SOUTH AUSTRALIA

Report

of the

Auditor-General

Annual Report

for the

year ended 30 June 2006

Tabled in the House of Assembly and ordered to be published, 26 October 2006

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Part B: Agency Audit Reports

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REFERENCES TO MATTERS OF SIGNIFICANCE

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

Those matters which are regarded as being more significant are listed below, together with a reference to the appropriate page number. This list is not exhaustive, as many other issues are reported in Volumes I, II, III, VI and V of 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.

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VOLUMES I, II, III, IV and V ACCOUNTS OF PUBLIC AUTHORITIES

INTRODUCTION

Part B — Volumes I, II, III, IV and V of the Report of the Auditor-General contains the Financial Statements 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 *Public Finance and Audit Act 1987* 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 which are relevant, appropriate and timely are included. Subsection 36(2) of the *Public Finance and Audit Act 1987* 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 this 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 *Public Sector Management Act 1995*. In addition, Treasurer's Instruction 19 *Financial Reporting* 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 *Public Sector Management Act 1995* and Regulations, or other legislation, includes the general purpose financial statements in the form in which they were presented to the Auditor-General, together with a copy of the Report of the Auditor-General on the statements.

SUPPLEMENTARY REPORT

There are also agencies whose Financial Statements had not been finalised and the audit has not been completed in time for inclusion in this Report. The Financial Statements for and commentary on the operations of the following agencies will be included in a Supplementary Report to be presented to Parliament later this year.

- Environment and Heritage, Department for
- HomeStart Finance
- Primary Industries and Resources, Department of.

AUDIT OF THE AUDITOR-GENERAL'S DEPARTMENT

The *Public Finance and Audit Act 1987* 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 2006 was conducted by Edwards Marshall, Chartered Accountants, who have issued an unqualified Independent Audit Report.

QUALIFIED AUDIT OPINIONS

The expression of an opinion on an organisation's annual Financial Statements by an independent professional auditor adds credibility to those Statements 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 Audit Report on the Financial Statements in accordance with professional requirements and standards. The opinion expressed in that Report is usually unqualified but, where, in my opinion, circumstances so warrant, a qualified opinion is expressed. In extreme cases it may be necessary to decline to express an opinion.

In all cases where a qualified opinion (or no opinion) is given, full reasons are stated in the Independent Audit Report that is issued.

For the financial year ended 30 June 2006 qualified opinions were expressed on the Financial Statements of the following agencies:

- South Australian Forestry Corporation
- South Australian Motor Sport Board
- Transport, Energy and Infrastructure, Department for
- University of South Australia.

CONTROLS OPINION

Subsection 36(1)(a)(iii) of the *Public Finance and Audit Act 1987* 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.

In accordance with that requirement a Controls Opinion has been expressed for each agency.

REFERENCES TO MATTERS OF SIGNIFICANCE

Matters which have arisen from the audit of agencies during this financial year are commented on in Volumes I, II, III, IV and V 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 AND STRUCTURE

Establishment

The Adelaide Convention Centre Corporation, a subsidiary to the Minister for Tourism, was established pursuant to regulations under the *Public Corporations Act 1993*.

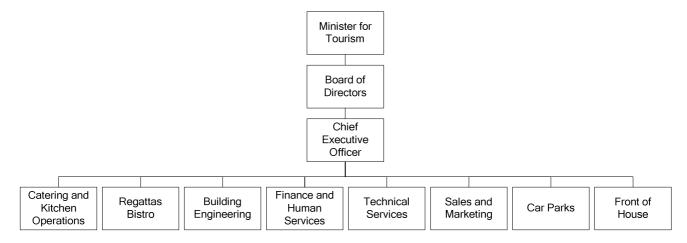
Functions

The functions of the Adelaide Convention Centre Corporation are as follows:

- Manage and operate the Centre site, and to hold and manage assets associated with the Centre.
- Manage, promote and sponsor events at the Centre site or elsewhere.
- Foster and assist the commercial development of the Centre site in order to complement and enhance the commercial potential of the Centre.
- Carry out other functions conferred on the subsidiary by the Minister.

Structure

The structure of the Corporation at 30 June 2006 is illustrated in the following organisation chart.



AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

The Schedule to the *Public Corporations Act 1993* and subsection 31(1)(b) of the *Public Finance and Audit Act 1987* provides for the Auditor-General to audit the accounts of the Corporation for each financial year.

Assessment of Controls

Subsection 36(1)(a)(iii) of the *Public Finance and Audit Act 1987* provides for the Auditor-General to assess 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.

This assessment also considers whether those controls are consistent with the prescribed elements of the Financial Management Framework as required by Treasurer's Instruction 2 *Financial Management Policies*.

Scope of Audit

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

During 2005-06, specific areas of audit attention included:

- revenue
- expenditure
- payroll
- inventory
- property, plant and equipment
- general ledger.

AUDIT FINDINGS AND COMMENTS

Audit Opinions

Audit of the Financial Report

In my opinion, the financial report presents fairly, in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Adelaide Convention Centre Corporation as at 30 June 2006, the results of its operations and its cash flows for the year then ended.

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.

Audit Communications to Management

The outcome of the audit was satisfactory, although some opportunities were identified to enhance accounting and related processes. This was conveyed in a management letter to the Chief Executive and a satisfactory response was received.

INTERPRETATION AND ANALYSIS OF FINANCIAL REPORT

Income Statement

Income

The Corporation's income for trading activities for the year increased by \$3.1 million to \$25 million. The increase is the result of an increase in facility charges income of \$4.1 million (mainly catering up \$3 million) which was offset by a reduction in the net gain on revaluation of assets of \$1 million.

Income from property management activities increased by \$1.2 million to \$6.2 million. The increase is the result of an increase in the contribution from the South Australian Government. For 2005-06 the contribution included a \$1 million one-off capital grant for upgrade works to the Riverbank promenade.

Expenses

The Corporation's expenses from trading activities increased by \$2.6 million to \$21.5 million. The increase is the result of an increase of \$1.5 million in employee expenses and \$1.1 million in supplies and services.

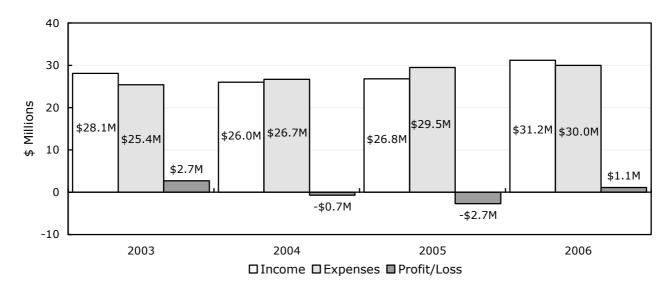
Expenses from property management activities decreased by \$2.1 million to \$8.5 million. The decrease is mainly due to a net loss on revaluation of assets which was incurred during 2004-05.

Net Result

The Corporation achieved a profit of \$3.5 million (\$3 million) from trading activities for the year while property management activities realised a loss of \$2.4 million (\$5.7 million).

The Corporation reported a net profit of \$1.1 million for the year compared to a loss of \$2.7 million in 2005. The major items contributing to this change are the increase in facility charges of \$4.1 million and an increase of \$1.1 million in contribution from the South Australian Government.

The following chart shows the total revenues, total expenses and profits/losses for the four years to 2006.



Balance Sheet

The net assets of \$155 million include \$138 million for buildings, plant and equipment.

Cash Flow Statement

Cash held by the Corporation was \$20.3 million (\$17.3 million) and comprises \$9.4 million in cash on deposit, cash at bank and cash on hand; and \$10.9 million in specific purpose deposits of which \$9.1 million is earmarked for future assets replacement.

Income Statement for the year ended 30 June 2006

		2006	2005
INCOME FROM TRADING ACTIVITIES:	Note	\$′000	\$′000
Facility charges	5	24 339	20 181
Interest		560	589
Net gain from disposal of assets	6	13	29
Net gain on revaluation of assets		-	1 036
Other Revenue		77	44
Total Income		24 989	21 879
EXPENSES FROM TRADING ACTIVITIES:			
Employee expenses	7	12 706	11 259
Supplies and services	10	7 254	6 145
Depreciation and amortisation	11	1 527	1 467
Total Expenses		21 487	18 871
PROFIT FROM TRADING ACTIVITIES		3 502	3 008
INCOME FROM PROPERTY MANAGEMENT ACTIVITIES:			
Contribution from SA Government		5 598	4 476
Interest		567	444
Total Income		6 165	4 920
EXPENSES FROM PROPERTY MANAGEMENT ACTIVITIES:			
Employee expenses	7	1 431	1 431
Supplies and services	10	4 118	3 935
Depreciation and amortisation	11	2 989	2 921
Net loss on revaluation of assets			2 344
Total Expenses		8 538	10 631
LOSS FROM PROPERTY MANAGEMENT ACTIVITIES		(2 373)	(5 711)
PROFIT (LOSS) BEFORE INCOME TAX EQUIVALENTS		1 129	(2 703)
Income tax equivalent expense	13	39	-
NET PROFIT (LOSS) AFTER INCOME TAX EQUIVALENTS IS	13		
ATTRIBUTABLE TO THE STATE GOVERNMENT AS OWNER		1 090	(2 703)

Balance Sheet as at 30 June 2006

		2006	2005
	Note	\$'000	\$′000
CURRENT ASSETS:			
Cash on deposit, at bank and on hand	24	9 409	8 362
Receivables	14	787	525
Inventories		322	218
Other current assets	15	328	477
Total Current Assets		10 846	9 582
NON-CURRENT ASSETS:			
Specific purpose deposits	16,24	10 890	8 932
Buildings, plant and equipment	17	137 870	139 474
Total Non-Current Assets		148 760	148 406
Total Assets		159 606	157 988
CURRENT LIABILITIES:			
Payables	18	891	1 127
Security deposits held	19	1 938	1 566
Employee benefits	20(a)	855	679
Total Current Liabilities		3 684	3 372
NON-CURRENT LIABILITIES:			
Payables	18	50	61
Employee benefits	20(a)	833	681
Total Non-Current Liabilities		883	742
Total Liabilities		4 567	4 114
NET ASSETS		155 039	153 874
EQUITY:			
South Australian Government equity		77 804	77 804
Accumulated surplus		77 235	76 070
TOTAL EQUITY		155 039	153 874
Commitments	21		
Contingent Assets and Liabilities	22		

Statement of Changes in Equity for the year ended 30 June 2006

			Asset		
		Contributed	Revaluation	Retained	
		Capital	Reserve	Earnings	Total
	Note	\$′000	\$′000	\$′000	\$′000
Balance at 30 June 2004		77 804	2 546	78 773	159 123
Loss on revaluation of plant and equipment					
during 2004-05		-	(2 546)	-	(2 546)
Total recognised income and expense	_				
for 2004-05	_	-	-	(2 703)	(2 703)
Balance at 30 June 2005	_	77 804	-	76 070	153 874
Capitalisation of uniforms	3.21	-	-	133	133
Distributions to Equity Holders	3.5	-	-	(58)	(58)
Total recognised income and expense					
for 2005-06	_	-	-	1 090	1 090
Balance at 30 June 2006	_	77 804	-	77 235	155 039
	. –				

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

Cash Flow Statement for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$'000	\$′000
CASH INFLOWS:			
Facility charges		24 386	20 260
Contribution from SA Government		5 598	4 476
Interest received		1 120	1 017
GST receipts on facility charges		2 464	2 049
Other receipts		77	44
Total Inflows from Operating Activities		33 645	27 846
CASH OUTFLOWS:			
Payments to employees		(13 771)	(10 746)
Payments to suppliers		(11 817)	(11 193)
GST payments on purchases		(1 122)	(1 075)
GST payments to taxation authority		(1 164)	(1 044)
Total Outflows from Operating Activities		(27 874)	(24 058)
Net Cash Inflows provided from Operating Activities	24	5 771	3 788
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		104	73
Payment for buildings, plant and equipment		(2 870)	(2 804)
Net Cash Outflows used in Investing Activities		(2 766)	(2 731)
NET INCREASE IN CASH HELD		3 005	1 057
CASH AT 1 JULY		17 294	16 237
CASH AT 30 JUNE	24	20 299	17 294

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Establishment and Functions of the Adelaide Convention Centre Corporation

1.1 Establishment

The Adelaide Convention Centre Corporation (Corporation) was established as a subsidiary to the Minister for Tourism by Regulations issued under the *Public Corporations Act 1993*.

1.2 Functions

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; and
- 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

2.1 Funding

The South Australian 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 and the depreciation of buildings.

The funding for the depreciation of buildings is transferred by the Department of Treasury and Finance 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.

Capital funding was also received directly from the Department of Treasury and Finance for the installation of stairs from the Promenade to the Parklands adjacent to the River Torrens.

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

3.1 Basis of Accounting

The financial report is a general purpose financial report. The statements have been prepared in accordance with:

- Treasurer's Instructions and the Accounting Policy Framework promulgated under the provision of the Public Finance and Audit Act 1987;
- Applicable Accounting Standards;
- Other mandatory professional reporting requirements in Australia.

These financial statements are the first statements to be prepared in accordance with the Australian equivalents to International Financial reporting Standards (AIFRS).

AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these statements. Previous financial statements were prepared in accordance with Australian Generally Accepted Accounting Principles.

The Corporation's Income Statement and Balance Sheet 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 Cash Flow Statement has been prepared on a cash basis.

The financial report has been prepared based on a 12 month operating cycle and presented in Australian currency.

3.2 Comparative Information

The presentation and classification of items in the financial report are consistent with prior periods except where a specific Accounting Policy Statement or applicable Accounting Standard have required a change.

There have been no material comparative amounts that have been reclassified as a result of adoption of AIFRS.

3.3 Rounding

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

3.4 Taxation

In accordance with Treasurer's Instructions issued under the *Public Finance and Audit Act 1987*, 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.

3.4 Taxation (continued)

The Corporation is liable for payroll tax, fringe benefits tax, goods and services tax, emergency services levy, land tax equivalents and local government rates.

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

- The amount of GST incurred by the Corporation as a purchaser that is not recoverable from the Australian Taxation Office 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.

Income tax equivalent payable for 2005-06 is 39000. No income tax equivalent was payable for 2004-05 due to the net loss of 2.7 million.

3.5 Dividend Policy

The Department of Treasury and Finance have determined a distribution policy, which will apply to the Corporation as being 75 percent of the operating profit before income tax equivalents, less the 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 the Department of Treasury and Finance. The deduction of income tax equivalent and other Tax Equivalent Regime expenditure from the gross 75 percent distribution ensures consistency with Competitive Neutrality and Department of Treasury and Finance policies concerning budget neutrality.

A dividend of \$58 000 has been provided for 2005-06. No dividend was paid for 2004-05 due to the Corporation having a net loss of \$2.7 million.

3.6 Income and Expenses

Income and Expenses are recognised in the Corporation's Income Statement 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 in accordance with Accounting Policy Framework II *General Purpose Financial Reporting Framework* and have not been offset unless required or permitted by another accounting standard.

Revenues

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

The contribution from the SA Government is recognised as revenue when the Corporation obtains control over the assets. Control over these revenues is normally obtained upon receipt and they are accounted for in accordance with Treasurer's Instruction 3 *Appropriation*.

Interest revenues are recognised as they are accrued.

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

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.

3.7 Current and Non-Current Items

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.

3.8 Cash

For the purposes of the Cash Flow Statement, 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.

3.9 Receivables

Trade receivables arise in the normal course of selling goods and services to the public and to other SA Government agencies. Trade receivables are payable within 14 days after the issue of a 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.

3.10 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.

3.11 Non-Current Asset Acquisition and Recognition

Assets are initially recorded at cost plus any incidental cost involved with the acquisition.

The Corporation capitalises all non-current physical assets with a value of \$300 or a useful life greater than three years.

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 2006.

3.12 Revaluation of Non-Current Assets

In accordance with Accounting Policy Framework III *Asset Accounting Framework* all non-current physical assets are revalued every three years, with the last revaluation being undertaken as at 31 May 2005 by Rushton Valuers Pty Ltd with the fair value methodology of replacement cost less depreciation being adopted as the valuation basis.

Notwithstanding the above, all non-current assets are reviewed annually to ensure that there are not material differences from their carrying amounts. Non-current physical assets that are acquired between revaluations are held at cost until the next valuation, where they are re-valued to fair value.

3.13 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.

The value of leasehold improvements is amortised over the unexpired period of the relevant lease.

Depreciation/ amortisation for non-current assets is as follows:

Class of Asset	Depreciation Method	Useful Life (Years)
Buildings	Straight line	30-50
Leasehold improvements	Straight line	life of lease
Plant and equipment	Straight line	2-20

3.14 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 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 amounts are measured at their nominal amount and are normally settled within 30 days in accordance with Treasurer's Instruction 11 *Payment of Creditors' Accounts* after the Corporation receives an invoice.

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

The Corporation 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 payments to beneficiaries as the South Australian Superannuation Board (SASB) has assumed these. The only liability outstanding at balance date relates to any contributions due but not yet paid to the SASB.

3.15 Security Deposits Held

The Corporation will hold all security deposits 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.

3.16 Employee Benefits

Employer Superannuation

The Corporation made contributions of \$1.1 million (\$1 million) in respect of its employees for the financial year to several superannuation schemes operated by the South Australian Government.

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.

Accrued Salaries and Wages

Liability for salaries and wages are measured as the amount unpaid at 30 June 2006 at current remuneration rates.

Annual Leave

Provision has been made for the unused component of annual leave as at 30 June 2006. The liability is calculated at nominal amounts based on the 2006-07 pay rates and is expected to be paid over the next twelve months of the 2006-07 financial year.

Long Service Leave

A liability for long service leave is recognised and is measured as the current value of entitlements in respect of employees with seven or more years service. This base provides a reasonable approximate of the present value of the estimated future cash outflows to be made for these entitlements. On-costs have been included in the provision and calculated in accordance with Accounting Policy Framework IV *Financial Asset and Liability Framework*. The superannuation on-cost has been calculated on that component of long service leave that is expected to be taken as leave (35 percent of the liability at June 2006). This calculation is based upon an average percentage supplied by the Department of Treasury and Finance for long service leave that will be taken as a lump sum (65 percent). A weighted average superannuation contribution rate covering employees of various schemes of 11 percent was used as advised by the Department of Treasury and Finance.

The current component of long service leave is determined on what was taken during the current financial year and based on estimates of long service leave due to be taken during the 12 months ending 30 June 2007.

3.17 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.

3.18 Leases

Finance Leases The Corporation has no finance 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 consumer price index.

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 Income Statement on a basis, which is representative of the pattern of benefits derived from the leased assets.

3.19 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 2006, 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 Bank SA and are recorded at cost. Interest revenues are recognised as they accrue. For the deposit with the Westpac Banking Corporation, the interest rate ranged from 5.30 percent to 5.43 percent. For the account with Bank SA, which was closed during the year, the interest rate was nil.

Specific Purpose Deposits comprise the Future Asset Replacement Deposit Account with the Department of Treasury and Finance and the Adelaide Railway Station Area Service Facilities maintenance monies at SAFA. Both Deposits are recorded at cost and interest revenues are recognised as they accrue. The interest rate on the Deposit Account with the Department of Treasury and Finance ranged from 5.30 percent to 5.43 percent and the average interest rate on the monies at SAFA ranged from 5.69 percent to 5.83 percent.

Total Receivables are reported at amounts due and there are 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 Balance Sheet, which approximates net fair value.

3.20 Government/Non-Government Disclosures

In accordance with Accounting Policy Framework II *General Purpose Financial Reporting Framework*, the Corporation has included details of revenue, expenditure, assets and liabilities according to whether the transactions are with entities internal or external to the SA Government, classified according to their nature in relevant notes to the accounts.

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

3.21 Capitalisation of Uniforms

The Corporation previously expensed the costs of new uniforms as they were purchased. The practice ignored the asset represented by the uniforms at any balance date. It has been determined that uniforms fit within the definition of property, plant and equipment as per AASB 116 *Property, Plant and Equipment*. Consequently a \$133 000 adjustment to accumulated surplus has been made to recognise those uniforms previously expensed as an asset.

3.22 Interests in Joint Venture

During the 2005-06 financial year, the Corporation entered into a joint venture operation in relation to the catering for the 2006 Adelaide Festival of Arts. The Corporation's share of the income and expenses incurred as part of the joint venture operations are included in the appropriate items of the Income Statement.

3.23 Program Information

The principle activity of the Corporation is to manage and operate the Adelaide Convention Centre site.

4. Changes in Accounting Policies

5.

6.

4.1 Changes in Comparatives upon Adoption of AIFRS

The Corporation has adopted the AIFRS for the first time for the year ended 30 June 2006. The adoption of AIFRS has not resulted in any material adjustments to the comparative amounts.

4.2 New Australian Accounting Standards Issued but not Effective

The following Australian Standards have been issued or amended and are applicable to the Corporation but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Standard	Nature of Change in Accounting Policy and impact	Application Date of Standard	Application Date for the Corporation
AASB 1: First time adoption of AIFRS	No change, no impact	1 January 2006	1 July 2006
AASB 7: Financial Instrument Disclosure	No change, no impact	1 January 2007	1 July 2007
AASB 101: Presentation of Financial Statements	No change, no impact	1 January 2006	1 July 2006
AASB 117: Leases	No change, no impact	1 January 2007	1 July 2007
AASB 119: Employee Benefits	No change, no impact	1 January 2006	1 July 2006
AASB 132: Financial Instrument Presentation AASB 139: Financial Recognition and	No change, no impact	1 January 2007	1 July 2007
Measurement	No change, no impact	1 January 2007	1 July 2007
Facility Charges		200	6 2005
Facility Charges Received/Receivable from Entities Ex	ternal to the SA Governme	ent: \$'00	0 \$'000
Catering		11 95	3 9 411
Room hire		3 11	.0 2 642
Technical services		3 60	7 2 995
Car park		4 17	'5 3 985
Total Facility Charges - Non-SA Governme	ent Entities	22 84	5 19 033
Facility Charges Received/Receivable from Entities wi SA Government:	thin the		
Catering		1 14	9 642
Room hire		13	4 197
Technical services		21	1 309
Total Facility Charges - SA Government E	ntities	1 49	4 1 148
Total Facility Charges		24 33	9 20 181
Net Gain from Disposal of Assets Plant and Equipment:			
Proceeds from disposal		10	4 73
Net book value of assets disposed		9	
Total Net Gain from Disposal of Assets		1	

9

7.	Employee Expenses	2006	2005
	Employee Expenses comprise:	\$′000	\$′000
	Employee expenses - Trading activities	12 706	11 259
	Employee expenses - Property management activities	1 431	1 431
	Total Employee Expenses	14 137	12 690
	Employee Expenses provided by entities external to the SA Government:		
	Salaries and wages	11 188	10 135
	Long service leave	237	200
	Annual leave	715	543
	Employment on-costs - Other	98	112
	Board fees	48	46
	Total Employee Expenses - Non-SA Government Entities	12 286	11 036
	Employee Expenses provided by entities within the SA Government:		
	Payroll tax	706	635
	Superannuation	1 145	1 019
	Total Employee Expenses - SA Government Entities	1 851	1 654
	Total Employee Expenses	14 137	12 690
8.	Remuneration of Employees	2006	2005
	The number of employees whose remuneration received or receivable falls	Number of	Number of
	within the following bands:	Employees	Employees
	\$100 000 to \$109 999	-	1
	\$110 000 to \$119 999	2	2
	\$120 000 to \$129 999	2	1
	\$160 000 to \$169 999	1	1
	\$270 000 to \$279 999	-	1
	\$400 000 to \$409 999*	1	-
	Total Number of Employees	6	6

Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits and associated fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$1 040 000 (\$885 000).

* The total includes employee leave entitlements to a former employee whose normal remuneration exceeded \$100 000.

Э.	Remuneration of Board Members	2006	2005
	The number of Board members whose remuneration received or receivable	Number of	Number of
	falls within the following bands:	Members	Members
	\$0 (South Australian Government Employees)	1	1
	\$0 - \$9 999	5	5
	\$10 000 - \$19 999	1	1
		7	7

Remuneration of Board members reflects all costs of service including, Board fees and superannuation.

The total remuneration received by these employees for the year was \$53 000 (\$50 000).

10.	Supplies and Services	2006	2005
10.	Supplies and Services comprise:	\$'000	\$'000
	Supplies and services - Trading activities	7 254	\$ 000 6 145
	Supplies and services - Property management activities	4 118	3 935
	Total Supplies and Services	11 372	10 080
	Supplies and services provided by entities external to the SA Government:		
	Administration expenses and sundries	2 469	2 472
	Direct materials	3 761	2 788
	Building service costs	2 148	2 333
	Maintenance	1 281	915
	Marketing and promotions	792	814
	Total Supplies and Services - Non-SA Government Entities	10 451	9 322
	Supplies and services provided by entities within the SA Government:		
	Building service costs	921	758
	Total Supplies and Services - SA Government Entities	921	758
	Total Supplies and Services	11 372	10 080

10.	Supplies and Services (continued) The number and dollar amount of consultancies	20	06	200	5
	paid/payable that fell within the following bands:	Number	\$′000	Number	\$'000
	Below \$10 000	1	3	-	-
	Between \$10 000 and \$50 000	1	20	1	47
	Above \$50 000	-	-	1	75
	Total Paid/Payable to the Consultants				
	Engaged	2	23	2	122

Consultancy expenditure greater than \$10 000 was for a feasibility study of an upgrade and extensions to the existing Convention Centre facilities by Woods Bagot.

11.	Depreciation and Amortisation	2006	2005
	Depreciation and amortisation comprise:	\$'000	\$′000
	Depreciation and amortisation - Trading activities	1 527	1 467
	Depreciation and amortisation - Property management activities	2 989	2 921
	Total Depreciation and Amortisation	4 516	4 388
	Depreciation:		
	Buildings	2 989	2 921
	Plant and equipment	1 510	1 438
	Total Depreciation	4 499	4 359
	Amortisation:		
	Leasehold improvements	17	29
	Total Amortisation	17	29
	Total Depreciation and Amortisation	4 516	4 388
12.	Auditor's Remuneration		
12.	Audit Fees paid/payable to the Auditor-General's Department	34	35
	Total Audit Fees - SA Government Entities	34	35
13.	Income Tax Equivalents		
15.	Net Profit (Loss) from Ordinary Activities	1 129	(2 703)
	Less: Exempt income ^(a)	1 000	(2705)
	Net Profit Subject to Income Tax Equivalents	129	-
	Total Income Tax Equivalents - at 30 percent	39	-

(a) The Treasurer has exempted the capital funding from the calculation for income tax equivalents.

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Receivables	2006	2005
Receivables from Non-SA Government Entities:	\$′000	\$′000
Receivables	667	358
Less: Provision for doubtful debts	-	(50)
Accrued revenues	120	147
GST receivable		70
Total Receivables	787	525

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. 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.

15.	Other Current Assets Other Current Assets from Non-SA Government Entities: Prepayments Other current assets	2006 \$′000 322 6	2005 \$'000 472 5
	Total Other Current Assets	328	477
16.	Specific Purpose Deposits Investments with SAFA Future assets replacement deposit account Total Specific Purpose Deposits	1 742 9 148 10 890	1 647 7 285 8 932

17. Buildings, Plant and Equipment	2006	2005
Buildings:	\$'000	\$'000
Buildings	132 849	131 618
Accumulated depreciation	(3 233)	(244)
Total Buildings	129 616	131 374
Leasehold Improvements:		
Leasehold improvements	170	170
Accumulated amortisation	(18)	(1)
Total Leasehold Improvements	152	169
Plant and Equipment:		
Plant and equipment	9 432	7 745
Accumulated depreciation	(1 584)	(100)
Total Plant and Equipment	7 848	7 645
Work in Progress:		
Work in progress	254	286
Total Work in Progress	254	286
Total Buildings, Plant and Equipment	137 870	139 474

Valuation of Non-Current Assets

18.

Valuation of land, buildings, plant and equipment was performed by Rushton (Australia) Pty Ltd as at 31 May 2005.

Reconciliation of Buildings, Plant and Equipment The following table shows the movement of buildings, plant and equipment during 2005-06.

Carrying amount at 1 July Additions Disposals Depreciation and amortisation Acquisition from transfer Carrying Amount at 30 June	Buildings \$'000 131 374 182 - (2 989) 1 049 129 616	Leasehold Improve- ments \$'000 169 - (17) - 152	Plant and Equipment \$'000 7 645 1 379 (91) (1 510) 425 7 848	Work in Progress \$'000 286 1 309 - - (1 341) 254	Total \$'000 139 474 2 870 (91) (4 516) 133 137 870
Payables Current: Creditors Accrued expenses Employment on-costs GST liability Income tax equivalent payable Dividend payable Total Current Payables			_	2006 \$'000 407 152 125 110 39 58 891	2005 \$'000 914 135 78 - - - - 1 127
Non-Current: Employment on-costs Total Non-Current Payables Total Payables			-	50 50 941	61 61 1 188
Government/Non-Government Payables: Payables to Non-SA Government Entities: Creditors Accrued expenses GST liability Employment on-costs Income tax equivalent payable Dividend payable Total Payables to Non-SA Govern	ment Entities		_	407 152 110 175 39 58 941	420 135 - 139 - - 694
Payables to SA Government Entities: Creditors Total Payables to SA Government Total Payables	Entities		_	- - 941	494 494 1 188

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.

19.		rity Deposits Held rity Deposits held from entities external to the SA Government:	2006 \$′000	2005 \$'000
		ecurity deposits held	\$ 000 1 642	\$ 000 1 566
	5	Total Security Deposits held external to the SA Government	1 642	1 566
	Secu	rity Deposits held from entities within the SA Government	- • • -	1 3 6 6
		ecurity deposits held	296	-
		Total Security Deposits held from entities within the SA Government	296	-
		Total Security Deposits Held	1 938	1 566
20.	(a)	Employee Benefits Current:		
		Accrued salaries and wages	182	100
		Annual leave	496	412
		Long service leave	177	167
		Total Current Employee Benefits	855	679
		Non-Current:		
		Long service leave	833	681
		Total Non-Current Employee Benefits	833	681
		Total Employee Benefits	1 688	1 360
			1 000	1 500
	(b)	Employee Benefits and Related On-costs		
		Accrued Salaries and Wages:		
		Employee benefits - Current (Note 20(a))	182	100
		On-costs included in payables - Current (Note 18)	30	-
			212	100
		Annual Leave:	05	62
		On-costs included in payables - Current (Note 18) Employee benefits - Current (Note 20(a))	85 496	63 412
			581	412
		Long Service Leave:	501	475
		On-costs included in payables - Current (Note 18)	10	15
		Employee benefits - Current (Note 20(a))	177	167
		p.o/collected_collecte	187	182
		Long Service Leave:		
		On-costs included in payables - Non-current (Note 18)	50	61
		Employee benefits - Non-current (Note 20(a))	833	681
			883	742
		Total Employee Benefits and Related On-Costs	1 863	1 499
~ 1	•			
21.		mitments ating leases		
		ot later than one year	450	450
		ater than one year and less than five years	1 706	1 799
		ater than five years	22 896	22 940
		Total Commitments	25 052	25 189
		-		

22. Contingent Assets and Liabilities

The Corporation has no contingent assets or liabilities as at 30 June 2006.

23. Related Party

The names of each person holding the position as Board member of the Corporation during the financial year was as follows:

Ms J Jeffreys - Chairman	(appointed 1 December 1994)
Mr D Minear - Deputy Chairman	(appointed 1 October 2004)
Mr J Ellison	(appointed 1 October 2001)
Ms S Saville	(Term expired 30 September 2005)
Ms D Von Wald	(appointed 1 October 2005)
Ms J Jose	(appointed 1 October 2004)
Ms M Hender	(appointed 1 October 2005)

The members of the Board may use the services and facilities of the Centre under terms and conditions no more favourable than members of the public.

24. Cash Flow Reconciliation

Reconciliation of Cash

For the purposes of the Cash Flow Statement, cash includes cash on deposit, at bank and on hand. Cash as at the end of the financial year as shown in the Cash Flow Statement is reconciled to the items in the Balance Sheet as follows:

	2006	2005
Current:	\$'000	\$′000
Cash on deposit and at bank	9 322	8 285
Cash on hand	87	77
	9 409	8 362
Non-Current:		
Specific purpose deposits	10 890	8 932
Cash as Recorded in the Balance Sheet	20 299	17 294
Cash as Recorded in the Cash Flow Statement	20 299	17 294
Reconciliation of Net Cash Provided from Operating Activities to Net Profit (Loss)		
Net cash provided from operating activities	5 771	3 788
Add (Less): Non-Cash Items:		
Depreciation and amortisation	(4 516)	(4 388)
Net gain from disposal of assets	13	29
Net gain on revaluation	-	1 036
Net loss on revaluation	-	(2 344)
Changes in Assets/Liabilities:		
Increase (Decrease) in receivables	262	(405)
Increase (Decrease) in inventories	104	-
Increase (Decrease) in other current assets	(149)	(46)
(Increase) Decrease in payables	305	(607)
(Increase) Decrease in security deposits held	(372)	412
(Increase) Decrease in employee benefits	(328)	(178)
Net Profit (Loss)	1 090	(2 703)

ADELAIDE ENTERTAINMENTS CORPORATION

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The Adelaide Entertainments Corporation, a subsidiary to the Minister for Tourism, was established on 4 February 1999 pursuant to regulations under the *Public Corporations Act 1993*.

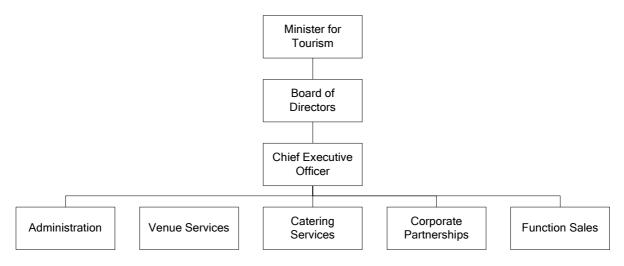
Functions

The functions of the Adelaide Entertainments Corporation are to:

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

Structure

The structure of the Adelaide Entertainments Corporation at 30 June 2006 is illustrated in the following organisation chart.



AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

Subsection 36(1)(b) of the *Public Finance and Audit Act 1987* and the Schedule to the *Public Corporations Act 1993* provides for the Auditor-General to audit the accounts of the Adelaide Entertainments Corporation for each financial year.

Assessment of Controls

Subsection 36(1)(a)(iii) of the *Public Finance and Audit Act 1987* 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 those controls are consistent with the prescribed elements of the Financial Management Framework as required by Treasurer's Instruction 2 *Financial Management Policies*.

Scope of Audit

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

During 2005-06, specific areas of audit attention included:

- Corporate governance
- Risk management
- Strategic planning
- Revenue
- Payroll

- Expenditure
- Inventory
- Fixed assets
- Cash
- Entrepreneurial events

AUDIT FINDINGS AND COMMENTS

Audit Opinions

Audit of the Financial Report

In my opinion, the financial report presents fairly, in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Adelaide Entertainments Corporation as at 30 June 2006 and the results of its operations and cash flows for the year then ended.

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.

Audit Communications with Management

Audit considered the current control environment of the Corporation to be effective.

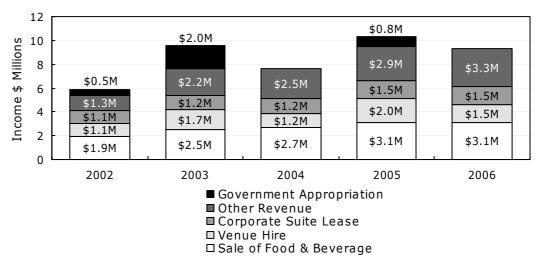
INTERPRETATION AND ANALYSIS OF FINANCIAL REPORT

Income Statement

Income

The Corporation's income of \$9.4 million in 2006 decreased by 9 percent from \$10.3 million in 2005.

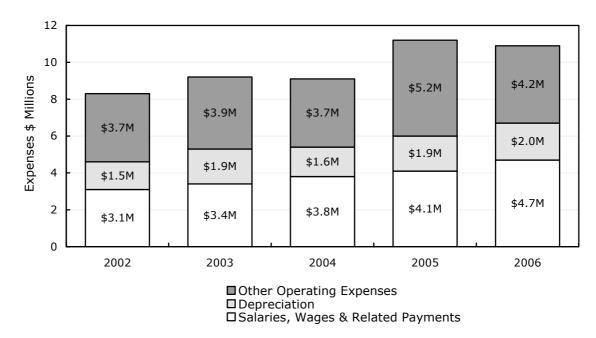
A structural analysis of income for the Corporation in the five years to 2006 is presented in the following chart.



Expenses

The Corporation's expenses of \$10.9 million decreased by 3 percent from \$11.2 million in 2005.

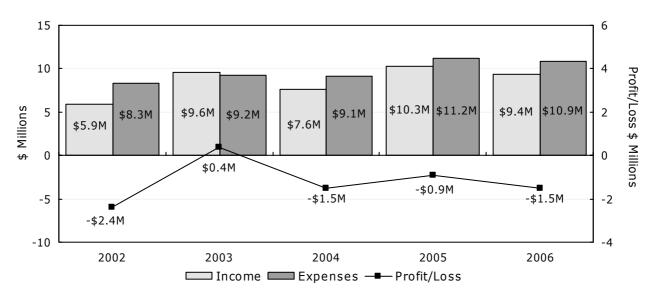
For the five years to 2006, a structural analysis of the main operating expense items for the Corporation is shown in the following chart.



Operating Result

The Corporation recorded a loss of \$1.5 million for the year ended 30 June 2006 after a loss of \$900 000 for the previous year. The Corporation's reported operating loss for each of the past five years, excluding 2002-03, reflects the impact of depreciation expense associated with the Entertainment Centre building. These results are consistent with the Corporation's trading activities not fully recovering the capital cost of constructing the Centre.

The following chart shows the income, expenses and profits/losses for the five years to 2006.



Balance Sheet

The Corporation's principal assets comprise land and buildings which were valued at \$52.1 million as at 30 June 2006. As reflected in the commentary under Operating Result, the Corporation's trading activities do not fully recover the capital cost of constructing the Centre.

Cash Flow Statement

The following table summarises the net cash flows for the four years to 2006.

	2006	2005	2004	2003
	\$'million	\$'million	\$'million	\$'million
Net Cash Flows				
Operations	0.8	1.3	(0.4)	2.8
Investing	(1.5)	(0.7)	(1.1)	(0.1)
Change in Cash	(0.7)	0.6	(1.5)	2.7
Cash at 30 June	2.5	3.2	2.6	4.1

The analysis of cash flows shows that the Adelaide Entertainments Corporation's cash holdings have decreased from \$3.2 million in 2005 to \$2.5 million in 2006. The decrease of \$700 000 (22 percent) is due to the purchase of property, plant and equipment of \$1.5 million which was offset by operating inflows exceeding operating outflows by \$800 000.

Income Statement for the year ended 30 June 2006

		2006	2005
INCOME FROM TRADING ACTIVITIES:	Note	\$′000	\$′000
Revenues from fees and charges	6	357	772
Revenues from the provision of services	7	4 449	4 679
Revenues from sales	8	3 098	3 086
Interest revenues	9	203	200
Revenues from government	10	36	785
Other revenues	12	1 184	695
Net gain from the disposal of assets	11	16	2
Total Income		9 343	10 219
EXPENSES FROM TRADING ACTIVITIES:			
Employee benefits costs	13	4 519	4 016
Raw materials and consumables used	14	1 065	1 048
Sales and marketing		859	1 127
Ticketing		296	441
Supplies and services	15	768	1 098
Depreciation expense	16	245	197
Other expenses	17	390	513
Total Expenses		8 142	8 440
PROFIT FROM TRADING ACTIVITIES		1 201	1 779
INCOME FROM PROPERTY MANAGEMENT ACTIVITIES:			
Other revenues	12	29	25
Total Income		29	25
EXPENSES FROM PROPERTY MANAGEMENT ACTIVITIES:			
Employee benefits costs	13	211	191
Supplies and services	15	704	737
Depreciation expense	16	1 727	1 701
Other expenses	17	97	121
Total Expenses		2 739	2 750
LOSS FROM PROPERTY MANAGEMENT ACTIVITIES		(2 710)	(2 725)
NET LOSS ATTRIBUTABLE TO SA GOVERNMENT AS OWNER		(1 509)	(946)

Balance Sheet as at 30 June 2006

		2006	2005
CURRENT ASSETS:	Note	\$′000	\$′000
Cash and cash equivalents	21	2 536	3 210
Receivables	19	440	488
Inventories	20	78	115
Total Current Assets		3 054	3 813
NON-CURRENT ASSETS:			
Property, plant and equipment	22	54 413	54 856
Total Non-Current Assets		54 413	54 856
Total Assets		57 467	58 669
CURRENT LIABILITIES:			
Payables	23	1 480	1 267
Short-term employee benefits	24	278	212
Total Current Liabilities		1 758	1 479
NON-CURRENT LIABILITIES:			
Payables	23	18	15
Long-term employee benefits	24	112	87
Total Non-Current Liabilities		130	102
Total Liabilities		1 888	1 581
NET ASSETS		55 579	57 088
EQUITY:			
Contributed capital		55 536	55 536
Asset revaluation reserve		17 497	17 497
Accumulated deficit		(17 454)	(15 945)
TOTAL EQUITY		55 579	57 088
THE TOTAL EQUITY IS ATTRIBUTABLE TO THE SA G	GOVERNMENT AS OWNER	ર	
Commitments for expenditure	26		
Contingent assets and liabilities	28		

Statement of Changes in Equity for the year ended 30 June 2006

		Asset		
	Contributed	Revaluation	Accumulated	
	Capital	Reserve	Deficit	Total
	\$′000	\$′000	\$′000	\$′000
Balance at 30 June 2004	55 536	17 497	(14 999)	58 034
Changes in accounting policy	-	-	-	-
Error correction	-	-	-	-
Restated balance at 30 June 2004	55 536	17 497	(14 999)	58 034
Gain on revaluation of property during 2004-05	-	-	-	-
Loss on revaluation of plant and equipment during				
2004-05	-	-	-	-
Total Recognised Income and Expense for				
2004-05	-	-	(946)	(946)
Equity contribution from SA Government	-	-	-	-
Repayment of equity contribution to				
SA Government		-	-	-
Balance at 30 June 2005	55 536	17 497	(15 945)	57 088
Changes in accounting policy	-	-	-	-
Error correction		-	-	-
Restated balance at 30 June 2005	55 536	17 497	(15 945)	57 088
Gain on revaluation of property during 2005-06	-	-	-	-
Loss on revaluation of plant and equipment				
during 2005-06	-	-	-	-
Total Recognised Income and Expense for				
2005-06	-	-	(1 509)	(1 509)
Equity contribution from SA Government	-	-	-	-
Repayment of equity contribution to				
SA Government	-	-	-	-
Balance at 30 June 2006	55 536	17 497	(17 454)	55 579
All changes in equity are attributable to the				
SA Government as owner.				

Cash Flow Statement for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$'000	\$′000
CASH INFLOWS:			
Receipts from sale of goods and services		9 095	9 359
Interest received		203	200
Receipts from SA Government		36	785
GST receipts on receivables		902	910
Cash generated from Operations		10 236	11 254
CASH OUTFLOWS:			
Employee benefit payments		(4 639)	(4 069)
Supplies and services		(3 864)	(5 017)
GST payments on purchases		(495)	(504)
GST remitted to ATO		(399)	(404)
Cash used in Operations		(9 397)	(9 994)
Net Cash provided by Operating Activities	29	839	1 260
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from the sale of property, plant and equipment		18	-
Cash generated from Investing Activities		18	-
CASH OUTFLOWS:			
Purchase of property, plant and equipment		(1 531)	(655)
Cash used in Investing Activities		(1 531)	(655)
Net Cash used in Investing Activities		(1 513)	(655)
NET (DECREASE) INCREASE IN CASH AND CASH			
EQUIVALENTS		(674)	605
CASH AND CASH EQUIVALENTS AT 1 JULY		3 210	2 605
CASH AND CASH EQUIVALENTS AT 30 JUNE	29	2 536	3 210

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Establishment and Functions of the Adelaide Entertainments Corporation The Adelaide Entertainments Corporation (AEC), trading as the Adelaide Entertainment Centre, was established on

4 February 1999 as a subsidiary of the Minister for Tourism by Regulations under the *Public Corporations Act 1993*.

The functions of the AEC 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 AEC is governed by a Board of Directors and operates under a charter approved pursuant to the provisions of the *Public Corporations Act 1993*. The Act and the charter require the preparation of a general purpose financial report which reflects the performance and position of the AEC for each financial year ended 30 June.

2. Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial report is a general purpose financial report. The accounts have been prepared in accordance with applicable Accounting Standards and Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987* (PFAA).

(a) Basis of Accounting (continued)

The PFAA and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over applicable Accounting Standards.

Accounting Policy Statements issued pursuant to Treasurer's Instructions may modify or clarify accounting standards application, disclosure, format and wording to provide certainty and to ensure consistency and appropriate reporting across the public sector. For example, AASB 116 *Property, Plant and Equipment* requires non-current tangible assets to be measured at cost or fair value; an Accounting Policy Statement mandates the fair value option.

Where modification is required and has a material effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes.

These financial statements are the first statements to be prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS). In accordance with Accounting Policy Framework II *General Purpose Financial Reporting Framework* APS 2.5 the AEC is deemed a not-for-profit entity for the purpose of applying AIFRS.

AASB 1 *First Time Adoption of Australian Equivalents to International Reporting Standards* has been applied in preparing these statements. Previous financial statements were prepared in accordance with Australian Generally Accepted Accounting Principles.

The transition to AIFRS as at 1 July 2004 and 30 June 2005 is explained at Note 4.

The Corporation's Income Statement, Balance Sheet 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 Cash Flow Statement has been prepared on a cash basis.

The financial report has been prepared based on a 12 month operating cycle and is presented in Australian currency.

(b) GST

Income, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred by the Corporation as a purchaser is not recoverable from the Australian Taxation Office. Receivables and payables are stated with the amount of GST included.

(c) Comparative Information

The presentation and classification of items in the financial report are consistent with prior periods except where a specific Accounting Policy Statement or applicable Accounting Standard have required a change.

Comparative figures have been restated on an AIFRS basis except for financial instrument information as permitted by AASB 1. The comparatives have been restated to assist users' understanding of the current reporting period and do not replace the original financial report 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 Treasurer's Instruction 22 *Tax Equivalent Payments*, AEC 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. As a net deficit has been achieved by the AEC, no tax equivalent liability has been recognised.

AEC is liable for payroll tax, fringe benefits tax, goods and services tax, emergency services levy, land tax equivalents and local government rate equivalents.

(f) Income and Expenses

Income and expense are recognised in the Corporation's Income Statement when and only when it is probable that the flow of economic benefits to or from the entity will occur and can be reliably measured.

Income and expenses have been classified according to their nature in accordance with Accounting Policy Framework II *General Purpose Financial Reporting Framework* APS 3.5 and have not been offset unless required or permitted by a specific accounting standard.

In accordance with Accounting Policy Framework II *General Purpose Financial Reporting Framework* APSs 4.1 and 4.2 the financial report's notes 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.

Revenues

Revenues are measured at fair value of consideration received or receivable. Revenue is recognised for major activities as follows:

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

Grants, subsidies and funding for community service obligations received from the SA Government are recognised as revenues when the Corporation obtains control over the assets. Control over these revenues is normally obtained upon receipt and they are accounted for in accordance with Treasurer's Instruction 3 *Appropriation*.

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 retained earnings in accordance with Accounting Policy Framework III Asset Accounting Framework paragraph APS 3.11.

Contributions

Contributions are recognised as an asset and income when the Corporation 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).

Generally, the Corporation 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 Corporation have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

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 the expense recognition criteria are met.

All contributions paid by the Corporation have been contributions with unconditional stipulations attached.

Expenses

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.

(g) Current and Non-Current Classification

Assets and liabilities are characterised as either current or non-current in nature. AEC 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.

(h) Cash and Cash Equivalents

Cash and cash equivalents recorded in the Cash Flow Statement 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 are used in the cash management function on a day-to-day basis. Cash and cash equivalents recorded in the Balance Sheet is consistent to the Cash Flow Statement.

Cash is measured at nominal value.

(i) Receivables

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

Trade receivables arise in the normal course of selling goods and services to the public and agencies. 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.

Other debtors arise outside the normal course of selling goods and services to other entities and to the public.

AEC determines the provision for doubtful debts based on a review of balances within trade receivables that are unlikely to be collected. These are generally receivables that are 90 days or more overdue.

(j) Inventories

Inventories are measured at the lower of cost or their net realisable value. Cost is allocated in accordance with the first-in, first-out 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/replacement cost 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.

(k) 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 Balance Sheet. If however, 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, AEC measures the obligation at the present vale of the future outflow, discounted using the interest rate of a similar length borrowing.

In accordance with Accounting Policy Framework III *Asset Accounting Framework* paragraph APSs 2.15 and 7.2:

- All non-current tangible assets with a value of \$10 000 are capitalised; and
- Componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is greater than \$5 million for infrastructure assets and \$1 million for other assets.

(I) Revaluation of Non-current Assets

In accordance with Accounting Policy Framework III *Asset Accounting Framework* 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, AEC revalues its land, buildings and leasehold 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.

AEC has taken the exemption available under Accounting Policy Framework III *Asset Accounting Framework* APS 3.10 to take asset revaluation adjustment to the asset revaluation reserve on a class basis rather than an individual asset basis.

(m) 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 asset revaluation reserve.

Impairment is generally limited to where an asset's depreciation is materially understated or where the replacement cost is falling.

(n) Depreciation of Non-Current Assets

All non-current assets, having a limited useful life, are systematically depreciated over their useful lives on a straight line basis.

The useful lives of all major assets held by AEC are reassessed on an annual basis.

Land is not depreciated.

(n) Depreciation of Non-Current Assets

Depreciation for non-current assets is determined as follows:

Class of Assets	Depreciation Method	Useful Life (Years)
Buildings and Improvements - Structure	Straight Line	25-140
Building Improvements and Fitouts	Straight Line	17 - 56
Plant and Equipment	Straight Line	3-10
Furniture and Fittings	Straight Line	3-10
-	-	

(o) Insurance

AEC has arranged, through SA Government Captive Insurance Corporation (SAICORP), to insure all major risks of the Corporation. The excess payable under this arrangement is \$5 000 per claim made.

(p) 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 the normal operations of AEC.

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 in accordance with Treasurer's Instruction 11 *Payment of Creditor's Accounts*.

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

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. Prepaid contributions are recognised as an asset.

(q) 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.

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.

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.

The liability for long service leave is recognised after an employee has completed five years of service in accordance with Accounting Policy Framework IV *Financial Asset and Liability Framework*. An actuarial assessment of Long Service Leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

In the 2006 financial year, the long service leave benchmark contained in the Accounting Policy Framework IV *Financial Asset and Liability Framework* remained unchanged at seven years. The AEC has adopted five years as the benchmark for the measurement of the long service leave liability as of 2006, as this better reflects the AEC's past experience of employee retention and the taking of leave.

The current component of long service leave is determined on what was taken during the current financial year and based on estimates of long service leave due to be taken during the 12 months ended 30 June 2007.

(r) Administered Items

The AEC 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 AEC's overall financial performance and position, in accordance with Accounting Policy Framework II *General Purpose Financial Reporting Framework* APS 3.10.2.

The AEC receives gross box office receipts from its ticketing agency, and holds those receipts in a separate Event Funds bank account. 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 AEC and other service providers.

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 Corporate Services 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 on call and receivables) and liabilities (payables) and interest bearing assets (held to maturity investments).

The Corporation's exposure to foreign exchange risk and cash flow interest risk is minimal.

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 AEC has adopted the AIFRS for the first time for the year ended 30 June 2006. The adoption of AIFRS has not resulted in any material adjustments to the comparative amounts.

A number of Australian Accounting Standards have been issued or amended and are applicable to the Corporation but are not yet effective. The Corporation has assessed the impact of the new and amended standards and there will be no impact on the accounting policies of the Corporation.

5. Segment Information

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

6.	Revenues from Fees and Charges	2006	2005
	Fees and charges received/receivable from entities external to the	\$'000	\$′000
	SA Government: Merchandise revenues	253	214
	Ticket sales revenues	104	558
	Total Fees and Charges - Non-SA Government Entities	357	772
	Total Fees and Charges	357	772
7.	Revenues from the Provisions of Services		
	Services received/receivable from entities external to the SA Government:		
	Trading Activities: Corporate suite revenue	1 494	1 461
	Equipment hire	209	160
	Recoveries	1 057	1 029
	Venue hire	1 493	2 029
	Total Revenues from the Provision of Services from Entities External to		
	the SA Government	4 253	4 679
	Services received/receivable from entities within SA Government: Venue hire	196	_
	Total Services received/Receivable from Entities within SA Government	196	
	Total Revenues from the Provision of Services	4 449	4 679
8.	Revenues from Sales Sales revenues received/receivable from entities external to the SA Government:		
	Beverages	1 151	1 152
	Food	1 947	1 934
	Sales Revenue Received/Receivable from Entities External to the SA Government	3 098	3 086
	Total Revenue from Sales	3 098	3 086
9.	Interest Revenues		
5.	Interest received/receivable from entities external to the SA Government	132	134
	Interest received/receivable from entities within the SA Government	71	66
	Total Interest Revenues	203	200
10.	Revenues from SA Government		
101	Revenues from SA Government:		
	Appropriations for Emergency Services Levy	36	35
	Appropriations for capital	-	750
	Total Revenues from SA Government	36	785
11.	Net Gain from Disposal of Assets Plant and Equipment:		
	Proceeds from disposal	18	2
	Less net book value of assets disposed	(2)	-
	Net Gain from Disposal of Plant and Equipment	16	2
	Total Net Gain from Disposal of Assets	16	2

12.	Other Revenue/Income	2006	2005
12.	Contributions from entities external to the SA Government:	\$'000	\$'000
	Trading Activities:	\$ 000	\$ 000
	Car park revenue	181	157
	Inside charges	395	379
	Other revenue	608	159
	Total Other Revenues from Trading Activities	1 184	695
	Property Management Activities:	1 104	055
	Other revenue	29	25
	Total Other Revenues from Property Management Activities	29	25
	Total Other Revenues from Entities External to the SA Government	_	
	Total Other Revenues from Entities External to the SA Government	1 213	720
13.	Employee Benefite Cost		
13.	Employee Benefits Cost		
	Trading Activities: Salaries and wages	3 283	3 167
	Other staff related expenses	151	67
	Long service leave	229	14
	Annual Leave	114	119
	Employment on-costs - Superannuation	301	273
	Employment on-costs - Other	365	298
	Board fees	76	78
	Total Employee Benefits Costs from Trading Activities	4 519	4 016
	······································		
	Property Management Activities:		
	Salaries and wages	204	191
	Long service leave	1	-
	Annual leave	6	-
	Total Employee Benefits Costs from Property Management Activities	211	191
	Total Employee Benefits Costs	4 730	4 207

During the year payments made to entities within SA Government include employment on-costs - other \$336 000 (\$276 000).

Remuneration of Employees The number of employees whose remuneration received or receivable falls within	2006 Number of	2005 Number of
the following bands: \$100 000 to \$109 999	Employees	Employees
\$140 000 to \$149 999	1	1
\$150 000 to \$159 999	1	-
\$170 000 to \$179 999	1	-
\$230 000 to \$239 999	-	1
Total Number of Employees	4	4

The table includes all employees who received remuneration of \$100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$577 000 (\$580 000).

Board of Directors

The following Directors served on the Board of the AEC during the year:

R Foord (Chairman)	G Wallace
J Bell	G Pitt
A Herald	J Staugas
W Spurr*	_

* W Spurr is a Government employee.

Members of the Board received Director's fees as shown in the following table:

	2006	2005
	Number of	Number of
	Members	Members
\$0 - \$10 000	1	5
\$10 001 - \$20 000	6	4

The aggregate amount of remuneration received, or due and receivable, by AEC Directors in connection with the management of the AEC was \$71 000 (\$71 000). Of this amount, \$5 000 (\$6 000) was paid to a superannuation plan.

Related Party Disclosure

From time to time, Board members receive tickets to shows or events held at the Adelaide Entertainment Centre as part of their involvement in the execution of office in liaising with external parties.

14. Raw Materials and Consumables Used	2006	2005
	\$′000	\$'000
Food and beverage purchase	969	954
Consumables used	96	94
	1 065	1 048
15. Supplies and Services		
Supplies and Services		
Trading Activities:		
Supplies and services provided by entities within the SA Government:		
Insurance	113	115
Total Supplies and Services - SA Government Entities	113	115
Supplies and services provided by entities external to the SA Government:		
Artist costs	101	347
Contractors	138	193
Equipment hire	75	92
Legal	28	72
Linen and laundry	72 43	71 47
Printing and stationery Repairs and maintenance	43 76	47
Utilities	122	120
Total Supplies and Services - Non-SA Government Entities	655	983
Total Supplies and Services from Trading Activities	768	1 098
Total Supplies and Services from Trading Activities		1 0 9 0
Property Management Activities:		
Supplies and services provided by entities within the SA Government:		
Utilities	133	122
Total Supplies and Services - SA Government Entities	133	122
Supplies and services provided by entities external to the SA Government:		
Repairs and maintenance	348	424
Utilities	223	191
Total Supplies and Services - Non-SA Government Entities	571	615
Total Supplies and Services from Property Management Activities	704	737
Total Supplies and Services	1 472	1 835

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 relate to third party arrangements.

16. Depreciation Expense

17.

Depreciation:				
Trading Activities:				
Plant and equipment			245	197
Total Depreciation from Trading Activities			245	197
Property Management Activities:				
Buildings			1 727	1 701
Total Depreciation from Property Management	Activities		1 727	1 701
Total Depreciation			1 972	1 898
Other Expenses				
Other expense paid/payable to entities external to the SA Gov	vernment:			
Bad and doubtful debts expense			1	(1)
Other			389	514
Total Other Expenses - Non-SA Government Enti	ties		390	513
Total Other Expenses from Trading Activities			390	513
Property Management Activities:				
Other			97	121
Total Other Expenses from Property Management	t Activities		97	121
Total Other Expenses - Non-SA Government Entit	ies		487	634
Total Other Expenses			487	634
The number and dollar amount of consultancies	2006	2006	2005	2005
paid/payable (included in supplies and services	Number	\$'000	Number	\$'000
expense) that fell within the following bands:				
Below \$10 000	3	4	3	14
Between \$10 000 and \$50 000	1	14	-	-
Above \$50 000	-	-	-	-
Total Paid/Payable to the Consultants Engaged	4	18	3	14

18.	Remuneration of Auditors	2006 \$′000	2005 \$′000
	Audit fees paid/payable to the Auditor-General's Department	26	³ 000 26
	Total Audit Fees - SA Government Entities	26	26
	Other Services		
	No other services were provided by the Auditor-General's Department.		
19.	Receivables		
	Current:		
	Receivables	294	219
	Less: Provision for doubtful debts	(8)	(8)
	Accrued revenues	1 0	18
	Prepayments	138	245
	GST receivable	6	14
	Total Current Receivables	440	488
	Government/Non-Government Receivables:		
	Receivables from SA Government Entities:		
	Accrued revenues	6	6
	Total Receivables from SA Government Entities	6	6
	Receivables from Non-SA Government Entities:		
	Receivables	294	219
	Less: Provision for doubtful debts	(8)	(8)
	Accrued revenues	4	12
	Prepayments	138	245
	GST receivable	6	14
	Total Receivables from Non-SA Government Entities	434	482
	Total Receivables	440	488

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 a bad and doubtful debt expense of \$1 000 (\$1 000) in the Income Statement.

Inventories 20.

21.

Inventories Current - Inventories held for resale:	2006 \$′000	2005 \$′000
Beverages	68	98
Food	10	17
Total Inventories held for Resale	78	115

Inventory Wastage

The Corporation has recognised an inventory wastage expense of \$12 000 (\$7 000) in the Income Statement.

Cash and Cash Equivalents

Current:		
Cash at bank	1 242	1 981
Cash on deposit	1 294	1 229
Total Cash and Cash Equivalents	2 536	3 210
Government/Non-Government Cash and Cash Equivalents:		
Cash and cash equivalents held with SA Government entities:		
Cash on deposit - Investments with SAFA	1 294	1 229
Total Cash and Cash Equivalents held with SA Government Entities	1 294	1 229
Cash and Cash Equivalents Held with Non SA Government Entities:		
Cash at bank	1 242	1 981
Total Cash and Cash Equivalents held with non-SA Government Entities	1 242	1 981
Total Cash and Cash Equivalents	2 536	3 210
Total Cash on Deposit:		
Represented by:		
Cash Management Fund	1 294	1 229

21. Cash and Cash Equivalents (continued)

The cash deposits are carried at cost in accordance with Accounting Policy Framework IV *Financial Asset and Liability Framework* APS 2.1. They are on-call and carry an average variable interest rate of 5.64 percent (5.51 percent). 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 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.

22.	Property, Plant and Equipment	2006	2005
	Land and Buildings:	\$′000	\$′000
	Land at fair value	16 050	16 050
	Buildings at fair value	67 415	67 415
	Accumulated depreciation	(31 328)	(29 611)
	Total Land and Buildings	52 137	53 854
	Building Improvements:		
	Building improvements at fair value	748	66
	Accumulated depreciation	(10)	(1)
	Total Building Improvements	738	65
	Plant and Equipment:		
	Plant and equipment at cost	3 431	2 955
	Accumulated depreciation	(2 328)	(2 186)
	Total Plant and Equipment	1 103	769
	Work in progress	435	168
	Total Property, Plant and Equipment	54 413	54 856

Valuation of Land and Buildings

The valuation of land and buildings was performed by valuers Edward Rushton Australia Pty Ltd, an independent valuer, as at 30 June 2004. 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.

Work in Progress

Work in Progress relates to building works on the Port Road shops.

Impairment

23.

There were no indications of impairment of property, plant and equipment at 30 June 2006.

Reconciliation of Non-Current Assets

The following table shows the movement of property, plant and equipment during 2005-06.

Carrying amount at 1 July Additions Assets transferred from WIP Disposals eg sales, write off Revaluation increment/(decrement) Depreciation Carrying Amount at 30 June	Land \$'000 16 050 - - - - - - - - - - - - - - - - - -	Buildings \$'000 37 804 - - - (1 717) 36 087	Building Improvements \$'000 65 642 40 - - (9) 738	Plant and Equipment \$'000 769 454 128 (2) - (246) 1 103	Work in Progress \$'000 168 435 (168) - - - - - - - - - - - - - - - - - -	2006 Total \$'000 54 856 1 531 - (2) - (1 972) 54 413
Payables Current: Creditors Accrued expenses Income received in advance Employee on-costs Total Current Payables Non-Current:				-	2006 \$'000 397 667 370 46 1 480	2005 \$'000 417 492 325 33 1 267
Employee on-costs Total Non-Current Payable Total Payables	es			-	<u>18</u> 18 1 498	15 15 1 282
Government/Non-Government Paya Payables to SA Government Enti Creditors Accrued expenses Total Payables to SA Gov	ties:	ntities		-	26 34 60	- 32 32
Payables to Non-SA Government Creditors Accrued expenses Income received in advance Employee on-costs Total Payables to Non-Sa Total Payables		ent Entitie	25		371 633 370 64 1 438 1 498	417 460 325 48 1 250 1 282

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.

24.	Employee Benefits Current: Annual leave	2006 \$′000 110	2005 \$′000 128
	Short-term long-service leave Accrued salaries and wages	126 42	14 70
	Total Current Employee Benefits	278	212
	Non-Current:		
	Long-term long-service leave	112	87
	Total Non-Current Employee Benefits	112	87
	Total Employee Benefits	390	299

In the 2006 financial year, the long service leave benchmark contained in the Accounting Policy Framework IV *Financial Asset and Liability Framework* remained unchanged at seven years, based on an actuarial assessment. The AEC has adopted five years as the benchmark for the measurement of the long service leave liability as of 2006, as this better reflects the AEC's past experience of employee retention and the taking of leave.

The total employee benefits and related on-costs are aggregated as follows:

		2006	2005
	Note	\$′000	\$′000
Accrued Salaries and Wages:			
On-costs included in payables	23	7	7
Provision for employee benefits		42	70
Total Accrued Salaries and Wages		49	77
Annual Leave:			
On-costs included in payables	23	18	23
Provision for employee benefits		110	128
Total Annual Leave		128	151
Long Service Leave:			
On-costs included in payables - Current	23	21	3
Provision for employee benefits - Current		126	14
Total Long Service Leave - Current		147	17
On-costs included in payables - Non-current	23	18	15
Provision for employee benefits - Non-current		112	87
Total Long Service Leave - Non-current		130	102
Total Long Service Leave		277	119

25. Provisions

Dividend

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

26. Commitments

Capital Commitments

As at 30 June, the AEC had commitments associated with the AEC's ongoing business operations and capital purchases, reflected by purchase orders issued but not filled and letters of intent. Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:

	2006 \$′000	2005 \$′000
Within one year	450	760
Later than one year but not longer than five years	-	-
Later than five years	-	-
	450	760

The Corporation's capital commitments are for the purchase and installation of Arena Screens of \$350 000, the purchase of new tables and trestles for \$50 000 and the completion of building renovations on the Port Road shops.

Remuneration Commitments

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:

	2006	2005
	\$'000	\$′000
Within one year	353	88
Later than one year but not longer than five years	174	-
	527	88

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

Other Commitments Within one year Later than one year but not longer than five years Later than five years	2006	2005
	\$'000	\$′000
Within one year	56	43
Later than one year but not longer than five years	-	-
	-	-
	56	43

The Corporation's other commitments are for ongoing business operations, predominantly for various rebranding projects such as web design and sales brochures.

27. **Administered Items**

Event Funds

The AEC 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 AEC's overall financial performance and position, in accordance with Accounting Policy Framework II General Purpose Financial Reporting Framework APS 3.10.2.

The AEC receives gross box office receipts from its ticketing agency, and holds those receipts in a separate Event Funds bank account. 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 AEC and other service providers. --------

	2006	2005
Administered Revenues:	\$'000	\$′000
Gross box office receipts	16 462	20 312
Interest earned on event funds	284	259
Total Administered Revenues	16 746	20 571
Administered Expenses:		
Settlements paid	12 580	18 186
Total Administered Expenses	12 580	18 186
Movement in Administered Items during the Year	4 166	2 385
Administered Assets:		
Cash at bank	7 361	3 195
Total Administered Assets	7 361	3 195
Administered Liabilities:		
Funds held in trust	7 361	3 195
Total Administered Liabilities	7 361	3 195
Movement in administered items during the year	4 166	2 385
Total administered assets held at 1 July	3 195	810
Total Administered Assets held at 30 June	7 361	3 195

28. **Contingent Assets and Liabilities**

The Corporation is not aware of any contingent assets.

A claim against the Corporation was lodged during the 2004-05 financial year. This matter was resolved during the financial year and was covered by the Insurers of the AEC.

The Corporation is not aware of any contingent liabilities this financial year.

The Corporation has made no guarantees.

29.	Cash Flow Reconciliation Reconciliation of Cash and Cash Equivalents:		
	Cash Flow Statement	2 536	3 210
	Balance Sheet	2 536	3 210
	Reconciliation of Net Cash provided by Operating Activities to Net Loss	820	1 200
	Net cash provided by operating activities Non-Cash Items:	839	1 260
	Depreciation and amortisation expense	(1 972)	(1 899)
	Net gain from disposal of assets	16	2
	Change in assets and liabilities:		
	Increase (Decrease) in receivables	(48)	152
	Increase (Decrease) in inventories	(37)	23
	(Increase) Decrease in payables	(216)	(431)
	(Increase) Decrease in provisions	(91)	(53)
	Net Loss	(1 509)	(946)

ADELAIDE FESTIVAL CENTRE TRUST

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The Trust is a Body Corporate established pursuant to the Adelaide Festival Centre Trust Act 1971 (the Act).

Regulations have been enacted under the *Public Corporations Act 1993* requiring that certain provisions of that Act be applied to the Trust. The applied provisions relate mainly to the governance and performance aspects of the Trust's operations.

Functions

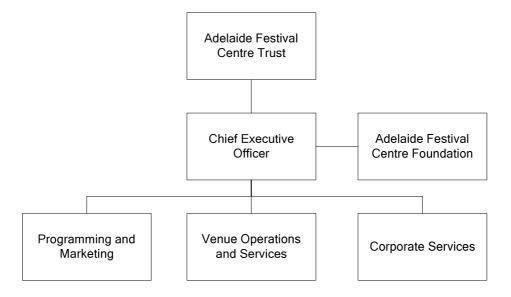
The Trust is charged with the responsibility of encouraging and facilitating artistic, cultural and performing arts activities throughout the State; and controlling, managing and maintaining the Adelaide Festival Centre and Her Majesty's Theatre.

In essence, the Trust is a presenter of arts programs and it aims to provide a balance of art forms for a variety of tastes and age levels. The major components of the Trust's operations include:

- management of various theatre facilities including the Adelaide Festival Centre complex comprising the Festival Theatre, the Space Theatre, the Amphitheatre and the Playhouse in addition to Her Majesty's Theatre;
- programming activities relating to the staging of various theatrical productions in Adelaide either as a producer or presenter;
- operation of the BASS ticketing system pursuant to a licence agreement;
- operating the car park located within the Adelaide Festival Centre complex;
- utilising the services of contractors to operate catering facilities on its behalf;
- operating a scenery building and a stage engineering workshop.

Structure

The structure of the Trust is illustrated in the following organisation chart.



The Trust has eight trustees and is subject to the general control and direction of the Minister for the Arts. To assist in its deliberations the Trust has established certain committees. One of these committees is the Finance and Audit Committee which focuses on matters of a financial and audit nature.

AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

Subsection 25(2) of the Adelaide Festival Centre Trust Act 1971 and subsection 31(1)(b) of the Public Finance and Audit Act 1987 provide for the Auditor-General to audit the accounts of the Adelaide Festival Centre Trust for each financial year.

Assessment of Controls

Subsection 36(1)(a)(iii) of the *Public Finance and Audit Act 1987* provides for the Auditor-General to assess 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.

This assessment also considers whether those controls are consistent with the prescribed elements of the Financial Management Framework as required by Treasurer's Instruction 2 *Financial Management Policies*.

Scope of Audit

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

During 2005-06, specific areas of audit attention included:

- expenditure
- revenue
- payroll
- ticketing operations
- contract management
- fixed assets
- general ledger
- computing environment.

AUDIT FINDINGS AND COMMENTS

Audit Opinions

Audit of the Financial Report

In my opinion, the financial report presents fairly in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Adelaide Festival Centre Trust as at 30 June 2006, the results of its operations and its cash flows for the year then ended.

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 the matters raised in relation to control environment; expenditure processing; fixed assets stock takes; and review of access levels within Masterpiece as outlined under 'Audit Communications to Management', 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.

Audit Communications to Management

Matters arising during the course of the audit were detailed in a management letter to the Chief Executive Officer in July 2006. The response to the management letter was received in August 2006. Major matters raised with the Trust are discussed herein.

Control Environment

In past years, Audit has reported opportunities to improve the Trust's control environment. In 2005-06 Audit noted that, there remained a need to improve aspects of the Trust's control environment.

The Trust's 'Handbook of Accounting Guidelines and Work Instructions' detail its policies and procedures which in the main, establishes the foundations for a satisfactory control environment. However, consistent with prior year findings, the 2005-06 audit revealed a number of instances where key controls were not being

performed by officers as required. Audit recommended that the Trust implement appropriate mechanisms to ensure failures in the control environment are identified and addressed.

Expenditure Processing

Consistent with matters raised in the prior year's report, Audit found that expenditure processing by the Trust is such that individual officers were solely responsible for all expenditure entry processes from batching, checking the validity/approval of invoices to posting the expenditure for automatic payment. Notwithstanding the initial approval of a separate financial delegate, it was noted that expenditure transactions processed by an accounts payable officer were not subject to review by any other officer. Audit considered that this presents a risk that invalid expenditure or errors could be processed without detection.

It was recommended that the Trust implement procedures to ensure that invoices processed into the accounts payable subsidiary system are independently reviewed for accuracy and validity.

The Trust responded that it was unable to find a suitable process that it could employ.

Fixed Assets Stock Takes

The Trust had not performed stock takes to verify the validity and completeness of the information maintained in the Trust's asset register. Audit recommended that procedures be undertaken by the Trust to ensure the existence of assets recognised in the asset register. As these assets represent material balances in the Trust's financial report, Audit undertook additional testing to ensure the validity of assets recognised.

The Trust responded that it will review assets during 2006-07 and that it would develop procedures to be included in its policy and procedure document.

Review of Access Levels within Masterpiece

The regular review of individual access levels to key financial systems is an important control to ensure that user access is consistent with job requirements and that an appropriate degree of segregation of duties is maintained. The 2005-06 audit could not verify that this control had been performed.

The Trust responded that arrangements would be made to ensure the performance of the review.

INTERPRETATION AND ANALYSIS OF FINANCIAL REPORT

Highlights of Financial Report (Consolidated)

	2006	2005	Percentage
	\$'million	\$'million	Change
EXPENSES			
Employee expenses	11.5	12.5	(8)
Depreciation	4.9	4.9	-
Other expenses	13.0	14.5	(10)
Total Expenses	29.4	31.9	(8)
INCOME			
User charges and interest	16.6	18.2	(9)
Resources received free of charge	-	2.9	-
Total Income	16.6	21.1	(21)
Net Cost of Providing Services	12.8	10.9	17
REVENUES FROM SA GOVERNMENT			
Revenues from SA Government	10.9	8.4	30
Net Result	(1.9)	(2.5)	-
Net Cash Flows from Operations	4.8	(0.6)	-

Adelaide Festival Centre Trust

	2006	2005	Percentage
	\$'million	\$'million	Change
ASSETS			
Current assets	10.6	5.0	112
Non-current assets	91.0	77.6	17
Total Assets	101.6	82.6	23
LIABILITIES			
Current liabilities	8.0	6.3	27
Non-current liabilities	28.4	27.3	4
Total Liabilities	36.4	33.6	8
EQUITY	65.2	49.0	33

Income Statement

User Charges and Interest

User charges and interest includes numerous revenue generating activities including: theatre hire; BASS ticketing sales; scenery building and stage engineering; catering associated with cafes, bars and restaurants; programming activities including box office sales; car parking charges; and interest on cash balances.

User fees and interest decreased by \$1.6 million to \$16.6 million reflecting changes and movements in a number of the Trust's revenue generating activities. Major changes and movements were as follows:

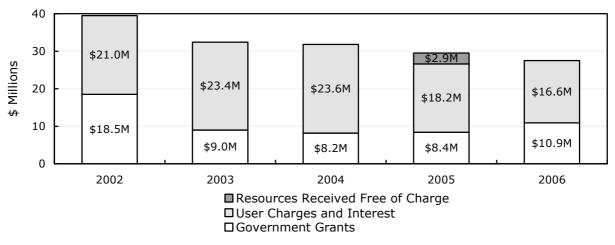
- Programming activity decreased during 2005-06 resulting in an decrease in revenue from box office sales and also for revenue related to the recoup of associated programming expenditure. This decreased activity has also resulted in a decrease in expenditure.
- Revenue associated with BASS ticketing sales decreased during 2005-06. This decrease is partly the result of the loss of a ticketing contract with Adelaide Entertainment Centre in October 2005.
- In September 2004 the Trust entered into changed catering contract arrangements. Under the current arrangements contractors are charged a monthly fee. Prior to this date (ie the first quarter of the 2004-05 year) gross catering revenues and expenses were recognised in the Trust's accounts. As a result catering revenues recognised in the financial statements have decreased with a proportionate decrease in catering related expenses.
- The preceding items are somewhat offset by improved revenue in the Trust's scenery and stage engineering workshop. This increase in activity also resulted in increased expenditure.

Resources Received Free of Charge

During 2004-05 the Trust's income included a non-operating item recognising the addition of an asset (a pedestrian bridge built as part of the Riverbank project) received free of charge amounting to \$2.9 million. The Trust did not receive assets free of charge in 2005-06.

Income

A structural analysis of income for the Trust in the five years to 2006 is presented in the following chart.



Revenues from SA Government

Revenue from SA Government in 2005-06 includes a grant of \$1.9 million received on 29 June 2006 but paid to support the Trust's operating budget for 2006-07. This is a grant received in advance of requirements. The Trust has not received advanced funding in previous years. Without this grant revenues from SA Government would be comparable with prior years.

Expenses

Expenses reduced by \$2.6 million to \$29.4 million due mainly to the following changes/movements in activities:

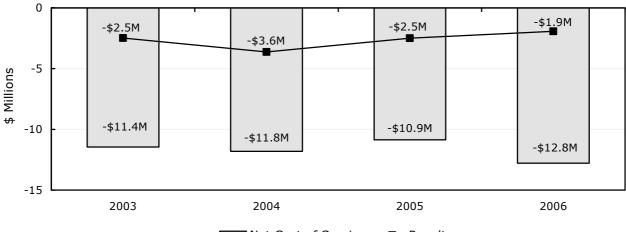
- Employment related expenses reduced by \$1.0 million
- Catering related expenses reduced by \$400 000
- Programming activity reduced by \$1.4 million; offset by
- Increase in scenery and stage engineering workshop expenditure of \$300 000.

These items were discussed under 'User Charges and Interest'.

Net Cost of Services and Net Result

The net cost of services in 2005-06 was \$12.8 million, compared to \$10.9 million for 2004-05. The increase in part reflects a large non-operating revenue of \$2.9 million in 2004-05 being the value of resources received free of charge.

The following chart shows the net cost of services and net result for the four years to 2005-06.



□ Net Cost of Services - Result

The chart shows the net cost of services in 2006 is the highest of the four years. In 2005, the figure is reduced by non-operating revenue of \$2.9 million for assets received free of charge. Without this, the 2005 net cost of services would be the highest and 2006 an improvement on the previous year. The chart also shows that revenues from SA Government have been insufficient to cover the net cost of services in any of the four years resulting in net deficits for all years.

The net result for 2005-06 is improved by \$1.9 million in revenue from SA Government received on 29 June 2006 as described earlier. In the absence of this amount, the net result for 2005-06 would have been a deficit of \$3.9 million.

Balance Sheet

Current Assets and Liabilities – Solvency

As at 30 June 2006 current assets, \$10.6 million, exceeded current liabilities, \$8.0 million, by \$2.6 million. This is a changed position from the prior year where current liabilities exceeded current assets. This liquidity position was achieved principally through the following items:

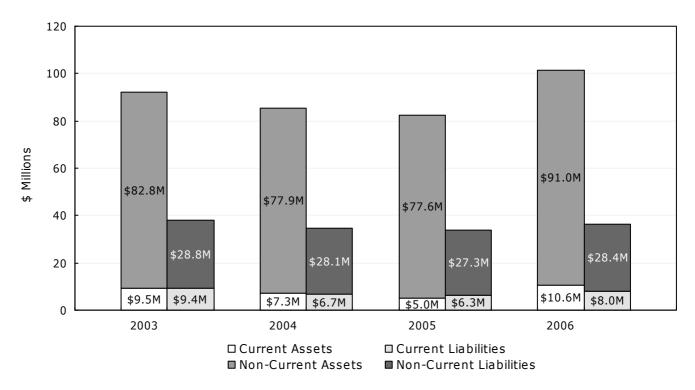
- \$1.9 million advance on 2006-07 grant funding received on 29 June 2006 (refer to comments under Revenues from SA Government).
- Restructure of borrowings from South Australian Financing Authority removing the need for annual repayments of borrowings of \$900 000 which were previously included in current liabilities.

The short-term financial position of the Trust was the subject of review by a consultant in June 2006 aimed at verifying the Trust's 2006-07 draft budget and cash position. It is intended that this review be followed by a second stage review, (the subject of a further consultancy) to be a comprehensive review of the Trust's legislation and operating model.

Non-Current Assets

Non-current assets, \$91 million, dominate the Trust's asset balances. Land and buildings amount to \$78.4 million, 86 percent, of non-current assets. The major movement in non-current asset balances during 2005-06 was a revaluation of all non-current assets except for Works of Art as at 30 June 2006. This revaluation resulted in a \$18.1 million increase in non-current assets and a corresponding increase in the asset revaluation reserve. For detailed asset movements, reference should be made to Notes 15 and 16 of the Trust's financial report.

For the four years to 2006, a structural analysis of assets and liabilities is shown in the following chart.



Cash Flow Statement

The following table summarises the net cash flows for the four years to 2006.

	2006 \$′million	2005 \$'million	2004 \$'million	2003 \$'million
Net Cash Flows				
Operations	4.8	(0.6)	0.1	2.1
Investing	(0.1)	(0.6)	(0.8)	(8.5)
Financing	-	(0.8)	(0.4)	(0.8)
Change in Cash	4.7	(2.0)	(1.1)	(7.2)
Cash at 30 June	8.6	3.9	5.9	7.0

Notwithstanding the net deficit result of \$1.9 million for 2005-06, net cash inflow provided by operating activities was \$4.8 million.

The table highlights a large increase in cash as at 30 June 2006. This increase resulted primarily from an increase in funds held on behalf of promoters, \$1.9 million, and receipt of \$1.9 million from the SA Government on 29 June 2006.

Income Statement for the year ended 30 June 2006

		Conse	olidated	A	FCT
		2006	2005	2006	2005
EXPENSES:	Note	\$′000	\$′000	\$′000	\$′000
Employee expenses	7	11 485	12 452	11 480	12 411
Supplies and services	8	10 909	12 614	10 794	12 467
Depreciation	9	4 853	4 883	4 853	4 883
Borrowing costs	10	2 105	1 966	2 105	1 966
Net loss from disposal of assets	6	-	29	-	29
Total Expenses		29 352	31 944	29 232	31 756
INCOME:					
User charges		16 133	17 634	15 943	17 266
Resources received free of charge	4	-	2 859	41	3 421
Interest	5	439	595	405	539
Total Income		16 572	21 088	16 389	21 226
Net Cost of providing Services		12 780	10 856	12 843	10 530
REVENUES FROM SA GOVERNMENT:					
Revenues from SA Government	3	10 851	8 369	10 851	8 319
NET RESULT ATTRIBUTABLE TO THE					
SA GOVERNMENT AS OWNER		(1 929)	(2 487)	(1 992)	(2 211)

Balance Sheet as at 30 June 2006

	Consolidated		AFCT		
		2006	2005	2006	2005
CURRENT ASSETS:	Note	\$′000	\$′000	\$′000	\$'000
Cash	11	8 635	3 906	8 155	3 589
Receivables	12	1 617	945	1 615	844
Inventories	13	65	72	65	72
Other	14	323	53	323	53
Total Current Assets		10 640	4 976	10 158	4 558
NON-CURRENT ASSETS:					
Land and buildings		78 365	66 218	78 365	66 218
Plant and equipment		4 971	3 784	4 971	3 784
Leasehold improvements		878	879	878	879
Works of art		6 800	6 765	6 800	6 765
Total Non-Current Assets	15,16	91 014	77 646	91 014	77 646
Total Assets		101 654	82 622	101 172	82 204
CURRENT LIABILITIES:					
Payables	17	6 226	3 634	6 225	3 634
Borrowings	18,28	-	926	-	926
Employee benefits	19	1 214	1 377	1 214	1 377
Other	20	538	365	538	365
Total Current Liabilities		7 978	6 302	7 977	6 302
NON-CURRENT LIABILITIES:		-			
Payables	17	125	122	125	122
Borrowings	18,28	27 250	26 237	27 250	26 237
Employee benefits	19	1 072	933	1 072	933
Total Non-Current Liabilities		28 447	27 292	28 447	27 292
Total Liabilities		36 425	33 594	36 424	33 594
NET ASSETS		65 229	49 028	64 748	48 610
EQUITY:					
Reserves	21	66 069	47 939	66 069	47 939
Accumulated (Deficit) Surplus		(840)	1 089	(1 321)	671
TOTAL EQUITY		65 229	49 028	64 748	48 610
Commitments	22				
Contingent Liabilities	23				

Statement of Changes in Equity for the year ended 30 June 2006

Balance at 30 June 2006	66 069	(840)	65 229
for 2005-06	18 130	(1 929)	16 201
Total Recognised Income and Expense			
Loss for the period	-	(1 929)	(1 929)
for 2005-06	18 130	-	18 130
Net Income recognised directly in Equity			
during 2005-06	18 130	-	18 130
Gain on revaluation of non-current assets			
Balance at 30 June 2005	47 939	1 089	49 028
for 2004-05	1 135	(2 487)	(1 352)
Total Recognised Income and Expenses			
Loss for the period	-	(2 487)	(2 487)
for 2004-05	1 135	-	1 135
Net Income recognised directly in Equity			
Gain on revaluation of works of art during 2004-05	1 135	-	1 135
Balance at 30 June 2004	46 804	3 576	50 380
	\$'000	\$'000	\$'000
	Reserve	Earnings	Tota
	Revaluation	Retained	
	Asset		

Cash Flow Statement for the year ended 30 June 2006

		Con	solidated		AFCT
		2006	2005	2006	2005
CASH FLOWS FROM OPERATING		Inflows	Inflows	Inflows	Inflows
ACTIVITIES:		(Outflows)	(Outflows)	(Outflows)	(Outflows)
CASH OUTFLOWS:	Note	\$'000	\$'000	\$′000	\$′000
Interest paid		(1 892)	(1 966)	(1 892)	(1 966)
Employee benefit payments		(11 233)	(12 080)	(11 233)	(12 080)
Supplies and services		(10 789)	(13 125)	(10 810)	(12 796)
Decrease in funds held on behalf of					
promoters		-	(296)	-	(296)
GST payments on purchases		(1 004)	(1 153)	(1 004)	(1 153)
GST remitted to ATO		(297)	(369)	(297)	(369)
Cash used in Operations		(25 215)	(28 989)	(25 236)	(28 660)
CASH INFLOWS:					
Receipts from patrons/customers		15 500	17 995	15 350	17 727
Interest received		425	578	392	522
Increase in funds held on behalf of					
promoters		1 949	-	1 949	-
GST receipts on sales		1 241	1 378	1 241	1 378
GST received from ATO		74	107	74	107
Cash generated from					
Operations		19 189	20 058	19 006	19 734
CASH FLOWS FROM GOVERNMENT:					
Receipts from SA Government		10 851	8 369	10 851	8 320
Cash generated from		40.054	0.000	10.051	0.000
SA Government		10 851	8 369	10 851	8 320
Net Cash provided by (used in)		4 0 0 5	(562)	4 6 9 4	(606)
Operating Activities CASH FLOWS FROM INVESTING		4 825	(562)	4 621	(606)
ACTIVITIES:					
CASH OUTFLOWS:					
Purchase of property, plant and					
equipment and works of art		(96)	(641)	(55)	(79)
Cash used in Investing		(20)	(011)	(00)	(73)
Activities		(96)	(641)	(55)	(79)
CASH FLOW FROM FINANCING			(0.12)	()	(12)
ACTIVITIES:					
CASH OUTFLOWS:					
Repayment of Borrowings		-	(775)	-	(775)
Cash used in Financing			. /		
Activities		-	(775)	-	(775)
NET INCREASE (DECREASE) IN CASH		4 729	(1 978)	4 566	(1 460)
CASH AT 1 JULY		3 906	5 884	3 589	5 049
CASH AT 30 JUNE	11	8 635	3 906	8 155	3 589

2.

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; and
- (e) provide professional development opportunities for emerging talent.

Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial report is a general purpose financial report, which has been prepared on an accrual basis of accounting in accordance with applicable Australian Accounting Standards, Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*, and other mandatory reporting requirements. The financial report has been prepared on the basis of historical costs and does not take into account changing money values except where it is specifically stated.

(b) Changes in Accounting Policy

First Time Adoption of AIFRS

These financial statements are the first statements to be prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS). AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these statements.

The adoption of AIFRS has not resulted in any adjustments to the financial report. In addition, a number of Australian Accounting Standards have been issued or amended and are applicable to the Trust but are not yet effective. The Trust has assessed the impact of the new and amended standards and there will be no impact on the accounting policies of the Trust.

(c) 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 Balance Sheet.

Adelaide Festival Centre Trust capitalises all non-current physical assets with a value of \$10 000 or greater in accordance with Accounting Policy Framework (APF) III *Asset Accounting Framework*.

(d) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Trust as at 30 June 2006, and the results of all controlled entities for the year then ended. The effects of all transactions between entities in the consolidated entity are eliminated in full. The controlled entity is listed at Note 31.

(e) Revaluation of Non-Current Assets

In accordance with APF III Asset Accounting Framework:

- all non-current tangible assets are valued at written down current cost (a proxy for the fair value method of valuation).
- 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, Adelaide Festival Centre Trust revalues its land, buildings, leasehold improvements and works of art. However, if at any time management considers that the carrying amount of an asset class materially differs from its fair value then the asset class 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, where they are revalued to fair value.

Land and Buildings

The Her Majesty's Theatre and Adelaide Festival Centre sites are specialised assets because they are encumbered by heritage listed structures and the latter is also constructed on 'Parklands', a designation under statute which would preclude sale and development. The land values consequently reflect these impediments to ownership and development.

(f) Comparative Amounts

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

(g) Depreciation

All depreciable plant and equipment, buildings and leasehold improvements are depreciated to estimated residual value over their estimated useful lives using the straight line method of allocation. Land and Works of Art are not depreciated.

Depreciation rates are reviewed annually.

Depreciation for non-current assets is determined as follows:

Asset Class	Depreciation Method	Useful Life Years
Buildings (substructure)	Straight line	60
Buildings (finishes)	Straight line	15
Buildings (fittings and services)	Straight line	25
Leasehold improvements	Straight line	10
Plant and equipment	Straight line	10-25

(h) Employee Benefits

Provision has been made in the financial report for the Trust's liability for employee benefits arising from services rendered by employees as at the reporting date. These benefits include accrued salaries and wages, annual leave and long service leave. Related on-costs consequential to the employment of the employees have been included in payables in accordance with APF IV *Financial Asset and Liability Framework* APS 5 'Employee Benefits'.

Accrued Salaries and Wages

Accrued salaries and wages represents the amount of salaries and wages for services rendered by employees that are unpaid as at reporting date.

Annual Leave

Employee benefits for annual leave have been calculated by multiplying each employee's benefits by the remuneration rate expected when the leave is taken. The estimated rate of salary inflation is 4 percent. When leave loadings are paid these are included in the calculation.

Sick Leave

Employee sick leave benefits are non-vesting. No sick leave liability has been recorded as it is probable that sick leave taken in future periods will be less than the sick leave benefit accrued in those periods.

Long Service Leave

In calculating long service leave, the Trust has used a benchmark of 7 years, based on an actuarial assessment undertaken by the Department of Treasury and Finance. The long service leave benefit estimated to be paid within the next 12 months of balance date is calculated by multiplying each employee's benefits by the remuneration rate expected when the leave is taken. The estimated rate of salary inflation is 4 percent.

Superannuation

Contributions are made by the Trust 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 contributions due but not yet paid to the superannuation schemes. The total superannuation contributions paid this financial year was \$832 000.

(i) Workers Compensation

Contributions are made by the Trust to the WorkCover Corporation 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 WorkCover Corporation.

(j) Provision for Doubtful Debts

Adelaide Festival Centre Trust determines the provision for doubtful debts based on a review of balances within trade receivables that are unlikely to be collected. These are generally receivables that are 90 days or more overdue.

(k) Inventories

Inventories are maintained for set building, production and merchandising activities and are valued at cost.

(I) Income and Expenses

Operating Grants

Grants, subsidies and funding for community service obligations received from SA Government are recognised as revenues when the Trust obtains control over the assets. Control over these revenues is normally obtained upon receipt and they are accounted for in accordance with Treasurer's Instruction 3 *Appropriation*.

Catering Revenues and Expenses

The Trust has a contractual arrangement in place for the provision of catering services. In 2004-05 catering arrangements were significantly restructured from October 2004, revenue is based on a turnover fee.

Assets Received/Provided Free of Charge

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

Other Revenues

The Trust's policy is to recognise revenue when a good is supplied or service completed.

(m) Income Tax Status

The activities of the entity are exempt from income tax.

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

In accordance with the requirements of Interpretation 1031 *Accounting for the Goods and Services Tax* (*GST*) revenues, expenses and assets are recognised net of the amount of GST except that:

- the amount of GST incurred by the Trust as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and receivables and payables are stated with the amount of GST included;
- the net GST receivable/payable to the Australian Taxation Office has been recognised as a receivable/payable in the Balance Sheet.

Cash flows are reported on a gross basis in the Cash Flow Statement. The GST component of the cash flows arising from investing or financing activities, which are recoverable from, or payable to, the Australian Taxation Office have however been classified as operating cash flows.

(o) Segment Information

The Trust has not established any partnership or body corporate to carry out any of its business operations. Business operations are conducted in the one business and geographical segment.

(p) Rounding

Unless otherwise indicated, all amounts have been rounded to the nearest thousand dollars.

3. SA Government Grants

Included in Revenues from Ordinary Activities were the following Government Grants:

	Consolidated		AF	СТ
	2006	2005	2006	2005
Operating Grants Received:	\$′000	\$'000	\$′000	\$′000
Operating base	9 348	6 866	9 348	6 816
Debt servicing - Interest	1 503	1 503	1 503	1 503
Total State Government Operating Grants	10 851	8 369	10 851	8 319

In June 2006 the AFCT received a grant of \$1.924 million to be spent on operating activities in 2006-07.

4.	Resources Received Free of Charge Pedestrian Bridge Disability Access Ramp and other				
	infrastructure	-	2 859	-	2 859
	Curtain	-	-	-	300
	Grand piano	-	-	-	190
	Indigenous art work		-	41	72
		-	2 859	41	3 421
5.	Interest				
	Interest from entities within the SA Government	439	595	405	539
6.	Net Gain (Loss) on Disposal of Assets Plant and Equipment: Proceeds from disposal Net book value of assets disposed	-	- 29	-	- 29
	Net Loss from Disposal of Plant and Equipment	-	(29)	-	(29)
7.	Employee Expenses				
<i>`</i> `	Salaries and wages	8 790	9 745	8 785	9 713
	Long service leave	258	194	258	193
	Annual leave	663	612	663	609
	Employment on-costs - Superannuation	829	875	829	872
	Employment on-costs - Other	663	721	663	719
	Board Fees	75	76	75	76
	Other	207	229	207	229
		11 485	12 452	11 480	12 411

8.	Supplies and Services	Conso	olidated	AF	ст
	Supplies and Services provided by entities within the	2006	2005	2006	2005
	SA Government:	\$'000	\$'000	\$'000	\$'000
	Contractors	80	111	80	111
	Artistic production expenses	30	-	30	
	Utilities	260	285	260	285
	Transaction processing fees	183	150	183	150
			130	133	150
	Premises rental	133	-		-
	Insurance	238	247	238	247
	Equipment	69	-	69	-
	Other	95	-	95	-
	Total Supplies and Services -				
	SA Government Entities	1 088	793	1 088	793
	Supplies and Services provided by entities external to the				
	SA Government:				
	Supplies	1 611	1 409	1 542	1 409
	Contractors	404	674	383	645
			2 994		2 994
	Artistic production expenses	1 689		1 689	
	Utilities	1 365	1 508	1 364	1 508
	Transaction processing fees	559	843	559	843
	Travel and accommodation	336	210	335	207
	Premises rental	776	885	776	885
	Insurance	15	15	15	14
	Doubtful debts	85	-	85	-
	Equipment	827	760	827	760
	Other	2 154	2 523	2 131	2 409
	Total Supplies and Services -				
	Non-SA Government Entities	9 821	11 821	9 706	11 674
	Total Supplies and Services	10 909	12 614	10 794	12 467
~					
9.	Depreciation Expense		2 21 0		2 210
	Buildings	3 362	3 318	3 362	3 318
	Plant and equipment	1 362	1 436	1 362	1 436
	Leasehold improvements	129	129	129	129
	Total Depreciation Expense	4 853	4 883	4 853	4 883
10.	Borrowing costs				
101	Interest paid	2 105	1 966	2 105	1 966
	Total Borrowing Costs	2 105	1 966	2 105	1 966
	Total Borrowing Costs	2 105	1 900	2 105	1 900
11.	Cash				
	Cash at bank and on hand	8 635	3 906	8 155	3 589
		8 635	3 906	8 155	3 589
	=				

Cash includes cash on hand and deposits held at call that are used in the cash management function on a day to day basis.

