of controls, 627
Shared Services SA – e-Procurement and electronic payment control environments, 631
Student information system, 630, 635
Student revenue, 629
Sustainable Industries Education Centre, 635

G

Goolwa Channel Water Level Management Project
Water, Department for, 2105
GP Plus Health
Planning, Transport and Infrastructure, Department of, 1182

H

Health and Ageing, Department for, 667
Accounts payable, 680
Accounts receivable, 681
Assessment of controls, 672
Audit Committee and internal audit, 671
Auditor's report on the financial report, 672
Capital funding to health services, 678
Changes to health regions and services from 1 July 2011, 667
Commonwealth Government grants, 680
Financial reports and reconciliations, 671
Health sector staffing and patient activity data, 739
Hospital budget performance and remediation review, 683
Implementation and operation of Oracle Corporate Systems, 672
Implementation of TIs 2 and 28, 678
Incorporated hospitals and health services, 723
Accounts payable, 737
Accounts receivable, 737
Audit committee and internal audit, 724
Balance sheet reconciliations, 736
Bank reconciliations, 736
Central Adelaide Local Health Network Incorporated, 725
Country Health SA Local Health Network Incorporated, 730
Northern Adelaide Local Health Network Incorporated, 729
Payroll, 737
Policies and procedures, 736
SA Ambulance Service Inc, 734
Southern Adelaide Local Health Network Incorporated, 727
Women's and Children's Health Network Incorporated, 733
Information and communications technology and control, 681
Overseas travel, 681
Payroll, 680
Public Private Partnership – the new Royal Adelaide Hospital project, 683
Qualified opinion – assessment of controls, 672
Recurrent funding to health services, 678
Risk management, 677
South Australian Health and Medical Research Institute, 683

Supplementary Report of April 2012, 668
Health Services Charitable Gifts Board, 741
Assessment of controls, 743
Auditor's report on the financial report, 742
Establishment, 741
Qualified opinion – financial report, 743
HomeStart Finance, 763
Assessment of controls, 764
Auditor's report on the financial report, 764
Bad and impaired loans expense, 767
Breakthrough loans, 768
Customer loans repaid, 774
Distributions to government, 773
Financial risks, 769
General reserve for credit losses, 770
HomeStart operating parameters, 775
Borrowing limit, 776
Capital adequacy ratio, 776
Dividend payout ratio, 776
Return on equity, 775
Investments, 771
Loan quality, 771
Loans and advances, 768
Net interest income, 765
Provisions for impairment, 770

I

Independent Gaming Corporation Limited
Attorney-General's Department, 124
Information and communications technology and control
Adelaide Festival Centre Trust, 47
Attorney-General's Department, 111
Courts Administration Authority, 340
Education and Child Development, Department for, 427
Flinders University of South Australia, 577
Health and Ageing, Department for, 681
Lotteries Commission of South Australia, 979
Planning, Transport and Infrastructure, Department of, 1180
Premier and Cabinet, Department of the, 1279
South Australia Police, 1408
Treasury and Finance, Department of, 1933
University of Adelaide, 1990
University of South Australia, 2048
WorkCover Corporation of South Australia, 2157

J

Judges' Pensions Scheme, 814
Assessment of controls, 815
Auditor's report on the financial report, 815
Contributions by employers, 816
Pensioners, 816
Superannuation Funds Management Corporation of South Australia, 1892

L

Land Management Corporation, 826
Auditor's report on the financial report, 827
Dissolution of the Corporation, 826
Legal Services Commission, 860
Assessment of controls, 861
Auditor's report on the financial report, 860
LAW Office System, 861
Qualified opinion – assessment of controls, 861
Legislature, The, 882
Appropriations, 884
House of Assembly
Auditor's report on the financial report, 883
Joint Parliamentary Service
Auditor's report on the financial report, 883
Qualified opinion – financial report – Disclaimer of Opinion, 883
Legislative Council
Auditor's report on the financial report, 883
Westpac Corporate Online, 884
Libraries Board of South Australia, 932
Assessment of controls, 933
Auditor's report on the financial report, 932
Implementation of TIs 2 and 28, 933
Qualified opinion – assessment of controls, 933
Shared Services SA – e-Procurement and electronic payment control environments, 933
Local Government Finance Authority of South Australia, 957
Assessment of controls, 958
Asset quality, 961
Auditor's report on the financial report, 958
Guarantee by the Treasurer, 957
Net profit and distributions, 960
Tax equivalent payments, 960
Lotteries Commission of South Australia, 978
Assessment of controls, 979
Auditor's report on the financial report, 979
Distributions to government, 982
Income, 980
Information and Communications Technology and Control, 979
Private operator of the Commission's brands and products, 983

