# 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

First Session, Fifty-First Parliament

# **Part B: Agency Audit Reports**

# Volume I

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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.

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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*.

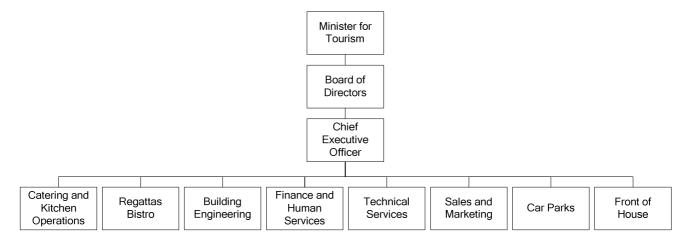
# Functions

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.

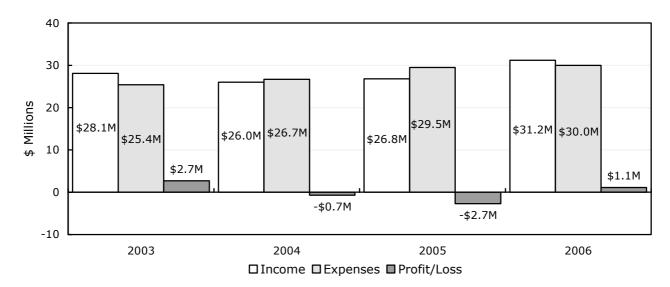
Expenses from property management activities decreased by \$2.1 million to \$8.5 million. The decrease is mainly due to a net loss on revaluation of assets which was incurred during 2004-05.

# 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

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## 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<br>Accounting Policy<br>and impact | Application<br>Date<br>of Standard | Application<br>Date for the<br>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<br>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                                | <b>6</b> 2005                              |
| Facility Charges Received/Receivable from Entities Ex                              | ternal to the SA Governme                              | ent: \$'00                         | <b>0</b> \$'000                            |
| Catering   |  | 11 95                              | <b>3</b> 9 411                             |
| Room hire  |  | 3 11                               | .0 2 642                                   |
| Technical services   |  | 3 60                               | <b>7</b> 2 995                             |
| Car park   |  | 4 17                               | <b>'5</b> 3 985                            |
| Total Facility Charges - Non-SA Governme   | ent Entities   | 22 84                              | <b>5</b> 19 033                            |
| Facility Charges Received/Receivable from Entities wi<br>SA Government:            | thin the   |                                    |  |
| Catering   |  | 1 14                               | <b>9</b> 642                               |
| Room hire  |  | 13                                 | <b>4</b> 197                               |
| Technical services   |  | 21                                 | <b>1</b> 309                               |
| Total Facility Charges - SA Government E   | ntities  | 1 49                               | <b>4</b> 1 148                             |
| Total Facility Charges   |  | 24 33                              | <b>9</b> 20 181                            |
|  |  |                                    |  |
| Net Gain from Disposal of Assets<br>Plant and Equipment:                           |  |                                    |  |
| Proceeds from disposal   |  | 10                                 | <b>4</b> 73                                |
| Net book value of assets disposed  |  | 9                                  |  |
| Total Net Gain from Disposal of Assets   |  | 1                                  |  |

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| 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        |
|    | <b>Total Employee Expenses - Non-SA Government Entities</b>             | 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<br>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)<br>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 <sup>(a)</sup>                             | 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<br>Other Current Assets from Non-SA Government Entities:<br>Prepayments<br>Other current assets               | 2006<br>\$′000<br>322<br>6 | 2005<br>\$'000<br>472<br>5 |
|-----|--|----------------------------|----------------------------|
|     | Total Other Current Assets   | 328                        | 477                        |
| 16. | Specific Purpose Deposits<br>Investments with SAFA<br>Future assets replacement deposit account<br>Total Specific Purpose Deposits | 1 742<br>9 148<br>10 890   | 1 647<br>7 285<br>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<br>Additions<br>Disposals<br>Depreciation and amortisation<br>Acquisition from transfer<br><b>Carrying Amount at 30 June</b>   | Buildings<br>\$'000<br>131 374<br>182<br>-<br>(2 989)<br>1 049<br>129 616 | Leasehold<br>Improve-<br>ments<br>\$'000<br>169<br>-<br>(17)<br>-<br>152 | Plant and<br>Equipment<br>\$'000<br>7 645<br>1 379<br>(91)<br>(1 510)<br>425<br>7 848 | Work in<br>Progress<br>\$'000<br>286<br>1 309<br>-<br>-<br>(1 341)<br>254 | Total<br>\$'000<br>139 474<br>2 870<br>(91)<br>(4 516)<br>133<br>137 870 |
|--|---|--|---|---|--|
| Payables<br>Current:<br>Creditors<br>Accrued expenses<br>Employment on-costs<br>GST liability<br>Income tax equivalent payable<br>Dividend payable<br>Total Current Payables   |   |  | _   | 2006<br>\$'000<br>407<br>152<br>125<br>110<br>39<br>58<br>891             | 2005<br>\$'000<br>914<br>135<br>78<br>-<br>-<br>-<br>-<br>1 127          |
| Non-Current:<br>Employment on-costs<br><b>Total Non-Current Payables</b><br><b>Total Payables</b>  |   |  | -   | 50<br>50<br>941   | 61<br>61<br>1 188  |
| Government/Non-Government Payables:<br>Payables to Non-SA Government Entities:<br>Creditors<br>Accrued expenses<br>GST liability<br>Employment on-costs<br>Income tax equivalent payable<br>Dividend payable<br><b>Total Payables to Non-SA Govern</b> | ment Entities   |  | _   | 407<br>152<br>110<br>175<br>39<br>58<br>941                               | 420<br>135<br>-<br>139<br>-<br>-<br>694                                  |
| Payables to SA Government Entities:<br>Creditors<br>Total Payables to SA Government<br>Total Payables  | Entities  |  | _   | -<br>-<br>941   | 494<br>494<br>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<br>rity Deposits held from entities external to the SA Government:  | 2006<br>\$′000  | 2005<br>\$'000  |
|-----|------|--|-----------------|-----------------|
|     |      | ecurity deposits held  | \$ 000<br>1 642 | \$ 000<br>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)<br>Employee benefits - Current (Note 20(a))  | 85<br>496       | 63<br>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<br>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*.

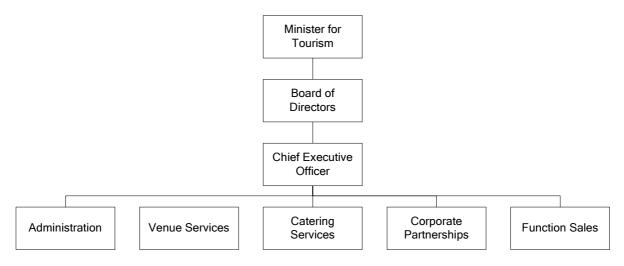
# Functions

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.

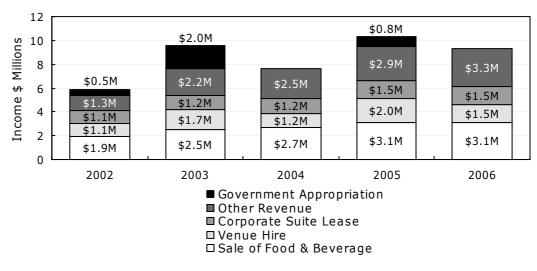
# INTERPRETATION AND ANALYSIS OF FINANCIAL REPORT

## **Income Statement**

## Income

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

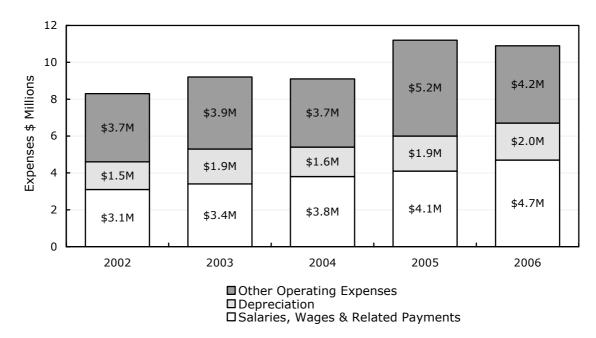
A structural analysis of income for the Corporation in the five years to 2006 is presented in the following chart.



# Expenses

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

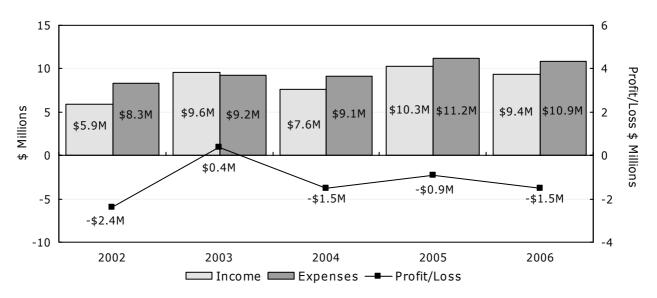
For the five years to 2006, a structural analysis of the main operating expense items for the Corporation is shown in the following chart.



# **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 | <b>GOVERNMENT AS OWNER</b> | 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<br>Method | Useful Life<br>(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:<br>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:<br>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:<br>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.  | <b>Revenues from Sales</b><br>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:<br>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).

| <b>Remuneration of Employees</b><br>The number of employees whose remuneration received or receivable falls within | 2006<br>Number of | 2005<br>Number of |
|--|-------------------|-------------------|
| the following bands:<br>\$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<br>43 | 71<br>47 |
| Printing and stationery<br>Repairs and maintenance                        | 43<br>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<br>\$′000 | 2005<br>\$′000         |
|-----|--|----------------|------------------------|
|     | Audit fees paid/payable to the Auditor-General's Department          | 26             | <sup>3</sup> 000<br>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   | <b>1</b> 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<br>Current - Inventories held for resale: | 2006<br>\$′000 | 2005<br>\$′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<br>Additions<br>Assets transferred from WIP<br>Disposals eg sales, write off<br>Revaluation increment/(decrement)<br>Depreciation<br><b>Carrying Amount at 30 June</b> | Land<br>\$'000<br>16 050<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>- | Buildings<br>\$'000<br>37 804<br>-<br>-<br>-<br>(1 717)<br>36 087 | Building<br>Improvements<br>\$'000<br>65<br>642<br>40<br>-<br>-<br>(9)<br>738 | Plant and<br>Equipment<br>\$'000<br>769<br>454<br>128<br>(2)<br>-<br>(246)<br>1 103 | Work in<br>Progress<br>\$'000<br>168<br>435<br>(168)<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>- | 2006<br>Total<br>\$'000<br>54 856<br>1 531<br>-<br>(2)<br>-<br>(1 972)<br>54 413 |
|--|--|---|---|---|--|--|
| Payables<br>Current:<br>Creditors<br>Accrued expenses<br>Income received in advance<br>Employee on-costs<br>Total Current Payables<br>Non-Current:   |  |   |   | -   | 2006<br>\$'000<br>397<br>667<br>370<br>46<br>1 480   | 2005<br>\$'000<br>417<br>492<br>325<br>33<br>1 267                               |
| Employee on-costs<br>Total Non-Current Payable<br>Total Payables   | es   |   |   | -   | <u>18</u><br>18<br>1 498   | 15<br>15<br>1 282  |
| Government/Non-Government Paya<br>Payables to SA Government Enti<br>Creditors<br>Accrued expenses<br>Total Payables to SA Gov  | ties:  | ntities   |   | -   | 26<br>34<br>60   | -<br>32<br>32  |
| Payables to Non-SA Government<br>Creditors<br>Accrued expenses<br>Income received in advance<br>Employee on-costs<br>Total Payables to Non-Sa<br>Total Payables                                  |  | ent Entitie   | 25  |   | 371<br>633<br>370<br>64<br>1 438<br>1 498  | 417<br>460<br>325<br>48<br>1 250<br>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<br>Current:<br>Annual leave               | 2006<br>\$′000<br>110 | 2005<br>\$′000<br>128 |
|-----|---|-----------------------|-----------------------|
|     | Short-term long-service leave<br>Accrued salaries and wages | 126<br>42             | 14<br>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<br>\$′000 | 2005<br>\$′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.

| <b>Other Commitments</b><br>Within one year<br>Later than one year but not longer than five years<br>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<br>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<br>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

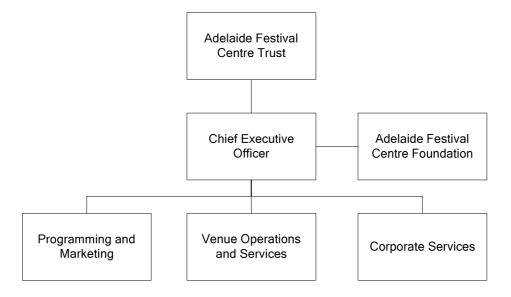
The Trust is charged with the responsibility of encouraging and facilitating artistic, cultural and performing arts activities throughout the State; and controlling, managing and maintaining the Adelaide Festival Centre and Her Majesty's Theatre.

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:

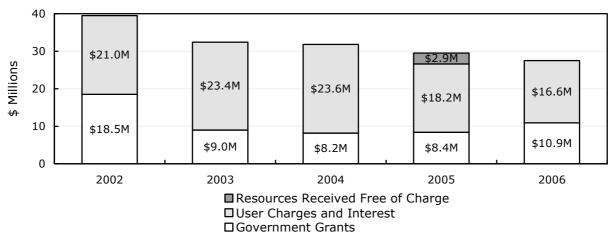
- Programming activity decreased during 2005-06 resulting in an decrease in revenue from box office sales and also for revenue related to the recoup of associated programming expenditure. This decreased activity has also resulted in a decrease in expenditure.
- Revenue associated with BASS ticketing 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:

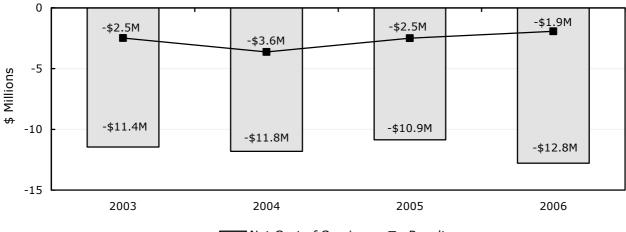
- Employment related expenses reduced by \$1.0 million
- Catering related expenses reduced by \$400 000
- Programming activity reduced by \$1.4 million; offset by
- Increase in scenery and stage engineering workshop expenditure of \$300 000.

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:

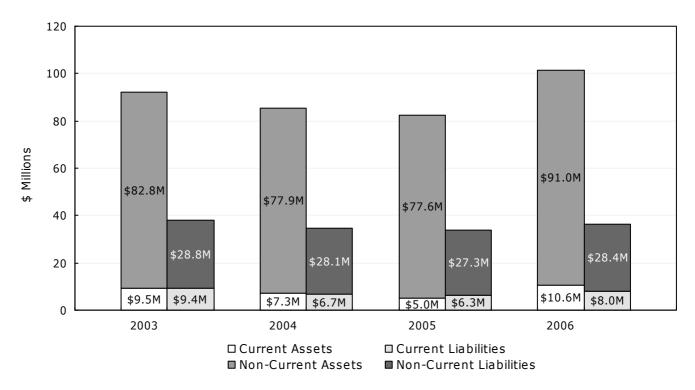
- \$1.9 million advance on 2006-07 grant funding received on 29 June 2006 (refer to comments under Revenues from SA Government).
- Restructure of borrowings from South Australian Financing Authority removing the need for annual repayments of borrowings of \$900 000 which were previously included in current 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<br>\$′million | 2005<br>\$'million | 2004<br>\$'million | 2003<br>\$'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<br>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  |
| <b>Total State Government Operating Grants</b> | 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<br>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<br>Plant and Equipment:<br>Proceeds from disposal<br>Net book value of assets disposed | -      | -<br>29 | -      | -<br>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<br>Land | Buildings | Plant and<br>Equipment | Works<br>of Art | Leasehold<br>Improve-<br>ments | 2006<br>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:<br>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<br>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       | <b>6</b> 200           | 5 <b>2006</b>     | 2005      |
|     | Reconciliation of Cash - Cash at year end as per:   | \$'00     | <b>0</b> \$'00         | 0 <b>\$'000</b>   | \$′000    |
|     | Cash Flow Statement   | 8 63      | <b>5</b> 3 90          | 6 <b>8 155</b>    | 3 589     |
|     | Balance Sheet   | 8 63      | <b>5</b> 3 90          | 6 <b>8 155</b>    | 3 589     |
|     | Reconciliation of Net Cash provided by<br>Operating Activities to Net Cost of providing<br>Services |           |                        |                   |           |
|     | Net cash provided by (used in) operating activities   | 4 82      | . <b>5</b> (562        | ) 4 621           | (606)     |
|     | Less Revenues from SA Government<br>Add/Less Non-Cash Items:  | (10 851   | L) (8 <sup>°</sup> 369 | ) <b>(10 851)</b> | (8 319)   |
|     | Depreciation  | (4 853    | <b>B)</b> (4 883       | ) <b>(4 853)</b>  | (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   | <b>))</b> (10 856      | ) <b>(12 843)</b> | (10 530)  |
| 25. | Remuneration to Auditors and Consultants<br>Remuneration to auditors:                               |           |                        |                   |           |
|     | Auditing the financial report   | 8         | <b>4</b> 11            | 5 <b>84</b>       | 112       |
|     | Other auditing services   |           | - 1                    | 8 -               | 18        |
|     |   | 8         | <b>4</b> 13            | 3 <b>84</b>       | 130       |
|     |   | Consc     | lidated                | Δ                 | FCT       |
|     |   | 2006      | 2005                   | 2006              | 2005      |
|     |   | Number of | Number of              | Number of         | Number of |

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

| 26. | Remuneration of Employees<br>The number of employees whose annual remuneration was over \$100 000 fell<br>within the following bands:<br>\$100 000 - \$109 999<br>\$110 000 - \$119 999<br>\$120 000 - \$129 999<br>\$130 000 - \$139 999<br>\$140 000 - \$149 999<br>\$160 000 - \$169 999<br>\$190 000 - \$199 999<br>\$200 000 - \$209 999 | 2006<br>Number of<br>Employees<br>2<br>1<br>-<br>1<br>1<br>1<br>1 | 2005<br>Number of<br>Employees<br>2<br>1<br>1<br>1<br>1<br>-<br>1<br>1 |
|-----|---|---|--|
|     | \$200 000 - \$209 999<br>\$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<br>control over future economic benefits<br>is established and the amount of the<br>benefit can be reliably measured.  |   |
| Cash                  | 11   | Deposits are recognised at their<br>nominal amount. Interest is credited<br>to revenue as it accrues.   |   |
| Receivables           | 12   | These receivables are recognised at<br>the nominal amounts due less any<br>provision for bad and doubtful debts.<br>Collectability of debts is reviewed at<br>balance date. Provisions are made<br>when collection of the debt is judged<br>to be less than likely. | Credit terms are net 30 days. The<br>carrying amount of receivables<br>approximates net fair value due to<br>being receivable on demand. The<br>Trust's maximum exposure to credit<br>risk at the reporting date in relation<br>to financial assets is the carrying<br>amount of those assets as indicated<br>in the Balance Sheet. The Trust has<br>no significant exposure to any<br>concentrations of credit risk. |
| Financial Liabilities |      | Financial liabilities are recognised<br>when a present obligation to another<br>party is entered into and the amount<br>of the liability can be reliably<br>measured.   |   |

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

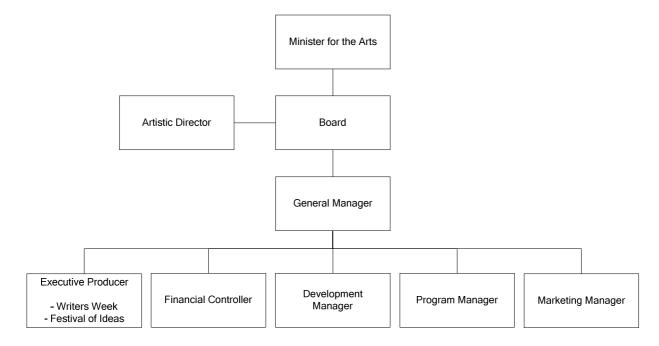
The functions of the Corporation, as set out in section 5 of the Act, are to:

- 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<br>Other expenses                                    |      | 15<br>598 | 119<br>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<br>\$'000 | 2005<br>\$′000   |
|-----|-------|---|----------------|------------------|
|     |       | on hand   | 1              | 1                |
|     |       | at bank<br>deposit  | 36<br>1        | 100<br>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<br>Written Down Value  | <u> </u>       | <u>249</u><br>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<br>Add: Additions   | 565            | 259<br>10        |
|     |       | Add: Leasehold improvements   | -              | 316              |
|     |       | Balance at 30 June  | 639            | 585              |
|     |       |   |                |                  |
|     |       | Accumulated Depreciation:<br>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<br>mployee on-costs   | 672<br>10      | 194<br>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)   | <b>Employee Benefits</b><br>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:<br>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)<br>Provision for employee benefits - Current (Note 12(a)) | 5<br>31        | 5<br>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<br>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:<br>Depreciation/amortisation<br>Prepaid rent | 64<br>96    | 58<br>62  |
|     | Deferred rent incentive<br>Contra asset received                       | -<br>(45)   | (212)     |
|     | Bad and doubtful debts<br>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<br>Number of<br>Consultancies<br>1 | 2005<br>Number of<br>Consultancies<br>2 |
|---|---|---|
| Commitments for Expenditure<br>Operating Leases:<br>Commitments under non-cancellable operating leases at the reporting<br>date are payable as follows: | 2006<br>\$′000                          | 2005<br>\$′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<br>The number of employees whose total remuneration fell within the<br>following bands: | 2006<br>Number of<br>Employees | 2005<br>Number of<br>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<br>(including recognition criteria and<br>measurement basis)  | Nature of underlying instrument<br>(including significant terms and<br>conditions affecting the amount,<br>timing and certainty of cash flows)   |
|---|------|---|--|
| Financial Assets:                       |      |   |  |
| Cash on hand and at bank<br>and deposit | 8    | Deposits are recognised at their nominal<br>amounts. Interest is credited to income as it<br>accrues.   | All deposited funds attract interest.<br>Rates are determined by the bank and<br>SAFA at their discretion. The interest<br>rate as at 30 June 2006 was 1 percent<br>at Adelaide Bank, 4 percent at Bank SA<br>and 5.83 percent at SAFA. Interest is<br>paid monthly. |
| Receivables                             | 9    | Receivables are recognised at their nominal<br>amounts. Amounts are recognised when<br>services are provided. Collectability of debts is<br>assessed at balance date with any bad debts<br>being written off prior to balance date. | Standard credit terms are 30 days.   |
| Financial Liabilities:                  |      |   |  |
| Payables                                | 11   | Creditors are recognised at their nominal<br>amounts. Liabilities are recognised once the<br>goods or services have been received.  | Creditors are generally paid within 30 days.   |
| (b) Interest Rate Ris                   | k    |   | <b>2006</b> 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<br>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*.