12.	Receivables				
	Trade debtors - SA Government entities	82	146	82	146
	Interest Receivable	37	24	37	24
	Total Receivables from SA Government	119	170	119	170
	Trade debtors - Non-SA Government entities	1 651	864	1 649	763
	Less: Provision for doubtful debts	153	89	153	89
	Total Receivables from Non-SA Government	1 498	775	1 496	674
	Total Receivables	1 617	945	1 615	844
13.	Inventories				
	Raw materials	65	72	65	72
		65	72	65	72
14.	Other Current Assets				
	Prepayments	11	-	11	-
	Work in progress	312	53	312	53
		323	53	323	53

Adelaide Festival Centre Trust

15.	Property, Plant and Equipment, Leasehold	Cons	olidated	A	FCT
	Improvements and Works of Art	2006	2005	2006	2005
	Land and Buildings:	\$'000	\$′000	\$′000	\$′000
	Freehold Land:				
	At independent valuation 2006	5 895	7 670	5 895	7 670
	Buildings:				
	At independent valuation 2006	146 980	117 610	146 980	117 610
	Less: Accumulated depreciation	(74 510)	(61 942)	(74 510)	(61 942)
		72 470	55 668	72 470	55 668
	At cost	-	2 880	-	2 880
	Total Land and Buildings	78 365	66 218	78 365	66 218
	Plant and Equipment:				
	At independent valuation 2006	21 198	17 458	21 198	17 458
	Less: Accumulated depreciation	(16 227)	(14 193)	(16 227)	(14 193)
		4 971	3 265	4 971	3 265
	At cost	-	548	-	548
	Less: Accumulated depreciation		-	-	-
			548	-	548
	Disposals	-	(57)	-	(57)
	Less: Accumulated depreciation	-	28	-	28
		-	(29)	-	(29)
	Total Plant and Equipment	4 971	3 784	4 971	3 784
	Leasehold Improvements:				
	At independent valuation 2006	1 758	1 330	1 758	1 330
	Less: Accumulated depreciation	(880)	(451)	(880)	(451)
	Total Leasehold Improvements	878	879	878	879
	Works of Art:				
	At independent valuation 2005	6 765	6 765	6 765	6 765
	At cost	35	-	35	-
	Total Works of Art	6 800	6 765	6 800	6 765
	Total Property, Plant and Equipment,				
	Leasehold Improvements and Works of Art	91 014	77 646	91 014	77 646

The Trust's land and buildings and leasehold improvements valuation was undertaken at 30 June 2006 by Mr Martin S Burns MBA., B.App.Sc. Property Resource Management of Liquid Pacific. Plant and Equipment was revalued as at 30 June 2006 by Mr Martin S Burns of Liquid Pacific. Works of Art were valued by James F B Bruce Valuer MSAV of Theodore Bruce Auctions Pty Ltd as at 30 June 2005.

16. **Asset Movement Schedule**

Asset Movement Schedule	Freehold Land	Buildings	Plant and Equipment	Works of Art	Leasehold Improve- ments	2006 Total
Gross Amount:	\$′000	\$′000	\$′000	\$′000	\$′000	\$′000
Balance at 1 July	7 670	120 490	17 949	6 765	1 330	154 204
Additions	-	-	55	35	-	90
Disposals	-	-	-	-	-	-
Revaluations	(1 775)	26 490	3 194	-	428	28 337
Balance at 30 June	5 895	146 980	21 198	6 800	1 758	182 631
Accumulated Depreciation:						
Balance 1 July	-	61 942	14 165	-	451	76 558
Depreciation Expense	-	3 362	1 362	-	129	4 853
Revaluations	-	9 206	700	-	300	10 206
Balance at 30 June	-	74 510	16 227	-	880	91 617
Net Book Value	5 895	72 470	4 971	6 800	878	91 014

17. Pavables

Payables	Consolidated		AFCT	
-	2006	2005	2006	2005
Current Payables - SA Government Entities:	\$′000	\$′000	\$′000	\$′000
Unsecured creditors and accruals	1 068	894	1 068	894
Employee related expenses	74	-	74	-
	1 142	894	1 142	894
Current Payables - Other Non-SA Government Entities:				
Unsecured creditors and accruals	5 000	2 606	4 999	2 606
Employee related expenses	84	134	84	134
	5 084	2 740	5 083	2 740
Total Current Payables	6 226	3 634	6 225	3 634
Non-Current Liabilities - SA Government Entities:				
Employee related expenses	84	-	84	-
Non-Current Liabilities - Other Non-SA Government				
Entities:				
Employee related expenses	41	122	41	122
Total Non-Current Liabilities	125	122	125	122
Total Payables	6 351	3 756	6 350	3 756

	Borrowings	Cons	solidated	AF	CT
		2006	2005	2006	2005
	Current Liabilities:	\$′000	\$′000	\$′000	\$′000
	Borrowings from government	-	926	-	926
	-	-	926	-	926
	Non-Current Liabilities:				
	Borrowings from government	27 250	26 237	27 250	26 237
	Total	27 250	27 163	27 250	27 163
	-				
19.	Employee Benefits				
	Current Liabilities:				
	Provision for annual leave	691	662	691	662
	Provision for long service leave	205	196	205	196
	Payroll accruals	318	283	318	283
	Provision for retrospective adjustment for				
	enterprise bargaining	-	236	-	236
	<u> </u>	1 214	1 377	1 214	1 377
	Non-Current Liabilities:				
	Provision for long service leave	1 072	933	1 072	933
	Total Provision for Employee Benefits	2 286	2 310	2 286	2 310
20.	Other Current Liabilities	240	1 4 0	240	1 4 0
	Venue hire deposits	240	140	240	140
	Revenue in advance	298	225	298	225
		538	365	538	365
21.	Reserves				
	Asset Revaluation Reserve:				
	Land:				
	Opening balance	7 670	7 670	7 670	7 670
	Movement	(1 775)	-	(1 775)	-
	Closing balance	5 895	7 670	5 895	7 670
	Buildings:				
	Opening balance	28 130	28 130	28 130	28 130
	Movement	17 284	-	17 284	-
	Closing balance	45 414	28 130	45 414	28 130
	Plant and Equipment:		F 070		F 070
	Opening balance	5 973	5 973	5 973	5 973
	Movement	2 493	-	2 493	-
	Closing balance	8 466	5 973	8 466	5 973
	Works of Art	6 1 6 6	F 021	C 1 C C	F 021
	Opening balance	6 166	5 031	6 166	5 031
	Revaluation	-	1 135	-	1 135
	Closing balance	6 166	6 166	6 166	6 166
	Leasehold Improvements: Opening balance	_	_	_	_
	Revaluation	128	-	128	-
	Closing balance	128		128	
	Total:	120		120	
	Opening balance	47 939	46 804	47 939	46 804
	Revaluation	18 130	1 135	18 130	1 135
		66 069	47 939	66 069	47 939
	Closing Balance	00 009	47 939	00 009	47 939
22.	Commitments				
22.	(a) Operating Leases				
	Commitments under non-cancellable operating				
	leases at reporting date are as follows:				
	Not later than one year	80	54	80	54
	Later than one year but not later than five years	109	35	109	35
		_ ~ ~ ~	55		55
	Total	189	89	189	89

There are no contingent rental payments.

There are options to extend the leases.

Motor vehicle leases are for lease periods of two to three years.

Rental payments are fixed.

(b) Remuneration Commitments

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:

	200	6
	Consolidated	AFCT
	\$′000	\$'000
Within one year	2 765	2 765
Later than one year and not later than five years	1 939	1 939
Total	4 704	4 704

Amounts disclosed include commitments arising from executive and other service contracts.

The Trust does not offer remuneration contracts greater than five years.

(c) Other Commitments

Commitments under non-cancellable maintenance agreements at reporting date are as follows:		
Not later than one year	411	411
Later than one year and not later than five years	127	127
Total Other Commitments	538	538

23. Contingent Liabilities

As at balance date there were no contingent liabilities or contingent assets.

24.	Cash Flow Reconciliation		Consolidated		AFCT
		200	6 200	5 2006	2005
	Reconciliation of Cash - Cash at year end as per:	\$'00	0 \$'00	0 \$'000	\$′000
	Cash Flow Statement	8 63	5 3 90	6 8 155	3 589
	Balance Sheet	8 63	5 3 90	6 8 155	3 589
	Reconciliation of Net Cash provided by Operating Activities to Net Cost of providing Services				
	Net cash provided by (used in) operating activities	4 82	. 5 (562) 4 621	(606)
	Less Revenues from SA Government Add/Less Non-Cash Items:	(10 851	L) (8 [°] 369) (10 851)	(8 319)
	Depreciation	(4 853	B) (4 883) (4 853)	(4 883)
	Resources free of charge	-	- 285	9 41	3 421
	Cost of restructure of loan	(87		- (87)	-
	Net loss on disposal of assets		- (29) -	(29)
	Changes in Assets and Liabilities:				
	Increase (Decrease) in receivables	67			(438)
	(Decrease) in inventories	(7			(94)
	Increase (Decrease) in other current assets	27			52
	(Increase) Decrease in payables	(2 599		• • •	679
	(Increase) Decrease in other current liabilities	(173		· · · ·	67
	(Increase) Decrease in employee benefits		4 (380	1	(380)
	Net Cost of providing Services	(12 780)) (10 856) (12 843)	(10 530)
25.	Remuneration to Auditors and Consultants Remuneration to auditors:				
	Auditing the financial report	8	4 11	5 84	112
	Other auditing services		- 1	8 -	18
		8	4 13	3 84	130
		Consc	lidated	Δ	FCT
		2006	2005	2006	2005
		Number of	Number of	Number of	Number of

Number of Consultants: Under \$10 001 \$10 001 - \$50 000	Consultants 1	Consultants 1	Consultants 1	Consultants
	2	1	2	1
		Consolidated		AFCT
	=-	06 200		2005
Payments to Consultants:	\$'0	00 \$'00	00 \$'000	\$'000
Under \$10 001		6	4 6	4
\$10 001 - \$50 000		10	- 10	-
		16	4 16	4

26.	Remuneration of Employees The number of employees whose annual remuneration was over \$100 000 fell within the following bands: \$100 000 - \$109 999 \$110 000 - \$119 999 \$120 000 - \$129 999 \$130 000 - \$139 999 \$140 000 - \$149 999 \$160 000 - \$169 999 \$190 000 - \$199 999 \$200 000 - \$209 999	2006 Number of Employees 2 1 - 1 1 1 1	2005 Number of Employees 2 1 1 1 1 - 1 1
	\$200 000 - \$209 999 \$220 000 - \$229 999	1	-

The aggregate of the remuneration referred to in the table above for all employees is \$1 198 000 (\$1 129 000).

27.	Trustees' Remuneration and Related Party Disclosures	2006	2005
	Trustees' Remuneration	Number of	Number of
	The number of Trustees with income in the following bands was:	Trustees	Trustees
	\$0 - \$9 999	7	6
	\$10 000 - \$19 999	1	2

The aggregate of the remuneration referred to in the above table for Trustees is \$75 000 (\$76 000) which includes superannuation of \$4 000 (\$5 000).

Related Party Disclosures

The members of the Trust are appointed by the Governor in accordance with the provisions of the Adelaide Festival Centre Trust Act 1971.

During the year the following persons occupied the position of Trustee of the Adelaide Festival Centre Trust:

Mr Richard Ryan AO	Ms Joanne Staugas
Mr Peter Goers	Mrs Fiona Adler
Ms Anne Moran	Mr Ian Kowalick
Ms Carolyn Cordeaux	Mr Barry Fitzpatrick AM (commenced 15 December 2005)

The Trustees of the Trust, or their director related entities, have transactions with the Trust that occur within a normal employee, 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.

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.

28. Financial Instruments Terms and Conditions

Financial Instruments	Note	Accounting Policies and Methods	Nature of Underlying Instrument
Financial Assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	11	Deposits are recognised at their nominal amount. Interest is credited to revenue as it accrues.	
Receivables	12	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less than likely.	Credit terms are net 30 days. The carrying amount of receivables approximates net fair value due to being receivable on demand. The Trust's maximum exposure to credit risk at the reporting date in relation to financial assets is the carrying amount of those assets as indicated in the Balance Sheet. The Trust has no significant exposure to any concentrations of credit risk.
Financial Liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	

Financial Instruments	Note	Accounting Policies and Methods	Nature of Underlying Instrument
Trade creditors	17	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received.	Settlement is made net 30 days. All payables are non-interest bearing. The carrying amount of payable approximates net fair value due to being payable on demand.
Other liabilities	20	Monies held in trust being deposits held for other entities and revenues earned in advance are recognised as liabilities.	The Trust holds monies on behalf of other entities and revenues earned in advance.
Borrowings	18	Borrowings are recognised in accordance with APF IV <i>Financial</i> Asset and Liability Framework at their nominal amounts.	The interest rate is determined by the Treasurer on borrowings from the Department of Treasury and Finance. There are two elements to these borrowings, one with no maturity date (interest paid quarterly), \$19.8 million and a second borrowing with a maturity date in 2015 (interest paid monthly), \$7.5 million.

Terms and Conditions (continued)

29. **Employee Benefits and Related On-Cost Liabilities** AFCT Consolidated 2006 2006 2005 2005 Current Liabilities: \$'000 \$′000 \$'000 \$'000 Provision for annual leave (refer Note 19) 691 662 691 662 Provision for long service leave (refer Note 19) 205 196 205 196 Payroll accruals (accounted for in provisions refer Note 19) 283 318 283 318 On-costs (accounted for in payables refer Note 17) 158 134 158 134 1 372 1 275 1 372 1 275 Non-Current Liabilities: 1 072 1 072 933 Provision for long service leave (refer Note 19) 933 On-Costs (accounted for in payables refer Note 17) 125 122 125 122 1 055 1 197 1 197 1 055 **Aggregate Employee Benefits and Related On-Cost Liabilities** 2 569 2 330 2 569 2 330

30. Economic Dependency

A significant proportion of revenue is derived from government, without which the Adelaide Festival Centre Trust would not be able to continue its operations. Revenue from government grants was \$10.9 million in 2005-06.

31. Controlled Entity

The consolidated financial statements at 30 June 2006 include the following controlled entity:

Name of Controlled Entity

The Adelaide Festival Centre Foundation Incorporated

Place of Incorporation Australia

ADELAIDE FESTIVAL CORPORATION

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The Adelaide Festival Corporation is a body corporate established pursuant to the *Adelaide Festival Corporation Act 1998*. The Corporation is an instrumentality of the Crown.

Functions

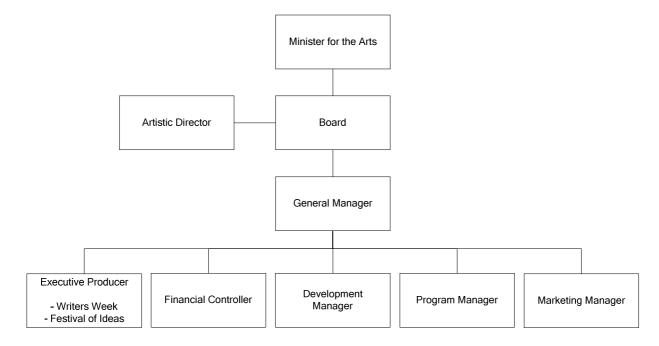
The functions of the Corporation, as set out in section 5 of the Act, are to:

- conduct in Adelaide and other parts of the State the multifaceted arts event that is known as the Adelaide Festival of Arts;
- continue to further develop the Adelaide Festival of Arts as an event of international standing and excellence;
- conduct or promote other events and activities;
- provide advisory, consultative, managerial and support services within areas of the Corporation's expertise;
- undertake other activities that promote the arts or public interest in the arts, or that otherwise involve appropriate use of its resources;
- carry out other functions assigned to the Corporation by or under this or any other Act, or by the Minister.

The Adelaide Festival of Arts is a biennial event with 2006 being a Festival year.

Structure

The structure of the Adelaide Festival Corporation is illustrated in the following organisational chart.



AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

The Auditor-General audits the accounts of the Adelaide Festival Corporation pursuant to subsection 31(1)(b) of the *Public Finance and Audit Act 1987* and subsection 19(3) of the *Adelaide Festival Corporation Act 1998*.

Assessment of Controls

Subsection 36(1)(a)(iii) of the *Public Finance and Audit Act 1987* provides for the Auditor-General to assess 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.

This assessment also considers whether those controls are consistent with the prescribed elements of the Financial Management Framework as required by Treasurer's Instruction 2 *Financial Management Policies*.

Scope of Audit

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

During 2005-06, specific areas of audit attention included:

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

AUDIT FINDINGS AND COMMENTS

Audit Opinions

Audit of the Financial Report

In my opinion, the financial report presents fairly, in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Adelaide Festival Corporation as at 30 June 2006, the results of its operations and its cash flows for the year then ended.

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 are sufficient to provide reasonable assurance that the financial transactions of the Adelaide Festival Corporation have been conducted properly and in accordance with law.

Audit Communications to Management

Matters arising during the course of the audit were detailed in a management letter to the General Manager.

A satisfactory response was received to the matters raised in the management letter.

INTERPRETATION AND ANALYSIS OF FINANCIAL REPORT

Given the biennial nature of the Adelaide Festival of Arts, the financial results for the event are recorded mainly over a cycle of two financial years.

In reviewing the financial performance of the Corporation it should be noted that, although the predominant role of the Corporation is to conduct the Adelaide Festival of Arts, its functions also extend to the promotion and conduct of other festivals and events such as 'Writers' Week' and the 'Festival of Ideas'. The Income Statement includes the expenses and income associated with these events as well as the Adelaide Festival of Arts.

The following interpretation and analysis is based on the biennial financial results of the Corporation. A comparison of the last two biennial periods is provided in Note 22.

Biennial Operating Result

As shown in Note 22, the biennial result for the Corporation for the 2005 and 2006 financial years was a deficit of \$288 000 as compared to a surplus of \$430 000 for the previous biennial period.

Income

For the 2006 biennial period, income totalled \$14.4 million, an increase of \$2.7 million compared to the previous biennial period. The increase is mainly due to increases in:

- grants from government of \$1.1 million;
- Box Office income of \$393 000;
- sponsorship of \$700 000.

Expenses

Expenses increased by \$3.4 million to \$14.7 million and is mainly attributable to increases in:

- marketing expenses of \$443 000;
- the cost of programmed events of \$2.3 million;
- administration expenses of \$336 000.

Operating income and expenses for the 2004 and 2006 biennial periods are shown in the following table:

	2006		2004	
Income	\$′million	percent	\$'million	percent
Grants from Government	6.6	46	5.5	47
Box Office	2.5	17	2.1	18
Sponsorship	2.7	19	2.2	19
Sponsorship - Contra	0.7	5	0.5	4
Other	1.9	13	1.4	12
Total	14.4	100	11.7	100
Expenses				
Programmed events	6.9	47	4.6	41
Employee costs	3.8	26	3.6	32
Marketing	1.7	11	1.3	11
Administration	1.6	11	1.3	11
Other	0.7	5	0.5	5
Total	14.7	100	11.3	100

Balance Sheet

As at 30 June 2006, the Corporation had a net asset deficiency of \$76 000 as compared to a net asset surplus of \$1.9 million at the same time last year. The fluctuation in the net assets reflects the biennial nature of the Adelaide Festival of Arts.

Income Statement for the year ended 30 June 2006

		2006	2005
	Note	\$′000	\$′000
EXPENSES:			
Employee expenses		2 373	1 414
Supplies and Services:			
Administration and marketing expenses	3	2 758	911
Programmed events	4	6 764	488
Total supplies and services	5	9 522	1 399
Total Expenses		11 895	2 813
INCOME:			
Grants from Non-SA Government	6	313	180
Box office		2 463	
Interest		158	73
Sponsorship - Corporate		1 014	36
Sponsorship - Government		720	57
Other income	7	1 765	202
Total Income		6 433	1 398
Net Cost of Providing Services		(5 462)	(1 415
Revenues from SA Government	6	3 502	3 08
NET RESULT		(1 960)	1 67
NET RESULT ATTRIBUTABLE TO THE			
SA GOVERNMENT AS OWNER		(1 960)	1 672

Adelaide Festival Corporation

Balance Sheet as at 30 June 2006

		2006	2005
ASSETS:	Note	\$'000	\$′000
CURRENT ASSETS:			
Cash and cash equivalents	8	38	1 908
Receivables	9	554	234
Total Current Assets		592	2 142
NON-CURRENT ASSETS:	_		
Plant and equipment	10	291	301
Total Non-Current Assets	-	291	301
Total Assets	-	883	2 443
LIABILITIES:	-		
CURRENT LIABILITIES:			
Payables	11	722	246
Provision for employee benefits	12	57	85
Total Current Liabilities		779	331
NON-CURRENT LIABILITIES:	_		
Payables	11	139	179
Provision for employee benefits	12	41	49
Total Non-Current Liabilities	_	180	228
Total Liabilities	-	959	559
NET ASSETS	-	(76)	1 884
EQUITY:			
Retained earnings		(76)	1 884
TOTAL EQUITY	-	(76)	1 884
Commitments for expenditure	16		
Contingent assets and liabilities	17		

Statement of Changes in Equity for the year ended 30 June 2006

	Retained
	Earnings
	\$′000
Balance at 30 June 2004	212
Net Result for 2004-05	1 672
Balance at 30 June 2005	1 884
Net Result for 2005-06	(1 960)
Balance at 30 June 2006	(76)

Cash Flow Statement for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$'000	\$′000
CASH INFLOWS:			
Receipts from Government		3 502	3 607
Receipts from patrons, sponsors, donors and others		5 064	677
Receipts from Commonwealth		231	180
Interest received		158	73
GST receipts on sales		318	139
GST input tax credits		191	132
GST received from ATO		57	56
Total Inflows from Operating Activities		9 521	4 864
CASH OUTFLOWS:			
Employee payments		(2 426)	(1 369)
Supplies and services		(8 339)	(1 163)
GST payments on purchases		(617)	(145)
GST remitted to ATO		-	(125)
Total Outflows from Operating Activities		(11 382)	(2 802)
Net Cash (used in) provided by Operating Activities	13	(1 861)	2 062
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Leasehold improvements	10	-	(316)
Purchase of plant and equipment		(9)	(10)
Total Outflows from Investing Activities		(9)	(326)
Net Cash used in Investing Activities		(9)	(326)
NET (DECREASE) INCREASE IN CASH AND			
CASH EQUIVALENTS HELD		(1 870)	1 736
CASH AND CASH EQUIVALENTS AT 1 JULY		1 908	172
CASH AND CASH EQUIVALENTS AT 30 JUNE	8	38	1 908

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Functions of the Adelaide Festival Corporation

The functions of the Adelaide Festival 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; and
- (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 Basis of Accounting

The general purpose financial report has been prepared in accordance with the Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Australian Accounting Standards, applicable Urgent Issues Group Interpretations and other mandatory reporting requirements. The report has been prepared on the accrual basis of accounting and in accordance with conventional historical cost principles except where stated.

These statements are the first statements to be prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

The adoption of AIFRS has not resulted in any adjustments to the financial report.

The financial report is presented in Australian currency and all amounts have been rounded to the nearest thousand dollars (\$'000).

2.2 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.

2.3 Employee Benefits

Provision has been made in the financial report for the Corporation's liability for employee entitlements arising from services rendered by employees to balance date. Related on-costs consequential to the employment of employees have been included in payables.

Salaries and Wages

Salaries and wages have been recognised as the amount unpaid at the reporting date and have been calculated at nominal amounts based on current wage and salary rates.

Annual Leave

Provision has been made for the unused component of annual leave at balance date. The provision has been calculated at nominal amounts based on current salary rates plus a provision for increase of 4 percent.

Sick Leave

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

Long Service Leave

Provision has been made for employee entitlements to long service leave based on a benchmark of seven years service and represents the present value of the estimated future cash flows to be made for those entitlements. This provision has been calculated at nominal amounts based on current salary rates.

2.4 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. The amount paid, or due and payable for superannuation contributions was \$178 000.

2.5 Workers Compensation

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

2.6 Income Tax

The income of the Adelaide Festival Corporation is exempt from income tax.

2.7 Plant and Equipment

Office furniture and equipment is valued at cost.

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 years and is recognised from the date of acquisition.

2.8 Leasehold Improvements

Leasehold Improvements have been valued at cost and amortised over the length of the lease (six years).

2.9 Deferred Rent Incentive

The Corporation received a rent incentive on its new premises lease, to be taken as a rent free period within the first two years of the lease. The benefit of this will be recorded as a reduction of rental expense over the lease term on a straight line basis.

2.10 Revenue Recognition

Operating and Performing Arts Grants

In accordance with Department of Treasury and Finance Accounting Policy Framework V Income *Framework*, 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.

Donations

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

2.11 Economic Dependency

The normal business activity of the Adelaide Festival Corporation is dependent on the contribution of grants from the State at the appropriate levels. The State Government has advised that funding will be maintained and accordingly this financial report has been prepared on a going concern basis.

2.12 Comparative Figures

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

2.13 Program Information

The principal activity of the Corporation is to conduct the Adelaide Festival of Arts.

2.14 Changes in Accounting Policies

A number of Australian Accounting Standards have been issued or amended and are applicable to the Corporation but are not yet effective. The Corporation has assessed the impact of the new and amended standards and there will be no impact on the accounting policies of the Corporation.

3.	Administration and Marketing Expenses		2006	2005
		Note	\$'000	\$'000
	Marketing		1 575	139
	Development		270	90
	Insurance		143	3
	Communications	10	53	47
	Depreciation/amortisation	10	64	58
	Operating leases		40	18
	Artistic Directorate Other expenses		15 598	119 437
			2 758	911
4.	Programmed Events			
	Festival of Arts 2006		6 319	248
	Writers' Week 2006		369	-
	Festival of Ideas 2005		76	227
	Festival of Arts 2004		-	13
			6 764	488
5.	Supplies and Services	_		
	Supplies and services provided by entities within the SA Government:			
	Insurance		143	3
	Audit		25	21
	Motor vehicle expenses		34	9
	Other		4	4
	Total Supplies and Services - SA Government Entities	_	206	37
	Supplies and services provided by entities external to the SA Government:			
	Administration and marketing		2 552	876
	Programmed events		6 764	486
	Total Supplies and Services - Non-SA Government Entities		9 316	1 362
	Total Supplies and Services		9 522	1 399
6.	Grants from Government			
	Grants from SA Government	_	3 502	3 087
	Commonwealth grants		231	180
	Grants from overseas governments		82	-
	Grants from Non-SA Government		313	180
7.	Other Income			
	Sponsorship - Contra		684	-
	Sundry		659	120
	Book and merchandise sales		318	-
	Friends membership		67	31
	Donations		37	51
			1 765	202

8.

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

			2006 \$'000	2005 \$′000
		on hand	1	1
		at bank deposit	36 1	100 1 807
	JAIP		38	1 908
9.	Rece	ivables		1 900
		e debtors	373	77
	Prepa	ayments and accruals	181	157
			554	234
10.		t and Equipment		
	(a)	Office equipment and furniture at cost	323	269
		Less: Accumulated depreciation Written Down Value	<u> </u>	<u>249</u> 20
				20
	(b)	Leasehold improvements	316	316
		Less: Amortisation of leasehold improvements	88	35
		Written Down Value	228	281
		Total Plant and Equipment Written Down Value	291	301
	(c)	Reconciliation of Carrying Amounts of Plant and Equipment	585	259
		Balance at 1 July Add: Additions	565	259 10
		Add: Leasehold improvements	-	316
		Balance at 30 June	639	585
		Accumulated Depreciation: Balance at 1 July	284	226
		Add: Amortisation expense (Leasehold improvements)	53	35
		<i>Add</i> : Depreciation expense (Plant and equipment)	11	23
		Balance at 30 June	348	284
		Net Book Value	291	301
11.	Paya	bles		
	Curre			101
		rade creditors and accruals mployee on-costs	672 10	194 12
		eferred rent incentive	40	40
	2		722	246
	Non-	Current:		
		mployee on-costs	7	7
	D	eferred rent incentive	132	172
			139	179
12.		loyee Benefits		
	(a)	Employee Benefits Current:		
		Accrued salaries and wages	26	50
		Annual leave	31	35
			57	85
		Non-Current:		
		Long service leave	41	49
			41	49
	(b)	Employee Benefits and Related On-cost Liabilities		
		Accrued Salaries: On-costs included in payables - Current (Note 11)	5	7
		Provision for employee benefits - Current (Note 12(a))	26	50
			31	57
		Annual Leave:	_	_
		On-costs included in payables - Current (Note 11) Provision for employee benefits - Current (Note 12(a))	5 31	5 35
		Provision for employee benefits - Current (Note 12(a))	36	40
		Long Service Leave:		
		On-costs included in payables - Current (Note 11)	-	-
		Provision for employee benefits - Current (Note 12(a))	-	-
		On-costs included in payables - Non-Current (Note 11)	- 7	- 7
		Provision for employee benefits - Non-Current (Note 11)	41	7 49
			48	56
		Aggregate Employee Benefits and Related On-cost Liabilities	115	153

13.	Reconciliation of Net Result to Net Cash (used in) provided by	2006	2005
	Operating Activities	\$'000	\$'000
	Net result	(1 960)	1 672
	Items not involving cash: Depreciation/amortisation Prepaid rent	64 96	58 62
	Deferred rent incentive Contra asset received	- (45)	(212)
	Bad and doubtful debts Changes in Assets and Liabilities:	-	2
	(Increase) Decrease in receivables	(416)	124
	Increase (Decrease) in payables	436	323
	Increase (Decrease) in provision for employee benefits	<u>(36)</u>	<u>33</u>
	Net Cash (used in) provided by Operating Activities	(1 861)	2 062

14. Remuneration to Auditors

The amount due to and receivable by the Auditor-General's Department for auditing the accounts for the year was \$25 300 (\$20 900).

The auditors provided no other services.

15. Consultancies

16.

During the year, the Board engaged consultants to assist in its operation. The costs of these consultancies was \$800 (\$11 906).

The number of consultancies which fell within the following bands were: $NII - 999$	2006 Number of Consultancies 1	2005 Number of Consultancies 2
Commitments for Expenditure Operating Leases: Commitments under non-cancellable operating leases at the reporting date are payable as follows:	2006 \$′000	2005 \$′000
Not later than one year	34	41
Later than one year and not later than five years	37	88
	71	129

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

The equipment leases are non-cancellable, payable monthly in advance.

The current property lease commenced 1 November 2004 for a six year period. The gross rental payable is \$132 210 plus indexation of 4 percent per annum. Property lease commitments have been excluded from the above figures.

A fit out incentive of \$238 000 was included in the lease to be taken as a rent free period within the first two years of the term of the lease. (Refer Note 2.9).

17. Contingent Assets and Liabilities

There are no known contingent assets and liabilities as at 30 June 2006.

18.	Remuneration of Employees The number of employees whose total remuneration fell within the following bands:	2006 Number of Employees	2005 Number of Employees
	\$100 000 - \$109 999	1	1
	\$110 000 - \$119 999	-	2
	\$130 000 - \$139 999	1	1
	\$140 000 - \$149 999	1	1
	\$150 000 - \$159 999	1	-

The aggregate remuneration referred to in the above table for employees who received remuneration of \$100 000 or more during the year is \$528 000 (\$605 000).

19.	Remuneration of Board Members	2006	2005
	Remuneration of the Board Members fell between the following bands:	Number of	Number of
		Members	Members
	\$Nil	1	1
	\$1 - \$9 999	6	6
	\$10 000 - \$19 999	1	1

The aggregate remuneration referred to in the above table for Board Members is \$72 000 (\$72 000).

As at 30 June 2006 one member of the Board, who is a government employee, received no sitting fees from the Corporation.

Nature of underlying instrument

20. Financial Instruments

(a) Terms, Conditions and Accounting Policies

Financial Instrument	Note	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
Financial Assets:			
Cash on hand and at bank and deposit	8	Deposits are recognised at their nominal amounts. Interest is credited to income as it accrues.	All deposited funds attract interest. Rates are determined by the bank and SAFA at their discretion. The interest rate as at 30 June 2006 was 1 percent at Adelaide Bank, 4 percent at Bank SA and 5.83 percent at SAFA. Interest is paid monthly.
Receivables	9	Receivables are recognised at their nominal amounts. 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.	Standard credit terms are 30 days.
Financial Liabilities:			
Payables	11	Creditors are recognised at their nominal amounts. Liabilities are recognised once the goods or services have been received.	Creditors are generally paid within 30 days.
(b) Interest Rate Ris	k		2006 2005

	ite nisr								2000
								Weighted	Weighted
		2006	2005	2006	2005			Average	Average
		Floating	Floating	Non-	Non-			Effective	Effective
Financial Instrument		Interest	Interest	Interest	Interest	2006	2005	Interest	Interest
		Rate	Rate	Bearing	Bearing	Total	Total	Rate	Rate
	Note	\$'000	\$'000	\$'000	\$′000	\$′000	\$′000	Percent	Percent
Financial Assets:									
Cash at bank	8	36	100	-	-	36	100	1.5	4.0
SAFA deposit	8	1	1 807	-	-	1	1 807	5.7	5.6
Cash on hand	8	-	-	1	1	1	1	-	-
Receivables	9	-	-	554	234	554	234	-	-
Total		37	1 907	555	235	592	2 142		
Financial Liabilities:									
Payables	11	-	-	861	425	861	425	-	-
Total		-	-	861	425	861	425		
								•	

(c) Net Fair Values of Financial Assets and Liabilities The net fair values of the financial assets and liabilities in this report approximate their carrying value.

(d) Credit Risk Exposure

The maximum credit risk exposure at reporting date in relation to each class of recognised financial asset and financial liability is the amount as indicated in the Balance Sheet.

21. Related Party Disclosure

The Board members are appointed by the Governor in accordance with the Adelaide Festival Corporation Act 1998.

During the period, the following persons occupied the position of Board members of the Adelaide Festival Corporation:

Mr R Adler AO (Chair)	Mr L Warren
Mr C Dunsford (Chair Finance Committee)	Ms S Sdraulig
Ms M Oates	Ms Amanda Blair
Mr R Angove AM	Mr Brett Rowse

As part of the duties of office, from time to time, Board Members receive complimentary tickets to shows or events conducted by the Adelaide Festival 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.

22. Comparison of Biennial Periods

The following table highlights the operating result of the Corporation with comparisons of the biennial period 1 July 2002 to 30 June 2004 and 1 July 2004 to 30 June 2006 which covers the periods of operation relating to the Adelaide Bank Festival of Arts and other projects.

	Financial Years	Financial Years
	2005 and 2006	2003 and 2004
Revenues:	\$'000	\$'000
Grants from Government	6 589	5 534
Other grants	493	383
Box office	2 463	2 070
Sponsorship	2 677	2 711
Interest	231	116
Donations	88	153
Other income	1 879	738
Total Revenues	14 420	11 705

22.	Comparison of Biennial Periods (continued)	Financial Years 2005 and 2006	Financial Years 2003 and 2004
	Expenses:	\$'000	\$'000
	Administration	1 595	1 259
	Development	360	216
	Marketing	1 714	1 271
	Festival of Ideas	303	337
	Programmed events	6 949	4 634
	Employee costs	3 787	3 558
	Total Expenses	14 708	11 275
	Corporate Surplus (Deficit) from Biennial Period Operations	*(288)	430

* The two financial years reported in the Income Statement cover the whole of the period of the development and presentation of the Adelaide Bank Festival of Arts, resulting in an overall deficit for the 2006 biennial Festival of \$288 000.

An accumulated operating surplus of \$212 000 was brought forward from 2004, resulting in a net deficit of \$76 000 as at 30 June 2006 (as compared to a break-even budget outcome), which will be carried forward to the 2008 biennial Festival.

DEPARTMENT FOR ADMINISTRATIVE AND INFORMATION SERVICES

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The Department for Administrative and Information Services (DAIS) is an Administrative Unit established under the *Public Sector Management Act 1995*.

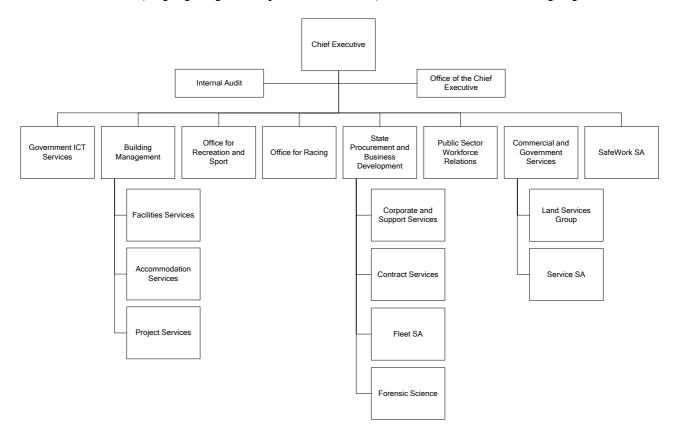
Functions

DAIS is the portfolio based agency that provides support to the Minister for Administrative Services and Government Enterprises, the Minister for Industrial Relations and the Minister for Recreation Sport and Racing. During 2005-06 DAIS had responsibility for a diverse range of government activities including:

- project risk management, building asset management, procurement and contract services;
- capital building works and major projects delivery;
- information technology policy, support and management services;
- internal services to government, for example forensic services and fleet management;
- land valuation, survey and registration;
- workplace registration and regulation and industrial relations services;
- administration and assistance to the recreation, sport and racing industries;
- public sector workforce relations.

Structure

The structure of DAIS, highlighting the major business units, is illustrated in the following organisation chart.



Audit Committee

DAIS has an Audit Committee which was operative during the financial year. The broad functions of the Audit Committee are to oversee financial reporting processes and monitor and evaluate: risk management activities; internal control framework and processes; and audit activities.

Changes to Functions and Structure

During the year the following changes to the functions of DAIS were effected:

- Transfer of the Office for Infrastructure Development to the Department for Transport, Energy and Infrastructure on 1 July 2005.
- Transfer to DAIS on 1 July 2005 of employees of the Department for Transport, Energy and Infrastructure who hold a position at the Transport SA Call Centre or at a Transport SA Customer Service Centre at Mt Gambier; Berri; Kadina; Murray Bridge; Port Pirie or Adelaide.
- Transfer to DAIS on 1 January 2006 of specific WorkCover employees to give effect to the *Occupational Health Safety (SafeWork SA) Amendment Act 2005*. This Act consolidated all occupational health and safety administration into DAIS.

The details of the above transfers, including the financial effect, are outlined in Note 8 to the DAIS financial statements.

AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

Subsection 31(1)(b) of the *Public Finance and Audit Act 1987* provides for the Auditor-General to audit the accounts of the Department for Administrative and Information Services for each financial year.

Assessment of Controls

Subsection 36(1)(a)(iii) of the *Public Finance and Audit Act 1987* provides for the Auditor-General to assess the controls exercised by the Department for Administrative and Information Services 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 those controls are consistent with the prescribed elements of the Financial Management Framework as required by Treasurer's Instruction 2 *Financial Management Policies*.

Scope of Audit

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

The audit considered the diverse and self contained nature of the activities of the functional areas of DAIS and the separate financial accounting systems and processes. The audit of the various functional areas assessed whether financial systems and controls assured the integrity of financial transaction processing and preparation of financial statement information. This included consideration of the diverse nature and risks of those areas, integrity of the stand alone and subsidiary financial systems and the materiality of the financial operations of that area compared with DAIS' overall operations and financial statements. The audit also included a review of risks and controls for certain key information systems and related computer processing environments.

In broad terms the scope of the audit included:

- revenue, expenditure, and payroll cycles;
- maintenance of the general ledger and associated reconciliations and subsidiary systems;
- asset and liability identification, valuation and management;
- management of properties, motor vehicle fleet and other assets;
- management of whole-of-government contracts, including maintenance and information technology projects and initiatives;
- capital works and maintenance services.

AUDIT FINDINGS AND COMMENTS

Audit Opinions

Audit of the Financial Report

In my opinion the financial report presents fairly in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Department for Administrative and Information Services as at 30 June 2006, the results of its operations and its cash flows for the year then ended.

Assessment of Controls

In my opinion, the controls exercised by the Department for Administrative and Information 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: Across Government Contract Management; Supply SA; Facilities Management Contract; Facilities Asset Management Information System; Electronic Facilities Management System; Masterpiece accounts payable; E-purchase; Office Accommodation Group (OAG); Office for Recreation and Sport; Service SA; management and control of information technology systems operations; CaseMan; SACREDD DNA Database System; and Complete Human Resource Management System, as outlined under 'Audit Communications to Management', are sufficient to provide reasonable assurance that the financial transactions of the Department for Administrative and Information Services have been conducted properly and in accordance with law.

Audit Communications to Management

Matters arising during the course of the audit were detailed in management letters to the Chief Executive. Major matters raised with DAIS and the related responses are considered hereafter.

Across Government Contracts Management

2004-05 Audit Findings

DAIS' Contract Services business unit manage a range of Across Government Contracts. In 2004-05 Audit reviewed the overall contract management framework (policies and procedures) for Across Government Contracts, and the contract management practices. The 2004-05 audit revealed that while Contract Services had established some mechanisms for contract management, there was no overall documented policy/framework that outlined the management arrangements (eg risk management, reporting, performance assessment, contract compliance) for Across Government Contracts. In addition, examples were noted where contract management practices were not comprehensive, complete and adequately documented. Further, there was no documented assessment of the reliability of information provided by the contractors.

DAIS responded that the implementation of a contract management framework is being progressed and that consideration will be given to exercising the audit right included in contracts to provide greater confidence in the reliability of information provided by contractors.

2005-06 Audit Findings

During 2005-06 considerable effort has been directed toward improving contract management practices. This has included the development and implementation of a comprehensive Strategic Contract Management Framework (SCMF). The SCMF addresses records management, risk management and contract management plans. In addition, SCMF includes extensive guidelines, tools and templates to support the contract management process.

In February 2006, Internal Audit reported on a review of Contract Services which included a review of contract management. Internal Audit commented on improvements made and observed that the SCMF was relatively silent on the internal control process for the approval of the Contract Management Plan and the controls for monitoring compliance with the framework. Further, the contract management plans did not specifically detail all the risks and made general references to what was still required in respect of risks and consequences of contractors not providing reliable information.

The 2005-06 external audit revealed that monitoring and reporting requirements for management oversight of across Government contracts were not clearly established and included in the SCMF. In addition, controls over the completeness and accuracy of information used for contract management could be improved.

Departmental Response

The response indicated that: formal management reporting and monitoring will be established and addressed as part of the SCMF; internal controls over data reliability and completeness would be implemented; and a formal process for considering the reliability of information provided by contractors would be assessed through the risk management plans for all contracts.

Master Media Contract

The audit of across Government contracts included examination of the Master Media Agency (MMA) contract. The Cabinet submission indicated that the Department for Premier and Cabinet (DPC) was the contract manager. At the time of the audit, both DPC and Contact Services were using detailed contract management plans for this contract.

Audit considered that there was potential to rationalise contract management activities for this contract from a Whole of Government perspective.

Departmental Response

The response indicated that DAIS considered the current arrangements are effective, however Contract Services agreed to work with DPC to resolve responsibilities for the contract ensuring the most efficient approach is undertaken.

Supply SA

In February 2006, Internal Audit reported on a review of Contract Services which included a review of Supply SA. Internal Audit raised issues with Supply SA's:

- level of documented and authorised policy and procedures for a range of Supply SA areas and internal controls;
- back up and restoration of Advanta data and business continuity planning;
- adequacy of access levels (segregation of duties) within Advanta;
- internal controls over purchase order approval, special purchases, product master file maintenance and e-Store activities.

The external audit of Supply SA for 2005-06 noted similar control issues to that raised by Internal Audit, particularly for the level of documented policies and procedures and the internal controls.

Departmental Response

The response indicated planned action to address all issues raised.

Facilities Management Contract

In 2004-05 an Internal Audit review of the Facilities Asset Management Information System (FAMIS) identified that a documented contract management framework for the Facilities Maintenance Contract was not used increasing the likelihood of key contractual obligations, risks and rights being overlooked. Audit agreed with the Internal Audit observations and considers the use of a structured framework to manage the risks to government for large complicated contracts improves the control environment.

The DAIS response to the 2004-05 audit advised that it is planned a framework including policies, procedures and processes for managing the contract will be developed from the beginning of 2006, for adoption at the commencement of the planned new arrangements for facilities management.

In December 2005 Cabinet provided approval to enter into a single consolidated contract to undertake Facilities Management Services commencing on 1 July 2006. The estimated upper limit contract value was \$900 million and a likely estimated value of \$500 million over nine years.

As the new contract arrangements did not commence until July 2006, the observations from the 2004-05 audit were also applicable to the 2005-06 year.

Facilities Asset Management Information System (FAMIS)

The 2004-05 audit identified concerns with the internal control environment over FAMIS and its associated computer processing environment (CPE) and concluded that the CPE does not provide reasonable assurance on the completeness and integrity of information processed by FAMIS. That conclusion was based on key weaknesses in the operational areas of policy/procedural documentation, user access privileges, password controls, logging and monitoring of database access and use, and controls over application change management.

The response indicated that DAIS is actively pursuing the development of a replacement application for FAMIS that will support the new Facilities Management contracts to be in place in July 2006. There will be a particular focus on ensuring the findings of the audit and associated recommendations are incorporated in the design of the replacement system. DAIS considered that, on a risk basis, the appropriate course of action is to invest in design of the replacement application rather than in the legacy FAMIS application.

As the replacement application has not been implemented (see below) the observations from the 2004-05 audit were also applicable to the 2005-06 year.

Electronic Facilities Management System (e-FM)

In December 2005, as a part of the new arrangements for facilities management, Cabinet approved the development of e-FM to replace FAMIS at an estimated cost of \$1.985 million. The Cabinet submission indicated that the build in-house option is preferred as it provides the only viable opportunity to satisfy contractual, participating agency and system compliance requirements within the timeframe available before July 2006.

During 2005-06, Audit sought to review the project management process used to manage the design, building and implementation of e-FM and confirm that the FAMIS audit issues (see above) had been considered in e-FM. An e-FM Board was established to manage and oversee the project and a project manager and team were appointed. However, at commencement of the review (early March 2006), it was apparent the project was experiencing difficulties and important staff changes. Audit observed that control processes followed for managing the project appeared less rigorous than for normal IT projects. Audit was advised that some of the project management processes required by DAIS policy and procedures were modified to meet the short timeframe available (ie seven months).

Audit also observed that the e-FM Board had (separately) identified concerns with the project and had consequently initiated a 'health check' report on the project and replaced the e-FM project manager. Further, due to concerns identified by the e-FM Board, progress with the e-FM project was deferred and alternatives were being examined with a view to establishing a future course of action.

In June 2006, DAIS formally advised Audit of the decision to defer further development of the in-house system. It was also advised by DAIS that the business requirements specification document needed to be further developed and that the project could not be completed within the approved program and budget. At the time of preparation of this Report, DAIS was assessing various options for the proposed information technology solution and intended to subsequently provide an update to Cabinet. The Department continues to use the FAMIS system.

Observations and comments on the e-FM project are also included in Part A of this Report.

Masterpiece Accounts Payable (MPAP)

Over the past few years Audit has raised several concerns with the MPAP control environment. In response, DAIS initiated action to address the control concerns, including progressively rolling out E-Purchase across DAIS and revising the processes and documentation for invoices processed through Masterpiece.

Audit was advised that the majority of transactions previously processed through MPAP are now processed through E-Purchase. Notwithstanding, a large dollar value of transactions were still processed by direct input into MPAP. A significant component of these transactions are large non-purchase order type transactions (eg Treasury and Finance, Commonwealth Bank, EDS, Telstra, etc).

The 2005-06 audit of the MPAP control environment within Support Services revealed some areas where controls could be improved, these included:

- completing and authorising the control framework and related policies and procedures;
- reviewing controls to ensure input is valid (ie bona fide);

Administrative and Information Services

• complying with established procedures for transaction processing and vendor master file maintenance.

In addition, the audit identified internal controls over credit cards, including compliance with the Treasurer's Instructions and internal DAIS policies, could be improved.

Departmental Response

The response indicated planned action on the matters raised. For the review of input for validity, DAIS considered that adequate controls were in place, even though Audit's view was that the established control environment may not identify non-bona fide transactions before a payment is made.

E-Purchase

Previous Audits

Over the past few years Audit has raised several concerns with the expenditure control environment. In response, DAIS initiated action to address the control concerns, including progressively rolling out E-Purchase across DAIS and revising the processes and documentation for invoices processed through Masterpiece. E-Purchase is an Internet-based software application used for the purchase of goods and services across DAIS.

E-Purchase was rolled out to business units during 2005. E-Purchase contains inbuilt controls to ensure that only valid transactions are processed by limiting the functions of individual users. Internal Audit completed a review of E-Purchase in March 2005. As at June 2005 most matters raised by Internal Audit were still to be addressed.

2005-06 Audit

Audit was advised that the majority (in excess of 90 percent) of transactions previously processed through MPAP are now processed through E-Purchase.

The 2005-06 audit (conducted during December 2005 and January 2006) revealed that further effort had been made to improve the controls over the E-Purchase processes with most of the matters raised by Internal Audit being addressed. The audit also identified several areas of concern with the E-Purchase system, including: segregation of duties in purchasing; use of appropriate delegation for purchase approval; review of system access; and review of system administrator activity.

In addition, Audit identified examples where E-Purchase procurement practices and compliance with guidelines could be improved. The audit revealed that the systematic analysis and reporting of E-Purchase information for compliance and strategic procurement purposes could be improved.

DAIS has continued to modify the control environment over E-Purchase since the completion of the audit. Notwithstanding those changes, the observations on the control environment for the first six months concluded that the controls could be improved.

Departmental Response

The response indicated action being taken to improve the control environment for E-Purchase, including revising delegations, modifying the approval process, assessing procedures for reviewing users' access rights and revising system administrator duties. In addition, the response indicated further investigation was required to determine the best way forward for meaningful analysis in the areas of procurement practice and potential procurement initiatives.

Office Accommodation Group (OAG)

The Office Accommodation Management Information System (OAMIS) was implemented in 2003 and is used to manage revenue, expenditure and fixed assets for commercial properties. Previous years' audits identified concerns over the financial processes and internal controls as well as security and operational controls for the OAMIS computer processing environment.

OAG Financial Processes and Controls

The 2005-06 audit revealed that while some of the previously raised control issues were addressed, there were some areas which had not been completed at the time of audit. The main matters were:

• procedures for some important control activities had not been documented;

- controls aimed at ensuring rental income is complete and accurate had commenced but were incomplete at the time of audit;
- long outstanding variances between OAMIS and the General Ledger was still to be resolved.

In addition, due to the withdrawal of Treasurer's Instruction 16 *Office Accommodation, Office Fitout and Decommissioning Works*, the status and requirement for a Memorandum of Understanding with Government agencies requires clarification.

The Departmental response indicated action planned and taken to address the matters raised.

OAMIS Information Technology and Security and Operations

Last year's Report indicated that a follow-up review had been conducted of the OAMIS Information Technology and Security and Operations during 2004-05. The findings of that review were communicated to DAIS in late August 2005 and were at that time under consideration by the Department.

The findings of the review covered the need for development of some key system documentation, a detailed review of configuration weaknesses and user privilege arrangements for the database, OAMIS server maintenance, and determination of logging and review requirements.

DAIS advised in September 2005 that it had completed certain documentation, undertaken a review into configuration and user privilege weaknesses and implemented certain remedial action, improved server maintenance and was working with other users of the system to scope customisation required for an appropriate audit log facility.

Office for Recreation and Sport (ORS)

ORS is responsible for managing a range of unique and diverse contracts that support and promote the objectives of ORS. In previous years Audit has commented on the lack of a structured framework and contract register to manage contract obligations and risks.

Since the 2004-05 audit, ORS has developed a Contract Management Framework (CMF) together with the Legal Agreements Database (LAD) to manage contractual obligations. These were established from June 2005 and reporting for contractual management as required by CMF commenced from January 2006.

The 2005-06 audit revealed there was insufficient control over the completeness and accuracy of information included in the LAD, some management activities envisaged by the CMF weren't conducted and some evidence of other management activities was not retained.

Departmental Response

The response indicated that action planned to address the matters raised.

Service SA

Service SA provides receipting services for a range of clients. Monies received by Service SA are banked into the Service SA bank account and disbursed to clients. The 2004-05 audit revealed that the Service SA bank reconciliation was not complete because the individual items that comprise the variance between the receipting (and disbursing) system and the bank statement were not identified. DAIS responded that issues surrounding the Service SA reconciliations will be taken up and adequate procedures should be identified by the beginning of 2005-06, with implementation following as soon as practicable thereafter.

The 2005-06 audit revealed that additional procedures had been implemented to identify reconciliation items. Notwithstanding these additional procedures, there remained an unexplained component of the reconciliation. Audit was advised that a business case to improve the bank reconciliation process was being developed.

In addition, the audit revealed that controls over disbursements could be improved and that Service Level Agreements for Service SA's two key clients had not been finalised.

Departmental Response

The response indicated that a business case for automating the bank reconciliation process would be completed in early 2006-07 with project finalisation anticipated over the next 12 months, depending on funding approval. The response also indicated that the Service Level Agreements were expected to be finalised over the next 12 months.

Management and Control of Information Technology and Systems Operations

In May 2006, Audit obtained information on DAIS ICT strategic planning and other matters such as security policy and procedures and business continuity arrangements. Examination of the information provided, showed that the following matters had not reached a stage of finalisation.

ICT Strategic Planning

A draft ICT Strategic Plan for 2005-06 had been submitted to the Departmental Executive for noting. Full implementation of the ICT Plan had been impacted by the concurrent restructure of the Business Services business unit. The Plan remained to be finalised and formally endorsed.

A risk management framework had been established with formal reporting to the DAIS Audit and Risk Management Committee. While certain business units had completed a formal risk assessment, overall the completion of assessments would take 24 months and was planned to commence in May 2006.

Security Policy and Procedures

DAIS had developed an Information Security Management System (ISMS) covering policy and procedures as part of its compliance with the government-mandated Information Security Management Framework (ISMF). The ISMS was approved with effect from April 2006, subject to incorporation of some changes. The ISMS was yet to be fully implemented.

Business Continuity Planning

Specific business continuity planning arrangements relating to ICT transition had been completed.

DAIS advised that business continuity plans would be further developed to extend the work done for ICT transition, and to define the relationship of the business continuity plan process with the ISMS. This had not been completed at the time of the audit.

The status of these matters will be further examined by Audit in 2006-07.

CaseMan (Forensic Branch)

The CaseMan system is used, amongst other tasks, to ensure the chain of evidence is correctly recorded for criminal proceedings. My last year's Report provided commentary on Audit's follow-up review of corrective actions being implemented by the Department in relation to a number of matters raised by Audit. That follow-up review identified some specific matters that remained to be fully actioned, including: the development of key policies and procedures, improvements in access security and integrity, finalisation of contract arrangements with the support vendor and formal disaster recovery and business continuity planning.

The CaseMan system was also the subject of further commentary in my Supplementary Report of November 2005 to Parliament titled 'Government Management and the Security Associated with Personal and Sensitive Information'. The main outstanding issues addressed in the November 2005 Report to Parliament related to matters of contractual arrangements with the external system support provider, formalisation of policy and procedures regarding security and control matters, and computing system configuration and maintenance. In addition the business plan arrangements for ongoing operation of the system required to be addressed.

In June 2006, Audit sought a further update regarding the corrective actions being implemented by the Department.

In its response, DAIS provided certain formal policy/procedure documentation and advised that formal disaster recovery and business continuity planning and a new physical security system are scheduled to be completed by the end of 2006.

At the time of preparation of this Report, Audit had commenced a review of the actions implemented to date.

SACREDD DNA Database System (Forensic Science)

The South Australian Criminal Reference and Evidence DNA Database (SACREDD) system is a Laboratory Information Management System which tracks and manages samples through the entire analytical process and allows for the searching and matching of nominated DNA profiles.

The SACREDD system is operated by Forensic Science SA, under delegations and a Memorandum of Understanding with the South Australian Commissioner of Police.

My 2004-05 Report provided specific commentary on Audit's review of the SACREDD system and its computer processing environment, including aspects of compliance of the system with legislation.

The SACREDD system was also the subject of further commentary in my Supplementary Report of November 2005 to Parliament titled 'Government Management and the Security Associated with Personal and Sensitive Information'. That Report provided an update position on corrective actions being taken by DAIS in respect of the SACREDD system.

Audit commentary in that Supplementary Report identified a number of important matters of principle and practice that were required to be addressed to meet the expected high standards of management and operational control for such a critical system as the SACREDD DNA database system. These matters related to compliance with governing legislation, effectiveness of the administrative arrangements between the agencies involved in the management of the DNA database system, and security and control issues associated with maintaining the integrity of the system and information, including proper custody and use of system information.

In June 2006, Audit sought an update regarding the corrective actions being implemented by the Department.

In its response, DAIS advised of the following actions completed and in progress to address the matters:

- Revision of the memorandum of understanding with the South Australian Commissioner of Police.
- A legislative submission being prepared by the Police Department for Government consideration to address certain matters.
- Implementation of revised arrangements for legal advice.
- Agreement of an external audit specification plan under the management of the Police Department.
- Implementation of web based facilities to aid in the destruction/removal of electronic records.
- Improved measures to ensure the security of system information on the computing facilities.

At the time of preparation of this Report, Audit had commenced a review of the actions implemented to date.

Complete Human Resource Management System (CHRIS)

The Complete Human Resource Information System (CHRIS) is a human resource management and payroll system. CHRIS is processed at a bureau service managed by an external service provider. DAIS is responsible for managing the contract and operation of CHRIS on behalf of a number of participating agencies of government. Under a separate arrangement, the Department of Health (DH) manages CHRIS on behalf the Health sector.

The 2004-05 Report included commentary on a review of the system managed by DAIS. The review also addressed compliance by both parties to the Bureau Service Agreement (BSA) between the Minister for Administrative Services and the external service provider. The salient observations arising from the 2005 Audit review related to variations to the Bureau Service Agreement, outstanding issues from a 2003 external consultancy security review, applicability of DAIS security patch management policy and procedures to the external service provider. The salient observations arising from the 2003 external consultancy security review, applicability of DAIS security patch management policy and procedures to the external service provider, testing of the external service provider Disaster Recovery and Business Resumption Plan, and the establishment and testing of a business continuity plan for DAIS Central Support Unit (CSU) and Payroll and Employee Services (PAES) CHRIS.

Further, Audit observed that regular security assessments have not been conducted subsequent to 2003 by DAIS and DH of the external service provider CHRIS operational environments to confirm that hardware, software and general computer controls comply with the Information Security Management Framework.

Last year's report also advised that the Department indicated action was being taken to address all matters raised by Audit.

A review of the resolution of action items from the 2005 review revealed that, while certain areas have been satisfactorily addressed there remain important matters where remedial action was in progress (ie not complete), notably:

- DAIS was consulting with DH to complete a security review of the external service provider in the 2006 calendar year;
- DAIS CSU Disaster Recovery Plan was to be updated;
- DAIS CSU was continuing to liaise with government agencies for agency specific business continuity plans;
- DAIS PAES was progressing the development of its business continuity plan.

The resolution status of these matters will be reviewed in 2006-07.

Information Technology Reviews in Progress

Land Services Group – Land Ownership and Tenure System

The Land Ownership and Tenure System (LOTS) primarily records land information. Information from LOTS is provided to government and non-government users either by Internet access, by dial up/direct connection (LOTS enquiries) or over the counter.

In June 2006, Audit commenced a review of key aspects of the LOTS system. The review scope covers the access security and integrity arrangements for the LOTS system and computer processing environment, key aspects of the change management process, and verification of the adequacy of backup of software and data for the LOTS system. It also includes consideration of the interfaces with some other entities and systems, the flow of data, and reconciliations between certain systems and overall processing.

At the time of preparation of this Report Audit was finalising the review phase of the audit process. Any matters of consequence arising out of the completion of the audit will be the subject of comment in a subsequent Report to Parliament.

EDS (Australia) Managed Computing Facilities

A number of mainframe and mid-range computing environments are located at EDS (Australia) Limited (EDS) processing bureau at Glenside. These computers process major systems in many areas of government.

DAIS is the agency responsible for the overall contract management of these arrangements with EDS.

Audit has an ongoing review program for the controls over the management of agency systems and computer processing environments at the EDS Glenside site.

In July 2006, Audit commenced reviews of two specific computer processing environments at EDS Glenside. The first environment relates to the Department of Education and Children's Services Human Resources Management System. The second environment relates to the Department for Families and Communities' SysH mainframe partition which principally supports the housing applications of the South Australian Housing Trust and the Financial Management System of the Department for Families and Communities.

At the time of preparation of this Report Audit was finalising the review phase of the audit process. Any matters of consequence arising out of the completion of the audit will be the subject of comment in a subsequent Report to Parliament.

State Procurement Changes

State Procurement Board

The *State Procurement Act 2004* (the Act) was proclaimed on 15 September 2005 to come into operation on 4 October 2005. The Act also repealed the *State Supply Act 1985*. The new act resulted from the Government's '10 Point Plan for Honesty and Accountability in Government', which included the commitment to modernise the *State Supply Act 1985*. The Act establishes the State Procurement Board (the Board) and states it is the same body corporate as the State Supply Board established under *State Supply Act 1985*. New Board members were appointed with the commencement of the Act.

Under the Act the Chief Executive of DAIS (or his nominee) is the presiding member. The Contract Services business unit of DAIS provides the administrative and operational resources to support the operation of the Board.

The main function of the Board under the Act is 'to facilitate strategic procurement by public authorities by setting the strategic direction of procurement practices across government' whereas the main function under the previous *State Supply Act 1985* was to 'undertake, make arrangements for or control the supply operations of public authorities'. The aim of the change was for the Board to focus more on setting the strategic direction of procurement across Government rather than the approval of individual transactions. Also refer the discussion under the item State Procurement Reform below.

State Procurement Reform

To bring into effect the *State Procurement Act 2004*, in June 2005, Cabinet approved the implementation of a procurement reform strategy in two phases. It was envisaged that, by December 2006, agencies will be able to undertake the majority of their procurements within their own delegations with the State Procurement Board (the Board) undertaking a mainly oversight and review role.

Stage one of the program included the promulgation of new procurement policies and guidelines and approval of increased procurement authorities (up to \$11 million). Agencies were required to submit an application to the Board for an increased procurement delegation, which included a self assessment of procurement capabilities and an action plan to address any short fall in capabilities against the self-assessment standards established. The Board undertook a due diligence review of each application to ensure that it reflected the operations of the agency. Each Chief Executive was required to present and discuss their agency's capability to the Board before an increased delegation was provided.

Stage two of the program includes a review of stage one reforms, consideration of further proposed reforms and the development of a submission to cabinet on future reform. At the time of the preparation of this report an independent review of stage one of the procurement reform strategy was underway. This review is planned to inform the priorities of stage two of the reform strategy.

In line with the reform strategy, the Board's functions include 'to investigate and keep under review levels of compliance with the Boards procurement policies, principles, guidelines, standards and directions'. The Board advised existing policies require annual certification by Chief Executives that agencies comply with the Board's policies and designated delegations. Further the Board advised that additional planned measures include developing a framework for determining the extent of further work required to monitor compliance with Board policies by public authorities and reviewing the current reporting policy to include processes used by public authorities to monitor compliance with Board policies.

INTERPRETATION AND ANALYSIS OF FINANCIAL REPORT

Highlights of Financial Report

	2006	2005	Percentage
	\$'million	\$'million	Change
INCOME			
Fees and charges	422	403	5
Appropriation for operating purposes	167	155	8
Other Income	9	19	(53)
Total Revenue	598	577	4
EXPENSES			
Employee expenses	150	131	15
Supplies and Services	324	327	(1)
Depreciation and Amortisation	65	67	(3)
Other expenses	49	46	(7)
Total expenses	588	571	3
Result before restructure and tax	10	6	67

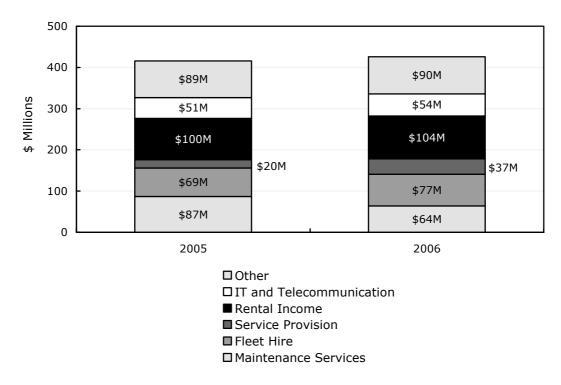
	2006 \$′million	2005 \$'million	Percentage Change
Net Cash Flows From Operating Activities	86	51	69
ASSETS			
Current Assets	264	237	11
Non-Current Assets	799	783	2
Total Assets	1 063	1 020	4
LIABILITIES			
Current Liabilities	202	218	7
Non-Current Liabilities	181	153	18
Total Liabilities	383	371	3
EQUITY	680	649	5

Income Statement

Revenues

The main source of revenue for the Department is from goods and services provided to other Government agencies and appropriation.

A structural analysis of these revenues (excluding revenues from Government) for the two years to 2006 is presented in the following chart.

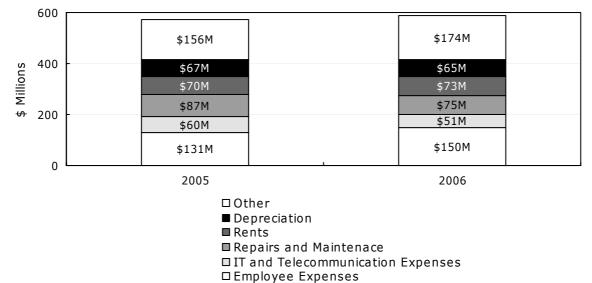


The chart highlights the changes in the revenue streams, with the most significant being:

- maintenance services decreased by \$23 million in 2006 due mainly to additional Government funding for client agencies in 2005 for school and other public buildings maintenance;
- fleet hire increased by \$8 million due mainly to additional vehicles being required by client agencies and increased hire rates;
- service provision fees increased due mainly to the transfer of Transport SA Customer Service Centres and occupational health and safety functions to the Department (refer to Notes 2.2 and 8).

Expenses

For the two years to 2006, a structural analysis of the main operating expense items is shown in the following chart.



Other includes contractors, borrowing, motor vehicle, grants, warehouse goods and accommodation expenses.

The main factors contributing to the increase in expenses are:

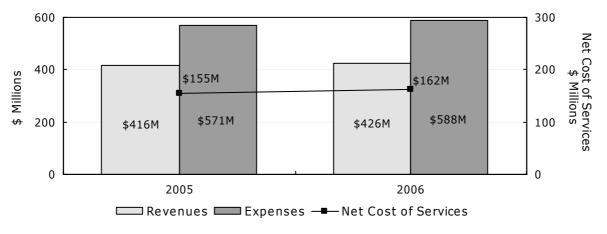
- employee expenses increased by \$19 million, due mainly to the transfer of staff to the Department (refer Notes 2.2 and 8);
- repairs and maintenance decreased by \$12 million, due mainly to additional work undertaken for client agencies in 2005 (refer to comments under revenues).

The increase in other expenses of \$18 million is due mainly to a combination of:

- the donation of the Southern Sports Complex to the South Adelaide Football Club of \$6 million in 2006;
- the impairment expense of fleet assets of \$11 million in 2006, arising from reduction in residual (resale) value of vehicles;
- increase in contractors expense of \$7 million due mainly to internal information technology projects;
- increase in motor vehicle expenses of \$4 million due mainly to increased fuel costs;
- decrease in borrowing costs of \$4 million due to a reduction of loans in late 2005;
- decrease of \$6 million in the recreational sport grant programs.

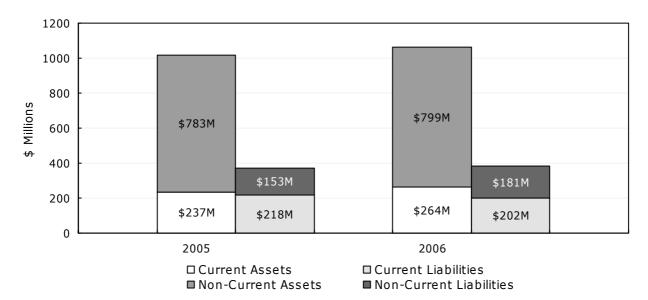
Net Cost of Services

The following chart shows the operating revenues, operating expenses and net cost of services for the two years to 2006.



Balance Sheet

For the two years to 2006, a structural analysis of assets and liabilities is shown in the following chart.



Cash

The Department holds significant cash, which in 2006 amounted to \$59 million (\$70 million), representing 22 percent (30 percent) of total current assets. The decrease in cash is discussed under the Cash Flow Statement analysis below.

Property, Plant and Equipment

Property, plant and equipment is the most significant item in the Balance Sheet. In 2006 this item amounted to \$848 million (\$821 million), and 80 percent of total assets. Major asset holdings at 30 June 2006 were: Commercial properties \$209 million; Residential Properties \$211 million; Motor Vehicles \$194 million; Sporting Stadia and Recreational Facilities \$126 million; and the Government Radio Network \$63 million.

Liabilities

Total liabilities amounted to \$383 million of which \$244 million are borrowings and \$77 million are payables.

Cash Flow Statement

The following table summarises the net cash flows for the two years to 2006.

	2006	2005
Net Cash Flows	\$'million	\$'million
Operations	86	51
Investing	(106)	(111)
Financing	9	(31)
Change In Cash	(11)	(91)
Cash At 30 June	59	70

The Department's cash flows from its operations have increased by \$35 million due mainly to increased appropriation and fees and charges.

Investing activities included purchases of property, plant and equipment of \$180 million related mainly to the purchase of vehicles and a commercial property and proceeds primarily from the sale of vehicles.

Financing activities included dividend to Government of \$17 million (\$15 million), and repayment of borrowings of \$118 million (\$119 million). In addition new borrowings were \$136 million (\$117 million). These new borrowings were used mainly to purchase property plant and equipment (mostly motor vehicles).

Sub program Financial Analysis

The tables below indicate that, while some sub programs generate large revenue flows (eg Commercial Property Management, Building Services and Light Motor Vehicle Fleet) they also have matching expenses.

Note 28 to the financial statements provides a description/objective and financial details of the sub programs of the Department.

Total Income (excluding appropriation and grants) by Sub program

	2006	2005
Sub program	\$'million	\$'million
SafeWork SA	13	8
Recreation and Sport	4	3
Building Services	81	96
Commercial Property Management	116	110
Information and Communication Technology Services	63	61
Land Services	26	20
Light Motor Vehicle Fleet	84	78
Shared Corporate Services	29	18
Intra-Agency Services	3	8
Other Total	57	49
Inter-program eliminations	(50)	(35)
Total	426	416

Total Expenses by Sub program

	2006	2005
Sub program	\$'million	\$'million
SafeWork SA	30	22
Recreation and Sport	40	46
Building Services	87	97
Commercial Property Management	106	105
Information and Communication Technology Services	77	84
Land Services	38	39
Light Motor Vehicle Fleet	96	78
Shared Corporate Services	37	32
Intra-Agency Services	31	18
Other Total	96	85
Inter-program eliminations	(50)	(35)
Total	588	571

Net Cost of Providing Services by Sub program

Sub program	2006 \$′million	2005 \$'million
SafeWork SA	17	14
Recreation and Sport	36	43
Building Services	6	1
Commercial Property Management	(10)	(5)
Information and Communication Technology Services	14	23
Land Services	12	19
Light Motor Vehicle Fleet	12	-
Shared Corporate Services	8	14
Intra-Agency Services	28	10
Other Total	39	36
Total	162	155

Administrative and Information Services

Major factors affecting sub program activity for the year were:

- *SafeWork:* increased activity reflects the transfer of functions and staff from WorkCover (refer Notes 2.2 and Note 9);
- Office of Recreation and Sport: decrease in expenditure is due mainly to a reduction in the grants expenditure;
- *Building Services:* decreased in activity is due mainly to extra Government funding in 2005 for school and other public buildings maintenance;
- *Commercial Properties Management:* increase in income is due mainly to increases in rental income rates;
- *Information Technology and Information Services:* decreased expenditure due to additional software licence purchases for across the Government use in 2005;
- *Land Services:* increased income is due mainly to increased transaction activity;
- *Light Motor Vehicle Fleet:* increase in income is due mainly to increases in the fleet size and hire rates. The increase in expenses is due mainly to increases in fuel costs and depreciation, and the impairment of fleet assets (refer above).
- *Shared Corporate Services:* increase is due mainly to internal information technology projects and changed internal charging regime.

Administered Items

The Department for Administrative and Information services administers several funds and activities on behalf of Government. Details of these are provided in the Administered Items financial statements and related notes.

Total administered income was \$366 million (\$261 million) and total administered expenses amounted to \$362 million (\$250 million). The main administered activities were:

- Service SA monies received on behalf of (and passed on to) other agencies amounting to \$216 million (\$55 million). The increase in activity is due to the transfer of Transport SA Customer Service Centre to the Department on 1 July 2005 refer to Note 2.2 of the Department's financial statements;
- collecting regulatory fees relating to land administration and forwarding these fees to Consolidated Account amounting to \$103 million (\$98 million);
- holding funds on behalf of the State Procurement Board for the purchase and sale of gaming machines. Total activity for the year was \$22 million (\$23 million).

Income Statement for the year ended 30 June 2006

		2006	2005
EXPENSES:	Note	\$'000	\$′000
Employee expenses	5	149 530	131 130
Supplies and services	5.2	324 024	326 588
Depreciation and amortisation	5.3	64 577	67 267
Grants and subsidies	5.4	13 645	20 119
Borrowing costs		13 809	17 678
Other expenses	5.5	22 231	8 395
Total Expenses	-	587 816	571 177
INCOME:			
Fees and charges	7.1	421 746	403 249
Interest	7.2	2 299	8 023
Other income	7.3	1 788	4 653
Total Income	-	425 833	415 925
NET COST OF PROVIDING SERVICES	-	161 983	155 252
REVENUES FROM SA GOVERNMENT	7.4	171 516	161 641
NET RESULT BEFORE RESTRUCTURE	-	9 533	6 389
(Decrease) Increase in net assets due to administrative restructure	8	(934)	(8 913)
NET RESULT AFTER RESTRUCTURE	-	8 599	(2 524)
Income tax equivalent		2 758	3 376
NET RESULT AFTER RESTRUCTURE AND TAX	-	5 841	(5 900)

NET RESULT AFTER RESTRUCTURE AND TAX IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER

Balance Sheet as at 30 June 2006

		2006	2005
CURRENT ASSETS:	Note	\$'000	\$′000
Cash and cash equivalents	9	59 307	69 815
Receivables	10	84 943	76 122
Inventories	11	2 484	2 071
Property, plant and equipment	16	96 689	70 248
Other current assets	17	7 900	10 376
		251 323	228 632
Non-current assets classified as held for sale	13	12 525	8 590
Total Current Assets	-	263 848	237 222
NON-CURRENT ASSETS:			
Financial assets	12	5 332	5 738
Property, plant and equipment	16	751 506	750 839
Capital works in progress	15	30 892	22 319
Intangible assets	14	11 024	2 800
Other non-current assets	17	973	1 346
Total Non-Current Assets		799 727	783 042
Total Assets	-	1 063 575	1 020 264
	-		
CURRENT LIABILITIES: Payables	18	73 702	74 014
	18	101 070	117 847
Short-term borrowings	20	101 070	117 847
Short-term employee benefits	20	14 578	3 865
Short-term provisions Other current liabilities	21	7 958	
Other current habilities		199 171	7 364 215 881
Liabilities directly associated with non-current assets			210 001
classified as held for sale		2 860	2 215
Total Current Liabilities	-	202 031	218 096
NON-CURRENT LIABILITIES:			
Payables	18	3 057	3 348
Long-term borrowings	19	142 947	117 631
Long-term employee benefits	20	32 394	29 625
Long-term provisions	21	2 865	2 691
Total Non-Current Liabilities	-	181 263	153 295
Total Liabilities	-	383 294	371 391
NET ASSETS	-	680 281	648 873
EQUITY:	=		
Contributed capital	23.1	217 710	209 710
Reserves	23.3	311 490	284 401
Retained earnings	23.2	146 605	153 006
		675 805	647 117
Amounts recognised directly in equity relating to non-current			
assets classified as held for sale	23.4	4 476	1 756
TOTAL EQUITY	-	680 281	648 873
THE TOTAL EQUITY IS ATTRIBUTABLE TO THE			
SA GOVERNMENT AS OWNER	25.26		
Commitments	25,26		
Contingent Liabilities	29		

Statement of Changes in Equity for the year ended 30 June 2006

		2006	2005
	Note	\$'000	\$′000
Total Equity at 1 July	23	648 873	605 626
Gain on revaluation of land and buildings recognised directly in equity	_	34 964	77 532
Net Result after Restructure and Tax for the Year		5 841	(5 900)
Total Recognised Income/Expense for the Year	_	40 805	71 632
	_		
Equity contribution from SA Government		8 000	10 455
Repayment of equity contribution to SA Government		-	(23 636)
Dividend to SA Government	_	(17 397)	(15 204)
Net transactions with SA Government as owner		(9 397)	(28 385)
Total Equity at 30 June		680 281	648 873
	=		

Cash Flow Statement for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
CASH FLOWS FROM OPERATING ACTIVITIES:		(Outflows)	(Outflows)
CASH OUTFLOWS:	Note	\$'000	\$'000
Employee payments		(152 467)	(134 600)
Supplies and services		(484 785)	(475 958)
Grants and subsidies		(15 145)	(20 350)
Borrowing costs		(14 214)	(17 836)
GST payments on purchases		(75 517)	(75 716)
GST remitted to ATO		(2 857)	(270)
Construction work payments		(63 494)	(89 974)
Departmental restructuring		(646)	(9 383)
Cash used in Operating Activities		(809 125)	(824 086)
CASH INFLOWS:			
Fees and charges		575 646	555 173
Receipts from Commonwealth		809	672
Construction work reimbursement		60 185	73 965
Interest received		2 791	8 425
GST receipts on receivables		69 773	64 392
GST input tax credits		8 602	8 668
Cash generated from Operating Activities		717 806	711 295
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		186 513	168 454
Payments to SA Government		(8 935)	(5 018)
Cash generated from SA Government		177 578	163 436
Net Cash provided by Operating Activities	24(b)	86 259	50 645
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of property, plant and equipment		(179 901)	(145 292)
Cash used in Investing Activities		(179 901)	(145 292)
CASH INFLOWS:			
Proceeds from sale of property, plant and equipment		74 157	33 359
Proceeds from repayment of leased assets		-	479
Cash generated from Investing Activities		74 157	33 838
Net Cash used in Investing Activities		(105 744)	(111 454)
CASH FLOWS FROM FINANCING ACTIVITIES:			· · · ·
CASH OUTFLOWS:			
Dividends to Government		(17 397)	(15 204)
Return of equity		-	(23 619)
Repayment of borrowings		(117 917)	(119 400)
Cash used in Financing Activities		(135 314)	(158 223)
CASH INFLOWS:		()	()
Capital contributions from Government (not operations)		8 000	10 439
Proceeds from borrowings		136 292	117 034
Increase prepayment of MV Fleet operating expenses			23
Cash generated from Financing Activities		144 292	127 496
Net Cash provided by (used in) Financing Activities		8 978	(30 727)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(10 507)	(91 536)
CASH AND CASH EQUIVALENTS AT 1 JULY		(10 307) 69 815	161 351
_	24(z)		
CASH AND CASH EQUIVALENTS AT 30 JUNE	24(a)	59 307	69 815

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. **Role of the Department**

Strategic Context

The Department for Administrative and Information Services (DAIS) performs a broad range of responsibilities on behalf of the state government that deliver economic and social benefits to other state government agencies, industry and the general community through the following programs:

- Industrial Relations
- Employee Advocacy
- Recreation Sport and Racing
- **Building Management**
- Contract and procurement Services
- Information and Communication Technology Services
- **Community Services**
- Support Services to Government, and
- Intra Agency Support Services

These support the delivery of the Government's broader strategic priorities, such as community services, project management, contract management, e-business, shared services and management of information technology and government assets.

DAIS provides direct support to the Minister for Administrative Services, the Minister for Industrial Relations, and the Minister for Recreation, Sport and Racing. In addition to the Ministers, DAIS' key stakeholders include the Government of South Australia, government agencies, key industry groups, government boards, committees and members of the public.

Governance Arrangements

The Departmental Executive Group oversees the Department's operations. The group is chaired by the Chief Executive and comprises eight Executive Directors who are responsible for one or more programs or sub-programs and the Chief Financial Officer. This group meets on a weekly basis to discuss strategic, policy, management and administrative matters of relevance to the Department.

The principal registered office is Level 2, Wakefield House, 30 Wakefield Street, Adelaide SA 5000. Telephone number is 08 8226 5000.

Summary of Significant Accounting Policies 2. 2.1

Basis of Accounting

Accounting Standards The financial report is a general purpose financial report. The Financial Statements have been prepared in accordance with:

- Treasurer's Instructions (TI) and Accounting Policy Statements (APS) promulgated under the provision of the Public Finance and Audit Act 1987;
- applicable Australian Accounting Standards (AAS).

These Financial Statements are the first statements to be prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS). AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these statements. Previous Financial Statements were prepared in accordance with Australian Generally Accepted Accounting Principles (AGAAP).

The Reconciliation explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are at Note 4.

The Department's Income Statement, Balance Sheet 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 Cash Flow Statement has been prepared on a cash basis.

Reporting Period

The financial report has been prepared for the period 1 July 2005 to 30 June 2006. It is based on a 12 month operating cycle and presented in Australian currency.

Comparative Information

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

Note 4 provides a detailed analysis of comparative amounts that have been reclassified as a result of harmonisation with AIFRS.

Rounding

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

2.2 Reporting Entity

The Department for Administrative and Information Services produces both Departmental and Administered financial statements:

- The Departmental financial statements include the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right.
- The Administered financial statements include the revenues, expenses, assets and liabilities, which the Department administers on behalf of the SA Government but does not control.

Transferred Functions

On 1 July 2005 the Office for Infrastructure Development was transferred to the Department for Transport, Energy and Infrastructure (Gazette date of 18 April 2005).

On 1 July 2005, the Department, through its business unit Service SA assumed responsibility for the operation of Transport SA Customer Service Centres located at Mt Gambier, Naracoorte, Berri, Kadina, Murray Bridge, Port Pirie, Adelaide CBD (North Terrace) and the Transport SA Call Centre. The expansion strategy was approved by Cabinet on 7 March 2005 and is in line with the South Australian Strategic Plan priority to extend Service SA across the State. This activity is shown as an Administered Item (refer Note A2.1).

On 24 October 2005 the Minster for Industrial Relations announced that Workplace Services, a business unit of the Department and the Government's existing occupational health and safety agency would be known as SafeWork SA. It's primary role is to promote and encourage safe, fair and productive working lives in South Australia by working with employers, employees, unions and industry representatives.

2.3 Taxation Equivalents

The activities of the Department are exempt from Commonwealth income tax but subject to other taxes such as fringe benefits tax, payroll tax, goods and services tax and other State and Local Government taxes.

In accordance with the National Competition Policy principles, several business units engage in trading activities in competition with private sector enterprises and are liable for equivalent tax payments to the South Australian Government.

Income Taxation Equivalents are required to be paid by the following business units of the Department:

- Fleet SA
- Building Management
- Building Maintenance
- SA Government Employee Residential Properties
- SA Government Commercial Properties.
- Government Supplies Warehouse (Supply SA)

In relation to Income taxation equivalents the 'Accounting Profits' model is applied. Under the Accounting Profits Model, income tax expense is calculated separately for each business unit by applying the income tax rate (currently 30 percent) to the individual business unit's accounting profit for the year.

2.4 Goods and Services Tax (GST)

In accordance with the requirements of Interpretation 1031 *Accounting for the Goods and Services Tax (GST)* revenue, expenses and assets are recognised net of the amount of GST except that:

- the amount of GST incurred by the Department as a purchaser that is not recoverable from the Australian Taxation Office 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 due from the Australian Taxation Office has been recognised as a receivable in the Balance Sheet. The Department prepares a Business Activity Statement on behalf of its administered entities under the grouping provisions of the GST legislation. Under these provisions, the Department is liable for the payments and entitled to the receipt of GST. As such the GST applicable to these entities forms part of the Balance Sheet and Cash Flow Statement of the Department.

2.5 Income and Expenses

Income and Expenses are recognised in the Department's Income Statement when and only when it is probable that the flow of economic benefits to or from the Department has occurred and can be reliably measured.

Income and Expenses have been classified according to their nature in accordance with Accounting Policy Framework II *General Purpose Financial Reporting Framework* APS 3.5 and have not been offset unless required or permitted by a specific accounting standard.

Fees and Charges

The Department derives the majority of its revenue from fees and commissions for services rendered to other State Government Agencies on a cost recovery basis.

Supplies and Services

The majority of expenditure incurred is associated with the Department's service provision function to other State Government Agencies.

Grants and Subsidies

Grants, subsidies and transfers are amounts provided by the Department, to entities for general assistance or for a particular purpose. They may be for capital or recurrent purposes and the name or category reflects the use of the grant. They are usually subject to terms and conditions set out in the contract, correspondence, or by legislation.

2.6 Revenues from (Payments to) SA Government

Appropriation

Appropriations for program funding are recognised as revenues when the Department obtains control over the funds. Control over appropriations is normally obtained upon their receipt and are accounted for in accordance with Treasurer's Instruction 3 *Appropriation*.

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 it is recorded as contributed capital.

Grants and Transfers

Grants and transfers represent revenues collected on behalf of or passed on from another SA Government agencies for funding purposes.

2.7 Current and Non-Current Items

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

2.8 Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash includes cash at bank and deposits at call that are readily converted to cash and are used in the cash management function on a day-to-day basis. Cash is measured at nominal value.

Cash Alignment Policy

During 2004-05 an amount of \$110.8 million in surplus working cash was returned to the Consolidated Account as part of the Government's Cash Alignment Policy. In accordance with the provisions of the policy, the Department nominated for the amount to be applied as follows:

•	Reduction in debt	\$87.2 million
•	Return of Equity	\$23.6 million

2.9 Receivables

Receivables include amounts receivable from trade and 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 and or the goods/services have been provided under a contractual arrangement.

A provision is raised for any doubtful debts based on a review of all outstanding amounts at balance date. Bad debts are written off in the period in which they are identified and deemed irrecoverable.

Loan receivables — In accordance with Accounting Policy Statements contained in Accounting Policy Framework IV *Financial Asset and Liability Framework*, the Department measures financial assets and loans at historical cost, except for interest free loans, which are measured at the present value of expected repayments.

Finance lease receivable — The Department has entered into a number of finance lease arrangements for the purpose of providing housing accommodation for government agencies. These leases have been brought to account in the Balance Sheet and accounted for in accordance with AASB 117 *Leases*.

2.10 Inventories

Inventories are mainly general Stock on Hand (other than those held for distribution at no or nominal consideration) held in the government supplies warehouse (Supply SA) and are valued at the lower of average cost or net realisable value, using the average weighted cost method.

The amount of any inventory write-down to net realisable value/replacement cost 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.

2.11 Non-Current Assets Held for Sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less cost to sell if their carrying amount will be recovered principally through sale rather than continuing use. An impairment loss of \$0.6 million has been recognised on the initial written down value of motor vehicle prior to the transfer to assets held for sale. Non-current assets classified as held for sale are not depreciated or amortised.

2.12 Project/Contract Management and Associated Agency Relationships

The Department acts as agent on behalf of other SA Government agencies for the provision of project and contract management services.

The Department acts as project manager for the construction of major capital works as well as minor and maintenance works (facilities management contract). Profits on contracts are brought to account on the percentage of completion basis, as determined by the current engineering estimates. Where losses are foreseeable, such losses are provided in full based on current engineering estimates. The total volume of the projects managed during the year is:

•	Major works	\$101.7 million (\$119.7 million)
•	Facilities management	\$97.2 million (\$111.3 million)

Work in progress is stated at cost plus profit recognised to date less progress billings to the agencies. Excess of progress billings against cost plus profit is disclosed as other liabilities.

The Department acts as contract manager for the EDS contract. The total value of contracts managed during the year was \$74.5 million (\$74.1 million).

2.13 Property, Plant and Equipment

Acquisition and Recognition

Property, plant and equipment is initially recognised at cost in the Balance Sheet except for items costing less than \$10 000, which are expensed in the year of acquisition. Where acquired for no value, or minimal value, non-current assets are recorded at their fair value in the Balance Sheet. If acquired as part of a restructuring of administrative arrangements, the assets are recorded at the amount recorded by the transferor prior to transfer.

Revaluations in General

In accordance with the requirements of AASB 116 *Property, Plant and Equipment* and Accounting Policy Framework III *Asset Accounting Framework*, all non-current tangible assets, subsequent to initial recognition, are carried at valuation. Revaluations have been undertaken for all assets that satisfy APSs 2.15 and 3.3 revaluation thresholds in accordance with fair value methodology. The revaluation thresholds require a non-current asset or class of non-current assets to be re-valued when the fair value at the time of acquisition is greater than \$1 million and has an estimated useful life greater than 3 years. Under fair value methodology, the assets are valued at the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

Valuation Methodology – Property, Plant and Equipment

- Recreation, Sporting and Stadia Infrastructure is revalued to fair value at least every three years. The latest independent valuations were made at 30 June 2005.
- Commercial Properties are revalued to fair value every two years.
- Residential Properties, inclusive of fit outs, are revalued to fair value annually using estimated values provided by the Valuer-General and then adjusted by management for the average gains/losses experienced over an average of the previous four years. The adjustment rate used for the reporting period is an increase of 10.2 percent (increase of 4.9 percent in 2004-05).
- Office Fit outs are valued at cost.
- Plant and Equipment is brought to account at cost. PABX equipment is independently revalued to fair value. Independent valuations were obtained as at 30 June 2005.
- Motor Vehicles owned by the Department are brought to account at cost.
- Government Radio Network assets were independently revalued to fair value as at 30 June 2005.

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. Impairment is generally limited to where an asset's depreciation is materially understated or where the replacement cost is falling.

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

Disposal

Income (Loss) from disposal of property, plant and equipment, including re-valued assets, is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds from disposal. When revalued assets are sold, the revaluation increments are transferred to retained earnings in accordance with Accounting Policy Framework III Asset Accounting Framework APS 3.11.

Depreciation and Amortisation

All non-current assets, having a limited useful life, are depreciated/amortised using the straight-line method over their useful lives in a manner that reflects the consumption of their service potential, commencing from the time the asset is held ready for use.

The useful lives of all major assets held by the Department are reassessed on an annual basis, while land is not depreciated.

Depreciation and Amortisation (continued) The following range of years are generally used for the life of assets:

Buildings and Fitouts:	Years
Recreation, sporting and stadia infrastructure	3-72
Commercial and heritage properties	40
Residential properties	66
Office fit outs	3-10
Plant and equipment:	
Computers	3-5
PABX	3-7
Transmission equipment	5-20
State core net	3-5
Office equipment	5
Sporting equipment	2-10
Scientific equipment	3-10
Other equipment	3-10
Motor vehicles	2-4
Intangibles	5
Government radio network:	
Buildings and towers/masts	30-40
Data and voice network equipment	10-15
Other plant and equipment	3-10
	5-10

2.14 Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance and is measured at cost. The intangible assets of the Department are primarily software.

The acquisition of or internal development of software is capitalised when the expenditure meets the definition and recognition criteria of an intangible asset outlined in AASB 138 *Intangible Assets* and when the amount of expenditure is greater than or equal to \$10 000, in accordance with Accounting Policy Framework III *Asset Accounting Framework* paragraph APS 2.15. These costs are amortised over their estimated useful life.

Costs associated with researching or maintaining the software are expensed in accordance with AASB 138 and Accounting Policy Framework III *Asset Accounting Framework* APS 12.

2.15 Payables

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

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

Accrued expenses represent goods and services provided by other parties during the period, which are unpaid at balance date and where an invoice has not been received.

All payables are measured at their nominal amount and are normally settled within 30 days in accordance with TI 11 *Payment of Creditors' Accounts* after the Department receives an invoice.

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

The Department 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 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.

2.16 Client Advances

Prior to 2004-05, the Department had entered into advance payment arrangements with specific agencies for minor and major works undertaken on their behalf. At 30 June 2006 the balance has all been cleared to \$nil (\$1.343 million).

2.17 Incentives Monies Owing

The Department's Commercial Property Management program receives incentive payments from building owners that are applied towards the office fit out costs on behalf of other agencies. The amounts received are initially recorded in the balance sheet until completion with any unspent amounts transferred to the Income Statement as revenues or expenses. The balance of monies unspent on open fit out works at the end of the financial year is included as lease incentive owing in the Balance Sheet.

EDS Centre Incentives

During the 1998-99 to 2001-02 financial years monies were receipted into the Department's operating account on behalf of the Minister for Administrative Services for the management and administration of the design and construction of the EDS fit out works. Approval is required from the Minister before these monies can be committed for expenditure in relation to fit out works in the EDS Centre.

2.18 Income Received in Advance

Income received in advance has been recognised where monies have been received but work has not been performed as at 30 June 2006.

2.19 Interest Bearing Liabilities

Borrowings are recognised when issued at the amount of the net proceeds received and carried at cost less any repayments until the loan is settled.

Light Motor Vehicles - Loan Arrangements with SAFA

Arrangements for the ongoing acquisition of motor vehicles had been approved with the South Australian Financing Authority since 2003. Funding has been provided through a loan facility direct to Fleet SA, through the Minister for Administrative Services. The vehicles purchases are financed on a credit foncier basis of three year fixed periods from October 2005 with balances of loans maturing in either two or three years. During the reporting period an amount of \$136.3 million (\$117.5 million) was borrowed.

Other Loans

This represents loans underwritten by the Department as guarantor to external organisations. These are recognised as liabilities because the Department is servicing the interest payments and loan repayments.

2.20 Employee Benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid.

No provision has been made for sick leave as 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 to sick leave.

The liability for salary and wages is measured as the amount unpaid at 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 nominal amount expected to be paid.

The liability for long service leave is recognised after an employee has completed seven years of service as advised in Accounting Policy Framework IV *Financial Asset and Liability Framework*. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short hand 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.

2.21 Provisions

Provisions are recognised when the Department has a present legal, equitable or constructive obligation to make a future sacrifice of economic benefits as a result of a past transaction or event, and it is probable that a future sacrifice of economic benefits will arise and a reliable estimate can be made of the obligation. However the amount or timing of the present obligation is uncertain.

Workers Compensation

The Department is responsible for all Workers Compensation with an actuarial estimate of the outstanding liability as at 30 June 2006 provided by a consulting actuary through the Public Sector Injury Prevention and Management Unit.

The Department's liability of \$4 million reflects an apportionment of the whole-of-government estimate of Workers Compensation liability according to the Public Sector Injury Prevention and Management Unit experience of claim numbers and payments over the period 1 July 1987 to 30 June 2006. A separate valuation of the liabilities of this Department has not been undertaken.

The whole-of-government estimate can be found in a report prepared by Taylor Fry Consulting Actuaries, dated 24 July 2006, and submitted to the Public Sector Injury Prevention and Management Unit of the Department.

This report conforms to WorkCover Guidelines for Actuaries, AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and Professional Standard PS 300 *Actuarial Reports and Advice on General Insurance Technical Liabilities*, of the Institute of Actuaries of Australia.

Restructuring Costs

The Department had established a provision for restructuring costs arising from an inter-Departmental transfer of land administration and infrastructure systems from the Department of Environment and Heritage (DEH) in 2003-04 to recognise the financial effect of implementing the LASAFT plan, which has been completed in 2005-06 and the remaining provision has been reversed.