M

Manufacturing, Innovation, Trade, Resources and Energy, Department for, 1009
Assessment of controls, 1010
Auditor's report on the financial report, 1010
Financial assistance grants, 1011
Implementation of TIs 2 and 28, 1011
Procurement of goods and services, 1010
Qualified opinion – assessment of controls, 1010
Shared Services SA – e-Procurement and electronic payment control environments, 1011

Motor Accident Commission, 1053
Assessment of controls, 1054
Auditor's report on the financial report, 1054
Investment result, 1056
Investments, 1057
Outstanding claims, 1058
Solvency level, 1059
Third party insurance premiums, 1061
Underwriting result, 1055
Murray-Darling Basin Authority
Water, Department for, 2103
Museum Board, 1084
Assessment of controls, 1085
Asset recognition, 1086
Auditor's report on the financial report, 1084
Corporate governance, 1086
Expenditure, 1086
Implementation of TIs 2 and 28, 1086
Legal compliance, 1085
Qualified opinion – assessment of controls, 1085
Shared Services SA – e-Procurement and electronic payment control environments, 1087

N

New Royal Adelaide Hospital project
Health and Ageing, Department for, 683
North South Interconnection System Project
South Australian Water Corporation, 1857
Northern Adelaide Local Health Network Incorporated, 729
Auditor's report on the financial report, 729
Qualified opinion – assessment of controls, 729

P

Parliamentary Superannuation Scheme, 1108
Assessment of controls, 1109
Auditor's report on the financial report, 1109
Contributions by employees, 1110
Pensioners, 1110
Superannuation Funds Management Corporation of South Australia, 1892
Planning and Local Government, Department of, 1122
Assessment of controls, 1123
Auditor's report on the financial report, 1123
Transfer of functions and employees, 1122
Planning, Transport and Infrastructure, Department of, 1164
Adelaide Oval redevelopment, 1182
Assessment of controls, 1167
Auditor's report on the financial report, 1166
Bank account reconciliations, 1168
Building management
Commercial and residential properties, 1178
Facilities services, 1179
Project services, 1176
Bus contract payments, 1171
Financial management compliance program, 1175
Information and communications technology and control, 1180
Land services, 1179, 1180
Metroticket revenue, 1173
Organisational changes, 1165
Payment control environment, 1169
Payroll, 1170
Qualified opinion – assessment of controls, 1167
Qualified opinion – financial report, 1167
Revenue and accounts receivable, 1174
Risk management, 1174
Shared Services SA – e-Procurement and electronic payment control environments, 1169
State Aquatic Centre and GP Plus Health, 1182
TRUMPS system, 1181
Police Superannuation Scheme, 1256
Assessment of controls, 1257
Auditor's report on the financial report, 1257
Contributions by members, 1261
Liability for accrued benefits, 1260
Pensioners, 1261
Superannuation Funds Management Corporation of South Australia, 1892
Premier and Cabinet, Department of the, 1273
Assessment of controls, 1274
Auditor's report on the financial report, 1274
Corporate issues, 1274
Implementation of TIs 2 and 28, 1275
Information and communications technology and control, 1279
Shared Services SA – CHRIS HRMS, 1279
Office of the Chief Information Officer – Government voice and data telecommunication charging arrangements, 1280
Qualified opinion – assessment of controls, 1274
Service SA – T-Recs, 1277
Shared Services SA – accounts payable (e-Procurement) control environment, 1275
Shared Services SA – electronic payment control environment, 1277
Primary Industries and Regions, Department of, 1336
Assessment of controls, 1337
Auditor's report on the financial report, 1337
Expenditure, 1337
Fisheries licensing revenue, 1340
Grants and advances revenue – Rural Solutions SA, 1340
Grants and advances revenue – SARDI, 1341
Masterpiece accounts receivable and Reculver systems, 1339
Payroll, 1338
Qualified opinion – assessment of controls, 1337
Shared Services SA – e-Procurement and electronic payment control environments, 1338
Public Trustee, 190
Assessment of controls, 191
Auditor's report on the financial report, 191

Common fund financial statements, 195
Australian Shares, 195
Cash, 195
Listed Property Securities, 195
Long-term Fixed Interest, 195
Overseas Fixed Interest, 195
Overseas Shares, 195
Short-term Fixed Interest, 195
Common fund operations, 191
Corporate operations, 191
Implementation of TIs 2 and 28, 192
Qualified opinion – assessment of controls, 191
Trust operations, 191