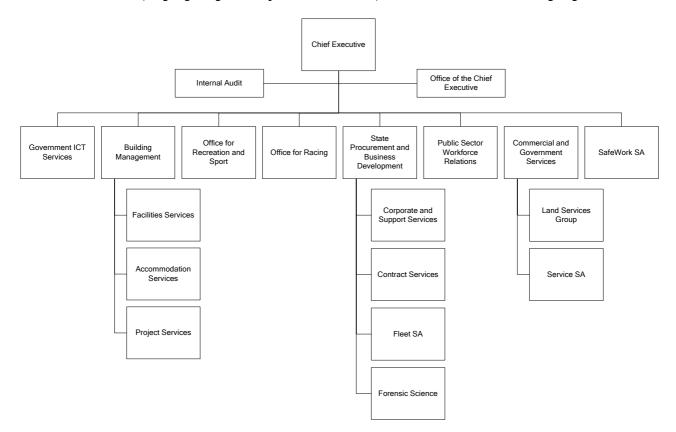
## Functions

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         |

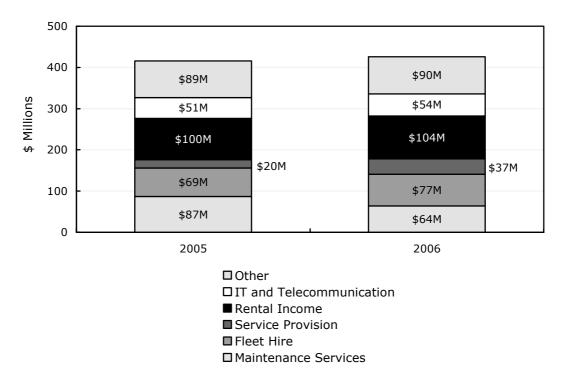
|  | 2006<br>\$′million | 2005<br>\$'million | Percentage<br>Change |
|--|--------------------|--------------------|----------------------|
| Net Cash Flows From Operating Activities | 86                 | 51                 | 69                   |
| ASSETS                                   |                    |                    |                      |
| 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.

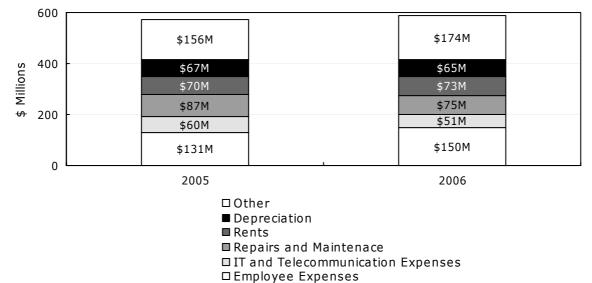


The chart highlights the changes in the revenue streams, with the most significant being:

- 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:

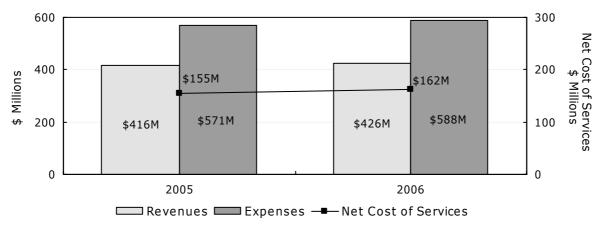
- employee expenses increased by \$19 million, due mainly to the transfer of staff to the Department (refer Notes 2.2 and 8);
- repairs and maintenance decreased by \$12 million, due mainly to additional work undertaken for client agencies in 2005 (refer to comments under revenues).

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.

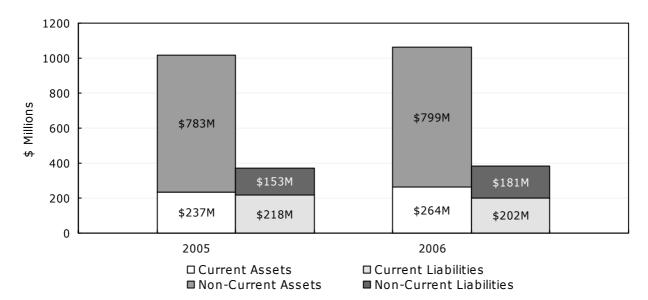
#### Net Cost of Services

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<br>\$′million | 2005<br>\$'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:<br>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<br>Other current liabilities            | 21    | 7 958     |                  |
| Other current habilities                                      |       | 199 171   | 7 364<br>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)<br>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<br>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 | <b>Supplies and Services</b><br>Supplies and services provided by entities within the<br>SA Government: | Note<br>2.5 | 2006<br>\$′000 | 2005<br>\$′000 |
|-----|---|-------------|----------------|----------------|
|     | Information Technology and telecommunications expenses<br>Insurance                                     |             | 740<br>4 034   | 2 481<br>7 729 |
|     | Repairs and maintenance<br>Rent   |             | 1 100          | 2 599<br>6 083 |
|     | Consultancy, contractors and temp staff<br>Accommodation  |             | 949<br>6 874   | 372<br>7 407   |
|     | Motor vehicles expenses   |             | 2 086          | 2 074          |
|     | Cost of goods<br>Others   | _           | 136<br>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<br>Between \$10 000 and \$50 000<br>Above \$50 000   | 2006<br>Number<br>72<br>18<br>7 | 2006<br>\$'000<br>229<br>430<br>1 484 | 2005<br>Number<br>118<br>19<br>5                          | 2005<br>\$'000<br>280<br>453<br>1 043                   |
|---|---------------------------------|---------------------------------------|---|---|
| Total Paid/Payable to the Consultants<br>Engaged  | 97                              | 2 143                                 | 142   | 1 776   |
| 5.3 Depreciation and Amortisation Expenses<br>Amortisation:<br>Leased plant and equipment<br>Leased buildings<br>Leased fleet vehicle<br>Intangible assets<br>Total Amortisation  |                                 | Note<br>2.13                          | 2006<br>\$'000<br>338<br>469<br>-<br>2 624<br>3 431       | 2005<br>\$'000<br>406<br>507<br>14 461<br>396<br>15 770 |
| Depreciation:<br>Building, plant and equipment and fitouts<br>Motor vehicles<br><b>Total Depreciation</b><br><b>Total Amortisation and Depreciation</b>   |                                 | -                                     | 26 004<br>35 142<br>61 146<br>64 577                      | 26 592<br>24 905<br>51 497<br>67 267                    |
| 5.4 Grants and Subsidies<br>Grants and subsidies paid/payable to entities extern<br>the SA Government:<br>Recurrent<br>Capital<br>Others<br>Total Grants and Subsidies  | nal to                          | 2.5                                   | 8 908<br>2 982<br><u>1 755</u><br>13 645                  | 10 174<br>6 967<br>2 978<br>20 119                      |
| <ul> <li>5.5 Other Expenses</li> <li>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</li> </ul> |                                 | (a)<br>(b)                            | (361)<br>-<br>3 465<br>11 487<br>475<br>-<br>876<br>6 289 | 1 352<br>4 815<br>-<br>808<br>865<br>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<br>669 | \$′000<br>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:  |      |                  | <b>F</b> 606 |
|          |      | Regulatory fees  |      | 5 915            | 5 686        |
|          |      | Maintenance services   |      | 1 643            | 3 222        |
|          |      | IT and Telecommunication services  |      | 1 174            | 53<br>13 585 |
|          |      | Service provision fees<br>Rental income  |      | 16 477<br>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              | -            |
|          |      | <ul> <li>Transport SA Customer Service Centres</li> <li>SafeWork SA</li> </ul> |      | (1 139)          | -            |
|          |      | d) Department for Aboriginal Affairs and Reconciliation                        |      | -                | - (9 241)    |
|          | •    | <ul> <li>Land Administration Systems and Functions</li> </ul>                  |      | -                | 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<br>\$′000 | 2005<br>\$′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:<br>Liabilities: | 2006<br>\$′000 | 2005<br>\$'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:<br>Assets:<br>Current assets | 2006<br>\$′000<br>519 | 2005<br>\$'000<br>- |
|---|-----------------------|---------------------|
| 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> |
| <b>Total Assets</b>  | (10 626)     |
| Liabilities:<br>Current liabilities<br><b>Total Liabilities</b>          | <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<br>2.9 | 2006<br>\$′000 | 2005<br>\$′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<br>Workers componenties recoveries  |             | 1 276          | 1 248          |
|     | Workers compensation recoveries<br>Finance lease receivable from SA Government entities | 25.2        | 90<br>3 966    | 101<br>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<br>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<br>Trans | ring amount as at 1 July<br>ions<br>sfer to PPE<br>sfer to intangibles | Buildings &<br>Improve-<br>ments &<br>Fit Outs<br>\$'000<br>9 388<br>15 555<br>(1 107) | Plant &<br>Equipment<br>\$'000<br>11 328<br>4 876<br>(2 641)<br>(9 224) | Govt<br>Radio<br>Network<br>\$'000<br>1 603<br>4 828<br>(3 714) | Total<br>Capital<br>WIP<br>\$'000<br>22 319<br>25 259<br>(7 462)<br>(9 224) |
|--|----------------|--|--|---|---|---|
| Note<br>2.13         Note<br>2.13         \$'000         \$'0           Current:<br>Motor Vehicles<br>At cost<br>Less: Accumulated depreciation<br>Less: Impairment Loss         120 177         87 5           Non-Current:<br>(a)         14 855         17 3           Buildings and Fitouts<br>Land, Buildings and facilities<br>Land, Buildings and facilities         154 846         147 2           Buildings and facilities<br>Land, Buildings and facilities         154 846         147 2           Buildings and facilities         400 038         369 4           Less: Accumulated depreciation         8 085         21           Fit Outs:<br>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:<br>At valuation         -         1112           Accommodation:<br>At valuation         -         136           Accommodation:<br>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<br>\$′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<br>Le       | t cost<br>ess: Accumulated depreciation                                |  | _   | 14 855<br>8 633   | 87 588<br>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<br>Buildings and facilities                                       |  |   | 400 038   | 147 215<br>369 419<br>2 134   |
| In leased buildings - At cost<br>Less: Accumulated depreciation $224$<br>2<br>20 816 $22$<br>19 5<br>11 543 $96$<br>9 273 $98$<br>9 497Total Fit Outs<br>Total Land, Buildings and Fitouts $9497$ $101$<br>556 296 $524$ 6(b) Assets under Finance Lease<br>Motor Vehicles:<br>At valuation<br>Less: Accumulated amortisation $2.22$ Motor Vehicles:<br>At valuation<br>Less: Accumulated amortisation $ 1112$<br>$-$ Accommodation:<br>At valuation<br>Less: Accumulated amortisation $ 136$<br>$-$ Plant and Equipment:<br>At valuation<br>Less: Accumulated amortisation $3989$<br>$ 300$<br>$-$   |                | In owned buildings - At cost   |  | -   | 2 177   | 514 500<br>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><br>245<br>19 554   |
| Total Land, Buildings and Fitouts556 296524 6(b)Assets under Finance Lease<br>Motor Vehicles:<br>At valuation<br>Less: Accumulated amortisation2.22At valuation<br>Less: Accumulated amortisation-111 2Accommodation:<br>At valuation<br>Less: Accumulated amortisation-97 6Accommodation:<br>At valuation<br>Less: Accumulated amortisation19 30019 3Plant and Equipment:<br>At valuation<br>Less: Accumulated amortisation3 9893 027142 81 2752  |                |  |  | -   | 9 273   | 9 659<br>9 895<br>10 140  |
| Motor Vehicles:<br>At valuation-111 2Less: Accumulated amortisation-97 6Accommodation:<br>At valuation-13 6Accommodation:<br>Less: Accumulated amortisation19 30019 3Plant and Equipment:<br>At valuation18 83219 3Plant and Equipment:<br>At valuation3 9893 0Less: Accumulated amortisation2 7142 81 27521   |                |  |  | -   |   | 524 640   |
| Less:Accumulated amortisation-97 6Accommodation:<br>At valuation-13 6At valuation19 30019 3Less:Accumulated amortisation468Plant and Equipment:<br>At valuation3 9893 0Less:Accumulated amortisation2 7142 81 27522  | (b)            | Motor Vehicles:  |  | 2.22  |   |   |
| Accommodation:<br>At valuation19 30019 3<br>468Less: Accumulated amortisation18 83219 3Plant and Equipment:<br>At valuation3 9893 0Less: Accumulated amortisation2 7142 81 2752  |                |  |  | -   | -   | 111 278<br>97 636<br>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<br><u>2 835</u><br>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 &<br>Improve- |          | Assets<br>Under<br>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:<br>Client advances                                | 2.16 | -                      | 1 343                  |
|     | Trade creditors  |      | 26 060                 | 5 224                  |
|     | Accrued expenses   |      | 42 890                 | 63 686                 |
|     | Income tax equivalents<br>Employment on-cost               |      | 1 998<br>2 754         | 1 322<br>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<br>Income tax equivalents                 |      | 4 696<br>1 998         | 7 690<br>1 322         |
|     | Employment on-cost   |      | 5 811                  | 5 787                  |
|     | <b>Total Payables to SA Government Entities</b>            |      | 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<br>Borrowings from State Government         |      | 878<br>99 931          | 14 315<br>103 290      |
|     | Other  |      | 261                    | 242                    |
|     | Total Current Borrowings                                   |      | 101 070                | 117 847                |
|     | Non-Current:   |      |                        |                        |
|     | Finance leases   |      | 20 508                 | 20 228                 |
|     | Borrowings from State Government<br>Other                  |      | 118 129<br>4 310       | 92 830<br>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<br>Total Current Employee Benefits      |      | <u>2 348</u><br>14 578 | <u>2 273</u><br>12 791 |
|     |  |      | 14 57 6                | 12 7 91                |
|     | Non-Current:<br>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<br>Current:                                     | 2.21 |                        |                        |
|     | Workers compensation                                       |      | 1 099                  | 1 076                  |
|     | Restructuring costs  |      | -                      | 2 789                  |
|     | Total Current Provisions for Non-SA Government<br>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<br>Restructuring | Procurement<br>of Testing |
|-----|---------------|--|------------------------|-----------------------|---------------------------|
|     |               |  | Compensation<br>\$'000 | Costs<br>\$'000       | Services<br>\$'000        |
|     |               | ing amount as at 1 July  | 3 767                  | 2 789                 | -                         |
|     |               | onal provisions recognised<br>ed amounts reversed                          | 1 069                  | -<br>(2 789)          | 764                       |
|     |               | nt utilised/paid   | -<br>(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<br>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<br>23.1 | Y<br>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<br>Net result after restructuring and tax                |                        | 5 841                 | (5 900)                   |
|     |               | Dividend declared  |                        | (17 397)              |                           |
|     |               | Transfers to and from reserves:<br>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<br>Revaluation increments                                |                        | 276 820<br>34 964     | 201 203<br>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<br>Balance at 30 June                                    |                        | <u>768</u><br>768     | <u> </u>                  |
|     |               |  |                        |                       | ,                         |
|     |               | Capital Reserves:<br>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<br>Transfer from asset revaluation reserve |                        | (1 756)<br>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<br>Activities to Net Cost of Services | Note | 2006<br>\$′000                 | 2006<br>\$′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:<br>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<br>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<br><u>20 508</u><br>21 386 | 14 315<br>20 228<br>34 543 |

25.

26.