Procurement of Testing Services - Removal of Underground Fuel Tanks and Site Remediation

A provision of \$0.764 million was established for the procurement of testing services (relating to the costs associated with the removal of underground fuel tanks previously owned by Mobil Australia including the remediation of sites). The procurement specifically includes the provision of assessment, drilling and analytical services.

2.22. Leases

The Department has made a distinction between finance leases and operating leases in accordance with AASB 117. Finance leases effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership of leased non-current assets. In operating leases, the lessor effectively retains all such risks and benefits.

The Department as Lessee

(a) Operating Leases

The Department's operating leases include office accommodation and state government car parking facilities. These operating lease payments are expensed in the period they are incurred, and are representative of the pattern of benefits derived from the leased assets.

Numerous lease arrangements have been entered into with private sector organisations for office accommodation in which the terms range from monthly to 10 years. Generally leases are for a fixed term. Terms for renewal generally range from monthly up to 5 years.

The operating lease in relation to state government car parking facilities remains in a hold over period while negotiations are conducted for the future provision of these facilities.

(b) Finance Leases

The Department has entered into finance leases. The leased asset is capitalised at the present value of minimum lease payments at the beginning of the lease term and a liability recognised at the same time and for the same amount. The discount rate used is the interest rate implicit in the lease term. Leased assets are amortised over the period of the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease. Lease liabilities are classified as both current and non-current.

The Department expenses contingent rental payments in the reporting period in which they are incurred, similar to interest expenses. Contingent rentals arise from a movement in the base lease payment as a result of factors occurring subsequent to the inception of the lease. Increases or decreases in lease payments arising from subsequent changes to factors after the inception of the lease are excluded from the minimum lease payments.

(i) Light Motor Vehicles - Arrangements with CBA

In May 1996, the Government sold and leased back its light motor vehicle fleet through an arrangement managed by the Commonwealth Bank of Australia (CBA). The term of the facility was for a 15-year period, which included a 7-year wind down.

In April 2003 a voluntary termination effective over a 24-month period from 10 July 2003 to 10 July 2005 was agreed ahead of the contemplated 2011 expiry.

On 11 July 2005, outstanding principal of \$13.6 million for 636 motor vehicles was fully paid.

(ii) Plant and Equipment

The Department has progressively taken up numerous leases with EDS for information technology computer hardware and associated software. The lease terms are generally three or five years and are non-cancellable. At the end of the lease term, ownership is transferred to the Department upon payment of a nominal sum.

(iii) Accommodation Leases

The Department is responsible for the finance lease in relation to office accommodation for the Roma Mitchell House, North Terrace. The lease, which commenced in July 1987, is for a term of forty years with ownership transferring on payment of a nominal sum at the end of the period and includes a halfway buy-out option at 1 July 2007.

Under the lease arrangements, a contingent rental is paid for the building based on the Adelaide Consumer Price Index. Contingent rental payments for 2005-06 were \$1.51 million (\$1.44 million).

- The Department as Lessor
- (a) Operating Leases

The Department leases motor vehicles to the SA Government and space in commercial property to external parties through operating leases. 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.

(b) Finance Leases

The Department provides housing services through mortgaging the owned residential properties to country employees of the SA Government. The Department recognises assets held under finance lease in the Balance Sheet and presents them as a receivable at an amount equal to the net investment in the lease. Finance lease income is recognised based on the periodic rate of return on the lessor's net investment in the finance lease. Lease payments are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

3. Financial Risk Management

The Department has significant non-interest bearing assets (mainly receivables) and liabilities (mainly payables) and interest bearing assets (cash) and liabilities (mainly borrowing from the SA Government) that bear certain interest-rate risk (Note 27). The Department's exposure to market risk and cash flow risk is minimal.

The Department has no significant credit risk. The financial assets are generally the carrying amount, net of any provision of doubtful debts. The Department has policies and procedures in place to ensure that transactions occur with appropriate credit history.

In relation to liquidity/funding risk, the continued existence of the Department in its present form, and with its present programs, is dependent on Government policy and on continuing appropriation by Parliament for the Department's administration programs.

4. Changes in Accounting Policy

Explanation of transition to Australian Equivalents to International Financial Reporting Standards (AIFRS)

The Department has adopted the AIFRS for the first time for the year ended 30 June 2006 and following is its impact.

4.1 (a) Reconciliation of Equity Reported under previous Australian Generally Accepted Accounting Principles to Equity under AIFRS

		During	01.07.2004		During	30.06.2005	
		Previous			Previous		
		AGAAP	Adjustments	AIFRS	AGAAP	Adjustments	AIFRS
	Note	\$′000	\$'000	\$'000	\$′000	\$′000	\$′000
Current Assets	b,c	245 957	61 830	307 787	158 384	78 838	237 222
Non-Current Assets	a,b,c	751 123	(78 810)	672 313	879 505	(96 463)	783 042
Current Liabilities	b	121 739	-	121 739	218 096	-	218 096
Non-Current Liabilities		252 735	-	252 735	153 295	-	153 295
Equity:							
Contributed capital		222 891	-	222 891	209 710	-	209 710
Retained earnings		182 830	-	182 830	158 132	-	158 132
(a) Intangible assets	а	-	(5 889)	(5 889)	-	(1 337)	(1 337)
(b) Discounted loan	d	-	(957)	(957)	-	-	-
(c) Correction of errors	е	-	(3 789)	(3 789)	-	(3 789)	(3 789)
Asset revaluation reserve	b,e	210 572	(7 613)	202 959	292 343	(13 767)	278 576
Other reserves	e	6 313	1 268	7 581	6 313	1 268	7 581
Total Equity		622 606	(16 980)	605 626	666 498	(17 625)	648 873
Net Result after Restructure		-	-	-	(11 409)	5 509	(5 900)

4.1 (b) Reconciliation of Profit for the year ended 30 June 2005

		Previous		
		AGAAP	Adjustments	AIFRS
Expenses:	Note	\$′000	\$′000	\$′000
Employee benefits costs		131 130	-	131 130
Supplies and services	b,f	405 169	(78 581)	326 588
Depreciation and amortisation expense	b	67 734	(467)	67 267
Grants and subsidies	f	25 914	(5 795)	20 119
Borrowing costs	d	18 635	(957)	17 678
Other expenses		8 395	-	8 395
Total Income	f	(490 421)	74 496	(415 925)
Net Cost of Providing Services		166 556	(11 304)	155 252
Revenues from SA Government	f	(167 436)	5 795	(161 641)
(Decrease) in net assets due to administrative restructure		8 913	-	8 913
Income tax equivalent		3 376	-	3 376
Net Result after Restructure and Tax		(11 409)	5 509	(5 900)

The adoption of AIFRS has the following adjustments to the Income Statement or Balance Sheet but no adjustment in Cash Flow Statement.

(a) AASB 138 Intangible Assets

The Department no longer capitalises research costs in relation to research and development projects.

(i) 1 July 2004

The Department had de-recognised \$5.889 million research costs from its Capital WIP and Property, Plant and Equipment. Retained earnings were decreased by the same amount, of which \$4.117 million was expensed during 2004-05.

(ii) 30 June 2005

The Department de-recognised \$1.337 million research costs from its Capital WIP and Property, Plant and Equipment. Retained earnings were decreased by the same amount, of which \$4.117 million were written back to offset expenses as they had been adjusted to retained earnings at the date of transition at 1 July 2004. Depreciation of \$0.467 million was written back due to the de-recognition of the research costs.

- (b) AASB 5 Non-Current Assets Held for Sale The Department has identified certain non-current assets that are held for sale. They are the Tram Barn land, some residential properties and motor vehicles.
 - (i) 1 July 2004
 Total non-current assets of \$6.724 million that were transferred to held for sale comprised of Tram Barn land \$5.09 million, residential properties \$1.165 million and motor vehicles \$0.469 million. The revaluation \$1.765 million of the Tram Barn land in 2004-05 was re-stated on 1 July 2004. Related liabilities were assumed nil as it is immaterial.
 - (ii) 30 June 2005

Total non-current assets \$8.59 million that were transferred to held for sale comprised of Tram Barn land \$5.09 million (which was sold during current financial year), residential properties \$1.165 million and motor vehicles \$2.335 million (refer Note 13).

(c) AASB 101 Presentation of Financial Statement

The Department has reclassified motor vehicles of net written value of \$70.2 million (\$55.1 million at 1 July 2004) that are to be sold within 12 months after the reporting date to current Property, Plant and Equipment.

(d) AASB 139 Financial Instruments: Recognition and Measurement

In accordance with Accounting Policy Framework IV *Financial Asset and Liability* APS 6.3 and AASB 139, the Department reported interest free loan at the net present value of expected future cash payments discounted at the prevailing interest rate suggested in Accounting Policy Framework IV *Financial Asset and Liability Framework* APS 6.3 during 2004-05. The impact before the date of transition (loan reduction of \$0.957 million) have been recognised directly in retained earnings at the date of transition to AIFRS at 1 July 2004.

(e) Correction of Errors made under Previous AGAAP

The Department had included lands and related revaluation over which it has no control from periods prior to 1 July 2004. Furthermore, expenses for period prior to 1 July 2004 were included in capital reserves. Comparatives have been adjusted to reflect the correction of the errors at the date of transit at 1 July 2004 and 30 June 2005.

(i) 1 July 2004

Total Land of \$11.890 million and Asset Revaluation Reserves of \$9.369 million have been reversed and net reduction to Retained Earnings was \$2.521 million. Prior period expense of \$1.268 million was reversed from Capital Reserve to Retained Earnings. Total impact to retained earnings is \$3.789 million.

- (ii) 30 June 2005
 - Total Land and related Asset Revaluation Reserves of \$4.398 million has been reversed.
- (f) Others

The major change is the treatment of accounting policy changes under AIFRS. These now apply retrospectively except for specific exemptions in accordance with another standard. The resulting adjustments arising from events and transactions before date of transition to AIFRS have been recognised directly in retained earnings at the date of transition to AIFRS.

The estimates applied by the Department under AIFRS are consistent with the estimates applied under previous AGAAP, after adjustments to reflect any differences in accounting policies. The adjustments from any changes in estimates are reflected in the Income Statement.

The Department acts as an agent for other SA Government agencies on the management of the EDS contract. Prior to 1 July 2005, the Department recorded gross revenues and expenses. Due to limited guidance available in the Accounting Policy Framework, AIFRS standards and AAS 29 *Financial Reporting by Government Departments*, the Department sought expert external accounting advice and has adopted guidance from the US jurisdiction on accounting for agency-type relationships whereby only the management fee is recorded as income. As a result, total income and supplies and services expenses have been adjusted down by \$74.5 million during 2004-05. There was no effect on retained earnings.

The Department has received appropriation on behalf of other State Government agencies and recorded gross receipts as appropriation and the payments as transfers out prior to 1 July 2005. As the Department does not control these funds, they are no longer included in the financial statements. An amount of \$5.8 million was removed from appropriation income and transfer payments in 2004-05.

The Department has not adopted Interpretation 4 *Determining whether an Arrangement Contains a Lease* during the current financial year. The Department will apply Interpretation 4 on the basis of facts and circumstances that existed as of 1 July 2006. Implementation of such is not expected to change the accounting for any of the Department's arrangements.

5.	•	enses		2006	2005
	5.1	Employee Benefits Costs No	ote	\$′000	\$′000
		Payments to parties external to SA Government:			
		Wages and salaries 2.2	20	110 897	98 749
		TVSP 5.1	1.1	1 719	-
		Long service leave		4 951	4 621
		Annual leave		10 171	9 508
		Payments to SA Government:			
		Employment on-cost - Superannuation		13 720	11 381
		Employment on-cost - Other		8 072	6 871
		Total Employee Expenses		149 530	131 130
		5.1.1 Targeted Voluntary Separation Packages (TVSPs)			
		TVSP paid to employees during the reporting period Annual and long service leave paid/accrued during the reporting		1 719	-
		period		524	214
		Recovered from the Department of the Premier and Cabinet		-	(705)
		Recovered from the Department of Treasury and Finance		(1719)	(, 00)
				524	(491)

Number of employees that were paid TVSPs during the reporting period were 21 (nil).

Annual leave of $\$89\ 000$ and long service leave of $\$63\ 000$ were paid to employees who took the TVSP during the year.

5.1.2 Remuneration of Employees

Amounts received or receivable by employees of the Department whose remuneration is greater than \$100 000. The amounts of salaries and related payments, superannuation benefits and motor vehicle benefits were \$15.1 million(\$13.3 million).

	2006	2005
The number of employees of the Department whose remuneration	Number of	Number of
falls within the following bands for the year ended were:	Employees	Employees
\$100 000 - \$109 999	39	20
\$110 000 - \$119 999	9	15
\$120 000 - \$129 999	13	13
\$130 000 - \$139 999	13	9
\$140 000 - \$149 999	4	3
\$150 000 - \$159 999	7	7
\$160 000 - \$169 999	1	4
\$170 000 - \$179 999	3	2
\$180 000 - \$189 999	2	3
\$190 000 - \$199 999	2	2
\$200 000 - \$209 999	2	1
\$210 000 - \$219 999	1	3
\$220 000 - \$229 999	5	3
\$230 000 - \$239 999	2	-
\$250 000 - \$259 999	-	2
\$260 000 - \$269 999	3	1
\$270 000 - \$279 999	1	2
\$280 000 - \$289 999	-	1
\$290 000 - \$299 999	1	-
	108	91

The number of full time equivalent employees at reporting date is 2 136.7 (1 991.2).

5.2	Supplies and Services Supplies and services provided by entities within the SA Government:	Note 2.5	2006 \$′000	2005 \$′000
	Information Technology and telecommunications expenses Insurance		740 4 034	2 481 7 729
	Repairs and maintenance Rent		1 100	2 599 6 083
	Consultancy, contractors and temp staff Accommodation		949 6 874	372 7 407
	Motor vehicles expenses		2 086	2 074
	Cost of goods Others	_	136 5 868	4 783
	Total Supplies and Services - SA Government Entities	_	27 946	34 104

		Note	2006	2005
5.2	Supplies and Services (continued)	2.5	\$′000	\$′000
	Supplies and services provided by entities external to the :			
	SA Government			
	Information Technology and telecommunications expenses		50 478	57 543
	Repairs and maintenance		73 804	84 683
	Rent		67 195	63 625
	Consultancy, contractors and temp staff		22 732	16 755
	Accommodation		15 649	14 550
	Motor vehicles expenses		19 914	16 306
	Cost of goods		14 500	16 032
	Others	-	31 806	22 990
	Total Supplies and Services - Non-SA Government Ent	ities _	296 078	292 484
	Total Supplies and Services	_	324 024	326 588

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

Below \$10 000 Between \$10 000 and \$50 000 Above \$50 000	2006 Number 72 18 7	2006 \$'000 229 430 1 484	2005 Number 118 19 5	2005 \$'000 280 453 1 043
Total Paid/Payable to the Consultants Engaged	97	2 143	142	1 776
5.3 Depreciation and Amortisation Expenses Amortisation: Leased plant and equipment Leased buildings Leased fleet vehicle Intangible assets Total Amortisation		Note 2.13	2006 \$'000 338 469 - 2 624 3 431	2005 \$'000 406 507 14 461 396 15 770
Depreciation: Building, plant and equipment and fitouts Motor vehicles Total Depreciation Total Amortisation and Depreciation		-	26 004 35 142 61 146 64 577	26 592 24 905 51 497 67 267
5.4 Grants and Subsidies Grants and subsidies paid/payable to entities extern the SA Government: Recurrent Capital Others Total Grants and Subsidies	nal to	2.5	8 908 2 982 <u>1 755</u> 13 645	10 174 6 967 2 978 20 119
 5.5 Other Expenses All other expenses paid/payable to entities external to SA Government: Bad and doubtful debts (write-back) expenses Guarantee payments Loss from disposal of assets Impairment loss Write-off of fixed assets Revaluation decrement Relief for bush fire Donation of assets 		(a) (b)	(361) - 3 465 11 487 475 - 876 6 289	1 352 4 815 - 808 865 555
Total Other Expenses		(0)	22 231	8 395

(a) Impairment loss during 2005-06 represents drop in residual values in the fleet vehicles on hand.

 (b) Donation of assets represents the release of the Southern Sports Complex to South Adelaide Football Club on a 99 year lease.

6.	Auditor's Remuneration	2006	2005
	Audit fees paid/payable to the Auditor-General's Department	\$′000 669	\$′000 587

The Auditor-General's Department received no other benefits.

7.	Inco	me	Note	2006	2005
<i>.</i>	7.1	Revenues from Fees and Charges	2.5	\$'000	\$'000
		Fees and charges received/receivable from entities within the	2.0	+ ••••	4 000
		SA Government:			
		Regulatory fees		12 166	9 383
		Maintenance services		62 255	83 724
		Fleet management		76 744	69 072
		IT and Telecommunication services		52 920	51 198
		Service provision fees		20 834	6 555
		Rental income		87 213	83 034
		Sales of goods		12 949	11 338
		Others		41 410	37 254
		Total Fees and Charges - SA Government Entities		366 491	351 558
		Fees and charges received/receivable from entities external			
		to the SA Government:			F 606
		Regulatory fees		5 915	5 686
		Maintenance services		1 643	3 222
		IT and Telecommunication services		1 174	53 13 585
		Service provision fees Rental income		16 477 16 747	16 549
		Sales of goods		5 339	4 269
		Others		7 960	8 327
		Total Fees and Charges - Non-SA Government		7 500	0 527
		Entities		55 255	51 691
		Total Fees and Charges		421 746	403 249
	7.2	Interest Revenues			
	7.2	Interest from entities within the SA Government		2 299	8 023
		Total Interest Received		2 299	8 023
	7.3	Other Income			
		Gain from disposal of assets		-	3 982
		Grant revenue from external parties		979	-
		Commonwealth revenue		809	671
		Total Other Income		1 788	4 653
	7.4	Revenues from SA Government	2.6		
	7.4	Appropriations pursuant to <i>Appropriation Act</i>	2.0	172 767	161 444
		Less: Appropriation for other government agencies:		1/2/0/	101 111
		Government Workers Rehabilitation and Compensation			
		Fund		3 882	5 795
		Major Administrative Project		1 000	-
		State Procurement Board		447	436
		Net Appropriations of the Department		167 438	155 213
		Intra-government transfers		4 078	6 428
		Total Revenue from SA Government		171 516	161 641
8.		Revenues (Expenses) from Restructuring			
		net revenues (expenses) relating to the restructuring of			
		ninistrative arrangements are as follows:		205	
	•	a) Office for Infrastructure Development		205	-
		 Transport SA Customer Service Centres SafeWork SA 		(1 139)	-
		d) Department for Aboriginal Affairs and Reconciliation		-	- (9 241)
	•	 Land Administration Systems and Functions 		-	328
	()	. ,		(934)	(8 913)
				. ,	<u>```</u>

(a) Office for Infrastructure Development (OFID)

On 18 April 2005, the Government announced the transfer of the Office for Infrastructure Development to the Department for Transport, Energy and Infrastructure (DTEI). For accounting and reporting purposes the transfer of net liabilities of \$0.205 million was effective on 1 July 2005.

Assets: \$'000 \$'000 Current assets (643) - Non-current assets (17) - Total Assets (660) -	The following assets and liabilities were transferred from the Department:	2006	2005
Non-current assets (17) -	Assets:	\$′000	\$′000
	Current assets	(643)	-
Total Assets (660) -	Non-current assets	(17)	-
	Total Assets	(660)	-

(9 2 4 1)

(a)	Office for Infrastructure Development (OFID) (continued) Liabilities:	2006 \$′000	2005 \$′000
	Current liabilities	252	-
	Non-current liabilities	613	-
	Total Liabilities	865	-
	Net Liabilities	205	-

(b) Transport SA Customer Service Centres

On 7 March 2005, Cabinet approved a joint Service SA Expansion submission in line with the South Australian Strategic Plan priority action to extend Service SA across South Australia. The submission has enabled Service SA to assume 7 Transport SA Customer Service Centres. For accounting and reporting purposes the transfer of net liabilities of \$1.139 million was effective on 1 July 2005.

The following liabilities were transferred to the Department: Liabilities:	2006 \$′000	2005 \$'000
Current liabilities	413	-
Non-current liabilities	726	-
Total Liabilities	1 139	
Net Liabilities	1 139	-

(c) SafeWork SA

On 1 December 2005, in accordance with Ministerial Instruction, all the existing occupational health and safety functions performed by WorkCover were transferred to SafeWork SA (formerly known as Workplace Services). For financial accounting and reporting purposes the transfer of the WorkCover functions and staff was effective 1 January 2006.

The following assets and liabilities were transferred to the Department: Assets: Current assets	2006 \$′000 519	2005 \$'000 -
Total Assets	519	-
Liabilities:		
Current liabilities	214	-
Non-current liabilities	305	-
Total Liabilities	519	-
Net Liabilities	-	-

(d) Department for Aboriginal Affairs and Reconciliation (2005 comparative only)

On 11 March 2004, the Government announced the transfer of the Department of Aboriginal Affairs and Reconciliation to the Department for Families and Communities. For accounting and reporting purposes the transfer of net assets of \$9.241 million is effective on 1 July 2004.

The following assets and liabilities were transferred to the Department:	2005
Assets:	\$'000
Current assets	(9 758)
Non-current assets	<u>(868)</u>
Total Assets	(10 626)
Liabilities: Current liabilities Total Liabilities	<u> </u>

(e) Land Administration Systems and Functions (2005 Comparative Only)

Net Assets

During 2004-05, additional land administration plant and equipment assets were identified as having been physically transferred to DAIS on 1 September 2003 that were not taken into account in determining the gain on restructure in the previous reporting period. This resulted in an additional net gain of \$0.328 million to the Department.

The following assets were transferred to the Department:	2005
Assets:	\$′000
Non-current assets	328
Total Assets	328
Net Assets	328

		Note	2006	2005
9.	Cash	2.8	\$′000	\$′000
	Deposit with the Treasurer*		58 995	69 550
	Imprest account/cash on hand		312	265
	Total Cash	_	59 307	69 815
		=		

* Deposits with the Treasurer include Funds \$6.5 million (\$1.5 million) held in the Accrual Appropriation Account. The balances of these funds are not available for general use and used in accordance with the Treasurer's/Under Treasurer's approval.

10.	Receivables	Note 2.9	2006 \$′000	2005 \$′000
	Current:			
	Trade debtors		47 568	45 602
	Less: Provision for doubtful debts	_	558	1 086
		_	47 010	44 516
	Finance lease receivable	2.22,25.2	424	513
	GST receivable		2 347	4 316
	Workers compensation recoveries		29	31
	Accrued revenue		35 003	26 123
	Accrued interest income		130	623
	Total Current Receivables	—	84 943	76 122
	Receivables from SA Government Entities:			
	Trade debtors and finance lease receivable		40 876	38 821
	Accrued revenues	_	32 628	25 454
	Total Receivables from SA Government Entities	—	73 504	64 275
	Receivables from Non-SA Government Entities:			
	Trade debtors		6 558	6 208
	Accrued revenues		2 505	1 292
	GST receivable		2 347	4 316
	Workers compensation recoveries		29	31
	Total Receivables from Non-SA Government Entities		11 439	11 847
	Total Current Receivables	_	84 943	76 122
11.	Inventories	2.10		
11.	Current:	2.10		
	Other than those held for distribution		2 484	2 071
	Total Current Inventories		2 484	2 071
		_		
12.	Non-Current Financial Assets	2.9		
	Receivable from Non-SA Government entities:		4.076	1 2 4 0
	Loans Workers componenties recoveries		1 276	1 248
	Workers compensation recoveries Finance lease receivable from SA Government entities	25.2	90 3 966	101 4 389
		23.2		
	Total Non-Current Financial Assets	_	5 332	5 738
13.	Non-Current Assets Classified as held for Sale	2.11		
	Land		4 281	5 415
	Buildings		3 544	840
	Motor vehicles		4 700	2 335
	Total Non-Current Assets Classified as Held for Sale		12 525	8 590

Land and Buildings to be disposed in 2006-07 included mainly 2 (1) commercial properties of 81 Osmond Terrace and West Lakes Boulevard and 38 (14) residential properties.

14.	Intangible Assets	2.14		
	Computer software:			
	Internally developed computer software		12 925	3 024
	Accumulated amortisation		(3 422)	(1 182)
	Other computer software		12 428	11 481
	Accumulated amortisation		(10 907)	(10 523)
	Total Intangible Assets		11 024	2 800

The internally developed computer software primarily relates to the Department's Strategic Asset Management Information System (SAMIS) which has a remaining useful life of four years and a carrying amount of \$7.036 million.

14.

Intangible Assets (continued) The following table shows the movements of intangibles:

The following table shows the movements of intaligibles.			
	Internally Developed	Other	Total
	Computer	Computer	Intangible
	Software	Software	Assets
	\$'000	\$'000	\$'000
Carrying amount as at 1 July	1 842	958	2 800
Additions	915	710	1 625
Transfer from WIP	8 987	237	9 224
Depreciation and amortisation	(2 241)	(383)	(2 624)
Carrying Amount as at 30 June	9 503	1 522	11 025

15.

16.

Capital Works in Progress The following table shows the movements of Capital Works in Progress:

Property, Plant and Equipment 2006 20 Motor Vehicles 2.13 2006 20 Motor Vehicles 4t cost 2.13 2006 20 Motor Vehicles At cost 2.13 2006 20 Motor Vehicles At cost 120 177 87 5 26 53 26 58 70 2 Non-Current: 96 689 70 2 96 689 70 2 20 20 038 36 94 20 038 36 94 26 26 20 20 20 20 20 20 20 20 20 20 20 20 21 77 20 20 21 77 20 20 21 77 20 26 20 20 20 21 77 20 20 21 77 20 22 22 20 20 816 19 53 18 224 2 20 816 19 53 18 96 927 3 98 94 97 10 1 154 34 96 927 3 98 94 97	Addit Trans	ring amount as at 1 July ions sfer to PPE sfer to intangibles	Buildings & Improve- ments & Fit Outs \$'000 9 388 15 555 (1 107)	Plant & Equipment \$'000 11 328 4 876 (2 641) (9 224)	Govt Radio Network \$'000 1 603 4 828 (3 714)	Total Capital WIP \$'000 22 319 25 259 (7 462) (9 224)
Note 2.13 Note 2.13 \$'000 \$'0 Current: Motor Vehicles At cost Less: Accumulated depreciation Less: Impairment Loss 120 177 87 5 Non-Current: (a) 14 855 17 3 Buildings and Fitouts Land, Buildings and facilities Land, Buildings and facilities 154 846 147 2 Buildings and facilities Land, Buildings and facilities 154 846 147 2 Buildings and facilities 400 038 369 4 Less: Accumulated depreciation 8 085 21 Fit Outs: In owned buildings - At cost 2 177 2 0 Less: Accumulated depreciation 1953 18 Less: Accumulated depreciation 1953 18 Less: Accumulated depreciation 11543 96 9273 98 9497 101 Total Fit Outs 556 296 524 6 (b) Assets under Finance Lease 2.22 Motor Vehicles: At valuation - 1112 Accommodation: At valuation - 136 Accommodation: At valuation 19 300 19 30 Less: Accumulated amortisation	C	arrying Amount as at 30 June	23 836	4 339	2 717	30 892
At cost 120 177 87 5 Less: Accumulated depreciation 14 855 17 3 Less: Impairment Loss 96 689 70 2 Non-Current: 96 689 70 2 (a) Land, Buildings and Improvements - At valuation: 154 846 147 2 Land Buildings and Improvements - At valuation: 154 846 147 2 Land Buildings and facilities 400 038 369 4 Less: Accumulated depreciation 8 085 2 1 1 Fit Outs: 10 voned buildings - At cost 2 177 2 0 Less: Accumulated depreciation 1953 1 8 224 2 2 2 In leased buildings - At cost 20 816 19 5 Less: Accumulated depreciation 19 203 98 Total Fit Outs 9 497 100 1 Total Land, Buildings and Fitouts 556 296 524 6 (b) Assets under Finance Lease 2.22 Motor Vehicles: - 111 2 At valuation - 97 6 Less: Accumulated amortisation - 136 Accommodation: - 136 At valuation 19 300 19 3 Less: Accumulated	Curre	ent:				2005 \$′000
Non-Current:(a)Land, Buildings and FitoutsLand, Buildings and Improvements - At valuation:Land154 846Buildings and facilities400 038Less: Accumulated depreciation8 085Fit Outs:546 799In owned buildings - At cost2 177Less: Accumulated depreciation1953Pit Outs:224In leased buildings - At cost20 816Less: Accumulated depreciation9 273In leased buildings - At cost20 816Less: Accumulated depreciation9 497Total Fit Outs9 497Total Fit Outs9 497Total Land, Buildings and Fitouts556 296Kotor Vehicles:-At valuation-At valuation19 300Less: Accumulated amortisation19 300At valuation19 300Less: Accumulated amortisation3 989Plant and Equipment:3 989At valuation2714Less: Accumulated amortisation2714	At Le	t cost ess: Accumulated depreciation		_	14 855 8 633	87 588 17 340
Land 154 846 147 2 Buildings and facilities 400 038 369 4 Less: Accumulated depreciation 8 085 2 1 Fit Outs: 546 799 514 5 In owned buildings - At cost 2 177 2 0 Less: Accumulated depreciation 1953 18 In leased buildings - At cost 20 816 19 5 Less: Accumulated depreciation 11543 96 9 273 9 8 9 497 10 1 Total Fit Outs 9 497 10 1 Total Land, Buildings and Fitouts 556 296 524 6 (b) Assets under Finance Lease 2.22 Motor Vehicles: - At valuation - Less: Accumulated amortisation - Accommodation: 19 300 19 3 Less: Accumulated amortisation 468 Plant and Equipment: 408 39 89 30 At valuation 3 989 30 Less: Accumulated amortisation 2714 28 Plant and Equipment: 3 989 30 At valuation 2714 28 1275 22 2		Land, Buildings and Fitouts		_	96 689	70 248
Fit Outs:In owned buildings - At cost2 1772 0Less: Accumulated depreciation195318In leased buildings - At cost20 81619 5Less: Accumulated depreciation11 5439 69 27739 89 49710 1Total Fit Outs9 49710 1Total Land, Buildings and Fitouts556 296524 6(b) Assets under Finance Lease2.22(b)Motor Vehicles:-111 2At valuation-97 6Less: Accumulated amortisation-13 6Accommodation:19 30019 3At valuation19 30019 3Less: Accumulated amortisation468Plant and Equipment:3 9893 0At valuation3 9893 0Less: Accumulated amortisation2 7142 8127522 12752		Land Buildings and facilities			400 038	147 215 369 419 2 134
In leased buildings - At cost Less: Accumulated depreciation 224 2 20 816 22 19 5 11 543 96 9 273 98 9 497Total Fit Outs Total Land, Buildings and Fitouts 9497 101 556 296 524 6(b) Assets under Finance Lease Motor Vehicles: At valuation Less: Accumulated amortisation 2.22 Motor Vehicles: At valuation Less: Accumulated amortisation $ 1112$ $-$ Accommodation: At valuation Less: Accumulated amortisation $ 136$ $-$ Plant and Equipment: At valuation Less: Accumulated amortisation 3989 $ 300$ $-$		In owned buildings - At cost		-	2 177	514 500 2 069
Total Fit Outs $9 273$ $9 8$ Total Land, Buildings and Fitouts $9 497$ $10 1$ (b) Assets under Finance Lease 2.22 Motor Vehicles: 2.22 At valuation $-111 2$ Less: Accumulated amortisation $-97 6$ Accommodation: $-13 6$ At valuation $-13 6$ Less: Accumulated amortisation $-13 6$ Plant and Equipment: 468 At valuation $-18 832$ Less: Accumulated amortisation -2714 28 -2714 28 -2714 28 -275 2 -275				-	224	<u>1 824</u> 245 19 554
Total Land, Buildings and Fitouts556 296524 6(b)Assets under Finance Lease Motor Vehicles: At valuation Less: Accumulated amortisation2.22At valuation Less: Accumulated amortisation-111 2Accommodation: At valuation Less: Accumulated amortisation-97 6Accommodation: At valuation Less: Accumulated amortisation19 30019 3Plant and Equipment: At valuation Less: Accumulated amortisation3 9893 027142 81 2752				-	9 273	9 659 9 895 10 140
Motor Vehicles: At valuation-111 2Less: Accumulated amortisation-97 6Accommodation: At valuation-13 6Accommodation: Less: Accumulated amortisation19 30019 3Plant and Equipment: At valuation18 83219 3Plant and Equipment: At valuation3 9893 0Less: Accumulated amortisation2 7142 81 27521				-		524 640
Less:Accumulated amortisation-97 6Accommodation: At valuation-13 6At valuation19 30019 3Less:Accumulated amortisation468Plant and Equipment: At valuation3 9893 0Less:Accumulated amortisation2 7142 81 27522	(b)	Motor Vehicles:		2.22		
Accommodation: At valuation19 30019 3 468Less: Accumulated amortisation18 83219 3Plant and Equipment: At valuation3 9893 0Less: Accumulated amortisation2 7142 81 2752				-	-	111 278 97 636 13 642
Image: Plant and Equipment: Image: 18 832 19 3 At valuation 3 989 3 0 Less: Accumulated amortisation 2 714 2 8 1 275 2		At valuation		-		19 300
Less: Accumulated amortisation 2 714 2 8 1 275 2		Plant and Equipment:		-	18 832	19 300
				-	2 714	3 087 <u>2 835</u> 252
		Total Assets under Finance Lease		-		33 194

			2006	2005
		Note	\$′000	\$'000
(c)	Plant and Equipment	2.13	·	
	At cost		25 369	24 676
	At valuation		3 122	3 122
	Less: Accumulated depreciation		14 668	15 002
			13 823	12 796
(d)	Government Radio Network	2.13		
	At cost		3 594	-
	At valuation		70 292	70 292
	Less: Accumulated depreciation		10 397	-
			63 489	70 292
(e)	Motor Vehicles	2.13		
. ,	At cost		119 003	118 688
	Less: Accumulated depreciation		19 021	8 771
	Less: Impairment loss		2 191	-
			97 791	109 917
	Total Non-Current Property, Plant and Equipment		751 506	750 839
	Total Property, Plant and Equipment		848 195	821 087

The following table shows the movements of property, plant and equipment:

		Buildings & Improve-		Assets Under Finance
	Land	ments	Fit Outs	Lease
	\$′000	\$′000	\$′000	\$'000
Carrying amount as at 1 July	147 215	367 285	10 140	33 194
Additions	2 075	17 121	1 557	1 362
Assets classified as held for sale	(4 281)	(3 544)	-	-
Disposals	(1 659)	(5 470)	-	(13 642)
Transfer from WIP	-	322	785	-
Revaluation increment (decrement)	11 496	24 879	-	-
Impairment loss	-	-	-	-
Restructure transfer	-	-	(18)	-
Depreciation and amortisation	-	(8 640)	(2 967)	(807)
Others	-	-	-	-
Carrying Amount as at 30 June	154 846	391 953	9 497	20 107

7 900

10 376

Non-Current:		
Prepaid expenses	973	1 346
Total Non-Current Other Assets	973	1 346
Total Other Assets	8 873	11 722

* Contract work for SA Government entities

Total Current Other Assets

17.

		Note	2006	2005
18.	Payables	2.15	\$'000	\$'000
	Current: Client advances	2.16	-	1 343
	Trade creditors		26 060	5 224
	Accrued expenses		42 890	63 686
	Income tax equivalents Employment on-cost		1 998 2 754	1 322 2 439
	Total Current Payables		73 702	74 014
	Non-Current:			
	Employment on-cost		3 057	3 348
	Total Non-Current Payables		3 057	3 348
	Total Payables		76 759	77 362
	Payables to SA Government Entities:			
	Client advances		-	1 343
	Trade creditors		1 242	628
	Accrued expenses Income tax equivalents		4 696 1 998	7 690 1 322
	Employment on-cost		5 811	5 787
	Total Payables to SA Government Entities		13 747	16 770
	Payables to Non-SA Government Entities:			
	Trade creditors		24 818	4 596
	Accrued expenses		38 194	55 996
	Total Payables to Non-SA Government Entities		63 012	60 592
	Total Payables		76 759	77 362
19.	Borrowings	2.19		
	Current:			14.015
	Finance leases Borrowings from State Government		878 99 931	14 315 103 290
	Other		261	242
	Total Current Borrowings		101 070	117 847
	Non-Current:			
	Finance leases		20 508	20 228
	Borrowings from State Government Other		118 129 4 310	92 830 4 573
	Total Non-Current Borrowings		142 947	117 631
	Total Borrowings		244 017	235 478
		2.20		
20.	Employee Benefits Current:	2.20		
	Accrued salaries and wages		2 297	1 620
	Annual leave		9 933	8 898
	Long service leave Total Current Employee Benefits		<u>2 348</u> 14 578	<u>2 273</u> 12 791
			14 57 6	12 7 91
	Non-Current: Long service leave		32 394	29 625
	Total Non-Current Employee Benefits		32 394	29 625
	Total Employee Benefits		46 972	42 416
21.	Provisions Current:	2.21		
	Workers compensation		1 099	1 076
	Restructuring costs		-	2 789
	Total Current Provisions for Non-SA Government Entities		1 099	3 865
	Procurement of testing services to SA Government entity		764	
	Total Current Provisions		1 863	3 865
	Non-Current:			
	Workers compensation		2 865	2 691
	Total Non-Current Provisions		2 865	2 691
	Total Provisions		4 728	6 556

	Move	ments in Provisions	Workers	2006 Restructuring	Procurement of Testing
			Compensation \$'000	Costs \$'000	Services \$'000
		ing amount as at 1 July	3 767	2 789	-
		onal provisions recognised ed amounts reversed	1 069	- (2 789)	764
		nt utilised/paid	- (872)	(2789)	
	Ca	arrying Amount as at 30 June	3 964	-	764
22.	Othe	r Liabilities		2006	2006
	Curre		Note	\$′000	\$'000
		epaid reimbursements relating to the sale and leaseback notor vehicles	OI	-	1 444
		come received in advance	2.18	3 409	1 715
		ase incentives	2.17	3 197	2 867
	Co	ontractor reimbursements in advance	2.12	1 352	1 338
		Total Other Liabilities		7 958	7 364
23.	Equit 23.1	Y Contributed Capital			
	2012	Balance at 1 July		209 710	222 891
		Contributed capital during the year		8 000	10 455
		Return of equity		-	(23 636)
		Balance at 30 June		217 710	209 710
	23.2	Retained Earnings		153 006	172 195
		Balance at 1 July Net result after restructuring and tax		5 841	(5 900)
		Dividend declared		(17 397)	
		Transfers to and from reserves: Transfer from Asset Revaluation Reserve		5 155	1 915
		Balance at 30 June		146 605	153 006
	23.3	Reserves			
		Asset Revaluation Reserve:		276 820	201 202
		Balance at 1 July Revaluation increments		276 820 34 964	201 203 77 532
		Transfer to accumulated surplus		(3 399)	(1 915)
		Transfer to revaluation reserve for assets held for s	ale	(4 476)	-
		Balance at 30 June		303 909	276 820
		Surplus Incentive Funds Reserve:		760	769
		Balance at 1 July Balance at 30 June		<u>768</u> 768	<u> </u>
					,
		Capital Reserves: Balance at 1 July		6 813	6 813
		Balance at 30 June		6 813	6 813
		Total Reserves		311 490	284 401
	23.4	Revaluation Reserve for NCA held for Sale			
		Balance at 1 July		1 756	1 756
		Transfer to accumulated surplus Transfer from asset revaluation reserve		(1 756) 4 476	-
		Balance at 30 June		4 476	1 756
24.	Cash	Flow Statement			
	(a)	Reconciliation of Cash			
		Cash and Cash Equivalents at 30 June per Cash Flow	-		60 5 · -
		Statement	9	59 307	69 815

(b)	Reconciliation of Net Cash provided by Operating Activities to Net Cost of Services	Note	2006 \$′000	2006 \$′000
	Net cash provided by operating activities		86 259	50 645
	Less: Revenues from SA Government		(171 516)	(161 641)
	Add: Payments to SA Government (income tax expense)		2 295	3 376
	Add: Net expense (revenue) on restructuring		934	8 913
	Add (Less): Non-Cash Items: Depreciation of property, plant and equipment		(63 771)	(51 893)
	Asset donated		(6 289)	(51 055)
	(Loss) Gain on disposal of assets		(3 465)	2 914
	Amortisation of finance lease		(806)	(15 374)
	Profit on sale and leaseback		(000)	1 068
	Asset write off		(475)	(808)
	Impairment loss		(11 487)	(000)
	Revaluation decrement		-	(865)
	Doubtful debts (recovery) expense		361	(1 352)
	Others		-	3 276
	Change in Assets and Liabilities:			
	Increase in receivables		4 069	5 600
	Increase (Decrease) in inventories		413	(201)
	(Decrease) Increase in prepayments		(2 476)	ì 345
	Decrease (Increase) in payables		(887)	8 265
	(Increase) Decrease in provisions		4 264	(7 687)
	Decrease (Increase) in other liabilities		594	(833)
	Net Cost of Providing Services		(161 983)	(155 252)
	Net cost of Fromany Sciffics		(101 505)	(155 252)
Finar	ce Lease Commitments	2.22		
	The Department as Lessee			
	Motor Vehicles (fully repaid during the year):			
	Current, not later than one year		-	13 642
	Sub-Total Lease Liabilities		-	13 642
	Accommodation:			
	Not later than one year		3 299	3 200
	Later than one year and not later than five years		13 197	12 799
	Later than five years		49 490	51 195
			65 986	67 194
	Less: Future finance charges and contingent rentals		45 856	46 519
	Sub-Total Lease Liabilities		20 130	20 675
	Plant and Equipment:			
			377	138
	Not later than one year		1 060	
	Later than one year and not later than five years			106
	Less. Future finance changes and continues to match		1 437	244
	Less: Future finance charges and contingent rentals		181	18
	Sub-Total Lease Liabilities		1 256	226
	Finance leases liabilities:			
	Not later than one year		3 676	16 980
	Later than one year and not later than five years		14 257	12 905
	Later than five years		49 490	51 195
	Later than ne years			
	Lessy Euture finance charges and contingent rentals		67 423 46 037	81 080
	Less: Future finance charges and contingent rentals			46 537
	Total Finance Lease Liabilities		21 386	34 543
	Present value of finance leases payable as follows:			44045
	Not later than one year		878	14 315
	Later than one year and not later than five years		3 594	2 600
	Later than five years		16 914	17 628
	Present Value of Finance Leases Payable		21 386	34 543
	Representing:			
	Current		878	14 315
			878 <u>20 508</u> 21 386	14 315 20 228 34 543

25.

26.

	<i>The Department as Lessor</i> Accommodation:	Note	2006 \$′000	2006 \$′000
	Not later than one year		718	913
	Later than one year and not later than five years		2 867	2 926
	Later than five years	-	2 569	3 314
	Less: Future finance charges		6 154 1 764	7 153 2 251
	Total Finance Lease Receivables	-	4 390	4 902
		=		
	Present value of finance leases receivable as follows:		424	F12
	Not later than one year		424 2 021	513
	Later than one year and not later than five years Later than five years		1 945	1 869 2 520
	Present Value of Finance Lease Receivables	-	4 390	4 902
		=		
	Representing lease receivable: Current		424	513
	Non-current		3 966	4 389
		-	4 390	4 902
		=		
	Commitments on Expenditures	2.22		
26.1	Operating Lease Commitments The Department as Lessee			
	Commitments in relation to leases contracted for at the repo	orting date but not	recognised as lia	abilities:
	Accommodation:			
	Not later than one year		68 405	61 097
	Later than one year and not later than five years		140 485	150 935
	Later than five years Total Operating Lease Commitments -	-	53 472	55 465
	All Non-Cancellable		262 362	267 497
		-		20, 19,
	The Department as Lessor Leases receivable contracted for at the reporting date but n	ot recognised as as	sets:	
	Vehicles hire: Not later than one year		42 920	39 772
	Later than one year and not later than five years		37 349	18 876
		_	07 0 12	10 0/ 0
	Sub-Total Operating Lease Receivables -			
	Sub-Total Operating Lease Receivables - All Non-Cancellable	-	80 269	58 648
		-	80 269	58 648
	All Non-Cancellable Commercial Accommodation:		80 269 77 345	
	All Non-Cancellable Commercial Accommodation: Not later than one year Later than one year and not later than five years		77 345 147 180	77 297 184 592
	All Non-Cancellable Commercial Accommodation: Not later than one year Later than one year and not later than five years Later than five years		77 345	77 297 184 592
	All Non-Cancellable Commercial Accommodation: Not later than one year Later than one year and not later than five years Later than five years Sub-Total Operating Lease Receivables -	-	77 345 147 180 42 856	77 297 184 592 51 509
	All Non-Cancellable Commercial Accommodation: Not later than one year Later than one year and not later than five years Later than five years Sub-Total Operating Lease Receivables - All Non-Cancellable	-	77 345 147 180	77 297 184 592 51 509
	All Non-Cancellable Commercial Accommodation: Not later than one year Later than one year and not later than five years Later than five years Sub-Total Operating Lease Receivables -	-	77 345 147 180 42 856	77 297 184 592 51 509
26.2	All Non-Cancellable Commercial Accommodation: Not later than one year Later than one year and not later than five years Later than five years Sub-Total Operating Lease Receivables - All Non-Cancellable Total Operating Lease Receivable -	-	77 345 147 180 42 856 267 381	77 297 184 592 51 509 313 398
26.2	All Non-Cancellable Commercial Accommodation: Not later than one year Later than one year and not later than five years Later than five years Sub-Total Operating Lease Receivables - All Non-Cancellable Total Operating Lease Receivable - All Non-Cancellable	not recognised as	77 345 147 180 42 856 267 381 347 650	77 297 184 592 51 509 313 398
26.2	All Non-Cancellable Commercial Accommodation: Not later than one year Later than one year and not later than five years Later than five years Sub-Total Operating Lease Receivables - All Non-Cancellable Total Operating Lease Receivable - All Non-Cancellable Capital Commitments Capital expenditure contracted for at the reporting date but Property, plant and equipment:	- - not recognised as l	77 345 147 180 42 856 267 381 347 650 iabilities:	77 297 184 592 51 509 313 398 372 046
26.2	All Non-Cancellable Commercial Accommodation: Not later than one year Later than one year and not later than five years Later than five years Sub-Total Operating Lease Receivables - All Non-Cancellable Total Operating Lease Receivable - All Non-Cancellable Capital Commitments Capital expenditure contracted for at the reporting date but Property, plant and equipment: Not later than one year	- - not recognised as l	77 345 147 180 42 856 267 381 347 650 iabilities: 5 227	77 297 184 592 51 509 313 398 372 046 4 629
26.2	All Non-Cancellable Commercial Accommodation: Not later than one year Later than one year and not later than five years Later than five years Sub-Total Operating Lease Receivables - All Non-Cancellable Total Operating Lease Receivable - All Non-Cancellable Capital Commitments Capital expenditure contracted for at the reporting date but Property, plant and equipment: Not later than one year Later than one year and not later than five years	not recognised as l	77 345 147 180 42 856 267 381 347 650 iabilities: 5 227 695	77 297 184 592 51 509 313 398 372 046 4 629 7 045
26.2	All Non-Cancellable Commercial Accommodation: Not later than one year Later than one year and not later than five years Later than five years Sub-Total Operating Lease Receivables - All Non-Cancellable Total Operating Lease Receivable - All Non-Cancellable Capital Commitments Capital expenditure contracted for at the reporting date but Property, plant and equipment: Not later than one year	not recognised as l	77 345 147 180 42 856 267 381 347 650 iabilities: 5 227	77 297 184 592 51 509 313 398 372 046 4 629 7 045
26.2	All Non-Cancellable Commercial Accommodation: Not later than one year Later than one year and not later than five years Later than five years Sub-Total Operating Lease Receivables - All Non-Cancellable Total Operating Lease Receivable - All Non-Cancellable Capital Commitments Capital expenditure contracted for at the reporting date but Property, plant and equipment: Not later than one year Later than one year and not later than five years Total Capital Commitments (including GST) Other Commitments	-	77 345 147 180 42 856 267 381 347 650 iabilities: 5 227 695 5 922	77 297 184 592 51 509 313 398 372 046 4 629 7 045 11 674
	All Non-Cancellable Commercial Accommodation: Not later than one year Later than one year and not later than five years Later than five years Sub-Total Operating Lease Receivables - All Non-Cancellable Total Operating Lease Receivable - All Non-Cancellable Capital Commitments Capital expenditure contracted for at the reporting date but Property, plant and equipment: Not later than one year Later than one year and not later than five years Total Capital Commitments (including GST) Other Commitments Grants and other commitments contracted for at the reporting date property	-	77 345 147 180 42 856 267 381 347 650 iabilities: 5 227 695 5 922 ognised as liabili	77 297 184 592 51 509 313 398 372 046 4 629 7 045 11 674
	All Non-Cancellable Commercial Accommodation: Not later than one year Later than one year and not later than five years Later than five years Sub-Total Operating Lease Receivables - All Non-Cancellable Total Operating Lease Receivable - All Non-Cancellable Capital Commitments Capital expenditure contracted for at the reporting date but Property, plant and equipment: Not later than one year Later than one year and not later than five years Total Capital Commitments (including GST) Other Commitments	-	77 345 147 180 42 856 267 381 347 650 iabilities: 5 227 695 5 922	184 592 51 509 313 398 372 046 4 629 7 045 11 674

27. Interest Rate Risk

The Department's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table: 2006

				2006			
							Weighted
	Floating		erest Maturi		Non-		Average
	Interest	1 year	Over 1 to	More than	Interest		Interest
	Rate	or less	5 years	5 years	Bearing	Total	Rate
Financial Assets:	\$'000	\$′000	\$'000	\$'000	\$′000	\$′000	Percent
Cash and cash equivalents	58 995				312	59 307	5.4
Finance lease receivable	-	424	2 021	1 945		4 390	7.0
Receivables		-	-		85 885	85 885	
Total Financial Assets	58 995	424	2 021	1 945	86 197	149 582	
Financial Liabilities:							
Borrowings from State							
Government	-	99 931	118 099	-	30	218 060	5.8
Finance lease liabilities	-	878	3 594	16 914	-	21 386	5.9
Other loans	-	261	1 264	3 046	-	4 571	7.9
Borrowings related to NCA		201	1 204	5 040		4 37 1	7.5
held for sale	-	2 860	-	-	-	2 860	5.8
Payables	-		-	-	76 759	76 759	0.0
Total Financial Liabilities	-	103 930	122 957	19 960	76 789	323 636	
Net Financial Assets							
(Liabilities)	58 995	(103 506)	(120 936)	(18 015)	9 408	(174 054)	
				2005			
				2005			Waishhad
	Floating	Fixed Inter	act Maturias		Non		Weighted
	Floating		est Maturing	in	Non-		Average
	Interest	1 year	Over 1 to	in More than	Interest	Tabal	Average Interest
	Interest Rate	1 year or less	Over 1 to 5 years	in More than 5 years	Interest Bearing	Total	Average Interest Rate
Financial Assets:	Interest Rate \$'000	1 year or less \$'000	Over 1 to	in More than 5 years \$'000	Interest Bearing \$'000	\$'000	Average Interest Rate Percent
Cash and cash equivalents	Interest Rate	1 year or less \$'000 -	Over 1 to 5 years \$'000 -	in More than 5 years \$'000 -	Interest Bearing	\$′000 69 815	Average Interest Rate Percent 5.2
Cash and cash equivalents Finance lease receivable	Interest Rate \$'000 69 550	1 year or less \$'000 - 513	Over 1 to 5 years \$'000 - 1 869	in More than 5 years \$'000 - 2 520	Interest Bearing \$'000 265	\$'000 69 815 4 902	Average Interest Rate Percent
Cash and cash equivalents Finance lease receivable Receivables	Interest Rate \$'000 69 550	1 year or less \$'000 - 513 -	Over 1 to 5 years \$'000 - 1 869 -	in More than 5 years \$'000 - 2 520 -	Interest Bearing \$'000 265 - 76 958	\$'000 69 815 4 902 76 958	Average Interest Rate Percent 5.2
Cash and cash equivalents Finance lease receivable	Interest Rate \$'000 69 550	1 year or less \$'000 - 513	Over 1 to 5 years \$'000 - 1 869	in More than 5 years \$'000 - 2 520	Interest Bearing \$'000 265	\$'000 69 815 4 902	Average Interest Rate Percent 5.2
Cash and cash equivalents Finance lease receivable Receivables Total Financial Assets	Interest Rate \$'000 69 550	1 year or less \$'000 - 513 -	Over 1 to 5 years \$'000 - 1 869 -	in More than 5 years \$'000 - 2 520 -	Interest Bearing \$'000 265 - 76 958	\$'000 69 815 4 902 76 958	Average Interest Rate Percent 5.2
Cash and cash equivalents Finance lease receivable Receivables Total Financial Assets Financial Liabilities:	Interest Rate \$'000 69 550	1 year or less \$'000 - 513 -	Over 1 to 5 years \$'000 - 1 869 -	in More than 5 years \$'000 - 2 520 -	Interest Bearing \$'000 265 - 76 958	\$'000 69 815 4 902 76 958	Average Interest Rate Percent 5.2
Cash and cash equivalents Finance lease receivable Receivables Total Financial Assets Financial Liabilities: Borrowings from State	Interest Rate \$'000 69 550	1 year or less \$'000 - 513	Over 1 to 5 years \$'000 1 869 1 869	in More than 5 years \$'000 - 2 520 -	Interest Bearing \$'000 265 - - 76 958 77 223	\$'000 69 815 4 902 <u>76 958</u> 151 675	Average Interest Rate Percent 5.2 7.5
Cash and cash equivalents Finance lease receivable Receivables Total Financial Assets Financial Liabilities: Borrowings from State Government	Interest Rate \$'000 69 550	1 year or less \$'000 - 513 513 103 290	Over 1 to 5 years \$'000 - 1 869 - 1 869 92 800	in More than 5 years \$'000 - 2 520 - 2 520 -	Interest Bearing \$'000 265 - 76 958	\$'000 69 815 4 902 76 958 151 675 196 120	Average Interest Rate Percent 5.2 7.5
Cash and cash equivalents Finance lease receivable Receivables Total Financial Assets Financial Liabilities: Borrowings from State Government Finance lease liabilities	Interest Rate \$'000 69 550	1 year or less \$'000 - 513 - 513 103 290 14 315	Over 1 to 5 years \$'000 - 1 869 - 1 869 92 800 2 599	in More than 5 years \$'000 2 520 - 2 520 - 17 629	Interest Bearing \$'000 265 - 76 958 77 223 30	\$'000 69 815 4 902 76 958 151 675 196 120 34 543	Average Interest Rate Percent 5.2 7.5 7.5
Cash and cash equivalents Finance lease receivable Receivables Total Financial Assets Financial Liabilities: Borrowings from State Government Finance lease liabilities Other loans	Interest Rate \$'000 69 550	1 year or less \$'000 - 513 513 103 290	Over 1 to 5 years \$'000 - 1 869 - 1 869 92 800	in More than 5 years \$'000 - 2 520 - 2 520 -	Interest Bearing \$'000 265 - 76 958 77 223 30 -	\$'000 69 815 4 902 76 958 151 675 196 120	Average Interest Rate Percent 5.2 7.5
Cash and cash equivalents Finance lease receivable Receivables Total Financial Assets Financial Liabilities: Borrowings from State Government Finance lease liabilities Other loans Borrowings related to NCA	Interest Rate \$'000 69 550	1 year or less \$'000 	Over 1 to 5 years \$'000 - 1 869 - 1 869 92 800 2 599	in More than 5 years \$'000 2 520 - 2 520 - 17 629	Interest Bearing \$'000 265 - 76 958 77 223 30 -	\$'000 69 815 4 902 76 958 151 675 196 120 34 543 4 815	Average Interest Rate Percent 5.2 7.5 7.5 9.4 7.8
Cash and cash equivalents Finance lease receivable Receivables Total Financial Assets Financial Liabilities: Borrowings from State Government Finance lease liabilities Other loans Borrowings related to NCA held for sale	Interest Rate \$'000 69 550	1 year or less \$'000 - 513 - 513 103 290 14 315	Over 1 to 5 years \$'000 - 1 869 - 1 869 92 800 2 599	in More than 5 years \$'000 2 520 - 2 520 - 17 629	Interest Bearing \$'000 265 	\$'000 69 815 4 902 76 958 151 675 196 120 34 543 4 815 2 215	Average Interest Rate Percent 5.2 7.5 7.5
Cash and cash equivalents Finance lease receivable Receivables Total Financial Assets Financial Liabilities: Borrowings from State Government Finance lease liabilities Other loans Borrowings related to NCA held for sale Payables	Interest Rate \$'000 69 550 	1 year or less \$'000 - 513 513 103 290 14 315 242 2 215	Over 1 to 5 years \$'000 - 1 869 - 1 869 - - 1 869 - - 2 599 1 171 - -	in More than 5 years \$'000 - 2 520 - 2 520 - 17 629 3 402 - -	Interest Bearing \$'000 265 - 76 958 77 223 30 - - - 77 362	\$'000 69 815 4 902 76 958 151 675 196 120 34 543 4 815 2 215 77 362	Average Interest Rate Percent 5.2 7.5 7.5 9.4 7.8
Cash and cash equivalents Finance lease receivable Receivables Total Financial Assets Financial Liabilities: Borrowings from State Government Finance lease liabilities Other loans Borrowings related to NCA held for sale Payables Total Financial Liabilities	Interest Rate \$'000 69 550 	1 year or less \$'000 - 513 513 103 290 14 315 242 2 215	Over 1 to 5 years \$'000 - 1 869 - 1 869 - - 1 869 - - 2 599 1 171 -	in More than 5 years \$'000 2 520 - 2 520 - 17 629 3 402 -	Interest Bearing \$'000 265 	\$'000 69 815 4 902 76 958 151 675 196 120 34 543 4 815 2 215	Average Interest Rate Percent 5.2 7.5 7.5 9.4 7.8
Cash and cash equivalents Finance lease receivable Receivables Total Financial Assets Financial Liabilities: Borrowings from State Government Finance lease liabilities Other loans Borrowings related to NCA held for sale Payables	Interest Rate \$'000 69 550 	1 year or less \$'000 - 513 513 103 290 14 315 242 2 215	Over 1 to 5 years \$'000 - 1 869 - 1 869 - - 1 869 - - 2 599 1 171 - -	in More than 5 years \$'000 - 2 520 - 2 520 - 17 629 3 402 - -	Interest Bearing \$'000 265 - 76 958 77 223 30 - - - 77 362	\$'000 69 815 4 902 76 958 151 675 196 120 34 543 4 815 2 215 77 362	Average Interest Rate Percent 5.2 7.5 7.5 9.4 7.8

28. Programs of the Department

In achieving its objectives the department performs a range of functions and services classified into the following program and sub programs. The functions for 2005-06 were as follows:

Program	Sub Program	Description/Objective
Industrial Relations	SafeWork SA	SA promotes and encourages safe, fair, productive workplaces and high standards of public safety for all South Australians through the provision of a range of services including information, education, assistance, compliance and enforcement.
	Public Sector Workforce Relations	Assists the Government to achieve its economic development and social goals, working within the parameters of relevant legislation and Government policy, by providing industrial relations services, occupational health, safety and injury management and strategic workforce policy and projects.
Employee Advocacy	Employee Ombudsman Services	The employee ombudsman is appointed to assist in ensuring that the rights of employees under the South Australian Law are protected. This entails promoting the principles of fairness, equity and justice for all employees.
	Conciliation and Arbitration	Provision of industrial conciliation and arbitration services through the Industrial Relations Court and Commission and Workers Compensation Tribunal, for the resolution of workplace disputes.

28. Programs of the Department (continued)

Program	Sub Program	Description/Objective
Recreation Sport and Racing	Recreation and Sport	Provision of programs, services and policy to facilitate the delivery and strategic development of active recreation and sport facilities, services, programs and infrastructure across the state. It is aimed at enhancing the quality and extent of opportunities for participation and fostering continued sustainability of the industry, as well as providing targeted strategies and support for specific populations including the development of high performance athletes.
	Racing Policy	Provision of strategic policy advice to the government through the Minister for Recreation, Sport and Racing on matters relating to, and affecting, the South Australian racing industry. To achieve this, the Office for Racing facilitates and builds alliances with individuals and organisations involved in the South Australian racing and wagering industries.
Building Management	Building Services	Provision of building maintenance and asset management services including building project risk management to the State Government.
	Commercial Property Management	Provision of lease administration and management services in relation to commercial tenancies provided to state government agencies.
	Government Employees Residential Property Management	Procures and manages regional housing for South Australian government employees.
Information and Communication Technology Services		Provides strategic government information and communication technology initiatives, primarily across the public sector. Provides strategic advice and coordination on agency and sector specific information and communication technology (ICT) initiatives to assist agencies in the efficient delivery of services to the government and the community.
Contract and Procurement Services		Management of procurement, disposal and across government contract services for the provision of a wide range of government goods and services.
Community Services	Service SA	South Australia's gateway to government services and information through a comprehensive integrated network of customer service centres, rural agents, call centres and website.
	Land Services	Provides a Government-guaranteed system of land titling and land boundary security, and a viable and impartial property valuation service for the benefit of business, Government and the community.
	Archives and Records Management	Provides records management services across all State Government agencies and local councils and provides a range of archival services for preservation of and access to official records.
	Government Publishing SA	Manages the publication and dissemination of a range of key parliamentary and Government publications for the South Australian Government.
Support Services to Government	Forensic Services	Provision of forensic science services, primarily in relation to coronial and police investigations.
	Light Motor Vehicle Fleet	Provision of fleet management services to state government agencies including policy advice, vehicle leasing, maintenance, accident and fuel management, vehicle fit out and disposals preparation.
	Vehicles for Ministers, Parliamentarians and VIPs	Provision of a motor vehicle service to ministerial representatives, VIP dignitaries and members of parliament on official state government business.
	Shared Corporate Services	Provision of a comprehensive range of shared corporate services to various government agencies including the provision of payroll, redeployment, IT support and financial transactional processing.

28. Programs of the Department (continued)

Program	Sub Program	Description/Objective
Intra-Agency Support		The centralised provision of support services to the department's various business units within its portfolio including human resources, payroll management, financial management, facilities management, internal audit, administrative support, policy advice and executive and ministerial governance.

Program Schedule of Expenses and Income - 2006

FIG	ogram Schedule of Expenses and file	bille - 2000				
				2006		
		Employee	Supplies	Depreciation		
		Benefits	and	and		Total
Program	Sub-program	Costs	Services	Amortisation	Others	Expenses
		\$'000	\$'000	\$'000	\$′000	\$′000
Industrial Rel	ations:					
	SafeWork SA	17 872	11 458	61	319	29 710
	Public Sector Workforce Relations	3 293	1 684	120	50	5 147
	Sub-Total	21 165	13 142	181	369	34 857
Employee Adv	vocacy:					
	Employee Ombudsman Services	254	255	-	-	509
	Conciliation and Arbitration	5 101	3 739	126	367	9 333
	Sub-Total	5 355	3 994	126	367	9 842
Office for Rec	creation and Sport:					
	Recreation and Sport	7 632	10 577	2 234	19 442	39 885
	Racing Policy	314	135	-	341	790
	Sub-Total	7 946	10 712	2 234	19 783	40 675
Building Mana	agement:					
5	Building Services	15 441	70 375	1 777	(254)	87 339
	Commercial Property Management	2 459	97 365	5 134	` 89Ó	105 848
	Government Employees Residential					
	Property Management	1 253	14 068	2 297	274	17 892
	Intra-program elimination	-	(6 871)	-	-	(6 871)
	Sub-Total	19 153	174 937	9 208	910	204 208
Contract and	Procurement Services	7 445	18 869	97	742	27 153
Information a	and Communication Technology Services	12 590	51 999	12 672	75	77 336
Community S	Services:					
,	Service SA	8 685	6 055	244	78	15 062
	Land Services	20 663	17 239	353	(2)	38 253
	Archives and Records Management	2 829	3 062	713	-	6 604
	Government Publishing SA	928	1 066	54	-	2 048
	Sub-Total	33 105	27 422	1 364	76	61 967
Support Servi	ices to Government:					
	Forensic Services	8 067	5 474	1 832	26	15 399
	Light Motor Vehicle Fleet	2 277	31 169	35 216	27 033	95 695
	Vehicles for Ministers, Parliamentarians					
	and VIPs	2 414	3 147	-	-	5 561
	Shared Corporate Services	14 389	20 952	1 119	211	36 671
	Intra-program elimination	-	(1796)	-	-	(1796)
	Sub-Total	27 147	58 946	38 167	27 270	151 530
Intra-agency	Services	15 629	11 622	528	2 779	30 558
	n eliminations	(5)	(47 619)	-	(2 686)	(50 310)
Consolidatio		149 530	324 024	64 577	49 685	587 816

Net Cost of Revenues Befo	200		2006		
				Result	
				Before	
Total Providing from Restructuri	Total Providing		ng from F	Restructuring	
Program Sub-program Income Services SA Govt and Ta	Income Services	Program Sub-program	es SA Govt	and Tax	
\$'000 \$'000 \$'000 \$'00	\$'000 \$'000		00 \$'000	\$′000	
Industrial Relations:		Industrial Relations:			
SafeWork SA 13 041 16 669 - (16 66	13 041 16 669	SafeWork SA	69 -	(16 669)	
Public Sector Workforce Relations 1 102 4 045 - (4 04	ations 1 102 4 045	Public Sector Workforce Relatio	45 -	(4 045)	
Sub-Total 14 143 20 714 - (20 71	14 143 20 714	Sub-Total	14 -	(20 714)	
Employee Advocacy:		Employee Advocacy:			
Employee Ombudsman Services - 509 - (50	vices - 509	Employee Ombudsman Services	09 -	(509)	
Conciliation and Arbitration 5 132 4 201 - (4 20	5 132 4 201	Conciliation and Arbitration	01 -	(4 201)	
Sub-Total 5 132 4 710 - (4 71	5 132 4 710	Sub-Total	- 10	(4 710)	
Office for Recreation and Sport:		Office for Recreation and Sport:			
Recreation and Sport 4 167 35 718 3 590 (32 12	4 167 35 718	Recreation and Sport	18 3 590	(32 128)	
Racing Policy - 790 - (79	- 790	Racing Policy	90 -	(790)	
Sub-Total 4 167 36 508 3 590 (32 91	4 167 36 508	Sub-Total	08 3 590	(32 918)	

Program Schedule of Expenses and Income - 2006 (continued)

	2008			
				Net
				Result
		Net Cost of	Revenues	Before
	Total	Providing	from	Restructuring
Program Sub-program	Income	Services	SA Govt	and Tax
	\$'000	\$'000	\$'000	\$'000
Building Management:				
Building Services	81 092	6 247	-	(6 247)
Commercial Property Management	116 158	(10 310)	-	10 31Ó
Government Employees Residential		(<i>, ,</i>		
Property Management	21 959	(4 067)	95	4 162
Intra-program elimination	(6 871)	-	-	-
Sub-Total	212 338	(8 130)	95	8 225
Contract and Procurement Services	20 173	6 980	-	(6 980)
Information and Communication Technology Services	63 244	14 092	-	(14 092)
Community Services:				· · · · · ·
Service SA	10 991	4 071	222	(3 849)
Land Services	25 486	12 767	-	(12 767)
Archives and Records Management	524	6 080	-	(6 080)
Government Publishing SA	1 761	287	-	(287)
Sub-Total	38 762	23 205	222	(22 983)
Support Services to Government:				
Forensic Services	3 442	11 957	-	(11 957)
Light Motor Vehicle Fleet	84 352	11 343	-	(11 343)
Vehicles for Ministers, Parliamentarians				. ,
and VIPs	257	5 304	-	(5 304)
Shared Corporate Services	28 505	8 166	-	(8 166)
Intra-program elimination	(1 796)	-	-	-
Sub-Total	114 760	36 770	-	(36 770)
Intra-agency Services	3 424	27 134	171	(26 963)
Whole of DAIS appropriation	-	-	167 438	167 438
Inter-program eliminations	(50 130)	-	-	-
Consolidation	425 833	161 983	171 516	9 533
	125 055	201 900		5 555

2006

Program Schedule of Expenses and Income - 2005

F	Program Schedule of Expenses and Inc	ome - 2005				
				2005		
		Employee	Supplies	Depreciation		
_		Benefits	and	and		Total
Program	Sub-program	Costs	Services	Amortisation	Others	Expenses
		\$'000	\$′000	\$'000	\$′000	\$′000
Industrial R						
	SafeWork SA	14 504	7 164	43	123	21 834
	Public Sector Workforce Relations	3 080	1 758	211	52	5 101
	Sub-Total	17 584	8 922	254	175	26 935
Employee A	Advocacy:					
	Employee Ombudsman Services	286	236	-	1	523
	Conciliation and Arbitration	5 230	3 268	134	1	8 633
	Sub-Total	5 516	3 504	134	2	9 156
Office for R	ecreation and Sport:					
	Recreation and Sport	6 800	11 280	1 985	25 541	45 606
	Racing Policy	286	198			484
	Sub-Total	7 086	11 478	1 985	25 541	46 090
Building Ma		7 000	11 470	1 505	25 541	40 000
Dunung Ma	Building Services	13 475	83 274	199	402	97 350
	Commercial Property Management	2 352	92 548	4 909	4 974	104 783
	Government Employees Residential	2 332	92 J40	4 90 9	4 5/4	104 /05
	Property Management	1 019	11 418	2 697	2 000	17 134
	Intra-program elimination	1 019	(6 090)	2 097	2 000	(6 090)
		16 846	181 150	7 805	7 376	213 177
C	Sub-Total					
	nd Procurement Services	6 759	17 565	87	1 147	25 558
	and Communication Technology Services	11 108	58 739	13 367	895	84 109
Community						
	Service SA	3 916	3 019	179	82	7 196
	Land Services	20 048	18 504	576	42	39 170
	Archives and Records Management	2 392	3 850	552	7	6 801
	Government Publishing SA	916	1 308	45	-	2 269
	Sub-Total	27 272	26 681	1 352	131	55 436
Support Se	rvices to Government:					
	Forensic Services	7 139	4 780	1 097	63	13 079
	Light Motor Vehicle Fleet	2 546	26 022	39 424	10 041	78 033
	Vehicles for Ministers, Parliamentarians					
	and VIPs	2 429	2 607	-	-	5 036
	Shared Corporate Services	14 998	15 754	927	169	31 848
	Intra-program elimination	-	(1 344)	-	-	(1 344)
	Sub-Total	27 112	47 819	41 448	10 273	126 652
Intra-ageno		11 185	4 799	808	730	17 522
	nfrastructure Development	746	341	27	1	1 115
	am eliminations	(84)	(34 410)	-	(79)	(34 573)
Consolidat		131 130	326 588	67 267	46 192	571 177
Consonual		101 100	JZ0 J00	07 207	40 192	5/1 1//

2005

Program Schedule of Expenses and Income - 2005 (continued)

			2		
					Net
					Result
			Net Cost of	Revenues	Before
		Total	Providing	from	Restructuring
Program	Sub-program	Income	Services	SA Govt	and Tax
Fillyiani	Sub-program	\$'000	\$'000	\$'000	\$'000
		\$ 000	\$ 000	\$ 000	\$ 000
Industrial R					
	SafeWork SA	8 354	13 480	-	(13 480)
	Public Sector Workforce Relations	1 050	4 051	-	(4 051)
	Sub-Total	9 404	17 531	-	(17 531)
Employee A	Advocacy:	· · · · · · · · · · · · · · · · · · ·			
Employee	Employee Ombudsman Services	_	523	_	(523)
	Conciliation and Arbitration	5 080	3 553		(3 553)
				-	
	Sub-Total	5 080	4 076	-	(4 076)
Office for R	ecreation and Sport:				
	Recreation and Sport	2 736	42 870	6 684	(36 186)
	Racing Policy	-	484	-	(484)
	Sub-Total	2 736	43 354	6 684	(36 670)
Duilding Ma		2750	43 334	0 004	(30 070)
Building Ma		05.005	4 495		(1.425)
	Building Services	95 925	1 425	-	(1 425)
	Commercial Property Management	109 633	(4 850)	28	4 878
	Government Employees Residential				
	Property Management	19 286	(2 152)	215	2 367
	Intra-program elimination	(6 090)	-	-	-
	Sub-Total	218 754	(5 577)	243	5 820
Combine at a m		210 754	3 850	- 245	
	nd Procurement Services				(3 850)
Information	and Communication Technology Services	60 987	23 122	-	(23 122)
Community	/ Services:				
	Service SA	3 714	3 482	211	(3 271)
	Land Services	20 130	19 040	-	(19 040)
	Archives and Records Management	358	6 443	-	(6 443)
	Government Publishing SA	2 116	153	_	(153)
	Sub-Total	26 318	29 118	211	(28 907)
- · · ·		20 318	29 110	211	(28 907)
Support Sei	rvices to Government:				
	Forensic Services	3 422	9 657	-	(9 657)
	Light Motor Vehicle Fleet	77 686	347	-	(347)
	Vehicles for Ministers, Parliamentarians				
	and VIPs	268	4 768	-	(4 768)
	Shared Corporate Services	17 910	13 938	(710)	(14 648)
	Intra-program elimination	(1 344)		(, _0)	(2.0.0)
				(710)	(20,420)
	Sub-Total	97 942	28 710	(710)	(29 420)
Intra-agenc	,	7 625	9 897	-	(9 897)
Office for Ir	nfrastructure Development	(56)	1 171	-	(1 171)
Whole of D	AIS appropriation		-	155 213	155 213
	am eliminations	(34 573)	-	-	
1 5					
Consolidat	tion	415 925	155 252	161 641	6 389

Balance Sheet - 2006

E	Salance Sheet - 2006	2006 Assets			
			Current		
			Assets	Non-	
			Other than	Current	Total
Program	Sub-program	Cash	Cash	Assets	Assets
		\$'000	\$'000	\$′000	\$′000
Industrial R	Relations:				
	SafeWork SA	-	281	379	660
	Public Sector Workforce Relations	-	220	-	220
	Sub-Total	-	501	379	880
Employee A	Advocacy:				
	Employee Ombudsman Services	-	5	-	5
	Conciliation and Arbitration	-	155	128	283
	Sub-Total	-	160	128	288
Office for R	ecreation and Sport:				
	Recreation and Sport	-	763	126 504	127 267
	Racing Policy	-	-	-	-
	Sub-Total	-	763	126 504	127 267
Building Ma	inagement:				
-	Building Services	-	40 168	9 638	49 806
	Commercial Property Management	-	13 615	243 212	256 827
	Government Employees Residential				
	Property Management	-	5 719	224 977	230 696
	Intra-program elimination	-	(3 996)	-	(3 996)
	Sub-Total	-	55 506	477 827	533 333
Contract ar	nd Procurement Services	-	4 750	824	5 574
Informatior	and Communication Technology Services	-	22 100	78 533	100 633

Balance Sheet - 2006 (continued)

B	alance Sheet - 2006 (continued)				
		2006			
			A Current	ssets	
			Assets	Non-	
			Other than	Current	Total
Program	Sub-program	Cash	Cash	Assets	Assets
riogram	Sub program	\$'000	\$'000	\$'000	\$'000
Community	Services:	+	+	+	+
	Service SA	-	2 388	951	3 339
	Land Services	-	2 651	1 625	4 276
	Archives and Records Management	-	531	3 465	3 996
	Government Publishing SA		188	159	347
	Sub-Total		5 758	6 200	11 958
Support Se	rvices to Government:				
	Forensic Services	-	837	5 464	6 301
	Light Motor Vehicle Fleet	-	112 646	98 138	210 784
	Vehicles for Ministers, Parliamentarians				
	and VIPs	-	-	-	-
	Shared Corporate Services	-	520	3 499	4 019
	Sub-Total	-	114 003	107 101	221 104
Intra-ageno			2 726	42 231	44 957
Whole of D		59 307	-	-	59 307
Inter-progr	am eliminations		(1 726)	(40 000)	(41 726)
Consolidat	tion	59 307	204 541	799 727	1 063 575
			2006		
			2006 Liabilities		
			Non-		
		Current	Current	Total	Net
Program	Sub-program	Liabilities	Liabilities	Liabilities	Assets
		\$'000	\$'000	\$'000	\$'000
Industrial R					
	SafeWork SA	3 552	4 702	8 254	(7 594)
	Public Sector Workforce Relations	457	723	1 180	(960)
	Sub-Total	4 009	5 425	9 434	(8 554)
Employee A		54	40		(00)
	Employee Ombudsman Services	51	43	94	(89)
	Conciliation and Arbitration	665	932	1 597	(1 314)
	Sub-Total	716	975	1 691	(1 403)
Office for R	ecreation and Sport:	2 270	F 221	0 701	110 566
	Recreation and Sport	3 370	5 331	8 701	118 566
	Racing Policy	73	58	131	(131)
Duildin a Ma	Sub-Total	3 443	5 389	8 832	118 435
Building Ma		29 942	C 214	36 156	12 (50
	Building Services Commercial Property Management	7 083	6 214 20 077	27 160	13 650 229 667
	Government Employees Residential	7 085	20 077	27 100	229 007
	Property Management	2 957	33 369	36 326	194 370
	Inter-program elimination	(3 996)	22,203	(3 996)	194 570
			59 660	95 646	437 687
Contract an	Sub-Total d Procurement Services	<u> </u>	2 001	4 924	650
	and Communication Technology Services	2 923	3 884	25 557	75 076
		21 0/3	5 004	23 337	73 070
Community	Service SA	1 247	3 344	4 591	(1 252)
	Land Services	5 480	5 901	11 381	(7 105)
	Archives and Records Management	536	350	886	3 110
	Government Publishing SA	293	371	664	(317)
	Sub-Total	7 556	9 966	17 522	(5 564)
Sunnort Se	rvices to Government:	/ 330	5 500	1/ 322	(5 507)
Support Se	Forensic Services	1 105	1 815	2 920	3 381
	Light Motor Vehicle Fleet	116 751	123 762	240 513	(29 729)
	Vehicles for Ministers, Parliamentarians	110,51	123 / 02	2.0.515	(25725)
	and VIPs	180	532	712	(712)
	Shared Corporate Services	3 913	4 954	8 867	(4 848)
	Sub-Total	121 949	131 063	253 012	(31 908)
Intra-agono		5 502	2 900	8 402	36 555

Intra-agency Services Whole of DAIS cash Inter-department eliminations

Consolidation

5 502

(1 726)

202 031

2 900

(40 000)

181 263

8 402

(41 726)

383 294

36 555 59 307

680 281

Balance Sheet - 2005

В	alance Sheet - 2005					
		2005 Assets				
			Current	sels		
			Assets	Non-		
			Other than	Current	Total	
Program	Sub-program	Cash	Cash	Assets	Assets	
riogram	Sub program	\$'000	\$'000	\$'000	\$'000	
Industrial R	elations.	\$ 555	φ 000	\$ 000	φ 000	
maastriarit	SafeWork SA	-	380	270	650	
	Public Sector Workforce Relations	-	197	120	317	
	Sub-Total		577	390	967	
Employee A			577	550		
Employee	Employee Ombudsman Services	-	-	-	_	
	Conciliation and Arbitration	-	150	580	730	
	Sub-Total		150	580	730	
Office for R	ecreation and Sport:		150	500	,30	
Office for R	Recreation and Sport	-	467	133 189	133 656	
	Racing Policy	-		155 105	-	
	Sub-Total		467	133 189	133 656	
Building Ma			-107	155 105	155 050	
Duliuling Ma	Building Services	-	37 754	10 290	48 044	
	Commercial Property Management	-	13 275	227 917	241 192	
	Government Employees Residential		15 275	227 517	241 172	
	Property Management	-	3 499	188 152	191 651	
	Intra-program elimination	-	(3 327)	100 152	(3 327)	
	Sub-Total		51 201	426 359	477 560	
Contract an	d Procurement Services		4 288	896	5 184	
	and Communication Technology Services		17 224	79 407	96 631	
Community			17 224	75 407	50 051	
community	Service SA	_	1 067	902	1 969	
	Land Services	_	5 415	1 393	6 808	
	Archives and Records Management	_	233	3 998	4 231	
	Government Publishing SA	-	321	178	499	
	Sub-Total		7 036	6 471	13 507	
Support So	rvices to Government:		7 030	0471	15 507	
Support Ser	Forensic Services		927	5 813	6 740	
	Light Motor Vehicle Fleet	-	81 430	123 753	205 183	
	Vehicles for Ministers, Parliamentarians	-	01 450	125 755	203 183	
	and VIPs					
	Shared Corporate Services		663	3 503	4 166	
	Sub-Total		83 020	133 069	216 089	
Intro ocono			5 782	8 663	14 445	
Intra-agenc						
	Ifrastructure Development	-	1	18	19	
Whole of DA		69 815	-	-	69 815	
inter-progra	am eliminations	-	(2 339)	(6 000)	(8 339)	
Consolidat	ion	69 815	167 407	783 042	1 020 264	

Program Sub-program Industrial Relations: SafeWork SA	Current Liabilities \$'000 2 122	Non-Current Liabilities \$'000	Total Liabilities \$'000	Net Assets
Industrial Relations:	Liabilities \$'000	Liabilities	Liabilities	
Industrial Relations:	\$′000			
	1	φ 000		\$'000
	2 122		\$ 000	φ 000
		3 934	6 056	(5 406)
Public Sector Workforce Relations	286	766	1 052	(735)
Sub-Total	2 408	4 700	7 108	(6 141)
Employee Advocacy:				
Employee Ombudsman Services	68	38	106	(106)
Conciliation and Arbitration	624	953	1 577	(847)
Sub-Total	692	991	1 683	(953)
Office for Recreation and Sport:				
Recreation and Sport	2 558	5 530	8 088	125 568
Racing Policy	38	49	87	(87)
Sub-Total	2 596	5 579	8 175	125 481
Building Management:				
Building Services	30 014	6 075	36 089	11 955
Commercial Property Management	6 402	20 714	27 116	214 076
Government Employees Residential				
Property Management	1 399	321	1 720	189 931
Inter-program elimination	(3 327)	-	(3 327)	-
Sub-Total	34 488	27 110	61 598	415 962
Contract and Procurement Services	1 884	1 735	3 619	1 565
Information and Communication Technology Services	19 582	2 535	22 117	74 514
Community Services:				
Service SA	931	1 629	2 560	(591)
Land Services	5 733	5 631	11 364	(4 556)
Archives and Records Management	668	317	985	3 246
Government Publishing SA	432	414	846	(347)
Sub-Total	7 764	7 991	15 755	(2 248)

Balance Sheet - 2005 (continued)

Program	Sub-program	Current Liabilities \$'000	Non-Current Liabilities \$'000	Total Liabilities \$'000	Net Assets \$'000
Support Se	rvices to Government:	· · · · · · · · · · · · · · · · · · ·			
	Forensic Services	793	1 658	2 451	4 289
	Light Motor Vehicle Fleet	140 460	98 548	239 008	(33 825)
	Vehicles for Ministers, Parliamentarians				
	and VIPs	172	498	670	(670)
	Shared Corporate Services	2 781	5 541	8 322	(4 156)
	Sub-Total	144 206	106 245	250 451	(34 362)
Intra-ageno	cy Services	6 774	2 409	9 183	5 262
Office for Ir	nfrastructure Development	41	-	41	(22)
Whole of D	AIS cash	-	-	-	69 815
Inter-progr	am eliminations	(2 339)	(6 000)	(8 339)	-
Consolidat	tion	218 096	153 295	371 391	648 873

29. Contingent Assets and Liabilities

29.1 Contingent Assets

The Department is not aware of any contingent assets.

29.2 Contingent Liabilities

(i) Guarantees

In 1997 the Government entered into formal arrangements with the South Australian Netball Association (SANA), regarding the construction of a netball stadium at Mile End. The arrangements resulted in the SANA securing a loan of \$3.5 million from an external banking institution to be applied with Government funding toward the stadium construction. As part of the arrangements the loan of SANA is underwritten by the Government. As such the Department is contingently liable for the outstanding balance of the loan of the SANA. At balance date the outstanding balance of the loan was \$2.78 million. The Department was not required to make any contributions during the reporting period.

(ii) Financial Support

As part of the disengagement process from the 'Information Technology Services and State Economic Development Agreement' with EDS (Australia) Pty Ltd and transition to new service provider arrangements, DAIS may be liable to contribute towards some of their set up costs. At balance date it was not possible to reliably estimate the dollar effect.

(iii) Legal Proceedings

The Department (SafeWork SA) is involved in prosecuting breaches under the *Occupational Health Safety and Welfare Act*. At balance date there were several matters before the courts which are yet to be resolved. In the event decisions are awarded in favour of the defendants, the Department will be liable for the courts costs, which at present cannot be reliably estimated.

Statement of Administered Income and Expenses for the year ended 30 June 2006

		2006	2005
	Note	\$'000	\$′000
ADMINISTERED INCOME:			
Revenues from SA Government	A5	13 555	16 736
Revenues from fees and charges	A6	352 050	243 529
Interest	Α7	108	383
Total Administered Income		365 713	260 648
ADMINISTERED EXPENSES:			
Employee expenses	A9	3 577	3 266
Supplies and services	A10	252 324	144 230
Grants	A11	3 500	5 050
Payments to Consolidated Account	A12	102 572	97 925
Total Administered Expenses		361 973	250 471
NET OPERATING SURPLUS BEFORE RESTRUCTURING		3 740	10 177
(Decrease) in net assets due to administrative restructure	A8	(2 398)	-
NET OPERATING SURPLUS AFTER RESTRUCTURING		1 342	10 177

THE OPERATING SURPLUS IS ATTRIBUTABLE TO SA GOVERNMENT AS OWNER

Statement of Administered Assets and Liabilities as at 30 June 2006

		2006	2005
ADMINISTERED CURRENT ASSETS:	Note	\$′000	\$′000
Cash and cash equivalents	A13	22 242	26 131
Receivables	A14	1 444	1 104
Total Current Assets		23 686	27 235
ADMINISTERED NON-CURRENT ASSETS:			
Receivables	A14	86	108
Total Non-Current Assets		86	108
Total Administered Assets		23 772	27 343
ADMINISTERED CURRENT LIABILITIES:			
Payables	A15	14 014	12 752
Short-term employee benefits	A15	157	149
Prepaid revenue	A15	1 532	1 361
Short-term provisions	A16	875	1 600
Outstanding claims	A17	3 208	4 914
Total Current Liabilities		19 786	20 776
ADMINISTERED NON-CURRENT LIABILITIES:			
Long-term employee benefits	A15	156	175
Outstanding claims	A17	7 299	11 203
Total Non-Current Liabilities		7 455	11 378
Total Administered Liabilities		27 241	32 154
NET (LIABILITIES) ASSETS		(3 469)	(4 811)
ADMINISTERED EQUITY:			
Funds held in trust		5 344	5 344
Accumulated deficit		(8 813)	(10 155)
TOTAL ADMINISTERED EQUITY		(3 469)	(4 811)

Statement of Changes in Administered Equity for the year ended 30 June 2006

		Funds	Accumulated	
		Held in	Surplus	
		Trust	(Deficit)	Total
	Note	\$′000	\$′000	\$′000
Balance at 30 June 2004		13	(20 226)	(20 213)
Error correction	A3	-	(106)	(106)
Reinstate balance at 30 June 2004		13	(20 332)	(20 319)
Operating surplus		5 331	10 177	15 508
Balance at 30 June 2005		5 344	(10 155)	(4 811)
Operating surplus		-	1 342	1 342
Balance at 30 June 2006		5 344	(8 813)	(3 469)

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

Statement of Administered Cash Flows for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
CASH FLOWS FROM OPERATING ACTIVITIES:		(Outflows)	(Outflows)
CASH INFLOWS:	Note	\$'000	\$′000
Receipts from SA Government		14 368	19 338
Taxes, fees and charges		106 515	105 602
State auctions		6 754	5 592
CBA vehicles		-	54 056
Gaming machines		22 101	23 474
Service SA		215 550	54 558
Other receipts		108	5 343
Total Cash Inflows		365 396	267 963
CASH OUTFLOWS:			
Employees payments		(3 588)	(3 277)
Grants		(3 500)	(5 050)
Payment to Consolidated Account		(103 984)	(87 364)
State auctions		(6 548)	(5 123)
CBA vehicles		-	(57 027)
Gaming machines		(21 977)	(23 419)
Service SA		(215 551)	(54 558)
Payments of outstanding claims		(7 370)	(4 493)
Payments to suppliers		(4 369)	(10 989)
Payment due to administrative restructure		(2 398)	(9 892)
Total Cash Outflows		(369 285)	(261 192)
Net Cash (Outflows) Inflows from Operating Activities	A18	(3 889)	6 771
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS HELD		(3 889)	6 771
CASH AND CASH EQUIVALENTS AT 1 JULY		26 131	19 360
CASH AND CASH EQUIVALENTS AT 30 JUNE		22 242	26 131

NOTES TO AND FORMING PART OF THE ADMINISTERED FINANCIAL STATEMENTS

A1. Summary of Significant Accounting Policies

All accounting policies for the Department for Administrative and Information Services are contained in Note 2 'Summary of Significant Accounting Polices'. The policies outlined in Note 2 apply to both DAIS and the Administered Financial Statements.

A2. Administered Items

The following funds and financial transactions were administered by the Department as at 30 June 2006. They do not represent controlled transactions of the Department. As such, they are not recognised in the financial statements of the Department.

A2.1 Commonwealth Bank of Australia (CBA) Deposit Account

This account was established in May 1996 as a result of the sale and leaseback of the light motor vehicle fleet. This account is non-interest bearing and is utilised to collect the proceeds from sales of vehicles on behalf of the fleet owner. In April 2003 a voluntary termination effective over a 24 month period from 10 July 2003 to 10 July 2005 was agreed ahead of the contemplated 2011 expiry.

A2.2 Gaming Machines Operations Deposit Account

Contract Services holds funds on behalf of the State Procurement Board for the purchase and sale of gaming machines as provided for under section 26 of the *Gaming Machines Act 1992*.

A2.3 Government Workers Rehabilitation and Compensation Fund

The Government Workers Rehabilitation and Compensation Fund (the GWRC Fund) was established to provide for the funding of rehabilitation programs and payment of workers compensation benefits for government workers in accordance with current workers compensation legislation and in respect of claims for damages at common law for injury and disease suffered as a result of work.

A2.4 Land Services Regulatory Fees

The Land Services Group collects regulated fees and charges revenue through various land administration Acts administered under the statutory authority of the Registrar General and the Surveyor General. The revenue is collected through the following legislation:

- Real Property Act 1886, Regulation 3
- Strata Titles Act 1988, Regulation 4
- Community Titles Act 1996, Schedule 2
- Real Properties (Land Division) Regulations 1995, Schedule 1
- Bills of Sale Act 1886, Regulation 4
- *Registration of Deeds Act 1935*, Regulation 3, Schedule 1
- Workers Liens Act 1893, Regulation 3, Schedule 1

A2.5 Land Services Trust Funds

The Department administers the following trust accounts in accordance with:

- Real Property Act Assurance Fund (RPAAF) Section 201 Real Property Act 1886
- Real Property Act Trust Accounts Section 146 Real Property Act 1886
- Workers Liens Trust Account Section 16 Workers Liens Act 1893.

A2.6 Major Administered Projects

The Department holds funds in trust for capital works on behalf of other agencies for certain major projects. The Department holds any carried forward funds on behalf of the Government and applies expenditure to these projects subject to project manager approval.

This arrangement has been established for the following projects with DAIS as the controlling agency:

- Asbestos and Heritage Maintenance Program
- Building Security Program for Whole of Government

Due to the Administrative Restructure of the Office for Infrastructure Development (OFID) from DAIS to the Department for Transport, Energy and Infrastructure (DTEI) effective 1 July 2005 the following projects have been transferred to DTEI as the controlling agency:

- Glenelg Foreshore
- Outer Harbour Head Works
- West Beach Reserve

A2.7 Recreation and Sport Fund

The Department administers this fund on behalf of the Minister for Recreation, Sport and Racing. In accordance with provisions of the Soccer Football Pools Act 1981, Racing Act 1976, and State Lotteries Act 1966, monies are paid into the Fund for the purpose of supporting and developing such recreational and sporting facilities and services within the state, as are approved by the Minister.

The major sources of annual income are receipts from licensees to promote, conduct and operate soccer pools, and income derived from designated sports lotteries. Soccer pool income is returned to the Treasurer at the end of each financial year under an administrative arrangement agreed to in 1995.

A2.8 Special Acts Salaries

The Department receives a separate appropriation for the payment of salaries in relation to:

- Minister for Administrative Services
- Presidents, Deputy Presidents and Magistrates of the Industrial Relations Court and Commission and Workers Compensation Tribunal
- Valuer-General
- Employee Ombudsman

Funding is provided under 'Recurrent Expenditure - Special Acts'. The Department has no control over the use of these funds.

A2.9 Sport and Recreation Fund

The Department administers this fund on behalf of the Minister for Recreation, Sport and Racing. In accordance with provisions of the *Gaming Machines (Miscellaneous Amendments) Act 1966*, gaming tax paid to the Treasurer by holders of Gaming Machine licences, is paid into the Sport and Recreation Fund to provide assistance to sport and recreation organisations. Funds are allocated under the directions of the Minister for Recreation, Sport and Racing in consultation with the Economic and Finance Committee of Parliament. Funding can only be provided to organisations that do not hold Gaming Machine licences.

A2.10 Service SA

Service SA provides a range of services to the South Australian public on behalf of other SA Government Departments. All monies collected by Service SA are deposited into a DAIS bank account and disbursed to the appropriate department.

A2.11 State Government Auctions

Contract and Procurement Services (a program within DAIS) holds proceeds on behalf of agencies from the auction of government motor vehicles and other plant and equipment.

A3. Error Correction

During the financial year a review of the accounting treatment pertaining to DAIS operations recommended that the accounting treatment for certain major activities be classified and disclosed as either controlled activities or administered items. The following activities were reclassified.

Medical Specialists Fund

The Medical Specialists Fund was reclassified as a controlled activity following review. Cash of \$0.106 million was adjusted from the previous year balance.

Service SA

The gross inflows and outflows representing fees collected on behalf of other government agencies are now disclosed as an administered item.

State Government Auctions

All revenues and expenses relating to the sale of DAIS owned assets are now only recorded as transactions of DAIS.

A4. Changes in Accounting Policy

Explanation of Transition to AIFRS

The Department has adopted AIFRS for the first time for the year ended 30 June 2006.

The adoption of AIFRS has not resulted in any material adjustments to the Statement of Administered Income and Expenses or Statement of Administered Cash Flows.

A5.	Revenues from SA Government Appropriation and funding: Special Acts Government Workers Rehabilitation and Compensation Fund	2006 \$′000 6 473 3 882	2005 \$'000 3 817 5 795
	Major projects	3 200	7 124
		13 555	16 736
A6.	Fees and Charges		
	Fees and charges received/receivable from entities within the SA Government:		
	Other fees and charges	-	568
	Project revenue	65	906
	Betting and gaming revenue	3 703	3 700
	Total Fees and Charges - SA Government	3 768	5 174
	Fees and charges received/receivable from entities external to the SA Government:		
	Regulatory fees	102 569	97 925
	State Government auctions	6 664	4 895
	Gaming machines	22 098	23 096
	Motor vehicle sales	-	53 497
	Service SA	216 425	54 635
	Other	526	4 307
	Total Fees and Charges - Non-SA Government Entities	348 282	238 355
	Total Fees and Charges	352 050	243 529
	-		

		2006	2005
A7.	Other Revenues from SA Government	\$'000	\$′000
	Interest	108	383
		108	383

A8. Net Revenue (Expenses) from Administrative Restructure

On 18 April 2005, the Government announced the transfer of the Office for Infrastructure Development (OFID) to the Department for Transport, Energy and Infrastructure (DTEI). The ongoing major projects, an administered item of OFID has also transferred to DTEI. For accounting and reporting purposes the transfer of funds for \$2.398 million was effective on 1 July 2005.