Q

Qualified opinion – assessment of controls
Adelaide Festival Centre Trust, 47
Adelaide Festival Corporation, 72
Attorney-General's Department, 106
Central Adelaide Local Health Network Incorporated, 726
Communities and Social Inclusion, Department for, 234
Correctional Services, Department for, 304
Country Health SA Local Health Network Incorporated, 731
Courts Administration Authority, 340
Defence SA, 381
Education and Child Development, Department for, 411
Environment and Natural Resources, Department of, 487
Environment Protection Authority, 544
Flinders University of South Australia, 575
Further Education, Employment, Science and Technology, Department of, 627
Health and Ageing, Department for, 672
Legal Services Commission, 861
Libraries Board of South Australia, 933
Manufacturing, Innovation, Trade, Resources and Energy, Department for, 1010
Museum Board, 1085
Northern Adelaide Local Health Network Incorporated, 729
Planning, Transport and Infrastructure, Department of, 1167
Premier and Cabinet, Department of the, 1274
Primary Industries and Regions, Department of, 1337
Public Trustee, 191
SA Ambulance Service Inc, 734
South Australia Police, 1405
South Australian Fire and Emergency Services Commission, 1493
South Australian Forestry Corporation, 1535
South Australian Housing Trust, 1605
South Australian Metropolitan Fire Service, 1650
South Australian Motor Sport Board, 1679
South Australian State Emergency Service, 1702
South Australian Superannuation Board, 1728
South Australian Tourism Commission, 1809
South Australian Water Corporation, 1838
Southern Adelaide Local Health Network Incorporated, 728
Treasury and Finance, Department of, 1931
University of Adelaide, 1989
University of South Australia, 2045
Water, Department for, 2095
Women's and Children's Health Network Incorporated, 733
WorkCover Corporation of South Australia, 2150
Qualified opinion – financial report
Adelaide Festival Centre Trust, 47
Central Adelaide Local Health Network Incorporated, 726
Country Health SA Local Health Network Incorporated, 731
Environment and Natural Resources, Department of, 485
Health Services Charitable Gifts Board, 743
Planning, Transport and Infrastructure, Department of, 1167
South Australian Motor Sport Board, 1679
University of South Australia, 2044
Water, Department for, 2094
Qualified opinion – financial report – Disclaimer of Opinion
Legislature, The
Joint Parliamentary Service, 883
SA Ambulance Service Inc, 734
Assessment of controls, 734
Auditor's report on the financial report, 734
Qualified opinion – assessment of controls, 734

S

Shared Services SA
Attorney-General's Department, 114
Correctional Services, Department for, 305
Treasury and Finance, Department of, 1929
Shared Services SA – e-Procurement and electronic payment control environments
Attorney-General's Department, 114
Communities and Social Inclusion, Department for, 238
Correctional Services, Department for, 305
Defence SA, 382
Education and Child Development, Department for, 418
Environment and Natural Resources, Department of, 488
Further Education, Employment, Science and Technology, Department of, 631
Libraries Board of South Australia, 933
Manufacturing, Innovation, Trade, Resources and Energy, Department for, 1011
Museum Board, 1087

Planning, Transport and Infrastructure, Department of, 1169
Premier and Cabinet, Department of the, 1275, 1277
Primary Industries and Regions, Department of, 1338
South Australia Police, 1407
South Australian Country Fire Service, 1464
South Australian Fire and Emergency Services Commission, 1497
South Australian Housing Trust, 1608
South Australian Tourism Commission, 1810
Treasury and Finance, Department of, 1933
Water, Department for, 2099

South Australia Police, 1404
Assessment of controls, 1405
Auditor's report on the financial report, 1405
Employee benefits and workers compensation 1411
Expiation fees, 1412
Information and communications technology and control, 1408
Payroll, 1406
Qualified opinion – assessment of controls, 1405
Shared Services SA – e-Procurement and electronic payment control environments, 1407
Victims of Crime levy, 1412
Workers compensation, 1405

South Australian Ambulance Service Superannuation Scheme, 1737
Auditor's report on the financial report, 1737
Liability for accrued benefits, 1739
Members, 1739
South Australian Superannuation Board, 1727
Superannuation Funds Management Corporation of South Australia, 1892

South Australian Asset Management Corporation, 1449
Assessment of controls, 1450
Auditor's report on the financial report, 1450
Dissolution of South Australian Asset Management Corporation, 1449

South Australian Country Fire Service, 1463
Auditor's report on the financial report, 1464
Shared Services SA – e-Procurement and electronic payment control environments, 1464
South Australian Fire and Emergency Services Commission, 1463