|      | <i>The Department as Lessor</i> Accommodation:  | Note                          | 2006<br>\$′000  | 2006<br>\$′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<br>1 764  | 7 153<br>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<br>2 021  | 513   |
|      | Later than one year and not later than five years<br>Later than five years  |                               | 1 945   | 1 869<br>2 520  |
|      | Present Value of Finance Lease Receivables  | -                             | 4 390   | 4 902   |
|      |   | =                             |   |   |
|      | Representing lease receivable:<br>Current   |                               | 424   | 513   |
|      | Non-current   |                               | 3 966   | 4 389   |
|      |   | -                             | 4 390   | 4 902   |
|      |   | =                             |   |   |
|      | Commitments on Expenditures   | 2.22                          |   |   |
| 26.1 | <b>Operating Lease Commitments</b><br>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<br>Total Operating Lease Commitments -  | -                             | 53 472  | 55 465  |
|      | All Non-Cancellable   |                               | 262 362   | 267 497   |
|      |   | -                             |   | 20, 19,   |
|      | The Department as Lessor<br>Leases receivable contracted for at the reporting date but n  | ot recognised as as           | sets:   |   |
|      | Vehicles hire:<br>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 -<br>All Non-Cancellable  | -                             | 80 269  | 58 648  |
|      |   | -                             | 80 269  | 58 648  |
|      | All Non-Cancellable Commercial Accommodation:   |                               | 80 269<br>77 345  |   |
|      | All Non-Cancellable<br>Commercial Accommodation:<br>Not later than one year<br>Later than one year and not later than five years  |                               | 77 345<br>147 180   | 77 297<br>184 592   |
|      | All Non-Cancellable<br>Commercial Accommodation:<br>Not later than one year<br>Later than one year and not later than five years<br>Later than five years   |                               | 77 345  | 77 297<br>184 592   |
|      | All Non-Cancellable<br>Commercial Accommodation:<br>Not later than one year<br>Later than one year and not later than five years<br>Later than five years<br>Sub-Total Operating Lease Receivables -  | -                             | 77 345<br>147 180<br>42 856   | 77 297<br>184 592<br>51 509   |
|      | All Non-Cancellable<br>Commercial Accommodation:<br>Not later than one year<br>Later than one year and not later than five years<br>Later than five years<br>Sub-Total Operating Lease Receivables -<br>All Non-Cancellable   | -                             | 77 345<br>147 180   | 77 297<br>184 592<br>51 509   |
|      | All Non-Cancellable<br>Commercial Accommodation:<br>Not later than one year<br>Later than one year and not later than five years<br>Later than five years<br>Sub-Total Operating Lease Receivables -  | -                             | 77 345<br>147 180<br>42 856   | 77 297<br>184 592<br>51 509   |
| 26.2 | All Non-Cancellable<br>Commercial Accommodation:<br>Not later than one year<br>Later than one year and not later than five years<br>Later than five years<br>Sub-Total Operating Lease Receivables -<br>All Non-Cancellable<br>Total Operating Lease Receivable -   | -                             | 77 345<br>147 180<br>42 856<br>267 381  | 77 297<br>184 592<br>51 509<br>313 398  |
| 26.2 | All Non-Cancellable<br>Commercial Accommodation:<br>Not later than one year<br>Later than one year and not later than five years<br>Later than five years<br>Sub-Total Operating Lease Receivables -<br>All Non-Cancellable<br>Total Operating Lease Receivable -<br>All Non-Cancellable  | not recognised as             | 77 345<br>147 180<br>42 856<br>267 381<br>347 650   | 77 297<br>184 592<br>51 509<br>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:  | -<br>-<br>not recognised as l | 77 345<br>147 180<br>42 856<br>267 381<br>347 650<br>iabilities:  | 77 297<br>184 592<br>51 509<br>313 398<br>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  | -<br>-<br>not recognised as l | 77 345<br>147 180<br>42 856<br>267 381<br>347 650<br>iabilities:<br>5 227                                       | 77 297<br>184 592<br>51 509<br>313 398<br>372 046<br>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<br>147 180<br>42 856<br>267 381<br>347 650<br>iabilities:<br>5 227<br>695                                | 77 297<br>184 592<br>51 509<br>313 398<br>372 046<br>4 629<br>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<br>147 180<br>42 856<br>267 381<br>347 650<br>iabilities:<br>5 227                                       | 77 297<br>184 592<br>51 509<br>313 398<br>372 046<br>4 629<br>7 045           |
| 26.2 | All Non-Cancellable<br>Commercial Accommodation:<br>Not later than one year<br>Later than one year and not later than five years<br>Later than five years<br>Sub-Total Operating Lease Receivables -<br>All Non-Cancellable<br>Total Operating Lease Receivable -<br>All Non-Cancellable<br>Capital Commitments<br>Capital expenditure contracted for at the reporting date but<br>Property, plant and equipment:<br>Not later than one year<br>Later than one year and not later than five years<br>Total Capital Commitments (including GST)<br>Other Commitments                               | -                             | 77 345<br>147 180<br>42 856<br>267 381<br>347 650<br>iabilities:<br>5 227<br>695<br>5 922                       | 77 297<br>184 592<br>51 509<br>313 398<br>372 046<br>4 629<br>7 045<br>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<br>147 180<br>42 856<br>267 381<br>347 650<br>iabilities:<br>5 227<br>695<br>5 922<br>ognised as liabili | 77 297<br>184 592<br>51 509<br>313 398<br>372 046<br>4 629<br>7 045<br>11 674 |
|      | All Non-Cancellable<br>Commercial Accommodation:<br>Not later than one year<br>Later than one year and not later than five years<br>Later than five years<br>Sub-Total Operating Lease Receivables -<br>All Non-Cancellable<br>Total Operating Lease Receivable -<br>All Non-Cancellable<br>Capital Commitments<br>Capital expenditure contracted for at the reporting date but<br>Property, plant and equipment:<br>Not later than one year<br>Later than one year and not later than five years<br>Total Capital Commitments (including GST)<br>Other Commitments                               | -                             | 77 345<br>147 180<br>42 856<br>267 381<br>347 650<br>iabilities:<br>5 227<br>695<br>5 922                       | 184 592<br>51 509<br>313 398<br>372 046<br>4 629<br>7 045<br>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<br>More than  | Interest   | Tabal   | Average<br>Interest   |
|  | Interest<br>Rate                         | 1 year<br>or less   | Over 1 to<br>5 years  | in<br>More than<br>5 years   | Interest<br>Bearing  | Total   | Average<br>Interest<br>Rate   |
| Financial Assets:  | Interest<br>Rate<br>\$'000               | 1 year<br>or less<br>\$'000   | Over 1 to   | in<br>More than<br>5 years<br>\$'000   | Interest<br>Bearing<br>\$'000  | \$'000  | Average<br>Interest<br>Rate<br>Percent                                    |
| Cash and cash equivalents  | Interest<br>Rate                         | 1 year<br>or less<br>\$'000<br>-  | Over 1 to<br>5 years<br>\$'000<br>-   | in<br>More than<br>5 years<br>\$'000<br>-  | Interest<br>Bearing  | \$′000<br>69 815  | Average<br>Interest<br>Rate<br>Percent<br>5.2                             |
| Cash and cash equivalents<br>Finance lease receivable  | Interest<br>Rate<br>\$'000<br>69 550     | 1 year<br>or less<br>\$'000<br>-<br>513   | Over 1 to<br>5 years<br>\$'000<br>-<br>1 869  | in<br>More than<br>5 years<br>\$'000<br>-<br>2 520   | Interest<br>Bearing<br>\$'000<br>265   | \$'000<br>69 815<br>4 902   | Average<br>Interest<br>Rate<br>Percent                                    |
| Cash and cash equivalents<br>Finance lease receivable<br>Receivables   | Interest<br>Rate<br>\$'000<br>69 550     | 1 year<br>or less<br>\$'000<br>-<br>513<br>-  | Over 1 to<br>5 years<br>\$'000<br>-<br>1 869<br>-   | in<br>More than<br>5 years<br>\$'000<br>-<br>2 520<br>-  | Interest<br>Bearing<br>\$'000<br>265<br>-<br>76 958  | \$'000<br>69 815<br>4 902<br>76 958   | Average<br>Interest<br>Rate<br>Percent<br>5.2                             |
| Cash and cash equivalents<br>Finance lease receivable  | Interest<br>Rate<br>\$'000<br>69 550     | 1 year<br>or less<br>\$'000<br>-<br>513   | Over 1 to<br>5 years<br>\$'000<br>-<br>1 869  | in<br>More than<br>5 years<br>\$'000<br>-<br>2 520   | Interest<br>Bearing<br>\$'000<br>265   | \$'000<br>69 815<br>4 902   | Average<br>Interest<br>Rate<br>Percent<br>5.2                             |
| Cash and cash equivalents<br>Finance lease receivable<br>Receivables<br>Total Financial Assets   | Interest<br>Rate<br>\$'000<br>69 550     | 1 year<br>or less<br>\$'000<br>-<br>513<br>-  | Over 1 to<br>5 years<br>\$'000<br>-<br>1 869<br>-   | in<br>More than<br>5 years<br>\$'000<br>-<br>2 520<br>-  | Interest<br>Bearing<br>\$'000<br>265<br>-<br>76 958  | \$'000<br>69 815<br>4 902<br>76 958   | Average<br>Interest<br>Rate<br>Percent<br>5.2                             |
| Cash and cash equivalents<br>Finance lease receivable<br>Receivables<br><b>Total Financial Assets</b><br>Financial Liabilities:  | Interest<br>Rate<br>\$'000<br>69 550     | 1 year<br>or less<br>\$'000<br>-<br>513<br>-  | Over 1 to<br>5 years<br>\$'000<br>-<br>1 869<br>-   | in<br>More than<br>5 years<br>\$'000<br>-<br>2 520<br>-  | Interest<br>Bearing<br>\$'000<br>265<br>-<br>76 958  | \$'000<br>69 815<br>4 902<br>76 958   | Average<br>Interest<br>Rate<br>Percent<br>5.2                             |
| Cash and cash equivalents<br>Finance lease receivable<br>Receivables<br>Total Financial Assets<br>Financial Liabilities:<br>Borrowings from State  | Interest<br>Rate<br>\$'000<br>69 550     | 1 year<br>or less<br>\$'000<br>-<br>513   | Over 1 to<br>5 years<br>\$'000<br>1 869<br>1 869  | in<br>More than<br>5 years<br>\$'000<br>-<br>2 520<br>-  | Interest<br>Bearing<br>\$'000<br>265<br>-<br>-<br>76 958<br>77 223                           | \$'000<br>69 815<br>4 902<br><u>76 958</u><br>151 675   | Average<br>Interest<br>Rate<br>Percent<br>5.2<br>7.5                      |
| Cash and cash equivalents<br>Finance lease receivable<br>Receivables<br><b>Total Financial Assets</b><br>Financial Liabilities:<br>Borrowings from State<br>Government   | Interest<br>Rate<br>\$'000<br>69 550     | 1 year<br>or less<br>\$'000<br>-<br>513<br>513<br>103 290                           | Over 1 to<br>5 years<br>\$'000<br>-<br>1 869<br>-<br>1 869<br>92 800  | in<br>More than<br>5 years<br>\$'000<br>-<br>2 520<br>-<br>2 520<br>-                              | Interest<br>Bearing<br>\$'000<br>265<br>-<br>76 958  | \$'000<br>69 815<br>4 902<br>76 958<br>151 675<br>196 120                                       | Average<br>Interest<br>Rate<br>Percent<br>5.2<br>7.5                      |
| Cash and cash equivalents<br>Finance lease receivable<br>Receivables<br><b>Total Financial Assets</b><br>Financial Liabilities:<br>Borrowings from State<br>Government<br>Finance lease liabilities  | Interest<br>Rate<br>\$'000<br>69 550     | 1 year<br>or less<br>\$'000<br>-<br>513<br>-<br>513<br>103 290<br>14 315            | Over 1 to<br>5 years<br>\$'000<br>-<br>1 869<br>-<br>1 869<br>92 800<br>2 599                                       | in<br>More than<br>5 years<br>\$'000<br>2 520<br>-<br>2 520<br>-<br>17 629                         | Interest<br>Bearing<br>\$'000<br>265<br>-<br>76 958<br>77 223<br>30                          | \$'000<br>69 815<br>4 902<br>76 958<br>151 675<br>196 120<br>34 543                             | Average<br>Interest<br>Rate<br>Percent<br>5.2<br>7.5<br>7.5               |
| Cash and cash equivalents<br>Finance lease receivable<br>Receivables<br><b>Total Financial Assets</b><br>Financial Liabilities:<br>Borrowings from State<br>Government<br>Finance lease liabilities<br>Other loans   | Interest<br>Rate<br>\$'000<br>69 550     | 1 year<br>or less<br>\$'000<br>-<br>513<br>513<br>103 290                           | Over 1 to<br>5 years<br>\$'000<br>-<br>1 869<br>-<br>1 869<br>92 800  | in<br>More than<br>5 years<br>\$'000<br>-<br>2 520<br>-<br>2 520<br>-                              | Interest<br>Bearing<br>\$'000<br>265<br>-<br>76 958<br>77 223<br>30<br>-                     | \$'000<br>69 815<br>4 902<br>76 958<br>151 675<br>196 120                                       | Average<br>Interest<br>Rate<br>Percent<br>5.2<br>7.5                      |
| Cash and cash equivalents<br>Finance lease receivable<br>Receivables<br><b>Total Financial Assets</b><br>Financial Liabilities:<br>Borrowings from State<br>Government<br>Finance lease liabilities<br>Other loans<br>Borrowings related to NCA  | Interest<br>Rate<br>\$'000<br>69 550     | 1 year<br>or less<br>\$'000<br>   | Over 1 to<br>5 years<br>\$'000<br>-<br>1 869<br>-<br>1 869<br>92 800<br>2 599                                       | in<br>More than<br>5 years<br>\$'000<br>2 520<br>-<br>2 520<br>-<br>17 629                         | Interest<br>Bearing<br>\$'000<br>265<br>-<br>76 958<br>77 223<br>30<br>-                     | \$'000<br>69 815<br>4 902<br>76 958<br>151 675<br>196 120<br>34 543<br>4 815                    | Average<br>Interest<br>Rate<br>Percent<br>5.2<br>7.5<br>7.5<br>9.4<br>7.8 |
| Cash and cash equivalents<br>Finance lease receivable<br>Receivables<br><b>Total Financial Assets</b><br>Financial Liabilities:<br>Borrowings from State<br>Government<br>Finance lease liabilities<br>Other loans<br>Borrowings related to NCA<br>held for sale   | Interest<br>Rate<br>\$'000<br>69 550     | 1 year<br>or less<br>\$'000<br>-<br>513<br>-<br>513<br>103 290<br>14 315            | Over 1 to<br>5 years<br>\$'000<br>-<br>1 869<br>-<br>1 869<br>92 800<br>2 599                                       | in<br>More than<br>5 years<br>\$'000<br>2 520<br>-<br>2 520<br>-<br>17 629                         | Interest<br>Bearing<br>\$'000<br>265<br>   | \$'000<br>69 815<br>4 902<br>76 958<br>151 675<br>196 120<br>34 543<br>4 815<br>2 215           | Average<br>Interest<br>Rate<br>Percent<br>5.2<br>7.5<br>7.5               |
| Cash and cash equivalents<br>Finance lease receivable<br>Receivables<br><b>Total Financial Assets</b><br>Financial Liabilities:<br>Borrowings from State<br>Government<br>Finance lease liabilities<br>Other loans<br>Borrowings related to NCA<br>held for sale<br>Payables                                       | Interest<br>Rate<br>\$'000<br>69 550<br> | 1 year<br>or less<br>\$'000<br>-<br>513<br>513<br>103 290<br>14 315<br>242<br>2 215 | Over 1 to<br>5 years<br>\$'000<br>-<br>1 869<br>-<br>1 869<br>-<br>-<br>1 869<br>-<br>-<br>2 599<br>1 171<br>-<br>- | in<br>More than<br>5 years<br>\$'000<br>-<br>2 520<br>-<br>2 520<br>-<br>17 629<br>3 402<br>-<br>- | Interest<br>Bearing<br>\$'000<br>265<br>-<br>76 958<br>77 223<br>30<br>-<br>-<br>-<br>77 362 | \$'000<br>69 815<br>4 902<br>76 958<br>151 675<br>196 120<br>34 543<br>4 815<br>2 215<br>77 362 | Average<br>Interest<br>Rate<br>Percent<br>5.2<br>7.5<br>7.5<br>9.4<br>7.8 |
| Cash and cash equivalents<br>Finance lease receivable<br>Receivables<br><b>Total Financial Assets</b><br>Financial Liabilities:<br>Borrowings from State<br>Government<br>Finance lease liabilities<br>Other loans<br>Borrowings related to NCA<br>held for sale<br>Payables<br><b>Total Financial Liabilities</b> | Interest<br>Rate<br>\$'000<br>69 550<br> | 1 year<br>or less<br>\$'000<br>-<br>513<br>513<br>103 290<br>14 315<br>242<br>2 215 | Over 1 to<br>5 years<br>\$'000<br>-<br>1 869<br>-<br>1 869<br>-<br>-<br>1 869<br>-<br>-<br>2 599<br>1 171<br>-      | in<br>More than<br>5 years<br>\$'000<br>2 520<br>-<br>2 520<br>-<br>17 629<br>3 402<br>-           | Interest<br>Bearing<br>\$'000<br>265<br>   | \$'000<br>69 815<br>4 902<br>76 958<br>151 675<br>196 120<br>34 543<br>4 815<br>2 215           | Average<br>Interest<br>Rate<br>Percent<br>5.2<br>7.5<br>7.5<br>9.4<br>7.8 |
| Cash and cash equivalents<br>Finance lease receivable<br>Receivables<br><b>Total Financial Assets</b><br>Financial Liabilities:<br>Borrowings from State<br>Government<br>Finance lease liabilities<br>Other loans<br>Borrowings related to NCA<br>held for sale<br>Payables                                       | Interest<br>Rate<br>\$'000<br>69 550<br> | 1 year<br>or less<br>\$'000<br>-<br>513<br>513<br>103 290<br>14 315<br>242<br>2 215 | Over 1 to<br>5 years<br>\$'000<br>-<br>1 869<br>-<br>1 869<br>-<br>-<br>1 869<br>-<br>-<br>2 599<br>1 171<br>-<br>- | in<br>More than<br>5 years<br>\$'000<br>-<br>2 520<br>-<br>2 520<br>-<br>17 629<br>3 402<br>-<br>- | Interest<br>Bearing<br>\$'000<br>265<br>-<br>76 958<br>77 223<br>30<br>-<br>-<br>-<br>77 362 | \$'000<br>69 815<br>4 902<br>76 958<br>151 675<br>196 120<br>34 543<br>4 815<br>2 215<br>77 362 | Average<br>Interest<br>Rate<br>Percent<br>5.2<br>7.5<br>7.5<br>9.4<br>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<br>high standards of public safety for all South Australians through the<br>provision of a range of services including information, education,<br>assistance, compliance and enforcement.   |
|                      | Public Sector<br>Workforce Relations | Assists the Government to achieve its economic development and<br>social goals, working within the parameters of relevant legislation<br>and Government policy, by providing industrial relations services,<br>occupational health, safety and injury management and strategic<br>workforce policy and projects. |
| Employee Advocacy    | Employee Ombudsman<br>Services       | The employee ombudsman is appointed to assist in ensuring that<br>the rights of employees under the South Australian Law are<br>protected. This entails promoting the principles of fairness, equity<br>and justice for all employees.   |
|                      | Conciliation and<br>Arbitration      | Provision of industrial conciliation and arbitration services through<br>the Industrial Relations Court and Commission and Workers<br>Compensation Tribunal, for the resolution of workplace disputes.   |