The following administered assets and liabilities were transferred to DTEI	2006	2005
Assets:	\$′000	\$′000
Current	2 398	-
Total Assets	2 398	-

On 11 March 2004, the government announced the transfer of the Department of Aboriginal Affairs and Reconciliation to the Department for Families and Communities. The ATSIS Capital Works Fund, an administered item of the Department of Aboriginal Affairs and Reconciliation, has also transferred to that department. For accounting and reporting purposes the transfer was effective on 1 July 2004.

Assets: - 9.922 Current - 9.922 Liabilities: - - Current - 9.922 Net Assets (Liabilities) - - A9. Employee Benefit Costs - Payments to parties external to SA Government: Wages and salaries 2.744 2.431 Long service leave 3.176 - - Annual leave 72 52 - Payments to parties external to SA Government: - 72 52 Payments to SA Government: 72 52 - - Total Employment on-costs - Superannuation 577 445 - - - Total Employment on-costs - Other 181 162 -		The following administered assets and liabilities were transferred from the Department: Assets:	2006 \$′000	2005 \$′000
Total Assets-9 922Liabilities: Current-9 922Total LiabilitiesA9. Employee Benefit Costs Payments to parties external to SA Government: Wages and salariesWages and salaries Long service leave2 7442 431Long service leave Annual leave3176Payments to SA Government: Employment on-costs - Superannuation Employment on-costs - Other577445Total Employee Benefit Costs3 5773 266A10. Supplies and Services Supplies and Services51 617State Government auctions Professional fees51 617State Government auctions Professional fees3 5773 266A10. Supplies and Services Supplies and Services - SA Government: Professional fees51 617Total Supplies and Services - SA Government Entities220441Supplies and Services - SA Government Entities227 12965 567Supplies and Services - SA Government Entities51 617Professional fees 			-	9 922
Current-9 922Total LiabilitiesA9.Employee Benefit Costs-Payments to parties external to SA Government:2 7442 431Long service leave3176Annual leave7252Payments to SA Government:7252Employment on-costs - Superannuation577445Employment on-costs - Other3 5773 266A10.Supplies and Services3 5773 266Supplies and Services provided by entities within the SA Government:51 617Profect expenditure3 5743 513Gaming machine expenditure216 4255 4 635Others216 4255 567Supplies and Services provided by entities external to the SA Government:6152Profect expenditure2 8006 350Supplies and Services - SA Government Entities227 12965 567Supplies and Services - SA Government Entities2 25 324144 235Others2 8006 3505 667Others2 8006 3505 567Total Supplies and Services - Non-SA Government Entities2 51978 6633Others2 51978 663325 54 635Total Supplies and Services2 5573 206(910)Total Supplies and Services2 5573 206(910)Total Supplies and Services3 5005 050144 230A11.Grants5 A Government Entities3 5005 050Total Grants - SA Gove			-	
Current-9 922Total LiabilitiesA9.Employee Benefit Costs-Payments to parties external to SA Government:2 7442 431Long service leave3176Annual leave7252Payments to SA Government:7252Employment on-costs - Superannuation577445Employment on-costs - Other3 5773 266A10.Supplies and Services3 5773 266Supplies and Services provided by entities within the SA Government:51 617Profect expenditure3 5743 513Gaming machine expenditure216 4255 4 635Others216 4255 567Supplies and Services provided by entities external to the SA Government:6152Profect expenditure2 8006 350Supplies and Services - SA Government Entities227 12965 567Supplies and Services - SA Government Entities2 25 324144 235Others2 8006 3505 667Others2 8006 3505 567Total Supplies and Services - Non-SA Government Entities2 51978 6633Others2 51978 663325 54 635Total Supplies and Services2 5573 206(910)Total Supplies and Services2 5573 206(910)Total Supplies and Services3 5005 050144 230A11.Grants5 A Government Entities3 5005 050Total Grants - SA Gove		Liphilition		
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Net Assets (Liabilities)-A9.Employee Benefit Costs Payments to parties external to SA Government: Wages and salaries Long service leave Annual leave2 744 3 1762 431 3 176Denservice leave Annual leave3 17252Payments to SA Government: Employment on-costs - Superannuation Employment on-costs - Other577 181 162Total Employee Benefit Costs3 577 3 266A10.Supplies and Services Supplies and Services5 1 617 3 513Supplies and Services Supplies and Services provided by entities within the SA Government: Project expenditure Service SA Others5 2 1 617 2 16 425Supplies and Services Cost216 425 2 54 633 2 124 4 455216 425 2 227 129 6 5 567Supplies and Services rovided by entities external to the SA Government: Professional fees Gaming machine Cost and Services rovided by entities external to the SA Government: Professional fees Gaming licences61 52 2 800 4 41 2 557 2 227 129 6 5 567Supplies and Services rovided by entities external to the SA Government: Professional fees Gaming licences Disbursement of vehicle proceeds Project expenditure Others2 800 4 3 513 4 2 557 2 28 60 4 2 557 2 28 60 4 2 5 5195 2 7 8 663 2 52 3 224 2 144 2 30A11.Grants Grants - SA Government Entities3 500 5 0 500A11.Grants - SA Government Entities3 500 5 0 500				
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Payments to parties external to SA Government: Wages and salaries2 7442 431Long service leave3176Annual leave7252Payments to SA Government: Employment on-costs - Superannuation577445Employment on-costs - Other181162Total Employee Benefit Costs3 5773 266A10.Supplies and Services Supplies and Services provided by entities within the SA Government: Professional fees51 617State Government auctions Project expenditure6 6314 906Aroic expenditure3 5743 513Gaming machine expenditure216 42554 635Others211 642554 635Others212 12965 567Supplies and Services provided by entities external to the SA Government: Professional fees Gaming machines Disbursement of vehicle proceeds Project expenditure6152Supplies and Services - SA Government Entities227 12965 567Supplies and Services provided by entities external to the SA Government: Professional fees Gaming machines Gaming machines Gaming machines6152Disbursement of vehicle proceeds Project expenditure3 28006 3503 206Others3 206(910)25 19578 663Disbursement of vehicle proceeds Project expenditure25 19578 663Disbursement of vehicle swithin the SA Government: Grants paid/payable to entities within the SA Government: Grants - SA Government Entities3 5005 050A11.Grants Grants - SA				
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Employment on-costs - Other181162Total Employee Benefit Costs3 5773 266A10.Supplies and Services3 5773 266Supplies and Services provided by entities within the SA Government: Professional fees51 617State Government auctions55 1 617Gaming machine expenditure3 5743 513Gaming machine expenditure280441Service SA216 42554 635Others214455Total Supplies and Services - SA Government Entities227 12965 567Supplies and Services provided by entities external to the SA Government: Professional fees6152Supplies and Services provided by entities external to the SA Government: Professional fees6152Gaming machines2 8006 350Disbursement of vehicle proceeds- 54 056Project expenditure3 206(910)Total Supplies and Services - Non-SA Government Entities25 19578 663Total Supplies and Services252 324144 230A11.Grants Grants paid/payable to entities within the SA Government: Grants3 5005 050Total Grants - SA Government Entities3 5005 050		Payments to SA Government:		
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A10.Supplies and Services Supplies and Services provided by entities within the SA Government: Professional fees Gaming machine expenditure Service SA Others51617Supplies and Services - SA Government Entities280441Service SA Others21642554635Total Supplies and Services - SA Government Entities22712965567Supplies and Services provided by entities external to the SA Government: Professional fees Gaming licences615252Supplies and Services provided by entities external to the SA Government: Professional fees615252Supplies and Services - SA Government Entities28063505050Disbursement of vehicle proceeds Project expenditure Others-54<056		Employment on-costs - Other	181	162
Supplies and Services provided by entities within the SA Government: Professional fees51617State Government auctions666314906Project expenditure35743513Gaming machine expenditure280441Service SA2164255465Others214455Total Supplies and Services - SA Government Entities22712965567Supplies and Services provided by entities external to the SA Government: Professional fees615252Gaming machines191241655858Gaming licences280063505050Disbursement of vehicle proceeds-540567961525257Total Supplies and Services - Non-SA Government Entities25195786632523206(910)Total Supplies and Services-5405678663252324144230A11.GrantsGrantsSGovernment Entities350050505050Total Grants - SA Government Entities3500505050505050 <td></td> <td>Total Employee Benefit Costs</td> <td>3 577</td> <td>3 266</td>		Total Employee Benefit Costs	3 577	3 266
State Government auctions 6 631 4 906 Project expenditure 3 574 3 513 Gaming machine expenditure 280 441 Service SA 216 425 54 635 Others 214 455 Total Supplies and Services - SA Government Entities 227 129 65 567 Supplies and Services provided by entities external to the SA Government: 61 52 Professional fees 61 52 Gaming machines 19 124 16 558 Gaming incences 19 124 16 558 Gaming licences 2 800 6 350 Disbursement of vehicle proceeds - 54 056 Project expenditure 4 2 557 Others 3 206 (910) Total Supplies and Services - Non-SA Government Entities 25 195 78 663 Total Supplies and Services 252 324 144 230 A11. Grants 3 500 5 050 Grants 3 500 5 050 3 500 5 050	A10.	Supplies and Services provided by entities within the SA Government:	5	1 617
Project expenditure3 5743 513Gaming machine expenditure280441Service SA216 42554 635Others214455Total Supplies and Services - SA Government Entities227 12965 567Supplies and Services provided by entities external to the SA Government: Professional fees6152Gaming machines19 12416 558Gaming licences2 8006 350Disbursement of vehicle proceeds-54 056Project expenditure42 557Others3 206(910)Total Supplies and Services - Non-SA Government Entities25 19578 663Total Supplies and Services - Non-SA Government Entities25 19578 663Total Supplies and Services - Non-SA Government Entities25 19578 663Total Supplies and Services - Non-SA Government: Grants3 5005 050A11. Grants Grants - SA Government Entities3 5005 050			-	
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Others214455Total Supplies and Services - SA Government Entities227 12965 567Supplies and Services provided by entities external to the SA Government: Professional fees Gaming machines6152Gaming machines6152Gaming licences19 12416 558Disbursement of vehicle proceeds Project expenditure-54 056Others42 557Others3 206(910)Total Supplies and Services - Non-SA Government Entities25 19578 663Total Supplies and Services252 324144 230A11.Grants Grants Total Grants - SA Government Entities3 5005 050Total Grants - SA Government Entities3 5005 050		Gaming machine expenditure	280	441
Total Supplies and Services - SA Government Entities227 12965 567Supplies and Services provided by entities external to the SA Government: Professional fees6152Gaming machines19 12416 558Gaming licences2 8006 350Disbursement of vehicle proceeds- 54 056Project expenditure42 557Others3 206(910)Total Supplies and Services - Non-SA Government Entities25 19578 663Total Supplies and Services252 324144 230A11.Grants Grants paid/payable to entities within the SA Government: Grants3 5005 050Total Grants - SA Government Entities3 5005 050				
Supplies and Services provided by entities external to the SA Government: Professional fees Gaming machines Gaming licences6152Gaming machines Gaming licences19 12416 558Disbursement of vehicle proceeds Project expenditure-54 056Project expenditure Others42 557Others3 206(910)Total Supplies and Services - Non-SA Government Entities25 19578 663Total Supplies and Services252 324144 230A11.Grants Grants paid/payable to entities within the SA Government: Grants3 5005 050Total Grants - SA Government Entities3 5005 050				
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Gaming machines 19 124 16 558 Gaming licences 2 800 6 350 Disbursement of vehicle proceeds - 54 056 Project expenditure 4 2 557 Others 3 206 (910) Total Supplies and Services - Non-SA Government Entities 25 195 78 663 Z52 324 144 230 A11. Grants Grants within the SA Government: 3 500 5 050 Grants 3 500 5 050 5 050 5 050				
Gaming licences2 8006 350Disbursement of vehicle proceeds-54 056Project expenditure42 557Others3 206(910)Total Supplies and Services - Non-SA Government Entities25 19578 663Total Supplies and Services252 324144 230A11.Grants Grants paid/payable to entities within the SA Government: Grants3 5005 050Total Grants - SA Government Entities3 5005 050				-
Disbursement of vehicle proceeds Project expenditure-54 056 4Others42 557Others3 206(910)Total Supplies and Services - Non-SA Government Entities25 19578 663Total Supplies and Services252 324144 230A11. Grants Grants paid/payable to entities within the SA Government: Grants3 5005 050Total Grants - SA Government Entities3 5005 050				
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A11. Grants Grants paid/payable to entities within the SA Government: Grants Grants Total Grants - SA Government Entities 3 500 5 050		Total Supplies and Services - Non-SA Government Entities	25 195	78 663
Grants paid/payable to entities within the SA Government: Grants3 5005 050Total Grants - SA Government Entities3 5005 050		Total Supplies and Services	252 324	144 230
Grants paid/payable to entities within the SA Government: Grants3 5005 050Total Grants - SA Government Entities3 5005 050	Δ11	Grants		
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Total Grants - SA Government Entities3 5005 050			3 500	5 050
Total Grants 3 500 5 050		Total Grants - SA Government Entities	3 500	
		Total Grants	3 500	5 050

A12.	Payment to Consolidated Account Payment to Consolidated Account	2006 \$′000 102 572	2005 \$'000 97 925
	Total Payment to Consolidated - SA Government Entities	102 572	97 925
A13.	Cash		
	Deposit with the Treasurer	22 242	26 131
A14.	Receivables		
	Current:	65	
	Accrued revenue Receivables	65 1 379	1 104
	Total Current Receivables	1 444	1 104
	Non-Current:	96	100
	Receivables Total Non-Current Receivables	<u> </u>	<u>108</u> 108
	Total Receivables	1 530	1 212
	Receivables from SA Government entities:		
	Accrued revenue	65	-
	Receivables Total Receivables from SA Government Entities	<u>132</u> 197	<u>729</u> 729
	Receivables from Non-SA Government entities:		
	Receivables	1 333	483
	Accrued revenue Total Receivables from Non-SA Government Entities		483
	Total Receivables	1 530	1 212
A15.	Liabilities Current Liabilities:		
	Payables	14 014	12 752
	Employee benefits	157	149
	Prepaid revenue Provision for legal fees	1 532 875	1 361 1 600
	Outstanding claims (refer to the GWRC Fund)	3 208	4 914
		19 786	20 776
	Non-Current Liabilities: Employee benefits	156	175
	Outstanding claims (refer to the GWRC Fund)	7 299	11 203
		7 455	11 378
	Total Administered Liabilities	27 241	32 154
	Liabilities to SA Government Entities:		
	Payables	12 248	10 642
	Provision for legal fees Total Liabilities to SA Government Entities	<u>875</u> 13 123	<u>1 600</u> 12 242
	Liabilities to Non-SA Government Entities: Payables	1 766	2 110
	Employee benefits	313	324
	Prepaid revenue	1 532	1 361
	Outstanding claims (refer to the GWRC Fund) Total Liabilities to Non-SA Government Entities	<u> </u>	<u>16 117</u> 19 912
	Total Liabilities	27 241	32 154
	_		
A16.	Provisions Current:		
	Legal fees	875	1 600
	Total Current Provisions	875	1 600
	Movement in Provisions:		
	Balance at 1 July	1 600	-
	Provision recognised Payments	- (725)	1 600
	Balance at 30 June	875	1 600

Major Projects has an estimated \$0.875 (\$1.6) million obligation for legal costs not yet finalised.

A17.	Outs	tanding Claims	2006	2005
	Cum	~h	\$'000	\$'000
	Curre	current	3 208 7 299	4 914
				11 203
	Т	otal Outstanding Claims	10 507	16 117
	Move	ement in Outstanding Claims		
		ice at 1 July	16 117	21 634
		(Loss) from claims liability estimate	2 829	(1 216)
		ements	(8 439)	(4 301)
	В	alance at 30 June	10 507	16 117
A18.	Cash <i>(a)</i>	Flow Reconciliation Reconciliation of Cash Cash and Cash Equivalents as 30 June as per:		
		Statement of Administered Cash Flows	22 242	26 131
	(b)	Reconciliation of Net Cash provided by Operating Activities to Net Cost of Services		
		Net cash provided by (used in) operating activities	(3 889)	6 771
		Administrative restructure	2 398	(5 331)
		Change in Assets/Liabilities:		
		Increase (Decrease) in receivables	318	(2 144)
		(Increase) Decrease in payables	(1 262)	(2 633)
		(Increase) Decrease in employee benefits	11	12
		(Increase) Decrease in prepaid revenue	(171)	9 585
		(Increase) Decrease in provisions	725	(1 600)
		Decrease (Increase) in outstanding claims	5 610	5 517
		Net Cost of Services from Ordinary Activities	3 740	10 177

A19. Statement of Administered Income and Expenses

	Administered Revenues		Administered Expenses				
			Total			Total	
	Receipts	Revenues	Admin-		Other	Admin-	
	& Other	from	istered	Employee	Operating	istered	
	Revenue	SA Govt	Revenues	Expenses	Expenses	Expenses	
	\$′000	\$′000	\$′000	\$′000	\$′000	\$'000	\$′000
CBA vehicles	-	-	-	-	-	-	-
Gaming machines	22 204	-	22 204	-	22 204	22 204	-
Government Workers Rehabilitation							
and Compensation Fund	-	3 882	3 882	-	2 928	2 928	954
Land Services Group regulatory fees	102 572	-	102 572	-	102 572	102 572	-
Land Services Group Trust Funds	525	-	525	-	525	525	-
Major administered projects	65	3 200	3 265	-	3 578	3 578	(313)
Rec and Sport Fund	203	-	203	-	-	-	203
Special Acts salaries	-	6 473	6 473	3 577	-	3 577	2 896
Sport and Rec Fund	3 500	-	3 500	-	3 500	3 500	-
Service SA	216 425	-	216 425	-	216 425	216 425	-
State Government auctions	6 664	-	6 664	-	6 664	6 664	-
Total	352 158	13 555	365 713	3 577	358 396	361 973	3 740

A20. Statement of Administered Assets and Liabilities

	Current	Non- Current	Total	Current	Non- Current	Total	2006 Net (Liabilities)	2005 Net (Liabilities)
	Assets	Assets	Assets	Liabilities	Liabilities	Liabilities	Assets	Assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CBA vehicles	253	-	253		-	-	253	253
Gaming machines	1 532	-	1 532	1 532	-	1 532	-	-
Government Workers Rehabilitation								
and Compensation Fund	(444)	86	(358)	4 559	7 299	11 858	(12 216)	(13 170)
Land Services Group								
regulatory fees	9 149	-	9 149	9 149	-	9 149	-	-
Land Services Group Trust Funds	6 642	-	6 642	1 297	-	1 297	5 345	5 345
Major administered projects	1 493	-	1 493	1 683	-	1 683	(190)	2 521
Rec and Sport Fund	444	-	444	-	-	-	444	241
Special Acts salaries	837	-	837	157	156	313	524	(2 372)
Sport and Rec Fund	2 371	-	2 371	-	-	-	2 371	2 371
Service SA	1 255	-	1 255	1 255	-	1 255	-	-
State Government auctions	154	-	154	154	-	154	-	-
Total	23 686	86	23 772	19 786	7 455	27 241	(3 469)	(4 811)

A21. Remuneration of Employees

Amounts received or receivable by employees as Administered Items whose remuneration is greater than \$100 000. The amounts include salaries, related payments and superannuation benefits.

	2006 \$′000	2005 \$′000
	3 348	2 820
	5 540	2 020
	2006	2005
The number of employees of the Department whose remuneration falls within the	Number of	Number of
following bands for the year ended were:	Employees	Employees
\$120 000 - \$129 999	Employees	
\$120 000 - \$129 999		1
\$150 000 - \$159 999	1	- 1
\$170 000 - \$179 999	-	1
\$180 000 - \$189 999		1
\$220 000 - \$229 999	1	- 1
\$230 000 - \$239 999	-	1
\$240 000 - \$249 999	2	1
\$270 000 - \$279 999	-	1
\$290 000 - \$299 999	1	-
\$310 000 - \$319 999	- 2	-
\$330 000 - \$339 999	-	2
\$340 000 - \$349 999	-	- 1
\$350 000 - \$359 999	3	-
\$370 000 - \$379 999	-	1
\$380 000 - \$389 000	1	-
	12	11

GOVERNMENT WORKERS REHABILITATION AND COMPENSATION FUND

ADMINISTERED RESPONSIBILITY

The Government Workers Rehabilitation and Compensation Fund (the GWRC Fund) is administered (but not controlled) by the Department for Administrative and Information Services (DAIS).

Costs of the Fund are processed through a non-interest bearing Special Deposit Account titled 'Government Workers Rehabilitation and Compensation Fund'. The payments processed through the account include all lump-sum claim payments and costs of administering the GWRC Fund. The principal source of funds consists of monies provided to the GWRC Fund by the State Government.

The GWRC Fund was established to provide funding for the rehabilitation programs and payments of workers compensation benefits for government workers in accordance with current workers compensation legislation and for claims for damages at common law for injury and disease suffered as a result of work.

Over the past 13 years the responsibility for meeting the cost of certain aspects of claims has gradually been devolved to Government agencies. As at 30 June 2004 the GWRC Fund was closed to any new claims, with the responsibility for meeting all claim costs being transferred to Government agencies. The impact of this change is that from 1 July 2004 the GWRC Fund will only meet certain costs of existing claims as at 30 June 2004.

AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

Subsection 31(1)(b) of the *Public Finance and Audit Act 1987* provides for the Auditor-General to audit the accounts of the Government Workers Rehabilitation and Compensation Fund for each financial year.

Assessment of Controls

Subsection 36(1)(a)(iii) of the *Public Finance and Audit Act 1987* provides for the Auditor-General to assess the controls exercised by the Government Workers Rehabilitation and Compensation Fund 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 those controls were consistent with the prescribed elements of the Financial Management Framework as required by Treasurer's Instruction 2 *Financial Management Policies*.

Scope of Audit

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

The major focus of the audit was financial reporting, including valuations undertaken of the Fund's liabilities and assets, where applicable. The audit also included a review of controls over the claims management system.

AUDIT FINDINGS AND COMMENTS

Audit Opinions

Audit of the Financial Report

In my opinion, the financial report presents fairly, in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable accounting standards and other mandatory professional reporting requirements in Australia, the financial position of the Government Workers Rehabilitation and Compensation Fund as at 30 June 2006, its financial performance and its cash flows for the year then ended.

Assessment of Controls

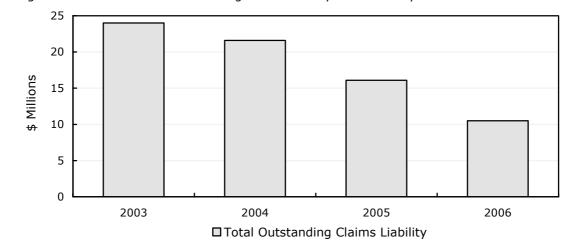
In my opinion, the controls exercised by the Government Workers Rehabilitation and Compensation Fund in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial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

INTERPRETATION AND ANALYSIS OF FINANCIAL REPORT

Outstanding Claims

The GWRC Fund's Balance Sheet is dominated by the provision for outstanding claims, which by its nature is subjective. As a result, an independent actuary is appointed to undertake an analysis each year of the outstanding claims liability for the whole of government.

The outstanding claims liability is based on the number of claims reported and payments for each payment type during each accident period. The actuary then uses a statistical model to estimate the total outstanding claims. The liability is adjusted for several factors, including inflating claims and then discounting them to their present value and an estimate of the cost of administering the outstanding claims.



The following chart shows the total outstanding claims liability for the four years to 2006.

The outstanding claim liability for the GWRC Fund as at 30 June 2006 was \$10.5 million (\$16.1 million). The decrease of \$5.6 million is due to lump sum settlements and the reassessment of the outstanding claims liability by the actuary. As noted above, the scheme was closed to new claims from 1 July 2004 and consequently claim liabilities should continue to reduce over time reflecting the settlement of existing claims.

Income Statement for the year ended 30 June 2006

		2006	2005
INCOME:	Note	\$′000	\$′000
Revenues from SA Government		3 882	5 795
Gain from claims liability estimate	5	-	1 216
Gain from recoveries estimate		-	254
Total Income	-	3 882	7 265
EXPENSES:			
Loss from claims liability estimate	5	2 829	-
Loss from recoveries estimate		15	-
Other expenses	6	85	70
Total Expenses	-	2 929	70
OPERATING SURPLUS	-	953	7 195
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING	=		
FROM TRANSACTIONS WITH THE SA GOVERNMENT AS			
OWNER		953	7 195

Balance Sheet as at 30 June 2006

		2006	2005
CURRENT ASSETS:	Note	\$′000	\$'000
Cash and cash equivalents	7	(487)	3 139
Receivables	8(a)	43	36
Total Current Assets		(444)	3 175
NON-CURRENT ASSETS:			
Receivables	8(b)	86	108
Total Non-Current Assets		86	108
Total Assets		(358)	3 283
CURRENT LIABILITIES:			
Payables	9	1 351	335
Outstanding claims liability	5	3 208	4 914
Total Current Liabilities		4 559	5 249
NON-CURRENT LIABILITIES:			
Outstanding claims liability	5	7 299	11 203
Total Non-Current Liabilities		7 299	11 203
Total Liabilities		11 858	16 452
NET DEFICIENCY		(12 216)	(13 169)
EQUITY:			
Accumulated deficit		(12 216)	(13 169)
TOTAL EQUITY		(12 216)	(13 169)

SA GOVERNMENT AS OWNER

Statement of Changes in Equity for the year ended 30 June 2006

		2006	2005
	Note	\$'000	\$′000
Balance at 30 June		(13 169)	(20 364)
Net income recognised directly in equity		953	7 195
Balance at 30 June		(12 216)	(13 169)
All changes in equity are attributable to the SA Government as owner			

Cash Flow Statement for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
CASH FLOWS FROM OPERATING ACTIVITIES:		(Outflows)	(Outflows)
CASH OUTFLOWS:	Note	\$'000	\$′000
Claims payments		(7 370)	(4 493)
Other payments		(138)	(94)
Cash used in Operating Activities		(7 508)	(4 587)
CASH INFLOWS:			
Other receipts		-	349
Transfer from Targeted Voluntary Separation Package Scheme		-	912
Cash generated from Operating Activities		-	1 261
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		3 882	5 795
Net Cash (used in) provided by Operating Activities	12	(3 626)	2 469
NET (DECREASE) INCREASE IN CASH			
AND CASH EQUIVALENTS		(3 626)	2 469
CASH AND CASH EQUIVALENTS AT 1 JULY		3 139	670
CASH AND CASH EQUIVALENTS AT 30 JUNE		(487)	3 139

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives

The Government Workers Rehabilitation and Compensation Fund (the Fund) was established to provide for the funding of rehabilitation programs and payment of workers compensation benefits for Government workers in accordance with current workers compensation legislation and in respect of claims for damages at common law for injury and disease suffered as a result of work.

From 1 July 2004, the Treasurer approved the closure of the Fund to any new liabilities from claims formally registered on/from that date. Agencies are now responsible for all costs associated with workers compensation claims registered from 1 July 2004.

2. Summary of Significant Accounting Policies

2.1 Basis of Accounting

The financial report is a general purpose financial report. The accounts have been prepared in accordance with applicable Accounting Standards and Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

2.1 Basis of Accounting (continued)

These Financial Statements are the first statements to be prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS). AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these statements. Previous Financial Statements were prepared in accordance with Australian Generally Accepted Accounting Principles (AGAAP).

The Government Workers Rehabilitation and Compensation Fund's Income Statement, Balance Sheet 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 Cash Flow Statement has been prepared on a cash basis.

The financial report has been prepared based on a 12 month operating cycle and presented in Australian currency.

2.2 The Reporting Entity

The financial report encompasses all activities transacted through a Special Deposit Account titled 'Government Workers Rehabilitation and Compensation Fund'. The Fund is administered by, but not controlled by, the Department for Administrative and Information Services.

The Fund's principal sources of funding consist of monies appropriated to the Department for Administrative and Information Services for the Fund by Parliament. These monies are recognised as revenues from SA Government.

2.3 Comparative Information

The presentation and classification of items in the financial report are consistent with prior periods except where a specific Accounting Policy Statement or Australian Accounting Standard have required a change.

Comparative figures have been reinstated on an AIFRS basis except for financial instrument information as permitted by AASB 1.

2.4 Rounding

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

2.5 Income and Expenses

Income and expenses are recognised in the Fund's Income Statement when and only when it is probable that the flow of economic benefits to or from the entity will occur and can be reliably measured.

Income and expenses have been classified according to their nature in accordance with Accounting Policy Framework II *General Purpose Financial Reporting Framework* APS 3.5 and have not been offset unless required or permitted by a specific accounting standard.

In accordance with Accounting Policy Framework II *General Purpose Financial Reporting Framework* APSs 4.1 and 4.2 the financial report's notes disclose revenues, 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.

2.6 Claims expenses met from the Fund

The following expenses for claims are met by the Fund:

- Lump sum settlements for small and certain medium sized Government agencies covered by the Fund.
- A portion of lump sum settlements to larger Government agencies.
- Income maintenance, legal costs and other costs for three specific agencies.

2.7 Revenues from SA Government

Revenues from SA Government are recognised upon receipt.

2.8 Current and Non-Current Classification

Assets and liabilities are characterised as either current or non-current in nature. The Fund 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.

2.9 Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and deposits held at call and are used in the cash management function on a day-to-day basis. Cash deposits are non-interest bearing.

Cash is measured at nominal value.

2.10 Receivables

Funding is obtained by recoveries from third parties. The level of receivables in relation to third party recoveries has been established on the basis of an independent actuarial assessment of the estimated revenue expected from recovery action against third parties. The actuarial assessment includes the separation of the receivable into current and non-current.

2.11 Payables

Payables include creditors and accrued expenses.

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 Fund.

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, in accordance with TI 11 *Payment of Creditors' Accounts*.

2.12 Outstanding Claims Liability

The provision for outstanding liability of the Fund covers those claims expenses stated in Note 2.6 as being met from the Fund.

A liability for outstanding claims is recognised in respect of claims incurred but not yet paid and the anticipated direct and indirect costs of settling those claims.

The liability for outstanding claims has been established on the basis of an independent actuarial assessment of the estimated costs of settlement of claims, inflated for the anticipated effects of inflation and other factors, and discounted to a present value at balance date.

3. Financial Risk Management

The Fund has significant non-interest bearing assets and liabilities. The Fund's exposure to market risk and cash flow interest risk is minimal.

In relation to liquidity/funding risk, the continued existence of the Fund in its present form, and with its present programs, is dependent on Government policy and on continuing appropriations by Parliament for the Fund's administration and programs.

4. Changes in Accounting Policies

Explanation of transition to AIFRS

The Fund has adopted the AIFRS for the first time for the year ended 30 June 2006.

The adoption of AIFRS has not resulted in any material adjustments to the Income Statement or Cash Flow Statement.

5. Outstanding Claims Liability

The Fund's liability reflects an actuarial assessment of the Government workers compensation liability as outlined in Note 2.6, according to the experience of claim numbers and payments over the period 1 July 1987 to 30 June 2006. The whole of Government estimate can be found in a report prepared by Taylor Fry Consulting Actuaries, dated 31 August 2006 and submitted to the Department for Administrative and Information Services. This report conforms to the WorkCover Guidelines for Actuaries, Accounting Standard AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and Professional Standard PS 300 *Actuarial Reports and Advice on General Insurance Technical Liabilities* of the Institute of Actuaries of Australia. The whole-of-Government estimate in relation to this Fund is detailed below.

Movement in Outstanding Claims	2006	2005
	\$'000	\$'000
Carrying amount at 1 July	16 117	21 634
Settlements	(8 439)	(4 301)
Loss (gain) from claims liability estimate	2 829	(1 216)
Carrying amount at 30 June	10 507	16 117
Total outstanding claims:		
Income maintenance	409	965
Lump sum settlements	9 694	14 788
Other	404	364
	10 507	16 117
Current	3 208	4 914
Non-Current	7 299	11 203

•	Other Expenses Other expenses paid/payable to entities within the SA Government: Audit fees paid/payable to the Auditor-General's Department	2006 \$′000 1	2005 \$′000 9
	Other	2	-
	Total Other Expenses to SA Government Entities	3	9
	Other expenses paid/payable to entities external to the SA Government:		
	Consultants ⁽ⁱ⁾	61	51
	Other	21	10
	Total Other Expenses - Non-SA Government Entities	82	61
	Total Other Expenses	85	70

(i) The consultant expenses relate to the services provided by the Actuary (Taylor Fry Consulting Actuaries).

7. **Cash and Cash Equivalents**

6.

	Deposits with the Treasurer		(487)	3 139
8.	Receivables			
	Receivables from SA Gove	ernment Entities	2006	2005
	(a) Current:		\$'000	\$′000
	Receivables		17	· _
	Third party recove	ries	26	36
	. ,		43	36
	(b) Non-Current:			
	Third party recove	ries	86	108
			86	108
	Total Receivables f	om SA Government Entities	129	144

Credit Risk

Receivables are raised for goods and services provided for which payment has not been received.

Receivables are normally settled within 30 days and are non-interest bearing.

The Fund's third party recoveries receivable was determined by an independent actuary valuation performed by Taylor Fry Consulting Actuaries.

The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition there is no concentration of credit risk.

Davables 9.

Payables Payables to SA Government Entities: Lump sum settlements	2006 \$′000 -	2005 \$′000 32
Audit fees	7	13
Total Payables to Other SA Government Entities	7	45
Payables to Non-SA Government Entities: Consultant fees Lump sum settlements Other	61 1 283 -	51 182 57
Total Payables to Non-SA Government Entities	1 344	290
Total Payables	1 351	335

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 net fair value due to the amounts being payable on demand.

10. Commitments

There is no capital expenditure contracted at the reporting date.

11. **Contingent Assets and Liabilities**

The Fund is not aware of any contingent assets or liabilities. In addition the Fund has made no guarantees.

12.	Cash Flow Reconciliation Reconciliation of Cash - Cash at 30 June as per Cash Flow Statement	2006 \$′000 (487)	2005 \$'000 3 139
	Balance Sheet	(487)	3 139
	Reconciliation of Net Cash provided by Operating Activities to Net Revenue (Cost of providing Services) Net cash (used in) provided by operating activities Cash flow from SA Government	(3 626) (3 882)	2 469 (5 795)
	Change in assets and liabilities: Decrease in receivables (Increase) Decrease in payables Decrease in claims liability Net Revenue (Cost of Providing Services) from Ordinary Activities	(15) (1 016) <u>5 610</u> (2 929)	(1 007) 216 <u>5 517</u> 1 400

ART GALLERY BOARD

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The Board was established under subsection 4(1) of the Art Gallery Act 1939.

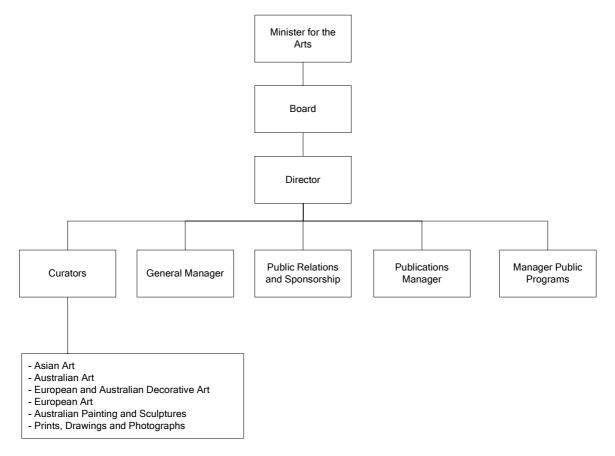
Functions

The functions of the Art Gallery Board are:

- Undertake the care and control of the Art Gallery and of all the lands and premises placed under the care and control of the Board.
- Undertake the care and control of all works of art, exhibits and other personal property acquired for the purposes of the Art Gallery.
- Assist in the promotion and supervision of art galleries, and collections of art, and any body or association established for the promotion of art within the State.

Structure

The structure of the Art Gallery of South Australia is illustrated in the following organisation chart.



AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

Subsection 31(1)(b) of the *Public Finance and Audit Act 1987* and subsection 26(2) of the *Art Gallery Act 1939* provides for the Auditor-General to audit the accounts of the Art Gallery Board for each financial year.

Assessment of Controls

Subsection 36(1)(a)(iii) of the *Public Finance and Audit Act 1987* provides for the Auditor-General to assess the controls exercised by the Art Gallery Board 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 those controls are consistent with the prescribed elements of the Financial Management Framework as required by Treasurer's Instruction 2 *Financial Management Policies*.

Scope of Audit

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

During 2005-06, specific areas of audit attention included:

- expenditure including accounts payable and payroll
- revenue including cash receipting and banking and bookshop operations
- property plant and equipment
- heritage collection valuation
- financial management reporting.

AUDIT FINDINGS AND COMMENTS

Audit Opinions

Audit of the Financial Report

In my opinion, the financial report presents fairly, in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Art Gallery of South Australia as at 30 June 2006 and the results of its operations and cash flows for the year then ended.

Assessment of Controls

In my opinion, the controls exercised by the Art Gallery of South Australia 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 Art Gallery of South Australia have been conducted properly and in accordance with law.

Audit Communications to Management

The results of the audit were satisfactory and no major matters were raised with management.

INTERPRETATION AND ANALYSIS OF FINANCIAL REPORT

Highlights of Financial Report

	2006	2005	Percentage
	\$′000	\$′000	Change
INCOME			
State Government grants	6 061	6 376	(5)
Other income	7 554	8 758	(14)
Total Income	13 615	15 134	(10)
EXPENSES			
Employee benefits	2 880	2 777	4
Other expenses	6 895	7 477	(8)
Total Expenses	9 775	10 254	(5)
NET RESULT	3 840	4 880	(21)

Art Gallery Board

	2006	2005	Percentage
	\$′000	\$′000	Change
Net Cash Flows from Operations	2 943	4 470	(34)
ASSETS			
Current assets	4 490	3 892	15
Non-current assets	629 206	579 208	9
Total Assets	633 696	583 100	9
LIABILITIES			
Current liabilities	2 176	983	n/a
Non-current liabilities	550	521	6
Total Liabilities	2 726	1 504	81
EQUITY	630 970	581 596	8

Income Statement

Income

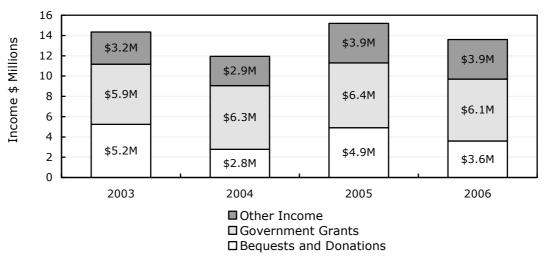
Income for the year totalled \$13.6 million (\$15.1 million). The decrease of \$1.5 million is attributable mainly to:

- a decrease of \$1.6 million in the value of bequests and donations received this year. Bequests and donations received in 2005-06 totalled \$1.8 million (\$3.4 million). The level of this source of revenue is uncertain from year to year;
- an increase in donations of heritage assets of \$343 000.

Grants from the State Government represent 45 percent (42 percent) of income which is consistent with the view that the Board is dependent on the ongoing financial support of the State Government as expressed in Note 2.20 to the Financial Statements.

Bequests and donations represent 26 percent (32 percent) of total income.

A structural analysis of income for the Board in the four years to 2006 is presented in the following chart.



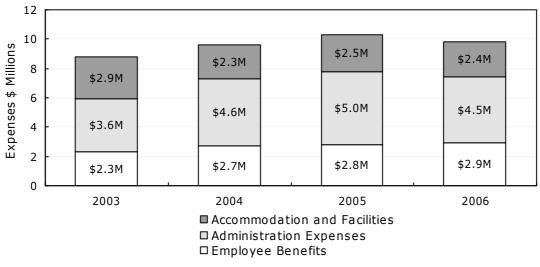
Expenses

Expenditure for the year decreased by \$479 000 to \$9.8 million. The decrease is attributable mainly to:

- a decrease in supplies and services costs of \$925 000. The principal item contributing to the decrease is a reduction in the loss on sale of investments of \$532 000;
- an increase of \$454 000 in depreciation.

Art Gallery Board

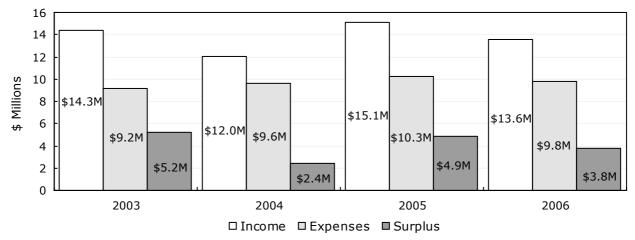
For the four years to 2006, a structural analysis of the main operating expense items for the Board is shown in the following chart.



Net Result

The net result for the year was a surplus of \$3.8 million (\$4.9 million). The reduction of \$1.6 million in bequests and donations is the major contributing factor in the reduced surplus.

The following chart shows the operating revenues, operating expenses and surpluses for the four years to 2006.

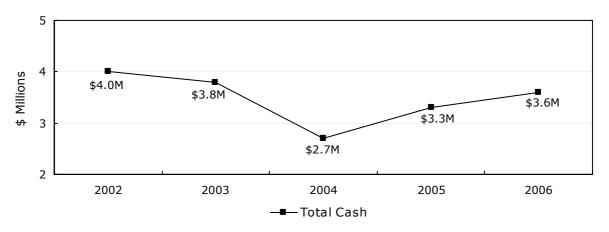


Balance Sheet

Current Assets

Cash Assets

The following chart shows the movement in the Art Gallery's cash assets over the five years to 2006.



Non-Current Assets

Heritage Collections

The Board has accumulated these assets over a significant period of time primarily through the use of government funding, together with bequests and donations. During the year, heritage assets valued at \$1.8 million were donated to the Board.

The heritage collections were revalued as at 30 June 2006. This resulted in an increase of \$45.2 million in the value of the collections.

Income Statement for the year ended 30 June 2006

		2006	2005
EXPENSES FROM ORDINARY ACTIVITIES:	Note	\$′000	\$′000
Employee benefits	3	2 880	2 777
Supplies and services	4	3 535	4 460
Accommodation and facilities	5	2 367	2 478
Depreciation	6	993	539
Total Expenses from Ordinary Activities	_	9 775	10 254
INCOME:	-		
Sale of goods		1 086	943
Fees and charges	7	946	702
Bequests and donations		1 784	3 389
Donations of heritage assets		1 810	1 467
Sponsorships		69	112
Resources received free of charge	2.4	255	358
Interest and investment income	8	872	1 230
Rent and facilities hire		360	328
Profit on sale of assets	4, 9	185	24
Other	10	187	205
Total Income	_	7 554	8 758
NET COST OF PROVIDING SERVICES	-	(2 221)	(1 496)
REVENUES FROM SA GOVERNMENT:	-		
Revenue from SA Government		6 061	6 376
Total Revenues from SA Government	-	6 061	6 376
NET RESULT	-	3 840	4 880
THE NET RESULT IS ATTRIBUTABLE TO THE	=		
SA GOVERNMENT AS OWNER	-	3 840	4 880

Balance Sheet as at 30 June 2006

		2006	2005
CURRENT ASSETS:	Note	\$′000	\$′000
Cash and cash equivalents	23	3 622	3 255
Receivables	12	66	35
Inventories		585	185
Other	13	217	417
Total Current Assets		4 490	3 892
NON-CURRENT ASSETS:			
Property, plant and equipment	14	29 096	30 066
Heritage collections	15	596 190	545 721
Investments	16	3 920	3 421
Total Non-Current Assets		629 206	579 208
Total Assets		633 696	583 100
CURRENT LIABILITIES:			
Payables	17	1 847	631
Unearned income		-	65
Employee benefits	18	293	252
Provisions	19	36	35
Total Current Liabilities		2 176	983
NON-CURRENT LIABILITIES:			
Payables	17	42	46
Employee benefits	18	412	387
Provisions	19	96	88
Total Non-Current Liabilities		550	521
Total Liabilities		2 726	1 504
NET ASSETS		630 970	581 596
EQUITY:			
Retained earnings	20	387 979	383 147
Asset revaluation reserve	20	242 991	198 449
TOTAL EQUITY		630 970	581 596
Commitments for Expenditure	21		
Contingent Assets and Liabilities	22		

Statement of Changes in Equity for the year ended 30 June 2006

		Asset	Deteined	
		Revaluation	Retained	-
		Reserve	Earnings	Total
	Note	\$'000	\$'000	\$'000
Balance at 30 June 2004		200 108	378 267	578 375
Changes in Accounting Policy		(1 400)	-	(1 400)
Restated Balance at 30 June 2004		198 708	378 267	576 975
Loss on revaluation of land and buildings during 2004-05		(762)	-	(762)
Gain on Revaluation of investments during 2004-05		305	-	305
Net income/expense recognised directly in				
equity for 2004-05		(457)	-	(457)
Net result for 2004-05		-	4 880	4 880
Total recognised income and expense for 2004-05		(457)	4 880	4 423
Balance at 30 June 2005		198 251	383 147	581 398
Changes in Accounting policy		198	-	198
Restated Balance at 30 June 2005	20	198 449	383 147	581 596
Gain on revaluation of heritage collections		45 241	-	45 241
Changes in Accounting Policy		(699)	992	293
Net income/expense recognised directly in				
equity for 2005-06		44 542	992	45 534
Net result for 2005-06		-	3 840	3 840
Total recognised income and expense for 2005-06		44 542	4 832	49 374
Balance at 30 June 2006	20	242 991	387 979	630 970

Cash Flow Statement for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$′000	\$′000
CASH OUTFLOWS:			
Employee benefits		(2 802)	(2 811)
Supplies and services		(3 358)	(3 447)
Accommodation and facilities		(2 333)	(2 556)
Cash used in Operations		(8 493)	(8 814)
CASH INFLOWS:			
Sale of goods		1 072	947
Fees and charges		962	727
Bequests and donations		1 784	3 389
Sponsorships		69	167
Interest and investment income		965	1 024
Rent and facilities hire		355	365
Other		168	289
Cash generated from Operations		5 375	6 908
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government - Recurrent operating grant		6 061	6 376
Cash generated from SA Government		6 061	6 376
Net Cash provided by Operating Activities	23	2 943	4 470
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of investments		(861)	(1 827)
Purchase of property, plant and equipment		(23)	(481)
Purchase of heritage collections		(2 213)	(2 689)
Cash used in Investing Activities		(3 097)	(4 997)
CASH INFLOWS:			
Proceeds from sales/maturities of investments		415	1 092
Proceeds from the sale of property, plant and equipment		-	6
Proceeds from the sale of heritage collections		106	-
Cash generated from Investing Activities		521	1 098
Net Cash used in Investing Activities		(2 576)	(3 899)
NET INCREASE IN CASH AND CASH EQUIVALENTS		367	571
CASH AND CASH EQUIVALENTS AT 1 JULY		3 255	2 684
CASH AND CASH EQUIVALENTS AT 30 JUNE	23	3 622	3 255

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Art Gallery Board (The Board)

The Art Gallery Board is charged with the management of the Art Gallery of South Australia, as prescribed under the Art Gallery Board Act 1939.

The Art Gallery of South Australia's objectives are to:

- collect heritage and contemporary works of art of aesthetic and art historical or regional significance;
- ensure the preservation and conservation of the Gallery 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, 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; and
- advise the South Australian Government on the allocation of South Australian resources to works of art, art collections, art museums and art associations.

2. Summary of Significant Accounting Policies

2.1 Basis of Accounting

- The financial report is a general purpose financial report. The statements have been prepared in accordance with:
- Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987* (PFAA);
- applicable Australian Accounting Standards;
- other mandatory professional reporting requirements in Australia.

The PFAA and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards. Accounting Policy Statements issued pursuant to Treasurer's Instructions may modify or clarify accounting standards application, disclosure, format and wording to provide certainty and to ensure consistency and appropriate reporting across the public sector.

These financial statements are the first statements to be prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS). AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these statements. Previous financial statements were prepared in accordance with Australian Generally Accepted Accounting Principles.

The Board's Income Statement, Balance Sheet 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 Cash Flow Statement has been prepared on a cash basis.

2.2 Sources of Funds

The Board's principal source of funds consists of grants from the State Government. In addition, the Board also receives monies from sales, admissions, donations, bequests, sponsorships and other receipts, and uses the monies for the achievement of its objectives.

2.3 Changes in Accounting Policies

Explanation of Transition to AIFRS The Board has adopted the AIFRS for the first time for the year ended 30 June 2006.

The impacts on the financial report due to the adoption of the AIFRS include:

- Valuation of Investments at Cost previously measured at Market Value (Accounting Policy Framework IV *Financial Asset and Liability Framework* APS 2.1). This has resulted in a material decrement of \$1 202 000 since 1 July 2004. It has also allowed the Board to recognise previous year's profits on sale of investments of \$699 000. The Statement of Changes in Equity reports the restated 1 July 2004 and 1 July 2005 balances as a result of adopting this AIFRS.
- Employee Benefits payable later than 12 months are measured at present value, previously measured at nominal amounts (AASB 119 *Employee Benefits*).

Initial Recognition of Publications Stock

The Board has recognised publications stock at cost for the first time in 2005-06. This has resulted in an increase of inventories and retained earnings of \$293 000.

Other Changes

A number of Australian Accounting Standards have been issued or amended and are applicable to the Board but are not yet effective. The Board has assessed the impact of the new and amended standards and there will be no impact on the accounting policies of the Board.

2.4 Income and Expenses

Income and expenses are recognised in the Board's Income Statement when and only when it is probable that the flow of economic benefits to or from the entity will occur and can be reliably measured. Income and expenses have been classified according to their nature in accordance with Accounting Policy Framework II *General Purpose Financial Reporting Framework* APS 3.5 and have not been offset unless required or permitted by a specific accounting standard.

Income from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Income from the rendering of a service is recognised upon the delivery of the service to the customers. Government grants are recognised as income in the period in which the Board obtains control over the grants.

Resources Received Free of Charge

Resources received free of charge are recorded as revenue and expenditure in the Income Statement at their fair value in accordance with Accounting Policy Framework III Asset Accounting Framework APS 2.12.

Under an arrangement with Arts SA and Artlab Australia, a division of the Department of the Premier and Cabinet, Artlab Australia receives SA Government appropriation to perform conservation services on the Art Gallery's heritage collections. The value of this work performed is recognised as resources received free of charge in income and a corresponding amount included as conservation work expenditure in Supplies and Services (Note 4).

Transactions with SA Government

In accordance with Accounting Policy Framework II *General Purpose Financial Reporting Framework* APSs 4.1 and 4.2 the financial report's notes disclose income, expenses, financial assets and financial liabilities where the counter party/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

2.5 Current and Non-Current Items

Assets and liabilities are characterised as either current or non-current in nature. The Board 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.

2.6 Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash at bank and cash on hand. Cash is measured at nominal value.

2.7 Receivables

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

Trade receivables arise in the normal course of selling goods and services to the public and agencies. 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.

Other debtors arise outside the normal course of selling goods and services to other entities and to the public.

2.8 Inventories

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

2.9 Investments

Investments are brought to account at cost in accordance with Accounting Policy Framework IV *Financial Asset and Liability Framework* APS 2.1.

2.10 Non-Current Asset Acquisition and Recognition

The cost method of accounting is used for the initial recording of all acquisitions of assets. Cost is determined as the fair value of the assets given the consideration plus costs incidental to the acquisition. Assets donated during the year have been brought to account at fair value.

In accordance with Accounting Policy Framework III *Asset Accounting Framework* APS 7.2 componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is greater than \$5 million for infrastructure assets and \$1 million for other assets.

2.11 Valuation of Non-Current Assets

Land and Buildings

An independent valuation of the land and buildings was conducted as at 30 June 2005 by the Australian Valuation Office. Land and buildings are independently valued every three years. The valuation at 30 June 2005 was prepared on a fair value basis instead of the deprival value basis previously used. This change was required by AASB 1041 *Revaluation of Non-Current Assets*. The valuation resulted in a decrement of \$762 000, which was charged to the Asset Revaluation Reserve in 2004-05.

Plant and Equipment

Plant and equipment including computer equipment, on acquisition, has been deemed to be held at fair value.

Heritage Collections

The heritage collections are large and diverse. They include many items that are complex to value given considerations of market value and their uniqueness. The Board adopted the following methodology for valuing heritage assets held as at 30 June 2006.

Works of art were valued by the appropriate internal curator and external valuers either by valuing all items or establishing an average value through representative sampling and in the event of variations between the values the following policy was adopted. Where there was disagreement between the internal and external valuation, the higher valuation was recorded as the correct valuation unless the difference in the valuation was substantial and greater than 50 percent in which case the average of the two valuations was recorded as the correct valuations.

Where there was minor disagreement between the internal and external valuation, the higher valuation was recorded if provided by the external valuer. When the external valuation was lower than the internal, and when the difference in the two valuations was substantial and greater than 50 percent, the average of the two valuations was recorded as the correct valuation.

The external valuations were carried out by the following recognised industry experts:

Collection Australian Paintings and Sculptures	Industry Expert Ms J Hylton and Ms S Thomas
Australian and European Decorative Arts	Mr K Rayment
Asian Art	Mr D Richards, Mr B Lynch and Mr D Button
European Art:	
European collection Pre 1850	Mr P Matthiesen and Mr A Tumble
British collection and European collection	
Post 1850	Mr P Nahum
Numismatics	Mr G Morton
Krichauf and Murray Stamp Collection	Mr B Parker

All collection items with a value greater than \$350 000 were valued individually. The Research Library collections were valued by sampling the collections and providing a market valuation of the entire stock based on the sample. The values were determined by searching catalogues in second-hand and antiquarian bookshops. Where a value was not available, an estimate was provided by the Librarian, Ms Jin Whittington.

The Archival Collections, consisting of ephemera such as material on individual artists and galleries, was given a nil valuation as there is no reliable market value for this collection.

2.12 Impairment of Assets

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 asset revaluation reserve.

2.13 Depreciation of Non-Current Assets

Depreciation is calculated on a straight-line basis to write off the net cost or revalued amount of each noncurrent asset over its expected useful life except for land and heritage collections, which are not depreciable. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

The expected useful lives are as follows:

Class of Asset Buildings and improvements Plant and equipment Useful Life (Years) Useful life depends on individual asset item 3-15

Heritage collections are kept under special conditions so that there is no physical deterioration and they are anticipated to have very long and indeterminate useful lives. No amount for depreciation has been recognised, as their service potential has not, in any material sense, been consumed during the reporting period.

2.14 Payables

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

Creditors and accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period. All amounts are measured at their nominal amount and are normally settled within 30 days, in accordance with Treasurer's Instruction 11 *Payment of Creditors' Accounts,* after the Board receives an invoice.

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

2.15 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 benefits are measured at nominal amounts.

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.

(i) Liabilities for Wages, Salaries and Annual Leave

Liabilities for wages, salaries and annual leave have been recognised as the amount unpaid at the reporting date. The liability for annual leave has been calculated at nominal amounts based on current remuneration rates as at reporting date. The annual leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid.

(ii) Long Service Leave

A liability for long service leave is recognised after an employee has completed seven years of service in accordance with Accounting Policy Framework IV *Financial Asset and Liability Framework* APS 5.10. An actuarial assessment of long service leave was undertaken by the Department of Treasury and Finance.

(iii) Superannuation

Contributions are made by the Board to several superannuation schemes operated by the State Government and private sector. 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.

2.16 Workers Compensation Provision

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 Occupational Health and Injury Management Branch of the Department for Administrative and Information Services.

2.17 Leases

The Art Gallery Board has entered into a number of operating lease agreements for vehicles and photocopiers where the lessors effectively retain all of the risks and benefits incidental to ownership of the items held under the operating leases. Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the Income Statement in the periods in which they are incurred.

2.18 Comparative Figures

The presentation and classification of items in the financial report are consistent with prior periods except where a specific Accounting Policy Statement or Australian Accounting Standard have required a change. Comparative figures have been restated on an AIFRS basis to assist user's understanding of the current reporting period and do not replace the original financial report for the preceding period.

2.19 Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred by the Board as a purchaser is not recoverable from the Australian Taxation Office.

The net GST receivable/payable to the Australian Taxation Office is not recognised as a receivable/payable in the Balance Sheet as the Board is a member of an approved GST group of which Arts SA, a division of the Department of the Premier and Cabinet, is responsible for the remittance and collection of GST. There are no cash flows relating to GST transactions with the Australian Taxation Office in the Cash Flow Statement.

2.20 State Government Funding

The financial reports are presented under the assumption of ongoing financial support being provided to the Board by the State Government.

2.21 Rounding

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

2.22 Insurance

The Board has arranged, through the SA Government Captive Insurance Corporation, to insure all major risks of the authority. The excess payable is fixed under this arrangement.

3.	Employee Benefits	2006 \$′000	2005 \$′000
	Salaries and wages	2 322	2 197
	Superannuation	261	234
	Payroll tax	151	144
	Annual and long service leave	90	110
	Other employee related expenses	56	92
	Total Employee Benefits	2 880	2 777
	Remuneration of Employees	2006	2005
	The number of employees whose remuneration received or receivable falls within	Number of	Number of
	the following bands:	Employees	Employees
	\$100 000 - \$109 999	1	1
	\$160 000 - \$169 999	1	-
	Total Number of Employees	2	1

The table includes all employees who received remuneration of \$100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits tax and other salary sacrifice benefits. The total remuneration received by these employees for the year was \$265 000 (\$104 000).

Targeted Voluntary Separation Packages Scheme (TVSPs)

There were no TVSPs paid in either 2005-06 or 2004-05.

Remuneration of Board Members	2006	2005
The number of Board Members who received remuneration from the Board fell	Number of	Number of
within the following bands:	Members	Members
\$0 - \$9 999	7	7
\$10 000 - \$19 999	1	1
Total Number of Board Members	8	8

The total remuneration received by these Board Members for the year was \$81 000 (\$81 000) which included superannuation contributions.

Related Party Disclosures

4.

During the financial year the following persons held a position on the Art Gallery Board:

Mr M Abbott QC, Chairman	Ms L LeCornu
Ms V Hickey	Mr P Ward
Ms C S Tweddell	Mr A W Gwinnett
Mr A Wynn	Mr P Speakman

Board members or their related entities have transactions with the Board that occur within a normal 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.

Supplies and Services	2006	2005
Supplies and Services provided by entities external to the SA Government:	\$′000	\$'000
Administration expenses	357	555
Board expenses	74	74
Preservation activities	32	128
Consultants fees	3	-
Contractors fees	18	72
Cost of goods sold	440	397
Entertainment	25	30
Information technology	30	53
Maintenance	21	28
Marketing and promotion	479	493
Minor equipment purchases and leasing	73	74
Valuation expenses	28	32
Fees - Exhibitions and publications	144	222
Tours	110	40
Loss on sale of investments	71	603
Projects	68	9
Travel and accommodation	82	119
Other	90	62
Total Supplies and Services - Non-SA Government Entities	2 145	2 991

4.	Supplies and Services (continued)	2006	2005
	Supplies and Services provided by entities within the SA Government: Administration expenses	\$′000 65	\$'000 95
	Business services charge	278	278
	Conservation work	363	416
	EDS charges	52	20
	Insurance and risk management Information technology	506 11	544 3
	Maintenance	56	52
	Motor vehicle expenses	18	21
	Other	41	40
	Total Supplies and Services - SA Government Entities	1 390	1 469
	Total Supplies and Services	3 535	4 460
	Payments to Consultants	2006	2005
	The dollar amount of consultancies paid/payable that fell within the	Number of	Number of
	following bands:	Consultants	Consultants
	\$0 - \$10 000	1	
	Total Number of Consultancies	1	-
	Payments to consultants during 2005-06 totalled \$3 000. There were no payments	o consultants du	ıring 2004-05.
5.	Accommodation and Facilities	2006	2005
	Accommodation and facilities provided by entities external to the SA Government:	\$'000	\$'000
	Accommodation	471	409
	Total Accommodation and Facilities - Non-SA Government Entities	471	409
	Accommodation and facilities provided by entities within the SA Government:		
	Accommodation	69	177
	Facilities	743	747
	Security	1 084	1 145
	Total Accommodation and Facilities - SA Government Entities	1 896	2 069
	Total Accommodation and Facilities	2 367	2 478
6.	Depreciation		
	Buildings and improvements	930	479
	Plant and equipment	63	60
	Total Depreciation	993	539
7.	Fees and Charges		
<i>.</i>	User charges received/receivable from entities external to the SA Government:		
	Fees for services	497	229
	Admissions to temporary exhibitions	449	473
	Total User Charges	946	702
0	Takawash and Tawashmout Takawa		
8.	Interest and Investment Income Interest from entities within the SA Government	126	93
	Interest and investment income from entities external to the SA Government	746	1 137
	Total Interest and Investment Income	872	1 230
9.	Profit on Sale of Assets		
	Plant and equipment:		-
	Proceeds from disposal Net book value of assets disposed	20 20	6 6
	Profit (Loss) on Sale of Plant and Equipment	- 20	-
	Heritage collections:		
	Proceeds from disposal	106	-
	Net book value of assets disposed Profit on Sale of Heritage Collections	<u>45</u> 61	-
		01	
	Investments:	11 E	1 002
	Proceeds from the sale of investments Net book value of investments	415 362	1 092 1 671
	Profit (Loss) on Sale of Investments	53	(579)
			<u> </u>
	Total Assets:		1 000
	Total proceeds from disposal Total net book value of assets	541 427	1 098 1 677
		114	
	Total Profit (Loss) on Disposal of Assets	114	(579)

10.	Other Income	2006 \$′000	2005 \$′000
	Other income received/receivable from entities external to the SA Government: Recoup recoverables Grant from Commonwealth Government Other receipts	22 96 49	70 75 38
	Total Other Income - Non-SA Government Entities	167	183
	Other income received/receivable from entities within the SA Government: State Government grants Other receipts	20	12 10
	Total Other Income - SA Government Entities	20	22
11.	Total Other Income Auditor's Remuneration	187	205
	Audit fees paid/payable to the Auditor-General's Department	25	22
	Total Audit Fees - SA Government Entities	25	22

Other Services

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

12. Receivables

Receivables from Non-SA Government entities	66	35
Total Receivables	66	35

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 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.

13.	Other Current Assets	2006	2005
	Other current assets receivable from entities external to the SA Government:	\$′000	\$'000
	Prepayments	-	26
	Accrued income	207	377
	Total Other Current Assets - Non-SA Government entities	207	403
	Other current assets receivable from entities within the SA Government:		
	Conservation prepayment	-	6
	Accrued income	10	8
	Total Other Current Assets - SA Government Entities	10	14
	Total Other Current Assets	217	417
14.	Property, Plant and Equipment Land, buildings and improvements:		
	Land at valuation	3 625	3 625
	Buildings and improvements at valuation	40 959	40 959
	Accumulated depreciation	(15 652)	(14 722)
	Total Land, Buildings and Improvements	28 932	29 862
	Plant and equipment:		
	Plant and equipment at cost (deemed fair value)	439	436
	Accumulated depreciation	(275)	(232)
	Total Plant and Equipment	164	204
	Total Property, Plant and Equipment	29 096	30 066

Valuation of Non-current Assets

The valuation of land, buildings and improvements was performed by the Australian Valuation Office as at 30 June 2005.

Depreciation expense Carrying Amount at 30 June	3 625	(930) 25 307	(63) 164	<u>(993)</u> 29 096
Additions	-	-	23	23
Carrying amount at 1 July	3 625	26 237	204	30 066
	Land \$'000	ments \$′000	Equipment \$'000	Total \$'000
Reconciliation of Property Plant and Equipment		Buildings and Improve-	Plant and	2006

15.	Heritage Collections		2006			2005	
15.	heritage conections	At	At		At	At	
		Valuation	Cost	Total	Valuation	Cost	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Australian paintings and sculptures	178 175	\$ 000	178 175	159 210	3 340	162 550
	Australian and European decorative	178 175	-	178 175	159 210	5 540	102 550
	arts	41 894	-	41 894	29 205	742	29 947
	Asian art	14 730	-	14 730	12 473	1 212	13 685
	European paintings and sculptures	300 000	-	300 000	295 951	1 495	297 446
	Prints, drawings and photographs	53 500	-	53 500	35 469	954	36 423
	Numismatics	5 872	-	5 872	3 622	-	3 622
	Philatelic material	435	-	435	500	-	500
	Library	1 584	-	1 584	1 482	66	1 548
	Total Heritage Collections	596 190	-	596 190	537 912	7 809	545 721
	Reconciliation of Carrying Amounts					Revaluation	
	of Heritage Collections		Balance			Increment/	Balance
			01.07.05	Additions	Disposals	Decrement	30.06.06
			\$'000	\$′000	\$'000	\$′000	\$'000
	Australian paintings and sculptures		162 550	1 293	(45)	14 377	178 175
	Australian and European decorative						
	arts		29 947	454	-	11 493	41 894
	Asian art		13 685	942	-	103	14 730
	European paintings and sculptures		297 446	2 014	-	540	300 000
	Prints, drawings and photographs		36 423	532	-	16 545	53 500
	Numismatics		3 622	-	-	2 250	5 872
	Philatelic material Library		500 1 548	- 38	-	(65) (2)	435 1 584
		-	545 721	5 273		45 241	596 190
	Carrying Amount at 30 June	-	545 721	5 27 5	(45)	45 241	596 190
	Reconciliation of Carrying Amounts of			Balance			Balance
	Heritage Collections (continued)			01.07.04	Additions	Disposals	30.06.05
				\$′000	\$'000	\$′000	\$′000
	Australian paintings and sculptures			161 040	1 510	-	162 550
	Australian and European decorative arts			29 414	533	-	29 947
	Asian art			13 418	267	-	13 685
	European paintings and sculptures			296 068	1 378	-	297 446
	Prints, drawings and photographs			36 124	299	-	36 423
	Numismatics			3 622	-	-	3 622
	Philatelic material			500	-	-	500
	Library		-	1 515	33	-	1 548
	Carrying Amount at 30 June		=	541 701	4 020	-	545 721
16.	Investments					2006	2005
	Investments with entities other than SAI Non-Current:	FA:				\$′000	\$′000
	Shares, convertible notes and oth	ner investments	s in compani	es		3 920	3 421
	Total Non-Current Investme	nts				3 920	3 421
	Total Investments					3 920	3 421

Investments are carried at cost in accordance with Accounting Policy Framework IV *Financial Asset and Liability Framework* APS 2.1. The market value of Investments as at 30 June 2006 is \$5 169 000 (\$4 623 000).

17. Payables		2006	2005
Current:		\$'000	\$′000
Creditors and accruals		1 802	593
Employee on-costs		45	38
Total Current Payabl	es	1 847	631
Non-Current:			
Imprest Account		2	2
Employee on-costs		40	44
Total Non-Current Pa	ayables	42	46
Total Payables		1 889	677
Payables to Non-SA Governme	ent entities:		
Creditors and accruals		1 744	552
Total Payables - Non	-SA Government Entities	1 744	552
Payables to SA Government e	ntities:		
Creditors and accruals		58	41
Imprest account		2	2
Employee on-costs		85	82
Total Payables - SA (Government Entities	145	125
Total Payables		1 889	677

Interest Rate and Credit Risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employee 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.

18.	Short-Term and Long-Term Employee Benefits	2006	2005
	Current:	\$'000	\$′000
	Annual leave	171	147
	Long service leave	76	71
	Accrued salaries and wages	46	34
	Total Current Employee Benefits	293	252
	Non-Current:		
	Long service leave	412	387
	Total Non-Current Employee Benefits	412	387
	Total Employee Benefits	705	639

The total current and non-current employee expense (ie aggregate employee benefit plus related on-costs) for 2005-06 is \$338 000 and \$452 000 respectively.

In the 2005-06 financial year, the long service leave benchmark contained in the Accounting Policy Framework IV *Financial Asset and Liability Framework* remained the same, based on an actuarial assessment. The benchmark for the measurement of the long service leave liability is seven years.

19.	Provisions	2006	2005
	Current:	\$′000	\$′000
	Provision for workers compensation	36	<u>35</u> 35
	Total Current Provisions	36	35
	Non-Current:	0.5	
	Provision for workers compensation	96	88
	Total Non-Current Provisions	96	88
	Total Provisions	132	123
	Reconciliation of the Provision for Workers Compensation		
	Provision at 1 July	123	132
	Increase (Decrease) in provision during the year	9	(9)
	Provision for Workers Compensation at 30 June	132	123
20.	Equity		
	Retained profits	387 979	383 147
	Asset revaluation reserve	242 991	198 449
	Total Equity	630 970	581 596
	Retained profits:		
	Balance at 1 July	383 147	378 267
	Initial recognition of inventory due to accounting policy change	293	
	Previous year's profit on sale of investments due to accounting policy change	699	-
	Net result from ordinary activities	3 840	4 880
	Balance at 30 June	387 979	383 147
	Asset Revaluation Reserve:		
	Balance at 1 July	198 449	198 708
	Decrement in land, buildings and improvement due to revaluation	-	(762)
	Increment in investments due to revaluation	-	503
	Increment in heritage collections due to revaluation	45 241	-
	Previous year's profit on sale of investments due to accounting policy change	(699)	-
	Balance at 30 June	242 991	198 449
	Total Equity at 30 June	630 970	581 596
21.	Commitments for Expenditure		
	Operating Lease Commitments:		
	Commitments under non-cancellable operating leases at the reporting date		
	not recognised as liabilities in the financial report, are payable as follows:	- -	
	Not later than one year	24	10
	Later than one year and not later than five years	50	2
	Total Operating Lease Commitments	74	12

21. Commitments for Expenditure (continued)

The operating lease commitments comprise:

- Non-cancellable motor vehicle leases, with rental payable monthly in arrears. No contingent rental
 provisions exist within the lease agreements and no options exist to renew the leases at the end of their
 terms.
- A non-cancellable photocopier lease, with rental payable monthly in arrears. No contingent rental provisions exist within the lease agreement and no option exists to renew the lease at the end of its term.

Capital Commitments

There were no capital commitments under contract for 2005-06 or 2004-05 as at the reporting date.

Remuneration Commitments

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:

	2006	2005
	\$′000	\$′000
Not later than one year	153	148
Later than one year and not later than five years	399	386
Total Remuneration Commitments	552	534

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

22. Contingent Assets and Liabilities

There are no known contingent assets or liabilities as at 30 June 2006.

•	Cash Flow Reconciliation <i>Reconciliation of Cash</i> For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and at bank. Cash as at the end of the financial year as shown in the Cash Flow Statement is reconciled to the items in the Balance Sheet as follows:	2006 \$'000	2005 \$'000
	Deposits with Treasurer	2 393	2 010
	Deposits with Bank SA	1 220	1 236
	Cash on hand	9	9
	Cash as recorded in the Balance Sheet	3 622	3 255

Interest Rate Risk

23.

Cash and cash equivalents is recorded at its nominal amount. Interest is calculated based on the average daily balances of the interest bearing funds. The interest bearing funds of the Art Gallery Board are the Special Deposit Account titled 'Arts South Australia Operating Account' and the Deposit Account titled 'Art Gallery Board Bequests Account' and the Bank SA account. Deposits with the Treasurer are bearing a floating interest rate between 5.35 percent and 5.43 percent. The interest rate for funds held at Bank SA is 5.68 percent as at 30 June 2006.

Reconciliation of Net Cash provided by Operating Activities to Net Cost of Providing Services Net cash provided by operating activities Less: Revenues from SA Government	2006 \$'000 2 943 (6 061)	2005 \$'000 4 470 (6 376)
Add (Less): Non-cash items: Depreciation of property, plant and equipment	(993)	(539)
Donations of heritage collections	1 810	1 467
Gain (Loss) on disposal of investments	53	(579)
Gain on disposal of heritage collections	61	-
Changes in assets and liabilities:		
Increase (Decrease) in receivables	31	(107)
Increase (Decrease) in inventories	107	(33)
(Decrease) Increase in other assets	(200)	271
Decrease (Increase) in payables	38	(105)
Decrease in unearned revenue	65	-
(Increase) Decrease in employee benefits	(66)	26
(Increase) Decrease in provisions) (9)	9
Net Cost of Providing Services	(2 221)	(1 496)

24. Events After Balance Date

There were no events occurring after balance date.

ATTORNEY-GENERAL'S DEPARTMENT

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The Attorney-General's Department is an Administrative Unit established pursuant to the *Public Sector Management Act 1995*.

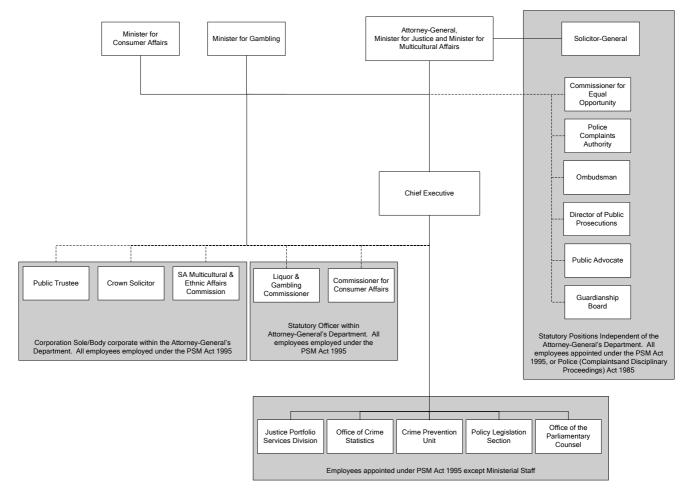
Functions

The functions of the Attorney-General's Department are as follows:

- Provide professional, legal and associated services to Ministers of the Crown and government agencies.
- Service the people of South Australia by upholding their legal and property rights and maintaining community and business standards.
- Provide strategic policy advice to the agencies comprising the Justice portfolio.

Structure

The structure of the Attorney-General's Department is illustrated in the following organisation chart.



Changes to Functions and Structure

Effective from 1 April 2006 responsibility for the administration of the Community Emergency Services Fund was transferred from the Department to the South Australian Fire and Emergency Services Commission (SAFECOM).

AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

Subsection 31(1)(b) of the *Public Finance and Audit Act 1987* provides for the Auditor General to audit the accounts of the Attorney-General's Department for each financial year.

Assessment of Controls

Subsection 36(1)(a)(iii) of the *Public Finance and Audit Act 1987* provides for the Auditor-General to assess 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.

This assessment also considers whether those controls are consistent with the prescribed elements of the Financial Management Framework as required by Treasurer's Instruction 2 *Financial Management Policies*.

Scope of Audit

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

During 2005-06, specific areas of audit attention included:

- risk management
- cash
- payroll
- expenditure, including the use of credit cards
- licensing and regulatory fee revenue
- taxation receipts
- head office revenue
- general ledger processing.

The work of the internal auditor was considered in planning the audit programs.

AUDIT FINDINGS AND COMMENTS

Audit Opinions

Audit of the Financial Report

In my opinion, the financial report presents fairly in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Accounting Standards, and other mandatory professional reporting requirements in Australia, the financial position of the Attorney-General's Department as at 30 June 2006, the results of its operations and its cash flows for the year then ended.

Assessment of Controls

Audit formed the opinion that 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 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.

Audit Communications to Management

Matters arising during the course of the audit were detailed in management letters to the Chief Executive. Responses to the management letters were generally considered to be satisfactory. Major matters raised with the Department and the related responses are considered herein.

Risk Management

During 2005-06 Audit completed a review of the Department's risk management framework. This review included an examination of the consistency of the Department's risk management policies and procedures with the requirements of the Financial Management Framework issued by the Department of Treasury and Finance, together with the review of the Department's compliance with existing policies and procedures.

The review highlighted that the Department's Audit Committee had been assigned responsibility for reviewing and evaluating existing processes for the assessing, monitoring and controlling of significant risks.

Attorney-General's

Audit noted opportunities for the Department to improve the operation of its risk management framework through the:

- development and implementation of regular reporting to the Audit Committee to support its role in the assessing, monitoring and controlling of significant risks;
- clarification of what level of risk was included in the term 'significant risk';
- development and regular review of local risk registers for all units within the Department;
- appointment of responsible risk officers (known as Risk Champions) for all Departmental units and incorporation of the roles and responsibilities of Risk Champions into existing risk management procedures.

Credit Cards

During 2005-06 Audit completed a review of the controls adopted by the Department for the issue and use of corporate credit cards. The review included an examination of the consistency of the Department's credit card policies and procedures with the requirements of Treasurer's Instruction 12 *Credit Cards*. The review also considered compliance with Departmental policies and procedures.

Audit noted that:

- the Chief Executive had not formalised arrangements for approving the issue of corporate credit cards;
- credit cards were issued without specific approval from the Chief Executive in accordance with Treasurer's Instruction 12 *Credit Cards* and internal policies and procedures.

The Department responded that a formal process for the issue of credit cards would be developed and submitted to the Chief Executive for approval by September 2006.

Office of the Liquor and Gambling Commissioner

A review and evaluation of the UniTab wagering system performed by an independent consultant in July 2004 recommended that the Department, through the Office of the Liquor and Gambling Commissioner, perform regular compliance audits for unauthorised system changes.

Audit noted that regular compliance audits have not yet been initiated.

The Office for the Liquor and Gambling Commissioner has advised that resources have been made available to undertake regular compliance audits in future.

General Financial Controls

The review of specific auditable areas involved the assessment of the adequacy of accounting record keeping and control, and the test verification of financial transactions processed and recorded during the year. Reviews performed during 2005-06 identified a number of opportunities to improve the control environment of the Department. These included:

- the development and documentation of purchasing delegations for purchases with a value less than \$55 000;
- opportunities to improve system functionality of the LawMaster system used by the Crown Solicitor's Office to support the accuracy of invoicing and the efficient identification and notification of overdue invoices;
- the review of system access to the general ledger to ensure compliance with internal policies and procedures with respect to segregation of duties for preparing, authorising and processing manual general ledger journals;
- the implementation of regular and timely review of system access to the Occupational Licensing, SA Business Names and Births, Deaths and Marriages systems;
- the development of a compliance audit plan for performance of regular audits by the Office of Consumer and Business Affairs.

In response the Department has outlined a series of actions designed to address these matters.

Information and Communications Technology Management and Control

During the year Audit reviewed the Department's ICT strategic planning, security policies and procedures and business continuity planning and arrangements. The review identified the following initiatives to improve management and control of ICT.

Governance and Planning

The Department established an IT Executive Forum in December 2005 to oversee the development and maintenance of Information Communications Technology (ICT) plans and policies, ICT investment prioritisation, overseeing the implementation of ICT initiatives, and monitoring the performance of ICT suppliers and service level requirements.

Security Policies and Procedures

The Department advised that an IT Security Analyst was appointed in May 2006 to develop an internal audit plan to assess compliance with the Department's IT Security Policies and Procedures.

Business Continuity Planning and Arrangements

The Department is proceeding with the development of business continuity plans for all business units using a whole of Justice business continuity framework. In addition, the Department plans to complete full disaster recovery testing of all key business applications by the second quarter of 2007.

The initiatives will be reviewed by Audit in 2006-07.

INTERPRETATION AND ANALYSIS OF FINANCIAL REPORT

Highlights of Financial Report

	2006	2005	Percentage
	\$'million	\$'million	Change
EXPENSES			
Employee benefits costs	82	77	6
Supplies and services	39	34	15
Other expenses	14	14	-
Total Expenses	135	125	8
INCOME			
Revenue from fees and charges	56	52	8
Other	12	12	-
Total Income	68	64	6
Net Cost of Providing Services	(67)	(61)	10
REVENUES FROM/PAYMENTS TO SA GOVERNMENT			
Revenue from SA Government	71	65	9
Payments to SA Government	4	14	(71)
Net Result before Restructure	-	(10)	-
Cash Generated from Operations	2	(3)	n/a
ASSETS			
Current assets	28	27	4
Non-current assets	8	7	14
Total Assets	36	34	6
LIABILITIES			
Current liabilities	13	13	-
Non-current liabilities	17	18	(6)
Total Liabilities	30	31	(3)
EQUITY	6	3	100

Income Statement

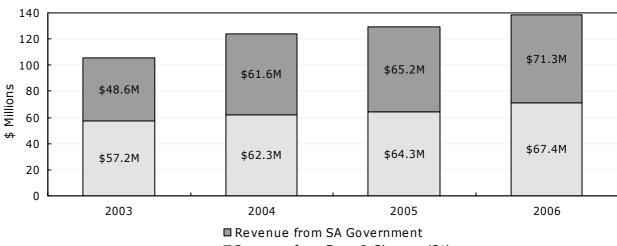
Income

During 2006 the Department collected \$55.7 million in fees and charges. Fees and charges collected from the public increased by 7.9 percent to \$24.4 million due mainly to a 2 percent increase in the volume of chargeable licensing activity and an average 4 percent increase in rates for business and occupational licensing.

The Department collected an additional \$31.3 million in fees and charges from other government agencies which includes fees collected from the provision of legal services and the recovery of costs associated with the administration of specific acts.

Revenues provided directly by the State government comprised 51 percent of the Department's total income and were applied to support the range of activities outlined in Note 4 of the Department's financial report.

A structural analysis of income for the Department in the four years to 2006 is presented in the following chart.



□ Revenue from Fees & Charges/Other

Expenses

The Department is responsible for a range of activities associated with the provision of legal services to the State government, provision of consumer law-related and regulatory services and complaint handling. The Department's major activities are identified in Note 4 of the financial report.

In 2006 costs associated with the following activities represented 80 percent of the Department's total expenditure:

- Program 1 Policy Advice and Legal Services
- Program 2 Consumer and Business Affairs
- Program 10 Justice Portfolio Services

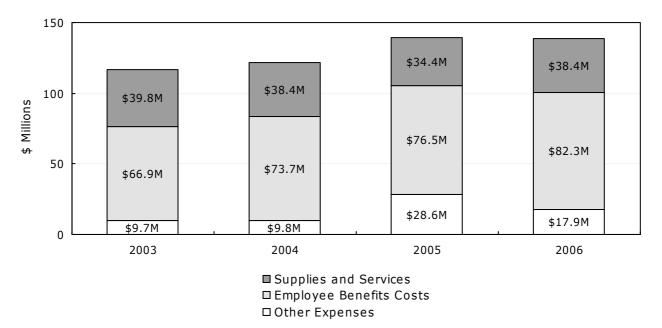
Program 1 *Policy Advice and Legal Services* includes the activities associated with the operations of the Crown Solicitor's Office, the Office of the Director of Public Prosecutions, the Solicitor-General and the Office of the Parliamentary Counsel.

In 2006 employment benefits costs associated with Program 1 increased by 12 percent to \$37.2 million. The increase in employee benefits costs was due to enterprise bargaining increases and the appointment of additional staff. Additional staff were appointed partly to support anticipated workload increases.

Program 2 *Consumer and Business Affairs* provides for the administration of fair trading legislation, regulation of defined business activities and the maintenance of licensing, regulatory and registration services.

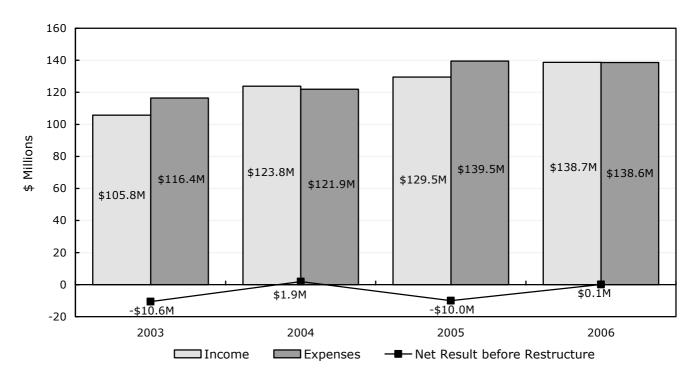
Program 10 *Justice Portfolio Services* provides portfolio administrative support including financial, business and contract management, human resource management, information knowledge management and Ministerial support.

For the four years to 2006, a structural analysis of the main operating expense items for the Department is shown in the following chart.



Net Result Before Restructure

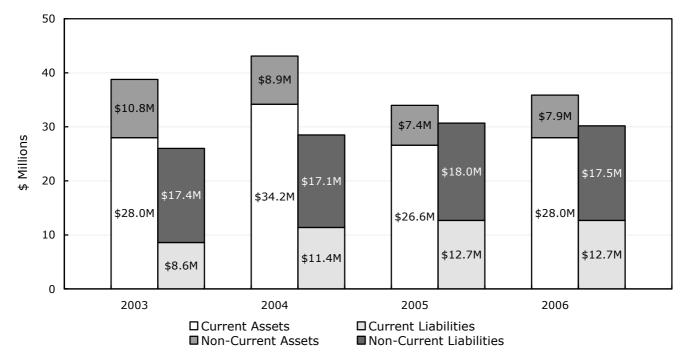
The improvement in the Department's net result for 2006 is due mainly to a once off payment of \$14.2 million to the South Australian Government in 2005. The following chart shows the income, expenses and net result before restructure for the four years to 2006.



Balance Sheet

Current assets at 30 June 2006 includes cash and cash equivalents of \$21.8 million. The balance of cash and cash equivalents includes \$14.1 million held in an accrual appropriation account with the Treasurer. These funds are not available for general use and can only be used in accordance with the Treasurer's approval.

In 2005 current assets decreased by \$7.6 million due mainly to the reduction in cash and receivables. In that year receivables decreased by \$3.2 million due mainly to the transfer of \$3.6 million held in the Crown Solicitor's Trust Account as at 30 June 2004.



For the four years to 2006, a structural analysis of assets and liabilities is shown in the following chart.

Cash Flow Statement

The following table summarises the net cash flows for the four years to 2006.

	2006 \$'million	2005 \$'million	2004 \$'million	2003 \$'million
Net Cash Flows				
Operations	2.4	(2.7)	2.3	(3.9)
Investing	(0.5)	(1.7)	(1.2)	(1.5)
Change in Cash	1.9	(4.4)	1.1	(5.4)
Cash at 30 June	21.8	19.9	24.3	23.2

INTERPRETATION AND ANALYSIS OF FINANCIAL REPORT FOR ADMINISTERED ACTIVITIES

Highlights of Financial Report

The administered items of the Department are identified in Note 2.2 to the Financial Report.

	2006 \$′million	2005 \$'million	Percentage Change
INCOME			
Revenue from SA Government	58	54	7
Taxation receipts	324	325	-
Community Emergency Services Fund revenue	152	170	(11)
Other income	55	53	4
Total Income	589	602	(2)
EXPENSES			
Payments to Consolidated Account	353	352	-
Emergency Services Levy payments	127	168	(24)
Grants	34	32	6
Other expenses	41	46	(11)
Total Expenses	555	598	(7)
Net Result before Restructure	34	4	n/a

Attorney-General's

	2006 \$′million	2005 \$'million	Percentage Change
Net Cash Flows from Operations	32	34	(6)
ASSETS			
Current assets	132	154	(14)
Non-current assets	76	73	4
Total Assets	208	227	(8)
LIABILITIES			
Current liabilities	71	88	(19)
Non-current liabilities	35	30	17
Total Liabilities	106	118	(10)
EQUITY	102	109	(6)

Statement of Administered Income and Expenses

Administered Income

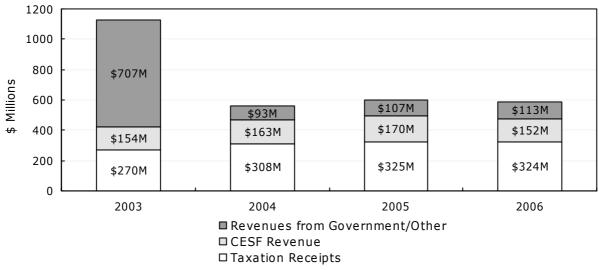
Income administered by the Department includes taxation receipts collected on behalf of government, levies collected from owners of fixed and mobile property to fund the provision of emergency services and revenues from government to support the costs associated with the Department's administered activities.

Taxation receipts comprise gaming tax collected pursuant to the *Gaming Machines Act 1992*, taxation receipts collected from operations at the Adelaide Casino and on and off course totalisator tax collected on racing operations. In 2006 taxation receipts decreased by \$1 million to \$324 million due mainly to the \$3 million increase in the tax collected from casino operations, offset by a \$3 million decrease in tax generated from gaming machines and the cessation, by regulation, of the collection of on-course tote tax.

Receipts for the Community Emergency Services Fund decreased by \$17.6 million to \$151.9 million due mainly to the transfer of administrative responsibility for the Fund to the South Australian Fire and Emergency Services Commission (SAFECOM) effective from 1 April 2006.

The decrease in revenue from Government and other income since 2003 reflects revised arrangements for providing appropriations to Justice portfolio agencies which are no longer provided through the Department of Justice Special Deposit Account but paid directly to the Justice portfolio agencies by the Treasurer.

For the four years to 2006 a structural analysis of administered incomes for the Department is presented in the following chart.



Administered Expenses

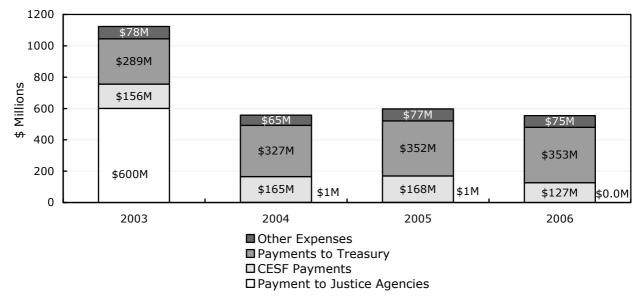
A major component of the Departments administrative expenditure is the transfer of funds to other government agencies. In particular the Department transfers taxation receipts to the Consolidated Account and, until the transfer of responsibility for the Fund to SAFECOM, distributed funds from the Community Emergency Services Fund pursuant to the *Emergency Services Funding Act 1998*.

Attorney-General's

In 2006 Community Emergency Services Fund payments decreased by \$41.4 million to \$126.7 million following the transfer of administrative responsibility for the Fund to SAFECOM.

Reduced payments to Justice agencies in 2004 is attributable to the changed arrangements for providing appropriation funding to Justice Portfolio agencies.

For the four years to 2006 a structural analysis of the main administered operating expense items for the Department is shown in the following chart.

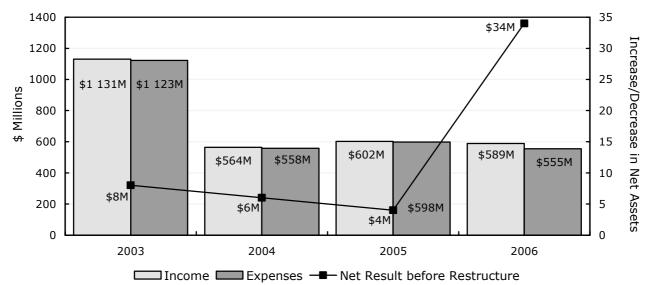


Net Result before Restructure

The nature of the administered activities is such that the net asset position should always be positive.

The net result before restructure of \$34.1 million for 2006 reflects timing differences between the receipts for the Community Emergency Services Fund and payments to emergency service organisations. Effective from 1 April 2006 administrative responsibility for the Community Emergency Service Fund was transferred to SAFECOM. On this date \$44.3 million of cash held by the Fund was transferred to SAFECOM, which has been recognised as a net expense from administrative restructure.

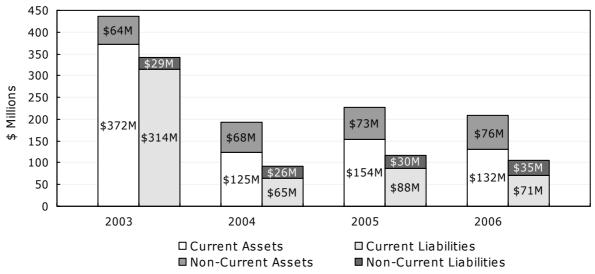
The following chart shows the income, expenses and the net result before restructure for the four years to 2006.



Statement of Administered Assets and Liabilities

At 30 June 2006 the Department administered net assets totalling \$101.5 million. Net assets included \$25.2 million of taxation receipts due but not yet received, cash and investments of \$38.1 million held in the Agents Indemnity Fund to provide compensation for persons who have suffered financial loss as a result of fiduciary default of a land agent or conveyancer and cash totalling \$17.6 million held for Victims of Crime.

In 2006 current assets decreased by \$21.6 million due mainly to the transfer of the Community Emergency Service Fund to SAFECOM and a reduction in the amount of taxation received but not paid to the Consolidated Account as at 30 June.



Statement of Administered Cash Flows

The following table summarises the administered net cash flows for the four years to 2006.

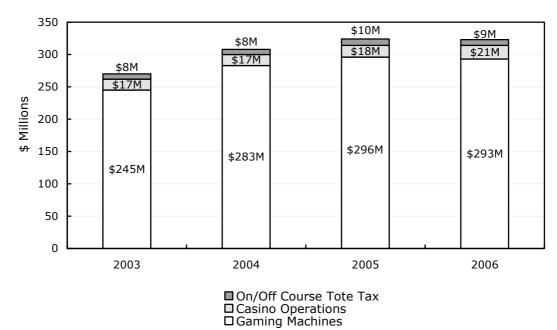
	2006 \$′million	2005 \$′million	2004 \$′million	2003 \$'million
Net Cash Flows				
Operations	31.8	34.1	(202.8)	239.7
Investing	(6.1)	(8.8)	(5.2)	(3.9)
Financing	(44.3)	-	-	-
Change in Cash	(18.6)	25.3	(208.0)	235.8
Cash at 30 June	75.0	93.6	68.3	276.3

FURTHER COMMENTARY ON OPERATIONS

Taxation Receipts

Taxation receipts for 2005-06 totalled \$324 million (\$325 million).

For the four years to 2006 a structural analysis of taxation receipts is presented in the following chart.



Attorney-General's

The following information is provided in relation to revenue from gaming machines.

Gaming Machine Administration

The *Gaming Machines Act 1992* (the Act), section 5, provides that the Liquor and Gambling Commissioner is responsible to the Independent Gambling Authority for the scrutiny of the operations of all licences under the Act.

Under the Act, the operations of gaming machines in licensed premises must return winnings to players of not less than 85 percent in the case of machines installed prior to 31 May 2001, and 87.5 percent in the case of machines installed subsequent to that date. A prescribed percentage of the net gambling revenue (NGR) 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 the Act included the:

- introduction of gaming machine entitlements for each authorised gaming machine licence; and
- 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 affect until 1 July 2005.

The following table summarises gaming machine activity for four years to 2006.

	2006	2005	2004	2003
	Number	Number	Number	Number
Machines (installed as at 30 June)	12 598	14 062	14 799	14 841
	2006	2005	2004	2003
	\$'million	\$'million	\$'million	\$'million
Turnover	7 339	6 995	6 502	5 853
Amount Won	6 588	6 246	5 778	5 184
NGR	751	749	724	669
Тах	293	296	283	245

Independent Gaming Corporation Limited

Pursuant to section 25 of the Act, the Liquor and Gambling Commissioner granted the gaming machine monitor licence to the Independent Gaming Corporation (IGC). The IGC is, under this licence, charged with the responsibility for monitoring the operations of gaming machine licensees.

Section 75 of the Act, specifically provides for the accounts and operations of the IGC to be audited by the Auditor General.

With respect to the 2005-06 operations, the audit of the IGC has been completed and an unqualified audit opinion issued.

Victims of Crime Fund

The Attorney-General's Department is responsible for administering the *Victims of Crime Act 2001* (the Act), with effect from 1 January 2004. The Department was previously responsible for administering the *Criminal Injuries Compensation Act 1978* which was repealed by the Act.

The 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. The maximum compensation that may be awarded under the Act is \$50 000.

Payments made for the year through the Special Deposit Account titled 'Victims of Crime Fund' totalled \$12.9 million (\$13.9 million) on account of 1 360 (1 140) compensation claims.