South Australian Fire and Emergency Services Commission, 1491
Assessment of controls, 1493
Auditor's report on the financial report, 1493
Building Project Control Committee, 1493
Community Emergency Services Fund, 1491
Deficiencies in record keeping and other information, 1494
Payment authorisations, 1495
Qualified opinion – assessment of controls, 1493
Shared services, 1496
Shared Services SA – e-Procurement and electronic payment control environments, 1497
South Australian Country Fire Service, 1463
South Australian Metropolitan Fire Service, 1649
South Australian State Emergency Service, 1701
TIs 2 and 28, 1495

South Australian Forestry Corporation, 1534
Assessment of controls, 1535
Audit and Risk Committee, 1534
Auditor's report on the financial report, 1535
Distributions to government, 1538
Forward sale of forest rotations, 1534
Qualified opinion – assessment of controls, 1535
Standing timber, 1538, 1539

South Australian Government Financing Authority, 1562
Assessment of controls, 1563
Auditor's report on the financial report, 1563
Business risk management, 1570
Capital and distributions, 1569
Catastrophe reinsurance program, 1573
Changes to SAFA's lending arrangements with the Treasurer, 1572
Dissolution of Playford Centre, 1575
Fleet management arrangements, 1575
Funding risk, 1572
Implementation of TIs 2 and 28, 1565
Natural disaster relief and recovery arrangements, 1574
SAFA Advisory Board, 1562
Treasury 'end-to-end' processes, 1564

South Australian Health and Medical Research Institute
Health and Ageing, Department for, 683

South Australian Housing Trust, 1604
Assessment of controls, 1605
Auditor's report on the financial report, 1605
Capital works, 1607
Interest bearing liabilities, 1614
Maintenance, 1606
Management of grant payments, 1607
Payroll, 1606
Qualified opinion – assessment of controls, 1605
Rent, 1605
Rental operations, 1610
Shared Services SA – e-Procurement and electronic payment control environments, 1608

South Australian Metropolitan Fire Service, 1649
Assessment of controls, 1650
Auditor's report on the financial report, 1650
Qualified opinion – assessment of controls, 1650
South Australian Fire and Emergency Services Commission, 1649

South Australian Motor Sport Board, 1677
Assessment of controls, 1679
Auditor's report on the financial report, 1678
Payment authorisations, 1679

Qualified opinion – assessment of controls, 1679
Qualified opinion – financial report, 1679
Service contracts, 1679
South Australian State Emergency Service, 1701
Assessment of controls, 1702
Auditor's report on the financial report, 1702
Qualified opinion – assessment of controls, 1702
South Australian Fire and Emergency Services Commission, 1701
South Australian Superannuation Board, 1727
Assessment of controls, 1728
Auditor's report on the financial report, 1728
Online banking access review, 1729
Qualified opinion – assessment of controls, 1728
South Australian Ambulance Service Superannuation Scheme, 1727
South Australian Superannuation Scheme, 1727
Southern State Superannuation Scheme, 1727
Super SA Retirement Investment Fund, 1727
Superannuation Funds Management Corporation of South Australia, 1727, 1892
South Australian Superannuation Scheme, 1751
Auditor's report on the financial report, 1751
Benefits paid, 1755
Contributions by members, 1756
Pensioners, 1756
South Australian Superannuation Board, 1727
Statement of Financial Position – Estimated liability for accrued benefits, 1753
Superannuation Funds Management Corporation of South Australia, 1892
South Australian Tourism Commission, 1808
Assessment of controls, 1809
Auditor's report on the financial report, 1809
Expenditure – cooperative marketing, 1809
Performance agreement, 1809
Procurement and contract management – South Australian Visitor and Travel Centre, 1810
Qualified opinion – assessment of controls, 1809
Shared Services SA – e-Procurement and electronic payment control environments, 1810
Shared Services SA- Revenue and receipting, 1810
South Australian Visitor and Travel Centre
South Australian Tourism Commission, 1810
South Australian Water Corporation, 1837
Adelaide Desalination Project, 1852
Assessment of controls, 1838
Auditor's report on the financial report, 1838
Contributions to the State Government, 1849
Expenditure, 1840
Metropolitan Adelaide Service Delivery Project, 1857
North South Interconnection System Project, 1857
Payroll, 1841
Performance statement, 1848
Procurement, 1838
Qualified opinion – assessment of controls, 1838
SA Water and United Water charging dispute, 1858
Wastewater and water rates and charges, 1843, 1851
Southern Adelaide Local Health Network Incorporated, 727
Assessment of controls, 728
Auditor's report on the financial report, 727
Qualified opinion – assessment of controls, 728
Southern State Superannuation Scheme, 1773
Auditor's report on the financial report, 1773
Benefits paid, 1776
Contribution revenue, 1775
South Australian Superannuation Board, 1727
Statement of Financial Position, 1776
Superannuation Funds Management Corporation of South Australia, 1892
State Aquatic Centre
Planning, Transport and Infrastructure, Department of, 1182
Status of the financial report
Art Gallery Board, 103
Urban Renewal Authority, 2092
Super SA Retirement Investment Fund, 1791
Auditor's report on the financial report, 1791
Benefits paid, 1794
Contribution revenue, 1793
South Australian Superannuation Board, 1727
Superannuation Funds Management Corporation of South Australia, 1892
Superannuation Funds Management Corporation of South Australia, 1892
Assessment of controls, 1894
Asset allocation, 1895
Auditor's report on the financial report, 1894
Funds under management, 1892, 1895
Governors' Pensions Scheme, 1892
Judges' Pensions Scheme, 1892
Parliamentary Superannuation Scheme, 1892
Police Superannuation Scheme, 1892
South Australian Ambulance Service Superannuation Scheme, 1892
South Australian Metropolitan Fire Service Superannuation Scheme, 1892
South Australian Superannuation Board, 1892
South Australian Superannuation Scheme, 1892
Southern State Superannuation Scheme, 1892
Super SA Retirement Investment Fund, 1892
Income from investments, 1896
Restrictions on operations, 1892
South Australian Superannuation Board, 1727