# 28. Programs of the Department (continued)

| Program  | Sub Program  | Description/Objective  |
|--|--|--|
| Recreation Sport<br>and Racing                             | Recreation and Sport                                       | Provision of programs, services and policy to facilitate the delivery<br>and strategic development of active recreation and sport facilities,<br>services, programs and infrastructure across the state. It is aimed<br>at enhancing the quality and extent of opportunities for<br>participation and fostering continued sustainability of the industry,<br>as well as providing targeted strategies and support for specific<br>populations including the development of high performance<br>athletes. |
|  | Racing Policy  | Provision of strategic policy advice to the government through the<br>Minister for Recreation, Sport and Racing on matters relating to,<br>and affecting, the South Australian racing industry. To achieve<br>this, the Office for Racing facilitates and builds alliances with<br>individuals and organisations involved in the South Australian<br>racing and wagering industries.   |
| Building<br>Management                                     | Building Services  | Provision of building maintenance and asset management services including building project risk management to the State Government.  |
|  | Commercial Property<br>Management                          | Provision of lease administration and management services in relation to commercial tenancies provided to state government agencies.   |
|  | Government<br>Employees Residential<br>Property Management | Procures and manages regional housing for South Australian government employees.   |
| Information and<br>Communication<br>Technology<br>Services |  | Provides strategic government information and communication<br>technology initiatives, primarily across the public sector. Provides<br>strategic advice and coordination on agency and sector specific<br>information and communication technology (ICT) initiatives to<br>assist agencies in the efficient delivery of services to the<br>government and the community.   |
| Contract and<br>Procurement<br>Services                    |  | Management of procurement, disposal and across government contract services for the provision of a wide range of government goods and services.  |
| Community<br>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<br>boundary security, and a viable and impartial property valuation<br>service for the benefit of business, Government and the<br>community.  |
|  | Archives and Records<br>Management                         | Provides records management services across all State Government<br>agencies and local councils and provides a range of archival<br>services for preservation of and access to official records.   |
|  | Government Publishing<br>SA                                | Manages the publication and dissemination of a range of key parliamentary and Government publications for the South Australian Government.   |
| Support Services to<br>Government                          | Forensic Services  | Provision of forensic science services, primarily in relation to coronial and police investigations.   |
|  | Light Motor Vehicle<br>Fleet                               | Provision of fleet management services to state government<br>agencies including policy advice, vehicle leasing, maintenance,<br>accident and fuel management, vehicle fit out and disposals<br>preparation.   |
|  | Vehicles for Ministers,<br>Parliamentarians and<br>VIPs    | Provision of a motor vehicle service to ministerial representatives, VIP dignitaries and members of parliament on official state government business.  |
|  | Shared Corporate<br>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<br>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        | <b>`</b> 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         | -        | <b>(484</b> ) |
|                | 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                  | <b>2006</b><br>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<br>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                       |             |                   |
|              |   |             | <b>2006</b><br>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<br>Commercial Property Management | 7 083       | 6 214<br>20 077            | 27 160      | 13 650<br>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<br>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<br>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<br>Industrial Relations:<br>SafeWork SA | Current<br>Liabilities<br>\$'000<br>2 122 | Non-Current<br>Liabilities<br>\$'000 | Total<br>Liabilities<br>\$'000 | Net<br>Assets |
|---|---|--------------------------------------|--------------------------------|---------------|
| Industrial Relations:                                       | Liabilities<br>\$'000                     | Liabilities                          | Liabilities                    |               |
| Industrial Relations:                                       | \$′000                                    |                                      |                                |               |
|   | 1   | φ 000                                |                                | \$'000        |
|   | 2 122                                     |                                      | <b>\$ 000</b>                  | 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<br>Liabilities<br>\$'000      | Non-Current<br>Liabilities<br>\$'000 | Total<br>Liabilities<br>\$'000 | Net<br>Assets<br>\$'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. | <b>Revenues from SA Government</b><br>Appropriation and funding:<br>Special Acts<br>Government Workers Rehabilitation and Compensation Fund | 2006<br>\$′000<br>6 473<br>3 882 | 2005<br>\$'000<br>3 817<br>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<br>Department:<br>Assets: | 2006<br>\$′000 | 2005<br>\$′000 |
|---|------|---|----------------|----------------|
| Total Assets-9 922Liabilities:<br>Current-9 922Total LiabilitiesA9. Employee Benefit Costs<br>Payments to parties external to SA Government:<br>Wages and salariesWages and salaries<br>Long service leave2 7442 431Long service leave<br>Annual leave3176Payments to SA Government:<br>Employment on-costs - Superannuation<br>Employment on-costs - Other577445Total Employee Benefit Costs3 5773 266A10. Supplies and Services<br>Supplies and Services51 617State Government auctions<br>Professional fees51 617State Government auctions<br>Professional fees3 5773 266A10. Supplies and Services<br>Supplies and Services - SA Government:<br>Professional fees51 617Total Supplies and Services - SA Government Entities220441Supplies and Services - SA Government Entities227 12965 567Supplies and Services - SA Government Entities51 617Professional fees<br>   |      |   | -              | 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   |                |                |
| Total Liabilities-9 922Net Assets (Liabilities)A9. Employee Benefit CostsPayments to parties external to SA Government:-Wages and salaries2 7442 431Long service leave3176Annual leave7252Payments to SA Government:7252Payments to SA Government:577445Employment on-costs - Superannuation577445Employment on-costs - Other181162Total Employee Benefit Costs3 5773 266A10. Supplies and Services3 5773 266Supplies and Services3 5743 513State Government auctions6 6314 906Professional fees51 617Graming machine expenditure280441Service SA216 42554 635Others214455Total Supplies and Services - SA Government Entities227 129Project expenditure42 557Supplies and Services - Non-SA Government Entities221 4Total Supplies and Services - Non-SA Government Entities225 324Total Supplies and Services252 324144 230A11. GrantsGrants - SA Government Entities3 5005 050Total Grants - SA Government Entities3 5005 050  |      |   | _              | 9 922          |
| Net Assets (Liabilities)-A9.Employee Benefit Costs<br>Payments to parties external to SA Government:<br>Wages and salaries<br>Long service leave<br>Annual leave2 744<br>3<br>1762 431<br>3<br>176Denservice leave<br>Annual leave3<br>17252Payments to SA Government:<br>Employment on-costs - Superannuation<br>Employment on-costs - Other577<br>181<br>162Total Employee Benefit Costs3 577<br>3 266A10.Supplies and Services<br>Supplies and Services5<br>1 617<br>3 513Supplies and Services<br>Supplies and Services provided by entities within the SA Government:<br>Project expenditure<br>Service SA<br>Others5<br>2 1 617<br>2 16 425Supplies and Services<br>Cost216 425<br>2 54 633<br>2 124<br>4 455216 425<br>2 227 129<br>6 5 567Supplies and Services rovided by entities external to the SA Government:<br>Professional fees<br>Gaming machine<br>Cost and Services rovided by entities external to the SA Government:<br>Professional fees<br>Gaming licences61<br>52<br>2 800<br>4 41<br>2 557<br>2 227 129<br>6 5 567Supplies and Services rovided by entities external to the SA Government:<br>Professional fees<br>Gaming licences<br>Disbursement of vehicle proceeds<br>Project expenditure<br>Others2 800<br>4 3 513<br>4 2 557<br>2 28 60<br>4 2 557<br>2 28 60<br>4 2 5 5195<br>2 7 8 663<br>2 52 3 224<br>2 144 2 30A11.Grants<br>Grants - SA Government Entities3 500<br>5 0 500A11.Grants - SA Government Entities3 500<br>5 0 500 |      |   |                |                |
| Payments to parties external to SA Government:<br>Wages and salaries2 7442 431Long service leave3176Annual leave7252Payments to SA Government:<br>Employment on-costs - Superannuation577445Employment on-costs - Other181162Total Employee Benefit Costs3 5773 266A10.Supplies and Services<br>Supplies and Services provided by entities within the SA Government:<br>Professional fees51 617State Government auctions<br>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:<br>Professional fees<br>Gaming machines<br>Disbursement of vehicle proceeds<br>Project expenditure6152Supplies and Services - SA Government Entities227 12965 567Supplies and Services provided by entities external to the SA Government:<br>Professional fees<br>Gaming machines<br>Gaming machines<br>Gaming machines6152Disbursement of vehicle proceeds<br>Project expenditure3 28006 3503 206Others3 206(910)25 19578 663Disbursement of vehicle proceeds<br>Project expenditure25 19578 663Disbursement of vehicle swithin the SA Government:<br>Grants paid/payable to entities within the SA Government:<br>Grants - SA Government Entities3 5005 050A11.Grants<br>Grants - SA   |      |   | -              | -              |
| Payments to parties external to SA Government:<br>Wages and salaries2 7442 431Long service leave3176Annual leave7252Payments to SA Government:<br>Employment on-costs - Superannuation577445Employment on-costs - Other181162Total Employee Benefit Costs3 5773 266A10.Supplies and Services<br>Supplies and Services provided by entities within the SA Government:<br>Professional fees51 617State Government auctions<br>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:<br>Professional fees<br>Gaming machines<br>Disbursement of vehicle proceeds<br>Project expenditure6152Supplies and Services - SA Government Entities227 12965 567Supplies and Services provided by entities external to the SA Government:<br>Professional fees<br>Gaming machines<br>Gaming machines<br>Gaming machines6152Disbursement of vehicle proceeds<br>Project expenditure3 28006 3503 206Others3 206(910)25 19578 663Disbursement of vehicle proceeds<br>Project expenditure25 19578 663Disbursement of vehicle swithin the SA Government:<br>Grants paid/payable to entities within the SA Government:<br>Grants - SA Government Entities3 5005 050A11.Grants<br>Grants - SA   |      |   |                |                |
| Wages and salaries<br>Long service leave<br>Annual leave2 744<br>32 431<br>3Payments to SA Government:<br>Employment on-costs - Superannuation<br>Employment on-costs - Other7252Payments to SA Government:<br>Employment on-costs - Other577445Employment on-costs - Other181162Total Employee Benefit Costs3 5773 266A10.Supplies and Services provided by entities within the SA Government:<br>Professional fees<br>Gaming machine expenditure<br>Service SA<br>Others51 617Supplies and Services provided by entities within the SA Government Entities22712965 54 635Total Supplies and Services - SA Government Entities227 12965 567Supplies and Services provided by entities external to the SA Government:<br>Professional fees<br>Gaming machines<br>Gaming machines<br>Gaming machines6152Supplies and Services - Non-SA Government Entities25 19578 663A11.Grants<br>Grants<br>Grants paid/payable to entities within the SA Government:<br>Grants - SA Government Entities3 5005 050Total Grants - SA Government Entities3 5005 050Total Grants - SA Government Entities3 5005 050   | A9.  |   |                |                |
| Long service leave<br>Annual leave3176Payments to SA Government:<br>Employment on-costs - Superannuation7252Payments to SA Government:<br>Employment on-costs - Other577445Employment on-costs - Other181162Total Employee Benefit Costs3 5773 266A10.Supplies and Services<br>Supplies and Services provided by entities within the SA Government:<br>Professional fees51 617State Government auctions6 6 6314 906Project 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:<br>Professional fees<br>Gaming machines<br>Gaming ilcences6152Supplies and Services - Non-SA Government Entities2 25 19578 663Total Supplies and Services - Non-SA Government Entities2 51 9578 663Total Supplies and Services - Non-SA Government Entities2 51 9578 663Total Supplies and Services - Non-SA Government:<br>Grants<br>Total Supplies and Services3 5005 050A11.Grants<br>Grants paid/payable to entities within the SA Government:<br>Grants - SA Government Entities3 5005 050Total Grants - SA Government Entities3 5005 0503 505   |      |   | 2 744          | 2 431          |
| Annual leave7252Payments to SA Government:<br>Employment on-costs - Superannuation<br>Employment on-costs - Other577445Imployment on-costs - Other181162Total Employee Benefit Costs3 5773 266A10.Supplies and Services<br>Supplies and Services provided by entities within the SA Government:<br>Professional fees51 617State Government auctions6 6314 906Project expenditure<br>Service SA3 5743 513Garning machine expenditure<br>Service SA216 42554 635Others214455Total Supplies and Services - SA Government Entities227 12965 567Supplies and Services provided by entities external to the SA Government:<br>Professional fees6152Garning machines<br>Garning machines19 12416 558Garning ilcences<br>Disbursement of vehicle proceeds<br>Project expenditure<br>Others- 54 056- 54 056Project expenditure<br>A 2 2574 2 5573 206(910)Total Supplies and Services - Non-SA Government Entities25 19578 663Zothers<br>Total Supplies and Services - Non-SA Government Entities25 19578 663A11.Grants<br>Grants<br>Total Grants - SA Government Entities3 5005 050Total Grants - SA Government Entities3 5005 050Total Grants - SA Government Entities3 5005 050Total Grants - SA Government Entities3 5005 050  |      |   |                |                |
| Employment on-costs - Superannuation<br>Employment on-costs - Other577445<br>181Total Employee Benefit Costs3 5773 266A10.Supplies and Services<br>Supplies and Services provided by entities within the SA Government:<br>Professional fees51 617<br>6 631State Government auctions6 6314 906<br>7 90ject expenditure3 5743 513<br>2 800Gaming machine expenditure<br>Service SA216 42554 635<br>2 144455<br>2 16 425Others216 42554 635<br>2 144216 425Professional fees<br>Gaming machines9 124<br>2 4 65565 567Supplies and Services provided by entities external to the SA Government:<br>Professional fees<br>Gaming machines9 124<br>2 4 16 558<br>2 8006 350<br>2 52 324Supplies and Services - Non-SA Government Entities2 506<br>2 5779 124<br>2 16 558<br>2 78 663<br>2 19 12416 558<br>2 557A11.Grants<br>Grants paid/payable to entities within the SA Government:<br>Grants - Total Grants - SA Government Entities3 500<br>3 50505 050<br>3 5050  |      |   | 72             | 52             |
| Employment on-costs - Other181162Total Employee Benefit Costs3 5773 266A10.Supplies and Services3 5773 266Supplies and Services provided by entities within the SA Government:<br>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:<br>Professional fees6152Supplies and Services provided by entities external to the SA Government:<br>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<br>Grants paid/payable to entities within the SA Government:<br>Grants3 5005 050Total Grants - SA Government Entities3 5005 050   |      | Payments to SA Government:  |                |                |
| Total Employee Benefit Costs3 5773 266A10.Supplies and Services<br>Supplies and Services provided by entities within the SA Government:<br>Professional fees51 617State Government auctions6 6314 906Project expenditure3 5743 513Gaming machine expenditure280441Service SA216 42554 635Others211455Total Supplies and Services - SA Government Entities227 12965 567Supplies and Services provided by entities external to the SA Government:<br>Professional fees6152Gaming machines19 12416 558Gaming machines19 12416 558Gaming licences42 557Others3 206(910)Total Supplies and Services - Non-SA Government Entities252 324144 230A11.Grants<br>Grants<br>Total Grants - SA Government Entities3 5005 050Total Grants - SA Government Entities3 5005 050   |      | Employment on-costs - Superannuation  | 577            | 445            |
| A10.Supplies and Services<br>Supplies and Services provided by entities within the SA Government:<br>Professional fees<br>Gaming machine expenditure<br>Service SA<br>Others51617Supplies and Services - SA Government Entities280441Service SA<br>Others21642554635Total Supplies and Services - SA Government Entities22712965567Supplies and Services provided by entities external to the SA Government:<br>Professional fees<br>Gaming licences615252Supplies and Services provided by entities external to the SA Government:<br>Professional fees615252Supplies and Services - SA Government Entities28063505050Disbursement of vehicle proceeds<br>Project expenditure<br>Others-54<056   |      | Employment on-costs - Other   | 181            | 162            |
| Supplies and Services provided by entities within the SA Government:<br>Professional fees51617State Government auctions666314906Project expenditure35743513Gaming machine expenditure280441Service SA2164255465Others214455Total Supplies and Services - SA Government Entities22712965567Supplies and Services provided by entities external to the SA Government:<br>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:<br>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:<br>Grants3 5005 050A11. Grants<br>Grants - SA Government Entities3 5005 050   |      |   | -              |                |
| Service SA<br>Others216 42554 635<br>214Total Supplies and Services - SA Government Entities227 12965 567Supplies and Services provided by entities external to the SA Government:<br>Professional fees<br>Gaming machines6152Gaming machines<br>Gaming licences6152Supplies and Services provided by entities external to the SA Government:<br>Project expenditure19 12416 558Others19 12416 558Project expenditure<br>Others2 8006 350Total Supplies and Services - Non-SA Government Entities25 19578 663Total Supplies and Services25 19578 663Total Supplies and Services3 5005 050Total Grants<br>Grants<br>Total Grants - SA Government Entities3 5005 050   |      | Project expenditure   | 3 574          | 3 513          |
| Others214455Total Supplies and Services - SA Government Entities227 12965 567Supplies and Services provided by entities external to the SA Government:<br>Professional fees<br>Gaming machines6152Gaming machines6152Gaming licences19 12416 558Disbursement of vehicle proceeds<br>Project expenditure-54 056Others42 557Others3 206(910)Total Supplies and Services - Non-SA Government Entities25 19578 663Total Supplies and Services252 324144 230A11.Grants<br>Grants<br>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:<br>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<br>Grants paid/payable to entities within the SA Government:<br>Grants3 5005 050Total Grants - SA Government Entities3 5005 050   |      |   |                |                |
| Supplies and Services provided by entities external to the SA Government:<br>Professional fees<br>Gaming machines<br>Gaming licences6152Gaming machines<br>Gaming licences19 12416 558Disbursement of vehicle proceeds<br>Project expenditure-54 056Project expenditure<br>Others42 557Others3 206(910)Total Supplies and Services - Non-SA Government Entities25 19578 663Total Supplies and Services252 324144 230A11.Grants<br>Grants paid/payable to entities within the SA Government:<br>Grants3 5005 050Total Grants - SA Government Entities3 5005 050  |      |   |                |                |
| 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<br>Grants paid/payable to entities within the SA Government:<br>Grants3 5005 050Total Grants - SA Government Entities3 5005 050  |      | Total Supplies and Services - SA Government Entities  | 227 129        | 65 567         |
| 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<br>Grants paid/payable to entities within the SA Government:<br>Grants3 5005 050Total Grants - SA Government Entities3 5005 050  |      |   |                | -              |
| Disbursement of vehicle proceeds<br>Project expenditure-54 056<br>4Others42 557Others3 206(910)Total Supplies and Services - Non-SA Government Entities25 19578 663Total Supplies and Services252 324144 230A11. Grants<br>Grants paid/payable to entities within the SA Government:<br>Grants3 5005 050Total Grants - SA Government Entities3 5005 050   |      |   |                |                |
| Project expenditure42 557Others3 206(910)Total Supplies and Services - Non-SA Government Entities25 19578 663Total Supplies and Services252 324144 230A11. Grants<br>Grants paid/payable to entities within the SA Government:<br>Grants3 5005 050Total Grants - SA Government Entities3 5005 050   |      | 5   | 2 800          |                |
| Others3 206(910)Total Supplies and Services - Non-SA Government Entities25 19578 663Total Supplies and Services252 324144 230A11. Grants<br>Grants paid/payable to entities within the SA Government:<br>Grants3 5005 050Total Grants - SA Government Entities3 5005 050  |      |   | 4              |                |
| Total Supplies and Services252 324144 230A11.Grants<br>Grants paid/payable to entities within the SA Government:<br>Grants3 5005 050Total Grants - SA Government Entities3 5005 050   |      |   | 3 206          |                |
| 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:<br>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:<br>Grants3 5005 050Total Grants - SA Government Entities3 5005 050  | Δ11  | Grants  |                |                |
| Grants         3 500         5 050           Total Grants - SA Government Entities         3 500         5 050  |      |   |                |                |
| 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<br>Payment to Consolidated Account                             | 2006<br>\$′000<br>102 572 | 2005<br>\$'000<br>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<br>Receivables   | 65<br>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><br>108        |
|      | Total Receivables  | 1 530                     | 1 212                    |
|      | Receivables from SA Government entities:   |                           |                          |
|      | Accrued revenue  | 65                        | -                        |
|      | Receivables<br>Total Receivables from SA Government Entities                                   | <u>132</u><br>197         | <u>729</u><br>729        |
|      | Receivables from Non-SA Government entities:   |                           |                          |
|      | Receivables  | 1 333                     | 483                      |
|      | Accrued revenue<br>Total Receivables from Non-SA Government Entities                           |                           | 483                      |
|      | Total Receivables  | 1 530                     | 1 212                    |
|      |  |                           |                          |
| A15. | Liabilities<br>Current Liabilities:  |                           |                          |
|      | Payables   | 14 014                    | 12 752                   |
|      | Employee benefits  | 157                       | 149                      |
|      | Prepaid revenue<br>Provision for legal fees  | 1 532<br>875              | 1 361<br>1 600           |
|      | Outstanding claims (refer to the GWRC Fund)  | 3 208                     | 4 914                    |
|      |  | 19 786                    | 20 776                   |
|      | Non-Current Liabilities:<br>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<br>Total Liabilities to SA Government Entities                        | <u>875</u><br>13 123      | <u>1 600</u><br>12 242   |
|      |  |                           |                          |
|      | Liabilities to Non-SA Government Entities:<br>Payables   | 1 766                     | 2 110                    |
|      | Employee benefits  | 313                       | 324                      |
|      | Prepaid revenue  | 1 532                     | 1 361                    |
|      | Outstanding claims (refer to the GWRC Fund)<br>Total Liabilities to Non-SA Government Entities | <u> </u>                  | <u>16 117</u><br>19 912  |
|      | Total Liabilities  | 27 241                    | 32 154                   |
|      | <b>_</b>   |                           |                          |
| A16. | Provisions<br>Current:   |                           |                          |
|      | Legal fees   | 875                       | 1 600                    |
|      | Total Current Provisions   | 875                       | 1 600                    |
|      | Movement in Provisions:  |                           |                          |
|      | Balance at 1 July  | 1 600                     | -                        |
|      | Provision recognised<br>Payments   | -<br>(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<br>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<br><i>(a)</i> | Flow Reconciliation<br>Reconciliation of Cash<br>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<br>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-<br>Current | Total  | Current     | Non-<br>Current | Total       | 2006<br>Net<br>(Liabilities) | 2005<br>Net<br>(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<br>\$′000 | 2005<br>\$′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

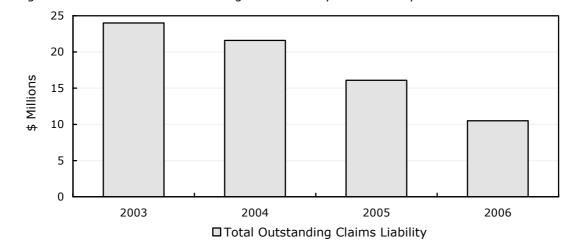
In my opinion, the controls exercised by the Government Workers Rehabilitation and Compensation Fund in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial 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<br>Other expenses paid/payable to entities within the SA Government:<br>Audit fees paid/payable to the Auditor-General's Department | 2006<br>\$′000<br>1 | 2005<br>\$′000<br>9 |
|---|--|---------------------|---------------------|
|   | Other  | 2                   | -                   |
|   | Total Other Expenses to SA Government Entities   | 3                   | 9                   |
|   | Other expenses paid/payable to entities external to the SA Government:   |                     |                     |
|   | Consultants <sup>(i)</sup>   | 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<br>Payables to SA Government Entities:<br>Lump sum settlements                     | 2006<br>\$′000<br>- | 2005<br>\$′000<br>32 |
|---|---------------------|----------------------|
| Audit fees  | 7                   | 13                   |
| Total Payables to Other SA Government Entities  | 7                   | 45                   |
| Payables to Non-SA Government Entities:<br>Consultant fees<br>Lump sum settlements<br>Other | 61<br>1 283<br>-    | 51<br>182<br>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<br>Reconciliation of Cash - Cash at 30 June as per<br>Cash Flow Statement  | 2006<br>\$′000<br>(487)                    | 2005<br>\$'000<br>3 139                 |
|-----|---|--|---|
|     | Balance Sheet   | (487)                                      | 3 139                                   |
|     | <b>Reconciliation of Net Cash provided by Operating Activities</b><br><b>to Net Revenue (Cost of providing Services)</b><br>Net cash (used in) provided by operating activities<br>Cash flow from SA Government | (3 626)<br>(3 882)                         | 2 469<br>(5 795)                        |
|     | Change in assets and liabilities:<br>Decrease in receivables<br>(Increase) Decrease in payables<br>Decrease in claims liability<br><b>Net Revenue (Cost of Providing Services) from Ordinary Activities</b>     | (15)<br>(1 016)<br><u>5 610</u><br>(2 929) | (1 007)<br>216<br><u>5 517</u><br>1 400 |

# **ART GALLERY BOARD**

# FUNCTIONAL RESPONSIBILITY AND STRUCTURE

# Establishment

The Board was established under subsection 4(1) of the Art Gallery Act 1939.

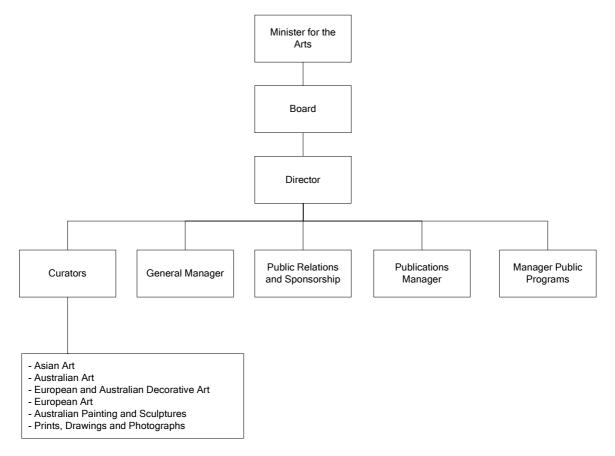
# Functions

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

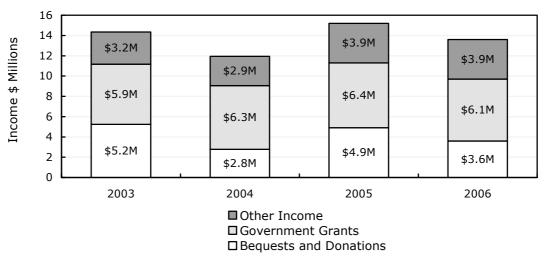
Income for the year totalled \$13.6 million (\$15.1 million). The decrease of \$1.5 million is attributable mainly to:

- 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.



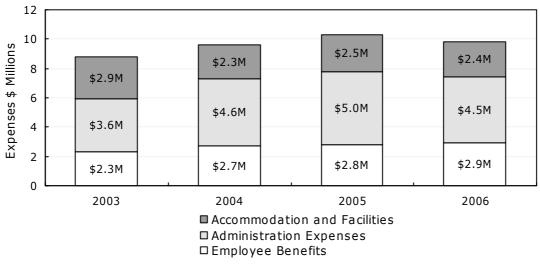
# Expenses

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

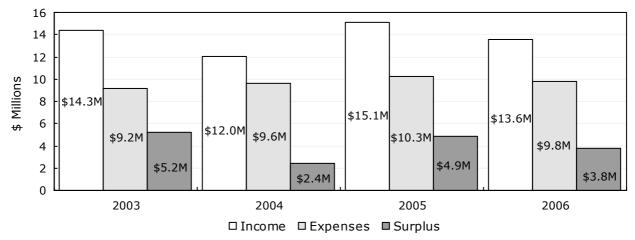
For the four years to 2006, a structural analysis of the main operating expense items for the Board is shown in the following chart.