Recoveries from Offenders

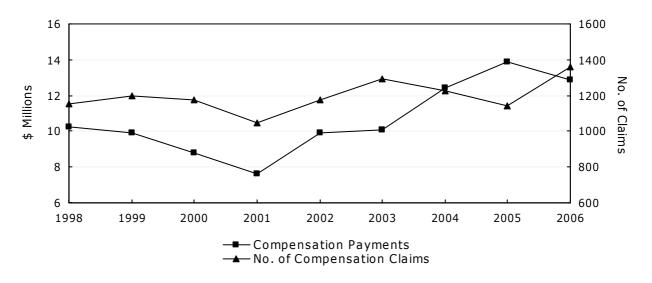
The Act empowers the Attorney-General to recover the cost of compensation payments from offenders who were convicted of the offence to which the compensation relates. Recovery of amounts is difficult as most compensation claims are for unknown offenders. This is demonstrated by the following:

- Outstanding amounts at 30 June 2006 were \$45.2 million (\$42.4 million) and \$31.8 million (\$26.6 million) was written off during the year.
- The amounts recovered during the year totalled \$1.3 million (\$925 000).

As a result of the size of compensation payments and the small amounts recovered from offenders, funds are transferred from the Consolidated Account to meet compensation payments.

In order to supplement these funds a levy is imposed by the Act on all persons convicted of offences and on expiation notices. Levies for 2005-06 totalled \$8.0 million (\$7.7 million). In addition, for 2005-06 the Government appropriated \$6.2 million (\$6.2 million) to the Fund.

The following chart illustrates compensation payments and claims made over the past nine years.



Community Emergency Services Fund

During 2005-06 the Department was responsible for administering the Community Emergency Services Fund.

Contributions, by way of levies, are made by all owners (including both State and Local Government) of both fixed and mobile property to fund the provision of emergency services. Levies are collected in accordance with the *Emergency Services Funding Act 1998*. The levy on fixed property applies to capital values adjusted for location and land use and is collected by RevenueSA. The levy on mobile property is collected by the Department of Transport and Urban Planning using the vehicle registration system.

In addition, the Government makes a contribution in the form of remissions of levies charged.

All levy receipts are paid into a fund titled 'The Community Emergency Services Fund' from which the Department has made payment to Emergency Services agencies. The Fund also met the cost of collecting the levies and operating the Fund.

Effective from 1 April 2006 responsibility for the administration of the Community Emergency Services Fund was transferred from the Department to the South Australian Fire and Emergency Services Commission (SAFECOM).

Income Statement for the year ended 30 June 2006

		2006	2005
EXPENSES	Note	\$′000	\$′000
Employee benefits cost	6	82 314	76 498
Supplies and services	7	38 411	34 360
Grants and subsidies	9	10 533	10 740
Depreciation and amortisation	8	2 389	2 481
Net loss from disposal of assets	14	87	77
Other expenses	10	909	1 143
Total Expenses		134 643	125 299
INCOME			
Revenues from fees and charges	12	55 663	51 936
Commonwealth revenues		3 036	3 432
Interest revenues	13	1 186	1 020
Other income	15	7 496	7 931
Total Income		67 381	64 319
NET COST OF PROVIDING SERVICES		(67 262)	(60 980)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:			
Revenues from SA Government	16	71 271	65 209
Payments to SA Government	16	3 962	14 198
NET RESULT BEFORE RESTRUCTURE		47	(9 969)
Net expense from administrative restructure		-	(429)
NET RESULT AFTER RESTRUCTURE		47	(10 398)
NET RESULT AFTER RESTRUCTURE ATTRIBUTABLE TO THE		_	
SA GOVERNMENT AS OWNER		47	(10 398)

Attorney-General's

Balance Sheet as at 30 June 2006

		2006	2005
CURRENT ASSETS:	Note	\$'000	\$'000
Cash and cash equivalents	17	21 788	19 914
Receivables	18	5 935	6 063
Other	19	326	653
Total Current Assets		28 049	26 630
NON-CURRENT ASSETS:			
Property, plant and equipment	20	7 949	7 369
Total Non-Current Assets		7 949	7 369
Total Assets		35 998	33 999
CURRENT LIABILITIES:			
Payables	21	5 152	4 922
Employee benefits	22(a)	6 582	6 224
Provisions	23	242	296
Other	24	712	1 249
Total Current Liabilities		12 688	12 691
NON-CURRENT LIABILITIES:			
Payables	21	1 617	1 946
Employee benefits	22(a)	14 201	13 705
Provisions	23	1 014	1 512
Other	24	621	823
Total Non-Current Liabilities		17 453	17 986
Total Liabilities		30 141	30 677
NET ASSETS		5 857	3 322
EQUITY:			
Retained earnings		1 857	1 810
Asset revaluation reserve		4 000	1 512
TOTAL EQUITY		5 857	3 322
TOTAL EQUITY ATTRIBUTABLE TO THE			
SA GOVERNMENT AS OWNER		5 857	3 322
Commitments	26		
Contingent Assets and Liabilities	27		

Statement of Changes in Equity for the year ended 30 June 2006

Similar		Asset		
\$'000 $$'000$ $$'000$ $$'000$ Balance at 30 June 20041 61012 85314 46Changes in accounting policy(98)(439)(53)Restated balance at 30 June 20041 51212 41413 92Net income/expense recognised directly in equity for 2004-05Net result after restructure for 2004-05-(10 398)(10 398)Total Recognised Income and Expense for 2004-05-(10 398)(10 398)Balance at 30 June 20051 5122 0163 52Changes in accounting policy-(206)(200)Restated balance at 30 June 20051 5121 8103 32Gain on revaluation of leasehold improvements during 2005-062 087-2 086Gain on revaluation of plant and equipment during 2005-0639-30Met income/expense recognised directly in equity for 2005-0639-30Result after restructure for 2005-06-474Attring 2005-06-47 <td></td> <td>Revaluation</td> <td>Retained</td> <td></td>		Revaluation	Retained	
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2004-05 - (10 398) (10 398) (10 398) Balance at 30 June 2005 1 512 2 016 3 52 Changes in accounting policy - (206) (200) Restated balance at 30 June 2005 1 512 1 810 3 32 Gain on revaluation of leasehold improvements 2 087 - 2 08 during 2005-06 2 087 - 2 08 Gain on revaluation of land during 2005-06 300 - 3 30 Gain on revaluation of plant during 2005-06 300 - 3 30 Gain on revaluation of plant and equipment - - - - during 2005-06 39 - - - - - Gain on revaluation of buildings during 2005-06 13 -	Net result after restructure for 2004-05		(10 398)	(10 398)
Balance at 30 June 2005 1 512 2 016 3 52 Changes in accounting policy - (206) (200) Restated balance at 30 June 2005 1 512 1 810 3 32 Gain on revaluation of leasehold improvements 1 512 1 810 3 32 Gain on revaluation of land during 2005-06 2 087 - 2 08 Gain on revaluation of mobile transport assets 300 - 300 Gain on revaluation of plant and equipment - - - during 2005-06 39 - - - Gain on revaluation of buildings during 2005-06 13 - - - Gain on revaluation of plant and equipment - - - - - during 2005-06 13 - - - - - - Requity for 2005-06 2 488 - 2 488 - 2 48 - 2 48 Net result after restructure for 2005-06 - 47 - - - - - - - - - - - - - - -<	Total Recognised Income and Expense for			
Changes in accounting policy - (206) (200) Restated balance at 30 June 2005 1 512 1 810 3 32 Gain on revaluation of leasehold improvements 2 087 - 2 08 Gain on revaluation of land during 2005-06 300 - 300 Gain on revaluation of mobile transport assets 300 - 300 Gain on revaluation of plant and equipment 49 - - during 2005-06 39 - - - Gain on revaluation of buildings during 2005-06 13 - - - Gain on revaluation of buildings during 2005-06 13 - - - - Gain on revaluation of buildings during 2005-06 13 - <	2004-05	-	(10 398)	(10 398)
Restated balance at 30 June 2005 1 512 1 810 3 32 Gain on revaluation of leasehold improvements 2 087 - 2 08 Gain on revaluation of land during 2005-06 300 - 300 Gain on revaluation of mobile transport assets 300 - 300 Gain on revaluation of plant and equipment 49 - - Gain on revaluation of buildings during 2005-06 39 - - Gain on revaluation of buildings during 2005-06 13 - - Gain on revaluation of buildings during 2005-06 13 - - Net income/expense recognised directly in - 47 - equity for 2005-06 - 47 - Net result after restructure for 2005-06 - 47 - Total Recognised Income and Expense for 2 488 47 2 53	Balance at 30 June 2005	1 512	2 016	3 528
Gain on revaluation of leasehold improvements 2 087 - 2 087 Gain on revaluation of land during 2005-06 300 - 300 Gain on revaluation of mobile transport assets 49 - 40 during 2005-06 49 - 40 Gain on revaluation of plant and equipment 49 - 40 Gain on revaluation of buildings during 2005-06 39 - 30 Gain on revaluation of buildings during 2005-06 13 - 10 Net income/expense recognised directly in 2 488 - 2 488 2 488 Net result after restructure for 2005-06 - 47 47 Total Recognised Income and Expense for 2 488 47 2 53	Changes in accounting policy	-	(206)	(206)
during 2005-06 2 087 - 2 087 Gain on revaluation of land during 2005-06 300 - 300 Gain on revaluation of mobile transport assets - - - during 2005-06 49 - - - Gain on revaluation of plant and equipment - - - - during 2005-06 39 -	Restated balance at 30 June 2005	1 512	1 810	3 322
Gain on revaluation of land during 2005-06300-300Gain on revaluation of mobile transport assets during 2005-0649Gain on revaluation of plant and equipment during 2005-0639Gain on revaluation of buildings during 2005-0613Ret income/expense recognised directly in equity for 2005-062 488-2 488Net result after restructure for 2005-06-47-Total Recognised Income and Expense for 2005-062 488472 53	Gain on revaluation of leasehold improvements			
Gain on revaluation of mobile transport assets during 2005-0649-4Gain on revaluation of plant and equipment during 2005-0639-3Gain on revaluation of buildings during 2005-0613-3Net income/expense recognised directly in equity for 2005-062 488-2 488Net result after restructure for 2005-06-474Total Recognised Income and Expense for 2005-062 488472 53	during 2005-06	2 087	-	2 087
during 2005-0649-40Gain on revaluation of plant and equipment during 2005-0639Gain on revaluation of buildings during 2005-0613Net income/expense recognised directly in equity for 2005-062 488-2 488Net result after restructure for 2005-06-47-Total Recognised Income and Expense for 2005-062 488472 53	Gain on revaluation of land during 2005-06	300	-	300
Gain on revaluation of plant and equipment during 2005-0639-37Gain on revaluation of buildings during 2005-0613-13Net income/expense recognised directly in equity for 2005-062 488-2 488Net result after restructure for 2005-06-4747Total Recognised Income and Expense for 2005-062 488472 53	Gain on revaluation of mobile transport assets			
during 2005-06 39 -	during 2005-06	49	-	49
Gain on revaluation of buildings during 2005-0613-1Net income/expense recognised directly in equity for 2005-062 488-2 488Net result after restructure for 2005-06-472Total Recognised Income and Expense for 2005-062 488472 53	Gain on revaluation of plant and equipment			
Net income/expense recognised directly in equity for 2005-062 488-2 48Net result after restructure for 2005-06-4747Total Recognised Income and Expense for 2005-062 488472 53	during 2005-06	39	-	39
equity for 2005-06 2 488 - 2 48 Net result after restructure for 2005-06 - 47 47 Total Recognised Income and Expense for 2 488 47 2 53 2005-06 2 488 47 2 53	Gain on revaluation of buildings during 2005-06	13	-	13
Net result after restructure for 2005-06-4747Total Recognised Income and Expense for 2005-062 488472 53	Net income/expense recognised directly in			
Total Recognised Income and Expense for2005-062 488472 53	equity for 2005-06	2 488	-	2 488
2005-06 2 488 47 2 53	Net result after restructure for 2005-06		47	47
	Total Recognised Income and Expense for			
	2005-06	2 488	47	2 535
Dalance at 50 June 2000 4 000 1 857 5 85	Balance at 30 June 2006	4 000	1 857	5 857

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

Cash Flow Statement for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
CASH FLOWS FROM OPERATING ACTIVITIES:		(Outflows)	(Outflows)
CASH OUTFLOWS:	Note	\$'000	\$′000
Employee benefit payments		(82 222)	(74 702)
Grants and subsidies		(10 533)	(10 740)
GST payments on purchases		(6 334)	(6 566)
Payments to SA Government		(3 962)	(14 198)
Other payments		(39 662)	(31 896)
Cash used in Operating Activities		(142 713)	(138 102)
CASH INFLOWS:			
Receipts from SA Government		71 271	65 209
Fees and charges		55 752	51 571
GST receipts on revenue		3 551	3 703
Receipts from Commonwealth		3 036	3 432
GST input tax credits		2 775	2 579
Interest received		1 177	1 030
Other receipts		7 496	7 927
Cash provided by Operating Activities		145 058	135 451
Net Cash provided by (used in) Operating Activities	25	2 345	(2 651)
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of property, plant and equipment		(471)	(1 755)
Cash used in Investing Activities		(471)	(1 755)
Net Cash used in Investing Activities		(471)	(1 755)
NET INCREASE (DECREASE) IN CASH AND CASH			. ,
EQUIVALENTS		1 874	(4 406)
CASH AND CASH EQUIVALENTS AT 1 JULY		19 914	24 320
CASH AND CASH EQUIVALENTS AT 30 JUNE	17	21 788	19 914

Program Class Schedule of Assets, Liabilities, Income and Expenses for the year ended 30 June 2006

	Program	Program	Program	Program	Program	Program
(Refer Note 4)	1	2	3	4	5	6
ASSETS: CURRENT:	\$′000	\$′000	\$′000	\$′000	\$′000	\$′000
Cash and cash equivalents	10 689	(864)	3 411	1 996	543	415
Receivables	2 682	2 204	99	394	121	-
Other current assets	162	18	1	28	11	9
NON-CURRENT:						
Property, plant and equipment	1 707	4 016	292	13	143	43
Total Assets	15 240	5 374	3 803	2 431	818	467
LIABILITIES:						
CURRENT:						
Payables	(2 170)	(664)	(292)	(544)	(74)	(30)
Employee benefits	(3 131)	(1 203)	(520)	(341)	(140)	(93)
Other current liabilities NON-CURRENT:	(3 560)	-	2 990	-	(142)	-
Payables	(604)	(358)	(181)	(87)	(39)	(20)
Employee benefits	(5 674)	(3 367)	(1 704)	(822)	(376)	(187)
Other non-current liabilities	-	-	-	-	-	-
Total Liabilities	(15 139)	(5 592)	293	(1 794)	(771)	(330)
NET ASSETS	101	(218)	4 096	637	47	137
INCOME:						
Revenues from fees and charges	14 250	27 041	1 427	2 696	173	-
Commonwealth revenue	9	7	2	2	69	-
Interest revenue	-	-	-	-	-	-
Other income	2 827	819	996	93	109	7
Total Income	17 086	27 867	2 425	2 791	351	7
EXPENSES:						
Employee benefits cost	(37 158)	(14 599)	(5 833)	(4 313)	(1 606)	(976)
Supplies and services	(10 612)	(6 211)	(1 958)	(1 446)	(877)	(248)
Grants and subsidies	(3 484)	(28)	-	(704)	-	-
Depreciation and amortisation	(741)	(382)	(265)	(19)	(90)	(48)
Net loss from disposal of assets	(37)	(3)	(25)	-	_	-
Other expenses	(874)	(35)	-	-	-	-
Total Expenses	(52 906)	(21 258)	(8 081)	(6 482)	(2 573)	(1 272)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:						
Revenues from SA Government	36 035	1 915	6 300	3 282	2 437	1 209
Payments to SA Government	(1 792)	(700)	(280)	(209)	(77)	(47)
	34 243	1 215	6 020	3 073	2 360	1 162
Net result before restructure Net expense from administrative restructure	(1 577)	7 824	364	(618)	138	(103)
NET RESULT AFTER RESTRUCTURE			-	-		
ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER	(1 577)	7 824	364	(618)	138	(103)
	(1 3//)	, 927	504	(010)	100	(105)

Program Class Schedule of Assets, Liabilities, Income and Expenses for the year ended 30 June 2006 (continued)

	Program	Program	Program	Program	Program	Program	2006
(Refer Note 4)	7	8	9	10	11	12	Total
ASSETS:	\$′000	\$′000	\$′000	\$′000	\$′000	\$′000	\$′000
CURRENT:							
Cash and cash equivalents	736	154	63	3 885	760	-	21 788
Receivables	-	48	70	317	-	-	5 935
Other current assets	-	10	2	84	1	-	326
NON-CURRENT:							
Property, plant and equipment	44	6	192	1 480	13	-	7 949
Total Assets	780	218	327	5 766	774	-	35 998
LIABILITIES:							
CURRENT:							
Payables	(34)	(50)	(41)	(1 064)	(189)	-	(5 152)
Employee benefits	(97)	(25)	(113)	(1 001)	(160)	-	(6 824)
Other current liabilities	-	-	-	-	-	-	(712)
NON-CURRENT:							
Payables	(38)	(9)	(15)	(247)	(19)	-	(1 617)
Employee benefits	(363)	(85)	(138)	(2 318)	(181)	-	(15 215)
Other current liabilities	-	-	-	-	-	(621)	(621)
Total Liabilities	(532)	(169)	(307)	(4 630)	(549)	(621)	(30 141)
NET ASSETS	248	49	20	1 136	225	(621)	5 857
INCOME:							
Revenues from fees and charges	-	-	-	10 076	-	-	55 663
Commonwealth revenue	-	_	-	2 947	-	-	3 036
Interest revenue	-	-	-	1 186	-	-	1 186
Other income	17	78	454	2 082	14	-	7 496
Total Income	17	78	454	16 291	14	-	67 381
EXPENSES:							
Employee benefits cost	(1 249)	(475)	(1 472)	(12 190)	(2 443)	_	(82 314)
Supplies and services	(389)	(145)	(457)	(14 960)	(1 108)	_	(38 411)
Grants and subsidies		(892)	(31)	(5 367)	(27)	-	(10 533)
Depreciation and amortisation	(49)	(9)	(81)	(693)	(12)	-	(2 389)
Net loss from disposal of assets	-	(2)	-	(20)	-	-	(87)
Other expenses	-	-	-	-	-	-	(909)
Total Expenses	(1 687)	(1 523)	(2 041)	(33 230)	(3 590)	-	(134 643)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:							
Revenues from SA Government	1 666	2 222	1 882	11 120	3 203	-	71 271
Payments to SA Government	(60)	(23)	(70)	(586)	5 205 (118)	-	(3 962)
Tayments to SA Government	1 606	2 199	1 812	10 534	3 085	-	67 309
	.						
Net result before restructure Net expense from administrative	(64)	754	225	(6 405)	(491)	-	47
restructure	-	-	-	-	-	-	-
NET RESULT AFTER RESTRUCTURE ATTRIBUTABLE TO THE							
SA GOVERNMENT AS OWNER	(64)	754	225	(6 405)	(491)	-	47

Statement of Administered Income and Expenses for the year ended 30 June 2006

		2006	2005
INCOME:	Note	\$′000	\$′000
Taxation receipts		323 621	324 774
Community Emergency Services Fund revenue		151 938	169 530
Revenues from SA Government		57 954	53 754
Commonwealth Specific Purpose grants		25 406	24 562
Fees and charges		12 434	12 276
Interest received		9 701	9 589
Agents Indemnity Fund revenue		6 216	5 634
Other income	33	1 635	2 573
Total Income		588 905	602 692
EXPENSES:			
Payment to Consolidated Account		352 713	351 557
Community Emergency Services Fund payments	30	126 662	168 029
Grants		34 473	31 981
Employee benefits cost	29	6 718	6 857
Depreciation and amortisation	31	346	384
Other expenses	32	33 873	39 405
Total Expenses		554 785	598 213
NET RESULT BEFORE RESTRUCTURE		34 120	4 479
Net expense from administrative restructure	2.3	44 337	-
NET RESULT AFTER RESTRUCTURE		(10 217)	4 479
NET RESULT AFTER RESTRUCTURE ATTRIBUTABLE			
TO THE SA GOVERNMENT AS OWNER		(10 217)	4 479

Statement of Administered Assets and Liabilities as at 30 June 2006

		2006	2005
CURRENT ASSETS:	Note	\$′000	\$′000
Cash and cash equivalents	34	75 008	93 628
Receivables	35	26 534	28 530
Financial assets	37	27 557	21 449
Other current assets	36	3 182	10 310
Total Current Assets		132 281	153 917
NON-CURRENT ASSETS:			
Financial assets	37	75 176	72 437
Property, plant and equipment	38	707	602
Total Non-Current Assets		75 883	73 039
Total Assets		208 164	226 956
CURRENT LIABILITIES:			
Payables	39	3 566	2 964
Employee benefits	40(a)	231	282
Other current liabilities	41	67 371	85 144
Total Current Liabilities		71 168	88 390
NON-CURRENT LIABILITIES:			
Payables	39	34	35
Employee benefits	40(a)	298	249
Other non-current liabilities	41	35 134	29 700
Total Non-Current Liabilities		35 466	29 984
Total Liabilities		106 634	118 374
NET ASSETS		101 530	108 582
EQUITY:			
Retained earnings		93 139	103 356
Asset revaluation reserve		8 391	5 226
TOTAL EQUITY		101 530	108 582
Contingent Assets and Liabilities	43		

Statement of Administered Changes in Equity for the year ended 30 June 2006

	Asset		
	Revaluation	Retained	
	Reserve	Earnings	Total
	\$′000	\$′000	\$′000
Balance at 30 June 2004	2 945	98 894	101 839
Changes in accounting policy	-	(15)	(15)
Restated balance at 30 June 2004	2 945	98 879	101 824
Gain on revaluation of investments during 2004-05	2 281	-	2 281
Net income/expense recognised directly in			
equity for 2004-05	2 281	-	2 281
Net result after restructure for 2004-05	-	4 479	4 479
Total Recognised Income and Expense for			
2004-05	2 281	4 479	6 760
Balance at 30 June 2005	5 226	103 358	108 584
Changes in accounting policy	-	(2)	(2)
Restated balance at 30 June 2005	5 226	103 356	108 582
Gain on revaluation of investments during 2005-06	2 739	-	2 739
Gain on revaluation of leasehold improvements			
during 2005-06	411	-	411
Gain on revaluation of furniture during 2005-06	15	-	15
Net income/expense recognised directly in			
equity for 2005-06	3 165	-	3 165
Net result after restructure for 2005-06	-	(10 217)	(10 217)
Total Recognised Income and Expense for			
2005-06	3 165	(10 217)	(7 052)
Balance at 30 June 2006	8 391	93 139	101 530

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

Statement of Administered Cash Flows for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
CASH FLOWS FROM OPERATING ACTIVITIES:		(Outflows)	(Outflows)
CASH INFLOWS:	Note	\$′000	\$′000
Taxation receipts		325 175	325 125
Community Emergency Services Fund revenue		151 938	169 459
Receipts from SA Government		65 412	48 526
Fees and charges		12 479	19 199
Commonwealth Specific Purpose grant		25 406	24 562
Interest received		9 807	9 521
Other receipts		7 871	8 495
Cash provided by Operating Activities		598 088	604 887
CASH OUTFLOWS:			
Payments to Consolidated Account		(376 203)	(325 587)
Community Emergency Services Fund payments		(126 662)	(168 029)
Grants		(34 473)	(31 981)
Victims of Crime compensation payments		(12 878)	(14 009)
Employee benefit payments		(6 721)	(6 681)
Other payments		(9 295)	(24 468)
Cash used in Operating Activities		(566 232)	(570 755)
Net Cash (used in) provided by Operating Activities	42	31 856	34 132
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Payments for investments		(6 108)	(8 533)
Payments for property, plant and equipment		(31)	(249)
Cash used in Investing Activities		(6 139)	(8 782)
Net Cash used in Investing Activities		(6 139)	(8 782)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Payments from restructure activities		(44 337)	-
Cash used in Financing Activities		(44 337)	-
Net Cash used in Financing Activities		(44 337)	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(18 620)	25 350
CASH AND CASH EQUIVALENTS AT 1 JULY		93 628	68 278
CASH AND CASH EQUIVALENTS AT 30 JUNE	34	75 008	93 628

Program Schedule of Administered Income, Expenses, Assets and Liabilities for the year ended 30 June 2006

	Program	Program	Program	Program	Program
(Refer Note 5)	1 \$′000	2 \$′000	3 \$′000	4 \$′000	5 \$′000
CURRENT:	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Cash and cash equivalents	31 456	7 296	17 609	-	1 084
Financial assets	-	8 290	-	-	
Receivables	25 228	189	818	_	-
Other current assets	-	1 085	2 021	_	-
NON-CURRENT:		1 005	2 021		
Financial assets	_	28 232	_	_	-
Property, plant and equipment	_		_	_	-
Total Administered Assets	56 684	45 092	20 448		1 084
IABILITIES:	50 004	43 0 92	20 440		1 004
CURRENT:					
	(49)	(20)	(424)		
Payables	(48)	(20)	(434)	-	-
Employee benefits	-	-	-	-	-
Other current liabilities	(28 211)	(1 022)	-	-	-
NON-CURRENT:					
Payables	-	-	-	-	-
Employee benefits	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-
Total Administered Liabilities	(28 259)	(1 042)	(434)	-	-
NET ASSETS	28 425	44 050	20 014	-	1 084
ADMINISTERED INCOME AND EXPENSES INCOME: Revenues from SA Government	9 694	1	6 355	-	1 975
Fees and charges	2 878	328	9 228	_	1 575
Taxation receipts	323 621	520	9 2 2 0	_	_
Community Emergency Services Fund	525 021	-	-	-	-
revenue			_	151 938	
	-	- 12 264	-	131 936	-
Commonwealth Specific Purpose grants Interest revenue	-	2 518	-	- 1 481	-
	-		962	1 481	-
Agents Indemnity Fund revenue	-	6 216	-	-	-
Other income	-	428	824	-	-
Total Administered Income	336 193	21 755	17 369	153 419	1 975
EXPENSES:		(107)			(12)
Employee benefits costs	-	(427)	-	-	(12)
Other expenses	(1 036)	(6 300)	(15 305)	-	(762)
Depreciation and amortisation	-	-	-	-	-
Payments to Consolidated Account	(327 107)	(12 264)	-	-	-
Community Emergency Services Fund					
payments	-	-	-	(126 641)	-
Grants	(7 301)	-	(2 235)	-	-
Total Administered Expenses	(335 444)	(18 991)	(17 540)	(126 641)	(774)
let result before restructure	749	2 764	(171)	26 778	1 201
Net expense from administrative			(=)		
restructure	-	-	-	(44 337)	-
NET RESULT AFTER RESTRUCTURE			· · ·	(17.557)	
ATTRIBUTABLE TO THE					
SA GOVERNMENT AS OWNER	749	2 764	(171)	(17 559)	1 201
SA GOVERNMENT AS OWNER	/47	2 / 04	(1/1)	(1/ 228)	1 201

Program Schedule of Administered Income, Expenses, Assets and Liabilities for the year ended 30 June 2006 (continued)

(Refer Note 5)	Program 6	Program 7	Program 8	Program 9	200 Tota
ASSETS:	\$′000	\$′000	\$′000	\$′000	\$'00
CURRENT:	φ 000	4 000	\$ 000	<i>\</i> 000	+ •••
Cash and cash equivalents	13 939	1 478	-	2 146	75 00
Financial assets	19 267	-	-	-	27 55
Receivables	290	-	-	9	26 53
Other current assets	-	2	-	74	3 18
NON-CURRENT:					
Financial assets	46 944	-	-	-	75 17
Property, plant and equipment	528	13	-	166	70
Total Administered Assets	80 968	1 493	-	2 395	208 16
LIABILITIES:					
CURRENT:					
Payables	(1 319)	(90)	-	(1 655)	(3 566
Employee benefits	(= 0=0)	(30)	-	(201)	(231
Other current liabilities	(38 138)	(30)	-	(_01)	(67 371
NON-CURRENT:	(33 130)				(0/ 0/1
Payables	_	(3)	-	(31)	(34
Employee benefits	_	(24)	_	(274)	(298
Other non-current liabilities	(35 134)	(21)	_	(271)	(35 134
Total Administered Liabilities	(74 591)	(147)		(2 161)	(106 634
NET ASSETS	6 377	1 346		234	(100 03-
=	0.577	1 540		234	(101 35(
ADMINISTERED INCOME AND EXPENSES					
INCOME:					
Revenues from SA Government	-	5 963	24 459	9 507	57 95
Fees and charges	-	-	-	-	12 43
Taxation receipts	-	-	-	-	323 62
Community Emergency Services Fund					
revenue	-	-	-	-	151 93
Commonwealth Specific Purpose grants	-	-	13 142	-	25 40
Interest revenue	4 726	-	-	14	9 70
Agents Indemnity Fund revenue	-	-	-	-	6 21
Other income	167	-	-	216	1 63
_ Total Administered Income	4 893	5 963	37 601	9 737	588 90
EXPENSES:					
Employee benefits costs	(3 106)	(648)	-	(2 525)	(6 718
Other expenses	(1 556)	(3 603)	_	(5 311)	(33 873
Depreciation and amortisation	(302)	(3 003)	-	(40)	(346
Payments to Consolidated Account	(002)	-	(13 142)	(200)	(352 713
Community Emergency Services Fund			(10 1 12)	(200)	(002720
payments	_	_	_	(21)	(126 662
Grants	_	_	(24 459)	(478)	(34 473
Total Administered Expenses	(4 964)	(4 255)	(37 601)	(8 575)	(554 785
	(4 904)	(4 233)	(37 001)	(0 575)	(33478)
Net result before restructure	(71)	1 708	-	1 162	34 12
Net expense from administrative					
restructure	-	-	-	-	(44 337
NET RESULT AFTER RESTRUCTURE					
ATTRIBUTABLE TO THE					
SA GOVERNMENT AS OWNER	(71)	1 708			(10 217

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Attorney-General's Department

The Attorney-General's Department (the Department) serves the Government and the people of South Australia by achieving excellence in the provision of legal services to the State Government, and in the provision of consumer law-related and regulatory services, and complaint handling function to the South Australian Community.

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;
- 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

2.1 Basis of Accounting

The financial report is a general purpose financial report. The financial report has been prepared in accordance with applicable Australian Accounting Standards and Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

These Financial Statements are the first statements to be prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS). Australian Accounting Standard AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these statements. Previous Financial Statements were prepared in accordance with Australian Generally Accepted Accounting Principles.

The Department's Income Statement, Balance Sheet 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 Cash Flow Statement has been prepared on a cash basis.

The financial report has been prepared based on a 12 month operating cycle and presented in Australian currency.

2.2 Reporting Entity

The Attorney-General's 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 includes incomes, expenses, assets and liabilities which the Department administers on behalf of the SA Government but does not control.

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 Attorney-General's Department.

The Ombudsman and the Police Complaints Authority do undertake investigations into complaints or matters under their respective Acts without interference from the Attorney-General's 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* (the Act) and are not subject to the direction of the Minister in the performance of their functions under the Act.

The cash at bank balances for the trust accounts listed below are included in the Attorney-General's Department - Administered Items Balance Sheet.

Administered items of the Department are listed below:

- Liquor and Gambling Services
 - Payment of Liquor Subsidies to Licensees
 - Racing Services
 - Taxation Receipts (Casino, Gaming, Gambling, Liquor, Lottery Licenses)

2.2 Reporting Entity (continued)

- Consumer and Business Affairs
 - Agents Indemnity Fund
 - **Companies Liquidation Account** ____
 - Consumer Credit Fund
 - **Cooperatives Liquidation Account** ____
 - HIH Fund
 - Remission Fees and Charges
 - Second Hand Motor Vehicles Dealers Compensation Fund
 - **Residential Tenancies Fund**
 - Retail Shop Leases Fund
- Victims of Crime
- Community Emergency Services Fund (moved to SAFECOM as at 31 March per note 2.3) •
- Bodies in the Barrel Case
- Crown Solicitor's Trust Account
- Computer Aided Despatch/Portfolio Radio and Telecommunications
- Contribution to Legal Services Commission for Legal Aid
- Other
 - Child Abuse Program _
 - Children in State Care Inquiry
 - Compensation Companies Regulation (formerly Companies Code Fees) ____
 - Expensive State Criminal Cases
 - Kapunda Road Royal Commission
 - Legal Practitioners Act Fund
 - Special Acts Payment of Ministerial Salary and Allowances
 - _____ _____ Special Acts - Payment of Statutory Officer Salaries - Ombudsman and Solicitor-General
 - Unclaimed Salaries and Wages
 - Wangary Coronial Inquiry

2.3 Restructuring Activities (Administered Items)

On the 28 November 2005, Cabinet approved the transfer of administrative responsibility for the Community Emergency Services Fund (the Fund) from the Attorney-General's Department (AGD) to the South Australian Fire and Emergency Services Commission (SAFECOM) effective from 31 March 2006. As at that date, the Fund's cash balance of \$44.337 million was transferred from AGD to SAFECOM. A net expense from administrative restructure has been recognised in the Statement of Administered Income and Expenses.

Comparative Figures 2.4

The presentation and classification of items in the financial report are consistent with prior periods except where a specific Accounting Policy Statement or Australian Accounting Standard have required a change.

Comparative figures have been restated on an AIFRS basis.

The comparatives have been restated to assist users' understanding of the current reporting period and do not replace the original financial report for the preceding period.

2.5 Rounding

All amounts in the financial statements 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, fringe benefits tax and the goods and services tax.

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 Australian Taxation Office;
- receivables and payables are stated with the amount of GST included.

2.7 Income and Expenses

Income and expenses are recognised in the Department's Income Statement when and only when 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 in accordance with the Accounting Policy Framework II General Purpose Financial Reporting Framework and have not been offset unless required or permitted by a specific accounting standard.

In accordance with Accounting Policy Framework II General Purpose Financial Reporting Framework, the financial report's notes 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.

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 client or by reference to the stage of completion.

2.7 Income and Expenses (continued)

Community Emergency Services Fund revenue is received from Revenue SA and the Department for Transport, Energy and Infrastructure.

Administered Fees and Charges includes Victims of Crime levies totalling \$8.0 million (\$7.7 million) received from other SA Government entities.

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

Grants are amounts provided by the Department to entities for general assistance or for a particular purpose. Grants may be for capital or recurrent purposes and the name or category reflects the use of the grant. The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation.

Grant expenditure administered by the Department includes \$24.9 million (\$23.8 million) paid to SA Government entities.

2.8 Revenues from (Payments to) 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.

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy, taxation revenues and explation fees received on behalf of the government and paid directly to the Consolidated Account.

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. Assets and liabilities that are expected to be consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.10 Cash and Cash Equivalents

Cash and cash equivalents 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 are used in the cash management function on a day-to-day basis.

Cash is measured at nominal value.

2.11 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 due 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 selling goods and services to other agencies and to the public.

The Department determines the provision for doubtful debts based on a review of balances within trade receivables that are unlikely to be collected. These are generally receivables that are 90 days or more overdue.

2.12 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 for no cost or minimal cost they are recorded at their fair value in the Balance Sheet. If however, the assets are acquired at no or nominal cost 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 \$5 000 or greater in accordance with Accounting Policy Framework III *Asset Accounting Framework*. Items with an acquisition cost less than \$5 000 are expensed in the year of acquisition.

2.13 Revaluation of Non-Current Assets

In accordance with Accounting Policy Framework III *Asset Accounting Framework*, all non-current tangible assets are revalued at written down current cost (a proxy for fair value).

Every three years, the Department revalues its land, buildings, leasehold improvements, furniture, plant and equipments 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.

2.13 Revaluation of Non-Current Assets (continued)

Land, buildings, leasehold improvements, furniture, plant and equipment and mobile transport assets were revalued in accordance with the 'fair value' method of valuation as at 1 July 2005. Library collections were revalued in May 2002. Information technology assets are valued at cost.

Revaluation increments are recognised in the asset revaluation reserve and revaluation decrements are only offset against revaluation increments relating to the same class of asset and any excess is recognised as an expense.

2.14 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 asset revaluation reserve.

2.15 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 tangible assets such as property, plant and equipment.

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the Department using, in all cases, the straight line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvement or the unexpired period of the lease.

Heritage assets include many items that are unique due to their historical or cultural interest and are not depreciated due to their long and indeterminate useful lives.

Depreciation/amortisation rates and methods are reviewed at each balance date and necessary adjustments are recognised in the current and future reporting periods as appropriate.

Depreciation and amortisation for non-current assets is determined as follows:

Class of Assets	Depreciation Method	Remaining Useful life (Years)
Buildings and other structures	Straight line	4-26
Leasehold improvements	Straight line	Remaining life of lease
Plant and equipment	Straight line	1-8
Information Technology	Straight line	3-5
Mobile transport assets	Straight line	5-16

2.16 Payables

Payables include creditors, accrued expenses and employee 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 Attorney-General's 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.

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.

Employee on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave 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 balance date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

2.17 Employee Benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. 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.

Liability for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. The liability for annual leave is measured using the remuneration rate expected to apply at the time of settlement. The liability for annual leave reflects the value of total annual leave entitlements of all employees as at 30 June 2006 and is measured at the nominal amount.

The liability for long service leave has been calculated in accordance with the short hand method using a benchmark number of seven years service as advised by the Department of Treasury and Finance. The calculation is consistent with the Department's experience of employee retention and leave taken.

2.18 Provisions

Workers Compensation

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 Occupational Health and Injury Management Branch of the Department of Administrative and Information Services.

The workers compensation provision is based on an actuarial assessment prepared by Taylor Fry Consulting Actuaries. The Attorney-General's Department's liability is an allocation of the Justice Portfolio's total assessment.

2.19 Leases

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.

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

3. Changes in Accounting Policies

3.1 Adopting Australian Equivalents to International Financial Reporting Standards

The Department adopted Australian Equivalents to International Financial Reporting Standards (IFRS) for the first time for the year ended 30 June 2006.

The Department has assessed the impact that the transition from previous Generally Accepted Accounting Principles to Australian Equivalents to IFRSs has had on its reported financial position, financial performance and cash flows. This assessment concluded that there was no material impact.

3.2 Changes in Capitalisation Policy of Property, Plant and Equipment

A change in accounting policy was adopted by the Attorney-General's Department with effect from 1 July 2005. Property, plant and equipment assets will now be expensed in the period in which they are acquired if they have an acquisition cost of less than \$5 000. The change in accounting policy resulted in a decrease in the carrying amount of the property, plant and equipment in the Balance Sheet for the year ended 30 June 2005 of \$439 000 (\$206 000).

4. Program Class Schedule of the Department

Information about the Department's programs are set out in the Programs Schedule. A program is a grouping of related sub-programs that contribute to the achievement of agency and government objectives.

Program 1: Policy Advice and Legal Services

This program is focused on increasing the SA community's and industry's awareness of their rights, responsibilities and 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.

Program 2: Consumer and Business Affairs

This program 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, regulatory and registration services.

Program 3: Liquor and Gambling Services

This program deals with encouraging responsible attitudes towards the promotion, sale, supply, consumption and use of liquor and gambling products.

Program 4: Multicultural Services

This program 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.

Program 5: Equal Opportunity

This program 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.

Program 6: Police Complaints Authority

Included in this program is the requirement to maintain public confidence in, and proper accountability of SA Police Department through the provision of complaint investigation and resolution services.

Program 7: Ombudsman Services

This program 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.

Program 8: Crime Prevention

This program deals with initiating and supporting crime prevention projects and local crime prevention programs by achieving a reduction in crime through working with a range of partners to develop appropriate crime prevention strategies and improved practices.

Program 9: Crime Statistics

This program covers monitoring, research and evaluation into crime and criminal justice by accurate and timely reporting on trends in crime and criminal justice.

Program 10: Justice Portfolio Services

This program 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.

Program 11: Guardianship Services

This program 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.

Program 12: General - Not Attributed

Information about the Department's revenues, expenses, assets and liabilities that are not attributable to the above programs.

5. Administered Items

Program 1: Liquor and Gambling Services

This administered program 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 and Racing Operations.

Program 2: Consumer and Business Affairs

This administered program recognises activities in relation to the Agents Indemnity Fund, the Second Hand Vehicles Compensation Fund, the Co-operatives Liquidation Account and the Companies Liquidation Account. This program also includes the receipts of Commonwealth grants to State Government for 'Forgone Revenue' per the Corporations Agreement 2002. The Commonwealth funds received by AGD are paid to the Consolidated Account.

Program 3: Victims of Crime

This administered program 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.

Program 4: Emergency Services Levy

This administered program relates to the collection of the Emergency Services Levy and the application of these funds. The levies are collected in accordance with the *Emergency Services Funding Act 1998* by Revenue SA and the Department for Transport, Energy and Infrastructure and are credited to the fund from which Attorney-General's Department makes payments to the emergency services agencies, meets the costs of collecting the levies and operating the Fund. As at 31 March 2006 administration of the Fund was transferred to SAFECOM (refer Note 2.3).

Program 5: Bodies in the Barrels

This administered program relates to the bodies in the Barrels murder case. The Attorney-General's Department administer the operations relating to this case.

Program 6: Trust Accounts

This administered program relates to activities associated with the Residential Tenancies Fund, Crown Solicitor's Trust Account and the Retail Shop Leases Fund. The Attorney-General's Department (AGD) receives monies which are held in trust pending the outcome of future events or settlements. AGD 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).

5. Administered Items (continued)

Program 7: Emergency Management Communications

This program relates to activities associated with the implementation of the Audio Management System (AMS), Computer Aided Dispatch (CAD) and Portfolio Radio and Telecommunications Costs for the Justice Portfolio.

Program 8: Legal Aid

This administered program relates to grant payments made to the Legal Services Commission. The Attorney-General's 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.

Program 9: Other

This program reflects the financial performance and position of various administered activities, including: the payment of Ministers, Ombudsman and Solicitor-General's salaries; the Child Abuse Program, Expensive State Criminal Cases, Kapunda Road Royal Commission, Children in State Care Enquiry and Wangary Coronial Inquest. This program accommodates the minor programs that do not warrant their own specific program.

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				-
			137	118

Remuneration of Employees (continued)

7.

8.

9.

The table includes all employees who received remuneration of \$100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. Total remuneration received or due and receivable by these employees was \$20.7 million (\$17.4 million).

* Includes officers whose normal remuneration exceeded \$100 000 and received a termination payment (including TVSP).

	· · · · ·				
	Supplies and Services			2006	2005
				\$′000	\$′000
	Computing and communication			10 296	9 200
	Accommodation			8 637	8 405
	Legal fees			2 804	1 678
	Contract staff			2 209	1 688
	Office expenses			2 143	2 018
	Staff payments			2 093	2 100
	Telephone related expenses			1 465	1 578
	Motor vehicle expenses			1 095	1 047
	Promotions and publications			1 092	868
	Tax and taxable payments			725	749
	Consultancies			386	200
	Insurance			88	80
	Other		_	5 378	4 749
	Total Supplies and Services		_	38 411	34 360
	Supplies and Services provided by entities within th	o CA Covernment			
	Supplies and Services provided by entities within th Computing and communication	e SA Government:		5 590	5 602
					8 024
	Accommodation			8 260	
	Legal fees			78 94	65
	Contract staff			94 46	- 35
	Office expenses			256	232
	Staff payments Telephone related expenses			862	232 913
	Motor vehicle expenses			1 016	913
	Promotions and publications			126	72
	Consultancies			120	72
	Insurance			88	80
	Other			1 663	1 445
	Total Supplies and Services - SA Govern	ment Entities		18 091	17 445
			_		
	The number and dollar amount of consultancies	2006	2006	2005	2005
	paid/payable (included in Supplies and Services	Number	\$′000	Number	\$′000
	expense) that fell within the following bands:				
	Below \$10 000	9	32	13	36
	\$10 000 - \$50 000	4	99	8	164
	Above \$50 000	2	255	-	-
	Total paid/payable to the				
	Consultants Engaged	15	386	21	200
	Denne sistion and Americanian			2006	2005
•	Depreciation and Amortisation			2006	2005
				\$'000	\$'000
	Leasehold improvements			1 225	807
	Information technology			821	1 221
	Plant and equipment			299	397
	Mobile transport assets			16	34
	Buildings and other structures Total Depreciation and Amortisation		—	<u>28</u> 2 389	22 2 481
	Total Depreciation and Amortisation			2 389	2 401
	Grants and Subsidies				
	Grants to: Community Legal Centre			3 705	3 622
	Aboriginal Legal Rights Movement			2 380	1 516
	Grants by: Justice Strategy Unit			1 278	1 353
	Native Title Unit			1 089	1 449
	Crime Prevention Unit			892	1 370
	Multicultural SA			530	571
	Other		_	659	859
	Total Grants and Subsidies			10 533	10 740

 Grants and Subidies (continued) Grants and Subidies (continued) Grants and Subidies (continued) Grants and Subidies (continued) Source Strategy Unit Network Strategy Unit Network Services Cher Expenses Other Expenses Other Expenses Other Expenses Other Expenses Other Stepneses Other Stepneses				
Grants and subsidies paid/payable to entities within the SA Government: \$'000 2000 <	9.	Grants and Subsidies (continued)	2006	2005
Justice Strategy Unit				
Native Title Unit 932 7.18 Crime Prevention Unit 93 555 Multicultural SA 7 8 Other 194 211 Total Grants and Subsidies - SA Government Entities 2124 2216 Other Expenses 574 674 Witness payments 574 674 Other Expenses - SA Government Entities 332 329 Total Other Expenses - SA Government Entities 332 329 Total Auditor's Remuneration 180 195 Total Auditor's Remuneration 180 195 Other Services 23 246 21 840 Legal services 9 232 263 Vetwork services 9 223 263 Vetwork services 9 223 263 Total Pees and Charges 556 51 936 Total Pees and Charges 5 22 12 744				
Crime Prevention Unit 98 565 Multicultural SA 7 8 Other 194 211 Total Grants and Subsidies - SA Government Entities 2124 2215 10. Other Expenses 574 674 Witness payments 574 674 469 Other 332 329 1143 Other expenses paid/payable to entities within the SA Government: 010 011 332 329 11. Auditor's Remuneration 180 195 015 1180 195 0ther Services 23 246 21 880 195 1180 195 No other services were provided by the Auditor-General's Department. 180 195 13 571 12 823 No other services 23 246 21 880 195 13 571 12 823 No ther services 9 232 2 12 82 2 12 82 13 526 12 744 No other services 13 525 12 744 13 526 12 744 13 526 12 744 13 526 12				
Muticultural SA 7 8 Other 194 211 Total Grants and Subsidies - SA Government Entities 2124 2216 10. Withese payments 574 674 Other Expenses 909 1143 7574 Other expenses paid/payable to entitles within the SA Government: 009 1143 Other expenses paid/payable to entitles within the SA Government: 332 329 Total Other Expenses - SA Government Entities 332 329 11. Auditor's Remuneration 180 195 Other other expenses were provided by the Auditor-General's Department. 180 195 Other Services 13 671 12 820 No other services were provided by the Auditor-General's Department. 13 671 12 820 Uberne and regulatory fees 13 671 12 820 13 671 12 820 Uberne and regulatory fees 13 671 12 820 13 671 12 820 Other 293 5 433 13 671 12 820 12 744 Other 293 5 13 326 13				
Other 194 211 Total Grants and Subsidies - SA Government Entities 2 124 2 216 10. Other Expenses 574 674 Witness payments 335 469 Total Other Expenses 909 1 143 Other expenses paid/payable to entities within the SA Government: 332 329 Total Other Expenses - SA Government Entities 332 329 Total Other Expenses - SA Government Entities 332 329 Total Other Expenses - SA Government Entities 332 329 Total Other Expenses - SA Government Entities 332 329 Total Auditor's Remuneration 180 195 Total Auditor's Remuneration 180 195 Other Services 23 246 21 880 Legel services 13 671 12 823 Network Services 13 671 12 823 Network Services 13 671 12 823 Network Services 13 621 244 Legal services 13 52 12 7 44 Legal services 13 52				
Total Grants and Subsidies - SA Government Entities 2 124 2 216 10. Other Expenses Witness payments Other 574 674 11. Auditor Expenses 909 1 143 0 Other expenses paid/payable to entities within the SA Government: Other 332 329 11. Auditor's Remuneration Auditor's Remuneration 332 329 11. Auditor's Remuneration 180 195 12. Revenues from Fees and Charges Licence and regulatory fees Legal services 23 246 21 860 12. Revenues from Fees and Charges 23 246 21 880 13. Interest reavices were provided by the Auditor-General's Department. 180 195 13. Total Auditor's Remuneration 180 195 14. Very of administration expenditure 9 223 2 63 15. Total Fees and Charges 25 663 51 936 14. Legal services 9 228 2 127 15. Total Fees and Charges 5 25 663 51 936 15. Total Fees and Charges 2 4 4 1 3 256 1 2 744 14. Legal services 9 228 2 127 13. Interest Revenues 1 3 256 1 3 256 1 2 744 14. <td< td=""><td></td><td></td><td></td><td></td></td<>				
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Proceeds from disposal - - Net book value of assets disposed (3) (4) Net Loss from Disposal of Information Technology (3) (4) Total Assets: (3) (4) Total proceeds from disposal - - Total net book value of assets disposed (3) (4)		Information Technology:		
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Total proceeds from disposalTotal net book value of assets disposed(87)(77)		Net Loss from Disposal of Information Technology	(3)	(4)
Total proceeds from disposalTotal net book value of assets disposed(87)(77)		Total Assets:		
Total net book value of assets disposed (87) (77)			-	-
			(87)	(77)
			(37)	()

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15.	Other Income	2006	2005
15.		\$'000	\$'000
	Sundry recoveries	5 587	5 020
	Other	1 909	2 911
	Total Other Income	7 496	7 931
	Other Income received/receivable from entities within the SA Government:		
	Sundry recoveries	4 347	3 849
	Other	927	1 241
	Other Income - SA Government Entities	5 274	5 090
16.	Revenues from/Payments to SA Government		
	Appropriations from Consolidated Account pursuant to the Appropriation Act	71 271	65 209
	Total Revenues from SA Government	71 271	65 209
	Payments to SA Government:		
	Payment to Treasury under Cash Alignment Policy	3 962	14 198
	Payments to SA Government	3 962	14 198
17.	Cash and Cash Equivalents		
	Special Deposit Account with Westpac Bank ⁽¹⁾	21 723	19 738
	Cash and cheques in transit	24	135
	Cash on hand (including petty cash)	41	41
	Total Cash and Cash Equivalents	21 788	19 914

(1) This amount includes accrual appropriation of \$14.1 million (\$11.1 million). The balances of these funds are not available for general use ie funds can only be used in accordance with the Treasurer's approval.

Interest Rate Risk

Cash on hand is non-interest bearing. Deposits at call and with the Treasurer are interest bearing at floating rates.

18. Receivables 2006 2005 Receivables \$'000 \$'000 Less: Provision for doubtful debts (533) (530) GST receivable 1150 1354 Accrued interest 41 32 Total Receivables 5 935 6 063 Receivables 4773 4 637 Less: Provision for doubtful debts (533) (530) Accrued interest 41 32 Total Receivables from SA Government entities: 41 32 Receivables (533) (530) Accrued interest 4281 4 139 19. Other Current Assets 189 380 Work in progress 137 273 Total Other Current Assets 2 1 Work in progress 137 273 Total Other Current Assets from SA Government Entities: 139 274 20. (a) Property, Plant and Equipment 2006 Accumulated Written Vertain dequipment ⁽²⁾ 233 509 1724 21. Information technology					-	-
Receivables 5 277 5 207 Less: Provision for doubtful debts (533) (530) GST receivable 1 150 1 334 Accrued interest 41 32 Total Receivables 5 935 6 063 Receivables from SA Government entities: 773 4 637 Receivables from SA Government entities: 41 32 Receivables from SA Government Entities 41 32 Total Receivables from SA Government Entities 41 32 Total Receivables from SA Government Entities 4281 4 139 19. Other Current Assets 189 380 Work in progress 137 273 Total Other Current Assets 326 653 Other Current Assets from SA Government entities: 137 273 Total Other Current Assets from SA Government Entities 139 274 20. (a) Property, Plant and Equipment 2006 Accumulated Written Properceiation / Down Valuation Cost / Valuation \$000 \$000 \$000 \$000 \$000 \$000 \$000 \$000 \$0000 \$000 \$000 <th>18.</th> <th>Rece</th> <th>ivables</th> <th></th> <th>2006</th> <th>2005</th>	18.	Rece	ivables		2006	2005
Less: Provision for doubtful debts (533) (530) GST receivable 1150 1154 Accrued interest 41 32 Total Receivables 5 935 6 063 Receivables from SA Government entities: 4 773 4 637 Accrued interest 41 32 Total Receivables (533) (530) Accrued interest 41 32 Total Receivables from SA Government Entities 41 32 Total Receivables from SA Government Entities 41 32 Total Receivables from SA Government Entities 4281 4 139 19. Other Current Assets 189 380 Work in progress 137 273 Total Other Current Assets from SA Government entities: 2 1 Prepayments 139 274 20. (a) Property, Plant and Equipment 2006 Accurual indexion Valuation Amortisation Value \$'000 Valuation 233 509 1724 Information technology 5 870 4 618 1252 Library col					\$'000	\$′000
GST receivable 1 150 1 354 Accrued interest 41 32 Total Receivables 5 935 6 063 Receivables from SA Government entities: Receivables 4 773 4 637 Receivables (533) (530) Accrued interest 41 32 Total Receivables (533) (530) Accrued interest 41 32 Total Receivables from SA Government Entities 42 81 4 139 41 32 Total Receivables from SA Government Entities 42 81 4 139 41 32 19. Other Current Assets 189 380 326 653 Work in progress 137 273 Total Other Current Assets 326 653 Other Current Assets from SA Government entities: 137 273 Total Other Current Assets from SA Government Entities 133 274 20. (a) Property, Plant and Equipment 2006 Accumulated Written Depreciation / Down S'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 <th></th> <th>Recei</th> <th>vables</th> <th></th> <th>5 277</th> <th>5 207</th>		Recei	vables		5 277	5 207
Accrued interest 41 32 Total Receivables 5 935 6 063 Receivables from SA Government entities: 4773 4 637 Receivables 4773 4 637 Less: Provision for doubtful debts (533) (530) Accrued interest 41 32 Total Receivables from SA Government Entities 4281 4 139 19. Other Current Assets 189 380 Work in progress 189 380 Other Current Assets 2 1 Work in progress 137 273 Total Other Current Assets from SA Government entities: 2 1 Prepayments 2 1 137 273 Total Other Current Assets from SA Government Entities 139 274 20. (a) Property, Plant and Equipment 2006 Acccumulated Written Valuation Amortisation Value \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'0000 \$'000 \$'000		Less:	Provision for doubtful debts		(533)	(530)
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Less:Provision for doubtful debts(533)(530)Accrued interest4132Total Receivables from SA Government Entities4281413919.Other Current Assets4281413919.Other Current Assets189380Prepayments137273Total Other Current Assets326653Other Current Assets from SA Government entities: 2 1Prepayments211Work in progress137273Total Other Current Assets from SA Government Entities13927420.(a) Property, Plant and Equipment2006Accumulated Accumulated ValuationWritten Depreciation/ Amortisation ValueLeasehold improvements ⁽²⁾ 44971 2253 272Plant and equipment ⁽²⁾ 2 2335091 724Library collections ⁽³⁾ 407-407Buildings and other structures ⁽¹⁾ 41728389Mobile transport assets ⁽²⁾ 20616190		Recei	vables from SA Government entities:			
Accrued interest 41 32 Total Receivables from SA Government Entities 4281 4139 19.Other Current Assets 489 380 Prepayments 189 380 Work in progress 137 273 Total Other Current Assets 326 653 Other Current Assets from SA Government entities: 2 1 Prepayments 2 1 137 273 Total Other Current Assets from SA Government entities: 2 1 Prepayments 2 2 1 Work in progress 139 274 20.(a) Property, Plant and Equipment 2006 Cost/Depreciation/DownValuationAmortisationValue $Valuestion$ 5870 4 618 1252 Library collections (3) 407 $ 407$ Buildings and other structures (1) 417 28 389 Mobile transport assets (2) 206 16 190		R	eceivables		4 773	4 637
Total Receivables from SA Government Entities $4\ 281$ $4\ 139$ 19.Other Current Assets Prepayments Work in progress189380326653Other Current Assets from SA Government entities: Prepayments Work in progress326653Other Current Assets from SA Government entities: Prepayments Work in progress2120.(a) Property, Plant and Equipment2006 Accumulated \$'000Written Depreciation/ Down Amortisation Mamortisation Valueation Amortisation Accumulated Mobile transport assets (2)215520.(a) Property, Plant and Equipment2006 Accumulated \$'000\$'000 \$'000\$'000 \$'000Leasehold improvements (2) Plant and equipment (2) Library collections (3) Buildings and other structures (1) Buildings and other structures (1) Buildings and other structures (1)715 407 407 407715 407 407		Le	ess: Provision for doubtful debts		(533)	(530)
19. Other Current Assets Prepayments Work in progress189380 137273 Total Other Current Assets137273 273Total Other Current Assets326653Other Current Assets from SA Government entities: Prepayments21 137273 Total Other Current Assets from SA Government Entities137273 27320. (a) Property, Plant and Equipment2006 AccumulatedWritten Depreciation/ Down Maution Amortisation Valuation 23350920. (a) Cost/ Plant and equipment (2) Plant and equipment (2) Information technology Land (1) Library collections (3) Buildings and other structures (1) Buildings and other structures (1) Buildings and other structures (1) Mobile transport assets (2)715 206-		A	ccrued interest		41	<u>32</u>
Prepayments189380Work in progress137273Total Other Current Assets326653Other Current Assets from SA Government entities: Prepayments21Work in progress137273Total Other Current Assets from SA Government Entities13927420. (a) Property, Plant and Equipment2006Accumulated ValuationWritten Depreciation/ AmortisationValue Value \$'000Leasehold improvements (2) Plant and equipment (2) Land (1) Library collections (3) Buildings and other structures (1) Buildings and other structures (1) Buildings and other structures (1) Buildings and other structures (1) Mobile transport assets (2)189 206380 137 273 273Plant and equipment (2) Library collections (3) Buildings and other structures (1) Mobile transport assets (2)417 228 20628 389			Total Receivables from SA Government Entities		4 281	4 139
Work in progress137273Total Other Current Assets326653Other Current Assets from SA Government entities: Prepayments21Mork in progress21Total Other Current Assets from SA Government Entities13927420. (a) Property, Plant and Equipment2006 AccumulatedWritten Depreciation / AmortisationValuation Valuation Hant and equipment ${}^{(2)}$ 4 4971 2253 272Plant and equipment ${}^{(2)}$ 2 2335091 724Information technology Land ${}^{(1)}$ 5 8704 6181 252Library collections ${}^{(3)}$ 407-407Buildings and other structures ${}^{(1)}$ 41728389Mobile transport assets ${}^{(2)}$ 20616190	19.	Othe	r Current Assets			
Work in progress137273Total Other Current Assets326653Other Current Assets from SA Government entities: Prepayments21Work in progress21Total Other Current Assets from SA Government Entities13927420. (a) Property, Plant and Equipment2006 AccumulatedLeasehold improvements2006 AccumulatedWritten Depreciation/Valuation $ValuationAmortisationAmortisationValueValueLeasehold improvements(2)4 4971 225Plant and equipment2 2335091 724Information technologyLand (1)5 8704 6181 252Library collections (3)Buildings and other structures (1)41728389Mobile transport assets (2)20616190$					189	380
Total Other Current Assets 326 653 Other Current Assets from SA Government entities: Prepayments 2 1Work in progress 137 273 Total Other Current Assets from SA Government Entities 139 274 20. (a) Property, Plant and Equipment 2006 AccumulatedWritten Depreciation/ Down Amortisation ValueLeasehold improvements (2) 4 497 1 225 3 272 Plant and equipment (2) Library collections (3) Buildings and other structures (1) Mobile transport assets (2) 417 28 389 Mobile transport assets (2)					137	273
$\begin{array}{c c c c c c c c c c c c c c c c c c c $		Т	otal Other Current Assets		326	653
$\begin{array}{c c c c c c c c c c c c c c c c c c c $		Other	Current Assets from SA Government entities			
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Total Other Current Assets from SA Government Entities13927420. (a)Property, Plant and Equipment2006 AccumulatedWritten Depreciation/ Down Valuation AmortisationWritten Down ValueLeasehold improvements (2) 4 4971 2253 272 3 272Plant and equipment (2) 2 2335091 724 1 725Information technology5 8704 6181 252 1 252Land (1) 715-715 407Library collections (3) 407-407 800Buildings and other structures (1) 41728389 406Mobile transport assets (2) 20616190						
20. (a) Property, Plant and Equipment 2006 Accumulated Written $Cost/$ Depreciation/ Down Valuation Amortisation Value \$'000 \$'000 \$'000 Leasehold improvements ⁽²⁾ 4 497 1 225 3 272 Plant and equipment ⁽²⁾ 2 233 509 1 724 Information technology 5 870 4 618 1 252 Land ⁽¹⁾ 715 - 715 Library collections ⁽³⁾ 407 - 407 Buildings and other structures ⁽¹⁾ 417 28 389 Mobile transport assets ⁽²⁾ 206 16 190		••				
$\begin{array}{c c c c c c c c c c c c c c c c c c c $			Total Other Current Assets from SA Government Entit	les	139	274
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $	20.	(a)	Property, Plant and Equipment			Writton
ValuationAmortisationValue\$'000\$'000\$'000Leasehold improvements $^{(2)}$ 4 4971 2253 272Plant and equipment $^{(2)}$ 2 2335091 724Information technology5 8704 6181 252Land $^{(1)}$ 715-715Library collections $^{(3)}$ 407-407Buildings and other structures $^{(1)}$ 41728389Mobile transport assets $^{(2)}$ 20616190				Cost /		
Leasehold improvements $^{(2)}$ \$'000\$'000Leasehold improvements $^{(2)}$ 4 4971 2253 272Plant and equipment $^{(2)}$ 2 2335091 724Information technology5 8704 6181 252Land $^{(1)}$ 715-715Library collections $^{(3)}$ 407-407Buildings and other structures $^{(1)}$ 41728389Mobile transport assets $^{(2)}$ 20616190						
Leasehold improvements (2) 4 4971 2253 272Plant and equipment (2) 2 2335091 724Information technology5 8704 6181 252Land (1) 715-715Library collections (3) 407-407Buildings and other structures (1) 41728389Mobile transport assets (2) 20616190						
$\begin{array}{c c c c c c c c c c c c c c c c c c c $			Leasehold improvements ⁽²⁾			
$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$			Plant and equipment ⁽²⁾	-	-	-
$\begin{array}{ccccccc} \text{Land} & \textbf{715} & \textbf{-} & \textbf{715} \\ \text{Library collections} & \textbf{407} & \textbf{-} & \textbf{407} \\ \text{Buildings and other structures} & \textbf{417} & \textbf{28} & \textbf{389} \\ \text{Mobile transport assets} & \textbf{206} & \textbf{16} & \textbf{190} \end{array}$						
Library collections (3) 407 - 407 Buildings and other structures (1) 417 28 389 Mobile transport assets (2) 206 16 190			Land ⁽¹⁾		-	
Buildings and other structures ⁽¹⁾ 417 28 389 Mobile transport assets ⁽²⁾ 206 16 190				407	-	-
Mobile transport assets ⁽²⁾ 206 16 190				-	28	-
				206	16	190
				14 345	6 396	7 949

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21.

20. Property, Plant and Equipment (continued) (a)

Property, Plant and Equipment (continued)		2005 Accumulated	Written
	Cost/	Depreciation/	Down
	Valuation	Amortisation	Value
	\$′000	\$′000	\$'000
Leasehold improvements ⁽²⁾	9 691	7 306	2 385
Plant and equipment ⁽²⁾	8 133	6 144	1 989
Information technology	7 160	5 452	1 708
Land ⁽¹⁾	415	-	415
Library collections ⁽³⁾	407	-	407
Buildings and other structures ⁽¹⁾	1 215	907	308
Mobile transport assets ⁽²⁾	456	299	157
	27 477	20 108	7 369

(1) Valuations of land and buildings were performed by David Conigrave, AAPI, Certified Practising Valuer of the Australian Valuation Office as at 1 July 2005.

Valuations of leasehold improvements, furniture, mobile transport assets and specialised plant and (2) equipment were performed by Simon B O'Leary, AAPI, MSAA, Certified Practising Valuer - Plant and Machinery of the Australian Valuation Office as at 1 July 2005.

(3) Library collections represents valuation as per M Treloar as at 15 May 2002.

(b) Property, Plant and Equipment Movement Schedule

				Mobile	
			Leasehold	Transport	Information
	Land	Buildings	Imprvments	Assets	Technology
	\$′000	\$′000	\$'000	\$′000	\$′000
Carrying amount 1 July	415	308	2 385	157	1 708
Additions	-	-	25	-	367
Disposals	-	-	-	-	(2)
Revaluation	300	109	2 087	49	-
Depreciation and amortisation	-	(28)	(1 225)	(16)	(821)
Carrying Amount 30 June	715	389	3 272	190	1 252

PropLibraryPlant andCollectionsEquipmentEquip\$'000 <t< th=""><th>2006 Total perty t and ment 5'000 7 369 471 (86) 2 584 389) 7 949</th></t<>	2006 Total perty t and ment 5'000 7 369 471 (86) 2 584 389) 7 949
Payables 2006	2005
Current: \$'000 \$	5′000
Creditors 2 934 2	630
Employee on-costs 1 335 1	217
GST payable 325	537
Accruals558	538
Total Current Payables5 1524	922
Non-Current:	
Employee on-costs 1617 1	946
Total Non-Current Payables 1 617 1	946
Total Payables 6 769 6	6868
Payables to SA Government entities:	
Creditors 429	538
	163
Accruals 198	198
Total Payables to SA Government Entities3 579	899

22.	(a)	Employee Benefits	2006	2005
		Current:	\$'000	\$′000
		Annual leave	4 280	4 298
		Long service leave Accrued salaries and wages	930 1 372	875 1 051
		Total Current Employee Benefits	6 582	6 224
				0 22 1
		Non-Current: Long service leave	14 201	13 705
		Total Non-Current Employee Benefits	14 201	13 705
		Total Employee Benefits	20 783	19 929
	(b)	Employee Benefits and Related On-Costs Accrued Salaries and Wages:		
		On-costs included in Payables - Current (Note 21) Employee Benefits - Current (Note 22(a))	229 1 372	176 1 051
		Employee Benefits - Current (Note 22(a))	1 601	1 227
		Annual Leave:		
		On-costs included in Payables - Current (Note 21)	913	917
		Employee Benefits - Current (Note 22(a))	<u>4 280</u> 5 193	4 298
		Long Service Leave:	2 193	5 215
		On-costs included in Payables - Current (Note 21)	193	124
		Employee Benefits - Current (Note 22(a))	930	875
			1 123	999
		Long Service Leave:	1 617	1 946
		On-costs included in Payables - Non-Current (Note 21) Employee Benefits - Non-Current (Note 22(a))	14 201	13 705
			15 818	15 651
		Aggregate Employee Benefit and Related On-Costs	23 735	23 092
23.	Prov Curre	ision ent		
		rovisions for workers compensation	242	296
		Total Current Provisions	242	296
	Non-	Current:		
		rovisions for workers compensation	1 014	1 512
		Total Non-Current Provisions	1 014	1 521
		Total Provisions	1 256	1 808
24.	Othe Curre	er Current and Non-Current Liabilities		
		ontrol and working account balances	479	1 027
		ease incentive	202	211
	U	nearned revenue	31	11
		Total Current Other Liabilities	712	1 249
	Non-	Current:		
	Le	ease incentive	621	823
		Total Non-Current Other Liabilities	621	823
		Total Other Liabilities	1 333	2 072
	Otho	r liabilities from SA Government entities:		
		ease incentive	823	1 034
		ontrol and working account balances	352	268
	U	nearned revenue	25	-
		Total Other Liabilities from SA Government Entities	1 200	1 302
25.	Cach	Flow Reconciliation		
23.		nciliation of Cash - Cash at 30 June as per:		
		ash Flow Statement	21 788	19 914
	B	alance Sheet	21 788	19 914

25. Cash Flow Reconciliation (continued)	2006	2005
Reconciliation of Net Cost of Providing Services to Net Cash provided by (used in) Operating Activities:	\$'000	\$'000
Net cost of providing services	(67 262)	(60 980)
Revenues from SA Government	71 271	65 209
Payments to SA Government	(3 962)	(14 198)
Add: Non-Cash Items:	()	()
Depreciation and amortisation	2 389	2 481
Loss from disposal of assets	87	77
Allowance for doubtful debts	3	140
Change in Assets and Liabilities:		
Increase in employee benefits	854	1 164
(Decrease) Increase in payables	(196)	747
Decrease in other liabilities	(739)	(657)
(Decrease) Increase in provisions	(552)	386
(Decrease) Increase in receivables	125	(515)
Decrease in prepayments	191	19
Decrease in other assets	136	3 476
Net Cash provided by (used in) Operating Activities	2 345	(2 651)

26. Commitments

Operating Leases

Commitments under non-cancellable operating leases at the reporting date are

payable as follows:		
Payable no later than one year	7 950	7 811
Payable later than one year and not later than five years	13 270	17 613
Payable later than five years	873	7 447
Total Operating Leases	22 093	32 871

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

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.

	2006	2005
Other Commitments	\$'000	\$′000
Grants ⁽¹⁾	45 673	57 405
Capital ⁽²⁾	2 165	1 047
Motor vehicles ⁽³⁾	917	855
Other ⁽⁴⁾	63	34
Total	48 818	59 341
Payable no later than one year	19 118	19 334
Payable later than one year and not later than five years	29 700	40 007
Total Other Commitments	48 818	59 341

(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 2005 to 2010.

(2) Outstanding contractual payments for building works and maintenance under construction.

- (3) Agreements for the provision of motor vehicles to senior executive officers or sections (ie pool vehicles) with Fleet SA, Department for Administrative and Information Services. There are no purchase options available to the Department.
- (4) Other commitments relate to purchase orders placed for goods and services before 30 June 2006.

27. Contingent Assets and Liabilities

The Attorney-General's Department does not have any contingent assets or liabilities.

28. Financial Instruments

(a) Terms, Conditions and Accounting Policies

Financial Assets

- Cash and Deposits are available at call and are recorded at cost. Interest on cash at bank is calculated quarterly by the Department of Treasury and Finance.
- Receivables are raised for all goods and services provided for which payment has not been received. Receivables are reported at amounts due to the Department. Receivables are due within 30 days of an invoice being raised.

Financial Liabilities

• Payables 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.

(b) Interest Rate Risk

Interest Rate Risk	Floating Interest Rate		Non-Interest Bearing		Total Carrying Amount as per Balance Sheet		Weighted Average Effective Interest Rate	
	2006	2005	2006	2005	2006	2005	2006	2005
Financial Assets:	\$'000	\$′000	\$′000	\$′000	\$'000	\$'000	Percent	Percent
Cash on hand	-	-	41	41	41	41		
Cash at bank	21 723	19 738	-	-	21 723	19 738	5.43	5.35
Cash and cheques								
in transit	-	-	24	135	24	135		
Receivables	-	-	4 785	4 709	4 785	4 709		
Total	21 723	19 738	4 850	4 885	26 573	24 623		
Financial Liabilities: Payables Accruals	-	-	2 934 558	2 631 538	2 934 558	2 631 538		
Total	-	-	3 492	3 169	3 492	3 169		

(c) Net Fair Values

All financial instruments are valued at the carrying amount as per the Balance Sheet, which approximates net fair value. The carrying amount of Financial Assets approximates net fair value due to their short term maturity or being receivable on demand. The carrying amount of Financial Liabilities is considered to be a reasonable estimate of net fair value.

	2006	2005
	\$′000	\$′000
Salaries and wages	4 994	5 281
Employee on-costs	897	804
Board fees	624	580
Annual leave	124	116
Long service leave	79	76
Total Employee Benefits Cost	6 718	6 857
30. Community Emergency Services Fund Payments - Administered Items		
Payments to Emergency Services	121 654	161 227
Emergency Services Levy collection fees	5 008	6 802
Total Community Emergency Services Fund Payments ⁽¹⁾	126 662	168 029
(1) Payments totalling \$125 000 (\$166 000) were paid to SA Government entities.		
31. Depreciation and Amortisation - Administered Items		
Leasehold improvements	244	245
Information Technology	72	77
Plant and equipment	30	62
Total Depreciation and Amortisation	346	384
32. Other Expenses - Administered Items		
Victims of Crime claims	12 878	13 871
Agents Indemnity Fund claims	5 593	6 192
Legal fees	3 946	3 997
Contribution payments	1 710	4 173
Betting services	911	1 532
Accommodation	880	686
Computing and communication	268	938
Consultancies	110	177
Other	7 577	7 839
Total Other Expenses	33 873	39 405
Other Expenses paid/payable to entities within the SA Government:		
Victims of Crime claims	735	808
Legal fees	1 256	1 017
Contribution payments	1 710	4 173
Accommodation	843	686
Accommodation	114	816
Computing and communication		
	5	20
Computing and communication		20 2 263

32.	Other Expenses - Administered If The number and dollar amount of con payable (included in other expense) following bands:	nsultancies paid/	2006 Number	2006 \$'000	2005 Number	2005 \$'000
	Below \$10 000 \$10 000 - \$50 000		2 1	2 18	5 3	9 85
	Above \$50 000		1	90	1	83
	Total paid/payable to the Con	sultants Engaged	4	110	9	177
33.	Other Income - Administered Ite	ms			2006 \$′000	2005 \$′000
	Sundry recoveries Other				282 1 353	915 1 658
	Total Other Income			-	1 635	2 573
	Other Income received/receivable fro Sundry recoveries Others	om entities within the S	A Government:	-	9 200	660 300
	Total Other Income - SA Gove	rnment Entities		-	209	960
34.	Cash and Cash Equivalents - Adm Special Deposit Account with Westpa			-	75 008	93 628
	Total Cash and Cash Equivaler			-	75 008	93 628
	(1) Moviement in Truck Approxim			=		
	(1) Movement in Trust Accounts	Crown Solicitor's		al Tenancies		Shop Leases
		Trust Account 2006 200	5 2006	und 2005	2006	und 2005
	Balance at 1 July	\$'000 \$'00 4 048 10 30	•	\$′000 2 920	\$′000 210	\$′000 484
	Receipts	57 875 35 07		40 833	725	625
	Payments Balance at 30 June	(55 298) (41 338 6 625 4 04		(41 549) 2 204	<u>(391)</u> 544	(899) 210
35.	Receivables - Administered Items	5			2006	2005
		-			\$′000	\$′000
	Receivables Accrued interest				25 960 563	27 829 669
	GST receivable			_	11	32
	Total Receivables			-	26 534	28 530
	Receivables from SA Government en Receivables	tities:			732	1 047
	Accrued interest Total Receivables from SA	Covernment Entities		-	<u>219</u> 951	<u>486</u> 1 533
	Total Receivables Itolii SA	Government Entities		-	951	1 333
36.	Other Current Assets - Administe Current:	red Items				
	Prepayments Treasury Fund balances				1 355 67	1 281 7 525
	Other			_	1 760	1 504
	Total Other Current Assets			-	3 182	10 310
	Other Current Assets from SA Govern Prepayments	nment entities:			6	_
	Treasury Fund balances				67	7 525
	Other Total Other Current Assets	from SA Governmen	t Entities	-	<u> </u>	<u>520</u> 8 045
				-		
37.	Financial Assets - Administered I Current:	tems				
	Funds invested with the Public Tr			-	27 557	21 449
	Total Current Financial Ass	C15		-	27 557	21 449
	Non-Current: Funds invested with the Public Tru	ustoo			75 176	72 437
	Total Non-Current Financia			-	75 176	72 437
	Total Financial Assets			-	102 733	93 886
				=		

2006

37. Financial Assets - Administered Items (continued)	2006	2005
Financial assets represent funds invested with the Public Trustee as follows:	\$'000	\$'000
Residential Tenancies Fund	63 637	58 564
Agents Indemnity Fund	34 239	30 871
Second Hand Vehicles Compensation Fund	2 284	2 067
Retail Shop Leases Fund	2 573	2 384
Total Financial Assets	102 733	93 886

38. (a) Property, Plant and Equipment - Administered Items

		2006 Accumulated	Written		2005 Accumulated	Written
	Cost/	Depreciation/	Down	Cost/	Depreciation/	Down
	Valuation	Amortisation	Value	Valuation	Amortisation	Value
	\$'000	\$'000	\$′000	\$′000	\$′000	\$′000
Leasehold improvements ⁽¹⁾	735	244	491	1 574	1 251	323
Information technology	317	175	142	335	138	197
Plant and equipment ⁽¹⁾	113	39	74	634	552	82
	1 165	458	707	2 543	1 941	602

(1) Valuations of leasehold improvements, plant and equipment were performed by Simon B O'Leary AAPI, MSAA, Certified Practising Valuer – Plant and Machinery of the Australian Valuation Office as at 1 July 2005.

(b) Property, Plant and Equipment Movement Schedule - Administered Items

	(D)	Property, Plant and Equipment Movement S	scneaule - Aamii	nisterea item	5	Z006 Total Property,
		Carrying amount 1 July	Leasehold Improvements \$'000 323	Information Technology \$'000 197	Plant and Equipment \$'000 82	Plant and Equipment \$'000 602
		Additions Disposals	-	17	14	31
		Revaluation Depreciation and amortisation	411 (243)	- (72)	15 (31)	- 426 (346)
		Other		-	(6)	(6)
		Carrying Amount 30 June	491	142	74	707
39.	Paya Curre	ables - Administered Items			2006 \$′000	2005 \$′000
	C	reditors			2 476	2 873
		mployee on-costs ccruals			49 1 041	49 42
	Л	Total Current Payables		-	3 566	2 964
		Current:				
	E	mployee on-costs Total Non-Current Payables		-	<u>34</u> 34	<u>35</u> 35
		Total Payables		-	3 600	2 999
	Paya	bles to SA Government entities:				
	Ċ	reditors			1 766	1 813
		mployee on-costs ccruals			83 1 041	84 42
	~	Total Payables to SA Government Entities		-	2 890	1 939
40.	(a)	Employee Benefits - Administered Items Current:				
		Annual leave			173	167
		Accrued salaries and wages			39	99
		Long service leave Total Current Employee Benefits		-	<u>19</u> 231	<u>16</u> 282
				-	291	202
		Non-Current: Long service leave			298	249
		Total Non-Current Employee Benefits	5	-	298	249
		Total Employee Benefits		_	529	531
				=		

	(b)	Employee Benefits and Related On-Costs - Administered Items	2006	2005
	. ,	Accrued Salaries and Wages:	\$′000	\$′000
		On-costs included in payables - Current (Note 39)	8	11
		Employee benefits - Current (Note 40(a))	39	99
			47	110
		Annual Leave:		
		On-costs included in payables - Current (Note 39)	37	36
		Employee benefits - Current (Note 40(a))	173	167
			210	203
		Long Service Leave		
		On-costs included in payables - Current (Note 39)	4	2
		Employee benefits - Current (Note 40(a))	19	16
			23	18
		Long Service Leave		
		On-costs included in payables - Non-Current (Note 39)	34	35
		Employee benefits - Non-Current (Note 40(a))	298	249
			332	284
		Aggregate Employee Benefits and Related On-Costs	612	615
41.		r Current and Non-Current Liabilities - Administered Items		
	Curre		20 64 2	F2 102
		aming and other receipts payable to Treasury and Finance	28 612	52 102
		curity bonds lodged	31 513 6 625	28 324
		own Solicitor's Trust Account		4 048
		ontrol and working account balances	609	599
		ase incentive Inclaimed monies	- 12	49
	U	Total Other Current Liabilities	<u> </u>	<u>22</u> 85 144
		Total Other Current Liabilities	67 371	05 144
		Current:		
	Se	ecurity bonds lodged	35 134	29 700
		Total Non-Current Other Liabilities	35 134	29 700
		Total Other Liabilities	102 505	114 844
		Current Liabilities from SA Government entities:		50 4 00
		aming and other receipts payable to Treasury and Finance	28 612	52 102
		ase incentive	-	49
	Ur	nclaimed monies	12	22
		Total Other Current Liabilities from SA Government Entities	28 624	52 173
42.		Flow Reconciliation - Administered Items		
		iciliation of Cash - Cash at 30 June per:		
		ish Flow Statement	75 008	93 628
		lance Sheet	75 008	93 628
		iciliation of net result after restructure to Net Cash (used in)		
		ided by Operating Activities:	24.420	4 470
		et result before restructure Non-Cash Items:	34 120	4 479
			246	204
		epreciation and amortisation	346	384
		ss on disposal ge in Assets and Liabilities:	-	1
		ecrease) Increase in employee benefits	(2)	176
		crease in payables	(2) 601	775
		ecrease) Increase in other liabilities	(12 339)	25 900
		ecrease in receivables	2 002	7 177
		crease in prepayments	(74)	(80)
		ecrease (Increase) in other assets	7 202	(4 680)
		Net Cash (used in) provided by Operating Activities	31 856	34 132

43. Contingent Assets and Liabilities - Administered Items

The Agents Indemnity Fund has an estimated contingent obligation to pay \$500 000 relating to current and expected claims against the Fund. The Second Hand Vehicles Compensation Fund has an estimated contingent obligation to pay \$35 000 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.

Weighted Average

44. Financial Instruments - Administered Items

(a) Terms, Conditions and Accounting Policies.

- Financial Assets
 - Cash and Deposits are available at call and are recorded at cost. Interest on cash at bank is calculated quarterly by the Department of Treasury and Finance.
- Receivables are raised for all goods and services provided for which payment has not been received. Receivables are reported at amounts due to the Department. Receivables are due within 30 days of an invoice being raised.
- Investments are recorded at net fair value based upon valuation provided by the Public Trustee.

Financial Liabilities

Payables 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.

Total Carrying

(b) Interest Rate Risk

					. o can	oan, jg		. / c. age	
	Floating Interest		Non-Interest		Amount as per		Effective Interest		
	R	Rate		Bearing		Balance Sheet		Rate	
	2006	2005	2006	2005	2006	2005	2006	2005	
Financial Assets:	\$'000	\$′000	\$'000	\$′000	\$'000	\$′000	Percent	Percent	
Cash at bank	75 008	93 628	-	-	75 008	93 628	5.43	5.35	
Cash and cheques									
in transit	-	-	-	-	-	-			
Investments	102 733	93 886	-	-	102 733	93 886	9.04	8.35	
Receivables		-	26 523	28 498	26 523	28 498			
Total	177 741	187 514	26 523	28 498	204 264	216 012			
Financial Liabilities:									
Payables	-	-	2 476	2 873	2 476	2 873			
Accruals		-	1 041	42	1 041	42			
Total	-	-	3 517	2 915	3 517	2 915			

(c) Net Fair Values

All financial instruments are valued at the carrying amount as per the Balance Sheet, which approximates net fair value. The carrying amount of Financial Assets approximates net fair value due to their short term maturity or being receivable on demand. The carrying amount of Financial Liabilities is considered to be a reasonable estimate of net fair value.

RESIDENTIAL TENANCIES FUND

The *Residential Tenancies Act 1995* regulates the relationship of landlords and tenants under residential tenancy agreements and provides for the establishment of the Residential Tenancies Fund and a Tribunal to resolve disputes.

Income Statement for the year ended 30 June 2006

	2006	2005
Note	\$′000	\$′000
	4 563	3 813
2	161	158
-	4 724	3 971
3	3 037	2 750
	507	441
4	302	347
5	1 041	1 076
	4 887	4 614
_	(163)	(643)
	(163)	(643)
	2 _ 3 4	Note \$'000 2 4 563 2 161 4 724 3 3 037 5 507 4 302 5 1 041 4 887 (163)

Attorney-General's — Residential Tenancies Fund

Balance Sheet as at 30 June 2006

		2006	2005
CURRENT ASSETS:	Note	\$'000	\$′000
Cash and cash equivalents	6	6 772	2 204
Investments		18 084	14 376
Receivables	7	265	161
Total Current Assets	-	25 121	16 741
NON-CURRENT ASSETS:			
Property, plant and equipment	8	528	391
Investments		45 553	44 189
Total Non-Current Assets	-	46 081	44 580
Total Assets	-	71 202	61 321
CURRENT LIABILITIES			
Security bonds lodged	9	31 197	28 042
Payables	10	1 235	1 166
Other Current liabilities	11	-	50
Total Current Liabilities	-	32 432	29 258
NON-CURRENT LIABILITIES:			
Security bonds lodged	9	32 745	27 666
Total Non-Current Liabilities	-	32 745	27 666
Total Liabilities	-	65 177	56 924
NET ASSETS	-	6 025	4 397
EQUITY:			
- Retained earnings		2 252	2 415
Asset revaluation reserve		3 773	1 982
TOTAL EQUITY	-	6 025	4 397
TOTAL EQUITY ATTRIBUTABLE TO THE SA GOVERNMENT	•		
AS OWNER	-	6 025	4 397

Statement of Changes in Equity for the year ended 30 June 2006

	Asset		
	Revaluation	Retained	
	Reserve	Earnings	Total
	\$′000	\$′000	\$′000
Balance at 30 June 2004	810	3 073	3 883
Changes in accounting policy	-	(15)	(15)
Restated balance at 30 June 2004	810	3 058	3 868
Gain on revaluation of investments during 2004-05	1 172	-	1 172
Net income/expense recognised directly in			
equity for 2004-05	1 172	-	1172
Net result for 2004-05	-	(643)	(643)
Total Recognised Income and Expense for 2004-05	1 172	(643)	529
Balance at 30 June 2005	1 982	2 415	4 397
Gain on revaluation of investments during 2005-06	1 366	-	1 366
Gain on revaluation of leasehold improvements			
during 2005-06	410	-	410
Gain on revaluation of plant and equipment			
during 2005-06	15	-	15
Net income/expense recognised directly in			
equity for 2005-06	1 791	-	1 791
Net result for 2005-06	-	(163)	(163)
Total Recognised Income and Expense for			
2005-06	1 791	(163)	1 628
Balance at 30 June 2006	3 773	2 252	6 025

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

Cash Flow Statement for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$′000	\$′000
INFLOWS:			
Interest		4 459	3 795
Bond lodgements		39 430	33 985
Bond guarantee receipts		2 854	2 887
Other		161	166
Cash provided by Operating Activities		46 904	40 833
OUTFLOWS:			
Administration		(4 499)	(4 433)
Bond refunds		(31 197)	(28 041)
Bond guarantee payments		(2 854)	(2 887)
Other		(66)	(49)
Cash used in Operating Activities		(38 616)	(35 410)
Net Cash provided by Operating Activities	12	8 288	5 423
CASH FLOWS FROM INVESTING ACTIVITIES:			
OUTFLOWS:			
Payments for investments		(3 707)	(6 139)
Payments for property, plant and equipment		(13)	-
Cash used in Investing Activities		(3 720)	(6 139)
Net Cash used in Investing Activities		(3 720)	(6 139)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		4 568	(716)
CASH AND CASH EQUIVALENTS AT 1 JULY		2 204	2 920
CASH AND CASH EQUIVALENTS AT 30 JUNE	6	6 772	2 204

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

1.1 Objectives of the Residential Tenancies Fund

The Residential Tenancies Fund (Fund) is established under the *Residential Tenancies Act 1995* (Act). The Fund is kept and administered by the Commissioner for Consumer Affairs. 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.

1.2 Basis of Accounting

The financial statements are required by section 102(1) of the *Residential Tenancies Act 1995* and are a general purpose financial report.

The statements have been prepared in accordance with applicable Australian Accounting Standards and Accounting Policy Statements and Treasurer's Instructions issued by the Department of Treasury and Finance.

The Fund's Income Statement, Balance Sheet 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 which, as noted are at valuation (fair value). Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

1.2 Basis of Accounting (continued)

Assets and liabilities are recognised in the Fund's Balance Sheet when and only when it is probable that future economic benefits will eventuate or be required and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are however not recognised unless required by an Accounting Standard.

Income and expenses are recognised in the Fund's Income Statement when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Bond Guarantee Scheme

Under the Bond Guarantee Scheme a guarantee for the bond is given to the landlord by the SA Housing Trust. In the event of a claim by a landlord, a payment is made by the Residential Tenancies Fund. The SA Housing Trust then reimburses the Residential Tenancies Fund. The value of bond guarantees lodged at 30 June 2006 is \$12.9 million (\$12.3 million).

The SA Housing Trust pays interest at an agreed market determined rate to the Residential Tenancies Fund based on the daily balance of bond guarantees held.

Interest

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 the SA Housing Trust. The interest has not been recorded as a liability, as the 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 2006 is \$138 000 (\$115 000).

1.3 Staffing Costs

Employees of the Attorney-General's Department are assigned to support the Commissioner in the administration of the Fund.

No liability for employee benefits (provision for annual leave and long service leave) has been recognised as this liability rests with the Attorney-General's Department.

The value of staffing costs reflected in Note 3 includes remuneration paid to members of the Residential Tenancies Tribunal.

1.4 Taxation

The Fund is not subject to income tax. The Fund is liable for payroll tax, fringe benefits tax and the goods and services tax.

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

- where the amount of GST incurred by the Fund as a purchaser is not recoverable from the Australian Taxation Office;
- receivables and payables are stated with the amount of GST included.

1.5 Leases

Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased asset. The majority of operating lease payments reflects accommodation expenses.

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

1.6 Cash and Cash Equivalents

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash on deposit represents funds held in a Special Deposit Account with Westpac Bank.

1.7 Investments

Investments represent funds deposited with the Public Trustee and are reported at fair value. Investments are classified as either current or non-current, those to be rolled over within 12 months are classified as current investments.

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. As at 30 June the Fund held investments in common funds in the following proportions:

Capital Stable	48 percent
Balance	24 percent
Cash Common Fund	28 percent

Revaluation increments and decrements are recognised in the asset revaluation reserve except where, and to the extent, the decrement exceeds the balance of the reserve which are recognised as expenses or the increment reverses previous decrements which are recognised as revenue.

1.8 Acquisition of Assets

Assets are recognised at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange for liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

1.9 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$5000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

In accordance with Accounting Policy Framework III Asset Accounting Framework, all non-current tangible assets are revalued at written down current cost (a proxy for fair value).

Every three years, the Department revalues its land, buildings, leasehold improvements, furniture, plant and equipments 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.

Land, buildings, leasehold improvements, furniture, plant and equipment and mobile transport assets were revalued in accordance with the 'fair value' method of valuation as at 1 July 2005. Library collections were revalued in May 2002. Information technology assets are valued at cost.

Revaluation increments are recognised in the asset revaluation reserve and revaluation decrements are only offset against revaluation increments relating to the same class of asset and any excess is recognised as an expense.

Depreciation and Amortisation

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the Fund using, in all cases, the straight line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvement or the unexpired period of the lease.

Depreciation/amortisation rates and methods are reviewed at each balance date and necessary adjustments are recognised in the current or future reporting periods as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation and amortisation rates applying to each class of depreciable asset are based on the following remaining useful lives:

	i cai s
Leasehold improvements	Remaining life of lease
Plant and equipment	1-8
Information technology	3 - 5

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4.

1.10 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

1.11 Rounding

Amounts have been rounded to the nearest \$1 000.

1.12 Adopting Australian Equivalents to International Financial Reporting Standards

The Fund adopted Australian Equivalents to International Financial Reporting Standards (IFRS) for the first time for the year ended 30 June 2006.

The impact that the transition from previous Generally Accepted Accounting Principles to Australian Equivalents to IFRSs has had on the Funds reported financial position, financial performance and cash flows has been assessed. This assessment concluded that there was no material impact.

2006

2005

2. Other Income

	2000	2005
	\$′000	\$′000
Management fee recovery	154	148
Trainee salary recovery	7	10
Total Other Income	161	158

3.	Staffing Costs	2006 \$′000	2005 \$'000
	Salaries and wages	2 556	\$ 000 2 330
	Payroll tax and superannuation expenses	404	345
	Long service leave expenses	77	75
	Total Staffing Costs	3 037	2 750
4.	Depreciation and Amortisation		
	Leasehold improvements	206	209
	Information technology	67	77
	Plant and equipment	29	61
	Total Depreciation and Amortisation	302	347
5.	Other Expenses		
	Administration	739	759
	Computing and communication	173	204
	Legal fees	80	72
	Travel	28	21
	Other	21	20
	Total Other Expenses	1 041	1 076
6.	Cash and Cash Equivalents		
	Section 21 Deposit Account with Westpac Bank	6 772	2 204
	Total Cash and Cash Equivalents	6 772	2 204
7.	Receivables		
	Accrued interest	263	159
	Other receivables	2	2
	Total Receivables	265	161

8. (a) Property, Plant and Equipment

9.

	Cost/	2006 Accumulated Depreciation/	Written Down	Cost/	2005 Accumulated Depreciation/	Written Down
Leasehold improvements ⁽¹⁾	Valuation	Amortisation	Value	Valuation	Amortisation	Value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	550	207	343	1 354	1 215	139
Information technology	300	171	129	333	137	196
Plant and equipment ⁽¹⁾	92	36	56	604	548	56
	942	414	528	2 291	1 900	391

(1) Valuations of leasehold improvements and plant and equipment were performed by Simon B O'Leary AAPI, MSAA, Certified Practicing Valuer - Plant and Machinery of the Australian Valuation Office as at 1 July 2005.

2006

(b) Property, Plant and Equipment - Movement Schedule

Carrying amount 1 July Additions Disposals Revaluation	Leasehold Improvements \$'000 139 - 410	Information Technology \$'000 196 - -	Plant and Equipment \$'000 56 14 - 15	Property, Plant and Equipment \$'000 391 14 - 425
Depreciation	(206)	(67)	(29)	(302)
Carrying Amount 30 June	343	129	56	528
Security Bonds Lodged Current: Bonds lodged Sale of goods Rent held pursuant to tribunal direction		-	2006 \$'000 31 183 12 2	2005 \$'000 28 028 12 2
Total Current Security Bonds Lodged		-	31 197	28 042
Non-Current: Bonds Lodged		-	32 745	27 666
Total Non-Current Security Bonds Lodged			32 745	27 666

		Residential Tenancies Fun		
10.	Payables Current: Creditors Accruals	2006 \$'000 1 209 26	2005 \$'000 1 140 26	
	Total Payables	1 235	1 166	
11.	Other Current Liabilities Current: Lease incentive		50	
	Total Other Current Liabilities	-	50	
12.	Cash Flow Reconciliation Reconciliation of Cash - Cash at 30 June per:			
	Cash Flow Statement	6 772	2 204	
	Balance Sheet	6 772	2 204	
	Reconciliation of Net Result to Net Cash provided by Operating Activities Net result	(163)	(643)	
	Add: Non-cash items: Depreciation and amortisation Change in assets and liabilities:	302	347	
	Increase in security bonds	8 234	5 943	
	Increase (Decrease) in payables	69	(141)	
	Increase in receivables Decrease in other liabilities	(104)	(18)	
		(50)	(65)	
	Net Cash provided by Operating Activities	8 288	5 423	

Attorney-General's -

13. Contingent Liabilities and Contingent Assets

The Fund has no contingent liabilities or assets.

14. Remuneration of Auditors

The amount payable by the Fund for audit services during the reporting period was \$24,000 (\$24,000). No other services were provided by the Auditor-General.

15. Financial Instruments

•

(a) Terms, Conditions and Accounting Policies

Financial Assets

- Cash and Deposits are available at call and are recorded at cost. Interest on cash at bank is calculated quarterly by the Department of Treasury and Finance.
- Receivables are raised for all goods and services provided for which payment has not been received. Receivables are reported at amounts due to the Fund. Receivables are due within 30 days of an invoice being raised.
- Investments are recorded at net fair value based upon valuation provided by the Public Trustee.

Financial Liabilities

• Payables 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.