T

The Flinders University of South Australia. *see* Flinders University of South Australia
The Legislature. *see* Legislature, The

Treasury and Finance, Department of
Assessment of controls, 1931
Auditor's report on the financial report, 1931
Commonwealth funding arrangements, 1938
Government Accounting, Reporting and Procurement Branch, 1932
Information and communications technology and control, 1933
Qualified opinion – assessment of controls, 1931
RevenueSA, 1931
Shared Services SA, 1929
Shared Services SA – e-Procurement and electronic payment control environments, 1933

U

University of Adelaide, 1988
Accounts receivable, 1990
Assessment of controls, 1989
Auditor's report on the financial report, 1989
Corporate governance, 1989
Information and communications technology and control, 1990
Payroll, 1989
Policies and procedures, 1989
Qualified opinion – assessment of controls, 1989
Student fee revenue, 1990
University of South Australia, 2043
Assessment of controls, 729, 2045
Auditor's report on the financial report, 2044
Expenditure, 2045
Access to financial systems, 2046
Fortnightly scholarship payments, 2046
Independent review and authorisation of expenditure, 2045
Major capital works, 2046
Procurement, 2045
General ledger – journal processing, 2047
Grant funding, 2045
Information and communications technology and control, 2048
Intellectual property, 2048
Payroll, 2047
Leave reporting for academic employees, 2047
Review of casual payroll reports, 2047
Testing of payroll transactions, 2048
Qualified opinion – assessment of controls, 2045
Qualified opinion – financial report, 2044
Revenue – Approval of tuition fee waivers, 2047
Urban Renewal Authority, 2092
Status of the financial report, 2092

V

Victims of Crime Fund
Attorney-General's Department, 106, 121

W

Water, Department for, 2093
Accounts receivable, 2098
Assessment of controls, 2095
Auditor's report on the financial report, 2094
Expenditure, 2098
Fixed assets – control and recognition, 2106
Goolwa Channel Water Level Management Project, 2105
Implementation of TIs 2 and 28, 2097
Murray Futures, 2105
Murray-Darling Basin Authority, 2103
Natural Resource Management Fund, 2104
Payroll, 2096
Purchase cards, 2098
Qualified opinion – assessment of controls, 2095
Qualified opinion – financial report, 2094
Save the River Murray Fund, 2104
Shared Services SA – e-Procurement and electronic payment control environments, 2099
Stormwater harvesting and reuse projects, 2105
Water levies, 2103
WILMA and corporate accounts receivable systems, 2095
Women's and Children's Health Network Incorporated, 733
Assessment of controls, 733
Auditor's report on the financial report, 733
Qualified opinion – assessment of controls, 733
WorkCover Corporation of South Australia, 2147
Assessment of controls, 2150
Auditor's report on the financial report, 2150
Inherent uncertainty – outstanding claims liability and funding ratio, 2150
Information and communications technology and control, 2157
Investments, 2166
Levies, 2151
Outstanding claims – Compensation Fund, 2164
Qualified opinion – assessment of controls, 2150
Review of WorkCover Scheme in 2011, 2148
Underwriting result, 2160
Workers compensation, 2152