# 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.

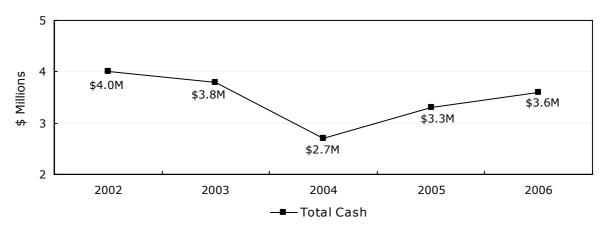


# **Balance Sheet**

# **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 | <b>-</b> |
|  |      | 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<br>Australian Paintings and Sculptures | Industry Expert<br>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<br>\$′000 | 2005<br>\$′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:<br>Administration expenses | \$′000<br>65     | \$'000<br>95   |
|          | Business services charge  | 278              | 278            |
|          | Conservation work   | 363              | 416            |
|          | EDS charges   | 52               | 20             |
|          | Insurance and risk management<br>Information technology   | 506<br>11        | 544<br>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<br>Net book value of assets disposed                                     | 20<br>20         | 6<br>6         |
|          | Profit (Loss) on Sale of Plant and Equipment  | - 20             | -              |
|          |   |                  |                |
|          | Heritage collections:   |                  |                |
|          | Proceeds from disposal  | 106              | -              |
|          | Net book value of assets disposed<br><b>Profit on Sale of Heritage Collections</b>              | <u>45</u><br>61  | -              |
|          |   | 01               |                |
|          | Investments:  | <b>11</b> E      | 1 002          |
|          | Proceeds from the sale of investments<br>Net book value of investments                          | 415<br>362       | 1 092<br>1 671 |
|          | Profit (Loss) on Sale of Investments  | 53               | (579)          |
|          |   |                  | <u> </u>       |
|          | Total Assets:   |                  | 1 000          |
|          | Total proceeds from disposal<br>Total net book value of assets                                  | 541<br>427       | 1 098<br>1 677 |
|          |   | 114              |                |
|          | Total Profit (Loss) on Disposal of Assets   | 114              | (579)          |

| 10. | Other Income   | 2006<br>\$′000 | 2005<br>\$′000 |
|-----|--|----------------|----------------|
|     | Other income received/receivable from entities external to the SA Government:<br>Recoup recoverables<br>Grant from Commonwealth Government<br>Other receipts | 22<br>96<br>49 | 70<br>75<br>38 |
|     | <b>Total Other Income - Non-SA Government Entities</b>   | 167            | 183            |
|     | Other income received/receivable from entities within the SA Government:<br>State Government grants<br>Other receipts  | 20             | 12<br>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<br>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<br>Carrying Amount at 30 June | 3 625          | (930)<br><b>25 307</b>       | (63)<br><b>164</b>  | <u>(993)</u><br>29 096 |
|--|----------------|------------------------------|---------------------|------------------------|
| Additions  | -              | -                            | 23                  | 23                     |
| Carrying amount at 1 July                          | 3 625          | 26 237                       | 204                 | 30 066                 |
|  | Land<br>\$'000 | ments<br>\$′000              | Equipment<br>\$'000 | Total<br>\$'000        |
| Reconciliation of Property Plant and Equipment     |                | Buildings<br>and<br>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<br>Library                           |                 | 500<br>1 548 | -<br>38   | -         | (65)<br>(2) | 435<br>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<br>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><br>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: | <b>-</b> - |                 |
|     | 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<br><i>Reconciliation of Cash</i><br>For the purposes of the Cash Flow Statement, cash and cash equivalents includes<br>cash on hand and at bank. Cash as at the end of the financial year as shown in the<br>Cash Flow Statement is reconciled to the items in the Balance Sheet as follows: | 2006<br>\$'000 | 2005<br>\$'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<br>Providing Services<br>Net cash provided by operating activities<br>Less: Revenues from SA Government | 2006<br>\$'000<br>2 943<br>(6 061) | 2005<br>\$'000<br>4 470<br>(6 376) |
|--|------------------------------------|------------------------------------|
| Add (Less): Non-cash items:<br>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  | <b>)</b> (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*.

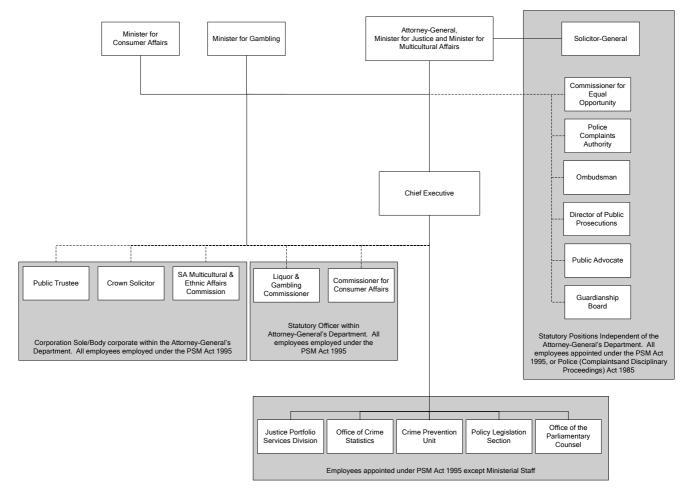
# Functions

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**

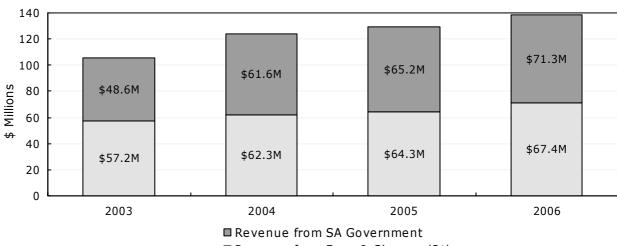
# Income

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

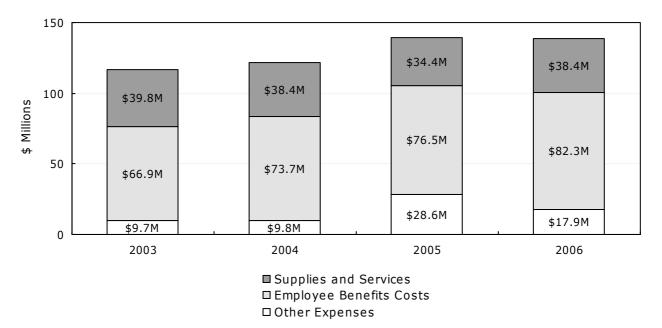
Program 1 *Policy Advice and Legal Services* includes the activities associated with the operations of the Crown Solicitor's Office, the Office of the Director of Public Prosecutions, the Solicitor-General and the Office of the Parliamentary Counsel.

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.

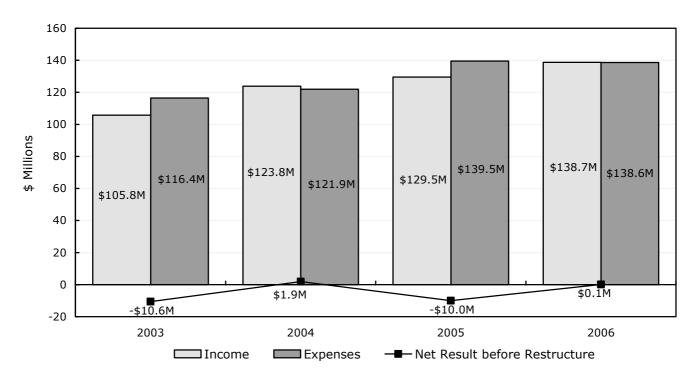
Program 10 *Justice Portfolio Services* provides portfolio administrative support including financial, business and contract management, human resource management, information knowledge management and Ministerial support.

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

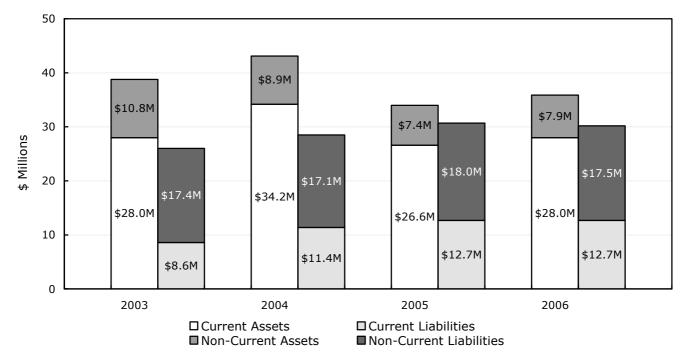
The improvement in the Department's net result for 2006 is due mainly to a once off payment of \$14.2 million to the South Australian Government in 2005. The following chart shows the income, expenses and net result before restructure for the four years to 2006.



## **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<br>\$'million | 2005<br>\$'million | 2004<br>\$'million | 2003<br>\$'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<br>\$′million | 2005<br>\$'million | Percentage<br>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<br>\$′million | 2005<br>\$'million | Percentage<br>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

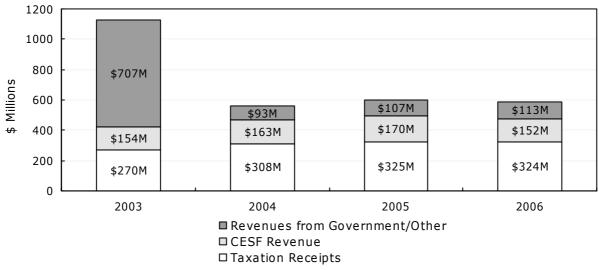
Income administered by the Department includes taxation receipts collected on behalf of government, levies collected from owners of fixed and mobile property to fund the provision of emergency services and revenues from government to support the costs associated with the Department's administered activities.

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

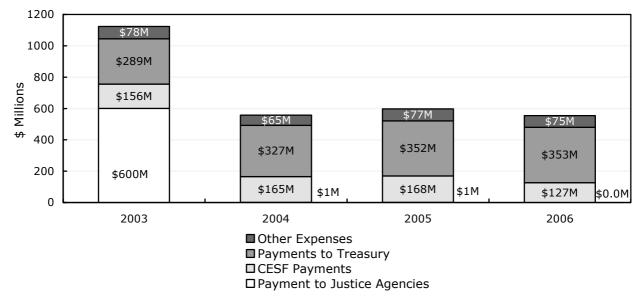
A major component of the Departments administrative expenditure is the transfer of funds to other government agencies. In particular the Department transfers taxation receipts to the Consolidated Account and, until the transfer of responsibility for the Fund to SAFECOM, distributed funds from the Community 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.

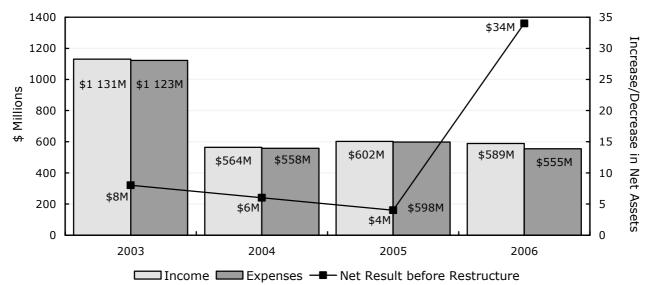


# Net Result before Restructure

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.

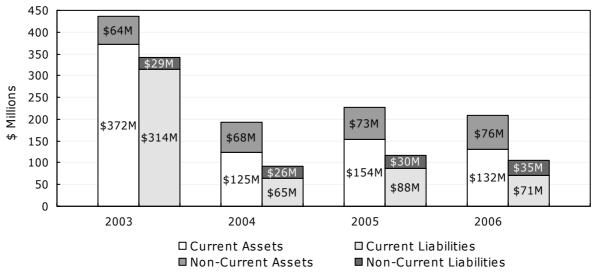
The following chart shows the income, expenses and the net result before restructure for the four years to 2006.



# **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.

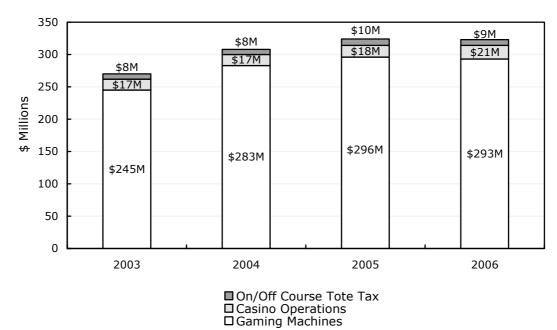
|                 | 2006<br>\$′million | 2005<br>\$′million | 2004<br>\$′million | 2003<br>\$'million |
|-----------------|--------------------|--------------------|--------------------|--------------------|
| Net Cash Flows  |                    |                    |                    |                    |
| 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

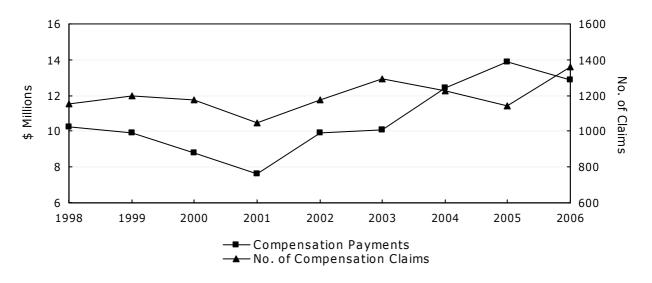
The Act empowers the Attorney-General to recover the cost of compensation payments from offenders who were convicted of the offence to which the compensation relates. Recovery of amounts is difficult as most compensation claims are for unknown offenders. This is demonstrated by the following:

- 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<br>equity for 2004-05Net result after restructure for 2004-05-(10 398)(10 398)Total Recognised Income and Expense for<br>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<br>during 2005-062 087-2 086Gain on revaluation of plant and equipment<br>during 2005-0639-30Met income/expense recognised directly in<br>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 |          |
| Balance at 30 June 2004       1 610       12 853       14 46         Changes in accounting policy       (98)       (439)       (53)         Restated balance at 30 June 2004       1 512       12 414       13 92         Net income/expense recognised directly in<br>equity for 2004-05       -       -       -         Net result after restructure for 2004-05       -       (10 398)       (10 398)         Total Recognised Income and Expense for<br>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       -       2 087       -       2 08         during 2005-06       2 087       -       2 08       3 0       -       3 0         Gain on revaluation of plant and equipment       -       -       -       -       -       -         during 2005-06       39       -       -       -       -       -       -       -         Gain on revaluation of plant and equipment       -       -       -       -       -       -   |   | Reserve     | Earnings | Total    |
| Changes in accounting policy       (98)       (439)       (53)         Restated balance at 30 June 2004       1512       12 414       13 92         Net income/expense recognised directly in<br>equity for 2004-05       -       -       -         Net result after restructure for 2004-05       -       (10 398)       (10 398)         Total Recognised Income and Expense for<br>2004-05       -       (10 398)       (10 398)         Balance at 30 June 2005       1 512       2 016       3 52         Changes in accounting policy       -       (2005)       (2007)         Restated balance at 30 June 2005       1 512       1 810       3 32         Gain on revaluation of leasehold improvements       0       -       2 087       -       2 087         Gain on revaluation of land during 2005-06       2 087       -       2 087       -       2 087         Gain on revaluation of plant and equipment       -       -       -       -       -       -         during 2005-06       39       -       -       -       -       -       -         Gain on revaluation of buildings during 2005-06       39       -       -       -       -       -         Net income/expense recognised directly in       -       4  |   | \$′000      | \$′000   | \$′000   |
| Restated balance at 30 June 2004       1 512       1 2 414       13 92         Net income/expense recognised directly in<br>equity for 2004-05       -       -       -         Net result after restructure for 2004-05       -       -       -       -         Net result after restructure for 2004-05       -       -       -       -       -         Net result after restructure for 2004-05       -       -       (10 398)       (10 392)       - <td>Balance at 30 June 2004</td> <td>1 610</td> <td>12 853</td> <td>14 463</td>   | Balance at 30 June 2004                         | 1 610       | 12 853   | 14 463   |
| Net income/expense recognised directly in<br>equity for 2004-05         -         -           Net result after restructure for 2004-05         -         (10 398)         (10 397)           Total Recognised Income and Expense for<br>2004-05         -         (10 398)         (10 397)           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<br>during 2005-06         2 087         -         2 08           Gain on revaluation of plant and equipment<br>during 2005-06         300         -         30           Gain on revaluation of buildings during 2005-06         39         -         30           Net income/expense recognised directly in<br>equity for 2005-06         2 488         -         2 488           Net result after restructure for 2005-06         -         47         48           Net result after restructure for 2005-06         -         47         48           Net result after restructure for 2005-06         -         47         48           Net result after restructure for 2005-06         -         47         48           Net result after restructu   | Changes in accounting policy                    | (98)        | (439)    | (537)    |
| equity for 2004-05       -       -         Net 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 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       -       2 087         during 2005-06       2 087       -       2 087         Gain on revaluation of land during 2005-06       300       -       30         Gain on revaluation of polant and equipment       -       -       -       -         during 2005-06       39       -       -       -       -         Gain on revaluation of buildings during 2005-06       13       -       -       -       -         Net income/expense recognised directly in       -       -       -       -       -       -       -         Net result after restructure for 2005-06       -       47       -       -       -       -         Dot5-06       2 488       47       2 488 <td>Restated balance at 30 June 2004</td> <td>1 512</td> <td>12 414</td> <td>13 926</td>   | Restated balance at 30 June 2004                | 1 512       | 12 414   | 13 926   |
| Net result after restructure for 2004-05       -       (10 398)       (10 398)         Total Recognised Income and Expense for<br>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       -       2 087       -       2 087         during 2005-06       2 087       -       2 087       -       3 32         Gain on revaluation of land during 2005-06       300       -       3 32         Gain on revaluation of mobile transport assets       -  | Net income/expense recognised directly in       |             |          |          |
| Total Recognised Income and Expense for<br>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<br>during 2005-06       2 087       - 2 08         Gain on revaluation of land during 2005-06       300       - 30         Gain on revaluation of plant and equipment<br>during 2005-06       49       - 4         Gain on revaluation of plant and equipment<br>during 2005-06       39       - 30         Gain on revaluation of buildings during 2005-06       39       - 30         Result after restructure for 2005-06       2 488       - 2 48         Net result after restructure for 2005-06       - 47       47         Total Recognised Income and Expense for<br>2005-06       2 488       47       2 53   | equity for 2004-05                              | -           | -        | -        |
| 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<br>during 2005-0649Gain on revaluation of plant and equipment<br>during 2005-0639Gain on revaluation of buildings during 2005-0613Ret income/expense recognised directly in<br>equity for 2005-062 488-2 488Net result after restructure for 2005-06-47-Total Recognised Income and Expense for<br>2005-062 488472 53   | Gain on revaluation of leasehold improvements   |             |          |          |
| Gain on revaluation of mobile transport assets<br>during 2005-0649-4Gain on revaluation of plant and equipment<br>during 2005-0639-3Gain on revaluation of buildings during 2005-0613-3Net income/expense recognised directly in<br>equity for 2005-062 488-2 488Net result after restructure for 2005-06-474Total Recognised Income and Expense for<br>2005-062 488472 53  | during 2005-06                                  | 2 087       | -        | 2 087    |
| during 2005-0649-40Gain on revaluation of plant and equipment<br>during 2005-0639Gain on revaluation of buildings during 2005-0613Net income/expense recognised directly in<br>equity for 2005-062 488-2 488Net result after restructure for 2005-06-47-Total Recognised Income and Expense for<br>2005-062 488472 53   | Gain on revaluation of land during 2005-06      | 300         | -        | 300      |
| Gain on revaluation of plant and equipment<br>during 2005-0639-37Gain on revaluation of buildings during 2005-0613-13Net income/expense recognised directly in<br>equity for 2005-062 488-2 488Net result after restructure for 2005-06-4747Total Recognised Income and Expense for<br>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<br>equity for 2005-062 488-2 488Net result after restructure for 2005-06-472Total Recognised Income and Expense for<br>2005-062 488472 53  | Gain on revaluation of plant and equipment      |             |          |          |
| Net income/expense recognised directly in<br>equity for 2005-062 488-2 48Net result after restructure for 2005-06-4747Total Recognised Income and Expense for<br>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<br>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    |
| <b>2005-06</b> 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:<br>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<br>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)<br>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<br>Net expense from administrative<br>restructure | (1 577)  | 7 824    | 364     | (618)   | 138     | (103)   |
| NET RESULT AFTER RESTRUCTURE  |          |          | -       | -       |         |         |
| ATTRIBUTABLE TO THE<br>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)<br>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<br>(118) | -       | (3 962)   |
| Tayments to SA Government  | 1 606    | 2 199   | 1 812   | 10 534   | 3 085          | -       | 67 309    |
|  | <b>.</b> |         |         |          |                |         |           |
| Net result before restructure<br>Net expense from administrative | (64)     | 754     | 225     | (6 405)  | (491)          | -       | 47        |
| restructure  | -        | -       | -       | -        | -              | -       | -         |
| NET RESULT AFTER RESTRUCTURE<br>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<br>\$′000 | 2<br>\$′000 | 3<br>\$′000 | 4<br>\$′000 | 5<br>\$′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<br>INCOME:<br>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     |             |
|  | -           | -<br>12 264 | -           | 131 936     | -           |
| Commonwealth Specific Purpose grants<br>Interest revenue                   | -           | 2 518       | -           | -<br>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<br>6 | Program<br>7 | Program<br>8  | Program<br>9 | 200<br>Tota |
|--------------------------------------|--------------|--------------|---------------|--------------|-------------|
| ASSETS:                              | \$′000       | \$′000       | \$′000        | \$′000       | \$'00       |
| CURRENT:                             | φ 000        | 4 000        | <b>\$ 000</b> | <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        |
| _<br>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.