(b)	Interest Rate Risk		2006				2005		
		Floating Interest	Non- Interest	Total Carrying	Weighted Average Effective Interest	Floating Interest	Non- Interest	Total Carrying	Weighted Average Effective Interest
	Financial Assets: Cash at bank Investments Receivables	Rate \$'000 6 772 63 637 -	Bearing \$'000 - - 265	Amount \$'000 6 772 63 637 265	Rate Percent 5.43 8.30	Rate \$'000 2 204 58 565 -	Bearing \$'000 - - 161	Amount \$'000 2 204 58 565 161	Rate Percent 5.35 7.85
	Total	70 409	265	70 674		60 769	161	60 930	
	Financial Liabilities Payables Total	-	1 235 1 235	1 235 1 235	-	-	1 166 1 166	1 166 1 166	-

(c) Net Fair Values

All financial instruments are valued at the carrying amount as per the Balance Sheet, which represents or approximates net fair value. The carrying amounts of Cash at Bank and Receivables approximated net fair value due to their short term maturity or being receivable on demand. Investments are valued at fair value. The carrying amount of Financial Liabilities is considered to be a reasonable estimate of net fair value.

PUBLIC TRUSTEE

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The Public Trustee is a Body Corporate established pursuant to the provisions of the Public Trustee Act 1995.

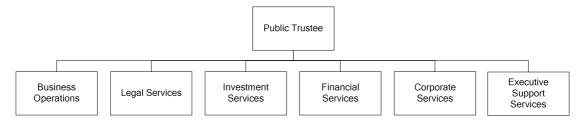
Functions

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 provision of legal representation and advice.

Structure

The Public Trustee is supported by officers employed under the *Public Sector Management Act 1995*.

The structure of the Public Trustee is illustrated in the following organisation chart.



Changes to Function and Structure

The Public Trustee no longer employs staff to provide an internal audit function. Internal audits are now performed by an external contractor.

AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

Subsection 31(1)(b) of the *Public Finance and Audit Act 1987* 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

Subsection 36(1)(a)(iii) of the *Public Finance and Audit Act 1987* 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 those controls are consistent with the prescribed elements of the Financial Management Framework as required by Treasurer's Instruction 2 *Financial Management Policies*.

Scope of Audit

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

During 2005-06, specific areas of audit attention included:

- treasury operations
- cash at bank
- fixed assets
- expenditure
- revenue

- payroll
- general ledger
- corporate governance
- procurement
- 202

The audit covered the Corporate, Trusts and Common Funds areas of the Public Trustee operations.

The work of the internal audit function was considered in planning the audit programs. Reliance was placed on the work of internal audit in assessing the effectiveness of the Public Trustee's internal controls.

AUDIT FINDINGS AND COMMENTS

Audit Opinions

Audit of the Financial Report

In my opinion, the financial report presents fairly in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable accounting standards and other mandatory professional reporting requirements in Australia, the financial position of the Public Trustee as at 30 June 2006, the results of operations and cash flows for the year then ended.

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 matter raised in relation to delegations of authority as outlined under 'Audit Communications with Management', are sufficient to provide reasonable assurance that the financial transactions of the Public Trustee have been conducted properly and in accordance with law.

Audit Communications with Management

Matters arising during the course of the audit were detailed in management letters to the Public Trustee. Responses to the management letters were generally considered to be satisfactory. Major matters raised with the Public Trustee and the related responses are considered herein.

Delegations of Authority

The results of the audit revealed that the 2004-05 delegations of authority were used to authorise 2005-06 expenditure transactions. Discussions with management revealed that a number of issues had contributed to new delegations not being finalised, including:

- an internal review of the organisation during the year;
- a new Chief Executive Officer of the Attorney-General's Department being appointed.

Notwithstanding the reasons for the delay, delegations of authority need to be regularly updated and formally issued to ensure that transactions are appropriately authorised. Prescribed element 9 of the Financial Management Framework for Expenditure supports this requiring Chief Executives to 'ensure payments are authorised by an officer with appropriate authority'.

Treasurer's Instruction 8 *Financial Delegations* issued on 19 June 2006 now specifically requires Chief Executives to:

- 8.8.1 ensure a register of contract and payment delegations is established and maintained, and
- 8.8.2 at least annually, review all delegations granted by the Minister, the Chief Executive or any other delegate pursuant to this instruction and ensure delegations are amended where appropriate.

Public Trustee has advised that delegations of authority have now been revised and the requirements of the Treasurer's Instructions and the Financial Management Framework will be complied with.

Control Self Assessments

Public Trustee's Control Self Assessment process (a revision of its previous Compliance Reporting), provides a management control over Trust operations by requiring major business units to report on identified and risk assessed business processes and controls every six months to the Audit Committee.

Audit assessed the operation of this management control for the 2005-06 financial year. The results identified a number of areas where significant management controls had been established but did not form part of the CSA process.

Attorney-General's — Public Trustee

In addition, Audit noted that the testing performed by branches to satisfy the control objectives was somewhat reliant on the day-to-day review conducted by team leaders. Audit is of the opinion that the biannual control self assessment samples reviewed should effectively re-check or re-perform the review by team leaders. The audit also revealed instances where there was no evidence that an independent check had been performed.

Public Trustee responded that it intends to review its Control Self Assessment framework in 2006-07 and improve other identified issues emanating from the audit.

INTERPRETATION AND ANALYSIS OF FINANCIAL REPORT (CORPORATE STATEMENTS)

Highlights of Financial Report

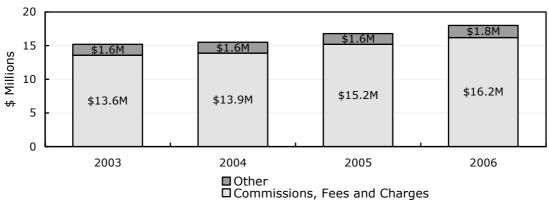
	2006	2005	Percentage
	\$'million	\$'million	Change
INCOME			
Revenue from fees and charges	16.2	15.2	7
Other revenue	1.8	1.6	13
Total Income	18.0	16.8	7
EXPENSES			
Employee benefits costs	8.9	8.7	2
Other expenses	5.6	5.1	10
Total Expenses	14.5	13.8	5
Profit Before Tax	3.5	3.0	17
Income tax equivalent expense	(1.0)	(0.9)	11
Profit After Tax	2.5	2.1	19
Cash Generated from Operations	3.2	4.9	35
ASSETS			
Current assets	7.0	6.3	11
Non-current assets	17.6	17.1	3
Total Assets	24.6	23.4	21
LIABILITIES			
Current liabilities	4.6	4.4	5
Non-current liabilities	2.2	1.9	16
Total Liabilities	6.8	6.3	8
EQUITY	17.8	17.1	4

Income Statement

Income

The Public Trustee's main source of income is revenues from fees and charges comprising commissions, fees and charges for the management of trusts and related investments. The commissions and fees charged reflect the number and value of trusts managed, throughout the year. Commissions, Fees and Charges increased by \$1 million or 7 percent to \$16.2 million in 2005-06.

A structural analysis of income for the Public Trustee in the four years to 2006 is presented in the following chart.

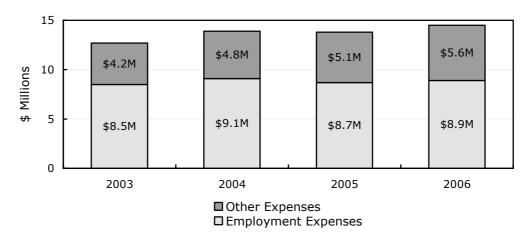


Expenses

Employee benefits costs account for the majority of expenses of the Public Trustee. In 2005-06 employee benefits costs increased by \$217 000 to \$8.9 million due mainly to salary and wage increases.

Supplies and services increased in 2005-06 by \$559 000 or 16 percent, primarily as a result of increases in outsourced service costs, funds management, internal audit and other consulting costs.

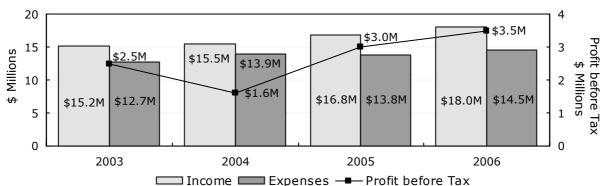
For the four years to 2006, a structural analysis of the main operating expense items for the Public Trustee is shown in the following chart.



Net Result

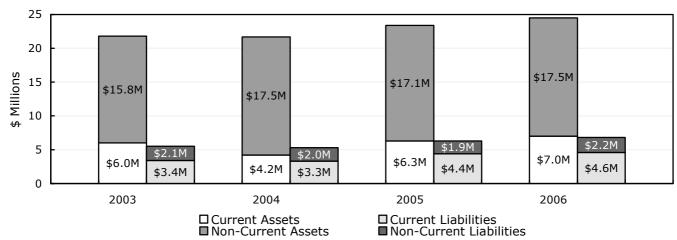
The aggregate revenues of the Public Trustee have been gradually increasing over recent years. The aggregate expenses of the Public Trustee have increased slightly in 2005-06 as discussed above.

The following chart shows the operating revenues, operating expenses and surpluses for the four years to 2006.



Balance Sheet

For the four years to 2006, a structural analysis of assets and liabilities is shown in the following chart.



2005-06 has seen current assets increase by \$700 000 to \$7.0 million while Non-Current Assets have increased by \$400 000 to \$17.6 million. These movements mainly reflect increases in cash holdings, accrued investment income and debtors within Current Assets.

Cash Flow Statement

The decrease in cash for 2006 reflects increased payments for supplies and services and tax equivalents.

The following table summarises the net cash flows for the four years to 2006.

	2006 \$'million	2005 \$'million	2004 \$'million	2003 \$'million
Net Cash Flows				
Operating Activities	3.1	4.9	1.4	3.6
Investing Activities	(1.6)	(1.5)	(2.3)	(2.5)
Financing Activities	(1.2)	(1.4)	(1.2)	(1.3)
Change in Cash	(0.4)	2.0	(2.0)	(0.2)
Cash at 30 June	5.7	5.3	2.3	4.3

INTERPRETATION AND ANALYSIS OF STATEMENT OF TRUSTS BEING ADMINISTERED

The value of trust funds administered by the Public Trustee as at 30 June 2006 was \$900 million (\$824 million).

The trust funds reflecting significant increases are:

- deceased estates (increase of \$21.3 million/18 percent)
- court award orders (increase of \$34.5 million/15 percent)
- protected estates (increase of \$5.9 million/4 percent)
- investors (increase of \$7.2 million/5 percent).

Of the total funds being administered, 73 percent (74 percent) were invested in the common funds with the remaining 27 percent (26 percent) represented by estate assets.

INTERPRETATION AND ANALYSIS OF THE COMMON FUNDS

All Common Funds, with the exception of the Overseas Fixed Interest Common Fund, made an operating profit for the year. The Overseas Fixed Interest Common Fund made a small operating loss mainly as a result of a decrease in trust distribution income; an increase in net losses on financial instruments held at fair value recorded through profit and loss; and a reduction in the market value of remaining investments.

The common funds are invested in the following securities:

- Short Term Money Market
- Australian Fixed Interest
- International Fixed Interest
- Australian Equities
- International Equities
- Listed Property Securities
- Other (includes cash at bank and advances).

Note 3 to the Statement of Trusts being Administered provides details of the number and value of trust funds under Administration.

FURTHER COMMENTARY ON OPERATIONS

The Public Trustee had planned to implement a new Asset Management System in 2005-06 to complete the replacement of legacy systems supporting their trust operations. The implementation of the new system has been delayed and is anticipated to be implemented later in 2006-07. The Asset Management System will interface with the client accounting system implemented in 2003-04 to provide for the management of client asset and investment holdings.

CORPORATE STATEMENTS

Income Statement for the year ended 30 June 2006

		2006	2005
	Note	\$′000	\$'000
INCOME:			
Revenues from fees and charges	4.1	16 208	15 208
Interest revenues	4.2	532	394
Other income	4.3	1 307	1 214
Total Income	-	18 047	16 816
EXPENDITURE:			
Employee benefit costs	5.1, 5.2, 5.3, 5.4	8 867	8 650
Supplies and services	5.5, 5.6, 5.7	4 054	3 49
Loss from the disposal of assets		-	
Depreciation and amortisation		1 600	1 65
Total Expenses	_	14 521	13 802
PROFIT BEFORE INCOME TAX EQUIVALENTS	-	3 526	3 014
Income tax equivalent expense	2.3	1 058	904
NET PROFIT AFTER INCOME TAX EQUIVALENT	-		
IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER		2 468	2 11

Balance Sheet as at 30 June 2006

		2006	2005
CURRENT ASSETS:	Note	\$'000	\$′000
Cash and cash equivalents	17	5 695	5 313
Receivables	6	1 302	938
Total Current Assets		6 997	6 251
NON-CURRENT ASSETS:			
Financial assets at fair value through the profit and loss	7, 8	7 646	-
Other financial assets	7,8	-	6 280
Property, plant and equipment	9	8 061	7 834
Intangible assets	10	1 880	3 030
Total Non-Current Assets		17 587	17 144
Total Assets		24 584	23 395
CURRENT LIABILITIES:			
Payables	11	1 544	2 084
Short-term and long-term employee benefits	12	914	1 116
Short-term provisions	13	2 100	1 195
Total Current Liabilities		4 558	4 395
NON-CURRENT LIABILITIES:			
Payables	11	217	235
Long-term employee benefits	12	1 961	1 707
Total Non-Current Liabilities		2 178	1 942
Total Liabilities		6 736	6 337
NET ASSETS		17 848	17 058
EQUITY:			
Reserves	15	7 351	7 110
Retained earnings	18	10 497	9 948
TOTAL EQUITY		17 848	17 058
Contingent assets and liabilities	14		
Commitments for expenditure	19		
THE TOTAL EQUITY IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER			

Statement of Changes in Equity for the year ended 30 June 2006

		Asset Revaluation	Other	Retained	
		Reserves	Reserves	Earnings	Total
	Note	\$'000	\$′000	\$′000	\$′000
Balance as at 30 June 2004	18	6 427	980	9 004	16 411
Changes in accounting policy		-	-	-	-
Restated Balance As At 30 June 2004		6 427	980	9 004	16 411
Loss on revaluation of land and building during 2004-05		(268)	-	-	(268)
Payments from other reserves 2004-05	15		(29)	29	-
Net Income (Expense) recognised directly in					
Equity for 2004-05		(268)	(29)	29	(268)
Profit after income tax equivalent for 2004-05		-	-	2 110	2 110
Total recognised Income and Expense for 2004-05		(268)	(29)	2 139	1 842
Transactions with SA Government as equity holder					
Dividend provided for		-	-	(1 195)	(1 195)
		(268)	(29)	945	647
Balance as at 30 June 2005		6 159	950	9 949	17 059
Changes in accounting policy		-	-	-	-
Restated Balance as at 30 June 2005	18	6 159	950	9 949	17 059
Gain on revaluation of land and building during 2005-06	9	421	-	-	421
Payments form other reserves 2005-06	15	-	(180)	180	-
Net Income (Expense) recognised directly in					
Equity for 2005-06		421	(180)	180	421
Profit after income tax equivalent for 2005-06		-	-	2 468	2 468
Total recognised Income and Expense for 2005-06		421	(180)	2 648	2 889
Transactions with SA Government as equity holder					
Dividend provided for		-	-	(2 100)	(2 100)
		421	(180)	548	789
Total Equity as at 30 June 2006		6 581	770	10 497	17 848

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

Cash Flow Statement for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$'000	\$′000
CASH INFLOWS:			
Fees and charges received		16 017	15 220
Rent and sundry income received		822	804
Interest received		504	270
Distributions received		331	363
GST receipts on receivables		1 694	1 592
Cash generated from Operations		19 368	18 249
CASH OUTFLOWS:			
Employee benefit payment		(8 834)	(8 302)
Supplies and services		(4 462)	(3 220)
Tax equivalents paid		(1 169)	(362)
GST payments on purchases		(463)	(440)
GST remitted to ATO		(1 281)	(1 052)
Cash used in Operations		(16 209)	(13 376)
Net Cash provided by Operating Activities	16	3 159	4 873
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from sales (maturities) of investments		3 151	2
Cash generated from Investing Activities		3 151	2
CASH OUTFLOWS:			
Payment of investments		(4 477)	(4)
Purchase of property, plant and equipment		(108)	(951)
Purchase of intangibles		(148)	(582)
Cash used in Investing Activities		(4 733)	(1 537)
Net Cash used in Investing Activities		(1 582)	(1 535)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Dividend distribution to State Government		(1 195)	(1 372)
Net Cash used in Financing Activities		(1 195)	(1 372)
NET INCREASE IN CASH HELD		382	1 966
CASH AND CASH EQUIVALENTS AT 1 JULY		5 313	3 347
CASH AND CASH EQUIVALENTS AT 1 JULI	17	5 695	5 313
CASH AND CASH EQUIVALENTS AT 30 JUNE	17	5 0 9 5	2 2 1 2

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of Public Trustee

The office of the Public Trustee was established in 1881 and is now constituted under the provisions of the *Public Trustee Act 1995*. The Public Trustee is a statutory officer pursuant to the *Public Trustee Act 1995*. Public Trustee is a body corporate with the powers of a natural person.

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 Principal Accounting Policies

2.1 Basis of Accounting

The corporate financial statements are a general purpose financial report and have been prepared in accordance with Treasurer's Instructions and Accounting Policy Statements issued pursuant to the provisions of the *Public Finance and Audit Act 1987*, and applicable Accounting Standards.

These financial statements are the first statements to be prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS). AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these statements. Previous financial statements were prepared in accordance with Australian Generally Accepted Accounting Principles (AGAAP).

The Public Trustee Income Statement, Balance Sheet and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical convention, except for certain assets that were valued in accordance with the valuation policy applicable.

2.2 Comparative Information

The presentation and classification of items in the financial report are consistent with prior periods except where specific Accounting Policy Statement or Australian Accounting Standard have required a change.

Comparative figures have been restated on an AIFRS basis except for financial instrument information as permitted by AASB 1. The comparatives have been restated to assist users' understanding of current reporting period and do not replace the original financial report for the preceding period.

2.3 Taxation

The *Public Trustee Act 1995*, 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 required that the corporate income tax rate be applied to the net profit that equates to \$1 058 000 (\$904 000).

Public Trustee is liable for payroll tax, fringe benefits tax, goods and services tax, emergency services levy, land tax equivalents and local government rate equivalents.

2.4 Basis of Valuation

Non-current assets and liabilities with the exception of Plant and Equipment are carried at fair value.

Property

Property is brought to account at independent valuation, less, where applicable, any accumulated depreciation or amortisation.

Plant and Equipment

Plant and equipment are brought to account at cost or at independent valuation, 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. In accordance with Accounting Policy Framework III *Asset Accounting Framework* APS 3.3, a revaluation of Non-Current Assets or group of assets is only to be performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years. It is the intention that these assets will be revalued in the future to fair value. 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-monitory 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 \$2 000, in accordance with Accounting Policy Framework III *Asset Accounting Framework* APSs 12.7 and 12.8. In accordance with Accounting Policy Framework III *Asset Accounting Framework* APS 12.6, 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 *Intangible Assets* are expensed.

Intangible Assets (continued)

Property, intangible assets, plant and equipment excluding land are depreciated or amortised on a straightline 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 property, plant and equipment.

The depreciation/amortisation rates used for each class of depreciable assets are:	Depreciation
Class of Fixed Assets:	Rate Percent
Building	2.17
Machines and equipment	20-27
Software	20-27
Office furniture and fittings	33.33

Financial Instruments

Financial instruments are carried at fair value determined as below:

Cash and cash equivalents are valued at nominal amounts. This asset consists of cash at bank and on hand and short term money market deposits.

Investments on acquisition are brought to account at cost and subsequently revalued at the balance date to fair value. Fixed Interest Investments are valued at their current market value based on independently obtained market yields applying at the balance date. Australian and International equities are currently held in pooled funds and are valued at the redemption prices established by the managers of the collective investment vehicles in which Public Trustee has invested.

Other Non-Current Asset are valued at market value based on the present value of expected future cash flows.

Receivables and Creditor are valued on a historical cost basis and it is considered that carrying value approximates market value.

Distributions from trusts are recognised on a present entitlement basis.

2.5 Rounding

All amounts in the financial statements have been rounded to the nearest \$1 000 (\$'000).

2.6 Income and Expenses

Income and expense are recognised in Public Trustee's Income Statement 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 in accordance with Accounting Policy Framework II *General Purpose Financial Reporting Framework* APS 3.5 and have not been offset unless required or permitted by a specific accounting standard.

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

2.7 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. Related on-costs consequential to the employment of employees (viz payroll tax and superannuation contributions) have been included under 'payables'. (Refer Note 11).

Salaries and Wages

Liability for salary 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 (SASB) has assumed this. The only liability outstanding at balance date relates to any contributions due but not yet paid to the SASB.

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 percent inflation rate as recommended in Accounting Policy Framework IV *Financial Asset and Liability Framework* APSs 5.4 and 5.5.

Long Service Leave

Long service leave 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 the Department of Treasury and Finance 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. Accounting Policy Framework IV *Financial Asset and Liability Framework* APS 5.10 has recommended that a benchmark of seven years can be used for a shorthand estimation of long service leave liability. This advice has been adopted and the long service leave liability has been calculated on that basis. 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.

2.8 Insurance

Public Trustee has insured for risks through the State Government's insurers SAICORP. The excess payable under this arrangement varies depending on each class of insurance held.

2.9 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.

2.10 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.

2.11 Payables

Payables include creditors, accrued expenses, employment on-costs, income tax equivalents and Goods and Services tax (refer Note 2.13).

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 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 in accordance with Treasurer's Instruction 8 'Expenditure for Supply Operations and Other Goods and Services' after Public Trustee receives an invoice.

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

2.12 Government/Non-Government Disclosures

In accordance with Accounting Policy Framework II *General Purpose Financial Reporting Framework* APSs 4.1 and 4.2 Public Trustee has included details of revenue, expenditure, assets and liabilities according to whether the transactions are with entities internal or external to the SA Government in notes to the accounts.

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

2.13 Accounting for the Goods and Services Tax (GST)

In accordance with the requirements of UIG Interpretation 1031 Accounting for the Goods and Services Tax (GST), revenues, 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 Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
 - receivables and payables are stated with the amount of GST included.

The net GST payable to the Australian Taxation Office has been recognised as a payable in the Balance Sheet.

Cash flows are reported on a gross basis in the Cash Flow Statement. The GST component of the cash flows arising from investing or financing activities, which are recoverable from, or payable to, the Australian Taxation Office have however been classified as operating cash flows.

2.14 Segment Reporting

Segment reporting has been deemed not appropriate for Public Trustee, as assets, liabilities, income and expenses attributable to the segments cannot be reliably determined.

3. Changes in Accounting Policies

3.1 Impact of Adopting Australian Equivalents to International Financial Reporting Standards Application of AASB 1

This is the first annual financial report of the Public Trustee prepared in accordance with AIFRS. AASB 1 has been applied in preparing this financial report.

The financial statements to 30 June 2005 have been prepared in accordance with previous AGAAP. AGAAP differs in certain respects from AIFRS. When preparing the 30 June 2006 financial statements, certain accounting policies and valuation methods applied in the AGAAP financial statements were amended to comply with AIFRS. The comparative figures in respect of the year ended 30 June 2005 were restated to reflect these adjustments.

Public Trustee has elected to adopt the exemption in AASB 1 to not restate comparatives for the effects of AASB 132 *Financial Instruments: Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*. As a result, no adjustments were required to be made to figures previously reported on transition to AIFRS on 1 July 2004, and no adjustments are required to be made to the net profit for the year ended 30 June 2005.

Financial Instruments

From 1 July 2004 to 30 June 2005

As Public Trustee has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005, previous AGAAP has been applied to the comparative information on financial instruments within the scope of AASB 132 and AASB 139. For the comparative period, financial instruments were measured in the following way:

- International Equities: were invested in pooled investment funds and were valued in accordance with unit prices at the balance date as advised by the managers of the funds.
- Australian Fixed Interest Investments: were valued at market value based on independently obtained market yields applying at the balance date.
- Cash at Bank: was carried at nominal amounts, translated at prevailing exchange rates where applicable. This asset consists of cash at bank and on hand.
- Short Term Money Market: deposits were carried at their nominal amounts. Bills of exchange were valued at market value, based on independently sourced market yields prevailing at the balance date.
- Sundry Debtors and Creditors: were carried at their nominal amounts.
- Realised Gains and Losses on disposal of Investments represent realised gains and losses over the carrying value determined on an average cost basis. Carrying value is marked to market value at the balance sheet date. Consequently, the carrying value of an investment at the time of its disposal is the weighted average of market value at the commencement of the reporting period and acquisition cost of investment acquired during the period.
- Public Trustee's financial assets have been measured at net market values. The Australian Accounting Standard AASB 116, *Property, Plant and Equipment* provides that public sector borrowings/financing entities may recognise unrealised gains or losses arising from the measurement of financial assets at market values as revenues or expenses in the periods in which the changes occur. Public Trustee has brought changes in net market value of assets to account in the period in which they occur. Unrealised gains and losses are transferred to Reserves.

Adjustments on Transition Date: 1 July 2005

Financial Instruments - Classification Investments in financial assets such as equities and units in unlisted schemes have been classified as 'Fair value through the profit and loss' and recognised in the Income Statement at fair value, with changes in fair value during the period recognised in the Income Statement.

As Public Trustee has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005, investments held in the prior year have not been re-stated, however, where practicable, investments have been re-categorised to enhance comparability.

• 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.

2006

2005

Financial Instruments – Measurement

Financial assets and liabilities held at fair value through the profit and 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 and loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the income statement.

- 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 balance sheet 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 redemption value per unit as reported by the managers of such funds.

Loan assets are measured initially at fair value and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment for example when there has been a significant or prolonged decline in the fair value below cost.

If any such indication of impairment exists, an impairment loss is recognised in the income statement 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 income statement.

AASB 138 Intangible Assets

In accordance with AASB 138 *Intangible Assets*, Public Trustee has classified software that is integral to the operation of systems as an intangible asset. In addition, AASB 138 requires all research costs to be expenses and imposes stricter recognition for the capitalisation of development costs. As a consequence, Public Trustee no longer capitalises research costs.

Future Impacts of AIFRS

A number of Australian Accounting Standards have been issued or amended that are applicable to Public Trustee but are not yet effective. The impact of these changes has been assessed and there will be no impact on Public Trustee's accounting policies. However it is anticipated that additional disclosures may be required.

4. Income

Income	2000	2005
4.1 Revenues from Fees and Charges comprise:	\$′000	\$′000
Revenue from entities external to the SA Government:		
Commissions ⁽¹⁾	8 464	8 390
Fees and charges ⁽¹⁾	1 629	1 304
Management fees ⁽²⁾	6 115	5 514
	16 208	15 208

- (1) Commissions and fees are charged against estates pursuant to section 45 of the *Public Trustee Act 1995*.
- (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.

4.2	Interest Revenues comprise: Revenue from entities external to the SA Government: Interest on fixed term investments	2006 \$'000 	2005 \$'000 237
	Total Revenue - Non-SA Government Entities	275	237
	Revenue from entities within the SA Government:		
	Interest on operating and reserve accounts	257	157
	Total Revenue - SA Government Entities	257	157
	Total Other Revenue	532	394
4.3	Other Income comprises:	2006	2005
	Revenue from entities external to the SA Government:	\$′000	\$′000
	Sundry Income	6	4
	Distributions from Trusts	464	358
	Realised gain on investments	340	51
	Unrealised loss on investments	(300)	-
	Total Revenue - Non-SA Government Entities	510	413

4.3	Other Income (continued)	2006	2005
	Revenue from entities within the SA Government:	\$′000	\$′000
	Rent and other building income	797	801
	Total Revenue - SA Government Entities	797	801
	Total Other Revenue	1 307	1 214

5. Expenditure

6.

5.1 Superannuation

During 2005-06 Public Trustee paid an amount of \$838 000 (\$788 000) to the Department of Treasury and Finance towards the accruing Government liability for superannuation in respect of its employees.

5.2	Remuneration of Employees The number of employees whose remuneration received or receivable fell within the following bands was: \$100 001 - \$110 000	2006 Number of Employees 1	2005 Number of Employees
	\$120 001 - \$130 000	-	-
	\$130 001 - \$140 000	3	2
	\$140 001 - \$150 000	-	1
	\$170 001 - \$180 000	-	-
	\$180 001 - \$190 000	1	-
	\$190 001 - \$200 000	-	1
	Total	5	4

Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. Total remuneration received or due and receivable by these employees was \$695 000 (\$614 000).

5.3 Targeted Voluntary Separation Packages (TVSPs)

No employees were paid TVSPs during the 2005-06 or 2004-05 period.

5.4	<i>Supplies and Services</i> Supplies and Services provided by entities external to the SA Government:	2006 \$′000	2005 \$′000
	Supplies and services Building expenses	2 047 396	1 661 375
	Total Supplies and Services Non-SA Government Entities	2 443	2 036
	Supplies and Services provided by entities within the SA Government:		
	Insurance	184	159
	Computing and communication services	511	495
	Service contractors	497	431
	Other supplies and services	163	180
	Total Supplies and Services SA Government Entities	1 355	1 265
5.5	Auditor's Remuneration		
	Amounts paid to auditors during the year for auditing the accounts	142	142
5.6	Payments to Consultants		
	Below \$10 000: 4 (31) consultancies	15	4
	Between \$10 000 and \$50 000: 3 (1) consultancies	99	48
		114	52
	Total Supplies and Services	4 054	3 495
	ivables		
	nt Receivables:		
	ebtors	776	574
	crued investment income	433	272
Pr	epayments	93	92
_		1 302	938
	rnment/Non-Government Receivables		
K	eceivables from SA Government entities:	22	20
	Debtors Accrued investment income	23 13	20 17
	Total Receivables from SA Government Entities	36	37
	Total Receivables from SA Government Entities	30	57
R	eceivables from Non-SA Government entities:		
	Debtors	752	554
	Accrued investment income	421	255
	Prepayments	93	92
	Total Receivables from Non-SA Government Entities	1 266	901
	Total Receivables	1 302	938
	=		

7. Investments

Public Trustee is required pursuant to Subsection 46(2)(c) of the *Public Trustee Act 1995* to obtain the Treasurer's approval as to the manner of investment of corporate funds.

Non-Current Assets:	2006	2005
Non-Current investments with entities other than SAFA:	\$′000	\$′000
Australian fixed interest	1 007	1 009
Australian fixed interest (Pooled funds)	2 901	2 069
International equities (Pooled funds)	1 193	1 124
Australian listed property (Pooled funds)	511	393
Australian equities (Pooled funds)	2 034	1 685
Long Term Investments	7 646	6 280

8. Financial Instruments

8.1 Fair Value of Financial Assets and Liabilities

Financial instruments are carried at fair value based upon the valuation policies set out in Note 2.4. 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.

8.2 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 Equities. The managers of such vehicles will have invested in a variety of financial instruments, including derivatives, which expose Public Trustee to investment risks, including market risk, credit risk, interest rate risk and currency risk. The Public Trustee has assessed the investment rules of these collective investments and determined their suitability as investments.

Disclosures in subsequent subsections of this Note do not include exposures to financial instruments held within these collective investment vehicles.

8.3 Credit Risk

The maximum exposure to credit risk, excluding any collateral or other security, at the balance date to financial instruments is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Balance Sheet and Notes to the financial statements.

Public Trustee has no direct exposure to derivative instruments.

Credit risk arises primarily with the following classes of counter parties: Banking Corporations

8.4 Interest Rate Risk

9.

Financial assets and liabilities subject to interest rate risk are disclosed below. All other financial instruments are non-interest bearing.

	Weighted A	Average	ge Instruments Maturing or Re-pricing Within				icing Within	
	Intere	st Rate	1 Year or	Less	1 -	5 Years	Over 5	5 Years
	2006 Percent	2005 Percent		2005 \$'000	2006 \$′000	2005 \$′000	2006 \$'000	200 \$′00
Cash	5.37	5.16	•	4 313				<i>\</i>
Short term investments	5.90	5.52		1 000	-	-	-	
Australian fixed interest	6.68	6.25		1 009	1 006	-	-	
Property, Plant and Equipment	Ор	ening						Closing
• • • • • •	Ba	lance			De	preci-	Revalu-	Balance
	01	.7.05	Additions	Disposals		ation	ation	30.6.06
Land and Building:		\$′000	\$′000	\$'000	:	\$′000	\$'000	\$'000
Building at valuation ⁽¹⁾		5 730	4	-		(125)	361	5 970
Land at valuation		1 770	-	-		-	60	1 830
Total Land and Building		7 500	4	-		(125)	421	7 800
Plant and Equipment:								
Machines and equipment at cost		1 431	88	(72)		-	-	1 447
Furniture and fittings at cost		1 639	23	-		-	-	1 662
Work in progress at cost		9	(8)	-		-	-	1
Total Plant and Equipment		3 079	104	(72)		-	-	3 110
Less: Accumulated Depreciation Plant and Equipment:								
Machines and equipment	(1	146)	-	72		(151)	-	(1 225)
Furniture and fittings		599)	-	-		(26)	-	(1 625)
Total Accumulated Depreciation	(2	745)	-	72		(177)	-	(2 850)
Net Property, Plant and Equipment		7 834	108	-		(302)	421	8 061

(1) The Public Trustee building was revalued to fair value. The value of land and building was established by an independent valuation performed by Colliers Jardine as at 30 June 2006. The revaluation has been brought to account on a net basis.

10.	Intangible Assets	Opening Balance \$'000	Additions \$'000	Disposals \$'000	Depreci- ation \$'000	Revalu- ation \$'000	Closing Balance \$'000
	Software at cost	7 190	24	-	-	-	7 214
	Work in progress at cost Less: Accumulated Depreciation	18 (4 178)	124	-	- (1 298)	-	142 (5 476)
	Total Intangible Assets	3 030	148	-	(1 298)	-	1 880

Software previously classified as property, plant and equipment has been reclassified as intangible assets.

11.	Payables	2006	2005
	Current Liabilities:	\$'000	\$′000
	Trade creditors	468	843
	GST payable	277	329
	On-costs on employee benefits	193	196
	Income tax equivalent due	606	716
		1 544	2 084
	Non-Current Liabilities:		
	On-costs on employee benefits	217	235
	Government/Non-Government Payables		
	Payables to SA Government Entities:		
	Creditors	144	703
	Income tax equivalent due	606	716
	Total Payable to SA Government Entities	750	1 419
	Payables to Non-SA Government Entities:		
	, Trade creditors	324	140
	Goods and services tax	278	329
	On-costs on employee benefits	410	431
	Total Payable to Non-SA Government Entities (1)	1 012	900
	Total Payables	1 761	2 319

(1) The total includes payables paid or payable to SA Government entities where the amount paid or payable to the SA Government Entity was less than $$100\ 000$.

12. Employee Benefits

13.

12.1 Employee Benefits		
Current Liabilities: Long service leave	178	260
Accrued salaries	142	289
Accrued recreation leave	594	567
	914	1 116
Non-Current Liabilities:		
Long service leave at 1 July	1 961	1 707
Provision for Long Service Leave at 30 June	1 961	1 707
12.2 Employee Benefits and Related On-Cost Liabilities Current:		
On-costs included in Payables (Note 11)	193	196
Provision for Employee Benefits (Note 12.1)	914	1 116
	1 107	1 312
Non-Current:		
On-costs included in Payables (Note 11)	217	235
Provision for Employee Benefits (Note 12.1)	1 961	1 749
	2 178	1 942
Aggregate Employee Benefits and Related On-Cost Liabilities	3 285	3 254
Provisions		
13.1 Dividend		
Current Liabilities Provision for Dividend to State Government at 1 July	1 195	1 372
Add: Additional provision recognised	2 100	1 195
Less: Payments to State Government	1 195	1 372
Provision for Dividend at 30 June	2 100	1 195

14. Contingent Assets and Liabilities

Public Trustee had no contingent assets or liabilities as at balance date.

15. Reserves

18.

19.

Payments amounting to \$184 000 (\$31 000) were made from the Reserve for Deficits and Other Losses and recoupment of previous years' payments amounting to \$4 000 (\$2 000) were made to the reserve.

Public Trustee has established a reserve for workers compensation to cover the expenses incurred during the first two years of any claim, the balance being met from Government Workers Rehabilitation and Compensation Fund. No claims have been made from the reserve for the year.

Land and Building was revalued to fair value as at 30 June 2006.

Cash Flow Reconciliation Reconciliation of Net Cash provided by Operating Activities to	2006 \$′000	2005 \$'000
Net cash provided by operating activities	2 468	2 110
Depreciation and amortisation expense Loss on sale of equipment	1 600	1 653 4
Unrealised loss (gain) on revaluation of investments Realised gain on sale of equities	300 (340)	(51)
Change in assets and liabilities: Increase in receivables	(363)	(84)
Increase in employee benefits and on-costs	30	351 349 541
Decrease in GST liability	(50)	4 873
	Reconciliation of Net Cash provided by Operating Activities to Operating Profit after Notional Tax Net cash provided by operating activities Add (Less): Non-cash items: Depreciation and amortisation expense Loss on sale of equipment Unrealised loss (gain) on revaluation of investments Realised gain on sale of equities Change in assets and liabilities: Increase in receivables Increase in employee benefits and on-costs Increase (Decrease) in provision for income tax	Reconciliation of Net Cash provided by Operating Activities to\$'000Operating Profit after Notional TaxNet cash provided by operating activities2 468Add (Less): Non-cash items:Depreciation and amortisation expense1 600Loss on sale of equipment-Unrealised loss (gain) on revaluation of investments300Realised gain on sale of equities(340)Change in assets and liabilities:(363)Increase in receivables(363)Increase (Decrease) in sundry creditors300Increase in employee benefits and on-costs30Increase (Decrease) in provision for income tax(111)Decrease in GST liability(50)

17. Reconciliation of Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash comprises the Balance Sheet item of Cash and Cash Equivalents.

Cash Short-term financial assets held to maturity	3 695 2 000	4 313 1 000
	5 695	5 313
Retained Earnings		
Retained earnings at 1 July	9 949	9 005
Net profit	2 468	2 110
Transfers from reserves	180	29
Dividend provided for	(2 100)	(1 195)
Retained Earnings at 30 June	10 497	9 949

Capital Commitments		
One year or less	258	314
Total Capital Commitment	258	314

Outstanding capital contractual arrangements for asset management system software.

Remuneration Commitments		
One year or less	430	-
Later than one year but no longer than five years	135	545
Total Remuneration Commitment	565	545

Amounts disclosed include commitments arising from executive service contracts. Public Trustee does not offer remuneration contracts greater than five years.

Statement of Trusts being Administered as at 30 June 2006

		2006	2005
	Note	\$'000	\$′000
TRUST FUNDS UNDER ADMINISTRATION WERE:	3		
Deceased estates		138 869	117 475
Trusts		111 554	110 194
Administration matters		12 542	7 338
Court award orders		270 737	236 206
Protected estates		165 587	159 712
Workers compensation awards		290	280
Powers of attorney		61 232	61 330
Investors		139 119	131 908
Other		23	2
Total Funds		899 953	824 445
THESE FUNDS WERE REPRESENTED BY:			
INVESTMENT IN COMMON FUNDS:	1.3, 2		
NON-CURRENT ASSETS:			
Australian equities		151 096	150 787
International equities		94 937	83 058
Listed property securities		38 319	34 097
Australian fixed interest investments		119 311	116 767
International fixed interest investments		21 886	22 624
Total Non-Current Assets		425 549	407 333
CURRENT ASSETS:			
Cash and cash equivalents		4 525	5 036
Australian fixed interest investments		219 375	183 611
Advances to estates		2 670	3 423
Sundry debtors		14 956	10 270
Total Current Assets		241 526	202 340
CURRENT LIABILITIES:			
Bank overdraft		3 877	1 199
Income distribution payable		2 086	1 131
Sundry creditors		793	583
Total Current Liabilities		6 756	2 913
NET INVECTMENT IN COMMON FUNDS		660 210	606 760
NET INVESTMENT IN COMMON FUNDS	4.5	660 319	606 760
ESTATE ASSETS:	1.2		
NON-CURRENT ASSETS:		100 561	104 715
Real estate		198 561	184 715
Personal chattels		15 812	15 941
Equities		14 581	8 103
Fixed interest and cash assets		16 502	11 759
Mortgages		531	488
CURRENT ASSETS:		245 987	221 006
Sundry debtors		549	373
CURRENT LIABILITIES:		575	575
Sundry creditors		6 902	3 694
NET ESTATE ASSETS		239 634	217 685
NET ASSETS			824 445
		899 953	024 443

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

1. Statement of Principal Accounting Policies

1.1 Format of the Accounts

The Statement of Trusts Being Administered and related notes are a special purpose financial report prepared to provide information on the value and nature of trusts being administered. The statement consolidates all trusts being administered by Public Trustee. As this Statement is a special purpose financial report, there is no requirement to apply Accounting Standards and other mandatory reporting requirements in the preparation and presentation of this statement.

Public Trustee has prepared the statement, where appropriate based on the general principles outlined in Australian Accounting Standards.

The Statement of Trusts Being Administered 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 as at date of death; in other matters, valuation as at the date of Public Trustee being appointed manager, administrator or new trustee. Public Trustee revalues all real estate 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 Valuer-General, with a revaluation last being carried out as at 30 June 2004.

Personal Chattels: For deceased estates, valuation as at date of death; in other matters, valuation as 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, new trustee or at the date of death in the case of deceased estates. Equities are valued at net fair value as at the balance date.

1.3 Basis of Valuation of Common Fund Assets and Liabilities

Australian Equities and Listed Property Securities: are valued at bid price based on the Australian Stock Exchange listed last bid price at the balance date. Investments in pooled investment funds are valued in accordance with unit prices at the balance date as advised by the managers of the funds.

International Equities: All investments in International Equities are held in pooled funds which are valued in accordance with unit redemption prices at the balance date as advised by the managers of the funds.

Australian Fixed Interest Investments: are valued at market value based on independently obtained market yields applying at the balance date.

International Fixed Interest Investments: consist of investments in pooled funds which are valued in accordance with prices at the balance date as advised by the managers of the funds.

Advances to Estates: are carried at their nominal amounts. The Public Trustee is authorised by the *Public Trustee Act 1995* 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 the Public Trustee. The interest rate applicable on advances at 30 June 2006 was 8.25 percent (8.00 percent).

Cash at Bank 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.

Sundry Debtors and Creditors: 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 *Public Trustee Act 1995* or its predecessor legislation. Financial statements for each common fund operated by Public Trustee are presented within the annual report of the Public Trustee.

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2. Operation of the Common Funds (continued)

Capital Stable

Growth

Balanced

Investment in common funds (with the exception of direct investment in the Cash Common Fund) is 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:

• Equities.				
Trust Funds under Administration	Nur	mber	Va	alue
Deceased Estates:	2006	2005	2006	2005
Monies and assets held under the administration of			\$'000	\$′000
the Public Trustee pursuant to the provisions of the				
Public Trustee Act 1995	1 692	1 132	138 869	117 475
Trusts:				
Monies and assets held under the administration of				
the Public Trustee pursuant to the terms of a Will				
or a Deed of Trust	1 299	1 102	111 554	110 194
Administration Matters:				
Monies paid and assets transferred to the Public				
Trustee on account of minor beneficiaries				
pursuant to the Public Trustee Act 1995	205	183	12 542	7 338
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	870	873	270 737	236 206
Protected Estates:				
Monies administered by the Public Trustee under				
the Guardianship and Administration Act 1993	2 782	2 652	165 587	159 712
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	9	11	290	280
Powers of Attorney:				
Monies and assets held on behalf of donors who				
have appointed the Public Trustee to act on their				
behalf	506	537	61 232	61 330
Investors:				
Monies invested in common funds pursuant to				
section 29(1) of the <i>Public Trustee Act 1995</i> , by				
classes of persons approved by the Minister	443	444	139 119	131 908
	7 806	6 934	899 930	824 443

4. Unclaimed Monies

During the reporting period, unclaimed monies totalling \$252 000 (\$15 000) in respect of estates were paid to the Consolidated Account pursuant to section 32(1) of the *Public Trustee Act 1995*.

COMMON FUNDS STATEMENTS

CASH COMMON FUND

Income Statement for the year ended 30 June 2006

		2006	2005
	Note	\$′000	\$′000
INVESTMENT INCOME:			
Interest	2(e)	13 575	12 338
Net gains (losses) on financial assets held at fair value			
through profit or loss	2(b)	(129)	-
Realised gain on disposal of investments		-	64
Realised loss on disposal of investments		-	(29)
Change in net market value of investments			231
Total Investment Income		13 446	12 604
EXPENSES:			
Public Trustee management fees	2(f)	2 367	2 175
Government fees and charges		-	66
Legal and advisory expenses		17	5
Other expenses		32	37
Total Expenses		2 416	2 283
Net Operating Profit		11 030	10 321
FINANCING COSTS ATTRIBUTABLE TO UNIT HOLDERS:			
Undistributed income brought forward		43	-
Distributions to Unit holders	2(h), 4	(11 201)	-
Transfers (to) from net assets to determine distributable income	2(i)	128	-
Total Financing Costs Attributable to Unit Holders		(11 030)	-
Net Profit for the Year		-	10 321
DISTRIBUTIONS:			
Distributions		-	(10 019)
Undistributed income brought forward		-	7
Transfers to funds employed to determine distributable income		-	(266)
Income held awaiting distribution			(43)
		-	(10 321)

CASH COMMON FUND

Balance Sheet as at 30 June 2006

		2006	2005
	Note	\$′000	\$'000
ASSETS:			
Cash and cash equivalents	5	4 734	6 306
Australian fixed interest investments		-	209 781
Advances to estates		2 670	3 423
Financial assets held at fair value through profit or loss	6	241 140	-
Other assets		3 578	3 326
Total Assets		252 122	222 836
LIABILITIES:			
Income distribution payable		-	43
Bank overdraft		3 877	1 199
Funds deposited by other common funds		18 790	-
Sundry Creditors		770	578
Total Liabilities (excluding net assets attributable			
to Unit holders)		23 437	1 820
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	3	228 685	221 016
Represented by:			
Fair value of outstanding units based on redemption value		228 550	-
Adjustments arising from different unit pricing and			
AIFRS valuation principles		135	-
EQUITY:			
Contributors funds		-	215 856
Funds deposited by other common funds		-	4 896
Reserves		-	264
TOTAL EQUITY		-	221 016

Statement of Changes in Equity for the year ended 30 June 2006

	2006	2005
	\$′000	\$′000
Total Equity at 1 July	221 016	201 285
Adjustment on adoption of AASB 132 and AASB 139	(221 016)	-
Total Equity at 30 June (restated)	-	201 285
Profit (Loss) for the year	-	10 321
Total Recognised Income and Expense for the Year	-	211 606
Transactions with equity holders (applications and redemptions)		19 429
Distributions to equity holders	-	(10 019)
Total Equity at 30 June	-	221 016

CASH COMMON FUND

Cash Flow Statement for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$'000	\$′000
Interest received		13 360	12 220
Payments for expenses		(2 230)	(2 276)
Net Cash Inflow from Operating Activities	10(b)	11 130	9 944
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale of financial assets held at fair value			
through profit or loss		121 527	
Purchase of financial assets held at fair value			
through profit or loss		(147 166)	
Purchases from other common funds		(6 062)	
Net repayments of advances to estates		753	(680
Payments from realisations of Australian Fixed Interest			
Investments		-	(173 758
Proceeds from realisations of Australian Fixed Interest			
Investments			157 25
Net Cash (Outflow) from Investing Activities		(30 948)	(17 188
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net applications/redemptions from (to) Unit holders		12 876	24 919
Net applications/redemptions from (to) other common funds		13 893	(5 917
Distributions paid		(11 201)	(10 020
Net Cash Inflow from Financing Activities		15 568	8 982
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(4 250)	6 73
CASH AND CASH EQUIVALENTS AT 1 JULY		5 107	(1 631
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	857	5 107
Non-cash financing activities	10(c)	-	

Cash and cash equivalents have been adjusted for the re-classification of short term money market holding.

SHORT-TERM FIXED INTEREST COMMON FUND

2005 2006 \$'000 \$′000 Note **INVESTMENT INCOME:** 2(e) 2 0 3 0 1 900 Interest Net gains (losses) on financial assets held at fair value 2(b) through profit or loss (79) _ 2 Realised gain on disposal of investments Realised loss on disposal of investments (2) _ Change in net market value of investments 94 **Total Investment Income** 1 951 1 994 **EXPENSES:** Public Trustee management fees 2(f) 352 338 Legal and advisory expenses 2 1 354 339 **Total Expenses Net Operating Profit** 1 597 1 655 FINANCING COSTS ATTRIBUTABLE TO UNIT HOLDERS: Undistributed income brought forward 2 Distributions to Unit holders 2(h), 4 (1676)Transfers (to) from net assets to determine distributable income 2(i) 78 **Total Financing Costs attributable to Unit Holders** (1596)Net Profit for the year 1 1 655 **DISTRIBUTIONS:** Distributions (1560)-Undistributed income brought forward 1 Transfers to funds employed to determine distributable income (94) Income held awaiting distribution (2) - $(1\ 655)$

Income Statement for the year ended 30 June 2006

SHORT-TERM FIXED INTEREST COMMON FUND

Balance Sheet as at 30 June 2006

		2006	2005
	Note	\$′000	\$′000
ASSETS:			
Cash and cash equivalents	5	8 532	1 328
Australian fixed interest investments		-	32 894
Financial assets held at fair value through profit or loss	6	29 763	-
Other assets		230	296
Total Assets		38 525	34 518
LIABILITIES:			
Income distribution payable		1	2
Sundry Creditors		1	-
Total Liabilities (excluding net assets attributable			
to Unit holders)		2	2
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS:	3	38 523	34 516
Represented by:			
Fair value of outstanding units based on redemption value		38 844	-
Adjustments arising from different unit pricing and			
AIFRS valuation principles		(321)	-
EQUITY:			
Contributors funds		-	35 003
Reserves		-	(487)
TOTAL EQUITY		-	34 516

Statement of Changes in Equity for the year ended 30 June 2006

	2006	2005
	\$′000	\$'000
Total Equity at 1 July	34 516	32 898
Adjustment on adoption of AASB 132 and AASB 139	(34 516)	-
Total Equity at 1 July (restated)	-	32 898
Profit (Loss) for the year	-	1 655
Total Recognised Income and Expense for the year	-	34 553
Transactions with equity holders (applications and redemptions)	-	1 523
Distributions to equity holders	-	(1 560)
Total Equity at 30 June	-	34 516

SHORT-TERM FIXED INTEREST COMMON FUND

Cash Flow Statement for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$′000	\$'000
Interest received		2 384	2 130
Payments for expenses		(352)	(340
Net Cash Inflow from Operating Activities	10(b)	2 032	1 79
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale of financial assets held at fair value			
through profit or loss		18 025	
Purchase of financial assets held at fair value			
through profit or loss		(15 261)	
Payments for Australian Fixed Interest Investments		-	(8 010
Proceeds from realisations of Australian Fixed Interest			
Investments		-	7 50
Net Cash Inflow (Outflow) from Investing Activities		2 764	(510
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from applications by Unit holders		7 497	4 24
Payments for redemptions by Unit holders		(3 412)	(2 725
Distributions paid		(1 677)	(1 559
Net Cash Inflow (Outflow) from Financing Activities		2 408	(35
NET INCREASE IN CASH AND CASH EQUIVALENTS		7 204	1 24
CASH AND CASH EQUIVALENTS AT 1 JULY		1 328	8
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	8 532	1 32
Non-Cash Financing Activities	10(c)	-	

LONG TERM FIXED INTEREST COMMON FUND

Income Statement for the year ended 30 June 2006

		2006	2005
	Note	\$'000	\$'000
INVESTMENT INCOME:			
Interest	2(e)	3 319	3 216
Net gains (losses) on financial assets held at fair value			
through profit or loss	2(b)	(999)	
Realised gain on disposal of investments		-	89
Realised loss on disposal of investments		-	(15
Change in net market value of investments	_	-	808
Total Investment Income	-	2 320	4 098
EXPENSES:			
Public Trustee management fees	2(f)	621	563
Legal and advisory expenses	_	4	
Total Expenses		625	564
Net Operating Profit	-	1 695	3 534
FINANCING COSTS ATTRIBUTABLE TO UNIT HOLDERS:			
Undistributed income brought forward		1	
Distributions to Unit holders	2(h), 4	(2 693)	
Transfers (to) from net assets to determine distributable income	2(i)	999	
Total Financing Costs Attributable to Unit Holders	-	(1 693)	
Net Profit for the year	=	2	3 534
DISTRIBUTIONS:			
Distributions		-	(2 652
Undistributed income brought forward		-	:
Transfers to funds employed to determine distributable income		-	(882
Income held awaiting distribution		-	(1
	-	-	(3 534

LONG TERM FIXED INTEREST COMMON FUND

Balance Sheet as at 30 June 2006

		2006	2005
	Note	\$′000	\$′000
ASSETS:			
Cash and cash equivalents	5	1 925	1 898
Australian fixed interest investments		-	57 703
Financial assets held at fair value through profit or loss	6	67 783	-
Other assets		808	632
Total Assets		70 516	60 233
LIABILITIES:			
Income distribution payable		2	1
Sundry Creditors		3	-
Total Liabilities (excluding net assets attributable			
to Unit holders)		5	1
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	3	70 511	60 232
Represented by:			
Fair value of outstanding units based on redemption value		70 408	-
Adjustments arising from different unit pricing and			
AIFRS valuation principles		103	-
EQUITY:			
Contributors funds		-	59 566
Reserves		-	666
TOTAL EQUITY		_	60 232

Statement of Changes in Equity for the year ended 30 June 2006

	2006	2005
	\$′000	\$′000
Total Equity at 1 July	60 232	57 014
Adjustment on adoption of AASB 132 and AASB 139	(60 232)	-
Total Equity at 30 June (restated)	-	57 014
Profit (Loss) for the year	-	3 534
Total Recognised Income and Expense for the year	-	60 548
Transactions with equity holders (applications and redemptions)	-	2 336
Distributions to equity holders	-	(2 652)
Total Equity at 30 June	-	60 232

LONG TERM FIXED INTEREST COMMON FUND

Cash Flow Statement for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$′000	\$′000
Interest received		3 511	3 684
Payments for expenses		(622)	(564)
Net Cash Inflow from Operating Activities	10(b)	2 889	3 120
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale of financial assets held at fair value			
through profit or loss		12 009	
Purchase of financial assets held at fair value			
through profit or loss		(23 456)	
Payments for Australian Fixed Interest Investments		-	(28 223
Net Cash (Outflow) from Investing Activities		(11 447)	(7 645
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from applications by Unit holders		16 874	7 073
Payments for redemptions by Unit holders		(5 596)	(4 737
Distributions paid		(2 693)	(2 653
Net Cash Inflow (Outflow) from Financing Activities		8 585	(317
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		27	(4 842
CASH AND CASH EQUIVALENTS AT 1 JULY		1 898	6 740
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	1 925	1 898
Non-Cash Financing Activities	10(c)	-	-

OVERSEAS FIXED INTEREST COMMON FUND

Income Statement for the year ended 30 June 2006

		2006	2005
	Note	\$′000	\$′000
INVESTMENT INCOME:			
Trust Distributions		790	1 629
Interest	2(e)	82	25
Net gains (losses) on financial assets held at fair value			
through profit or loss	2(b)	(744)	-
Change in net market value of investments		-	(343)
Other income		24	6
Total Investment Income		152	1 317
EXPENSES:			
Public Trustee management fees	2(f)	236	242
Legal and advisory expenses		2	1
Total Expenses		238	243
Net Operating (Loss) Profit	_	(86)	1 074
FINANCING COSTS ATTRIBUTABLE TO UNIT HOLDERS:			
Undistributed income brought forward		1	-
Distributions to Unit holders	2(h), 4	(658)	-
Transfers (to) from net assets to determine distributable income	2(i)	744	-
Total Financing Costs Attributable to Unit Holders	_	87	-
Net Profit for the year	_	1	1 074
DISTRIBUTIONS:			
Distributions		-	(1 416)
Undistributed income brought forward		-	-
Transfers to funds employed to determine distributable income		-	343
Income held awaiting distribution		-	(1)
	—	-	(1 074)

OVERSEAS FIXED INTEREST COMMON FUND

Balance Sheet as at 30 June 2006

		2006	2005
	Note	\$′000	\$′000
ASSETS:			
Cash and cash equivalents	5	4 550	65
International fixed interest investments		-	22 624
Financial assets held at fair value through profit or loss	6	21 886	-
Other assets		611	1 161
Total Assets		27 047	23 850
LIABILITIES:			
Income distribution payable		1	1
Sundry Creditors		1	-
Total Liabilities (excluding net assets attributable			
to Unit holders)		2	1
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	3	27 045	23 849
Represented by:			
Fair value of outstanding units based on redemption value		27 034	-
Adjustments arising from different unit pricing and			
AIFRS valuation principles		11	-
EQUITY:			
Contributors funds		-	26 930
Reserves		-	(3 081)
TOTAL EQUITY		_	23 849

Statement of Changes in Equity for the year ended 30 June 2006

	2006	2005
	\$′000	\$′000
Total Equity at 1 July	23 849	23 159
Adjustment on adoption of AASB 132 and AASB 139	(23 849)	-
Total Equity at 30 June (restated)	-	23 159
Profit (Loss) for the year	-	1 074
Total Recognised Income and Expense for the year	-	24 233
Transactions with equity holders (applications and redemptions)	-	1 032
Distributions to equity holders	-	(1 416)
Total Equity at 30 June 2006	-	23 849

OVERSEAS FIXED INTEREST COMMON FUND

Cash Flow Statement for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$'000	\$'000
Trust distribution received		1 327	1 044
Interest received		81	20
Other income		19	
Payments for expenses		(223)	(244
Net Cash Inflow from Operating Activities	10(b)	1 204	82
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale of financial assets held at fair value			
through profit or loss		-	
Purchase of financial assets held at fair value			
through profit or loss		-	
Payments for International Fixed Interest Investments		-	(700
Proceeds from realisations of International Fixed Interest			
Investments			
Net Cash (Outflow) from Investing Activities		-	(700
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from applications by Unit holders		6 210	2 98
Payments for redemptions by Unit holders		(2 270)	(1 950
Distributions paid		(659)	(1 415
Net Cash Inflow (Outflow) from Financing Activities		3 281	(382
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		4 485	(262
CASH AND CASH EQUIVALENTS AT 1 JULY		65	32
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	4 550	6
Non-Cash Financing Activities	10(c)	-	

AUSTRALIAN SHARES COMMON FUND

Income Statement for the year ended 30 June 2006

		2006	2005
	Note	\$'000	\$′000
INVESTMENT INCOME:			
Dividends		6 054	5 520
Trust distributions		3 318	3 471
Interest	2(e)	391	84
Net gains (losses) on financial assets held at fair value			
through profit or loss	2(b)	24 602	-
Realised gain on disposal of investments		-	3 155
Realised loss on disposal of investments		-	(1 047)
Change in net market value of investments		-	20 011
Other income		53	44
Total Investment Income		34 418	31 238
EXPENSES:			
Public Trustee management fees	2(f)	1 684	1 474
Legal and advisory expenses		12	4
Transactions costs		18	-
Other expenses		13	5
Total Expenses		1 727	1 483
Net Operating Profit		32 691	29 755
FINANCING COSTS ATTRIBUTABLE TO UNIT HOLDERS			
Undistributed income brought forward		4	-
Distributions to Unit holders	2(h), 4	(22 355)	-
Transfers (to) from net assets to determine distributable income	2(i)	(10 291)	-
Total Financing Costs Attributable to Unit Holders		(32 642)	-
Net Profit for the Year		49	29 755
DISTRIBUTIONS:			
Distributions		-	(13 911)
Undistributed income brought forward		-	3
Transfers to funds employed to determine distributable income		-	(15 843)
Income held awaiting distribution		-	(4)
5			(29 755)

AUSTRALIAN SHARES COMMON FUND

Balance Sheet as at 30 June 2006

		2006	2005
	Note	\$′000	\$′000
ASSETS:			
Cash and cash equivalents	5	-	-
Australian Shares		-	150 787
Financial assets held at fair value through profit or loss	6	150 747	-
Other assets		3 300	2 940
Total Assets		154 047	153 727
LIABILITIES:			
Income distribution payable		49	4
Borrowings from cash Common Fund		209	1 271
Sundry Creditors		13	5
Total Liabilities (excluding net assets attributable			
to Unit holders)		271	1 280
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS:	3	153 776	152 447
Represented by:			
Fair value of outstanding units based on redemption value Adjustments arising from different unit pricing and		154 125	-
AIFRS valuation principles		(349)	-
EQUITY:			
Contributors funds		-	105 779
Reserves			46 668
TOTAL EQUITY		-	152 447

Statement of Changes in Equity for the year ended 30 June 2006

	2006	2005
	\$′000	\$′000
Total Equity at 1 July	152 447	129 429
Adjustment on adoption of AASB 132 and AASB 139	(152 447)	-
Total Equity at 30 June (restated)	-	129 429
Profit (Loss) for the year	-	29 755
Total Recognised Income and Expense for the year	-	159 184
Transactions with equity holders (applications and redemptions)	-	7 174
Distributions to equity holders	-	(13 911)
Total Equity at 30 June	-	152 447

AUSTRALIAN SHARES COMMON FUND

Cash Flow Statement for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$′000	\$′000
Trust distributions		3 318	7 733
Dividends received		5 677	20
Interest received		391	84
Other income received		26	12
Payments for expenses		(1 701)	(1 476)
Net Cash Inflow from Operating Activities	10(b)	7 711	6 373
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale of financial assets held at fair value			
through profit or loss		38 721	-
Purchase of financial assets held at fair value			
through profit or loss		(14 384)	-
Transaction costs on purchase of financial assets held			
at fair value through profit or loss		(18)	-
Payments for Australian Equities		-	(19 988)
Proceeds from realisations of Australian Equities		-	19 924
Net Cash Inflow (Outflow) from Investing Activities		24 319	(64)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from applications by Unit holders		20 445	16 758
Payments for redemptions by Unit holders		(29 058)	(9 582)
Distributions paid		(22 355)	(13 911)
Net Cash (Outflow) from Financing Activities		(30 968)	(6 735)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1 062	(426)
CASH AND CASH EQUIVALENTS AT 1 JULY		(1 271)	(845)
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	(209)	(1 271)
Non-Cash Financing Activities	10(c)	-	-

OVERSEAS SHARES COMMON FUND

Income Statement for the year ended 30 June 2006

		2006	2005
	Note	\$′000	\$'000
INVESTMENT INCOME:			
Dividends		-	149
Trust distributions		5 776	1 409
Interest	2(e)	127	81
Net gains (losses) on financial assets held at fair value			
through profit or loss	2(b)	11 300	-
Realised gain on disposal of investments		-	2
Realised loss on disposal of investments		-	(1 064)
Change in net market value of investments		-	(620)
Other income		54	38
Total Investment Income (Loss)		17 257	(5)
EXPENSES:			
Public Trustee management fees	2(f)	976	826
Legal and advisory expenses		7	8
Other expenses		4	18
Total Expenses		987	852
Net Operating Profit (Loss)		16 270	(857)
FINANCING COSTS ATTRIBUTABLE TO UNIT HOLDERS:			
Undistributed income brought forward		10	-
Distributions to Unit holders	2(h), 4	(455)	-
Transfers (to) from net assets to determine distributable income	2(i)	(15 822)	-
Total Financing Costs Attributable to Unit Holders		(16 267)	-
Net Profit (Loss) for the year		3	(857)
DISTRIBUTIONS:			
Distributions		-	(1 023)
Undistributed income brought forward		-	(1 020)
Transfers to funds employed to determine distributable income		-	1 888
Income held awaiting distribution		-	(10)
			857

OVERSEAS SHARES COMMON FUND

Balance Sheet as at 30 June 2006

		2006	2005
	Note	\$′000	\$′000
ASSETS:			
Cash and cash equivalents	5	2 317	423
International equities		-	83 058
Financial assets held at fair value through profit or loss	6	94 937	-
Other assets		5 780	1 414
Total Assets		103 034	84 895
LIABILITIES:			
Income distribution payable		3	10
Sundry Creditors		3	-
Total Liabilities (excluding net assets attributable			
to Unit holders)		6	10
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS:	3	103 028	84 885
Represented by:			
Fair value of outstanding units based on redemption value		103 028	
Adjustments arising from different unit pricing and			
AIFRS valuation principles		-	-
EQUITY:			
Contributors funds		-	96 159
Reserves		-	(11 274)
TOTAL EQUITY			84 885

Statement of Changes in Equity for the year ended 30 June 2006

	2006	2005
	\$′000	\$′000
Total Equity at 1 July	84 885	82 966
Adjustment on adoption of AASB 132 and AASB 139	(84 885)	-
Total Equity at 30 June (restated)	-	82 966
Profit (Loss) for the year	-	(857)
Total Recognised Income and Expense for the year	-	82 109
Transactions with equity holders (applications and redemptions)	-	3 799
Distributions to equity holders	-	(1 023)
Total Equity at 30 June	-	84 885

OVERSEAS SHARES COMMON FUND

Cash Flow Statement for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$′000	\$′000
Trust distributions received		874	716
Dividends received		-	20
Interest received		127	83
Other income received		10	I
Payments for expenses		(983)	(860
Net Cash Inflow (Outflow) from Operating Activities	10(b)	28	(38
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale of financial assets held at fair value			
through profit or loss		-	
Purchase of financial assets held at fair value			
through profit or loss		-	
Purchases for International Equities		-	(40 350
Proceeds from realisations of International Equities		-	34 79
Net Cash (Outflow) Investing Activities		-	(5 554
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from applications by Unit holders		12 683	9 183
Payments for redemptions by Unit holders		(10 362)	(5 376
Distributions paid		(455)	(1 023
Net Cash Inflow from Financing Activities		1 866	2 784
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1 894	(2 808)
CASH AND CASH EQUIVALENTS AT 1 JULY		423	3 241
Effects of foreign currency exchange rate changes on cash			
and equivalents		-	(10
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	2 317	423

LISTED PROPERTY SECURITIES COMMON FUND

Income Statement for the year ended 30 June 2006

		2006	2005
	Note	\$'000	\$'000
INVESTMENT INCOME:		+	+
Trust distributions received		2 469	2 259
Interest	2(e)	49	28
Net gains (losses) on financial statements held at fair value			
through profit or loss	2(b)	3 845	-
Realised gain on disposal of investments		-	912
Realised loss on disposal of investments		-	(968)
Change in net market value of investments		-	3 215
Total Investment Income	-	6 363	5 446
EXPENSES:			
Public Trustee management fees	2(f)	379	345
Legal and advisory expenses		4	1
Transaction costs		5	
Total Expenses		388	346
Net Operating Profit	-	5 975	5 100
FINANCING COSTS ATTRIBUTABLE TO UNIT HOLDERS:			
Undistributed income brought forward		1 070	
Distributions to Unit holders	2(h), 4	(2 347)	-
Transfers (to) from net assets to determine distributable income	2(i)	(2 669)	
Total Financing Costs Attributable to Unit Holders		(3 946)	-
Net Profit for the year	-	2 029	5 100
DISTRIBUTIONS:			
Distributions		-	(2 305)
Undistributed income brought forward		-	939
Transfers to funds employed to determine distributable income		-	(2 664)
Income held awaiting distribution		-	(1 070)
	-	-	(5 100)

LISTED PROPERTY SECURITIES COMMON FUND

Balance Sheet as at 30 June 2006

		2006	2005
	Note	\$'000	\$′000
ASSETS:			
Cash and cash equivalents	5	1 466	1 183
Listed property securities		-	34 097
Financial assets held at fair value through profit or loss	6	38 279	-
Other assets		646	499
Total Assets		40 391	35 779
LIABILITIES:			
Income distribution payable		2 029	1 070
Sundry creditors		2	-
Total Liabilities (excluding net assets attributable			
to Unit holders)		2 031	1 070
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS:	3	38 360	34 709
Represented by:			
Fair value of outstanding units based on redemption value		38 400	-
Adjustments arising from different unit pricing and			
AIFRS valuation principles		(40)	-
EQUITY:			
Contributors funds		-	25 104
Reserves		-	9 605
TOTAL EQUITY		-	34 709

Statement of Changes in Equity for the year ended 30 June 2006

	2006	2005
	\$'000	\$′000
Total Equity at 1 July	34 709	31 003
Adjustment on adoption of AASB 132 and AASB 139	(34 709)	-
Total Equity at 30 June (restated)	-	31 003
Profit (Loss) for the year	-	5 100
Total Recognised Income and Expense for the year	-	36 103
Transactions with equity holders (applications and redemptions)	-	911
Distributions to equity holders	-	(2 305)
Total Equity at 30 June	-	34 709

LISTED PROPERTY SECURITIES COMMON FUND

Cash Flow Statement for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$'000	\$′000
Trust distributions received		2 291	2 174
Interest received		49	28
Payments for expenses		(381)	(345)
Net Cash Inflow from Operating Activities	10(b)	1 959	1 857
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale of financial assets held at fair value			
through profit or loss		3 984	-
Purchase of financial assets held at fair value			
through profit or loss		(4 331)	-
Transaction costs on purchase of financial assets held at			
fair value through profit or loss		(5)	-
Payments for Listed Property Securities		-	(5 468)
Proceeds from realisations of Listed Property Securities			5 370
Net Cash (Outflow) from Investing Activities		(352)	(98)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from applications by Unit holders		4 771	3 655
Payments for redemptions by Unit holders		(3 748)	(2 612)
Distributions paid		(2 347)	(2 305)
Net Cash (Outflow) from Financing Activities		(1 324)	(1 262)
NET INCREASE IN CASH AND CASH EQUIVALENTS		283	497
CASH AND CASH EQUIVALENTS AT 1 JULY		1 183	686
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	1 466	1 183
Non-Cash Financing Activities	10(c)	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. General Information

The Common Funds have been established pursuant to the *Public Trustee Act 1995* or its predecessor legislation. The following Common Funds were active for the whole of the current and comparative reporting periods:

- Cash Common Fund;
- Short Term Fixed Interest Common Fund;
- Long Term Fixed Interest Common Fund;
- Australian Shares Common Fund;
- Overseas Fixed Interest Common Fund;
- Overseas Shares Common Fund; and
- Listed Property Securities Common Fund.

The Inflation Linked Investments Common Fund was again dormant throughout 2005-06, has nil assets and liabilities and has not been reported.

1. General Information (continued)

Investment in Common Funds (with the exception of direct investment in the Cash Common Fund) is by way of notional unit holdings in the Common Funds. Unit holders 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
- Growth
- Balanced
- Equities.

Management of common fund investments is undertaken by Public Trustee.

Australian and International Equity investments, together with Overseas Fixed Interest investments have also been made using Australian domiciled pooled funds. At 30 June 2006, the following pooled fund investments were held:

- CNA Capital International Global Equity Trust;
- BIAM Australia International Equities Fund;
- AGI ADAM RCM Best Styles Fund;
- BIAM Australia Fixed Interest Fund;
- Fiduciary Global Bond Fund;
- Investors Mutual Australian Smaller Companies Fund, and
- Perennial Value Smaller Companies Trust

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Basis of Preparation

The statements of Public Trustee's Common Funds and related notes is a general purpose financial report and has been prepared in accordance with Treasurer's Instructions issued pursuant to the provisions of the *Public Finance and Audit Act 1987*, applicable Australian Accounting Standards, and Urgent Issues Group Interpretations.

The statements of the Common Funds have been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

This is the first annual financial report of the Common Funds prepared in accordance with AIFRS. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing this financial report.

The financial statements of the Common Funds until 30 June 2005 have been prepared in accordance with previous Australian Generally Accepted Accounting Principals (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the 30 June 2006 financial statements, certain accounting policies and valuation methods applied in the AGAAP financial statements were amended to comply with AIFRS. The comparative figures in respect of the year ended 30 June 2005 were restated to reflect these adjustments.

The Fund has elected to adopt the exemption in AASB 1 to not restate comparatives for the effects of AASB 132 *Financial Instruments: Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on net assets attributable to unit holders are given in Note 2(p).

Amounts have been rounded to the nearest thousand (`000).

(b) Financial Instruments

From 1 July 2004 to 30 June 2005

As the Common Funds have taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005, previous AGAAP has been applied to the comparative information on financial instruments within the scope of AASB 132 and AASB 139. For the comparative period, financial instruments were measured in the following way:

- Australian Equities and Listed Property Securities: were valued at market value based on the Australian Stock Exchange listed last sale price at the balance date. Investments in pooled investment funds are valued in accordance with unit prices at the balance date as advised by the managers of the funds.
- International Equities: were invested in pooled investment funds and were valued in accordance with unit prices at the balance date as advised by the managers of the funds.

(b) Financial Instruments (continued)

- Australian Fixed Interest Investments: were valued at market value based on independently obtained market yields applying at the balance date.
- International Fixed Interest Investments: consist of investments in pooled funds which were valued in accordance with prices at the balance date as advised by the managers of the funds.
- Advances to Estates: were carried at their nominal amounts. Public Trustee is authorised by the *Public Trustee Act 1995* 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 the Public Trustee. Interest rates on advances are fixed from time to time by the Public Trustee.
- Cash at Bank: was carried at nominal amounts, translated at prevailing exchange rates where applicable. This asset consists of cash at bank and on hand.
- Short Term Money Market: deposits were carried at their nominal amounts. Bills of exchange were valued at market value, based on independently sourced market yields prevailing at the balance date.
- Sundry Debtors and Creditors: were carried at their nominal amounts.

Realised Gains and Losses on disposal of Investments represent realised gains and losses over the carrying value determined on an average cost basis. Carrying value is marked to market value at the balance sheet date.

Consequently, the carrying value of an investment at the time of its disposal is the weighted average of market value at the commencement of the reporting period and acquisition cost of investment acquired during the period.

Assets of the Common Funds have been measured at net market values after allowing for the costs of realisation. AASB 1041 *Revaluation of Non-Current Assets* provides that public sector borrowings/financing entities may recognise unrealised gains or losses arising from the measurement of financial assets at market values as revenues or expenses in the periods in which the changes occur. Public trustee has brought changes in net market value of assets to account in the period in which they occur. Unrealised gains and losses are not distributed and are transferred to Reserves.

Adjustments on transition date: 1 July 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 is that, with the exception of loans and receivables which are measured at amortised cost (refer below), fair value is the measurement basis. Changes in fair value are taken to the income statement.

(i) Classification

The Funds' investments are classified as at fair value through profit or loss. They comprise:

Financial Instruments Held for Trading

These include derivative financial instruments including futures, forward contracts, options and interest rate swaps. All derivatives in a net receivable or payable position are shown gross and reported as either derivative financial assets or derivative financial liabilities. Currently none of the Common Funds invest in any such financial instruments.

Financial Instruments Designated at Fair Value through Profit or Loss upon Initial Recognition

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments, unlisted trusts, unlisted equity instruments and commercial paper.

Loans and receivables/payables comprise amounts due to or from the Common Funds.

As the Common Funds have taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005, investments held in the prior year have not been re-stated, however, where practicable, investments have been re-categorised to enhance comparability.

(ii) Recognition

The Fund 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.

- (iii) Measurement
 - (a) Financial Assets and Liabilities held at Fair Value through the Profit or Loss

Financial assets and liabilities held at fair value through the profit and 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 and loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the income statement.

(a) Financial Assets and Liabilities held at Fair Value through the Profit or Loss (continued)
 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 balance sheet 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 redemption value per unit as reported by the managers of such funds.
- (b) Loans and Receivables

Loan assets are measured initially at fair value and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment for example when there has been a significant or prolonged decline in the fair value below cost.

If any such indication of impairment exists, an impairment loss is recognised in the income statement 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 income statement.

(c) Net Assets Attributable to Unit Holders

Units are redeemable at the unit holders' option and are therefore classified as financial liabilities. The units can be put back to the Common Funds at any time for cash equal to a proportionate share of the Common Funds' net asset values The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance sheet date if unit holders exercised their right to put the units back to the Common Funds. Because the Common Funds' redemption unit prices are based on different valuation principles to that applied in financial reporting, valuation differences exist, which have been treated as a separate component of net assets attributable to unit holders. Changes in the value of these financial liabilities are recognised in the income statements as they arise.

In the comparative period, net assets attributable to unit holders was classified as equity and represented the unit holders interest in the net assets of the Common Funds.

(d) Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, high liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. For the purposes of the Cash Flow Statements, bank overdraft is included as component of cash and cash equivalents.

For all Common Funds (other than Cash Common Fund) cash equivalents include Funds' investments in and borrowings from the Cash Common Fund.

(e) Investment Income

Interest income and expense are recognised in the income statement for all debt instruments using the effective interest method. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b).

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex dividend date with any related foreign withholding tax recorded as an expense. Dividends declared on securities sold short are recorded as a dividend expense on the ex dividend date.

Trust distributions are recognised on an entitlements basis.

(f) Expenses

All expenses, including management fees, are recognised in the income statement on an accruals basis.

Management fees are charged against each common fund at a rate of one-twelfth of one percent of the value of the fund as at the first business day of each month and are authorised by the *Public Trustee Act 1995.*

(g) Income Tax

Under current legislation, the Common Funds are not subject to income tax provided the taxable income of the Fund is fully distributed either by way of cash or reinvestment (ie. unit holders are presently entitled to the income of the Fund).

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, the portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unit holders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unit holders.

The benefits of imputation credits and foreign tax paid are passed on to unit holders.

The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the income statement.

(h) Distributions

Common Funds distributions are made to unit holders as at 31 December and 30 June each year. With the exception of the Listed Property Securities Common Fund, distributions are paid as at these dates. Unit holders to the Listed Property Securities Common Fund are presently entitled to the income and capital distributions payable at the balance date. Payment is not made until after the balance date as advice of distribution entitlements from underlying investments is not received by Public Trustee until after the balance date.

In respect of direct client investment in the Cash Common Fund, if the administration of an estate is completed during the year, an income entitlement is determined to the date of completion of the estate. Final entitlements to other common fund distributions are paid at normal distribution dates.

The distributions are recognised in the income statement as finance costs attributable to unit holders.

(i) Transfers (to) from Net Assets to Determine Distributed Income

Non-distributable income is included in net assets attributable to unit holders and may consist of unrealised changes in the net fair value of financial instruments held at fair value through profit or loss, derivative financial instruments, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, and net capital losses. Net capital gains on the realisation of any financial instruments and accrued income not yet assessable will be included in the determination of distributable income in the same year in which it becomes assessable for tax. Movements in net assets attributable to unit holders are recognised in the income statement as financing costs.

(j) Foreign Currency Translation

i) Functional and Presentation Currency

Items included in the Common Funds' financial statements are measured using the currency of the primary economic environment in which it operates (the 'functional currency'). This is the Australian dollar, which reflects the currency of the economy in which the Common Funds compete for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The Fund does not isolate that portion of gains or losses on securities and derivative financial instruments which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

(k) Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment using the effective interest rate method. Amounts are generally received within 30 days of being recorded as receivables.

(I) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at balance date.

The distribution amount payable to unit holders as at the reporting date is recognised separately on the balance sheet as unit holders are presently entitled to the distributable income as at 30 June 2006 under the Trust Deed.

(m) Applications and Redemptions

Applications received for units in the Common Funds are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

(n) Goods and Services Tax (GST)

The Common Funds are registered entities under the GST legislation. Investments in Public Trustee Common Funds are classified as input taxed financial supplies and no GST is charged on such supplies. The GST incurred on the costs of various services provided to the Common Funds by third parties such as management fees have been passed onto the Common Funds. The Common Funds qualify for Reduced Input Tax Credits (RITC) at a rate of 75 percent hence investment management fees and other expenses have been recognised in the income statement net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the cash flow statement on a gross basis.

*(*0*)* Use of Estimates

The Common Funds make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(p) Impact of the Adoption of AIFRS

As stated in Note 2(a), the Common Funds have elected to adopt the exemption in AASB 1 to defer the application of AASB 132 and AASB 139. As a result, no adjustments were required to be made to figures previously reported on transition to AIFRS on 1 July 2004, and no adjustments are required to be made to the net profit for the year ended 30 June 2005. Upon application of AASB 132 and AASB 139 from 1 July 2005 certain adjustments have been made to the 30 June 2005 figures previously reported, as set out below. For the purposes of this Note 'unit holders funds' has the same meaning as the presentation of 'net assets attributable to unit holders' in the Balance Sheet.

Reconciliation of Total Unit Holders Funds as Presented Under Previous AGAAP to that Under AIFRS

Total Unit Holders' Funds Brought Forward under	Cash 01.07.05 \$'000	Common Funds Short-Term Fixed Interest 01.07.05 \$'000	Long-Term Fixed Interest 01.07.05 \$'000
Previous AGAAP	221 016	34 516	60 232
 (a) Changes in valuation of securities and derivative financial instruments 	-	-	-
(b) Reclassification of unit holders' funds to debt	(221 016)	(34 516)	(60 232)
Total Unit Holder Funds Brought Forward under AIFRS	-	_	-
	Australian Shares 01.07.05	Overseas Fixed Interest 01.07.05	Overseas Shares 01.07.05
Total Unit Holders' Funds Brought Forward under Previous AGAAP	\$'000 152 447	\$'000 23 849	\$'000 84 885
 (a) Changes in valuation of securities and derivative financial assets 	(9)	_	-
(b) Reclassification of unit holders' funds to debt	(152 438)	(23 849)	(84 885)
Total Unit Holder Funds Brought Forward under AIFRS	-	-	-
			Listed Property Securities

	Property
	Securities
	01.07.05
	\$'000
Total Unit Holders' Funds Brought Forward under	
Previous AGAAP	34 709
(a) Changes in valuation of securities and derivative	
financial assets	(8)
(b) Reclassification of unit holders' funds to debt	(34 701)
Total Unit Holder Funds Brought Forward	
under AIFRS	-

(p) Impact of the Adoption of AIFRS (continued)

- (a) In accordance with AASB 139, the valuation of securities has been changed to take into account the following:
 - valuation at bid price, rather than at last sale price, resulting in a decrease to asset carrying values for equities; and
 - the valuation is no longer net of disposal costs
- (b) In accordance with AASB 132, unit holders' funds are classified as a liability and are no longer reported as equity for financial statement presentation purposes.

There are no material impacts upon the cash flow statement arising from the transition to AIFRS.

(q) New Accounting Standards

.

Certain new accounting standards have been published that is not mandatory for 30 June 2006 reporting periods. The assessment of the impact of these new standards (to the extent relevant to the Funds) and interpretations is set below:

AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038].

AASB 2005-4 Amendments to Australian Accounting Standards [AASB 139, AASB 132, AASB 1, AASB 1023 and AASB 1038] (will require the Funds to disclose the basis for meeting the criteria for designation of its financial instruments as at fair value through profit or loss).

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. AASB 2005-4 is applicable to annual reporting periods beginning on or after 1 January 2006. The Fund has not adopted these standards early. Application of these standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Fund's financial instruments.

3. Net Assets Attributable to Unit Holders

Movements in number of units and net assets attributable to unit holders during the year were as follows:

Each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

(a) Common Fund Unit Prices

	20	06	2005	
Common Fund Unit Prices at 30 June	Purchase	Redemption	Purchase	Redemption
	Price	Price	Price	Price
Short-term fixed interest	\$1.0041	\$1.0011	\$1.0059	\$1.0029
Long-term fixed interest	\$1.0166	\$1.0136	\$1.0328	\$1.0298
Overseas fixed interest	\$0.8997	\$0.8989	\$0.9256	\$0.9246
Australian Shares	\$2.3527	\$2.3480	\$2.2136	\$2.2092
Overseas shares	\$1.1092	\$1.1015	\$0.9354	\$0.9289
Listed property securities	\$1.4197	\$1.4155	\$1.3184	\$1.3145

(b) Movements in Common Funds Units

Short-Term Long-Term Overseas Fixed Interest Fixed Interest Fixed Intere	st
Fixed Interest Fixed Interest Fixed Interest	st
2006 2005 2006 2005 2006 2005	2005
No. of No	o. of
Units Units Units Units Units Units	Jnits
Opening Balance 34 364 32 854 58 405 56 125 25 780 24	684
Applications 7 440 4 227 16 508 6 900 6 771 3	149
Redemptions (3 383) (2 717) (5 450) (4 620) (2 476) (2	053)
Closing Balance 38 421 34 364 69 463 58 405 30 075 25	780

			Commor	n Fund		
					Listed F	roperty
	Australia	n Shares	Oversea	is Shares	Securities	
	2006	2005	2006	2005	2006	2005
	No. of	No. of	No. of	No. of	No. of	No. of
	Units	Units	Units	Units	Units	Units
Opening Balance	69 005	65 758	91 397	87 335	26 404	25 603
Applications	8 469	7 734	11 967	9 921	3 455	2 831
Redemptions	(11 833)	(4 487)	(9 830)	(5 859)	(2 732)	(2 030)
Closing Balance	65 641	69 005	93 534	91 397	27 127	26 404

(c) Movements in Funds Employed

Piovennents in runu	s Employeu							
				Com	mon Fund			
			Shor	t-Term	Lon	g-Term	Ove	rseas
	C	Cash	Fixed	Interest	Fixed	Interest	Fixed	Interest
	2006	2005	2006	2005	2006	2005	2006	2005
	\$′000	\$′000	\$′000	\$′000	\$'000	\$′000	\$′000	\$′000
	Liability	Equity	Liability	Equity	Liability	Equity	Liability	Equity
Opening Balance	221 016	190 899	34 516	33 479	60 232	57 230	23 849	25 897
Applications (1)	27 150	24 957	7 477	4 249	16 857	7 073	6 210	2 983
Redemptions	-	-	(3 392)	(2 725)	(5 579)	(4 737)	(2 270)	(1 950)
Applications -			. ,	. ,	. ,	. ,	. ,	. ,
Common Funds	-	4 896	-	-	-	-	-	-
Reserves	-	264	-	(487)	-	666	-	(3 081)
Increase (Decrease)				()				()
in net assets								
attributable to unit								
holders	(19 481)	-	(78)	-	(999)	-	(744)	-
Closing Balance	228 685	221 016	38 523	34 516	70 511	60 232	27 045	23 849

	Common Fund Australian Shares Overseas Shares				Property curities	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Opening Balance Applications	Liability 152 447 20 422	Equity 98 603 16 758	Liability 84 885 12 683	Equity 92 351 9 183	Liability 34 708 4 762	Equity 24 060 3 655
Redemptions Reserves:	(29 035) -	(9 582) 46 668	(10 362) -	(5 375) (11 274)	(3 739) -	(2 612) 9 605
Increase (Decrease) in net assets attributable to unit holders	9 942	-	15 822	-	2 629	
Closing Balance	153 776	152 447	103 028	84 885	38 360	34 708

(1) A net movement in net assets attributable to unit holders funds is reported for the Cash Common Fund. This fund is the primary working account for trust administration operations. Movements in net assets attributable to unit holders are typically high volumes, low value transactions.

(d)	Net Realised and Unrealised Gains (Losses)		alised Gains sses)	Net Realised Gains (Losses)		
		2006	2005	2006	2005	
		\$'000	\$′000	\$'000	\$′000	
	Cash	6	231	(135)	35	
	Short-term fixed interest	(85)	94	6	-	
	Long-term fixed interest	(994)	808	(5)	74	
	Overseas fixed interest	(744)	(343)	-	-	
	Australian shares	19 741	20 011	4 861	2 108	
	Overseas shares	11 300	(620)	-	(1 062)	
	Listed property securities	3 502	3 215	343	(56)	
		32 726	23 396	5 070	1 099	

4. Distributions to Unit holders

Timing of distributions The distributions were paid/payable as follows:

The distributions were paid/payable as follows:				
	30.06.06	30.06.06	30.06.05	30.06.05
Cash Common Fund	\$'000	CPU	\$'000	CPU
	11 201	0.0453	10 019	0.0456
Distributions paid		0.0455		0.0450
Undistributable income brought forward	(43)	-	(7)	-
Distributions payable		-	42	-
	11 158	_	10 054	
	30.06.06	30.06.06	30.06.05	30.06.05
Short Term Fixed Interest Common Fund	\$'000	CPU	\$′000	CPU
Distributions paid	1 676	0.0436	1 560	0.0454
Undistributable income brought forward	(2)	-	(1)	-
Distributions payable	1	-	2	-
	1 675		1 561	
	30.06.06	30.06.06	30.06.05	30.06.05
Long Term Fixed Interest Common Fund	\$'000	CPU	\$'000	CPU
Distributions paid	2 693	0.0388	2 652	0.0454
Undistributable income brought forward	(1)	-	(1)	-
Distributions payable	ź	-	í	-
	2 694		2 652	

4. Distributions to Unit holders (continued)

Distributions to onit noiders (continued)				
	30.06.06	30.06.06	30.06.05	30.06.05
Overseas Fixed Interest Common Fund	\$′000	CPU	\$′000	CPU
Distributions paid	658	0.0219	1 416	0.0549
Undistributable income brought forward	(1)	-	-	-
Distributions payable	1	-	1	-
	658		1 417	
		-		
	30 06.06	30 06.06	30 06.05	30 06.05
Australian Shares Common Fund	\$'000	CPU	\$′000	CPU
Distributions paid	22 355	0.3406	13 911	0.2016
Undistributable income brought forward	(4)	-	(3)	-
Distributions payable	49	-	Ś	-
. ,	22 400		13 913	
		-		
	30.06.06	30.06.06	30.06.05	30.06.05
Overseas Shares Common Fund	\$′000	CPU	\$'000	CPU
Distributions paid	455	0.0049	1 023	0.0112
Undistributable income brought forward	(10)	-	(2)	-
Distributions payable	3	-	10	-
	448		1 031	
		-		
	30.06.06	30.06.06	30.06.05	30.06.05
Listed Property Securities Common Fund	\$′000	CPU	\$'000	CPU
Distributions paid	2 347	0.0865	2 305	0.0873
Undistributable income brought forward	(1 070)	-	(938)	-
Distributions payable	`2 02 9	-	ì 07Ó	-
	3 306		2 437	
		-		

In accordance with the *Public Trustee Act 1995*, investors received a proportionate distribution of net income depending on the number of days units were held. Included in the distribution at 30 June 2006 were net realised capital gains of 0.1950 cents per unit which was distributed to unit holders based on the number of units held as at 30 June 2006 for the Australian Shares Common Fund.

Included in the distribution at 31 December 2005 were net realised capital gains of 0.0704 cents per unit which was distributed to unit holders based on the number of units held as at 31 December 2005 for the Australian Shares Common Fund.

Included in the distribution at 31 December 2005 were net realised capital gains of 0.0107 cents per unit which was distributed to unit holders based on the number of units held as at 31 December 2005 for the Listed Property Securities Common Fund.

5.	Cash and Cash Equivalents	2006	2005
	Cash Common Fund	\$'000	\$′000
	Cash at bank	25	35
	Money market instruments	4 500	5 000
	Advances to Common Funds	209	1 271
	Bank overdraft	(3 877)	(1 199)
		857	5 107
	Short Term Fixed Interest Common Fund		
	Units in Cash Common Fund	8 532	1 328
		8 532	1 328
	Long Term Fixed Interest Common Fund	0 332	1 520
	Units in Cash Common Fund	1 925	1 898
	onits in cash common rand	1 925	1 898
	Australian Shares Common Fund	1 925	1 0 90
	Units in Cash Common Fund	-	-
	Borrowings from Cash Common Fund	(209)	(1 271)
		(209)	(1 271)
	Overseas Fixed Interest Common Fund		
	Units in Cash Common Fund	4 550	65
		4 550	65
	Overseas Shares Common Fund		
	Units in Cash Common Fund	2 317	423
		2 317	423
	Listed Property Securities Common Fund		
	Units in Cash Common Fund	1 466	1 183
		1 466	1 183
		1400	1 105

(a) Cash at Bank and On Hand

The cash deposit is held with a financial institution and is interest bearing at 5.81 percent (5.57 percent) per annum as at 30 June 2006.

(b) Bank Overdraft

The bank overdraft is held with a financial institution and is interest bearing at 9.00 percent (8.75 percent) per annum as at 30 June 2006.

7.

(c) Money Market Instruments

These instruments are bearing floating interest rates between 5.45 percent and 5.70 percent (5.20 percent and 5.45 percent). This deposit is available at call.

(d) Units in Cash Common Fund

Units held in the Cash Common Fund act as an operating cash account for the other Common Funds, and are interest bearing. These investments are available at call.

(e) Advances to Other Common Funds Borrowings from Cash Common Fund

Advances to other Common Funds/borrowings from Cash Common Fund are treated as cash/loans and are interest bearing at 5.10 percent (5.00 percent) per annum.

6.	Financial Assets Held at Fair Value through	Common Funds				
	Profit and Loss	(Cash	Short Term	Fixed Interest	
		2006	2005	2006	2005	
		Fair Value	Fair Value	Fair Value	Fair Value	
	Designated as at Fair Value through	\$'000	\$'000	\$′000	\$'000	
	Profit and Loss					
	Equity securities	-	-	-	-	
	Fixed interest securities	241 140	209 781	29 763	32 894	
	Unlisted unit trusts	-	-	-	-	
	Total Designated as at Fair Value through				-	
	Profit and Loss	241 140	209 781	29 763	32 894	

		Comm	non Funds	
	Long Term	Fixed Interest	Austra	lian Shares
	2006	2005	2006	2005
	Fair Value	Fair Value	Fair Value	Fair Value
Designated as at Fair Value through Profit and Loss	\$'000	\$'000	\$′000	\$′000
Equity securities	-	-	137 411	136 587
Fixed interest securities	67 783	57 703	-	-
Unlisted unit trusts	-	-	13 336	14 200
Total Designated as at Fair Value through				
Profit and Loss	67 783	57 703	150 747	150 787

		Comm	on Funds	
	Overseas	Fixed Interest	Overse	as Shares
	2006	2005	2006	2005
	Fair Value	Fair Value	Fair Value	Fair Value
Designated as at Fair Value through	\$'000	\$′000	\$′000	\$′000
Profit and Loss				
Equity securities	-	-	-	-
Fixed interest securities	-	-	-	-
Unlisted unit trusts	21 886	22 624	94 937	83 058
Total Designated as at Fair Value through				
Profit and Loss	21 886	22 624	94 937	83 058

		non Funds erty Securities
Designated as at Fair Value through Profit and Loss	2006 Fair Value \$'000	2005 Fair Value \$'000
Front and Loss Equity securities Fixed interest securities Unlisted unit trusts	38 279 - -	34 097 - -
Total Designated as at Fair Value through		
Profit and Loss	38 279	34 097
Revenue and Assets for Entities within the SA Government	2006 \$′000	2005 \$′000
Public Trustee Common Fund Distributions Refunds and Reimbursements	5 838 270	4 895 239
Gain (Loss) on Public Trustee Common Funds	617	-
Total Revenue for Entities within SA Government	6 725	5 134
Public Trustee Common Funds Liabilities	102 795	93 875 -
Total Assets for entities within SA Government	102 795	93 875

Public Trustee administers funds on behalf of a number of government entities that invest across all Common Funds.

8. Derivative Financial Instruments

Derivative instruments may be used by the Australian Shares, Overseas Shares and Overseas Fixed Interest Common Funds for purposes of investing funds or for hedging or otherwise managing risks associated with share and fixed interest markets. Where used for the purpose of investing funds, the notional exposure created by the holding of derivatives may not exceed the amount held as cash or an equivalent such as short term money market investments or deposits with other Common Funds.

No common fund held open futures contracts at the balance dates of the current or prior periods.

9. Financial Risk Management

The Funds are exposed to market price risk, interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments they hold. The risk management policies employed by the Funds to manage these risks are discussed below.

(a) Credit Risk

Credit risk is the risk that counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. This relates also to financial assets carried at amortised cost, as they have a short term to maturity.

Credit risk arises primarily with the following classes of instruments and counterparties:

- Sovereign debt of the Australian Commonwealth and State Governments
- Sovereign debt of the foreign governments
- Banking corporations
- Corporate debt of investment grade
- Pooled Investment Funds

Internal operating guidelines have been established to manage credit exposure to any single counterparty or groups of counterparties with similar characteristics.

There were no significant concentrations of credit risk to counterparties at 30 June 2006 or 30 June 2005.

(b) Foreign Exchange Risk

The Overseas Fixed Interest Common Fund and the Overseas Shares Common Fund are indirectly exposed to foreign exchange risk as a result of their investments in other unit trusts which in turn invest in financial instruments that are denominated in foreign currencies.