| Salaries and wages         60 0234<br>Employee on-costs         5000<br>11 350           Annual leave         5 403         5 317           Long service leave         2 273         2 013           TVSP (refer below)         1 223         -           Board fees         1114         1034           Other         7         669           Total Employee Benefits Costs         82 314         76 498           Targeted Voluntary Separation Packages (TVSPs)         1 223         -           Total Employees during the reporting period         1 223         -           Recovery from the Department of Treasury and Finance in respect of TVSPs         (1 223)         -           Annual and long service leave accrued over the period of employment for<br>employees who received TVSPs         408         -           Number of employees whose remuneration received or receivable<br>fails within the following bands:<br>\$100 001 - \$110 000         32         26           \$110 001 - \$120 000         10         8         20           \$120 001 - \$120 000         10         8         20           \$130 001 - \$140 000         6         10         8           \$140 001 - \$120 000         5         3         3           \$150 001 - \$10 000         5         3         3   | 6. | Employee Benefits Cost  | 2006       | 2005       |
|--|----|---|------------|------------|
| Employee on-costs         12 060         11 350           Annual leave         5 403         5 317           Long service leave         2 273         2 013           TVSP (refer below)         1223         -           Board fees         1114         1 034           Other         7 669         2 217           Total Employee Benefits Costs         82 314         76 498           Targeted Voluntary Separation Packages (TVSPs)         1 223         -           TVSPs paid to employees during the reporting period         1 223         -           Recovery from the Department of Treasury and Finance in respect of TVSPs         408         -           Annual and long service leave accrued over the period of employment for employees who received TVSPs         408         -           Mumber of employees who were paid TVSPs during the reporting period         12         -           Remuneration of Employees         Number of Employees         Number of Employees           S100 001 - \$110 000         23         17           \$120 001 - \$130 000         6         10           \$140 001 - \$150 000         6         10           \$140 001 - \$150 000         6         5           \$150 001 - \$160 000         6         5           \$  |    |   | \$′000     | \$′000     |
| Annual leave         5 403         5 317           Long service leave         2073         2013           TVSP (refer below)         1223         -           Board fees         1114         1034           Other         7 669           Total Employee Benefits Costs         82 314         76 498           Total Employee adding the reporting period         1 223         -           Recovery from the Department of Tressury and Finance in respect of TVSPs         (1 223)         -           Annual and long service leave accrued over the period of employment for         1 223         -           employees who received TVSPs         408         -           2006         2005         Number of           Employees         122         -           Number of employees whose remuneration received or receivable         fils within the following bands:         \$100 001 - \$120 000         32         26           \$110 001 - \$120 000         32         10         8         30         10         8           \$120 001 - \$120 000         \$16         9         \$6         10         \$20         \$17           \$120 001 - \$140 000         \$10         8         20         \$17         2         \$17           \$100   |    | Salaries and wages  | 60 234     | 56 115     |
| Long service leave         2 273         2 013           TVSP (refer below)         1223         -           Board fees         1114         1 034           Other         7 669         82 314         76 498           TrySPs paid to employees during the reporting period         1 223         -           Recovery from the Department of Treasury and Finance in respect of TVSPs         408         -           Annual and long service leave accrued over the period of employment for employees who received TVSPs         408         -           Number of employees who received TVSPs         408         -           Remuneration of Employees         Number of Employees         Number of Employees           The number of employees whose remuneration received or receivable fails within the following bands:         32         26           \$110 001         \$120 001         32         26           \$110 001         \$120 000         8         2005           \$110 001         \$120 001         \$10         8           \$130 001         \$140 000         \$32         26           \$110 001         \$120 000         \$33         17           \$120 001         \$10 001         \$32         26           \$110 001         \$10 001         \$32  |    | Employee on-costs   | 12 060     | 11 350     |
| TVSP (refer below)         1 223         -           Board fees         1114         1034           Other         2 669           Total Employee Benefits Costs         82 314         76 498           Trageted Voluntary Separation Packages (TVSPs)         1 223         -           TVSPs paid to employees during the reporting period         1 223         -           Recovery from the Department of Treasury and Finance in respect of TVSPs         408         -           Annual and long service leave accrued over the period of employment for employees who received TVSPs         408         -           Number of employees who were paid TVSPs during the reporting period         12         -           Remuneration of Employees         122         -           The number of employees whose remuneration received or receivable fills within the following bands:         \$10 001 - \$120 000         32         26           \$110 001 - \$120 000         \$23         17         \$120 001 - \$140 000         6         10           \$130 001 - \$140 000         \$12         -         -         2         6           \$110 001 - \$150 000         \$16         9         3         3         3           \$120 001 - \$140 000         \$2         2         2         2         2  |    |   | 5 403      | 5 317      |
| Board fees<br>Other         1 114<br>7 659           Total Employee Benefits Costs         82 314<br>76 498           Targeted Voluntary Separation Packages (TVSPs)<br>TVSPs paid to employees during the reporting period<br>Recovery from the Department of Treasury and Finance in respect of TVSPs<br>Annual and long service leave accrued over the period of employment for<br>employees who received TVSPs         1 223<br>408           2006         2005<br>Number of Employees         2006<br>Number of Employees           Number of employees who were paid TVSPs during the reporting period         12           Remuneration of Employees         12           Fils within the following bands:<br>falls within the following bands:<br>falls within the following bands:<br>fils with the following bands:<br>fils within the following bands:<br>fils within the following bands:<br>fils with the following bands:<br>fils within the following bands:<br>fils with the following ban |    | Long service leave  | 2 273      | 2 013      |
| Other         7         669           Total Employee Benefits Costs         82 314         76 498           Targeted Voluntary Separation Packages (TVSPs)         1 223         -           TVSPs paid to employees during the reporting period         1 223         -           Recovery from the Department of Treasury and Finance in respect of TVSPs         (1 223)         -           Annual and long service leave accrued over the period of employment for employees who received TVSPs         408         -           2006         2005         Number of Employees         Employees           Number of employees whose remuneration received or receivable falls within the following bands:         -         206         205           \$100 001         \$110 001         \$12 000         32         17           \$120 001         \$120 000         32         17           \$120 001         \$120 000         32         17           \$120 001         \$120 000         32         17           \$120 001         \$120 000         32         17           \$120 001         \$120 000         \$2         16           \$140 001         \$120 000         \$2         17           \$120 001         \$120 000         \$2         17           \$120 001<  |    | TVSP (refer below)  | 1 223      | -          |
| Total Employee Benefits Costs         82 314         76 499           Targeted Voluntary Separation Packages (TVSPs)         1223         -           TVSPs paid to employees during the reporting period         1223         -           Recovery from the Department of Treasury and Finance in respect of TVSPs         408         -           Annual and long service leave accrued over the period of employment for employees who received TVSPs         408         -           Number of employees who received TVSPs         408         -           Remuneration of Employees         Number of Employees         Number of Employees           The number of employees whose remuneration received or receivable falls within the following bands:         32         26           \$110 001 - \$120 000         23         17           \$120 001 - \$120 000         3         10         8           \$130 001 - \$120 000         6         10         8           \$140 001 - \$120 000         8         20         \$16         9           \$150 001 - \$140 000         6         10         8         20           \$180 001 - \$170 000         *16         9         \$2         2           \$16 001         \$16 000         3         3         3         3         3           \$1001 - \$12  |    | Board fees  | 1 114      | 1 034      |
| Targeted Volumtary Separation Packages (TVSPs)         1223         -           TVSPs paid to employees during the reporting period         1.223         -           Recovery from the Department of Treasury and Finance in respect of TVSPs         408         -           employees who received TVSPs         408         -           Number of employees who received TVSPs         408         -           Number of employees who were paid TVSPs during the reporting period         12         -           Remain of employees whose remuneration received or receivable fails within the following bands:         32         26           \$110 001 - \$110 000         32         10         8           \$100 001 - \$110 000         32         10         8           \$100 001 - \$110 000         8         20         \$           \$100 001 - \$120 000         8         20         \$           \$100 001 - \$140 000         6         10         8           \$130 001 - \$140 000         \$         6         5           \$180 001 - \$140 000         \$         6         5           \$180 001 - \$150 000         \$         7         2           \$100 001 - \$100 000         \$         6         5           \$100 01 - \$100 000         \$         6   |    | Other   | 7          | 669        |
| TVSPs paid to employees during the reporting period       1 223       -         Recovery from the Department of Treasury and Finance in respect of TVSPs       (1 223)       -         Annual and long service lave accrued over the period of employment for employees who received TVSPs       408       -         2006       2005       Number of Employees       2005         Number of employees who were paid TVSPs during the reporting period       12 2       -         Recover of employees whose remuneration received or receivable falls within the following bands:       10       32       26         \$110 001 - \$110 000       32       26       10       8       200       8       200         \$100 001 - \$120 000       23       17       \$120 001 - \$130 000       6       10       8       20       \$10       8       20       \$10       8       20       \$10       8       20       \$10       8       20       \$10       8       20       \$10       8       20       \$10       8       20       \$10       8       20       \$10       \$10       \$10       \$10       \$10       \$10       \$10       \$10       \$10       \$10       \$10       \$10       \$10       \$10       \$10       \$10       \$10       \$10       \$10 <th></th> <th>Total Employee Benefits Costs</th> <th>82 314</th> <th>76 498</th>  |    | Total Employee Benefits Costs                                       | 82 314     | 76 498     |
| Recovery from the Department of Treasury and Finance in respect of TVSPs<br>Annual and long service leave accrued over the period of employment for<br>employees who received TVSPs         (1 223)         -           2006         2005         2006         2005         Number of<br>Employees         2006         2005           Number of employees who were paid TVSPs during the reporting period         12         -         -           Remuneration of Employees         12         -         -         -           Remuneration of Employees whose remuneration received or receivable<br>falls within the following bands:         32         26         10         8           \$100 001 - \$110 000         32         26         10         8         200         10         8           \$130 001 - \$120 000         10         8         20         10         8         20         \$150 001 - \$130 000         6         10         8         20         \$150 001 - \$170 000         *16         9         \$160 001 - \$170 000         8         20         \$150 001 - \$180 000         6         5         \$180 001 - \$190 000         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3         3  |    | Targeted Voluntary Separation Packages (TVSPs)                      |            |            |
| Annual and long service leave accrued over the period of employment for employees who received TVSPs       408       -         2006       2005       Number of Employees       Number of Employees         Number of employees who were paid TVSPs during the reporting period       12       -         Remuneration of Employees       12       -         Remuneration of Employees       \$100 001 - \$110 000       23       17         \$110 001 - \$110 000       23       17       \$120 001 - \$130 000       6       10         \$120 001 - \$130 000       10       8       20       \$100 01       10       8         \$130 001 - \$140 000       6       10       \$140 001 - \$150 000       \$16       9       \$160 001 - \$170 000       \$17       2         \$140 001 - \$150 000       \$16       9       \$160 001 - \$170 000       \$16       9       \$160 001 - \$170 000       \$16       9       \$160 001 - \$200 000       \$2       2       2       \$2  |    | TVSPs paid to employees during the reporting period                 | 1 223      | -          |
| employees who received TVSPs         408         -           2006<br>Number of<br>Employees         2005<br>Number of<br>Employees         2005<br>Number of<br>Employees           Number of employees whose remuneration received or receivable<br>falls within the following bands:<br>\$100 001 - \$110 000         12         -           \$100 001 - \$110 000         23         17           \$120 001 - \$110 000         32         26           \$100 001 - \$110 000         6         10           \$140 001 - \$150 000         8         20           \$150 001 - \$160 000         6         10           \$140 001 - \$150 000         8         20           \$150 001 - \$140 000         6         10           \$140 001 - \$170 000         77         2           \$170 001 - \$180 000         3         3           \$180 001 - \$190 000         3         3           \$190 001 - \$200 000         4         2           \$210 001 - \$200 000         2         2           \$220 001 - \$200 000         2         2           \$230 001 - \$240 000         2         2           \$240 001 - \$240 000         2         2           \$240 001 - \$240 000         1         -           \$250 001 - \$240 000         1         -     <   |    | , , , , ,   | (1 223)    | -          |
| Number of<br>Employees         Number of<br>Employees         Number of<br>Employees           Number of employees whose remuneration received or receivable<br>falls within the following bands:         12         -           \$100 001 - \$110 000         32         26           \$110 001 - \$120 000         33         7           \$120 001 - \$130 000         6         10           \$140 001 - \$150 000         6         10           \$140 001 - \$150 000         8         20           \$150 001 - \$160 000         8         20           \$150 001 - \$160 000         8         20           \$150 001 - \$120 000         8         20           \$140 001 - \$150 000         8         20           \$150 001 - \$160 000         8         20           \$150 001 - \$120 000         8         20           \$150 001 - \$120 000         6         5           \$180 001 - \$120 000         3         3           \$190 001 - \$200 000         2         2           \$220 001 - \$200 000         2         2           \$240 001 - \$200 000         2         2           \$240 001 - \$200 000         2         2           \$240 001 - \$200 000         1         -           \$250 001 - \$260 00  |    |   | 408        | -          |
| Number of<br>Employees         Number of<br>Employees         Number of<br>Employees           Number of employees whose remuneration received or receivable<br>falls within the following bands:         12         -           \$100 001 - \$110 000         32         26           \$110 001 - \$120 000         33         7           \$120 001 - \$130 000         6         10           \$140 001 - \$150 000         6         10           \$140 001 - \$150 000         8         20           \$150 001 - \$160 000         8         20           \$150 001 - \$160 000         8         20           \$150 001 - \$120 000         8         20           \$140 001 - \$150 000         8         20           \$150 001 - \$160 000         8         20           \$150 001 - \$120 000         8         20           \$150 001 - \$120 000         6         5           \$180 001 - \$120 000         3         3           \$190 001 - \$200 000         2         2           \$220 001 - \$200 000         2         2           \$240 001 - \$200 000         2         2           \$240 001 - \$200 000         2         2           \$240 001 - \$200 000         1         -           \$250 001 - \$260 00  |    |   | 2006       | 2005       |
| Employees         Employees         Employees           Number of employees who were paid TVSPs during the reporting period         12         -           Remneration of Employees         The number of employees whose remuneration receivable falls within the following bands:         32         26           \$110 001 - \$110 000         32         26         11         10         8           \$100 001 - \$110 000         23         17         10         8         13           \$110 001 - \$110 000         6         10         8         13         10         8           \$130 001 - \$120 000         6         10         8         20         10         8           \$130 001 - \$140 000         6         10         8         20         10         8           \$150 001 - \$170 000         7         2         16         9         16         9           \$160 001 - \$170 000         6         4         2 <td></td> <td></td> <td></td> <td></td>   |    |   |            |            |
| Number of employees who were paid TVSPs during the reporting period         12           Remuneration of Employees         Second State           falls within the following bands:         \$100 001 - \$110 000         32 26           \$100 001 - \$110 000         23 17           \$120 001 - \$110 000         6 10           \$130 001 - \$140 000         6 10           \$140 001 - \$150 000         8 20           \$150 001 - \$150 000         8 20           \$150 001 - \$150 000         8 20           \$160 001 - \$170 000         \$7 2           \$170 001 - \$180 000         6 5           \$180 001 - \$190 000         6 4           \$200 001 - \$210 000         3 3           \$190 001 - \$210 000         4 2           \$210 001 - \$220 000         2 2           \$220 001 - \$220 000         2 2           \$220 001 - \$220 000         2 2           \$220 001 - \$220 000         2 2           \$240 001 - \$220 000         1 -           \$250 001 - \$250 000         1 -           \$260 001 - \$270 000         1 2           \$260 001 - \$270 000         1 2           \$280 001 - \$280 000         1 2           \$280 001 - \$280 000         1 2           \$280 001 - \$300 000         1 2 </td <td></td> <td></td> <td></td> <td></td>  |    |   |            |            |
| Remuneration of Employees           The number of employees whose remuneration received or receivable           falls within the following bands:           \$100 001 - \$110 000         32         26           \$110 001 - \$120 000         23         17           \$120 001 - \$120 000         23         17           \$120 001 - \$120 000         6         10           \$1440 001 - \$150 000         6         10           \$150 001 - \$150 000         8         20           \$150 001 - \$150 000         8         20           \$150 001 - \$170 000         7         2           \$170 001 - \$180 000         6         5           \$180 001 - \$200 000         6         4           \$200 001 - \$210 000         3         3           \$190 001 - \$220 000         2         2           \$230 001 - \$220 000         2         2           \$240 001 - \$220 000         2         2           \$240 001 - \$250 000         7         2           \$240 001 - \$270 000         7         2           \$250 001 - \$270 000         1         -           \$250 001 - \$270 000         1         2           \$260 001 - \$270 000         1         2   |    |   | Linpioyees | Linployees |
| The number of employees whose remuneration receivable         falls within the following bands:         \$100 001 - \$110 000       32       26         \$110 001 - \$1120 000       23       17         \$120 001 - \$130 000       10       8         \$130 001 - \$140 000       6       10         \$140 001 - \$150 000       8       20         \$150 001 - \$160 000       8       20         \$150 001 - \$170 000       8       20         \$160 001 - \$170 000       8       20         \$170 010 - \$180 000       6       5         \$180 001 - \$190 000       3       3         \$190 001 - \$200 000       6       4         \$200 001 - \$200 000       3       2         \$210 001 - \$220 000       3       2         \$220 001 - \$220 000       3       2         \$220 001 - \$220 000       3       2         \$220 001 - \$220 000       2       2         \$220 001 - \$240 000       2       2         \$240 001 - \$250 000       1       -         \$250 001 - \$260 000       1       2         \$250 001 - \$260 000       1       2         \$250 001 - \$260 000       1       2   |    | Number of employees who were paid TVSPs during the reporting period | 12         | -          |
| falls within the following bands:       32       26         \$110 001 - \$110 000       33       17         \$120 001 - \$120 000       10       8         \$130 001 - \$140 000       6       10         \$140 001 - \$150 000       6       10         \$140 001 - \$150 000       8       20         \$150 001 - \$160 000       *16       9         \$160 001 - \$170 000       *7       2         \$170 001 - \$180 000       6       5         \$180 001 - \$190 000       6       5         \$190 001 - \$200 000       6       4         \$200 001 - \$200 000       6       4         \$200 001 - \$200 000       3       3         \$210 001 - \$220 000       2       2         \$220 001 - \$200 000       2       2         \$220 001 - \$200 000       2       2         \$220 001 - \$200 000       2       2         \$220 001 - \$200 000       2       2         \$240 001 - \$250 000       1       -         \$250 001 - \$270 000       1       2         \$260 001 - \$270 000       1       2         \$260 001 - \$270 000       1       2         \$260 001 - \$270 000       1       2<  |    |   |            |            |
| \$100 001 - \$110 000       32       26         \$110 001 - \$120 000       23       17         \$120 001 - \$140 000       10       8         \$130 001 - \$140 000       6       10         \$140 001 - \$150 000       8       20         \$150 001 - \$150 000       8       20         \$150 001 - \$150 000       8       20         \$150 001 - \$170 000       8       20         \$170 001 - \$180 000       6       5         \$180 001 - \$190 000       3       3         \$190 001 - \$200 000       6       4         \$200 001 - \$210 000       3       2         \$210 001 - \$220 000       2       2         \$220 001 - \$220 000       2       2         \$220 001 - \$220 000       2       2         \$220 001 - \$220 000       2       2         \$220 001 - \$220 000       2       2         \$220 001 - \$220 000       1       -         \$220 001 - \$220 000       2       2         \$220 001 - \$220 000       1       -         \$220 001 - \$220 000       1       -         \$220 001 - \$220 000       1       2         \$240 001 - \$270 000       1       2  |    |   |            |            |
| \$110 001 - \$120 000       23       17         \$120 001 - \$130 000       10       8         \$130 001 - \$140 000       6       10         \$144 001 - \$150 000       8       20         \$150 001 - \$160 000       *16       9         \$160 001 - \$170 000       *7       2         \$170 001 - \$180 000       6       5         \$180 001 - \$190 000       6       4         \$200 001 - \$200 000       6       4         \$200 001 - \$200 000       6       4         \$200 001 - \$200 000       3       2         \$210 001 - \$200 000       2       2         \$220 001 - \$220 000       3       2         \$220 001 - \$230 000       2       2         \$230 001 - \$240 000       2       2         \$240 001 - \$250 000       -       2         \$250 001 - \$270 000       1       -         \$250 001 - \$270 000       1       2         \$260 001 - \$270 000       1       2         \$260 001 - \$270 000       1       2         \$280 001 - \$290 000       1       2         \$280 001 - \$290 000       2       -         \$350 001 - \$360 000       -       1  |    |   |            |            |
| \$120 001 - \$130 000       10       8         \$130 001 - \$140 000       6       10         \$140 001 - \$150 000       8       20         \$150 001 - \$150 000       *16       9         \$160 001 - \$170 000       *77       2         \$170 001 - \$180 000       6       5         \$180 001 - \$190 000       3       3         \$190 001 - \$200 000       6       4         \$200 001 - \$200 000       6       4         \$210 001 - \$220 000       3       2         \$220 001 - \$200 000       3       2         \$220 001 - \$200 000       4       2         \$220 001 - \$220 000       2       2         \$220 001 - \$220 000       3       2         \$220 001 - \$220 000       1       -         \$250 001 - \$270 000       1       -         \$250 001 - \$270 000       *1       -         \$260 001 - \$270 000       1       2         \$280 001 - \$280 000       2       2         \$280 001 - \$290 000       *2       1         \$280 001 - \$290 000       2       -         \$350 001 - \$360 000       -       1         \$380 001 - \$390 000       1       -   |    |   | -          |            |
| \$130 001 - \$140 000       6       10         \$140 001 - \$150 000       8       20         \$150 001 - \$160 000       *16       9         \$160 001 - \$170 000       *7       2         \$170 001 - \$180 000       6       5         \$180 001 - \$190 000       3       3         \$190 001 - \$200 000       6       4         \$200 001 - \$210 000       4       2         \$210 001 - \$220 000       3       2         \$220 001 - \$220 000       2       2         \$220 001 - \$220 000       3       2         \$220 001 - \$220 000       4       2         \$220 001 - \$220 000       2       2         \$220 001 - \$220 000       2       2         \$220 001 - \$220 000       1       -         \$220 001 - \$220 000       2       2         \$240 001 - \$250 000       1       -         \$250 001 - \$260 000       -       2         \$260 001 - \$270 000       *1       -         \$270 001 - \$280 000       *2       1         \$290 001 - \$300 000       2       -         \$280 001 - \$300 000       -       1         \$290 001 - \$300 000       -       1   |    |   | -          |            |
| \$140 001 - \$150 000       8       20         \$150 001 - \$160 000       *16       9         \$160 001 - \$170 000       *7       2         \$170 001 - \$180 000       6       5         \$180 001 - \$190 000       3       3         \$190 001 - \$200 000       6       4         \$200 001 - \$210 000       4       2         \$210 001 - \$220 000       3       3         \$220 001 - \$220 000       3       2         \$220 001 - \$220 000       2       2         \$220 001 - \$220 000       3       2         \$220 001 - \$220 000       3       2         \$220 001 - \$220 000       2       2         \$220 001 - \$220 000       2       2         \$240 001 - \$250 000       1       -         \$250 001 - \$260 000       -       2         \$260 001 - \$270 000       *1       -         \$270 001 - \$280 000       *1       2         \$280 001 - \$290 000       *2       1         \$290 001 - \$300 000       -       1         \$350 001 - \$300 000       -       1         \$380 001 - \$390 000       1       -         \$390 001 - \$400 000       1       -    <  |    | \$120 001 - \$130 000   | 10         | 8          |
| \$150 001 - \$160 000       *16       9         \$160 001 - \$170 000       *7       2         \$170 001 - \$180 000       6       5         \$180 001 - \$190 000       3       3         \$190 001 - \$200 000       6       4         \$200 001 - \$200 000       6       4         \$200 001 - \$200 000       6       4         \$200 001 - \$200 000       3       2         \$210 001 - \$220 000       3       2         \$220 001 - \$220 000       3       2         \$220 001 - \$220 000       2       2         \$230 001 - \$220 000       3       2         \$240 001 - \$250 000       1       -         \$250 001 - \$260 000       -       2         \$240 001 - \$270 000       *1       -         \$250 001 - \$260 000       -       2         \$260 001 - \$270 000       *1       -         \$270 001 - \$280 000       1       2         \$280 001 - \$290 000       *2       1         \$290 001 - \$300 000       -       1         \$380 001 - \$390 000       -       1         \$390 001 - \$400 000       1       -  |    |   |            |            |
| \$160 001 - \$170 000       *7       2         \$170 001 - \$180 000       6       5         \$180 001 - \$190 000       3       3         \$190 001 - \$200 000       6       4         \$200 001 - \$210 000       4       2         \$210 001 - \$220 000       3       2         \$220 001 - \$220 000       3       2         \$220 001 - \$230 000       2       2         \$220 001 - \$230 000       2       2         \$230 001 - \$240 000       2       2         \$240 001 - \$250 000       1       -         \$250 001 - \$260 000       -       2         \$240 001 - \$270 000       *1       -         \$250 001 - \$260 000       *1       -         \$250 001 - \$270 000       *1       -         \$260 001 - \$270 000       *1       -         \$270 001 - \$280 000       *1       2         \$280 001 - \$290 000       *2       1         \$290 001 - \$300 000       -       1         \$380 001 - \$390 000       -       1         \$390 001 - \$400 000       1       -   |    | \$140 001 - \$150 000   | 8          | 20         |
| \$170 001 - \$180 000       6       5         \$180 001 - \$190 000       3       3         \$190 001 - \$200 000       6       4         \$200 001 - \$210 000       4       2         \$210 001 - \$220 000       3       2         \$220 001 - \$220 000       3       2         \$220 001 - \$220 000       2       2         \$220 001 - \$220 000       2       2         \$220 001 - \$220 000       2       2         \$220 001 - \$220 000       2       2         \$240 001 - \$250 000       1       -         \$250 001 - \$250 000       1       -         \$260 001 - \$270 000       *1       -         \$270 001 - \$280 000       1       2         \$280 001 - \$290 000       *1       -         \$280 001 - \$290 000       *2       1         \$290 001 - \$300 000       2       -         \$350 001 - \$300 000       -       1         \$380 001 - \$390 000       1       -         \$390 001 - \$400 000       1       -   |    | \$150 001 - \$160 000   |            |            |
| \$180 001 - \$190 000       3       3         \$190 001 - \$200 000       6       4         \$200 001 - \$210 000       4       2         \$210 001 - \$220 000       3       2         \$210 001 - \$220 000       3       2         \$220 001 - \$230 000       2       2         \$220 001 - \$230 000       2       2         \$230 001 - \$240 000       2       2         \$240 001 - \$250 000       1       -         \$250 001 - \$260 000       -       2         \$260 001 - \$270 000       *1       -         \$260 001 - \$270 000       *1       2         \$280 001 - \$290 000       *1       2         \$280 001 - \$290 000       *2       1         \$290 001 - \$300 000       2       -         \$350 001 - \$300 000       -       1         \$380 001 - \$390 000       1       -         \$390 001 - \$400 000       1       -  |    | \$160 001 - \$170 000   | *7         |            |
| \$190 001 - \$200 000       6       4         \$200 001 - \$210 000       4       2         \$210 001 - \$220 000       3       2         \$220 001 - \$220 000       2       2         \$220 001 - \$230 000       2       2         \$230 001 - \$240 000       2       2         \$240 001 - \$250 000       1       -         \$250 001 - \$260 000       -       2         \$260 001 - \$270 000       *1       -         \$270 001 - \$280 000       1       2         \$280 001 - \$290 000       *2       1         \$290 001 - \$300 000       2       -         \$350 001 - \$300 000       -       1         \$380 001 - \$390 000       -       1         \$390 001 - \$400 000       1       -  |    | \$170 001 - \$180 000   | 6          |            |
| \$200 001 - \$210 000       4       2         \$210 001 - \$220 000       3       2         \$220 001 - \$230 000       2       2         \$230 001 - \$240 000       2       2         \$240 001 - \$250 000       1       -         \$250 001 - \$260 000       -       2         \$260 001 - \$270 000       *1       -         \$270 001 - \$280 000       1       2         \$280 001 - \$290 000       *2       1         \$290 001 - \$300 000       2       -         \$350 001 - \$300 000       -       1         \$380 001 - \$390 000       -       1         \$380 001 - \$390 000       1       -         \$390 001 - \$400 000       1       -  |    | \$180 001 - \$190 000   | 3          | 3          |
| \$200 001 - \$210 000       4       2         \$210 001 - \$220 000       3       2         \$220 001 - \$230 000       2       2         \$230 001 - \$240 000       2       2         \$240 001 - \$250 000       1       -         \$250 001 - \$260 000       -       2         \$260 001 - \$270 000       *1       -         \$270 001 - \$280 000       1       2         \$280 001 - \$290 000       *2       1         \$290 001 - \$300 000       2       -         \$350 001 - \$300 000       -       1         \$380 001 - \$390 000       -       1         \$380 001 - \$390 000       1       -         \$390 001 - \$400 000       1       -  |    | \$190 001 - \$200 000   | 6          | 4          |
| \$220 001 - \$230 000       2       2         \$230 001 - \$240 000       2       2         \$240 001 - \$250 000       1       -         \$250 001 - \$260 000       -       2         \$260 001 - \$270 000       *1       -         \$270 001 - \$280 000       1       2         \$280 001 - \$290 000       *1       2         \$280 001 - \$290 000       *2       1         \$290 001 - \$300 000       2       -         \$350 001 - \$360 000       -       1         \$380 001 - \$390 000       1       -         \$390 001 - \$400 000       1       -   |    |   | 4          | 2          |
| \$230 001 - \$240 000       2       2         \$240 001 - \$250 000       1       -         \$250 001 - \$260 000       -       2         \$260 001 - \$270 000       *1       -         \$270 001 - \$280 000       1       2         \$280 001 - \$290 000       *2       1         \$290 001 - \$300 000       2       -         \$350 001 - \$360 000       -       1         \$380 001 - \$390 000       -       1         \$390 001 - \$400 000       1       -  |    | \$210 001 - \$220 000   | 3          | 2          |
| $\begin{array}{cccccccc} 1 & - & & & & \\ 250 & 001 & - & 260 & 000 & & & & & & & \\ 250 & 001 & - & 270 & 000 & & & & & & & & \\ 260 & 001 & - & 270 & 000 & & & & & & & & \\ 270 & 001 & - & & 280 & 000 & & & & & & & & \\ 280 & 001 & - & & 290 & 000 & & & & & & & & \\ 280 & 001 & - & & & & & & & & \\ 290 & 001 & - & & & & & & & & \\ 290 & 001 & - & & & & & & & & \\ 330 & 001 & - & & & & & & & & & \\ 3390 & 001 & - & & & & & & & & & \\ 390 & 001 & - & & & & & & & & & \\ 390 & 001 & - & & & & & & & & & \\ \end{array}$  |    | \$220 001 - \$230 000   | 2          | 2          |
| \$250 001 - \$260 000       -       2         \$260 001 - \$270 000       *1       -         \$270 001 - \$280 000       1       2         \$280 001 - \$290 000       *2       1         \$290 001 - \$300 000       2       -         \$350 001 - \$360 000       -       1         \$380 001 - \$390 000       -       1         \$390 001 - \$400 000       1       -  |    | \$230 001 - \$240 000   | 2          | 2          |
| \$250 001 - \$260 000       -       2         \$260 001 - \$270 000       *1       -         \$270 001 - \$280 000       1       2         \$280 001 - \$290 000       *2       1         \$290 001 - \$300 000       2       -         \$350 001 - \$360 000       -       1         \$380 001 - \$390 000       -       1         \$390 001 - \$400 000       1       -  |    | \$240 001 - \$250 000   | 1          | -          |
| \$270 001 - \$280 000       1       2         \$280 001 - \$290 000       *2       1         \$290 001 - \$300 000       2       -         \$350 001 - \$360 000       -       1         \$380 001 - \$390 000       1       -         \$390 001 - \$400 000       1       -   |    |   | -          | 2          |
| \$280 001 - \$290 000       *2       1         \$290 001 - \$300 000       2       -         \$350 001 - \$360 000       -       1         \$380 001 - \$390 000       1       -         \$390 001 - \$400 000       1       -   |    | \$260 001 - \$270 000   | *1         | -          |
| \$280 001 - \$290 000       *2       1         \$290 001 - \$300 000       2       -         \$350 001 - \$360 000       -       1         \$380 001 - \$390 000       1       -         \$390 001 - \$400 000       1       -   |    |   | 1          | 2          |
| \$290 001 - \$300 000       2       -         \$350 001 - \$360 000       -       1         \$380 001 - \$390 000       1       -         \$390 001 - \$400 000       1       -  |    |   | *2         |            |
| \$350 001 - \$360 000       -       1         \$380 001 - \$390 000       1       -         \$390 001 - \$400 000       1       -  |    |   | 2          |            |
| \$380 001 - \$390 000       1       -         \$390 001 - \$400 000       1       -  |    |   | -          | 1          |
| \$390 001 - \$400 000 <b>1</b> -   |    |   | 1          |            |
|  |    |   |            | -          |
|  |    |   | 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<br>Computing and communication | e SA Government: |        | 5 590              | 5 602       |
|   |   |                  |        |                    | 8 024       |
|   | Accommodation   |                  |        | 8 260              |             |
|   | Legal fees  |                  |        | 78<br>94           | 65          |
|   | Contract staff  |                  |        | 94<br>46           | - 35        |
|   | Office expenses   |                  |        | 256                | 232         |
|   | Staff payments<br>Telephone related expenses  |                  |        | 862                | 232<br>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<br>Total Depreciation and Amortisation               |                  | —      | <u>28</u><br>2 389 | 22<br>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      |
|   |   |                  |        |                    |             |