The Common Funds rely on the hedging policies of the unit trusts that they invest into to adequately hedge the exposure to foreign exchange risk.

(c) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The interest rate risk disclosures have been prepared on the basis of the Common Funds' direct investments and not on a look through basis for investments held indirectly through unit trusts. Consequently, the disclosure of interest rate risk in the above Note may not represent the true interest rate risk profile of the Common Funds where the Common Funds have significant investments in unit trusts that also have exposure to the interest rate markets.

The Common Funds' exposures to interest rate risk and the weighted average effective interest rate are set out in the following table:

	Weighted Average		ruments Maturir Re-pricing Within		
	Effective	1 Year		Over	2006
	Interest Rate	or Less	1 to 5 Years	5 Years	Total
Cash Common Fund	Percent	\$'000	\$'000	\$'000	\$′000
Cash at bank	-	25	-	-	25
Short-term deposits	5.70	4 500	-	-	4 500
Floating rate notes	6.41	55 306	-	-	55 306
Australian fixed interest	5.95	185 834	-	-	185 834
Advances to Common Funds	5.10	209	-	-	209
Advances to estates	8.25	2 670	-	-	2 670
		248 544	-	-	248 544
Bank overdraft	9.00	(3 877)	-	-	(3 877)

(c) Interest Rate Risk (continued)

(C) Interest Rate Risk (Continued	Weighted Average	Instruments Maturing or Re-pricing Within			
	Effective	1 Year		Over	2006
Short-Term Fixed Interest Common Fund:	Interest Rate Percent	or Less \$′000	1 to 5 Years \$'000	5 Years \$'000	Total \$'000
Deposits with Cash Common Fund Australian fixed interest	5.10 5.94	8 532 7 014	- 6 141	-	8 532 13 155
Floating rate notes	6.67	<u>16 608</u> 32 154	6 141	-	16 608 38 295
Long-Term Fixed Interest Common	<u> </u>	32 154	6 141	-	36 295
Fund: Deposits with Cash Common Fund	5.10	1 925	-	_	1 925
Australian fixed interest	5.91	4 999	53 733	-	58 732
Floating rate notes	6.38	9 051	-	-	9 051
Overseas Fixed Interest Common		15 975	53 733	-	69 708
Fund:					
Deposits with Cash Common Fund	5.10	4 550	-	-	4 550
Australian Shares Common Fund:					
Borrowings from Cash Common Fund	5.10	209	-	-	209
Overseas Shares Common Fund:					
Deposits with Cash Common Fund	5.10	2 317	-	-	2 317
Listed Property Securities Common Fund:					
Deposits with Cash Common Fund	5.10	1 466	-	-	1 466
	Weighted Average		ruments Maturing Re-pricing Within		
	Effective Interest Rate	1 Year	1 to E Voors	Over 5 Years	2005 Total
Cash Common Fund	Percent	or Less \$'000	1 to 5 Years \$'000	\$'000	Tota \$'000
Cash at bank		35	· -	· -	35
Short-term deposits Floating rate notes	5.45 6.16	5 000 60 235	-	-	5 000 60 235
Australian fixed interest	5.67	149 546	_	_	149 546
Advances to Common Funds	5.00	1 271	-	-	1 271
Advances to estates	8.00	3 423	-	-	3 423
	—	219 510	-	-	219 510
Bank overdraft Short-Term Fixed Interest Common	8.75	1 199	-	-	1 199
Fund: Deposits with Cash Common Fund	5.00	1 328	_	_	1 328
Australian fixed interest	5.34	6 031	8 223	_	14 254
Floating rate notes	6.42	18 640	_	-	18 640
		25 999	8 223	-	34 222
Long-Term Fixed Interest Common Fund:					
Deposits with Cash Common Fund	5.00	1 898	-	-	1 898
Australian fixed interest Floating rate notes	5.32 6.35	12 016 9 063	12 954	23 670	48 640 9 063
	0.55	22 977	12 954	23 670	59 601
Overseas Fixed Interest Common					
<i>Fund:</i> Deposits with Cash Common Fund	5.00	65	-	-	65

(c) Interest Rate Risk (continued)

	Weighted Average		uments Maturing e-pricing Within		
	Effective	1 Year		Over	2005
	Interest Rate	or Less	1 to 5 Years	5 Years	Total
Australian Shares Common Fund:	Percent	\$′000	\$′000	\$′000	\$′000
Borrowings from Cash Common Fund	5.00	1 271	-	-	1 271
Overseas Shares Common Fund:					
Deposits with Cash Common Fund	5.00	423	-	-	423
Listed Property Securities Common Fund:					
Deposits with Cash Common Fund	5.00	1 183	-	-	1 183

(d) Market Price Risk

Market price risk is the risk that the value of the Common Funds' investment portfolios will fluctuate as a result of changes in market prices. This risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Market price risk analysis is conducted regularly on a total portfolio basis.

(e) Liquidity and Cash Flow Risk

Liquidity risk is the risk that the Common Funds will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments. Cash flow risk is the risk that the future cash flows derived from holding financial instruments will fluctuate. The risk management guidelines adopted are designed to minimise liquidity and cash flow risk through:

ensuring that there is no significant exposure to illiquid or thinly traded financial instruments, and
 applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

(f) Fair Values of Financial Assets and Financial Liabilities

All financial assets and financial liabilities included in the Balance Sheet are carried at fair value.

10.		Flow Reconciliation Common Fund Reconciliation of Cash and Cash Equivalents	2006 \$'000	2005 \$′000
	()	Cash Flow Statement	857	5 107
		Balance Sheet	857	5 107
	(b)	Reconciliation of Net Profit (Loss) to Net Cash Inflow		
		(Outflow) from Operating Activities Net Operating Profit (Loss)	11 030	10 321
		Less: Non-cash operating activities:	11 050	10 521
		Increase (Decrease) in net assets attributable to unit holders	-	-
		Net gains (losses) on financial instruments held at fair value through		
		profit or loss	(129)	-
		Change in the net market value of investments	-	231
		Net realised gain on disposal of investments	-	35
		Amortisation of discounts and premiums	(31)	(180)
		Net Change in Assets and Liabilities: Net change in receivables and other assets	(252)	(288)
		Net change in payables and other liabilities	192	(200)
		Net Cash Provided by Operating Activities	11 130	9 944
	(c)	Non-Cash Financing and Investing Activities During the year, the following distribution payments were satisfied by the issue of unit under the distribution reinvestment plan	<u> </u>	_
	~		-	-
		t-Term Fixed Interest Common Fund		
	(a)	Reconciliation of Cash and Cash Equivalents Cash Flow Statement	8 532	1 328
		Balance Sheet	8 532	1 328
		Dalance Sheel	0 532	1 328

.0.		Flow Reconciliation (continued) t-Term Fixed Interest Common Fund (continued)	2006 \$′000	2005 \$′000
	(b)	Reconciliation of Net Profit (Loss) to Net Cash Inflow	÷ 000	4 000
		(Outflow) from Operating Activities Net Operating Profit (Loss)	1 597	1 655
		Less: Non-cash operating activities:		
		Increase (Decrease) in net assets attributable to unit holders Net gains (losses) on financial instruments held at fair value through	-	-
		profit or loss	(79)	-
		Change in the net market value of investments	-	(94)
		Net realised gain on disposal of investments	-	-
		Amortisation of discounts and premiums Net Change in Assets and Liabilities:	(289)	(239)
		Net change in receivables and other assets	66	(9)
		Net change in payables and other liabilities	1	(1)
		Net Cash Provided by Operating Activities	2 032	1 790
	(c)	Non-Cash Financing and Investing Activities		
		During the year, the following distribution payments were satisfied		
		by the issue of unit under the distribution reinvestment plan	-	-
			-	-
		-Term Fixed Interest Common Fund		
	(a)	Reconciliation of Cash and Cash Equivalents Cash Flow Statement	1 925	1 898
		Balance Sheet	1 925	1 898
			1 920	1 0 00
	(b)	Reconciliation of Net Profit (Loss) to Net Cash Inflow		
		(Outflow) from Operating Activities	1 605	2 524
		Net Operating Profit (Loss) Less: Non-cash operating activities:	1 695	3 534
		Increase (Decrease) in net assets attributable to unit holders	-	-
		Net gains (losses) on financial instruments held at fair value through		
		profit or loss	(999)	-
		Change in the net market value of investments	-	808
		Net realised gain on disposal of investments Amortisation of discounts and premiums	- (369)	74 458
		Net Change in Assets and Liabilities:	(505)	150
		Net change in receivables and other assets	(177)	11
		Net change in payables and other liabilities	3	(1)
		Net Cash Provided by Operating Activities	2 889	3 120
	(c)	Non-Cash Financing and Investing Activities		
		During the year, the following distribution payments were satisfied by the issue of unit under the distribution reinvestment plan	_	_
		by the issue of unit under the distribution reinvestment plan		-
	Overs	seas Fixed Interest Common Fund		
	(a)	Reconciliation of Cash and Cash Equivalents		
		Cash Flow Statement	4 550	65
		Balance Sheet	4 550	65
	(b)	Reconciliation of Net Profit (Loss) to Net Cash Inflow		
		(Outflow) from Operating Activities Net Operating Profit (Loss)	(86)	1 074
		Less: Non-cash operating activities:	(00)	10/4
		Increase (Decrease) in net assets attributable to unit holders	-	-
		Net gains (losses) on financial instruments held at fair value through profit or loss	(744)	-
		Change in the net market value of investments	-	(343)
		Net realised gain on disposal of investments	-	-
		Income reinvested and not received in cash	6	7
		Net Change in Assets and Liabilities:	661	(500)
		Net change in receivables and other assets Net change in payables and other liabilities	551 1	(589) (1)
		Net Cash Provided by Operating Activities	1 204	820
				520

During the year, the following distribution payments were satisfied by the issue of unit under the distribution reinvestment plan

- -

10.	Aust	Flow Reconciliation (continued) ralian Shares Common Fund	2006 \$′000	2005 \$′000
	(a)	Reconciliation of Cash and Cash Equivalents	(200)	(1.071)
		Cash Flow Statement Balance Sheet	(209) (209)	(1 271) (1 271)
			(20)	(12/1)
	(b)	Reconciliation of Net Profit (Loss) to Net Cash Inflow		
		(Outflow) from Operating Activities Net Operating Profit (Loss)	32 691	29 755
		Less: Non-cash operating activities:	52 091	29755
		Increase (Decrease) in net assets attributable to unit holders	-	-
		Net gains (losses) on financial instruments held at fair value through profit or loss	24 602	-
		change in the net market value of investments		20 011
		Net realised gain on disposal of investments Dividends and other income reinvested and not received in cash	- 26	2 108 33
		Net Change in Assets and Liabilities:	20	22
		Net change in receivables and other assets	(360)	(1 232)
		Net change in payables and other liabilities Net Cash Provided by Operating Activities	<u> </u>	6 373
		Net cash Fronted by Operating Activities	,,,,,,	0 373
	(c)	Non-Cash Financing and Investing Activities		
		During the year, the following distribution payments were satisfied		
		by the issue of unit under the distribution reinvestment plan		-
	Over	seas Shares Common Fund		
	(a)	Reconciliation of Cash and Cash Equivalents	2 21 7	400
		Cash Flow Statement Balance Sheet	2 317 2 317	423 423
				425
	(b)	Reconciliation of Net Profit (Loss) to Net Cash Inflow		
		(Outflow) from Operating Activities Net Operating Profit (Loss)	16 270	(857)
		Less: Non-cash operating activities:		
		Increase (Decrease) in net assets attributable to unit holders Net gains (losses) on financial instruments held at fair value through	-	-
		profit or loss	-	-
		Change in the net market value of investments Net realised gain on disposal of investments	11 300	(620) (1 062)
		Income reinvested and not received in cash	579	(1 002)
		Net Change in Assets and Liabilities:	(4.267)	(010)
		Net change in receivables and other assets Net change in payables and other liabilities	(4 367) 4	(819) (7)
		Net Cash Provided by Operating Activities	28	(38)
	(a)	Non Coch Einspeine and Tryacting Activities		
	(c)	Non-Cash Financing and Investing Activities During the year, the following distribution payments were satisfied		
		by the issue of unit under the distribution reinvestment plan	-	-
	Liste	d Property Securities Common Fund		
	(a)	Reconciliation of Cash and Cash Equivalents		
		Cash Flow Statement	1 466	1 183
		Balance Sheet	1 466	1 183
	(b)	Reconciliation of Net Profit (Loss) to Net Cash Inflow		
		(Outflow) from Operating Activities Net Operating Profit (Loss)	5 975	5 100
		Less: Non-cash operating activities:	5 57 5	5 100
		Increase (Decrease) in net assets attributable to unit holders	-	-
		Net gains (losses) on financial instruments held at fair value through profit or loss	3 845	-
		Change in the net market value of investments		3 215
		Net realised gain on disposal of investments Income reinvested and not received in cash	- 26	(56)
		Net Change in Assets and Liabilities:	20	-
		Net change in receivables and other assets	(147)	(84)
		Net change in payables and other liabilities Net Cash Provided by Operating Activities	<u> </u>	
		The cash i formed by operating Activities	± 939	1 0 0 7

10.	 Cash Flow Reconciliation (continued) Listed Property Securities Common Fund (continued) (c) Non-Cash Financing and Investing Activities During the year, the following distribution payments were satisfied 	2006 \$'000	2005 \$′000
	by the issue of unit under the distribution reinvestment plan	-	-
		-	-

11. Events Occurring after Balance Date

No significant events have occurred since balance date which would impact on the financial position of the Common Funds disclosed in the balance sheet as at 30 June 2006 or on the results and cash flows of the Common Funds for the year ended on that date.

AUDITOR-GENERAL'S DEPARTMENT

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment and Functions

The *Public Finance and Audit Act 1987* confers wide 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. In addition, the Auditor-General has been appointed auditor of various statutory corporations and funds; has been appointed auditor of a number of companies associated with the operations of public sector agencies; has a discretionary right under the *Education Act 1972* to inspect or audit the accounts of school councils; and is required by the *South Australian Health Commission Act 1976* to audit the accounts of prescribed incorporated hospitals and health units and to approve the auditor of other incorporated hospitals and units.

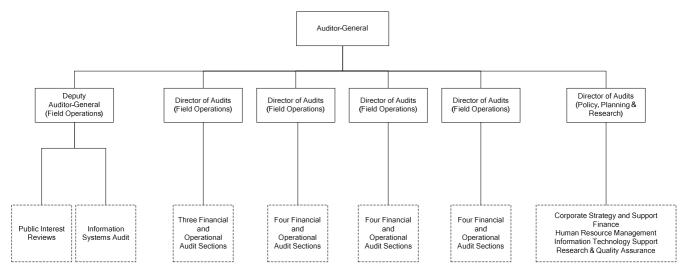
The Act provides a mandate for the Auditor-General to conduct five different types of audits and reviews. These are:

- Financial and compliance audit subsection 31(1)
- Efficiency and economy audit subsection 31(2)
- Review of the adequacy of controls exercised by auditee agencies subsection 36(1)(a)(iii)
- Examination of the accounts of a publicly funded body section 32
- Review of a summary of a confidential government contract section 41A.

The Auditor-General's Department was established to assist the Auditor-General in the discharge of his/her statutory audit mandate.

Structure

The structure of the Department is illustrated in the following organisation chart.



AUDIT MANDATE AND COVERAGE

Audit Authority

Under section 35(1) of the *Public Finance and Audit Act 1987*, the Governor, on the recommendation of the Treasurer, has appointed Edwards Marshall as auditor of the Auditor-General's Department.

AUDIT FINDINGS AND COMMENTS

Audit Opinion

In Edwards Marshall's opinion, the financial report presents fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements in Australia, the *Public Finance and Audit Act 1987* and the Treasurer's Instructions promulgated under the Act, the financial position of the Auditor-General's Department as at 30 June 2006, and its financial performance and its cash flows for the year then ended.

Audit Communications to Management

Edwards Marshall met with officers of the Department at the conclusion of the audit and advised there were no issues that needed to be reported in a management letter.

INTERPRETATION AND ANALYSIS OF FINANCIAL REPORT

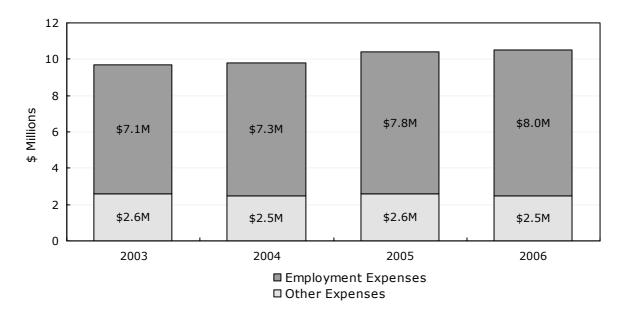
Highlights of Financial Report

	2006	2005	Percentage
	\$'million	\$'million	Change
EXPENSES			
Employment expenses	8.0	7.8	2.6
Other expenses	2.5	2.6	(3.8)
Total Operating Expenses	10.5	10.4	1.0
REVENUE FROM GOVERNMENT	10.6	10.2	3.9
Net Cash Flows from Operations	0.8	0.6	33.3
Total Assets	3.2	2.6	23.1
Total Liabilities	3.1	2.7	14.8

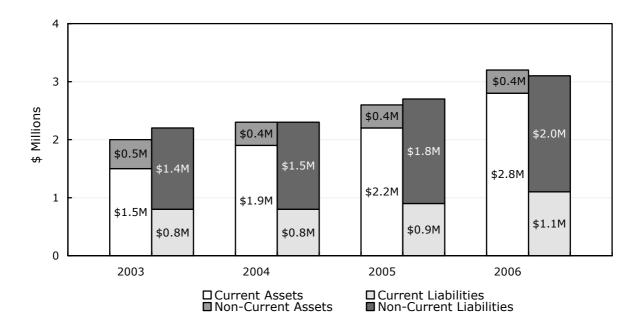
Income Statement

Expenses

The main expense items for the four years to 2006 are shown in the following chart.



Balance Sheet



Assets and liabilities for the four years to 2006 are shown in the following chart.

The chart shows that current assets have steadily increased. This is due to an accumulation of cash held in the Department's Operating Account and in a Special Deposit Account in the name of the Auditor-General's Department at the Department of Treasury and Finance titled 'Accrual Appropriation Excess Funds'. The increase in cash arises from funding provided annually to meet the accrued cost of accumulated employee leave entitlements.

Income Statement for the year ended 30 June 2006

		2006	2005
EXPENSES:	Note	\$′000	\$′000
Employee expenses	4	7 982	7 807
Supplies and Services:	5		
Contractors		755	760
Accommodation and service costs		515	506
Other expenses		372	312
Consultancies		191	312
Computing and network processing costs		176	183
Motor vehicle hire		124	127
Staff development and training		124	164
Depreciation and amortisation		255	215
Total Expense		10 494	10 386
INCOME:			
Interest		147	118
Net Gain (Loss) on disposal of assets	6	5	(13)
Other income		3	3
Total Income		155	108
NET COST OF SERVICES		10 339	10 278
REVENUES FROM SA GOVERNMENT:			
Appropriations and contingency provision grant	7	10 551	10 205
NET RESULT		212	(73)
THE NET RESULT IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER			

Auditor-General's

Balance Sheet as at 30 June 2006

		2006	2005
CURRENT ASSETS:	Note	\$′000	\$′000
Cash and cash equivalents	8	2 652	2 157
Receivables	9	112	96
Total Current Assets	-	2 764	2 253
NON-CURRENT ASSETS:			
Computing and office facilities	10	288	333
Intangible assets	11	134	53
Total Non-Current Assets	-	422	386
Total Assets	-	3 186	2 639
CURRENT LIABILITIES:			
Payables	12	244	179
Cash advance - Imprest accounts		3	3
Employee benefits	13	812	725
Provision for workers compensation		3	2
Total Current Liabilities	-	1 062	909
NON-CURRENT LIABILITIES:			
Payables	12	175	205
Employee benefits	13	1 835	1 626
Provision for workers compensation		9	6
Total Non-Current Liabilities	_	2 019	1 837
Total Liabilities	-	3 081	2 746
NET ASSETS	-	105	(107)
EQUITY:	-		
Opening balance - Deficit		(107)	(34)
Increase (Decrease) in net assets		212	(73)
TOTAL EQUITY	-	105	(107)
THE TOTAL EQUITY IS ATTRIBUTABLE TO THE	-		
SA GOVERNMENT AS OWNER			
Commitments	14		

Statement of Changes in Equity for the year ended 30 June 2006

	Retained Earnings	Total
	\$'000	\$′000
Balance at 30 June 2004	(34)	(34)
Restated Balance at 30 June 2004	(34)	(34)
Net Income/Expense recognised directly in equity for 2004-05	(73)	(73)
Balance at 30 June 2005	(107)	(107)
Restated Balance at 30 June 2005	(107)	(107)
Net Income/Expense recognised directly in equity for 2005-06	212	212
Balance at 30 June 2006	105	105
THE TOTAL EQUITY IS ATTRIBUTABLE TO THE		
SA GOVERNMENT AS OWNER		

Cash Flow Statement for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$′000	\$′000
CASH OUTFLOWS:			
Employee expenses		(7 672)	(7 380)
Supplies and services		(2 235)	(2 380)
Goods and Services Tax on purchases		(241)	(250)
CASH INFLOWS:			
Interest		147	118
Other income		3	3
Goods and Services Tax on receipts		3	4
Goods and Services Tax refunds from ATO		242	251
CASH FLOWS FROM SA GOVERNMENT:			
Appropriations and contingency provision grant	7	10 551	10 205
Net Cash Inflows provided by Operating Activities	15	798	571
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of computer and office facilities		(303)	(298)
Disposal of computer and office facilities		-	42
Net Cash Outflows used in Investing Activities		(303)	(256)
NET INCREASE IN CASH HELD		495	315
CASH AT 1 JULY		2 157	1 842
CASH AT 30 JUNE	8, 15	2 652	2 157

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of 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 *Public Finance and Audit Act 1987* (the Act).

The Department's sole program is the provision of Auditing Services covering all the audit responsibilities prescribed under the Act. Within this program class there are two subprograms:

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 Act. During the year the Department spent \$10 451 000 (\$10 196 000) on this subprogram.

Special Investigations

Includes all work defined in the Act that is specifically requested 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 summaries of confidential government contracts and reporting on the adequacy of the 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. During the year the Department expenditure on this subprogram totalled \$43 000 (\$190 000).

2. Statement of Significant Accounting Policies

2.1 Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with applicable Australian Accounting Standards, other mandatory professional reporting requirements in Australia and the Treasurer's Instructions and Accounting Policy Framework issued pursuant to the Act. The accounts are presented on the accrual basis of accounting using historical cost accounting which does not take into account changing money values.

2.1 Basis of Preparation (continued)

The financial statements are the first statements to be prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AIFRS). Australian Accounting Standard AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these statements. Previous financial statements were prepared in accordance with Australian Generally Accepted Accounting Principles.

Reconciliations explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are at Note 3.

The financial report has been prepared based on a 12 month operating cycle and is presented in Australian currency.

2.2 Reporting Entity

The Department produces both Departmental and Administered financial statements. The Departmental financial statements report on the use of assets, liabilities, revenues and expenses controlled or incurred by the Department. The Administered Items financial statements report on the revenues, expenses, assets and liabilities which the Department administers on behalf of the SA Government but does not control.

2.3 Comparative Information

The presentation and classification of items in the financial report are consistent with prior periods except where a specific Accounting Policy Framework or Australian Accounting Standard has required a change.

Comparative figures have been restated on an AIFRS basis except for financial instrument information as permitted by AASB 1. Where applicable the comparatives have been restated to assist users understanding of the current reporting period and do not replace the original financial report for the preceding period.

Note 3 provides an analysis of comparative amounts that have been reclassified as a result of adopting AIFRS.

2.4 Rounding

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

2.5 Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, fringe benefits tax and goods and services tax. Income, expenses and assets are recognised net of the amount of GST except that:

- the amount of GST incurred by the Department as a purchaser that is not recoverable from the Australian Taxation Office 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 receivable/payable to the Australian Taxation Office has been recognised as a receivable in the Balance Sheet.

Cash flows are reported on a gross basis in the Cash Flow Statement. The GST component of the cash flows arising from investing or financing activities, which are recoverable from, or payable to, the Australian Taxation Office have however been classified as operating cash flows.

2.6 Income and Expenses

Income and expenses are recognised in the Income Statement 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 Accounting Policy Framework II *General Purpose Financial Reporting Framework* APS 3.5 and have not been offset unless required or permitted by another accounting standard.

In accordance with Accounting Policy Framework II *General Purpose Financial Reporting Framework* APSs 4.1 and 4.2, the Notes to the accounts disclose revenues, 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 from the disposal of non-current assets is recognised when control of the asset has passed to the buyer.

2.7 Revenues from 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 expense are deposited in a Special Deposit Account in the name of the Auditor-General's Department at the Department of Treasury and Finance titled 'Accrual Appropriation Excess Funds'. Use of the funds requires the approval of the Treasurer. Pursuant to Treasurer's Instruction 3 *Appropriation*, 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.

2.8 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.

2.9 Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and deposits held at call.

2.10 Receivables

Trade receivables arise in the normal course of audit services to other agencies. Trade receivables are payable within 30 days after the issue of an invoice.

2.11 Inventories.

Consumable supplies are not recognised in the Balance Sheet as the value of these supplies is not considered to be material.

2.12 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 less accumulated depreciation.

All non-current physical assets with a value greater than \$2 000 are capitalised in accordance with Accounting Policy Framework III *Asset Accounting Framework* APSs 2.15 and 2.16.

All assets useful lives have been set at three years.

2.13 Revaluation of Non-Current Assets

All non-current assets, having a limited useful life, are systematically depreciated over three years, hence revaluations are not conducted for non-current assets.

2.14 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 Assets	Method	Useful Life Years
Computing and office equipment	Straight Line	3
Computer software	Straight Line	3
Leasehold improvements	Straight Line	3

2.15 Intangible Assets

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 \$2 000 in accordance with Accounting Policy Framework III *Asset Accounting Framework* APSs 2.15 and 2.16.

Capitalised software is amortised over the useful life of the asset, with a maximum time limit for amortisation of three years. Intangible assets are measured at cost.

2.16 Payables

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

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

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

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 (SASB). The liability outstanding at the reporting date is for any contributions due but not yet paid to the SASB.

2.17 Employee Benefits

Provision has been made for employee benefits liabilities arising from services rendered by employees to balance date in accordance with Australian Accounting Standard AASB 119 *Employee Benefits*. Employee benefits comprise salaries, annual leave and long service leave.

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 expected to be paid within 12 months 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.

Sick Leave

No liability is recognised, as sick leave taken by employees is considered to be taken from the current year's accrual.

Long Service Leave

Long service leave is recognised on a pro-rata basis for the employee service periods up to the reporting date. The Department of Treasury and Finance has advised that a benchmark of seven years service can be used for a shorthand estimation of long service leave liability in accordance with the provisions of AASB 119. This advice has been adopted and the long service leave liability as at 30 June 2006 has been calculated at nominal amounts based on current salary and wage rates for employees with seven or more years service.

The long service leave to be taken in the 12 months to 30 June 2007 has been estimated by adding the estimated termination payments in this period to the estimated long service leave 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

The liability for superannuation is included in payables.

2.18 Provisions

The workers compensation provision is an actuarial estimate of the outstanding liability at 30 June 2006 provided by a consulting actuary engaged through the Public Sector Occupational Health and Injury Management Branch of the Department for Administrative and Information Services. 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.

2.19 Leases

Operating 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 charged to the Income Statement which is representative of the benefits derived from the leased assets.

3. Changes in Accounting Policies

The Department has adopted Australian equivalents to International Financial Reporting Standards (AIFRS) for the first time for the year ended 30 June 2006.

The adoption of AIFRS has not resulted in any material adjustments to the Income Statement, Balance Sheet or Cash Flow Statement.

4. Employee Expenses Employee benefits: Salaries	2006 \$′000 5 898	2005 \$'000 5 787
Annual leave	535	523
Long service leave	309	309
Total Employee Benefits	6 742	6 619
Employee on-costs:		
Superannuation	792	768
Payroll tax	444	418
Total Employee On-costs	1 236	1 186
Workers compensation	4	2
Total Employee Expenses	7 982	7 807

Auditor-General's

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5.	Supplies and Services	2006	2005
	Supplies and Services provided by entities within SA Government:	\$'000	\$'000
	Accommodation and service costs	497	493
	Other expenses	55	18
	Motor vehicle hire	96	95
	Staff development and training	1	2
	Total Supplies and Services - SA Government Entities	649	608
	Supplies and Services provided by entities external to the SA Government:		
	Contractors	755	760
	Accommodation and service costs	18	13
	Other expenses	317	294
	Consultancies	191 176	312
	Computing and network processing costs Motor vehicle hire	28	183 32
	Staff development and training	123	162
	Total Supplies and Services - Non-SA Government Entities	1 608	1 756
			2 364
	Total Supplies and Services	2 257	2 304
6.	Net Gain (Loss) on Disposal of Assets		
•.	Historic cost of assets disposed	157	458
	Less: Accumulated depreciation	145	403
		12	55
	Proceeds on disposal	17	42
	Total Gain (Loss) on Disposal of Assets	5	(13)
7.	Funding of the Department Appropriations to the Department in 2005-06 amounted to \$10 407 000 contingency provision grant of \$144 000 (\$93 000).	(\$10 112 000) and	there was a
	Appropriations under Special Acts are reported under Administered Items.		
	A summary of appropriations for the year is set out below.		
	Appropriations and contingency provision grant:		
	Prescribed Audits	10 551	10 205
	Special Investigations		-
		10 551	10 205
8.	Cash and Cash Equivalents		
	Deposits with the Treasurer	2 649	2 154
	Imprest Account and Cash on Hand	3	3
		2 652	2 157
9.	Receivables		
	Current		
	Receivables	20	-
	Net GST Receivable	92	96
	Total Current Receivable *	112	96
	* All current receivable amounts are with non SA Government entities.		

Interest Rate and Credit Risk

Receivables are raised for all goods and services for which payment has not been received.

Receivables are normally settled within 30 days. Trade receivables and prepayments are non-interest bearing and 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.

		2006	2005
10.	Computer and Office Facilities	\$'000	\$′000
	10.1 Classes of Computer and Office Facilities		
	Equipment - At cost	762	764
	Accumulated depreciation	(477)	(458)
		285	306
	Leasehold improvements - At cost	150	150
	Accumulated depreciation	(147)	(123)
		3	27
		288	333

	10.2	Reconciliation of Carrying Amount Equipment Leasehold improvements Total Computer and Office Facilities	Carrying Amount 1 July \$'000 306 27 333	Additions \$'000 155 - 155	Disposals \$'000 12 - 12	Depreciation \$'000 164 24 188	Carrying Amount 30 June \$'000 285 3 288
11.		ngible Assets Classes of Intangible Assets Computer software - At cost Accumulated amortisation				2006 \$'000 512 378 134	2005 \$'000 364 (311) 53
	11.2	Reconciliation of Carrying Amount Computer software	Carrying Amount 1 July \$'000 53	Additions \$′000 148	Disposals \$'000 -	Amortisation \$'000 67	Carrying Amount 30 June \$'000 134
		Total Intangible Assets	53	148	-	67	134
12.	Cr					2006 \$'000 188 28 28 28 244	2005 \$'000 147 17 15 179
		Current: nployee On-costs Total Non-Current Total Payables				175 175 419	205 205 384
		oles to entities within the SA Government oles to entities external to the SA Governmen Total Payables	t			189 230 419	167 217 384

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 net fair value due to the amounts being payable on demand.

Employee Benefits 13.

Employee Benefits Current:	2006 \$′000	2005 \$′000
Salaries	120	\$ 000 104
Annual leave provision	532	480
Long service leave provision	160	141
Total Current	812	725
Non-Current:		
Long service leave provision	1 835	1 626
Total Non-Current	1 835	1 626
Total Employee Benefits	2 647	2 351

14. Commitments

The Department's operating leases are for the leasing of office accommodation and motor vehicles.

Office Accommodation

Office accommodation is leased from the Real Estate Management business unit of the Department for Administrative and Information Services (DAIS). The lease expires on 30 June 2010. The rental amount is based on floor space, with the rental rate reviewable by Real Estate Management every two years.

Motor Vehicles

Motor vehicles are leased from the Fleet SA business unit of DAIS. 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.

At	perating Leases the reporting date the Department had the following obligations under non- cancellable operating leases (these obligations have not been recognised as liabilities):	2006 \$'000	2005 \$′000
I	Not later than one year Later than one year and not later than five years Later than five years	509 1 357 	515 1 806
	Total Operating Lease Commitments	1 866	2 321
	ash Flow Reconciliations 5.1 Reconciliation of Cash Cash at year end per: Balance Sheet Cash Flow Statement	2 652 2 652	2 157 2 157
1.	5.2 Reconciliation of Net Cost of providing Services to Net Cash provided by Operating Activities Net cost of services Cash flows from government Depreciation Decrease in receivables [*] Increase in employee benefits	(10 339) 10 551 255 1 296	(10 278) 10 205 215 5 380
	Increase in provision for workers compensation Increase in payables	4 35	1 30
	(Profit) Loss on disposal of assets Net Cash provided by Operating Activities	<u>(5)</u> 798	<u>13</u> 571
	* Movement in receivable excludes a capital receivable of \$17 000		

16.	Remuneration of Employees The number of employees whose remuneration received or receivable exceeded \$100 000 for this period are grouped within the following bands:	2006 Number of Executives*	2006 Number of Employees	2005 Number of Executives*	2005 Number of Employees
	\$100 000 - \$109 999	-	3	-	-
	\$130 000 - \$139 999	-	-	2	-
	\$140 000 - \$149 999	4	-	3	-
	\$150 000 - \$159 999	1	-	1	-
	\$160 000 - \$169 999	1	-	-	-
	Total Number of Executives/Employees	6	3	6	-

* Based on the Department's Executive Organisation Structure.

Total remuneration received or receivable by Departmental executives was \$896 000 (\$861 000). Total remuneration received or receivable by the non-executive employees listed above was \$308 000.

17.	Remuneration of Auditor	2006 \$′000	2005 \$'000
	Remuneration for audit of financial reports Remuneration for other services	7	7
		7	7

18. Financial Risk Management

The Department has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (Deposits with the Treasurer and Imprest Account). The Department's exposure to market risk and cash flow interest risk is minimal. The weighted average interest rate for interest bearing accounts was:

	2006	2005
	Percent	Percent
Imprest account	5.41	5.27
Operating account	5.37	5.16
Accrual appropriation excess funds account	5.71	5.58

In relation to liquidity/funding risk, the continued existence of the Department in its present form is subject to Government policy and on continuing appropriations by Parliament for the Department's administration and programs.

Statement of Administered Expenses and Income for the year ended 30 June 2006

		2006	2005
ADMINISTERED EXPENSES:	Note	\$′000	\$′000
Employee expenses	2.17	248	268
Amounts paid/payable to consolidated account		8 955	8 832
Goods and Services Tax paid/payable	A2	176	803
Total Administered Expenses	_	9 379	9 903
ADMINISTERED INCOME:			
Fees for audit services	A4.1	8 778	8 029
Goods and services tax received/receivable on audit fees	A2	176	803
Appropriation - Special Acts	A4.2, A5	234	224
Appropriation - Goods and Services Tax	A2, A5	460	896
Total Administered Income		9 648	9 952
NET OPERATING SURPLUS	A6.2	269	49
THE OPERATING SURPLUS IS ATTRIBUTABLE TO THE	—		
SA GOVERNMENT AS OWNER			

Statement of Administered Assets and Liabilities as at 30 June 2006

ADMINISTERED ASSETS:		2006	2005
CURRENT ASSETS:	Note	\$′000	\$′000
Cash and cash equivalents		318	-
Receivables	18, A4.1	380	476
Total Assets	_	698	476
ADMINISTERED LIABILITIES:			
CURRENT LIABILITIES:			
Employee benefits	2.17, A3	329	118
Amounts payable to consolidated account	A4.1	346	476
Goods and Services Tax payable		152	83
Total Current Liabilities	_	827	677
NON-CURRENT LIABILITIES:			
Employee benefits	2.17, A3	-	197
Total Non-Current Liabilities		-	197
Total Liabilities		827	874
NET ADMINISTERED ASSETS	_	(129)	(398)
ADMINISTERED EQUITY:			
Opening balance		(398)	(447)
Increase in net assets		269	49
TOTAL ADMINISTERED EQUITY		(129)	(398)
THE TOTAL ADMINISTERED EQUITY IS ATTRIBUTABLE	_		
TO THE SA GOVERNMENT AS OWNER			

Statement of Changes in Administered Equity for the year ended 30 June 2006

	Retained Earnings	Total
	\$′000	\$′000
Balance at 30 June 2004	(447)	(447)
Restated Balance at 30 June 2004	(447)	(447)
Net Expenses/Income recognised directly in equity for 2004-05	49	49
Balance at 30 June 2005	(398)	(398)
Restated Balance at 30 June 2005	(398)	(398)
Net Expenses Income/ recognised directly in equity for 2005-06	269	269
Balance at 30 June 2006	(129)	(129)
THE TOTAL ADMINISTERED EQUITY IS ATTRIBUTABLE TO THE		
SA GOVERNMENT AS OWNER		

Statement of Administered Cash Flows for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$′000	\$′000
CASH OUTFLOWS:			
Employee benefits		(234)	(224)
Amounts paid to consolidated account		(9 085)	(8 761)
Goods and Services Tax paid to ATO		(809)	(896)
CASH INFLOWS:			
Fees for audit services		9 752	8 761
Goods and Services Tax on receipts			
CASH FLOWS FROM SA GOVERNMENT:			
Appropriations	A5	694	1 120
Net Cash Inflows provided by Operating Activities	A6.2	318	-
NET INCREASE IN CASH HELD		318	-
CASH AT 1 JULY		-	-
CASH AT 30 JUNE	A6.1	318	-

NOTES TO AND FORMING PART OF THE ADMINISTERED FINANCIAL STATEMENTS

A1. Statement of Significant Accounting Policies

All Auditor-General's Department accounting policies are contained in Note 2 'Statement of Significant Accounting Policies'. The policies outlined in Note 2 apply to both the Department and the Administered Financial Statements with the exception of the treatment of Goods and Services Tax (GST) raised on audit fees and subsequently paid to the Australian Taxation Office (ATO). For prior periods and for the period 1 July 2005 to 31 December 2005 the GST raised and collected on all audit fees was recognised as revenue and the corresponding payment to the ATO was recognised as an expense. This situation changed during 2005-06 and this change is detailed in Note A2.

A2. Change in GST Arrangements During 2005-06

During 2005-06 the Department changed it's treatment of GST received on audit fees. Until 31 December 2005 all GST collected on audit fees raised was paid to the Consolidated Account. When payment of the GST collected was required to be made to the ATO the Department received a specific appropriation for this payment. As an appropriation was received a corresponding expense was recognised for the payment made. The GST received from clients was also recognised as revenue. With the agreement of the Department of Treasury and Finance as at 31 December 2005 all GST yet to be collected from clients and all subsequent GST received as a result of audit fee raisings has been retained by the Department for payment of GST to the ATO. The Department therefore received no appropriations for it's GST payments subsequent to the appropriation it received for the December 2005 Quarterly Business Activity Statement, with the exception of a \$200 000 appropriation 'float'. The appropriation float was received to ensure that the Department always had enough funds to make it's quarterly GST payment to the ATO. From 1 January 2006 as GST collected on audit fees was no longer paid to the Consolidated Account and no corresponding appropriation was received, the GST expense and GST revenue were no longer recognised.

A2. Change in GST Arrangements During 2005-06 (continued)

The result of these changes has been a significant decrease in 2005-06 in the Goods and Services Tax paid/payable, Goods and services tax received/receivable on audit fees and Appropriation – Goods and Services Tax in the Statement of Administered Expenses and Income. The only impact on the Statement of Administered Cash Flows has been a significant decrease in appropriations and the existence of a cash balance for Administered Items as a result of the retention of GST receipts and the establishment of the \$200 000 float detailed previously.

A3.	Employee Benefits Current:	2006 \$′000	2005 \$'000
	Salaries	÷ 000	4 000
	Annual leave provision	125	114
	Long service leave provision	199	-
	Total Current	329	118
	Non-Current:		
	Long service leave provision	-	197
	Total Non-Current		197
	Total Employee Benefits	329	315

A4. Administered Items

A4.1 Auditing Fees

Section 39 of the Act provides for the levying of fees for audit services provided by the Department that are paid into the Consolidated Account.

Fees outstanding at 1 July	476	405
Billings (including Goods and Services Tax)	9 656	8 832
	10 132	9 237
Receipts (including Goods and Services Tax)	9 752	8 761
Fees outstanding at 30 June	380	476

At 30 June, the value of audit work in progress was \$5 190 000 (\$5 128 000). The Department is of the opinion that this amount is recoverable.

A4.2 Special Acts

Subsection 24(4) of the Act, provides that the salary and allowances of the Auditor-General will be determined by the Remuneration Tribunal and will be paid from the Consolidated Account.

A5. Funding of the Administered Items

A summary of administered items appropriations for the year is set out below.

	Appropriations: Special Acts Goods and Services Tax	2006 \$′000 234 60694	2005 \$'000 224 896 1 120
A6.	Notes to the Administered Statement of Cash Flows A6.1 Reconciliation of Cash Cash at year end per:		
	Balance Sheet Cash Flow Statement	318 318	-
	A6.2 Reconciliation of Net Operating Surplus to Net Cash provided by Operating Activities		
	Net surplus Decrease (Increase) in receivables Increase in employee benefits	269 96 14	49 (71) 44
	(Decrease) Increase in amounts payable to the Consolidated Account Increase (Decrease) in Goods and Services Tax payable	(130) 69	71 (93)
	Net Cash provided by Operating Activities	318	-
A7.	Remuneration of Employees The number of employees whose total remuneration is within the following bands was: \$290 000 - \$299 999 \$310 000 - \$319 999 Total remuneration received or receivable by this employee was \$311 000 (\$293 0	2006 Number of Employees - 1 000).	2005 Number of Employees 1 -

A8. Specific Disclosure

The following discloses revenues, expenses, assets and liabilities where the counter party/transaction is with an entity within the SA Government or a non-SA Government entity as at the reporting date.

	SA GUV	ernnent	NUII-SA G	overnment
	2006	2005	2006	2005
	\$′000	\$′000	\$'000	\$′000
Revenues excluding appropriations	8 429	7 791	525	1 041
Expenses	8 955	8 832	424	1 071
Financial assets	672	-	26	476
Financial liabilities	346	476	152	83

DEPARTMENT FOR CORRECTIONAL SERVICES

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The Department is an Administrative Unit established pursuant to the *Public Sector Management Act 1995*.

Functions

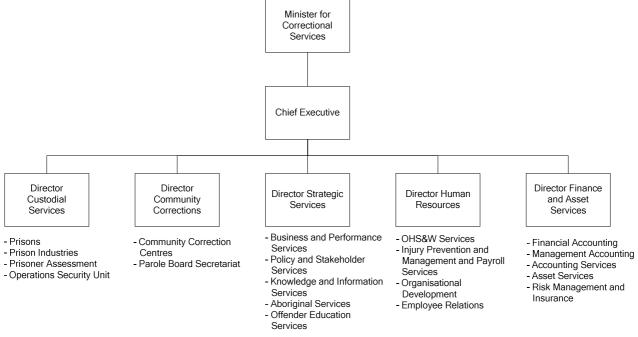
The Department has responsibility for the care and custody of adult offenders. These responsibilities are discharged by:

- the provision of custodial accommodation, including the opportunity for training and education, for both sentenced and remand inmates;
- non-custodial supervision of sentenced offenders through the probation and parole function, the Community Service Order Scheme and the Home Detention Scheme.

The primary objective of the Department is to work to maintain a safer community while contributing to rebuilding lives affected by crime.

Structure

The structure of the Department is illustrated in the following organisation chart.



AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

Subsection 31(1)(b) of the *Public Finance and Audit Act 1987* provides for the Auditor-General to audit the accounts of the Department for Correctional Services for each financial year.

Assessment of Controls

Subsection 36(1)(a)(iii) of the *Public Finance and Audit Act 1987* provides for the Auditor-General to assess 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.

This assessment also considers whether those controls are consistent with the prescribed elements of the Financial Management Framework as required by Treasurer's Instruction 2 *Financial Management Policies*.

Scope of Audit

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

During 2005-06, specific areas of audit attention included:

- corporate governance and risk management
- accounts payable
- workers compensation
- payroll
- fixed assets
- revenue
- contract management
- financial accounting
- budgetary monitoring.

AUDIT FINDINGS AND COMMENTS

Audit Opinions

Audit of the Financial Report

In my opinion the financial report presents fairly in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Department for Correctional Services as at 30 June 2006, the results of its operations and its cash flows for the year then ended.

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 Review of General Control Environment, as outlined under 'Audit Communications to Management', 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.

Audit Communications to Management

Matters arising during the course of the audit were detailed in a management letter to the Chief Executive. Response to the management letter was generally considered to be satisfactory. Major matters raised with the Department and the related responses are considered herein.

Review of General Control Environment

The audit of the Department revealed that in most cases there was a satisfactory control environment in place, although there were instances of non-compliance with established controls and some areas where improvements could be made. Principal matters raised included the need to:

- address certain matters relating to purchase cards;
- address excessive annual leave balances accumulated by 115 Department employees;
- investigate Asset Register depreciation calculations for specific assets;
- address certain matters relating to key general ledger reconciliations;
- finalise documentation of financial management policies and procedures.

Action taken and/or proposed by the Department in response to these matters was considered satisfactory.

Follow-up of 2004-05 Review of Corporate Governance and Risk Management

Last year Audit commented that the Department was in the early stage of evolution, with governance and risk management still in development and in a period of implementation which was expected to continue into 2005-06.

Correctional Services

A number of matters relating to Organisational Structure and Responsibility, Committees, Policy and Planning, Monitoring and Reporting, Risk Management – Policy and Practice were communicated to the Department and a satisfactory response detailing action taken and/or proposed was received.

Audit follow-up revealed considerable progress in addressing many of the matters raised by Audit, though some matters raised by Audit are still unresolved.

INTERPRETATION AND ANALYSIS OF FINANCIAL REPORT

The implementation of Australian equivalents to International Financial Reporting Standards (AIFRS) occurred in 2005-06. Data for both 2005-06 and 2004-05 has been prepared using AIFRS. Earlier data has not. Note 4 to the financial statements sets out adjustments arising from the adoption of AIFRS.

Highlights of Financial Report

	2006	2005	Percentage
	\$'million	\$'million	Change
EXPENSES			
Employee benefits costs	92.9	89.2	4
Other expenses	57.6	55.2	4
Total Expenses	150.5	144.4	4
INCOME			
Income from prison labour and canteen and kitchen sales	4.3	4.5	(4)
Other income	5.0	6.4	(22)
Total Income	9.3	10.9	(15)
Net Cost of Providing Services	141.2	133.5	6
Revenue from SA Government	136.5	131.1	4
Net Result	(4.7)	(2.4)	96
ASSETS			
Current assets*	18.5	16.3	13
Non-current assets	196.9	191.3	3
Total Assets	215.4	207.6	4
LIABILITIES			
Current liabilities	19.5	16.4	19
Non-current liabilities	37.1	36.3	2
Total Liabilities	56.6	52.7	7
EQUITY	158.8	154.9	3

* Includes Biological Assets

Income Statement

Income

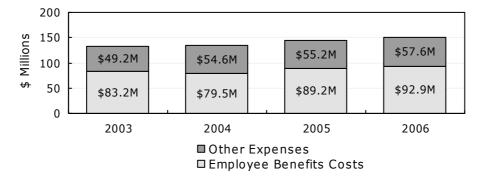
Total income was \$9.3 million (\$10.9 million).

Expenses

Total expenses increased by \$6.1 million, or 4 percent, to \$150.5 million (\$144.4 million). This increase comprises:

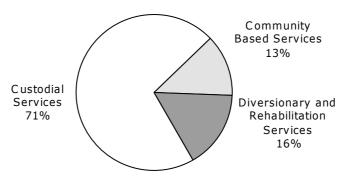
- an increase in employee benefits costs of \$3.7 million to \$92.9 million (\$89.2 million). This increase
 was due mainly to an increase in salaries and wages expense of \$4.2 million offset by a \$1.3 million
 decrease in workers compensation expenses;
- an increase in other expenses of \$2.4 million to \$57.6 million (\$55.2 million).

For the four years to 2006 a structural analysis of the main expense items for the Department is shown in the following chart.



Note 5 to the Financial Statements sets out the different programs of the Department that are reported in the Program Schedule of Expenses and Income.

The largest component of the Department's expenditure relates to custodial (ie prison) services. The proportion of expenses on the different programs has remained relatively stable each year, and is reflected in the following chart, which shows expenditure by program for 2005-06.

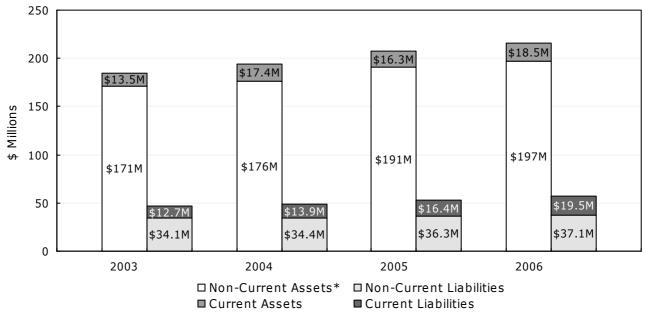


Net Cost of Providing Services

The net cost of services increased by 6 percent to \$141.2 million (\$133.5 million). The increase is consistent with the trend of previous years and is due mainly to the increase in employee benefits costs and other expenses previously discussed.

Balance Sheet

For the four years to 2006, a structural analysis of assets and liabilities is shown in the following chart.



* Includes biological assets.

Correctional Services

The chart shows that the largest component of the Department's Balance Sheet is its non-current assets, mainly the prison infrastructure.

Cash Flow Statement

The following table summarises the net cash flows for the four years to 2006.

	2006 \$'million	2005 \$'million	2004 \$'million	2003 \$'million
Net Cash Flows				
Cash at 1 July	13.9	14.9	11.6	6.6
Operating Activities	6.8	8.3	7.4	7.9
Investing Activities	(4.0)	(9.3)	(4.1)	(2.9)
Change in Cash	2.8	(1.0)	3.3	5.0
Cash at 30 June	16.7	13.9	14.9	11.6

During the year cash increased by \$2.8 million to \$16.7 million. Of this amount \$14.3 million is in the Department of Treasury and Finance Special Deposit Account 'Accrual Appropriation Excess Funds - Department for Correctional Services'. Access to these funds is subject to the Treasurer's approval.

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 for up to three years (refer Note 29 to the Financial Statements).

The status of these contracts follows.

Prisoner Movement and In-Court Management

This contract is due to expire on 30 June 2007.

Home Detention Monitoring

This contract is due to expire on 10 May 2007.

Management of the Mount Gambier Prison

A new contract commenced on 27 December 2005 and is due to expire in five years.

Correctional Services

Income Statement for the year ended 30 June 2006

		2006	2005
	Note	\$′000	\$′000
EXPENSES:			
Employee benefits costs	6	92 909	89 157
Supplies and services used	7	44 484	42 720
Depreciation and amortisation expense	8	7 128	6 542
Payments to prisoners		2 033	2 010
Accommodation and associated lease costs		2 790	2 513
Grants provided	9	853	1 106
Net (gain) loss from disposal of assets	10	35	(1)
Other expenses	11	288	354
Total Expenses		150 520	144 401
INCOME:			
Income from prison labour	13	2 060	2 456
Salaries and goods and services recoups		1 369	1 724
Interest income	14	1 137	908
Commonwealth and Northern Territory grants and recoups		4	60
Income from canteen and kitchen sales	15	2 209	2 085
Other income	16	2 519	3 658
Total Income		9 298	10 891
Net Cost of Providing Services		141 222	133 510
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:			
Revenues from SA Government	17	136 528	131 064
		(4 694)	(2 446)

Balance Sheet as at 30 June 2006

		2006	2005
	Note	\$′000	\$′000
CURRENT ASSETS:			
Cash and cash equivalents	18	16 717	13 865
Receivables	19	1 234	1 802
Inventories	20	601	589
Other	21	-	2
Total Current Assets		18 552	16 258
NON-CURRENT ASSETS:			
Property, plant and equipment	22	184 773	180 023
Capital works in progress		11 649	10 971
Intangible assets	23	258	262
Total Non-Current Assets		196 680	191 256
BIOLOGICAL ASSETS:			
Livestock	24	101	103
Olive grove	24	115	-
Total Biological Assets		216	103
Total Assets		215 448	207 617
CURRENT LIABILITIES:			
Payables	25	4 107	3 493
Employee benefits	26	8 910	8 136
Provisions	27	6 481	4 772
Total Current Liabilities		19 498	16 401
NON-CURRENT LIABILITIES:			
Payables	25	1 257	1 396
Employee benefits	26	12 802	12 022
Provisions	27	23 072	22 839
Total Non-Current Liabilities		37 131	36 257
Total Liabilities		56 629	52 658
NET ASSETS		158 819	154 959
EQUITY:			
Retained earnings	28	103 147	107 841
Amenities fund reserve	28	121	117
Asset revaluation reserve	28	55 551	47 001
TOTAL EQUITY		158 819	154 959
THE TOTAL EQUITY IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER			
Commitments	29		
Contingent Liabilities	30		

Statement of Changes in Equity for the year ended 30 June 2006

Balance at 30 June 2006	28	121	55 551	103 147	158 819
2005-06	_	-	-	(4 694)	(4 694)
Total recognised income and expense for	-				
Net result for 2005-06	_	-	-	(4 694)	(4 694)
equity for 2005-06	_	4	8 550	-	8 554
Net income/expense recognised directly in	-				
Net changes in reserves		4	-	-	4
Gain on revaluation of buildings during 2005-06	-	-	8 550	-	8 550
Balance at 30 June 2005	28	117	47 001	107 841	154 959
2004-05		-	-	(2 446)	(2 446)
Total Recognised Income and Expense for	-			. ,	. ,
Net result for 2004-05	-	-	-	(2 446)	(2 446)
equity for 2004-05		3	12 168	-	12 171
Net income/expense recognised directly in	-				
Net changes in reserves		3	-	-	3
Gain on revaluation of buildings during 2004-05	-	-	12 168	-	12 168
Restated balance at 30 June 2004	-	114	34 833	110 287	145 234
Changes in accounting policy		-	-	32	32
Balance at 30 June 2004		114	34 833	110 255	145 202
	Note	\$'000	\$'000	\$'000	\$'000
		Reserve	Reserve	Earnings	Tota
		Fund	Revaluation	Retained	
		Amenities	Asset		

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

Cash Flow Statement for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$'000	\$′000
CASH OUTFLOWS:			
Employees payments		(89 480)	(85 428)
Supplies and services		(46 849)	(44 175)
Prisoner Payments		(2 033)	(2 010)
Grants		(853)	(1 106)
GST payments on purchases		(4 458)	(4 854)
GST remitted to ATO		(660)	(782)
Other payments		(279)	(502)
Cash used in Operations		(144 612)	(138 857)
CASH INFLOWS:			
Receipts from prison labour		2 064	2 456
Interest received		1 145	928
GST receipts on receivables		651	749
GST input tax credits		4 727	4 723
Other receipts		6 386	7 248
Cash generated from Operations		14 973	16 104
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		136 528	131 064
Net Cash provided by Operating Activities	32(b)	6 889	8 311
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of property, plant and equipment		(4 041)	(9 376)
Cash used in Investing Activities		(4 041)	(9 376)
CASH INFLOWS:			
Proceeds from sale of property, plant and equipment		4	15
Cash generated from Investing Activities		4	15
Net Cash used in Investing Activities		(4 037)	(9 361)
NET INCREASE (DECREASE) IN CASH AND CASH			
EQUIVALENTS		2 852	(1 050)
-		13 865	14 915
CASH AND CASH EQUIVALENTS AT 1 JULY		13 003	11 213

			2006	
Programs (refer Note 5)	1	2	3	Total
EXPENSES:	\$′000	\$′000	\$′000	\$'000
Employee benefits costs	61 628	13 555	17 726	92 909
Supplies and services used	35 941	3 821	4 722	44 484
Depreciation and amortisation expense	5 989	289	850	7 128
Payments to prisoners	1 662	-	371	2 033
Accommodation and associated lease costs	1 148	1 058	584	2 790
Grants provided	354	83	416	853
Net (gain) loss from disposal of assets	26	7	2	35
Other expenses	205	36	47	288
Total Expenses	106 953	18 849	24 718	150 520
INCOME:				
Income from prison labour	-	-	2 060	2 060
Salaries and goods and services recoups	675	161	533	1 369
Interest income	748	176	213	1 137
Commonwealth and Northern Territory grants				
and recoups	4	-	-	4
Income from canteen and kitchen sales	2 216	-	(7)	2 209
Other income	1 965	242	312	2 519
Total Income	5 608	579	3 111	9 298
NET COST OF PROVIDING SERVICES	101 345	18 270	21 607	141 222
REVENUES FROM (PAYMENTS TO) GOVERNMENT:				
Revenues from SA Government	98 572	17 389	20 567	136 528
NET RESULT	(2 773)	(881)	(1 040)	(4 694)

Program Schedule of Expenses and Income for the year ended 30 June 2006

Programs - Refer Note 5

Custodial Services
 Community Based Services

3. Diversionary and Rehabilitation Services

			2005	
Programs (refer Note 5)	1	2	3	Total
EXPENSES :	\$′000	\$′000	\$′000	\$′000
Employee benefits costs	60 424	12 547	16 186	89 157
Supplies and services used	34 125	3 494	5 101	42 720
Depreciation and amortisation expense	5 693	130	719	6 542
Payments to prisoners	1 633	-	377	2 010
Accommodation and associated lease costs	1 093	834	586	2 513
Grants provided	524	109	473	1 106
Net (gain) loss from disposal of assets	(4)	1	2	(1)
Other expenses	248	47	59	354
Total Expenses	103 736	17 162	23 503	144 401
INCOME:				
Income from prison labour	-	-	2 456	2 456
Salaries and goods and services recoups	842	235	647	1 724
Interest income	617	128	163	908
Commonwealth and Northern Territory grants				
and recoups	60	-	-	60
Income from canteen and kitchen sales	2 092	-	(7)	2 085
Other income	3 064	360	234	3 658
Total Income	6 675	723	3 493	10 891
NET COST OF PROVIDING SERVICES	97 061	16 439	20 010	133 510
REVENUES FROM (PAYMENTS TO) GOVERNMENT:				
Revenues from SA Government	95 207	16 122	19 735	131 064
NET RESULT	(1 854)	(317)	(275)	(2 446)

Program Schedule of Expenses and Income for the year ended 30 June 2006 (continued)

Programs - Refer Note 5

1. Custodial Services

2. Community Based Services

3. Diversionary and Rehabilitation Services

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Department for Correctional Services

The Department for Correctional Services (the Department) is an Administrative Unit established pursuant to the *Public Sector Management Act 1995.*

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 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 and productive lives.

2. Significant Accounting Policies

(a) Basis of Accounting

The financial report is a general purpose financial report. The accounts have been prepared in accordance with applicable Australian Accounting Standards and Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

These Financial Statements are the first statements to be prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS). AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these statements. Previous Financial Statements were prepared in accordance with Australian Generally Accepted Accounting Principles.

(a) Basis of Accounting (continued)

Reconciliations explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are at Note 4.

The Department's Income Statement, Balance Sheet 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 Cash Flow Statement has been prepared on a cash basis.

The financial report has been prepared based on a 12 month operating cycle and presented in Australian currency.

(b) The Reporting Entity

The Department's financial statements include both Departmental and Administered items. The Department's financial statements include the use of assets, liabilities, income and expenses controlled or incurred by the Department in its own right. As administered items are insignificant in relation to the Department's overall financial performance and position, they have been disclosed in a schedule of administered items as notes to the accounts.

(c) Comparative Figures

The presentation and classification of items in the financial report are consistent with prior periods except where a specific Accounting Policy Statement or Australian Accounting Standard has required a change.

Comparative figures have been restated on an AIFRS basis except for financial instrument information as permitted by AASB 1.

The comparatives have been restated to assist users' understanding of the current reporting period and do not replace the original financial report for the preceding period.

Note 4 provides a detailed analysis of comparative amounts that have been reclassified as a result of adopting AIFRS.

(d) Rounding

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

(e) Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, fringe benefits tax, goods and services tax (GST), and 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 Australian Taxation Office;
 - receivables and payables are stated with the amount of GST included.

(f) Incomes and Expenses

Income and Expenses are recognised in the Department's Income Statement when, and only when, it is probable that the flow of economic benefits to or from the entity will occur and can be reliably measured.

Income and Expenses have been classified according to their nature in accordance with Accounting Policy Framework II *General Purpose Financial Reporting Framework* APS 3.5 and have not been offset unless required or permitted by a specific accounting standard.

In accordance with Accounting Policy Framework II *General Purpose Financial Reporting Framework* APSs 4.1 and 4.2 the financial report's notes 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 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 increments are transferred to retained earnings in accordance with Accounting Policy Framework III *Asset Accounting Framework* APS 3.11

Resources received/provided free of charge are recorded as income and expenditure in the Income Statement at their fair value in accordance with the Accounting Policy Framework III Asset Accounting Framework APS 2.12. Resources provided free of charge are recorded in the expense line items to which they relate.

Grants are amounts provided by the Department to entities for general assistance or for a particular purpose. Grants may be for capital, current or recurrent purposes and the name or category reflects the use of the grant. The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation.

(g) Revenues from (Payments to) SA Government

Appropriations for program funding are recognised as income when the Department obtains control over the funding. Control over appropriations is normally obtained upon receipt. Appropriation receipts are accounted for in accordance with Treasurer's Instruction 3 *Appropriation*.

(h) Current and Non-Current Items

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.

(i) Cash and Cash Equivalents

Cash and Cash Equivalents include cash at bank, and deposits held at call that are readily convertible to cash and are used in the cash management function on a day-to-day basis. Cash and Cash Equivalents in relation to the Balance Sheet is different as it does not take into account bank overdrafts.

Cash is measured at nominal value.

(j) 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 payable 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 selling goods and services to other agencies and to the public.

The Department determines the provision for doubtful debts based on a review of balances within trade receivables that are unlikely to be collected. These are generally receivables that are 90 days or more overdue.

(k) Inventories

Stock in institutional stores is held for consumption and is carried at cost. Prison canteen stock is carried at cost. Both the stores and canteen stock values of inventory are assigned on the basis of average cost. PRIME inventories are valued at historical cost.

(I) 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 Balance Sheet. Fair value means the amount for which an asset could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arms length transaction.

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 valued at cost.

(m) Revaluation of Non-Current Assets

In accordance with current Accounting Policy Framework III Asset Accounting Framework:

- 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 and leasehold 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) Impairment

All non-current tangible 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 asset revaluation reserve.

Impairment is generally limited to where an asset's depreciation is materially understated or where the replacement cost is falling.

Licoful Life

(o) 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.

The useful lives 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.

Land is not depreciated.

Depreciation/amortisation for non-current assets is determined as follows:

		USEIUI LIIE
Class of Asset	Depreciation Method	(Years)
Plant and equipment	Straight Line	4-20
Buildings (including prisons)	Straight Line	1-60
Intangibles	Straight Line	3-5

(p) Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost.

The acquisition of software is capitalised when the expenditure meets the definition and recognition criteria of an intangible asset outlined in AASB 138 *Intangible Assets* and when the amount of expenditure is greater than or equal to \$10 000, in accordance with Accounting Policy Framework III Asset Accounting Framework APS 2.15.

(q) 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 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.

All payables are measured at their nominal amount and are normally settled within 30 days from the date the invoice is first received, in accordance with Treasurer's Instruction 11 *Payment of Creditors' Accounts*.

Employment on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave 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 (SASB). The only liability outstanding at balance date relates to any contributions due but not yet paid to the SASB.

(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.

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.

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 expected to be payable within 12 months is measured at the undiscounted amount expected to be paid. Annual leave payable later than 12 months is measured at present value.

The liability for long service leave is recognised after an employee has completed 7 years of service as advised in Accounting Policy Framework IV *Financial Asset and Liability*. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance (DTF) based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short hand 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.

Unclaimed salaries and wages have been included as a current liability for employee benefits.

(s) Leases

The Department has entered into a number of operating lease agreements for buildings and motor vehicles. In respect of operating leases, the lessor retains substantially all the risks and rewards incidental to ownership of the leased assets. Operating lease payments are recognised as an expense on a basis that is representative of the pattern of benefits derived from the leased assets.

The Department does not have any finance lease agreements.

(t) Biological Assets

Biological assets 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. The Department accounts for this item in accordance with Accounting Standard AASB 141 *Agriculture*.

(u) Prisoner Amenities Fund

Proceeds from the sale of canteen goods to prisoners are used for the acquisition of items for the benefit of prisoners.

(v) Prisoner Payments

These include payments made on behalf of prisoners and payments made to prisoners upon discharge.

3. Financial Risk Management

The Department has significant non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash held by DTF). The Department's exposure to market risk and cash flow interest risk is minimal.

The Department has no significant concentration of credit risk.

In relation to liquidity/funding risk, the continued existence of the Department in its present form, and with its present programs, is dependent on Government policy and on continuing appropriations by Parliament for the Department's administration and programs.

4. Changes in Accounting Policies

(a) Explanation of Transition to AIFRS

The Department has adopted the AIFRS for the first time for the year ended 30 June 2006.

A major change is the treatment of accounting policy changes under AIFRS. These now apply retrospectively except for specific exemptions in accordance with another standard. The resulting adjustments arising from events and transactions before the date of transition to AIFRS have been recognised directly in retained earnings at the date of transition to AIFRS

The table below summarises changes to 2004-05 comparatives as a result of the transition from previous Australian GAAP standards to AIFRS.

		At 01.07.04 Effect of			At 30.06.05 Effect of	
	Previous	transition	AIFRS	Previous	transition	AIFRS
	AGAAP	to AIFRS ⁽ⁱ⁾	Adjusted	AGAAP	to AIFRS ⁽ⁱ⁾	Adjusted
	\$′000	\$′000	\$′000	\$'000	\$′000	\$′000
Current Assets	17 442	-	17 442	16 258	-	16 258
Non-Current Assets	176 006	-	176 006	191 256	-	191 256
Biological Assets	102	-	102	103	-	103
Current Liabilities	(14 999)	-	(14 999)	(16 401)	-	(16 401)
Non-Current Liabilities	(33 349)	32	(33 317)	(36 306)	49	(36 257)
NET ASSETS	145 202	32	145 234	154 910	49	154 959
EQUITY:	110 255	32	110 287	107 792	49	107 841
Retained earnings Asset revaluation reserve	34 833	52	34 833	47 001	49	47 001
Amenities Fund reserve	54 855 114	-	54 855 114	47 001	-	
					-	117
TOTAL EQUITY	145 202	32	145 234	154 910	49	154 959
NET RESULT			-	(2 463)	17	(2 446)
NET CHANGE IN CASH HELD			=	(1 050)	-	(1 050)
			-			

(i) AASB 119 Employee Benefits requires employee benefits payable later than 12 months from year-end to be measured at present value rather than at nominal amounts. Consequently, non-current Annual Leave and associated on-costs are now measured at present value.

5. Programs of the Department

7.

In achieving its objectives the Department provides a range of services classified into the following programs:

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.

Community Based Services: The Department case manages and supervises offenders in the community on probation, parole or under home detention and clients on supervised bail.

Diversionary and Rehabilitation Services: The Department provides a range of educational, vocational and rehabilitative programs designed to assist offenders to address their offending behaviour and provide them with opportunities to lead law abiding and productive lives. This includes pre-court, court based and prison based activities and services.

6. **Employee Benefits Costs** 2006 2005 \$'000 \$'000 Salaries and wages 73 146 68 988 Employment on-costs - Superannuation 7 298 6 859 Employment on-costs - Payroll tax 4 728 4 457 Employment on-costs - Workers compensation (5) (18)5 0 5 6 Workers compensation salary payments 6 338 Annual leave 124 611 Long service leave 968 1 024 Termination payments 898 1 594 **Total Employee Benefits Costs** 92 909 89 157 Targeted Voluntary Separation Packages (TVSPs) Amount paid to these employees: TVSPs 628 Annual leave and long service leave accrued over the period 141 769 Recovery from the Department of Treasury and Finance (711) 2006 2005 Number of Number of Employees Employees Number of employees that were paid TVSPs during the reporting period 11 **Remuneration of Employees**

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

following bands:		
\$100 000 - \$109 999	1	1
\$120 000 - \$129 999	1	1
\$130 000 - \$139 999	1	3
\$140 000 - \$149 999	3	1
\$150 000 - \$159 999	2	-
\$160 000 - \$169 999	1	1
\$220 000 - \$229 999	-	1
\$230 000 - \$239 999	1	-
Total Number of Employees	10	8

The table includes all employees whom received remuneration of \$100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits tax and other salary sacrifice benefits. The total remuneration received by these employees for the year was \$1 513 000 (\$1 176 000).

Supplies and Services	2006	2005
Supplies and services provided by entities within the SA Government:	\$′000	\$′000
Contracts	46	44
Works and equipment costs	1 318	1 589
Offender related costs	78	64
Stationery and printing	6	260
Utilities	1 302	1 104
Cost of goods sold	5	13
Maintenance land and buildings	980	851
Staff related costs	53	57
Workers compensation related payments	257	335
IT costs	597	1 036
Insurance charges	866	761
Sundry other expenses	2 653	2 811
Total Supplies and Services - SA Government Entities	8 161	8 925

7.	Supplies and Services (continued)			2006	2005
	Supplies and services provided by entities external to the SA	Government		\$'000	\$'000
	Contracts			11 452	10 839
	Works and equipment costs			2 983	3 268
	Offender related costs			3 828	3 592
	Stationery and printing			614	359
	Utilities			3 229	2 893
	Cost of goods sold			4 758	4 981
	Maintenance land and buildings			554	491
	Staff related costs			1 505	1 289
	Workers compensation related payments			3 064	2 247
	IT costs			341	456
	Insurance charges			5	33
	Sundry other expenses		_	3 990	3 347
	Total Supplies and Services - Non-SA Governmen	it Entities	_	36 323	33 795
	Total Supplies and Services		_	44 484	42 720
	The number and dollar amount of Consultancies	2006	2005	2006	2005
	paid/payable (included in supplies and services expense)	Number	Number	\$′000	\$′000
	that fell within the following bands:	_	_		
	Below \$10 000	9	3	44	23
	Between \$10 000 and \$50 000	4	4	101	60
	Above \$50 000	2	4	394	279
		15	11	539	362
•	Dennesistion and Annationation			2006	2005
8.	Depreciation and Amortisation			2006	2005 \$′000
	Depreciation: Buildings			\$′000 6 735	\$ 000 6 298
	Plant and equipment			241	214
	Total Depreciation		-	6 976	6 512
			-	0,570	0 512
	Amortisation:				
	Leasehold improvements			64	30
	Intangible assets		_	88	-
	Total Amortisation		_	152	30
	Total Depreciation and Amortisation			7 128	6 542
			_		
9.	Grants Provided				
	Grants paid or payable to entities external to the SA Govern	ment:			
	Recurrent grant		_	853	1 106
	Total Grants Provided			853	1 106
			-		
10.	Net (Gain) Loss from Disposal of Assets				
	Plant and Equipment:				
	Proceeds from disposal			(4)	(15)
	Add: Net book value of assets disposed		_	39	14
	Net (Gain) Loss from Disposal of Plant and Equip	ment		35	(1)
			_		
11.	Other Expenses				
	Other expenses paid or payable to entities within the SA Gove	ernment:		-	
	Bad and doubtful debts expense		—	3	
	Total Other Expenses - SA Government Entities		-	3	
	Other expenses paid or payable to entities external to the SA	Government:			
	Bad and doubtful debts expense			6	2
	Bank charges			9	11
	FBT			243	255
	Other		_	27	86
	Total Other Expenses - Non-SA Government Entit	ties	_	285	354
	Total Other Expenses			288	354
			=		
12.	Auditor's Remuneration			~ -	
	Audit fees paid/payable to the Auditor-General's Department		_	95	98
	Total Audit Fees		_	95	98
	Other Services				

Other Services

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

13. Net Income (Loss) from Prison Labour

13.			Labour	Mobilon	ng Prison		Training htre	Prison/	de Women's 'Pre-release Centre
		2006 \$′000	2005 \$′000	2006 \$′000	2005 \$′000	2006 \$′000	2005 \$′000	2006 \$′000	2005 \$′000
	Income Less: Cost of goods sold	862 584	898 702	884	1 117	175 341	220 371	35 38	90 24
	Net Income (Loss)	278	702 196	<u>1 057</u> (173)	<u>1 312</u> (195)	(166)	(151)	(3)	<u> </u>
		270	190	(175)	(199)	(100)	(151)	(5)	50
				Pr	Nugusta rison		son		Fotal
				2006 \$′000	2005 \$′000	2006 \$′000	2005 \$′000	2006 \$′000	2005 \$′000
	Income			46	33	58	98	2 060	2 456
	Less: Cost of goods sold			33	30	64	29	2 117	2 478
	Net Income (Loss)		_	13	3	(6)	69	(57)	(22)
14.	Interest Income							006	2005
	Interest from entities within th Other	e SA Govern	ment					000 136 1	\$′000 905 3
	Total Interest Income						1	137	908
15.	Net Income from Canteen a	nd Kitchon	Salas						
15.	Canteen and kitchen sales Less: Cost of goods sold	ind kitchen	Sales					209 045	2 085 1 925
	Net Income from Cantee	en and Kitch	en Sales					164	160
16.	Other Income								
10.	Grants received						1	151	2 210
	Prisoner telephone receipts						_	702	688
	Donated assets							-	262
	Other							666	498
	Total Other Income						2	519	3 658
17.	Revenue from SA Governme	ent							
	Appropriations from Consolida	ted Account p	pursuant t	o the Appro	opriation A	ct	136	528	131 064
	Total Revenues from SA	Governmer	nt				136	528	131 064
18.	Cash and Cash Equivalents								
	Deposits with the Treasurer						16	682	13 830
	Prison Imprest Accounts							28	28
	Petty cash							7	7
	Total Cash and Cash Equ	ivalents					16	717	13 865
	Deposits with the Treasure Includes Funds held in the Ac for general use, ie Funds can 2005-06 the Department was accordance with the Cash Alig	crual Appropi only be used 5 not require	in accorda d to trans	ance with t	he Treasur	er's/Under	Treasurer	s approv	al. During

Interest Rate Risk

Petty cash and Prison imprest accounts are non-interest bearing. Deposits at call and with the Treasurer are bearing a floating interest rate between 5.35 percent and 5.43 percent. The carrying amount of cash approximates net fair value.

19.	Receivables Current: Receivables	2006 \$'000 489	2005 \$'000 824
	Less: Provision for doubtful debts	<u> </u>	<u> </u>
	Accrued interest	22	30
	Accrued revenue	34	-
	GST receivable	689	958
	Prepayments	9	6
	Total Receivables	1 234	1 802

19. Receivables (continued)	2006	2005
Receivables from SA Government Entities:	\$'000	\$′000
Receivables	104	474
Accrued interest	22	30
Total Receivables from SA Governmen	t Entities 126	504
Receivables from Non-SA Government Entities:		
Receivables	376	334
Accrued revenue	34	-
GST receivable	689	958
Prepayments	9	6
Total Receivables from Non-SA Govern	nment Entities 1 108	1 298
Total Receivables	1 234	1 802

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 noninterest 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 Department has recognised a bad and doubtful debt expense of \$9 000 in the Income Statement.

20.	Inventories	2006	2005
201	Current - Held for Distribution:	\$'000	\$'000
	Stores	280	285
	Total Current Inventories Held for Distribution	280	285
	Current - Other than those held for Distribution:		
	Raw materials and work in progress	263	228
	Finished goods	56	71
	Stores	2	5
	Total Current Inventories Other than those held for Distribution	321	304
	Total Inventories	601	589
21.	Other Assets		
	Current:		
	Other	-	2
	Total Other Assets	-	2
22.	Property, Plant and Equipment Land and Buildings:		
	Land at fair value	32 576	31 125
	Buildings at fair value	279 818	260 119
	Accumulated depreciation	(130 392)	(113 826)
	Total Land and Buildings	182 002	177 418
	Leasehold Improvements:		
	Leasehold improvements at fair value	1 286	948
	Accumulated amortisation	(186)	(120)
	Total Leasehold Improvements	1 100	828
	Plant and Equipment:		
	Plant and equipment at fair value	3 796	3 720
	Accumulated depreciation	(2 125)	(1 943)
	Total Plant and Equipment	1 671	1 777
	Total Property, Plant and Equipment	184 773	180 023

Valuation of Land and Buildings

The valuation of land and buildings was performed by Martin Burns, an independent valuer from Liquid Pacific Pty Ltd as at 30 June 2006. 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 and infrastructure assets at 30 June 2006.

Reconciliation of Property, Plant and Equipment

The following table shows the movement of property, plant and equipment during 2005-06:

Carrying amount at 1 July Additions Transfers from capital works in progress Disposals Revaluation increment Depreciation and amortisation Other movements	Land and Buildings \$'000 177 418 - 2 743 - 8 550 (6 735) 26	Leasehold Improvements \$'000 828 - 339 - (64) (3)	\$'000 1 777 196 (59) (240) (3)	Total \$'000 180 023 196 3 082 (59) 8 550 (7 039) 20
Carrying Amount at 30 June	182 002	1 100	1 671	184 773
Intangible Assets Software Licences: Other software licences Accumulated amortisation Total Software Licences			2006 \$'000 346 (88) 258	2005 \$'000 262
Biological Assets				
Carrying amount at 1 July Increases due to purchases Gain arising from changes in fair value less estimate	d point-of-sale	Livestock \$'000 103 -	Olive Grove \$'000 - 115	Total \$'000 103 115
costs attributable to physical changes Gain arising from changes in fair value less estimate costs attributable to price changes		3 2	-	3 2
Decreases due to sales	_	(7)	-	(7)

Carrying Amount at 30 June

Livestock

23.

24.

Currently there are 125 cattle held at Cadell Training Centre and Port Lincoln Prison for the purpose of milk production. The cattle are at various stages of life. As at reporting date there are no commitments for the development or acquisition of cattle.

101

115

216

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 33Ha of land at the Cadell Training Centre. The grove has been developed to produce commercially viable olive oil. The first harvest of olives is expected to occur in the 2006-07 financial year. The total commitment for the development of the olive grove is \$246 000.

A financial risk strategy has not been put in place as at reporting date. No Government grants have been issued in relation to the olive grove.

25.	Payables	2006	2005
	Current:	\$′000	\$′000
	Creditors	1 504	1 014
	Accrued expenses	1 104	1 444
	GST payable	60	69
	Employment on-costs	1 439	966
	Total Current Payables	4 107	3 493
	Non-Current:		
	Employment on-costs	1 257	1 396
	Total Non-Current Payables	1 257	1 396
	Total Payables	5 364	4 889
	Payables to SA Government Entities:		
	Creditors	464	187
	Accrued expenses	452	427
	Total Payables to SA Government Entities	916	614
	Payables to Non-SA Government Entities:		
	Creditors	1 040	827
	Accrued expenses	652	1 017
	GST payable	60	69
	Employment on-costs	2 696	2 362
	Total Payables to Non-SA Government Entities	4 448	4 275
	Total Payables	5 364	4 889

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 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. In addition, there is no concentration of credit risk.

26.	Employee Benefits	2006	2005
	Current:	\$'000	\$'000
	Annual leave	5 612	5 398
	Long service leave	1 397	1 300
	Accrued salaries and wages	1 897	1 434
	Unclaimed salaries and wages	4	4
	Total Current Employee Benefits	8 910	8 1 3 6
	Non-Current:		
	Annual leave	228	319
	Long service leave	12 574	11 703
	Total Non-Current Employee Benefits	12 802	12 022
	Total Employee Benefits	21 712	20 158

The total current and non-current employee expense (ie Aggregate employee benefit plus related on-costs) for 2006 is \$10 349 000 and \$14 059 000 respectively.

27. Provisions

Current:		
Workers compensation - Medical and other costs	2 617	1 921
Workers compensation - Income maintenance	3 864	2 851
Total Current Provisions	6 481	4 772
Non-Current:		
Workers compensation - Medical and other costs	7 163	7 458
Workers compensation - Income maintenance	15 909	15 381
Total Non-Current Provisions	23 072	22 839
Total Provisions	29 553	27 611
Carrying Amount at 1 July:	27 611	25 599
Workers compensation payments	(6 178)	(6 573)
Increase in the provision	8 120	8 585
Carrying Amount at 30 June	29 553	27 611

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 Occupational Health and Injury Management Branch of the Department for Administrative and Information Services. The Department's liability is an allocation of the Justice Portfolio's total assessment.

8.	Equity	2006	2005
		\$′000	\$′000
	Retained earnings	103 147	107 841
	Asset revaluation reserve	55 551	47 001
	Amenities Fund reserve	121	117
	Total Equity	158 819	154 959

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

29. Commitments

28

(a) Remuneration Commitments

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:

Within one year	1 113	1 052
Later than one year but not later than five years	2 086	3 074
Total Remuneration Commitments	3 199	4 126

Amounts disclosed include commitments arising from executive and other employment contracts. The Department does not offer remuneration contracts greater than five years.

(b)	Contract Service Commitments	2006 \$′000	2005 \$′000
	Within one year Later than one year but not later than five years	11 365 15 365	8 300 6 257
	Total Contract Service Commitments	26 730	14 557

The Prisoner Movement and In-Court Management, Home Detention Monitoring, management of Mount Gambier Prison and the Mobilong Fee for Service contracts extend beyond 30 June 2006.

The management of Mount Gambier Prison contract expired on 26 June 2005. This was extended until December 2005 as contract negotiations for a new contract were not finalised by the expiry date. The negotiations were completed during the 2005-06 financial year and a new contract commenced on 27 December 2005. It is due to expire on 26 December 2010.

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 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 2005-06 prisoner populations; and
 - are exclusive of Goods and Services Tax.

Operating Lease Commitments Commitments in relation to operating leases contracted for at the reporting	2006 \$′000	2005 \$′000
date but not recognised as liabilities are payable as follows:	1 0 6 0	707
Within one year	1 062	787
Later than one year but not later than five years	3 206	2 106
Later than five years	1 792	1 283
Total Operating Lease Commitments	6 060	4 176

The Department's operating leases are for office accommodation. Office accommodation is leased from Real Estate Management (REM), a branch of the Department for Administrative and Information Services (DAIS). The leases are non-cancellable and are payable monthly in advance.

30. Contingent Liabilities

The Department has a number of common law claims against it made by various claimants. The maximum exposure facing the Department in respect of these claims is \$205 000 (\$283 000).

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 not probable.

31. Trust Funds

32.

(c)

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:

		2006	2005
		\$'000	\$′000
	nce at 1 July	274	289
	ner monies receipts	4 068	3 786
Priso	ner monies payments	(4 011)	(3 801)
В	alance at 30 June	331	274
Casł <i>(a)</i>	n Flow Reconciliation Reconciliation of Cash - Cash at Year End as Per		
	Cash Flow Statement	16 717	13 865
	Balance Sheet	16 717	13 865
(b)	Reconciliation of Net Cash Provided by Operating Activities to Net Cost of Providing Services		
	Net Cash provided by Operating Activities	6 889	8 311
	Add: Net Amenities Fund Reserve payments	(4)	(3)
	Add: Revenues from SA Government	(136 528)	(131 064)
	Add: Non-Cash Items:	、	、
	Net Gain (Loss) on Disposal of Assets	(35)	1
	Donated assets	-	262
	Depreciation and Amortisation Expense	(7 128)	(6 542)
		• •	

33.	Disclosure of Administered Items		
33.			
	Administered Income: Revenues from CIC levies	78	85
	Other	1	1
	Total Administered Income	79	86
	Administered Expenses:		
	CIC levies payments Other	72 1	64 2
	Total Administered Expenses	73	66
	Net Result	6	20
	Net Result	U	20
	Administered Current Assets:		
	Cash	13	7
	Total Administered Assets	13	7
	Administered Current Liabilities:		
	CIC levies payables	7	6
	Other	1	2
	Total Administered Liabilities	8	8
	Net Administered Assets	5	(1)
	Administered Equity:		
	Retained earnings	5	(1)
	Total Administered Equity	5	(1)
	Changes in Equity:		
	Balance at 1 July	(1)	(21)
	Net result Total recognised income and expense for the period	<u> </u>	<u>20</u> 20
	Balance at 30 June	5	(1)
			(1)
		2006	2005
		Inflows	Inflows
	Cash Flows from Operating Activities	(Outflows)	(Outflows)
	Cash Inflows: CIC Levies	\$′000 78	\$′000 85
	Other	1	1
	Total Cash Inflows	79	86
	Cash Outflows:		
	CIC Levies Payments	(72)	(80)
	Other	(1)	(1)
	Total Cash Outflows	(73)	(81)
	Net Cash Inflows from Operating Activities	6	5
	Net Increase in Cash	6	5
	Cash at 1 July	7	2
	Cash at 30 June	13	7
		_	

(a)

Administered Items of the Department The Department administers but does not control certain resources on behalf of the Attorney-General (Victims of Crime Levy). 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, assets or liabilities.

(b) Administered Expenses and Administered Cash Outflows

The Department makes various transfer payments to eligible beneficiaries in the capacity of an agent responsible for the administration of the transfer process. Amounts relating to these transfer payments are not controlled by the Department since they are made at the discretion of the Government in accordance with Government policy. These transfers are disclosed as administered expenses and administered cash outflows.

(c) Administered Income and Administered Cash Inflows

The Department collects various levies on behalf of the Government. The amounts are not controlled by the Department and are not recognised by the Department. These amounts are disclosed as administered income and administered cash inflows.

(d) Administered Assets and Liabilities

The Department manages various assets and liabilities on behalf of the Government. The amounts are not controlled by the Department and are not recognised by the Department. These amounts are disclosed as administered assets and liabilities.

(e) Changes in Administered Equity

The opening balance for administered retained earnings has not been restated for AIFRS because there has not been any impact.

SOUTH AUSTRALIAN COUNTRY FIRE SERVICE

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment and Legislative Changes

The Country Fire Service Board (the Board) was established pursuant to the *Country Fires Act 1989* and was responsible to the Minister for Emergency Services for the administration of that Act. On 1 October 2005 the *Fire and Emergency Services Act 2005* (the FES Act) came into operation. The Act repealed the *Country Fires Act 1989* and dissolved the Board. The Country Fire Service which was the operating entity under the repealed legislation continues in existence as the South Australian Country Fire Service (SACFS).

The FES Act also established the South Australian Fire and Emergency Services Commission (SAFECOM) which is responsible for the operation of the emergency services sector. SAFECOM, in performing its functions, may give directions to the SACFS, except in matters relating to the handling of emergency situations.

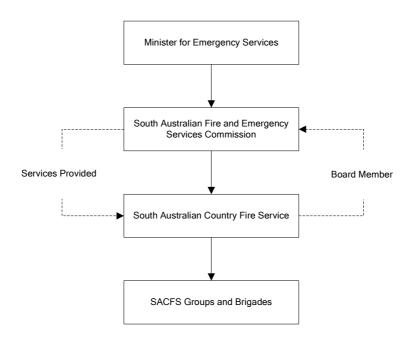
Functions

The SACFS has the following functions:

- To provide services with a view to preventing the outbreak of fires, or reducing the impact of fires in the country.
- To provide efficient and responsive services in the country for the purpose of fighting fires, dealing with other emergencies or undertaking any rescue.
- To protect life, property and environmental assets from fire and other emergencies occurring in the country.
- To develop and maintain plans to cope with the effects of fires or emergencies in the country.
- To provide services or support to assist with recovery in the event of a fire or other emergency in the country.

Structure

The Chief Officer of the SACFS is responsible for the management, administration and operational activities of the SACFS and is also a Board member of SAFECOM.



The SACFS is a decentralised organisation supporting six regions.

SAFECOM provides various services in support of the SACFS's primary functions, including strategic risk management, financial management and accounting services.

The SACFS's financial management is heavily reliant on information and reporting provided by SAFECOM.

AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

Subsection 31(1)(b) of the *Public Finance and Audit Act 1987* and subsection 100(2) of the *Fire and Emergency Services Act 2005* provide for the Auditor-General to audit the accounts of the South Australian Country Fire Service in respect of each financial year.

Assessment of Controls

Subsection 36(1)(a)(iii) of the *Public Finance and Audit Act 1987* provides for the Auditor-General to assess the controls exercised by the South Australian Country Fire Service 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 those controls are consistent with the prescribed elements of the Financial Management Framework as required by Treasurer's Instruction 2 *Financial Management Policies*.

Scope of Audit

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

The audit of the SACFS during 2005-06 required Audit to direct much of its focus to the audit of the 'centralised accounting' structure maintained by SAFECOM and to test transactions at this level.

During 2005-06, specific areas of audit attention included:

- expenditure, including procurement of supplies and services, accounts payable and salaries and wages
- plant and equipment, including the adequacy of asset register maintenance
- revenue, debtors, receipting and banking
- general ledger.

AUDIT FINDINGS AND COMMENTS

Audit Opinions

Audit of the Financial Report

In my opinion, the financial report presents fairly in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the South Australian Country Fire Service as at 30 June 2006, the results of its operations and its cash flows for the year then ended.

Assessment of Controls

In my opinion, the controls exercised by the South Australian Country Fire Service 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 South Australian Country Fire Service have been conducted properly and in accordance with law.

Audit Communications to Management

Matters arising during the course of the audit were detailed in a management letter to the Chief Executive Officer. The response to the management letter was considered to be satisfactory. Major matters raised and the related responses are considered herein.

Payroll

The audit of payroll revealed the need to actively manage excessive annual leave balances which have been accumulated by some staff. This issue was raised last year and while some improvements had been made during the year in relation to the management of excessive leave balances there was still room for further improvement.

In response, SACFS informed Audit that a range of steps would be taken to address the leave management issue.

INTERPRETATION AND ANALYSIS OF FINANCIAL REPORT

Highlights of the Consolidated Financial Report

	2006	2005	Percentage
	\$'million	\$'million	Change
INCOME			
Contributions from Government	51	51	-
Other	4	4	-
Total Income	55	55	-
EXPENSES			
Employee benefits costs	8	6	33
Depreciation	11	10	10
Government Radio Network costs	9	9	-
Other expenses	26	27	(4)
Total Expenses	54	53	2
Net Result	1	2	(50)
Net Cash Flows from Operations	12	10	20
ASSETS			
Current assets	8	6	33
Non-current assets	109	111	(2)
Total Assets	117	117	-
LIABILITIES			
Current liabilities	4	3	33
Non-current liabilities	4	4	-
Total Liabilities	8	7	14
EQUITY	109	110	(1)

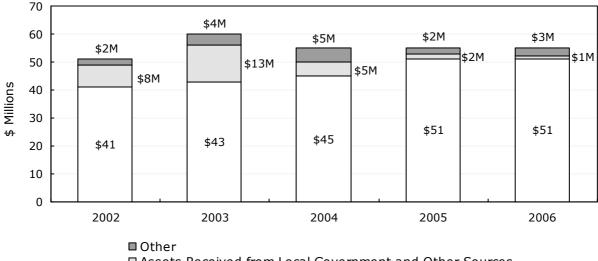
Income Statement

Income

SACFS is essentially funded from the Contributions from the Community Emergency Services Fund. In 2006 the amounts received from the Fund remained at the same level as the previous year, \$50.9 million which represents 92 percent (93 percent) of total income.

Over the period under review the fluctuation in other income is due mainly to the movement in assets received from local government and other sources. In 2006 the value of assets received was \$1.1 million, a decrease of \$412 000, as the transfer program nears completion. In 2006 fundraising monies totalling \$492 000, held by CFS groups and brigades, were received following recognition of funds totalling \$3.2 million for the first time in 2003-04. The Contribution from the Community Emergency Services Fund over the five year period has increased by \$10 million (24 percent) to \$50.9 million.

A structural analysis of income for the five years to 2006 is presented in the following chart.



□ Assets Received from Local Government and Other Sources □ Contribution from Community Emergency Services Fund

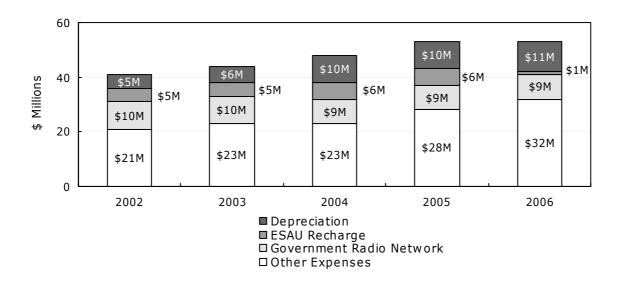
Expenses

During 2006, total expenses rose by \$701 000 to \$53.7 million compared with a \$5.2 million increase the previous year. The primary reason for the rise was an increase in supplies and services of \$3.2 million and employee benefits costs of \$1.4 million, offset by a decrease in the Emergency Services Administrative Unit (ESAU) recharge of \$4.3 million. The ESAU recharge decreased as a result of changed administrative and funding arrangements following the establishment of SAFECOM.

The increase in supplies and services costs was due mainly to increases in uniforms and protective clothing (up \$1.9 million), aerial support costs (up \$554 000), and consumables and minor purchases (up \$634 000) offset by a decrease in other sundry expenses of \$1.1 million.

Over the period under review expenses have increased by \$12 million or 29 percent. Depreciation increased significantly in 2004 due mainly to the transfer of assets from local government but this has since stabilised with the majority of assets now transferred. The other significant increase over the period related to the 2006 increase in supplies and services (included in the table under 'Other Expenses') which is explained above.

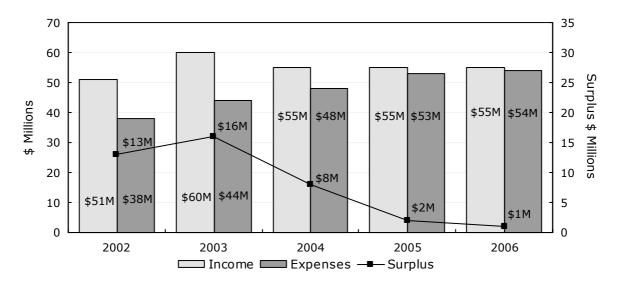
For the five years to 2006, a structural analysis of the main expense items for the SACFS is shown in the following chart.



Operating Result

SACFS's surplus has continued to fall over the past three years as revenue has stabilised following the impact of asset transfers and the initial recognition of amounts held by brigades and groups in the 2003 and 2004 years. Expenses have also continued to increase, although only slightly in 2006.

The following chart shows the income, expenses and surpluses for the five years to 2006.

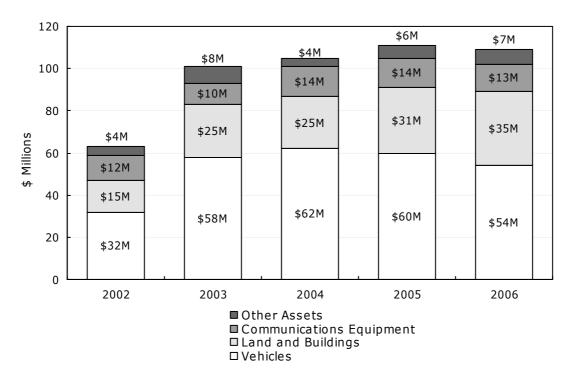


Balance Sheet

Current assets increased by \$1.7 million over the previous year primarily as a result of an increase in cash of \$1.3 million. This increase in cash reflects the timing of capital expenditure.

SAFCS's financial position is dominated by the value of the non-current asset 'Property, plant and equipment'. The written down current cost of these assets totalled \$109 million as at 30 June 2006, a decrease of \$1.7 million from the previous year which is due primarily to a valuation decrement in relation to vehicles (\$4.7 million) and depreciation expense (\$10.8 million) offset by asset additions (\$11 million) and a revaluation increment for land and buildings (\$2.5 million).

For the five years to 2006, a structural analysis of property, plant and equipment assets is shown in the following chart.



As already mentioned, the major reason for the growth has been the transfer of responsibilities from local government entities to the SACFS for appliance, fire station, fire fighting and rescue equipment maintenance and the resultant transfer of related assets. The value of those transfers since 2002 is \$30.2 million. The transfer process is now substantially complete.

Cash Flow Statement

The following table summarises the net cash flows for the five years to 2006.

	2006 \$′million	2005 \$′million	2004 \$'million	2003 \$'million	2002 \$'million
Net Cash Flows					
Operations	12	10	14	9	8
Investing	(10)	(12)	(10)	(8)	(7)
Change in Cash	2	(2)	4	1	1
Cash at 30 June	7	5	7	3	2

The analysis of cash flows shows that in most years SACFS's operating cash flows have been sufficient to fund its investing activities. The level of cash held has, however, been relatively small and is dependent on the funding provided by the Community Emergency Services Fund as SACFS has little capacity to generate funds from other sources. The balance of cash at 30 June 2006 increased due the timing of payments for investing activities. As can be seen from Note 22 to the financial statement, SACFS has capital commitments of \$6.6 million which are expected to be paid within the next year.

Cash flows from operations increased by \$5 million in 2004 and then decreased by \$4 million in 2005 due mainly to the inclusion in 2004 of cash held by CFS groups and brigades for the first time.

Income Statement for the year ended 30 June 2006

		Consolidated		Country Fire Service	
		2006	2005	2006	2005
EXPENSES:	Note	\$′000	\$′000	\$′000	\$′000
Employee benefit costs	5	7 864	6 444	7 864	6 444
Supplies and services	6	23 782	20 584	23 680	20 580
Emergency Services Administrative Unit					
recharge		1 453	5 778	1 453	5 778
Government Radio Network costs	9	9 336	9 207	9 336	9 207
Depreciation	10	10 796	10 365	10 796	10 365
Net loss from disposal of assets	11	175	289	175	289
Other expenses		219	257	219	257
Total Expenses	-	53 625	52 924	53 523	52 920
INCOME:					
Revenues from fees and charges	12	650	409	650	409
Interest revenues	13	347	349	331	340
Assets received from local government and					
other sources	14	1 162	1 574	1 162	1 574
Groups and brigades funds		492	445	492	445
Other income	15	1 544	853	1 452	837
Total Income	-	4 195	3 630	4 087	3 605
NET COST OF PROVIDING SERVICES	-	49 430	49 294	49 436	49 315
REVENUES FROM SA GOVERNMENT:	-				
Contributions from Community					
Emergency Services Fund		50 856	50 946	50 856	50 946
NET RESULT BEFORE RESTRUCTURE	-	1 426	1 652	1 420	1 631
Net expenses from administrative					
restructure	25	172	-	172	-
NET RESULT AFTER RESTRUCTURE	-	1 254	1 652	1 248	1 631
THE NET RESULT AFTER RESTRUCTURE IS					
ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER					

Balance Sheet as at 30 June 2006

		Consolidated		Country Fire Service	
		2006	2005	2006	2005
CURRENT ASSETS:	Note	\$′000	\$′000	\$′000	\$′000
Cash and cash equivalents	16	6 362	5 069	6 035	4 744
Receivables	17	1 906	1 457	1 905	1 456
Total Current Assets		8 268	6 526	7 940	6 200
NON-CURRENT ASSETS:					
Property, plant and equipment	18	109 088	110 795	109 088	110 795
Total Non-Current Assets		109 088	110 795	109 088	110 795
Total Assets		117 356	117 321	117 028	116 995
CURRENT LIABILITIES:					
Payables	19	3 109	1 699	3 109	1 695
Short-term and long-term employee benefits	20	739	472	739	472
Short-term provisions	21	532	667	532	667
Total Current Liabilities		4 380	2 838	4 380	2 834
NON-CURRENT LIABILITIES:					
Payables	19	125	111	125	111
Long-term employee benefits	20	1 289	934	1 289	934
Long-term provisions	21	2 123	3 018	2 123	3 018
Total Non-Current Liabilities		3 537	4 063	3 537	4 063
Total Liabilities		7 917	6 901	7 917	6 897
NET ASSETS		109 439	110 420	109 111	110 098
EQUITY:					
Retained earnings		86 909	85 655	86 581	85 333
Asset revaluation reserve		22 530	24 765	22 530	24 765
TOTAL EQUITY		109 439	110 420	109 111	110 098
THE TOTAL EQUITY IS ATTRIBUTABLE TO THE					
SA GOVERNMENT AS OWNER					
Commitments	22				
Contingent Liabilities	23				

Statement of Changes in Equity for the year ended 30 June 2006

Balance at 30 June 2006	22 530	86 909	109 439	22 530	86 581	109 111
for 2005-06	(2 235)	1 254	(981)	(2 235)	1 248	(987)
Total recognised income and expense						
Net result after restructure for 2005-06	-	1 254	1 254	-	1 248	1 248
during 2005-06	(2 235)	-	(2 235)	(2 235)	-	(2 235
Loss on revaluation of plant and equipment						
Balance at 30 June 2005	24 765	85 655	110 420	24 765	85 333	110 098
for 2004-05	2 288	1 652	3 940	2 288	1 631	3 919
Total recognised income and expense						
Net Result for 2004-05	-	1 652	1 652	-	1 631	1 63
2004-05	2 288	-	2 288	2 288	-	2 28
Gain on revaluation of property during						
Balance as 30 June 2004	22 477	84 003	106 480	22 477	83 702	106 17
	\$′000	\$′000	\$'000	\$'000	\$′000	\$'00
	Reserve	Earnings	Total	Reserve	Earnings	Tota
	Revaluation	Retained		Revaluation	Retained	
	Asset			Asset		
		Consolidated		Co	vice	

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

		Сог	nsolidated	Country Fire Serv	
		2006	2005	2006	2005
		Inflows	Inflows	Inflows	Inflows
CASH FLOWS FROM OPERATING ACTIVITIES:		(Outflows)	(Outflows)	(Outflows)	(Outflows)
CASH OUTFLOWS:	Note	\$′000	\$′000	\$'000	\$'000
Employee benefit payments		(7 415)	(6 805)	(7 415)	(6 805)
Supplies and services		(23 610)	(21 190)	(23 567)	(21 190)
Government Radio Network costs		(9 062)	(9 201)	(9 062)	(9 201)
Emergency Services Administrative Unit recharge		(1 453)	(5 778)	(1 453)	(5 778)
GST payments on purchases		(3 059)	(4 611)	(3 059)	(4 611)
Cash used in Operations		(44 599)	(47 585)	(44 556)	(47 585)
CASH INFLOWS:					
Contributions from Community Emergency					
Services Fund		50 856	50 946	50 856	50 946
Fees and charges		650	274	650	274
Interest received		348	362	331	353
GST receipts on receivables		169	306	169	306
GST input tax credits		3 957	4 557	3 957	4 557
Other receipts		247	1 312	218	1 296
Cash generated from Operations		56 227	57 757	56 181	57 732
Net Cash provided by Operating Activities	24	11 628	10 172	11 625	10 147
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of property, plant and equipment		(10 853)	(12 745)	(10 853)	(12 745)
Proceeds from sale of property, plant and					
equipment		518	33	518	33
Net Cash used in Investing Activities		(10 335)	(12 712)	(10 335)	(12 712)
NET INCREASE (DECREASE) IN CASH AND					
CASH EQUIVALENTS		1 293	(2 540)	1 290	(2 565)
CASH AND CASH EQUIVALENTS AT 1 JULY		5 069	7 609	4 744	7 309
CASH AND CASH EQUIVALENTS AT 30 JUNE	16	6 362	5 069	6 034	4 744

Cash Flow Statement for the year ended 30 June 2006

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives and Funding

(a) Objectives

The South Australian Country Fire Service (SACFS) is established under the *Fire and Emergency Services Act 2005* (the Act) and is responsible under the Act for the following:

- prevention, control and suppression of fires in the country;
- protection of life and property in fire and other emergencies occurring in the country;
- planning to cope with the effects of fires or emergencies in the country;
- assisting with the recovery in the event of a fire or emergency in the country.

The former Country Fire Service Board was dissolved upon the commencement of the *Fire and Emergency Services Act 2005* on 1 October 2005. Under the Act the Country Fire Service continues to exist as the South Australian Country Fire Service. The *Country Fires Act 1989* was repealed at the proclamation of the new act.

(b) Funding Arrangements

Funding of SACFS is derived from the Community Emergency Services Fund (the Fund), established by the *Emergency Services Funding Act 1998.*

Funds generated by Groups and Brigades through fund raising activities are held locally for expenditure in the local community. These funds are recognised in SACFS's financial statements.

2. Significant Accounting Policies

(a) Basis of Accounting

- The financial report is a general purpose financial report. The accounts have been prepared in accordance with:
- Treasurer's Instructions (TI) and Accounting Policy Statements (APS) promulgated under the provisions of the *Public Finance and Audit Act 1987*;
- applicable Australian Accounting Standards (AASB);
- other mandatory professional reporting requirements in Australia

These Financial Statements are the first statements to be prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS). AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these statements. Previous Financial Statements were prepared in accordance with Australian Generally Accepted Accounting Principles.

SACFS's Income Statement, Balance Sheet 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 Cash Flow Statement has been prepared on a cash basis.

The financial report has been prepared based on a 12 month operating cycle and is presented in Australian currency.

(b) Principles of Consolidation

The financial statements incorporate the assets and liabilities of all entities controlled by SACFS as at 30 June 2006 and the results of all controlled entities for the year then ended. The effects of all transactions between entities in the consolidated entity are eliminated in full.

(c) Comparative Information

The presentation and classification of items in the financial report are consistent with the prior period except where a specific Accounting Policy Statement or Australian Accounting Standard has required a change.

(d) Rounding

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

(e) Taxation

SACFS is not subject to income tax. SACFS is liable for payroll tax, fringe benefits tax and, goods and services tax (GST).

In accordance with the requirements of Interpretation 1031 Accounting for the Goods and Services Tax (GST), income, expenses and assets are recognised net of the amount of GST except that:

- the amount of GST incurred by SACFS as a purchaser that is not recoverable from the Australian Taxation Office 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.

(f) Income and Expenses

Income and expenses are recognised in SACFS's Income Statement when and only when it is probable that the flow of economic benefits to or from the entity will occur and can be reliably measured.

Income and expenses have been classified according to their nature in accordance with the Accounting Policy Framework II *General Purpose Financial Reporting Framework* APS 3.5 and have not been offset unless required or permitted by a specific accounting standard.

In accordance with Accounting Policy Framework II *General Purpose Financial Reporting Framework* APSs 4.1 and 4.2 the financial report's Notes 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 from fees and charges is derived from the provision of goods and services to other SA Government agencies and to the public. This income is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Income from the disposal of assets is recognised when control of the asset has passed to the buyer and is determined by comparing proceeds with the carrying amount. When revalued assets are sold, the revaluation increments are transferred to retained earnings in accordance with Accounting Policy Framework III *Asset Accounting Framework* APS 3.11.

Resources received free of charge are recorded as revenue in the Income Statement at the fair value in accordance with the Accounting Policy Framework III *Asset Accounting Framework* APS 2.12.

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Lisoful Lives

(f) Income and Expenses (continued)

The Commonwealth Government provides reimbursement for the provision of emergency services to protect Commonwealth properties. Under a South Australian Department of Treasury and Finance formula, this grant is apportioned between SACFS and the South Australian Metropolitan Fire Service. The grant reported as income is the portion received by the SACFS.

(g) Revenues from SA Government

Contributions from the Community Emergency Services Fund are recognised as income when SACFS obtains control over the funding. Control over funding is normally obtained upon receipt.

(h) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash includes cash on hand, cash at bank and investments that are readily converted to cash and are used in the cash management function on a day-to-day basis. Cash is measured at nominal value.

(i) Receivables

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

Receivables arise in the normal course of selling goods and services to other agencies and to the public. Receivables are receivable 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 selling goods and services to other agencies and to the public. If payment has not been received within 90 days after the amount falls due, under the terms and conditions of the arrangement with debtors, SACFS is able to charge interest at commercial rates until the whole amount is paid.

SACFS determines an allowance for doubtful debts based on a review of balances within receivables that are unlikely to be collected. These are generally receivables that are 90 days or more overdue.

(j) Non-Current Asset Acquisition and Recognition

Assets are initially recorded at cost, 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 Balance Sheet.

In accordance with Accounting Policy Framework III Asset Accounting Framework APS 2.15, all non-current assets with a value of \$10 000 or greater are capitalised.

(k) Valuation of Non-Current Assets

Property, plant and equipment are brought to account at fair value. On an ongoing basis, revaluations are made in accordance with a regular policy whereby independent valuations are obtained every three years and carrying amounts are adjusted accordingly.

- (i) Independent valuations for land, buildings and vehicles were obtained in 2005-06 from Liquid Pacific Holdings Pty Ltd and were determined on the basis of open market values for existing use.
- (ii) Capital works in progress represent costs accumulated during the construction or development of an asset and is valued at cost.
- (iii) Plant and equipment, computer equipment and communications equipment are at historical cost.

(I) Impairment

All non-current tangible 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 asset's revaluation reserve.

Impairment is generally limited to where an asset's depreciation is materially understated or where the replacement cost is falling.

(m) Depreciation of Non-Current Assets

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each depreciable non-current asset over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets with annual reassessments for major items.

	OSCIULEIVCS
Asset Class:	Years
Communications equipment	5-10
Vehicles	5-20
Plant and equipment	5-10
Computer equipment	5-10
Buildings	30-45

(n) 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 the normal operations of SACFS.

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 of receipt of the invoice in accordance with Treasurer's Instruction 11 *Payment of Creditors' Accounts*.

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

(o) 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.

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.

Liabilities 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 salaries and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

The liability for long service leave is recognised after an employee has completed 10 years of service as advised in Accounting Policy Framework IV *Financial Asset and Liability*. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with SACFS's experience of employee retention and leave taken.

SACFS makes contributions to several SA 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 superannuation funds.

(p) Workers Compensation

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment prepared by Taylor Fry Consulting Actuaries. SACFS's liability is an allocation of the Justice Portfolio's total assessment.

A separate valuation of liabilities of SACFS has not been undertaken and if such a valuation was performed it may result in a different assessed liability. SACFS fully funds this provision for both employees and volunteers.

(q) Operating Leases

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 Income Statement on a basis which is representative of the pattern of benefits derived from the leased assets.

(r) Administrative Restructuring

Pursuant to the Government Gazette (dated 29 September 2005) a number of employees of the former Emergency Services Administrative Unit were transferred to the South Australian Country Fire Service (refer Note 25).

3. Financial Risk Management

SACFS has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). SACFS's exposure to market risk and cash flow interest risk is minimal.

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

In relation to liquidity/funding risk, the continued existence of SACFS in its present form, and with its present programs, is dependent on Government policy and on continuing grants from the Community Emergency Services Fund for SACFS's administration and programs.

4. Changes in Accounting Policies

Impact of Adopting Australian Equivalents to International Financial Reporting Standards (AIFRS) SACFS adopted AIFRS for the first time for the year ended 30 June 2006. AIFRS has had no impact on the financial statements.

5.	Employee Benefit Costs	Conse	olidated	Country Fire Service	
	Employee benefit costs for the reporting	2006	2005	2006	2005
	period comprised:	\$′000	\$'000	\$′000	\$'000
	Salaries and wages	6 481	5 346	6 481	5 346
	Payroll tax	390	299	390	299
	Superannuation	595	456	595	456
	Long service leave	286	233	286	233
	Other employee related expenses	112	110	112	110
		7 864	6 444	7 864	6 444

Average Number of Employees during the Reporting Period

On average, SACFS employed 94 (70) people throughout the reporting period.

Remuneration of Employees	Cor	nsolidated	Countr	y Fire Service
The number of employees whose remuneration	2006	2005	2006	2005
received or receivable fell within the following	Number of	Number of	Number of	Number of
bands were:	Employees	Employees	Employees	Employees
\$100 000 - \$109 999	6	5	6	5
\$110 000 - \$119 999	1	-	1	-
\$120 000 - \$129 999	1	-	1	-
\$130 000 - \$139 999	-	1	-	1
\$140 000 - \$149 999	-	1	-	1
\$230 000 - \$239 999	1	-	1	-
Total Number of Employees	9	7	9	7

The aggregate remuneration for all employees referred to above was \$1 087 000 (\$789 000).

Board Members' Remuneration

The number of members whose income from the former Country Fire Service Board falls within the following bands was:	2006 Number of	2005 Number of
board rails within the following bands was.	Members	Members
\$0 - \$9 999	4	4
\$10 000 - \$19 999	-	1
Total Number of Board Members	4	5

Total remuneration received by those members was \$13 000 (\$48 000), which includes fringe benefits and superannuation contributions. The Country Fire Service Board was dissolved on 1 October 2005.

6.	Supplies and Services	Conso	lidated	Country Fire Service	
	Supplies and services provided by entities within	2006	2005	2006	2005
	the SA Government	\$'000	\$′000	\$′000	\$′000
	Accommodation	56	45	56	45
	Aerial support costs	102	49	102	49
	Communication expenses	152	26	152	26
	Computing costs	121	-	121	-
	Consultancy, contractor and legal fees	153	-	153	-
	Consumables and minor purchases	17	233	17	233
	Energy	6	2	6	2
	Operating lease costs	267	827	267	827
	Operational costs	2	121	2	121
	Other expenses	320	259	320	259
	Repairs and maintenance	28	351	28	351
	Travel and training	4	5	4	5
	Uniforms and protective clothing	-	18	-	18
	Total Supplies and Services -				
	SA Government Entities	1 228	1 936	1 228	1 936

6. Supplies and Services (continued)

	Consolidated		Country Fire Servic	
Supplies and services provided by entities external	2006	2005	2006	2005
to the SA Government:	\$'000	\$′000	\$′000	\$'000
Accommodation	26	11	26	11
Aerial support costs	2 838	2 337	2 838	2 337
Communication expenses	1 663	2 038	1 663	2 038
Computing costs	61	175	61	175
Consultancy, contractor and legal fees	842	484	842	484
Consumables and minor purchases	4 207	3 357	4 207	3 357
Energy	372	294	372	294
Operating lease costs	1 544	736	1 544	736
Operational costs	512	338	512	338
Other expenses	1 662	2 790	1 560	2 786
Repairs and maintenance	3 934	3 354	3 934	3 354
Travel and training	1 700	1 475	1 700	1 475
Uniforms and protective clothing	3 193	1 259	3 193	1 259
Total Supplies and Services -				
Non-SA Government Entities	22 554	18 648	22 452	18 644
Total Supplies and Services	23 782	20 584	23 680	20 580

7. Consultancies

8.

10.

The number and dollar amount of consultancies

paid/payable that fell within the following bands	Number of	Number of	Number of	Number of
were:	Consultants	Consultants	Consultants	Consultants
Less than \$10 000	4	1	4	1
\$10 000 - \$50 000	2	1	2	1
Above \$50 000		1	-	1
Total Number of Consultants	6	3	6	3
	Consolidated		Countr	y Fire Service
	2006	2005	2006	2005
	\$'000	\$′000	\$'000	\$′000
Less than \$10 000	11	2	11	2
\$10 000 - \$50 000	38	23	38	23
Above \$50 000	-	100	-	100
Total Amount Paid/Payable to				
Consultants Engaged	49	125	49	125
Auditors' Remuneration The amount due and payable for audit services:				
Auditor-General's Department	20	20	20	20
Other		1		
Total Auditor's Remuneration	20	21	20	20

Consolidated

2005

2006

Country Fire Service

2005

2006

The auditors provided no other services.

9. Government Radio Network (GRN) Costs

SACFS has been charged by the Department for Administrative and Information Services for costs associated with the provision of emergency communication services, including voice, paging and data transmission using the GRN.

	Cons	olidated	Country I	Fire Service
	2006	2005	2006	2005
	\$′000	\$′000	\$'000	\$'000
Contribution towards GRN - Voice	7 709	7 704	7 709	7 704
Contribution towards GRN - Paging	1 627	1 503	1 627	1 503
Total GRN Costs	9 336	9 207	9 336	9 207
Depreciation				
Depreciation expenses for the reporting period were charged in respect of:				
Communications equipment	2 032	1 824	2 032	1 824
Vehicles	6 852	6 793	6 852	6 793
Plant and equipment	261	247	261	247
Computer equipment	310	210	310	210
Buildings	1 341	1 291	1 341	1 291
Total Depreciation	10 796	10 365	10 796	10 365

11.	Net Loss from Disposal of Assets	Conso	lidated	Country F	ire Service
	•	2006	2005	2006	2005
		\$′000	\$′000	\$'000	\$'000
	Proceeds from disposal of assets	518	32	518	32
	Less: Net book value of assets disposed	693	321	693	321
	Net Loss from Disposal of Assets	(175)	(289)	(175)	(289)
12.	Revenues from Fees and Charges Fees and charges received/receivable from entities within the SA Government:				
	Training and other recoveries	139	107	139	107
	Incident cost recoveries	271	172	271	172
	Total Fees and Charges -				
	SA Government Entities	410	279	410	279
	Fees and charges received/receivable from entities external to the SA Government:	240	120	240	120
	Training and other recoveries Other	240	129 1	240	129 1
	Total Fees and Charges -	-	1	-	<u>1</u>
	Non-SA Government Entities	240	130	240	130
	Total Fees and Charges	650	409	650	409
13.	Interest Interest received/receivable for the reporting period from:				
	Entities within the SA Government	331	340	331	340
	Other	16	9	-	
	Total Interest Received	347	349	331	340

14. Assets Received from Local Government and Other Sources

Since 1999 negotiations have been undertaken to identify and transition land, buildings, minor plant and equipment and motor vehicles from Local Government, community organisations and other sources into the ownership or the care and control of the Minister for Emergency Services (the Minister).

As at 30 June 2006 all known vehicles, appliances, minor plant and equipment have been transferred to the Minister. Security of tenure by way of transfer, rededication, lease or licence for approximately 96 percent of all land and buildings has been negotiated, including 15 additional properties (valued at fair value of \$1.035 million) and 7 additional vehicles (valued at fair value of \$0.127 million) formally transitioned into the control of the Minister during the 2005-06 financial year following the finalisation of agreements with various parties and independent assessments of property values.

15.	Other Income	Cons	olidated	Country Fir	e Service
		2006	2005	2006	2005
	Other income for the reporting period comprised:	\$′000	\$′000	\$′000	\$′000
	Donations	130	16	38	-
	Rent received	80	78	80	78
	Fuel rebate	53	46	53	46
	Commonwealth grants	514	514	514	514
	Transfer of capital funding for GRN	274	-	274	-
	Other	493	199	493	199
	Total Other Income	1 544	853	1 452	837
16.	Cash and Cash Equivalents				
	Cash on hand	2	2	2	2
	Cash at bank	2 023	1 223	1 864	1 066
	Cash at bank - Groups and Brigades	2 324	2 321	2 324	2 321
	Investments	168	-	-	-
	Investments - Groups and Brigades	1 845	1 523	1 845	1 355
		6 362	5 069	6 035	4 744

Interest Rate Risk

Cash on hand is non-interest bearing, cash at bank and investments bear a floating interest rate between 5.35 percent and 5.48 percent. The carrying amount of cash approximates fair value.

17.	Receivables	Cons	olidated	Country Fir	e Service
		2006	2005	2006	2005
	Current:	\$′000	\$′000	\$′000	\$′000
	Receivables	440	359	439	359
	Accrued revenues	-	32	-	31
	GST receivable	1 466	1 066	1 466	1 066
	Total Current Receivables	1 906	1 457	1 905	1 456
	Receivables from SA Government entities:				
	Receivables	273	346	273	346
	Total Receivables - SA Government Entities	273	346	273	346
	Receivables from Non-SA Government entities:				
	Receivables	166	13	166	13
	Accrued revenues	1	32	-	31
	GST receivable	1 466	1 066	1 466	1 066
	Total Receivables - Non-SA Government Entities	1 633	1 111	1 632	1 110
	Total Receivables	1 906	1 457	1 905	1 456

Interest Rate and Credit Risk

18.

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 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. In addition, there is no concentration of credit risk.

. No	on-Current Assets		solidated		re Service
(a	 Property, Plant and Equipment 	2006	2005	2006	2005
		\$'000	\$′000	\$'000	\$′000
	Land at valuation	7 022	7 091	7 022	7 091
	Land at cost	-	337	-	337
	Total Land	7 022	7 428	7 022	7 428
	Buildings at valuation	27 126	23 233	27 126	23 233
	Less: Accumulated depreciation	53	2 107	53	2 107
		27 073	21 126	27 073	21 126
	Buildings at cost	1 242	2 556	1 242	2 556
	Less: Accumulated depreciation	194	345	194	345
	· ·	1 048	2 211	1 048	2 211
	Total Buildings	28 121	23 337	28 121	23 337
	Total Property	35 143	30 765	35 143	30 765
			30703	00 1 10	30,00
	Vehicles at valuation	52 046	59 988	52 046	59 988
	Less: Accumulated depreciation	693	13 049	693	13 049
		51 353	46 939	51 353	46 939
	Vehicles at cost	2 798	13 760	2 798	13 760
	Less: Accumulated depreciation	590	1 179	590	1 1 1 7 9
		2 208	12 581	2 208	12 581
	Total Vehicles	53 561	59 520	53 561	59 520
	Total venicles	55 501	J9 J20	55 501	<u>J9 J20</u>
	Communications equipment at cost	20 897	20 351	20 897	20 351
	Less: Accumulated depreciation	7 878	5 877	7 878	5 877
	Total Communications Equipment	13 019	14 474	13 019	14 474
	Computer equipment at cost	2 333	1 790	2 333	1 790
	Less: Accumulated depreciation	962	805	962	805
	Total Computer Equipment	1 371	985	1 371	985
	Total compater Equipment		505	10/1	505
	Plant and equipment at cost	4 056	4 102	4 056	4 102
	Less: Accumulated depreciation	2 439	2 330	2 439	2 330
	Total Plant and Equipment	1 617	1 772	1 617	1 772
	Total work in progress at cost	4 377	3 279	4 377	3 279
	Total Property, Plant and Equipment	109 088	110 795	109 088	110 795

Impairment

There were no indications of impairment for property, plant and equipment as at 30 June 2006.

Reconciliation of Non-Current Assets

The following table shows the movement of non-current assets during 2005-06.

	Land and Buildings \$'000	Vehicles \$'000	Communi- cation Equipment \$'000	Computer Equipment \$'000	Plant and Equipment \$'000	Work in Progress \$'000	2006 Total \$'000
Carrying amount at 1 July Additions Transferred from work in progress	30 765 - 2 638	59 520 16 5 715	14 474 - 586	985 396 300	1 772 106	3 279 10 337 (9 239)	110 795 10 855
Disposals Revaluation Depreciation Transfer from various parties	(458) 2 504 (1 341) 1 035	(226) (4 739) (6 852) 127	(9) (2 032)	(310)	(261)		(693) (2 235) (10 796) 1 162
Carrying Amount at 30 June	35 143	53 561	13 019	1 371	1 617	4 377	109 088

The following table shows the movement of non-current assets during 2004-05.

	Land and Buildings \$'000	Vehicles \$'000	Communi- cation Equipment \$'000	Computer Equipment \$'000	Plant and Equipment \$'000	Work in Progress \$'000	2005 Total \$'000
Carrying amount at 1 July	25 090	61 478	13 895	592	1 804	2 015	104 874
Additions	224	-	211	17	10	12 283	12 745
Transferred from work in progress	3 001	4 989	2 233	590	206	(11 019)	-
Disposals	(121)	(154)	(41)	(4)	(1)	-	(321)
Revaluation	2 288	-	-	-	-	-	2 288
Depreciation	(1 291)	(6 793)	(1 824)	(210)	(247)	-	(10 365)
Transfer from various parties	1 574	-	-	-	-	-	1 574
Carrying Amount at 30 June	30 765	59 520	14 474	985	1 772	3 279	110 795

Pavables 19.

).	Payables	Conso	lidated	Country Fi	re Service
	Payables comprise the following:	2006	2005	2006	2005
	Current Liabilities:	\$′000	\$′000	\$′000	\$′000
	Creditors	2 259	821	2 259	818
	Accrued expenses	721	789	721	788
	Employment on-costs	129	89	129	89
		3 109	1 699	3 109	1 695
	Non-Current Liabilities:				
	Employment on-costs	125	111	125	111
	Total Payables	3 234	1 810	3 234	1 806
	Payables to SA Government Entities:				
	Creditors	1 334	31	1 334	31
	Accrued expenses	422	415	422	415
	Employment on-costs	122	95	122	95
	Total Payables - SA Government Entities	1 878	541	1 878	541
	Payables to Non-SA Government Entities:				
	Creditors	925	790	925	787
	Accrued expenses	299	374	299	373
	Employment on-costs	132	105	132	105
	Total Payables - Non-SA Government Entities	1 356	1 269	1 356	1 265
	Total Payables	3 234	1 810	3 234	1 806

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 approximates net fair value due to the amounts being payable on demand.

Fmnlovee Benefits 20.

Employee Benefits	Conso	lidated	Country Fir	e Service
	2006	2005	2006	2005
Current Liabilities:	\$′000	\$′000	\$′000	\$′000
Annual leave	719	452	719	452
Long service leave	20	20	20	20
	739	472	739	472
Accrued salaries and wages (included in payables)	187	78	187	78
Employment on-costs (included in payables)	129	89	129	89
	1 055	639	1 055	639
Non-Current Liabilities:				
Long service leave	1 289	934	1 289	934
Employment on-costs (included in payables)	125	111	125	111
	1 414	1 045	1 414	1 045

21.	Provisions	Conso	lidated	Country Fir	re Service
		2006	2005	2006	2005
	Current Liabilities:	\$'000	\$′000	\$′000	\$′000
	Provision for workers compensation	532	667	532	667
	Total Current Provisions	532	667	532	667
	Non-Current Liabilities:				
	Provision for workers compensation	2 123	3 018	2 123	3 018
	Total Non-Current Provisions	2 123	3 018	2 123	3 018
	Total Provisions	2 655	3 685	2 655	3 685
	Carrying amount at 1 July	3 685	3 207	3 685	3 207
	Additional provisions recognised (released)	(533)	1 237	(533)	1 237
	Payments	(497)	(759)	(497)	(759)
	Carrying Amount at 30 June	2 655	3 685	2 655	3 685

22. Commitments

(a) Commitments for Capital Expenditure

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial report are payable as follows:

	Consolidated		Country Fire Service	
	2006	2005	2006	2005
	\$′000	\$′000	\$'000	\$'000
Within one year	6 552	4 455	6 552	4 455

These capital commitments are for vehicles, fire stations and other equipment.

(b) Operating Lease Commitments

Commitments under non-cancellable operating

leases at the reporting date are payable as follows:

Later than five years	<u>274</u> 5 359	<u>228</u> 4 134	<u>274</u> 5 359	<u>228</u> 4 134
Later than one year but not later than five years	3 341	2 678	3 341	2 678
Within one year	1 744	1 228	1 744	1 228

The abovementioned operating lease payments are not recognised in the financial statements as liabilities.

These non-cancellable leases relate to vehicle and property leases, with rental payable monthly in arrears. Contingent rental provisions within the lease agreements require the minimum lease payments to be increased annually based on CPI movement.

(c)	Contractual Commitments	Consolidated		Country Fire Service	
	At the end of the reporting period SACFS had	2006	2005	2006	2005
	the following commitments on contracts:	\$′000	\$′000	\$′000	\$′000
	Within one year	2 282	4 737	2 282	4 737
	Later than one year but not later than five years	2 341	3 339	2 341	3 3 3 9
		4 623	8 076	4 623	8 076

Contractual commitments relate to aerial bombing, cleaning and occupational welfare services.

23. Contingent Liabilities

SACFS has several contingent liabilities in the form of unresolved litigation. The majority of these liabilities are likely to be finalised early in the 2006-07 financial year, however the outcome cannot be reliably determined. There is also the possibility of a significant class action relating to the January 2005 Wangary (Eyre Peninsula) bushfire, the outcome and timing of which cannot be reliably determined.

24. Cash Flow Reconciliation Reconciliation of Cash

econciliation of Cash	Consolidated		Country Fire Service	
Cash at year end as per:	2006	2005	2006	2005
	\$'000	\$′000	\$′000	\$′000
Cash Flow Statement	6 362	5 069	6 035	4 744
Balance Sheet	6 362	5 069	6 035	4 744

Reconciliation of Net Cash provided by Operating	Cons	solidated	Country F	Fire Service
Activities to Net Cost of providing Services	2006	2005	2006	2005
	\$′000	\$′000	\$′000	\$′000
Net cash provided by operating activities	11 628	10 172	11 625	10 147
Less: Contributions from Community Emergency				
Services Fund	(50 856)	(50 946)	(50 856)	(50 946)
Add/Less: Non-cash items:				
Assets received from local government and other				
sources	1 162	1 574	1 162	1 574
Depreciation	(10 796)	(10 365)	(10 796)	(10 365)
Net loss from disposal of assets	(175)	(289)	(175)	(289)
Changes in Assets/Liabilities:				
Increase (Decrease) in receivables	448	(179)	448	(179)
(Increase) Decrease in payables	(1 421)	1 559	(1 421)	1 563
Increase in provision for employee benefits	(450)	(342)	(453)	(342)
Decrease (Increase) in provisions	Ì 03Ó	(478)	Ì 03Ó	(478)
Net Cost of providing Services	(49 430)	(49 294)	(49 436)	(49 315)

25. **Administrative Restructure**

Net employee entitlements were transferred from the former Emergency Services Administrative Unit (ESAU) to the South Australian Country Fire Service as at 1 October 2005.

The total liabilities transferred to SACFS from ESAU were:

Total Liabilities Transferred	172
Non-Current Liabilities - Employee benefits	104
Current Liabilities - Employee benefits	68
	\$'000
	2006

26. **Related Party Transactions**

Members of the Board, or their member-related entities, conduct transactions with SACFS within a normal supplier relationship on terms no more favourable than those with which it is reasonable to expect SACFS would have adopted with the member or member-related entity at arms-length in similar circumstances.

The former Country Fire Service Board was dissolved upon the commencement of the Fire and Emergency Service Act 2005 on 1 October 2005. Under the Act the Country Fire Service continues to exist as the South Australian Country Fire Service.

The names of persons who held office as a member of the Board during the period 1 July 2005 to 30 September 2005 were:

Mr R Dundon	Mr R Branson
Ms L Loan	Mr PJ Forster
Mr B Treloar	Mr R Peate

27. **Controlled Entity**

The consolidated financial statements at 30 June 2006 include the following controlled entity:

Name of Controlled Entity The Country Fire Service Foundation

Place of Incorporation Australia

The Country Fire Service Foundation (the Foundation) was incorporated on 22 November 2001 under the Associations Incorporations Act 1985.

COURTS ADMINISTRATION AUTHORITY

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The Courts Administration Authority was established pursuant to the *Courts Administration Act 1993*. The Authority is constituted of the State Courts Administration Council, the State Courts Administrator, and other staff of the Council.

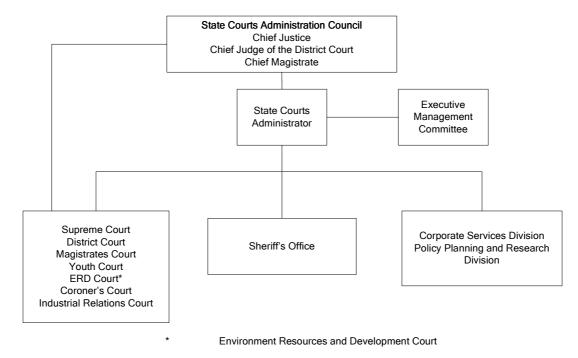
Functions

The function of the State Courts Administration Council, as an administrative authority independent of control of executive government, is to provide courts with the administrative facilities and services necessary for the proper administration of justice

The State Courts Administrator is responsible to the Council for management of the Council's staff and property.

Structure

The structure of the Courts Administration Authority is illustrated in the following organisation chart.



Changes to Functions and Structure

From 1 July 2005 the Policy Planning and Research Division was temporarily established to oversee the policy and planning activities of the Courts Administration Authority. The division also oversees the Court Reporting, Information Services and Communications units which were previously stand alone divisions/branches.

AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of the Financial Report

Subsection 31(1)(b) of the *Public Finance and Audit Act 1987* and section 27 of the *Courts Administration Act 1993* provide for the Auditor-General to audit the accounts of the Council for each financial year.

Assessment of Controls

Subsection 36(1)(a)(iii) of the *Public Finance and Audit Act 1987* provides for the Auditor-General to assess the controls exercised by the Courts Administration Authority 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 those controls are consistent with the prescribed elements of the Financial Management Framework as required by Treasurer's Instruction 2 *Financial Management Policies*.

Scope of Audit

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

During 2005-06, specific areas of audit attention included:

- cash at bank, including the adequacy of bank reconciliations
- expenditure, including accounts payable and payroll
- revenue, including court fees and fines
- non-current assets, including adequacy of asset register maintenance
- liabilities, including employee benefits
- Suitors' Funds operations at the Supreme and District Courts
- general ledger
- public, private partnerships
- corporate governance.

AUDIT FINDINGS AND COMMENTS

Audit Opinions

Audit of the Financial Report

In my opinion, the financial report presents fairly in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Courts Administration Authority as at 30 June 2006, the results of its operations and its cash flows for the year then ended.

Assessment of Controls

Audit formed the opinion that the controls exercised by the Courts Administration Authority 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 bank reconciliations and planning (under the financial management framework) as outlined under 'Audit Communications with Management', are sufficient to provide reasonable assurance that the financial transactions of the Courts Administration Authority have been conducted properly and in accordance with law.

Audit Communications with Management

Matters arising during the course of the audit were detailed in management letters to the State Courts Administrator. Responses to the management letters were generally considered to be satisfactory. Major matters raised with the Authority and the related responses are considered herein.

Bank Reconciliations

The financial activities of the Courts Administration Authority are primarily conducted through a Deposit Account with the Department of Treasury and Finance pursuant to section 21 of the *Public Finance and Audit Act 1987*.

Audit review of bank reconciliations revealed that whilst they have been prepared on a regular basis, a number of reconciling items are present each month. It is understood that the majority of these reconciling items accumulate as a result of system interface problems between the general ledger, subsidiary ledgers and the BankLink application.

Management has been able to identify the transactions associated with each variance and maintains a list of items to be corrected, however these transactions were not fully corrected on a timely basis throughout the year.

Management has acknowledged the importance of ensuring that all variances are corrected on a timely basis.

Planning

The Financial Management Framework requires a planning and analysis framework, consistent with related prescribed elements to be established and maintained by each agency.

Previous audits have communicated a number of issues in relation to planning and analysis frameworks used by the Courts Administration Authority against the requirements of the Financial Management Framework. These have included specific observations related to the preparation, use and monitoring of Strategic and Business Plans.

Review of Courts Administration Authority planning and analysis processes as part of the audit revealed that progress has been made in this area during 2005-06. Specifically, Audit is aware that the Courts Administration Authority has revisited its strategic planning process, however, during 2005-06 the Courts Administration Authority did not have strategic or business plans that satisfied all of the prescribed elements of the Financial Management Framework.

The Courts Administration Authority have indicated that a revised Strategic Plan is scheduled to be released later in the year.

e-Filing Facility Operations and Control

In 2004-05 an audit was undertaken of the Courts Administration Authority's e-Filing facility (previously known as 'e-Lodgement'). This facility allows legal practitioners and other registered users to enter details of public civil claims into the facility and then be issued with relevant court documents.

Last year's Report detailed a number of management and control issues concerning the operation of the facility. The issues related to the management of the outsourcing arrangement, weaknesses in system access controls, control over changes to the system and the need to establish a business continuity plan. The report indicated that the Courts Administration Authority would address the audit findings.

A follow-up audit was undertaken in 2006 to confirm remedial action intended to be taken by the Courts Administration Authority. The follow-up review revealed that the facility's operation was migrated from the outsourcing arrangement to in-house management by the Courts Administration Authority and Justice Technology Services of the Attorney-General's Department and that satisfactory action had been taken to address the issues raised in 2004-05.

INTERPRETATION AND ANALYSIS OF FINANCIAL REPORT

Highlights of Financial Report

	2006	2005	Percentage
	\$'million	\$'million	Change
EXPENSES			
Employee benefits costs	44	40	10
Other expenses	32	31	3
Total Expenses	76	71	7
INCOME			
Revenues from fees and charges	4	3	33
Other revenues	3	2	50
Total Income	7	5	40
Net Cost of Providing Services	69	66	5
REVENUES FROM/PAYMENTS TO SA GOVERNMENT			
Revenues from SA Government	69	65	6
Payments to SA Government	1	-	-
Net Result	(1)	(1)	-
Cash Generated from Operations	10	8	(25)

Courts Administration Authority

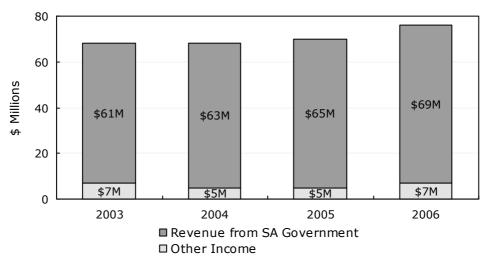
	2006	2005	Percentage
	\$'million	\$'million	Change
ASSETS			
Current assets	19	16	19
Non-current assets	130	107	22
Total Assets	149	123	21
LIABILITIES			
Current liabilities	8	6	33
Non-current liabilities	32	32	-
Total Liabilities	40	38	5
EQUITY	109	85	28

Income Statement

Income

Revenues from SA Government are the major source of funding for the Courts Administration Authority accounting for over 90 percent of total income.

A structural analysis of operating income for the Authority in the four years to 2006 is presented in the following chart.

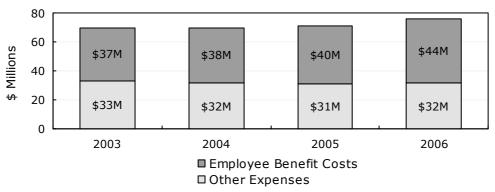


Expenses

Employee expenses increased by \$4 million or 10 percent to \$44 million during 2005-06 and is due mainly to wage increases, the impact of new road safety initiatives and funding provided for Coroner's Office staff.

The Authority's expenses reflect the costs incurred in performing its statutory responsibilities including the collection of administered income such as fines and court fees on behalf of the Government. This income is directly credited to the Consolidated Account and is reported under Administered Income.

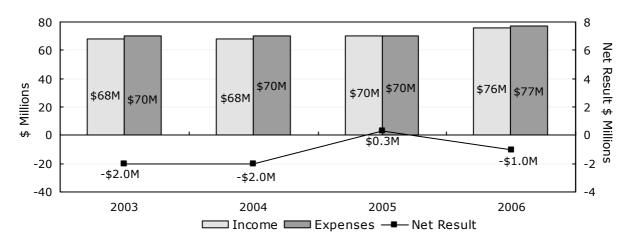
For the four years to 2006, a structural analysis of the main expense items for the Authority is shown in the following chart.



Net Result

The Authority's operations for 2006 resulted in a deficit of \$991 000 (surplus of \$347 000). The reported deficit in 2005-06 is attributable to increased employee benefit costs and other expenses.

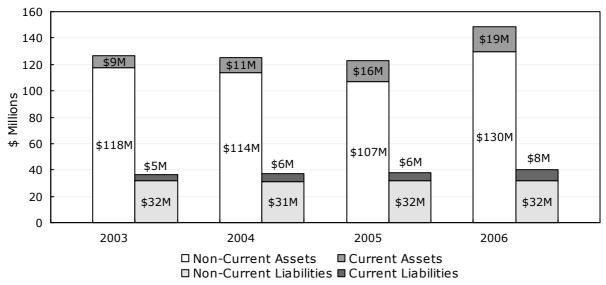
The following chart shows the income, expenses and surpluses/deficits for the four years to 2006.



Balance Sheet

Non-current assets increased by \$23 million or 22 percent to \$130 million due predominantly to the revaluation of land, buildings and works of art during 2005-06 and the construction of new buildings.

For the four years to 2006, a structural analysis of assets and liabilities is shown in the following chart.



Cash Flow Statement

The following table summarises the net cash flows for the four years to 2005.

	2006 \$′million	2005 \$'million	2004 \$'million	2003 \$'million
Net Cash Flows				
Operating Activities	10	7	5	3
Investing Activities	(6)	(1)	(1)	(1)
Financing Activities	(1)	(1)	(1)	(1)
Change in Cash	3	5	3	1
Cash at 30 June	18	15	10	7

Included in cash at 30 June 2006 is \$12 million, being accrual appropriation, which is only accessible for specific purposes with the approval of the Treasurer.

Administered Items

The Financial Report relating to administered items forms part of the Authority's Financial Report and follows Note 25.

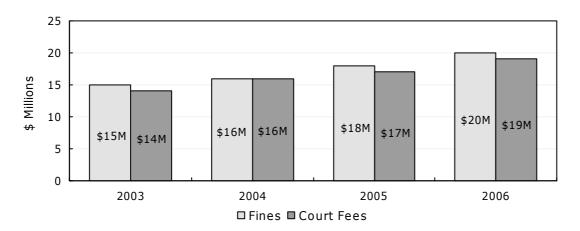
Fines and Court Fees

Income from Fines and Court fees are raised and collected by the Authority on behalf of the Government. The monies collected are paid directly to the Government.

During the year, Income from Fines and Court fees increased by \$4.1 million or 12 percent to \$39.1 million. The Courts Administration Authority has advised that the main factors which have contributed to the increased income, include:

- increases in court lodgement fees and expiation revenue;
- increased collection rates by the Fines Payment Unit including the impact of the additional red light and speed cameras;
- an increase in SAPOL expiation fees that have been passed on to the Courts Administration Authority for recovery by the Fines Payment Unit.

For the four years to 2006, a structural analysis of income from Fines and Court Fees are shown in the following chart.



Other Comments

Revenues from the SA Government are received by the Courts Administration to fund the payment of employment expenses of the Judiciary. Judicial salary and related expenses were \$26.5 million (\$24.3 million). The funding received covers the recurrent expenditure and does not extend to the Judiciary's leave liability.

FURTHER COMMENTARY ON OPERATIONS

Public, Private Partnership

In May 2005, Cabinet approved the execution of a 25 year service contract with a private company for regional South Australia Police (SAPOL) Stations and Courts Administration Authority Courts under a Public Private Partnership (PPP) project.

In June 2005, the Minister for Infrastructure signed a Project Agreement detailing the design, construction, maintenance, operation and ownership of facilities by a private sector contractor.

Courts Administration Authority

The bundled PPP project involves the sale of land at unimproved market value to the contractor and the lease back by the Government of new police stations and courts at:

- Port Lincoln new Court and Police Station
- Victor Harbor new Court and Police Station
- Port Pirie new Court
- Berri new Court and refurbished Police Station
- Mt Barker new Police Station
- Gawler new Police Station.

The Project Agreement provides for the Minister for Infrastructure to enter into leases for the new privately owned facilities on behalf of the State. During 2005-06 a number of these facilities were completed and these facilities are now occupied by SAPOL and the Courts Administration Authority. Indexed annual service payments which are subject to performance abatements consistent with the Project Agreement and other administrative payments are being made to the contractor.

For accounting purposes, the arrangement has been assessed as an operating lease consistent with the requirements of Australian Accounting Standard AASB 117 *Leases*.

Income Statement for the year ended 30 June 2006

		2006	2005
EXPENSES:	Note	\$′000	\$'000
Employee benefit costs	2	43 772	39 909
Supplies and services	3	26 133	23 971
Depreciation and amortisation expenses	4	4 020	4 466
Finance lease	5	1 297	1 341
Other expenses	6	891	795
Total Expenses		76 113	70 482
INCOME:			
Grants	7	589	861
Sale of goods and services	8	812	811
Revenue from fees and charges	9	4 161	3 105
Interest revenue	10	785	616
Net gain (loss) from the disposal of assets	11	(164)	2
Other revenue	12	625	-
Total Income		6 808	5 395
NET COST OF PROVIDING SERVICES		(69 305)	(65 087)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT			
Revenues from SA Government	13	69 618	65 678
Payment to SA Government	13	1 304	244
NET REVENUES FROM SA GOVERNMENT		68 314	65 434
NET RESULT IS ATTRIBUTABLE TO THE	13		
SA GOVERNMENT AS OWNER		(991)	347

Balance Sheet as at 30 June 2006

		2006	2005
CURRENT ASSETS:	Note	\$′000	\$′000
Cash and cash equivalents	14	17 534	15 113
Receivables	15	827	579
Non-current assets classified as held for sale	16	1 013	483
Total Current Assets		19 374	16 175
NON-CURRENT ASSETS:			
Property, plant and equipment	16	129 890	106 768
Total Non-Current Assets		129 890	106 768
Total Assets		149 264	122 943
CURRENT LIABILITIES:			
Payables	17	2 411	1 544
Employee benefits	18	4 374	3 116
Provisions	19	501	453
Other current liabilities	20	814	769
Total Current Liabilities		8 100	5 882
NON-CURRENT LIABILITIES:			
Payables	17	969	780
Employee benefits	18	7 333	6 597
Provisions	19	2 005	2 339
Other non-current liabilities	20	21 876	22 698
Total Non-Current Liabilities		32 183	32 414
Total Liabilities		40 283	38 296
NET ASSETS		108 981	84 647
EQUITY:			
Contributed Capital		3 140	-
Retained earnings		76 286	77 278
Asset revaluation reserve		29 555	7 369
TOTAL EQUITY	21	108 981	84 647
THE TOTAL EQUITY IS ATTRIBUTABLE TO THE			
SA GOVERNMENT AS OWNER			
Commitments for expenditure	22		
Contingent Assets and Liabilities	23		

Statement of Changes in Equity for the year ended 30 June 2006

			Asset		
		Contributed	Revaluation	Retained	
		Capital	Reserve	Earnings	Total
	Note	\$′000	\$′000	\$′000	\$'000
Balance at 30 June 2004	_	-	10 697	76 931	87 628
Loss on revaluation of plant and equipment					
during 2004-05		-	(3 328)	-	(3 328)
Total recognised income and expense					
for 2004-05		-	-	347	347
Balance at 30 June 2005	-	-	7 369	77 278	84 647
Restated balance at 30 June 2005	-	-	7 369	77 278	84 647
Gain on revaluation of property during 2005-06	16	-	22 186	-	22 186
Total recognised income and expense	-				
for 2005-06		-	-	(991)	(991)
Equity contribution from SA Government	-	3 140	-	-	3 140
Balance at 30 June 2006	21	3 140	29 555	76 286	108 981

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

Cash Flow Statement for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
CASH FLOWS FROM OPERATING ACTIVITIES:		(Outflows)	(Outflows)
CASH OUTFLOWS:	Note	\$'000	\$′000
Employee benefit payments		(41 626)	(37 822)
Supplies and services		(25 468)	(23 946)
GST Paid on Purchases		(3 200)	(2 070)
GST remitted to ATO		(127)	(112)
Finance Lease		(1 297)	(1 340)
Other Payments		(734)	(790)
Cash used in Operations		(72 452)	(66 080)
CASH INFLOWS:			
Grants		589	861
Receipts from fees and charges		5 647	4 198
GST receipts on receivables		153	119
GST input tax credits		2 885	2 028
Other receipts		625	594
Cash generated from Operations		9 899	7 800
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		72 758	65 678
Payments to SA Government		(1 304)	(244)
Cash generated from SA Government		71 454	65 434
Net Cash provided by Operating Activities		8 901	7 154
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of property, plant and equipment		(5 733)	(1 265)
Cash used in Investing Activities		(5 733)	(1 265)
CASH INFLOWS:		(0100)	(
Proceeds from sales of property, plant and equipment		30	2
Cash generated from Investing Activities		30	2
Net Cash used in Investing Activities		(5 703)	(1 263)
		(0700)	(1 200)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Repayment of finance lease		(777)	(735)
Cash used in Financing Activities		(777)	(735)
Net Cash used in Financing Activities		(777)	(735)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2 421	5 156
CASH AND CASH EQUIVALENTS AT 1 JULY		15 113	9 957
CASH AND CASH EQUIVALENTS AT 30 JUNE	24	17 534	15 113

Program Schedule of Expenses and Income for the year ended 30 June 2006

				2006	
	Program	1	2	3	Total
EXPENSES:					
Employees benefit costs		38 083	2 016	3 673	43 772
Supplies and services		23 702	456	1 975	26 133
Depreciation and amortisation expenses		3 919	31	70	4 020
Borrowing costs		1 297	-	-	1 297
Other expenses		769	73	49	891
Total Expenses	_	67 770	2 576	5 767	76 113
INCOME:	_	\$′000	\$′000	\$′000	\$'000
Grants		584	-	5	589
Sale of goods and services		783	-	29	812
Regulatory fees		425	-	3 736	4 161
Interest Revenue		717	-	68	785
Net loss from disposal of assets		(164)	-	-	(164)
Other		540	-	85	625
Total Income	_	2 885	-	3 923	6 808
NET COST OF SERVICES	_	(64 885)	(2 576)	(1 844)	(69 305)
Revenues from SA Government	_	61 987	2 356	5 275	69 618
Payments to SA Government		1 161	44	99	1 304
NET RESULT	_	(4 059)	(264)	3 332	(991)

Program 1 Court and Tribunal Case Resolution Services

The resolution of criminal, civil, appellate, coronial and probate matters in the State's courts and tribunals.

Program 2 Alternative Dispute Resolution Services

Services for resolving disputes between citizens, and disputes between citizens and the State; as well as the education, training, information and advice processes which aim to prevent disputes.

Program 3 Penalty Management Services

The management of penalties arising from court orders, the enforcement of court orders as well as the recovery of debts, and the administration and execution of warrants.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

1.1 Objectives and Funding

The Courts Administration Authority (the Authority) operates within the *Courts Administration Act 1993*. Its principal objective is to provide quality administration to the Judiciary and to ensure an effective and accessible courts system.

Currently, the major priorities of the Authority and the State Courts Administration Council are to:

- increase the community's understanding of the operations of the courts and provide new and increased avenues for community feedback into the operations of the courts;
- improve court facilities and other aspects of dealing with the courts;
- foster an environment and a management framework wherein judicial officers, staff and volunteers can contribute to improved performance of the courts system;
- keep up to date with technological developments and apply those that are appropriate to the improved performance of the courts system;
- cooperate with other parts of the justice system to improve access to justice and to improve performance of the justice system overall.

1.2 Financial Arrangements

The Authority is predominantly funded by Parliamentary appropriations. However, some services are provided on a fee for service basis. The major activities conducted on a fee for service basis include:

- sheriff's officer fees;
- reminder fees;
- sale of electronic information.

The financial activities of the Authority are primarily conducted through a Deposit Account with the Department of Treasury and Finance pursuant to section 21 of the *Public Finance and Audit Act 1987*. The Deposit Account is used for funds provided by Parliamentary appropriation together with revenues from fees for service.

Refer to Notes 1.19 and 1.20 for accounting arrangements relating to Administered Items.

1.3 Basis of Accounting

The financial report is a general purpose financial report. The accounts have been prepared in accordance with applicable Australian Accounting Standards and Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987* (PFAA).

These financial statements are the first statements to be prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AIFRS).

AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these statements. Previous financial statements were prepared in accordance with Australian Generally Accepted Accounting Principles.

Assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits embodied in the asset, or sacrifices, will eventuate and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities, which are unrecognised, are reported as commitments in Note 20.

Revenues and expenses are recognised in the Income Statement when and only when the flows or consumptions or loss of economic benefits has occurred and can be reliably measured. Some revenues are recognised when cash is received because only at this time can the Authority be certain about the amounts to be collected. These items include administered revenues such as fines, revenues received on behalf of other Government agencies and the Authority's fee for service revenue such as reminder notice fees attached to fine penalty notices.

The continued existence of the Authority in its present form, and with its present programs, is dependent on Government policy and on continuing appropriations by Parliament to fund the Authority's administration and programs.

The Schedules of Administered Revenues and Expenses, Assets and Liabilities and Cash Flows are prepared on the same basis and using the same policies as for operating items, except where otherwise stated at Notes 1.19 and 1.20.

1.4 Changes in Accounting Policy

Impact of Adopting Australian Equivalents to International Financial Reporting Standards Australia will be adopting Australian equivalents to International Financial Reporting Standards (AIFRS) for reporting periods commencing on or after 1 January 2005. The Authority will adopt these standards for the first time in the published financial report for the year ended 30 June 2006.

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, requires disclosure of any key differences in accounting policies, and known or reliably estimable information about the impact on this financial report had this report been prepared using the Australian equivalents to the IFRS.

The Authority has assessed the significance of the adoption of the standards for the purpose of their implementation. This has involved assessment of accounting policy and topics in existing Australian Accounting Standards and Australian equivalents to IFRS to determine any key differences and significant financial impacts.

The adoption of AIFRS has not resulted in any material adjustments to the Income Statement or Cash Flow Statement.

In accordance with AASB 5 *Non-Current Assets Held for Sale and Discontinued Operations*, non-current assets available for sale have been disclosed as a separate class of assets on the balance sheet. Assets classified as non-current assets classified as held for sale are not depreciated and are measured at the lower of carrying amount and fair value less selling costs. The Authority has identified items of property, plant and equipment that are available for sale and disclosed the details in Note 15.

In addition, a number of Australian Accounting Standards have been issued or amended and are applicable to the Agency but are not yet effective. The Agency has assessed the impact of the new and amended standards and there will be no impact on the accounting policies of the Agency.

1.5 Public Private Partnership

In May 2005, Cabinet approved the execution of a 25 year service contract with Plenary Justice Pty Ltd (Plenary) for regional police stations for South Australia Police and courts for the Courts Administration Authority (CAA)

In June 2005, the Minister for Infrastructure signed a Project Agreement detailing the design, construction, maintenance, operation and ownership of facilities by a private sector contractor (Plenary).

The bundled PPP project involved the sale of the land at unimproved market value to Plenary and lease back by the Government of new police stations and courts at:

Port Lincoln	(Court and Police station)
Victor Harbour	(Court and Police station)
Port Pirie	(Court)
Berri	(Court and Police station)
Mt Barker	(Police station)
Gawler	(Police station)

For accounting purposes the lease has been determined to be an operating lease.

The move to the PPP model will impact on CAA's financial performance through additional lease costs. Under the PPP agreement SAPOL is responsible for paying lease payments to Plenary for sites occupied by both SAPOL and CAA. SAPOL invoices CAA for the sites that they occupy. (Refer Note 20.)

The PPP agreement required Plenary to pay into Consolidated Account the unimproved market value of the above stated locations. As a part of this process the CAA disposed of the Berri PPP site for nil consideration during 2005-06. The impact of this action has resulted in the recognition of a loss on disposal of assets (Refer Note 11). This has also resulted in a decrease in the total carrying value of Buildings and Improvements as at 30 June 2006 (Refer Note 15) and a reduced depreciation expense in 2005-06 (Refer Note 3). The remaining PPP sites identified for disposal are now include in the Balance Sheet under Current Assets and have been classified as 'Non-current assets classified as held for sale'.

1.6 Comparative Figures

Where applicable, comparative figures have been adjusted to conform to changes in the current year.

1.7 Rounding

Amounts have been rounded to the nearest \$1 000.

1.8 Taxation

CAA is liable for payroll tax, fringe benefits tax, goods and services tax (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 where the amount of GST incurred by the Authority as a purchaser is not recoverable from the Australian Taxation Office. Receivables and payables are stated with the amount of GST included.

Cash flows are reported on a gross basis in the Cash Flow Statement. The GST component of the cash flows arising from investing or financing activities, which are recoverable from, or payable to, the Australian Taxation Office have however been classified as operating cash flows.

1.9 Income and Expenses

Income and expense are recognised in the Authority's Income Statement when and only when it is probable that the flow of economic benefits to or from the entity will occur and can be reliably measured.

Income and expenses have been classified according to their nature in accordance with Accounting Policy Framework II *General Purpose Financial Reporting Framework* APS 3.5 and have not been offset unless required or permitted by a specific accounting standard.

In accordance with Accounting Policy Framework II *General Purpose Financial Reporting Framework* APSs 4.1 and 4.2 the financial report's noted 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.

Revenues

The revenues described in this Note are revenues relating to the core operating activities of the Authority. *(a) Revenue from Government-Agency Appropriations*

- Control over appropriations and grants are normally obtained upon their receipt.
- (b) Other Revenue

The Authority provides some services on a fee for service basis. The major activities conducted on a fee for service basis include:

- sheriff's officer fees;
- reminder fees;
- sale of electronic information.

Revenues (continued)

The Authority also recovers the costs of good and services incurred where appropriate.

Most of this revenue is recognised at the time the cash is received because only at this time can the Authority be certain about the amounts to be collected. Examples of this include fee for service revenue such as reminder notice fees attached to fine penalty notices and sheriff's officer fees. However, some revenues, such as sale of electronic information, are recognised at the time the service is provided.

1.10 Current and Non-Current Classification

Assets and liabilities are characterised as either current or non-current in nature. CAA 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 Authority has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

1.11 Cash

Cash comprises Deposit Accounts with the Department of Treasury and Finance as well as cash on hand.

1.12 Financial Instruments

Accounting policies for financial instruments are stated at Notes 23 and 31.

1.13 Acquisitions of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

1.14 Property (Land and Buildings), Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases with an individual value of less than \$5 000, which are expensed in the Income Statement at the time they are acquired.

Revaluations

Land, buildings and improvements controlled by the Authority are recorded at amounts based on valuation and cost. Valuations are prepared by Valcorp Australia Pty Ltd, licensed valuers. Land, buildings and improvements are revalued every three years, with the current valuations reflecting valuations performed as at 30 June 2006.

The Authority has applied AASB 116 *Property, Plant and Equipment* for the valuation of land, buildings and improvements at fair value.

Valuations of works of art and collections were performed by Rushton Valuers Pty Ltd, licensed valuers. Works of art and collections are measured at fair value and are not depreciated. The valuations currently brought to account for works of art and collections were made as at 30 June 2006. Heritage assets are not disclosed by a specific heritage type but form part of the aggregate value of property, plant and equipment and are included within the category 'Works of art and collections'.

The balance brought to account for library collections represents the fair value as at 30 June 2006 based on information provided by Valcorp Australia Pty Ltd, licensed valuer.

Depreciation and Amortisation

All non-current assets, with the exception of land, works of art and collections have a limited useful life and are systematically depreciated in a manner, which reflects the consumption of service potential. The depreciation rates are reviewed annually. The major asset categories are subject to straight-line depreciation over the following periods:

	Years
Buildings and Improvements	30-60
Computing	3-10
Office furniture and equipment	10
Library collections - other	20
Leasehold improvements	Life of Lease
Other (general equipment)	5-10

1.15 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.

(a) 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 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 employees is estimated to be less than the annual entitlement of sick leave.

The liability for long service leave is recognised after an employee has completed 7 years of service in accordance with Accounting Policy Framework IV *Financial Asset and Liability Framework*. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with CAA's experience of employee retention and leave taken.

Employment on-costs relating to employee benefits owing, are recognised as liabilities in the Balance Sheet. Employee benefits and employment on-costs accruing during the reporting period are treated as an expense in the Income Statement.

(b) Superannuation

The Authority made contributions of \$9.7 million (\$8.7 million) to Employer Contribution Accounts administered by the South Australian Superannuation Board, in respect of future superannuation liabilities. 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.

(c) Workers Compensation

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 Branch of the Department for Administrative and Information Services.

The workers compensation provision is based on an actuarial assessment prepared by Taylor Fry Consulting Actuaries. For the 2006 valuation, the Justice, DETE, DHS and all other portfolios have been analysed separately. The Authority's liability is an allocation of the Justice Portfolio's total assessment.

1.16 Leases

The Authority has entered into a number of operating lease agreements for the provision of photocopiers and some office and IT equipment where the lessors effectively retain all of the risks and benefits incidental to ownership of these items. Equal instalments of the lease payments are charged to the Income Statement over the lease term, as this is representative of the pattern of benefits to be derived from the leased property. Refer to Note 1.4 for details relating to the PPP operating lease. Details of commitments under non-cancellable operating leases are disclosed in Note 20.

The Authority's rights and obligations under finance leases, which are leases that effectively transfer to the Authority substantially all of the risks and benefits incidental to ownership of the leased items, are initially recognised as assets and liabilities equal in amount to the nominal value of the minimum lease payments. The assets are disclosed as 'Building under finance lease', and are amortised to the Income Statement over the period during which the Authority is expected to benefit from the use of the leased assets.

Minimum lease payments are allocated between interest expenses and reduction of the lease liability, according to the interest rate implicit in the lease. Details of finance leases are disclosed in Note 18.

1.17 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. No foreign currency receivables and payables existed as at balance date.

1.18 Insurance

The Authority has insured for risks through the South Australian Government Captive Insurance Corporation (SAICORP). These risks include property and public liability as well as professional indemnity.

1.19 Administered Revenue

All revenues described in this Note are revenues relating to the operating activities performed by the Agency on behalf of the Government and other government agencies. Fines revenue, a significant proportion of court fees revenue, and amounts received on behalf of other agencies is recognised at the time cash is received due to the uncertainty in the amounts to be collected.

(a) Revenue from Government-Administered Appropriations

Appropriations for Administered Expenses represents funding required to meet Judicial expenses and are recognised upon their receipt.

(b) Fines

The Authority receives revenue from infringement notices issued to offenders committing offences under various acts and regulations, principally the *Road Traffic Act 1961*.

(c) Court Fees

The Authority processes revenue from fees charged under regulations to various Acts. Examples of these fees include lodgement fees in the various jurisdictions and sales of transcript and evidence.

(d) Revenue Received on behalf of/for Other Government Agencies

The Authority receives revenue on behalf of other government agencies, which it forwards to them on a regular basis. An example of this is revenue received in respect of the Victims of Crime levy, which is paid to the Attorney-General's Department.

The administered funds receivable balance, recorded in the Schedule of Administered Assets and Liabilities, includes amounts due in respect of sales of transcript and certain court fees. The remaining administered receivables are not recorded in the Schedule of Administered Assets and Liabilities, as there is significant uncertainty as to the amount, which will be collected. Total administered receivables owing to the Authority, but not recognised were \$112.1 million (\$100.5 million).

In addition, the Authority receives reimbursements from other Government agencies for items such as witness expenses, which it receives from the Attorney-General's Department.

1.20 Administered Expenses

- (a) Payments to Consolidated Account
 - Administered Fees and Fines collected by the Authority are paid directly to the Consolidated Account.
- (b) Judicial Expenses

The Authority makes payments pursuant to the *Remuneration Act 1990* for members of the judiciary. These expenses include judicial salaries and related on-costs, judicial vehicle expenses and Fringe Benefits Tax.

The Authority is dependent on support from the Crown to meet accruing entitlement obligations recognised in the financial statements.

2.	Employee Benefits Cost Employee benefits for the reporting period comprised: Salaries and wages Payroll tax and superannuation expenses Long service leave expenses TVSPs Other	2006 \$'000 35 267 6 298 1 482 625 100	2005 \$'000 31 954 5 526 1 435 - 994
	Total	43 772	39 909
	Targeted Voluntary Separation Packages (TVSPs) Amount paid to these employees: TVSP payments Annual and long service leave paid during the reporting period	625 469	-
	Recovery from the Department of Treasury and Finance	(625)	-

Number of employees who were paid TVSPs during the reporting period was 6 (nil).

Remuneration of Employees Remuneration includes salary and non-monetary benefits. The number of employees whose remuneration received or receivable fell within the following bands were:	2006 Number of Employees	2005 Number of Employees
Recurrent Salaries:		
\$100 000 - \$109 999	4	2
\$110 000 - \$119 999	3	3
\$120 000 - \$129 999	-	2
\$130 000 - \$139 999	4	-
\$140 000 - \$149 999	1	1
\$150 000 - \$159 999	1	-
\$210 000 - \$219 999	-	1
\$220 000 - \$229 999	-	3
\$230 000 - \$239 999	3	-
\$240 000 - \$249 999	2	-
\$250 000 - \$259 999	1	-
\$290 000 - \$299 999	-	1
Total Number of Employees in these Bands	19	13

The aggregate remuneration for all employees referred to above was \$3 million (\$2 million).

Related Party Disclosures

No transactions have been entered into by the Authority with any board/staff member of a business in which a board/staff member has either a direct or indirect pecuniary interest.

27

133

861

27

79

589

Supplies and Services 2006 2005 Supplies and services expenses for the reporting period comprised: \$'000 \$'000 Accommodation expenses - SA Government 9 056 8 493 Administration expenses - Non-SA Government Administration expenses - SA Government 7 906 7 453 255 188 Computing and communications - Non-SA Government 3 061 2 392 Computing and communications - SA Government 958 749 Coronial charges - Non-SA Government Coronial charges - SA Government 1 990 1 845 735 681 Jurors' expenses 1 140 1 348 755 Sheriff officer payments 1 099 Total* 26 133 23 971

* The total includes other expenses paid or payable to SA Government entities where the amount paid or payable to the SA Government was less than \$100 000. Expenses over \$100 000 are separately disclosed.

Consultancies

з.

4.

5.

6.

7.

Guardianship Board

Other

Total

Consultancies			
Total expenditure on consultancies amount to	\$84 000 (\$22 000).	2006	2005
		\$'000	\$'000
Individual consultancies costing more than \$50	000	-	
Individual consultancies costing between \$10 (000 and \$50 000	29	10
Project	Consultant		
Digital Audio Technology Business Case	Lizard Drinking		
Asset Revaluation	VALCORP Australia		
Total cost of consultancies less than \$10 000		55	12
14 Consultancies			
Depreciation and Amortisation Expenses			
Depreciation and amortisation expenses for th respect of:	e reporting period were charged in		
Buildings and improvements		1 849	1 847
In-house developed computer software		-	1 058
Computing		425	365
Finance lease on building		830	830
Office furniture and equipment		240	92
Works of art		375	-
Library collections Leasehold improvements		199 102	172 102
Total		4 020	4 466
Finance Lease			
Finance lease on building		1 297	1 341
Total		1 297	1 341
Other Expenses	ricod.		
Other expenses for the reporting period compr Operating lease payments	iseu.	526	518
Other		262	196
Total*		788	714
 The total includes other expenses paid or p to the SA Government was less than \$100 		here the amount paid	l or payable
Auditor's Remuneration			
Audit fees paid/payable to the Auditor-Genera	l	103	81
Total Audit Fees - SA Government Enti	ties	103	81
No other services were provided by the Audito	r-General.		
Grants			
Grants for the reporting period comprised:			
Hayden Matter		11	409
Court Assessment Referral Drug Scheme (Youth Court (CARDS)	LAKUS)	341	230
Industrial Court - Sheriff's Office service		84 47	22 41
		4/	41

8.	Sale of Goods and Services	2006	2005
0.	Fees and charges for the reporting period comprised:	\$'000	\$'000
	Sale of electronic information	155	295
	Recoups for services	431	339
	Rent recoups	226	177
	Total	812	811
9.	Revenues from Fees and Charges		
-	Licence disqualification and reminder fees	2 183	1 759
	Sheriff's officer fees	1 055	994
	Photocopying	99	105
	Other regulatory fees	824	247
	Total	4 161	3 105
10.	Interest Revenue		
	Investment Revenue	785	616
	Total	785	616
11.	Net Gain (Loss) from the Disposal of Assets		
	Proceeds from disposal of assets	25	2
	Total value PPP Assets disposed (Berri)	(189)	-
	Total	(164)	2
12.	Other Revenue		
12.	TVSP	625	-
	Total	625	-
13.	Revenues from (Payment to) Government Revenues from SA Government:		
	Appropriations from Consolidated Account pursuant to the		
	Appropriation Act	69 618	65 678
	Total Revenues from SA Government	69 618	65 678
	Payments to SA Government:	1 20 4	244
	Return of surplus cash pursuant to cash alignment policy	1 304	244
	Total Payments to SA Government	1 304	244
14.	Cash and Cash Equivalents		
	Cash on hand and on deposit comprised:		
	Deposit account with the Department of Treasury and Finance Deposit account with the Department of Treasury and Finance	5 898	4 104
	(Accrual Appropriation)	11 606	10 979
	Cash on hand (including petty cash)	30	30
	Total	17 534	15 113
15.	Receivables Receivables comprised:		
	GST receivable	182	55
	Fees for service	469	327
	Interest receivable	14	22
	Pre-payments comprised:		
	Supplies and services	162	175
	Supplies and services Total*	<u> </u>	<u>175</u> 579

* The total includes other expenses paid or payable to SA Government entities where the amount paid or payable to the SA Government was less than \$100 000.

2006

16. **Property, Plant and Equipment**

(a)

Summary of Balances Land at fair value Buildings and improvements at fair value Building under construction at cost Building under finance lease at fair value Leasehold improvements at cost Computing at cost Office furniture and equipment at cost In-house developed computer software at cost Library collections at fair value Works of art and collections at fair value	Cost/ Valuation \$'000 22 669 75 365 5 246 33 191 1 033 3 886 883 7 688 11 200 70	Accumulated Depreciation/ Amortisation \$'000 - - (19 085) (523) (3 365) (680) (7 688) - -	Written Down Value \$'000 22 669 75 365 5 246 14 106 510 521 203 - 11 200 70
Total	161 231	(31 341)	129 890
	Cost/	Accumulated Depreciation/	2006 Written Down
Non-Current Assets Classified as held for sale: Land Buildings and improvements	Valuation 430 3 493	Amortisation - (2 910)	Value 430 583
Total	3 923	(2 910)	1 013

As a result of PPP projects several items of Land and Buildings will be surplus to requirements in the next 12 months. 2005

			2005
		Accumulated	Written
	Cost/	Depreciation/	Down
	Valuation	Amortisation	Value
	\$'000	\$′000	\$′000
Land	15 913	-	15 913
Buildings and improvements	104 398	(35 606)	68 792
Building under construction	891	-	891
Building under finance lease	33 191	(18 255)	14 936
Leasehold improvements	1 033	(421)	612
Computing	5 068	(4 432)	636
Office furniture and equipment	1 484	(1 052)	432
In-house developed computer software	7 688	(7 688)	-
Library collections	4 713	(172)	4 541
Works of art and collections	498	-	498
	174 877	(67 626)	107 251

(b) **Reconciliation of Non-Current Assets**

The following table shows the movement of Non-Current Assets during 2005-06.

Carrying amount at 1 July	Land \$'000 15 913	Buildings and Improve- ments \$'000 68 792	Buildings- Leasehold Improve- ments \$'000 612	Building under Finance Lease \$'000 14 936	Building under Construc- tion \$'000 891	2006 Total Land & Buildings \$'000 101 144
Additions Assets reclassified to assets	475	-	-	-	4 405	4 880
held for sale	(430)	(583)	-	-	-	(1 013)
Disposals Revaluation Increment	(60)	(128)	-	-	-	(188)
(Decrement)	6 721	9 133	-	-	-	15 854
Depreciation/amortisation	-	(1 849)	(102)	(830)	-	(2 781)
Other Charges	50	-	-	-	(50)	-
Carrying Amount at						
30 June	22 669	75 365	510	14 106	5 246	117 896

(b) Reconciliation of Non-Current Assets (continued)

(b) Reconcination of		(00)	incina cu y			Total	
			In-house			Plant	
		Office	Developed		Works of	Equipment	
		Furniture &	Computer	Library	Art and	and	2006
	Computing	Equipment	Software	Collections	Collections	Collections	Total
	\$'000	\$'000	\$′000	\$′000	\$′000	\$′000	\$'000
Carrying amount at 1 July	637	432	-	4 541	498	6 108	107 251
Additions	313	14	-	527	-	854	5 734
Assets reclassified to assets							
held for sale	-	-	-	-	-	-	(1 013)
Disposals	(4)	(2)	-	-	-	(6)	(194)
Revaluation Increment							
(Decrement)	-	-	-	6 331	(54)	6 277	22 132
Depreciation/amortisation	(425)	(240)	-	(199)	(375)	(1 239)	(4 020)
Other Charges	-	(1)	-	-	1	-	-
Carrying Amount at		· · · ·					
30 June	521	203	-	11 200	70	11 994	129 890

17. Davables

Payables	2006	2005
	\$'000	\$′000
Creditors and accruals	389	257
Accrued expenses	1 418	795
On-costs on provision for employee benefits	1 573	1 272
Total [*]	3 380	2 324

* The totals include other expenses paid or payable to SA Government entities where the amount paid or payable to the SA Government was less than \$100 000.

18. **Employee Benefits**

Current:		
Accrued salaries and wages	782	505
Accrued TVSP	625	-
Long service leave	653	533
Annual leave	2 314	2 078
Total	4 374	3 116
Non-Current:		
Long service leave	7 003	6 359
Annual leave	330	238
Total	7 333	6 597
Total Employee Benefits*	11 707	9 713

* The total current and non-current employee expense (ie aggregate employee benefit plus related on-costs) for 2006 is \$4 978 000 and \$8 303 000 respectively.

19. Provisions

Workers compensation liabilities advised by the Public Sector Workforce Relations Branch of the Department for Administrative and Information Services, comprised:

	2006	2005
Current:	\$′000	\$′000
Income maintenance	205	318
Other	296	135
Total	501	453
Non-Current:		
Income maintenance	825	1 660
Other	1 180	679
Total	2 005	2 339
Total Provisions	2 506	2 792
Carrying Amount at 1 July	2 792	2 114
Increase in the provision	-	678
Decrease in the provision	(286)	
Carrying Amount at 30 June	2 506	2 792

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 Occupational Health and Injury Management Branch of the Department for Administrative and Information Services.

20. **Other Liabilities** 2006 2005 Finance Lease commitments: \$'000 \$'000 Payable no later than one year 5 185 5 029 Payable later than one year and not later than five years 20 741 20 115 Payable later than five years 62 223 65 372 Minimum lease payments 88 150 90 516 Less: Future finance charges and contingent rentals 65 452 67 041 Lease Liability 22 698 23 475 Classified as: 822 Current - Finance lease 783 Current - Other (8) (6) Non-Current 21 876 23 475 22 698 24 252

A finance lease exists in relation to Sir Samuel Way building. The lease is non-cancellable for a term of 40 years.

21.	21. Equity		Accumulated Surplus		Contributed Capital		Asset Revaluation Reserve		l Equity
		2006	2005	2006	2005	2006	2005	2006	2005
	Balance as 1 July	\$′000 77 277	\$′000 76 931	\$′000 -	\$′000 -	\$′000 7 369	\$′000 10 697	\$′000 84 646	\$′000 87 628
	Net surplus (deficit) from	(001)	247						
	operating activities Contributed Capital	(991) -	347	- 3 140	-	-	-	(991) 3 140	347
	Revaluation Increment (Decrement)			_		22 186	(3 328)	22 186	(3 328)
	Balance at 30 June	76 286	77 278	3 140	-	29 555		108 981	84 647
22.	Commitments							2006	2005
	BY TYPE: Capital Commitments:						:	\$′000	\$′000
	Land and buildings ⁽¹⁾						-	6 824	10 845
	Total Capital Commitme	nts						6 824	10 845
	Remuneration Commitments:								
	Employment contracts ⁽⁴⁾						:	3 178	4 007
	Total Remuneration Con	nmitments	;				-	3 178	4 007
	Other Commitments:								
	Operating leases ⁽²⁾							565	688
	PPP lease ⁽³⁾						4	4 388	-
	Miscellaneous Total Other Commitmen	h-a						<u>1</u> 4 954	<u>4</u>
		ts							692
	Net Commitments						54	4 956	15 544
	BY MATURITY:								
	Capital and Other Net Commitmer	nts:							6 596
	Within one year	aar than fi						9 790 8 012	6 526 9 018
	Later than one year but no lon Later than five years	yer than IN	e years					7 154	9 010
	Capital and Other Net Co	ommitmen	ts					4 956	15 544

Commitments are GST inclusive where relevant.

(1) Outstanding contractual arrangements for building under construction.

(2) Operating leases are effectively non-cancellable and relate to photocopiers, IT and other leased equipment used by the Authority. Rental is payable monthly in arrears generally for a four year term with an option to renew at the end of the term.

- (3) PPP Operating lease is for 25 years.
- (4) Remuneration commitments relate to payment of salaries under employment contracts.

23. Contingent Assets and Liabilities

The Authority has no material contingent assets or liabilities as at 30 June 2006.

24.	Cash Flow Reconciliation	2006	2005
	Reconciliation of Cash - Cash at 30 June as per	\$'000	\$'000
	Cash Flow Statement	17 534	15 113
	Balance Sheet	17 534	15 113
	Reconciliation of Net Cash provided by (used in) Operating Activities to Net Cost of providing services Net cash provided by operating activities Less: Revenues from SA Government Add: Payment to SA Government Add/Less: Non-cash items: Depreciation/amortisation Revaluation (decrements) increments Changes in Assets/Liabilities:	8 901 (69 618) 1 304 (4 020) (3 359)	7 154 65 678 (244) 4 466 2
	Increase (Decrease) in receivables	261	(260)
	Decrease in other assets	(13)	(420)
	Increase in employee entitlements	(1 994)	(1 266)
	(Decrease) Increase in payables	(1 057)	273
	Increase (Decrease) in other liabilities	289	(670)
	Net Cost of providing Services	(69 305)	(65 087)

25.

Financial Instruments (a) Terms, Conditions and Accounting Policies

(a) Terms, Condition	Note	Accounting Policies Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
Financial Assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	14	Deposits are recognised at their nominal amounts. Interest is credited as it accrues.	Cash comprises Deposit Accounts at the Department of Treasury and Finance. Interest is earned on the average daily balance based on the average of the 90 day bank bill rate. The average 90 day bank bill rate for the year ended 30 June 2006 was 5.7 percent.
Receivables	15	These receivables are recognised at their nominal amounts less any provision for doubtful debts.	Credit terms are net 30 days.
Financial Liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Finance Lease Liabilities	20	Liabilities are recognised at the present value of the minimum lease payments at the inception of the lease.	At the reporting date, the Authority had a finance lease with a 40 year term which expires on 30 June 2023.
		The discount rate used was an estimate of the interest rate implicit in the lease.	The interest rate implicit in the lease at its inception was 5.61 percent.
			Rental payments under the lease arrangements are indexed by the Consume Price Index.
			Rental payments for 2005-06 equate to 15. percent of the value of the lease at its inception.
Payables	17	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received.	Settlement is normally made net 30 days.

(b) Interest Rate Risk

Interest Rate Risk Financial Instruments	-	1	Floating	2006 Interest Rate	e	Non-	2005	Weighted Average Effective
		1 year or less	1-2 years	2-5 years	5 years	Interest Bearing	2006 Total	Interest Rate
Financial Assets:	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	Percent
Cash	14	17 504	-	-	-	30	17 534	5.7
Receivables	15	-	-	-	-	665	665	n/a
Total Financial Assets	-	17 504	-	-	-	695	18 199	
Financial Liabilities:	Note							
Finance lease	20	822	869	2 920	18 087	-	22 698	5.6
Payables	17	-	-	-	-	1 807	1 807	n/a
Total Financial Liabilities	_	822	869	2 920	18 087	1 807	24 505	

			Floating	2005 Interest Rate	2	Non-		Weighted Average Effective
		1 year			Over	Interest	2005	Interest
		or less	1-2 years	2-5 years	5 years	Bearing	Total	Rate
Financial Assets:	Note	\$′000	\$′000	\$′000	\$′000	\$′000	\$'000	Percent
Cash	14	15 083	-	-	-	30	15 113	5.6
Receivables	15	-	-	-	-	404	404	n/a
Total Financial Assets	_	15 083	-	-	-	434	15 517	
Financial Liabilities:	Note							
Finance lease	20	777	1 599	2 761	19 115	-	24 252	5.6*
Payables	17	-	-	-	-	1 052	1 052	n/a
Total Financial Liabilities		777	1 599	2 761	19 115	1 052	25 304	

Net Fair Values of Financial Assets and Liabilities (c)

Financial Assets The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

Financial Liabilities

The net fair value for trade creditors is approximated by their carrying values.

* The net fair value of the finance lease at 30 June 2006 was \$65.5 million (\$67 million). This reflects the indexation of the rental payments by the CPI and as at 30 June 2006 the interest rate implicit in the lease is higher than at its inception.

(d) Credit Risk Exposure

The Authority's maximum exposure to credit risk at the reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

The Authority has no significant exposures to any concentrations of credit risk.

Schedule of Administered Income and Expenses for the year ended 30 June 2006

		2006	2005
	Note	\$'000	\$′000
EXPENSES:			
Judicial benefits	26	26 545	24 288
Administered expenses		6 169	7 461
Payments to consolidated account		39 985	36 075
Other expenses		848	802
Total Expenses		73 547	68 626
INCOME:			
Revenues from SA Government		26 781	24 683
Fines		20 459	17 844
Court fees		18 650	17 182
Administered Revenues		6 184	7 461
Transcript fees		920	1 181
Other income		22	3
Total Income		73 016	68 354
OPERATING DEFICIT		(531)	(272)

Schedule of Administered Assets and Liabilities as at 30 June 2006

		2006	2005
CURRENT ASSETS:	Note	\$′000	\$'000
Cash and cash equivalents	27	1 917	11 438
Receivables	28	3 391	911
Total Current Assets		5 308	12 349
CURRENT LIABILITIES:			
Payables	29	5 243	12 996
Judicial benefits	30	1 859	2 972
Total Current Liabilities		7 102	15 968
NON-CURRENT LIABILITIES:			
Payables	29	1 053	564
Judicial benefits	30	4 958	3 091
Total Non-Current Liabilities		6 011	3 655
Total Liabilities		13 113	19 623
NET ASSETS		(7 805)	(7 274)
EQUITY:			
Accumulated deficit	31	(7 805)	(7 274)
TOTAL EQUITY		(7 805)	(7 274)

Statement of Changes in Administered Equity as at 30 June 2006

		Asset					
		Contributed	Revaluation	Retained			
	Note	Capital	Reserve	Earnings	Total		
		\$′000	\$′000	\$′000	\$′000		
Balance at 30 June 2004		-	-	(7 002)	(7 002)		
Operating surplus/deficit		-	-	(272)	(272)		
Balance at 30 June 2005		-	-	(7 274)	(7 274)		
Restated balance at 30 June 2005		-	-	(7 274)	(7 274)		
Operating surplus/deficit			-	(531)	(531)		
Balance at 30 June 2006	31	-	-	(7 805)	(7 805)		

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

Schedule of Administered Cash Flows for the year ended 30 June 2006

		2006	2005
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$′000	\$′000
CASH INFLOWS:			
Fines		20 916	17 844
Receipts from SA Government		23 999	24 683
Court fees		18 627	17 050
Administered revenue		6 066	5 938
Transcript fees		929	1 181
Total Cash Inflows		70 537	66 696
CASH OUTFLOWS:			
Judicial salary and related payments		(25 791)	(23 880)
Payments to Consolidated Account		(36 304)	(35 099)
Administered expenses		(17 115)	(6 376)
Other payments		(848)	(802)
Total Cash Outflows		(80 058)	(66 157)
Net Cash (Outflows) Inflows from Operating Activities	32	(9 521)	539
NET (DECREASE) INCREASE IN CASH HELD		(9 521)	539
CASH AND CASH EQUIVALENTS AT 1 JULY		11 438	10 899
CASH AND CASH EQUIVALENTS AT 30 JUNE		1 917	11 438

Program Schedule of Administered Income and Expenses for the year ended 30 June 2006

			2	006	
	Program	1	2	3	Total
INCOME:		\$′000	\$′000	\$′000	\$′000
Revenues from SA Government		26 781	-	-	26 781
Fines		11	-	20 448	20 459
Court fees		8 723	-	9 927	18 650
Administered revenues		701	-	5 483	6 184
Transcript fees		920	-	-	920
Other income		4	-	18	22
Total Income	_	37 140	-	35 876	73 016
EXPENSES:					
Judicial salary and related expenses		26 545	-	-	26 545
Administered expenses		701	-	5 468	6 169
Payments to Consolidated Account		9 643	-	30 342	39 985
Other expenses		841	-	7	848
Total Expenses	—	37 730	-	35 817	73 547
OPERATING (DEFICIT) SURPLUS	_	(590)	-	59	(531)

Program 1: Court and Tribunal Case Resolution Services

The resolution of criminal, civil, appellate, coronial and probate matters in the State's courts and tribunals.

Program 2: Alternative Dispute Resolution Services

Services for resolving disputes between citizens, and disputes between citizens and the State; as well as the education, training, information and advice processes, which aim to prevent disputes.

No Administered activity under this program - Controlled only activity.

Program 3: Penalty Management Services

The management of penalties arising from court orders, the enforcement of court orders as well as the recovery of debts, and the administration and execution of warrants.

The Authority does not track Assets and Liabilities at program level and therefore figures can not be reliably measured.

26.	Judicial Benefits	2006	2005
	Judicial salary related expenses comprised:	\$'000	\$'000
	Salaries and wages	19 022	17 615
	Payroll tax and superannuation expenses	5 859	5 094
	Long service leave expenses	1 002	953
	Other	662	627
	Total	26 545	24 288
	Remuneration of Judiciary Remuneration includes salary and non-monetary benefits: The number of judicial officers whose remuneration received or receivable fell within the following bands were: Special Acts \$120 000 to \$129 999 \$130 000 to \$139 999 \$140 000 to \$149 999 \$150 000 to \$159 999 \$160 000 to \$169 999 \$170 000 to \$179 999 \$180 000 to \$189 999 \$190 000 to \$199 999	2006 Number of Judicial Officers - 2 - - - 1 - 1	2005 Number of Judicial Officers 1 - 3 1 1 1 1 1 1

Remuneration of Judiciary (continued)	2006 Number of Judicial Officers	2005 Number of Judicial Officers
\$200 000 to \$209 999	-	-
\$210 000 to \$219 999	-	4
\$220 000 to \$229 999	3	6
\$230 000 to \$239 999	4	12
\$240 000 to \$249 999	8	6
\$250 000 to \$259 999	8	5
\$260 000 to \$269 999	10	2
\$270 000 to \$279 999	5	1
\$280 000 to \$289 999	2	-
\$290 000 to \$299 999	-	1
\$300 000 to \$309 999	-	1
\$310 000 to \$319 999	2	1
\$320 000 to \$329 999	-	3
\$330 000 to \$339 999	-	16
\$340 000 to \$349 999	5	-
\$350 000 to \$359 999	18	1
\$360 000 to \$369 999	-	2
\$370 000 to \$379 999	-	10
\$380 000 to \$389 999	1	-
\$390 000 to \$399 999	10	-
\$400 000 to \$409 999	1	-
\$410 000 to \$419 999	-	1
\$430 000 to \$439 999	-	1
\$440 000 to \$449 999	1	-
Total Number of Judiciary in these Bands	81	81

The aggregate remuneration for all the judicial officers referred to above was \$24.6 million (\$22.8 million)

27.		inistered Cash and Cash Equivalents	2006 \$′000	2005 \$'000
		eposit account with the Department of Treasury and Finance	1 917	11 438
28.		inistered Receivables		
	_	ebtors and accruals	3 378	808
		ransfer expenses yet to be claimed ST receivables	- 13	96 7
		Total	3 391	911
29.		inistered Payables		
		et transfers payable to Consolidated Account	-	11 392
	-	reditors and accruals ransfer revenue received and not forwarded	4 739 -	621 336
		n-costs on provision for judicial benefits	504	647
		Total	5 243	12 996
	Non-	Current:		
	0	n-costs on provision for judicial benefits	1 053	564
30.	(a)	<i>Judicial Benefits</i> Current:		
		Accrued salaries and wages	392	436
		Long service leave	453	1 540
		Annual leave	1 014	996
		Total	1 859	2 972
		Non-Current: Long service leave	4 639	2 836
		Annual leave	319	255
		Total	4 958	3 091

The total current and non-current employee expense (ie aggregate employee benefit plus related on-costs) for 2006 is \$2.4 million and \$6 million respectively.

31.	Administered Equity	2006	2005
	Balance at 1 July Net decrease in administered net assets	\$′000 (7 274) (531)	\$′000 (7 002) (272)
	Balance at 30 June	(7 805)	(7 274)
32.	Administered Cash Flow Reconciliation Reconciliation of Cash - Cash at 30 June as per:		
	Schedule of Administered Cash Flows	1 917	11 438
	Schedule of Administered Assets and Liabilities	1 917	11 438
	Reconciliation of Net Cash Inflows (Outflows) to Operating Deficit		
	Net cash (outflows) inflows from Operating Activities Changes in Administered Assets/Liabilities:	(9 521)	539
	Increase in receivables	2 480	139
	(Increase) Decrease in Judicial entitlements	(754)	51
	Increase (Decrease) in payables	7 264	(1 001)
	Net Cash used in Operating Activities	(531)	(272)

33. Administered Financial Instruments

(a) Terms, Conditions and Accounting Policies

Accounting Policies and Methods (include						(includin	e of Underlying Instrument ding significant terms and			
Fina	ncial Instrument	Note		ing recogn asuremen		eria		s affecting d certaint		
Finai	ncial Assets		control o is estab	I assets are over future lished and t can be relia	economic t he amount	oenefits of the				
Cash 27		Deposits are recognised at their nominal amounts.			Cash comprises a Deposit Account at the Department of Treasury and Finance. The administered cash balance is non-interest bearing.					
Receivables 28			These receivables are recognised at Credit terms are net 30 days. their nominal amounts less any provision for doubtful debts.							
Financial Liabilities			Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.							
Payables 29		29	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received.			Settlement is normally made net 30 days.				
(b)	Interest Rate Risk Financial Instruments	s				2006				Weighted Average
				1 year or less	Floating/Fix 1-2 years	xed Interes 2-5 years	st Rate Over 5 years	Non- Interest Bearing	2006 Total	Effective Interest Rate
	Financial Assets: Cash Receivables Total Financial A s	ssets	Note 27 28	\$′000 - - -	\$′000 - - -	\$′000 - -	\$′000 - - -	\$'000 1 917 <u>3 391</u> 5 308	\$'000 1 917 <u>3 391</u> 5 308	Percent n/a n/a
Financial Liabilities: Payables			29	-	-	-	_	6 296	6 296	n/a
	Total Financial Li	abilities	-	-	-	-	-	6 296	6 296	

2005 Weighted Interest Rate Risk (continued) Average Effective Floating/Fixed Interest Rate Non-2005 Over Interest Interest 1 year Bearing or less 1-2 years 2-5 years 5 years Total Rate Financial Assets: Note \$′000 \$'000 \$′000 \$′000 \$′000 \$′000 Percent 27 28 Cash 11 438 11 438 n/a Receivables 911 911 n/a **Total Financial Assets** 12 349 12 349 Financial Liabilities: Payables 29 13 560 13 560 13 560 n/a **Total Financial Liabilities** 12 349

34. Trust Monies

(b)

In addition, the Authority holds monies pending the outcome of court decisions. These monies are excluded from the financial statements as the Authority cannot use them for the achievement of its objectives. The following is a summary of the transactions in the jurisdictions' trust accounts.

Supreme Court Suitor Account	2006	2005
	\$'000	\$′000
Balance at 1 July	7 331	22 952
Receipts	1 548	2 706
	8 879	25 658
Less: Payments	6 066	18 327
Balance at 30 June	2 813	7 331
District Court Suitor Account		
Balance at 1 July	943	1 881
Receipts	616	928
	1 559	2 809
Less: Payments	798	1 866
Balance at 30 June	761	943
Sheriff's Office Trust Account		
Balance at 1 July	301	242
Receipts	737	1 089
	1 038	1 331
Less: Payments	838	1 030
Balance at 30 June	200	301
Magistrates' Courts Suitor Account		
Balance at 1 July	3 470	3 170
Receipts	12 073	10 827
·	15 543	13 997
Less: Payments	11 458	10 527
Balance at 30 June	4 085	3 470

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