| <ul> <li>Grants and Subidies (continued)</li> <li>Grants and Subidies (continued)</li> <li>Grants and Subidies (continued)</li> <li>Grants and Subidies (continued)</li> <li>Source Strategy Unit</li> <li>Network Strategy Unit</li> <li>Network Services</li> <li>Cher Expenses</li> <li>Other Expenses</li> <li>Other Expenses</li> <li>Other Expenses</li> <li>Other Expenses</li> <li>Other Stepneses</li> <li>Other Stepneses</li></ul>  |     |  |        |         |
|--|-----|--|--------|---------|
| 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<br>Witness payments<br>Other     574     674       11.     Auditor Expenses     909     1 143       0 Other expenses paid/payable to entities within the SA Government:<br>Other     332     329       11.     Auditor's Remuneration<br>Auditor's Remuneration     332     329       11.     Auditor's Remuneration     180     195       12.     Revenues from Fees and Charges<br>Licence and regulatory fees<br>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<>  |     |  |        |         |
| 10.       Other Expenses<br>Witness payments<br>Other       337       674       674         0ther       337       674       674         0ther       332       329       332       329         0ther Expenses paid/payable to entitles within the SA Government:<br>Other       332       329         11.       Auditor's Remuneration<br>Audit fees paid/payable to the Auditor-General's Department       180       195         0ther Services       180       195       180       195         0ther Services       180       195       180       195         0ther Services       13671       182       121       180       195         0ther Services       13671       182       122       122       121       180       195         0ther Services       13671       12823       128       123       246       21880       123       243 <t< td=""><td></td><td></td><td></td><td></td></t<>  |     |  |        |         |
| Witness payments         574         674           Other         333         469           Total Other Expenses         909         1143           Other expenses paid/payable to entities within the SA Government:         332         329           Total Other Expenses - SA Government Entities         332         329           11.         Auditor's Remuneration         180         195           Total Auditor's Remuneration         180         195           No other services         180         195           Other can dregulatory fees         23 246         21 880           Legal services         18 271         12 823           No other services         98 27         9 21 12           Recovery of administration expenditure         2 935 5 413         0 117           Other         2 935 5 5 663 51 936         19 352 6 12 744           Network services         13 526 12 744         18 28 2 217           Recovery of administration expenditure         19 5 26 12 744         19 526 12 744           Urapid Legal services         13 526 12 744         19 52 6 12 744           Network services         13 1302 29 352         13 1302 29 352           13.         Interest Revenues         1 186 1 020         1 186 1 020 <td></td> <td>Total Grants and Subsidies - SA Government Entities</td> <td>2 124</td> <td>2 216</td>   |     | Total Grants and Subsidies - SA Government Entities                          | 2 124  | 2 216   |
| Witness payments         574         674           Other         333         469           Total Other Expenses         909         1143           Other expenses paid/payable to entities within the SA Government:         332         329           Total Other Expenses - SA Government Entities         332         329           11.         Auditor's Remuneration         180         195           Total Auditor's Remuneration         180         195           No other services         180         195           Other can dregulatory fees         23 246         21 880           Legal services         18 271         12 823           No other services         98 27         9 21 12           Recovery of administration expenditure         2 935 5 413         0 117           Other         2 935 5 5 663 51 936         19 352 6 12 744           Network services         13 526 12 744         18 28 2 217           Recovery of administration expenditure         19 5 26 12 744         19 526 12 744           Urapid Legal services         13 526 12 744         19 52 6 12 744           Network services         13 1302 29 352         13 1302 29 352           13.         Interest Revenues         1 186 1 020         1 186 1 020 <td>10</td> <td>Other Expenses</td> <td></td> <td></td>  | 10  | Other Expenses   |        |         |
| Other     335     469       Total Other Expenses     909     1143       Other expenses paid/payable to entities within the SA Government:     332     329       Total Other Expenses - SA Government Entities     332     329       11.     Auditor's Remuneration     180     195       Auditor's Remuneration     180     195       Other services     23 246     21 880       No other services were provided by the Auditor-General's Department.     180     195       Other Services     13 571     21 880       No other services mere provided by the Auditor-General's Department.     180     195       12.     Revenues from Fees and Charges     21 640     21 880       Licence and regulatory fees     23 246     21 880       Legal services     9 828     9 217       Recovery of administration expenditure     9 828     9 217       Other     7 0tal Fees and Charges     2 633       Fees and charges received/receivable from entities within the SA Government:     2 4       Licence and regulatory fees     9 828     9 217       Recovery of administration expenditure     9 828     9 217       Recovery of administration expenditure     13 526     12 744       Network services     9 828     9 217       Recovery of administration  | 10. |  | 574    | 674     |
| Total Other Expenses     909     1 143       Other expenses paid/payable to entities within the SA Government:<br>Other     332     329       Total Other Expenses - SA Government Entities     332     329       11.     Auditor's Remuneration<br>Audit fees paid/payable to the Auditor-General's Department     180     195       Total Auditor's Remuneration     180     195       Other Services<br>No other services were provided by the Auditor-General's Department.     180     195       Legal services<br>Ne other services     9 828     9 11 43       View Services     9 828     9 11 43       Netwes services     9 828     9 11 43       Netwes and Charges     23 246     21 880       Legal services     9 828     9 11 12       Network services     9 828     9 11 12       Network services     9 828     9 11 12       Recovery of administration expenditure     2 9 255     5 11 326       Other     19 526     9 21 7 744       Network services     13 526     12 7 744       Network services     13 1302     29 352       13.     Interest Revenues     11 186     10 200       14.     Net Loss from Disposal of Assets     -     -       Fixtures and Fittings:     -     -     -       Net book value of assets dis  |     |  | -      |         |
| Other expenses paid/payable to entities within the SA Government:       000       000         Other       332       329         Total Other Expenses - SA Government Entities       332       329         11.       Auditor's Remuneration       180       195         Auditor's Remuneration       180       195         Other Services       180       195         No other services were provided by the Auditor-General's Department.       180       195         Icence and regulatory fees       23 246       12 820         Licence and regulatory fees       23 246       21 880         Licence and regulatory fees       9 828       9 217         Recovery of administration expenditure       5 995       5 413         Other       2932       2603         Total Fees and Charges       13 526       12 744         Legal services       9 828       9 217         Recovery of administration expenditure       5 995       5 413         Uterce and regulatory fees       2       4         Legal services       9 828       9 217         Recovery of administration expenditure       5 974       5 357         Other       1972       2030       1020         Interest Revenues   |     |  |        |         |
| Other     332     329       Total Other Expenses - SA Government Entities     332     329       11.     Auditor's Remuneration     332     329       11.     Auditor's Remuneration     180     195       Other Services     180     195       No other services were provided by the Auditor-General's Department.     180     195       12.     Revenues from Fees and Charges     13 671     12 823       Licence and regulatory fees     13 671     12 823       Legal services     13 671     12 823       Network services and Charges     55 663     51 936       Ucence and regulatory fees     2 932     2 603       Total Fees and Charges     55 663     51 936       Fees and charges received/receivable from entities within the SA Government:     2 2 4       Licence and regulatory fees     1 3 526     12 744       Licence and regulatory fees     9 828     9 217       Recovery of administration expenditure     9 826     9 31       Other     1 9272     2 030       Total Fees and Charges - SA Government Entitles     31 302     29 352       13.     Interest Revenues     1 186     1 020       Itters from entities within the SA Government     1 186     1 020       Itterest from entities within the SA Governm   |     | Total Other Expenses   | 909    | 1 143   |
| Other     332     329       Total Other Expenses - SA Government Entities     332     329       11.     Auditor's Remuneration     332     329       11.     Auditor's Remuneration     180     195       Other Services     180     195       No other services were provided by the Auditor-General's Department.     180     195       12.     Revenues from Fees and Charges     13 671     12 823       Licence and regulatory fees     13 671     12 823       Legal services     13 671     12 823       Network services and Charges     55 663     51 936       Ucence and regulatory fees     2 932     2 603       Total Fees and Charges     55 663     51 936       Fees and charges received/receivable from entities within the SA Government:     2 2 4       Licence and regulatory fees     1 3 526     12 744       Licence and regulatory fees     9 828     9 217       Recovery of administration expenditure     9 826     9 31       Other     1 9272     2 030       Total Fees and Charges - SA Government Entitles     31 302     29 352       13.     Interest Revenues     1 186     1 020       Itters from entities within the SA Government     1 186     1 020       Itterest from entities within the SA Governm   |     | Other expanses paid/payable to entities within the SA Government:            |        |         |
| Total Other Expenses - SA Government Entities     332     329       11.     Auditor's Remuneration<br>Audit fees paid/payable to the Auditor-General's Department<br>Total Auditor's Remuneration     180     195       0ther Services<br>No other services were provided by the Auditor-General's Department.     180     195       12.     Revenues from Fees and Charges<br>Legal services     23 246     21 880       Legal services<br>Network services     9 388     9 217       Recovery of administration expenditure<br>Other     5995     5 413       Other     55 663     51 936       Fees and charges     55 663     51 936       Fees and charges received/receivable from entities within the SA Government:<br>Licence and regulatory fees     2     4       Legal services     13 526     12 744       Network services     9 428     9 217       Recovery of administration expenditure     5 974     5 357       Other     1972     2 030       Total Fees and Charges - SA Government Entities     31 302     29 352       13.     Interest Revenues     1 186     1 020       Interest from entities within the SA Government     1 186     1 020       14.     Fees and Charges  |     |  | 332    | 329     |
| 11.       Audit for's Remuneration       180       195         Total Auditor's Remuneration       180       195         Other Services       180       195         No other services were provided by the Auditor-General's Department.       180       195         12.       Revenues from Fees and Charges       23 246       21 880         Licence and regulatory fees       23 245       28 28         Licence and regulatory fees       23 245       21 880         Other       2923       2 603         Other       2923       2 603         Other       2923       2 603         Other       2923       2 603         Total Fees and Charges       55 663       51 936         Legal services       9 328       9 217         Recovery of administration expenditure       13 526       12 744         Network services       9 328       9 217         Recovery of administration expenditure       13 526       12 744         Network services       9 328       9 217         Recovery of administration expenditure       13 526       12 744         Network services       9 328       9 217         Recovery of administration expenditure       13 526       12 744 <td></td> <td></td> <td></td> <td></td>   |     |  |        |         |
| Audit fees paid/payable to the Auditor-General's Department       180       195         Total Auditor's Remuneration       180       195         Other Services       No other services were provided by the Auditor-General's Department.       180       195         12.       Revenues from Fees and Charges       23 246       21 880         Licence and regulatory fees       98 228       9 217         Recovery of administration expenditure       9 828       9 213         Other       2923       2 603         Total Aegis received/receivable from entities within the SA Government:       12 cence and regulatory fees       2         Legal services       98 228       9 217         Recovery of administration expenditure       9 826       9 217         Chenes and Charges       55 663       51 936         Fees and charges received/receivable from entities within the SA Government:       1 3 526       12 744         Legal services       9 828       9 217         Recovery of administration expenditure       5 974       5 357         Other       1 3 502       29 352         13.       Interest Revenues       1 1 86       1 020         Interest Revenues       1 1 86       1 020         Net Loss from disposal of Fixtures and Fittings   |     |  |        | 525     |
| Total Auditor's Remuneration180195Other ServicesNo other Services were provided by the Auditor-General's Department.12.Revenues from Fees and ChargesLicence and regulatory fees23 246Legal services9 828Network services9 828Other2995Statistication expenditure5 995Other2923Total Fees and Charges55 663Statistication expenditure2 4Legal services2 4Legal services2 4Legal services9 828Fees and charges received/receivable from entities within the SA Government:Licence and regulatory fees2 4Legal services9 828Recovery of administration expenditure9 828Other1 9722 0301 972Total Fees and Charges - SA Government Entities31 30213 130229 35213.Interest Revenues11861 020Total Interest Revenues1 18611861 02014.Net Loss from Disposal of AssetsFixtures and Fittings(4)Proceeds from disposal-Net book value of assets disposed-Net book value o  | 11. | Auditor's Remuneration   |        |         |
| Other Services         No other services         23 246       21 880         Licence and regulatory fees       23 246       21 880         Licence and regulatory fees       9 828       9 217         Recovery of administration expenditure       9 828       9 217         Recovery of administration expenditure       9 828       9 217         Other       2923       2603         Total Fees and Charges         Fees and charges received/receivable from entities within the SA Government:       2       4         Licence and regulatory fees       13 526       12 744         Network services       9 828       9 217         Recovery of administration expenditure       9 824       9 217         Recovery of administration expenditure       1 3 526       1 2 744         Network services       1 1 360       1 020         Total Fees and Charges - SA Government         Interest from methtles within the SA Government       1 186       1 020   |     | Audit fees paid/payable to the Auditor-General's Department                  | 180    | 195     |
| Other Services         No other services         23 246       21 880         Licence and regulatory fees       23 246       21 880         Licence and regulatory fees       9 828       9 217         Recovery of administration expenditure       9 828       9 217         Recovery of administration expenditure       9 828       9 217         Other       2923       2603         Total Fees and Charges         Fees and charges received/receivable from entities within the SA Government:       2       4         Licence and regulatory fees       13 526       12 744         Network services       9 828       9 217         Recovery of administration expenditure       9 824       9 217         Recovery of administration expenditure       1 3 526       1 2 744         Network services       1 1 360       1 020         Total Fees and Charges - SA Government         Interest from methtles within the SA Government       1 186       1 020   |     | Total Auditor's Remuneration   | 180    | 195     |
| No other services were provided by the Auditor-General's Department.          12.       Revenues from Fees and Charges       23 246       21 880         Licence and regulatory fees       23 246       21 880         Legal services       9 828       9 217         Recovery of administration expenditure       9 828       9 217         Other       2 923       2 603         Total Fees and Charges       55 663       51 936         Fees and charges received/receivable from entities within the SA Government:       2       4         Licence and regulatory fees       1       2       4         Legal services       1       3 526       12 744         Network services       9 828       9 217         Recovery of administration expenditure       5 5 974       5 357         Other       1 972       2 030         Total Fees and Charges - SA Government Entities       31 302       29 352         13.       Interest Revenues       1 186       1 020         Interest from Disposal of Assets       (4)       (72)         Proceeds from disposal       6 Pixtures and Fittings       (4)       (72)         Net Loss from Disposal of Plant and Equipment:       (80)       (1)       (1)         Proceeds from disposal       6 Plant  |     |  |        |         |
| 12.       Revenues from Fees and Charges       23 246       21 880         Licence and regulatory fees       13 671       12 823         Legal services       9 828       9 217         Recovery of administration expenditure       5 995       5 413         Other       2 923       2 603         Total Fees and Charges       55 663       51 936         Fees and charges received/receivable from entities within the SA Government:       2 4         Legal services       13 526       12 744         Network services       9 828       9 217         Recovery of administration expenditure       9 826       9 217         Other       13 526       12 744         Network services       13 526       12 744         Network services       1972       2 030         Other       1972       2 030         Total Fees and Charges - SA Government Entities       31 302       29 352         13.       Interest Revenues       1 186       1 020         Interest from entities within the SA Government       1 186       1 020         Total Interest Revenues       1 186       1 020         Interest from disposal of Assets       Fixtures and Fittings:       -         Proceeds from disposal o   |     | Other Services   |        |         |
| Licence and regulatory fees Legal services Legal services Network services   |     | No other services were provided by the Auditor-General's Department.         |        |         |
| Licence and regulatory fees Legal services Legal services Network services   |     |  |        |         |
| Legal services         13 671         12 823           Network services         9 828         9 217           Recovery of administration expenditure         5 995         5 413           Other         2 923         2 603           Total Fees and Charges         55 663         51 936           Fees and charges received/receivable from entities within the SA Government:         1         2 4           Licence and regulatory fees         13 526         12 744           Legal services         9 828         9 217           Recovery of administration expenditure         9 828         9 217           Total Fees and Charges - SA Government Entities         11 320         2 9 352           Interest Revenues         11 186         1 020           It         Net Loss from Disposal of Fixtures and Fittings         (4)         (72)           Net Loss from Disposal of Fixtures and F   | 12. |  |        |         |
| Network services9 8289 217Recovery of administration expenditure5 9955 413Other2 9232 603Total Fees and Charges55 66351 936Fees and charges received/receivable from entities within the SA Government:24Licence and regulatory fees24Legal services9 8289 217Recovery of administration expenditure9 8289 217Other19722030Total Fees and Charges - SA Government Entities31 30229 35213.Interest Revenues1 1861 020Interest from entities within the SA Government1 1861 020Id.Net Loss from Disposal of Assets(4)(72)Proceeds from disposalNet book value of assets disposed(4)(72)Plant and Equipment:Proceeds from Disposal of Plant and Equipment(80)Information Technology:Proceeds from Disposal of Information Technology(3)(4)Information Technology:Proceeds from Disposal of Information Technology(3)(4)Total Assets:Total proceeds from disposalTotal proceeds from disposalTotal net book value of assets disposed(87)(77)   |     |  |        |         |
| Recovery of administration expenditure5 9955 413Other2 9232 603Total Fees and Charges55 66351 936Fees and charges received/receivable from entities within the SA Government:Licence and regulatory fees24Legal services9 8289 217744Network services9 8289 2172 330Total Fees and Charges - SA Government Entities31 30229 35213.Interest Revenues1 1861 020Total Interest Revenues1 1861 020Interest from entities within the SA Government1 1861 020Vet lock softrom disposal of AssetsFixtures and Fittings:<br>Proceeds from disposal of Fixtures and FittingsNet Loss from Disposal of Plant and Equipment:<br>Proceeds from disposal of Information TechnologyNet Loss from Disposal of Information TechnologyNet Loss from disposalNet Loss from Disposal of Information TechnologyNet Loss from disposalNet Loss from Disposal of Information TechnologyNet Loss from disposalNet Loss from Disposal of Information TechnologyOther Loss from disposalTotal net book value of assets disposedNet Loss from Disposal of Information TechnologyCotal proceeds from disposalTotal net book value of assets disposed- <td></td> <td></td> <td></td> <td></td>   |     |  |        |         |
| Other     2 923     2 603       Total Fees and Charges     55 663     51 936       Fees and charges received/receivable from entities within the SA Government:<br>Licence and regulatory fees     2     4       Legal services     13 526     12 744       Network services     9 828     9 217       Recovery of administration expenditure     9 828     9 217       Other     1972     2 030       Total Fees and Charges - SA Government Entities     31 302     29 352       13.     Interest Revenues     1 186     1 020       Interest from entities within the SA Government     1 186     1 020       Total Interest Revenues     1 1 186     1 020       14.     Net Loss from Disposal of Assets     -       Fixtures and Fittings:     -     -       Proceeds from disposal     -     -       Net Loss from Disposal of Fixtures and Fittings     -     -       Plant and Equipment:     Proceeds from Disposal of Plant and Equipment     (80)     (1)       Information Technology:     -     -     -       Proceeds from Disposal of Information Technology     (3)     (4)       Net Loss from Disposal of Information Technology     -     -       Net Loss from Disposal of Information Technology     (3)     (4)       Net Loss  |     |  | 9 828  |         |
| Total Fees and Charges55 66351 936Fees and charges received/receivable from entities within the SA Government:<br>Licence and regulatory fees<br>Legal services24Network services<br>Recovery of administration expenditure<br>Other9 8289 212Total Fees and Charges - SA Government Entities31 30229 35213.Interest Revenues<br>Interest Revenues1 1861 020Total Interest Revenues<br>Fixtures and Fittings1 1861 02014.Net Loss from Disposal of Assets<br>Fixtures and FittingsProceeds from disposal<br>Net Loss from Disposal of Fixtures and FittingsPlant and Equipment:<br>Proceeds from disposal<br>Net Loss from Disposal of Plant and EquipmentInformation Technology:<br>Proceeds from disposal<br>Net Loss from Disposal of Information TechnologyInformation Technology:<br>Total Assets:<br>Total proceeds from disposal<br>Net Loss from Disposal of Information TechnologyTotal Assets:<br>Total proceeds from disposal<br>Net Loss from Disposal of Information TechnologyNet Loss from Disposal of Information TechnologyTotal Assets:<br>Total proceeds from disposal<br>Net Loss from Disposal of Information TechnologyTotal Assets:<br>Total proceeds from disposal<br>Net Loss from Disposal of Information TechnologyTotal Assets:<br>Total proceeds from disposal<br>Total net book value of assets disposedTotal Assets:<br>Total proceeds from disposal<br>Total net book value of assets disposed- <t< td=""><td></td><td></td><td></td><td></td></t<>  |     |  |        |         |
| Fees and charges received/receivable from entities within the SA Government:<br>Licence and regulatory fees<br>Legal services24Ligal services<br>Network services9 828<br>9 828<br>9 8279 217<br>5 9745 357<br>5 9745 357<br>5 9745 357<br>5 9745 357<br>5 9745 357<br>5 9741 972<br>2 0 3002 0 302<br>3 1 3022 9 35213.Interest Revenues<br>Interest from entities within the SA Government Entities1 186<br>1 0 2001 0 20014.Net Loss from Disposal of Assets<br>Fixtures and Fittings:<br>Proceeds from disposal<br>Net Loss from Disposal of Fixtures and FittingsPlant and Equipment:<br>Proceeds from disposal<br>Net Loss from Disposal of Plant and EquipmentInformation Technology:<br>Proceeds from Disposal of Plant and Equipment(80)<br>(1)(1)-Information Technology:<br>Proceeds from Disposal of Information TechnologyNet Loss from Disposal of Information Techn   |     | Other  | 2 923  | 2 603   |
| Licence and regulatory fees<br>Legal services<br>Network services<br>Network services<br>Network services<br>Total Fees and Charges - SA Government Entities<br>13. Interest Revenues<br>Interest from entities within the SA Government<br>Interest Revenues<br>Interest Revenues<br>13. Interest Revenues<br>Interest Revenues<br>Interest Revenues<br>Interest Revenues<br>14. Net Loss from Disposal of Assets<br>Fixtures and Fittings:<br>Proceeds from disposal<br>Net book value of assets disposed<br>Net Loss from Disposal of Fixtures and Fittings<br>Plant and Equipment:<br>Proceeds from disposal<br>Net Loss from Disposal of Plant and Equipment<br>Net Loss from Disposal of Information Technology<br>Total Assets:<br>Total Assets:<br>Total proceeds from disposal<br>Total Assets:<br>Total proceeds from disposal<br>Total proceeds from disposal<br>Total Assets:<br>Total proceeds from disposal<br>Total Assets:<br>Total proceeds from disposal<br>Total proceeds from disposal   |     | Total Fees and Charges   | 55 663 | 51 936  |
| Licence and regulatory fees<br>Legal services<br>Network services<br>Network services<br>Network services<br>Total Fees and Charges - SA Government Entities<br>13. Interest Revenues<br>Interest from entities within the SA Government<br>Interest Revenues<br>Interest Revenues<br>13. Interest Revenues<br>Interest Revenues<br>Interest Revenues<br>Interest Revenues<br>14. Net Loss from Disposal of Assets<br>Fixtures and Fittings:<br>Proceeds from disposal<br>Net book value of assets disposed<br>Net Loss from Disposal of Fixtures and Fittings<br>Plant and Equipment:<br>Proceeds from disposal<br>Net Loss from Disposal of Plant and Equipment<br>Net Loss from Disposal of Information Technology<br>Total Assets:<br>Total Assets:<br>Total proceeds from disposal<br>Total Assets:<br>Total proceeds from disposal<br>Total proceeds from disposal<br>Total Assets:<br>Total proceeds from disposal<br>Total Assets:<br>Total proceeds from disposal<br>Total proceeds from disposal   |     |  |        |         |
| Legal services13 52612 744Network services9 8289 217Recovery of administration expenditure5 9745 357Other1 9722 030Total Fees and Charges - SA Government Entities31 30229 35213. Interest Revenues1 1861 020Interest from entities within the SA Government1 1861 020Total Interest Revenues1 1861 02014. Net Loss from Disposal of Assets(4)(72)Proceeds from disposalNet book value of assets disposed(4)(72)Plant and Equipment:<br>Proceeds from disposal of Plant and Equipment(80)(1)Net Loss from Disposal of Plant and Equipment(3)(4)Net Loss from Disposal of Information TechnologyTotal Assets:<br>Total Proceeds from disposalTotal Assets:<br>Total Assets:<br>Total proceeds from disposal1 107(3)Cotal Assets:<br>Total proceeds from disposalTotal Assets:<br>Total proceeds from disposalTotal Assets:<br>Total proceeds from disposalTotal Proceeds from disposalTotal Proceeds from disposalNet Loss from Disposal of Information Technology(3)(4)Net Loss from Disposal of Information TechnologyTotal Proceeds from disposalTotal proceeds from disposalTotal proceeds from disposal  |     | Fees and charges received/receivable from entities within the SA Government: |        |         |
| Legal services13 52612 744Network services9 8289 217Recovery of administration expenditure5 9745 357Other1 9722 030Total Fees and Charges - SA Government Entities31 30229 35213. Interest Revenues1 1861 020Interest from entities within the SA Government1 1861 020Total Interest Revenues1 1861 02014. Net Loss from Disposal of Assets(4)(72)Proceeds from disposalNet book value of assets disposed(4)(72)Plant and Equipment:<br>Proceeds from disposal of Plant and Equipment(80)(1)Net Loss from Disposal of Plant and Equipment(3)(4)Net Loss from Disposal of Information TechnologyTotal Assets:<br>Total Proceeds from disposalTotal Assets:<br>Total Assets:<br>Total proceeds from disposal1 107(3)Cotal Assets:<br>Total proceeds from disposalTotal Assets:<br>Total proceeds from disposalTotal Assets:<br>Total proceeds from disposalTotal Proceeds from disposalTotal Proceeds from disposalNet Loss from Disposal of Information Technology(3)(4)Net Loss from Disposal of Information TechnologyTotal Proceeds from disposalTotal proceeds from disposalTotal proceeds from disposal  |     | Licence and regulatory fees  | 2      | 4       |
| Network services<br>Recovery of administration expenditure<br>Other9 828<br>5 974<br>5 974<br>1 972<br>2 030<br>31 302<br>2 29 35213.Interest Revenues<br>Interest Revenues1 186<br>1 020<br>1 186<br>1 02014.Net Loss from Disposal of Assets<br>Fixtures and Fittings:<br>Proceeds from disposal<br>Net book value of assets disposed<br>Net Loss from Disposal of Fixtures and Fittings<br>(4)-Plant and Equipment:<br>Proceeds from disposal<br>Net Loss from Disposal of Plant and Equipment<br>Net Loss from Disposal of Plant and Equipment-Information Technology:<br>Proceeds from disposal<br>Net book value of assets disposed-Information Technology:<br>Net Loss from Disposal of Information Technology-Total Assets:<br>Total net book value of assets disposed-Information Technology:<br>Total Assets:<br>Total net book value of assets disposed-Information Technology:<br>Total Assets:<br>Total net book value of assets disposed-Information Technology:<br>Total net book value of assets disposed-Total Assets:<br>Total net book value of assets disposed-Information Technology:<br>Total net book value of assets disposed  |     |  | 13 526 | 12 744  |
| Other19722 030Total Fees and Charges - SA Government Entities31 30229 35213.Interest Revenues31 30229 35213.Interest Revenues1 1861 020Total Interest Revenues1 1861 02014.Net Loss from Disposal of Assets1 1861 020Fixtures and Fittings:<br>Proceeds from disposalProceeds from Disposal of Fixtures and Fittings(4)(72)Net Loss from Disposal of Fixtures and Fittings(4)(72)Plant and Equipment:<br>Proceeds from disposalProceeds from Disposal of Plant and Equipment(80)(1)Net Loss from Disposal of Plant and Equipment(80)(1)Information Technology:<br>Proceeds from disposalNet Loss from Disposal of Information Technology(3)(4)Net Loss from Disposal of Information Technology(3)(4)Total Assets:<br>Total proceeds from disposal<br>Total net book value of assets disposedTotal Assets:<br>Total net book value of assets disposed(87)(77)   |     |  | 9 828  | 9 217   |
| Other1 9722 030Total Fees and Charges - SA Government Entities31 30229 35213. Interest Revenues1 1861 020Interest from entities within the SA Government1 1861 020Total Interest Revenues1 1861 02014. Net Loss from Disposal of Assets1 1861 020Fixtures and Fittings:<br>Proceeds from disposal4(72)Net book value of assets disposed(4)(72)Net Loss from Disposal of Fixtures and Fittings(4)(72)Plant and Equipment:<br>Proceeds from disposalProceeds from Disposal of Plant and Equipment(80)(1)Net Loss from Disposal of Plant and Equipment(80)(1)Net Loss from Disposal of Plant and Equipment(3)(4)Net Loss from Disposal of Plant and Equipment(3)(4)Net Loss from Disposal of Plant and Equipment(3)(4)Net Loss from Disposal of Information TechnologyTotal Assets:<br>Total proceeds from disposal<br>Net Loss from Disposal of Information TechnologyTotal Assets:<br>Total proceeds from disposal<br>Total net book value of assets disposedTotal Assets:<br>Total proceeds from disposal<br>Total net book value of assets disposedTotal Assets:<br>Total net book value of assets disposedTotal net book value of assets disposedTotal net book value of assets disposedTotal net book value of assets disposed <td></td> <td>Recovery of administration expenditure</td> <td>5 974</td> <td>5 357</td>  |     | Recovery of administration expenditure                                       | 5 974  | 5 357   |
| Total Fees and Charges - SA Government Entities31 30229 35213.Interest Revenues<br>Interest from entities within the SA Government1 1861 020Total Interest Revenues1 1861 02014.Net Loss from Disposal of Assets<br>Fixtures and Fittings:<br>Proceeds from disposal(4)(72)Net Loss from Disposal of Fixtures and Fittings(4)(72)Plant and Equipment:<br>Proceeds from disposal<br>Net Loss from Disposal of Plant and Equipment(80)(1)Information Technology:<br>Proceeds from disposal<br>Net Loss from Disposal of Information Technology(3)(4)Information Technology:<br>Net Loss from Disposal of Information Technology(3)(4)Total Assets:<br>Total Assets:<br>Total proceeds from disposal<br>Total net book value of assets disposed(3)(4)   |     |  | 1 972  | 2 0 3 0 |
| 13. Interest Revenues       1186       1020         Interest from entities within the SA Government       1186       1020         Interest Revenues       1186       1020         14. Net Loss from Disposal of Assets       Fixtures and Fittings:       -         Proceeds from disposal       -       -         Net book value of assets disposed       (4)       (72)         Net Loss from Disposal of Fixtures and Fittings       (4)       (72)         Plant and Equipment:       -       -         Proceeds from disposal       -       -         Net book value of assets disposed       (80)       (1)         Net book value of assets disposed       (80)       (1)         Net Loss from Disposal of Plant and Equipment       (80)       (1)         Information Technology:       -       -       -         Proceeds from disposal       -       -       -         Net Loss from Disposal of Information Technology       (3)       (4)       (4)         Information Technology:       -       -       -         Proceeds from disposal       -       -       -         Net Loss from Disposal of Information Technology       (3)       (4)         Total Assets:       -       -  |     | Total Fees and Charges - SA Government Entities                              |        |         |
| Interest from entities within the SA Government Total Interest Revenues 1 186 1 020 1 1 1 186 1 020 1 1 1 186 1 020 1 1 1 186 1 020 1 1 1 186 1 020 1 1 1 186 1 020 1 1 1 186 1 020 1 1 1 186 1 020 1 1 1 186 1 020 1 1 1 186 1 020 1 1 1 186 1 020 1 1 1 186 1 020 1 1 1 186 1 020 1 1 1 186 1 020 1 1 1 186 1 020 1 1 1 186 1 020 1 1 1 186 1 020 1 1 1 186 1 020 1 1 1 186 1 020 1 1 1 186 1 020 1 1 1 18 1 186 1 020 1 1 1 18 1 18 1 18 1 18 1 18 1 18 1 18  |     |  | 51502  | 27 552  |
| Total Interest Revenues1 1861 02014.Net Loss from Disposal of Assets<br>Fixtures and Fittings:<br>Proceeds from disposal<br>Net book value of assets disposedNet book value of assets disposed(4)(72)Net Loss from Disposal of Fixtures and Fittings(4)(72)Plant and Equipment:<br>Proceeds from disposal<br>Net book value of assets disposed(80)(1)Net Loss from Disposal of Plant and Equipment(80)(1)Information Technology:<br>Proceeds from disposal<br>Net Loss from Disposal of Information TechnologyNet Loss from Disposal of Information Technology(3)(4)Total Assets:<br>Total proceeds from disposal<br>Total net book value of assets disposed   | 13. | Interest Revenues  |        |         |
| 14. Net Loss from Disposal of Assets         Fixtures and Fittings:         Proceeds from disposal         Net book value of assets disposed         Net Loss from Disposal of Fixtures and Fittings         Plant and Equipment:         Proceeds from disposal         Net book value of assets disposed         Net book value of assets disposed         Net Loss from Disposal of Plant and Equipment:         Proceeds from Disposal of Plant and Equipment         Net Loss from Disposal of Plant and Equipment         Net Loss from Disposal of Plant and Equipment         Information Technology:         Proceeds from disposal         Net book value of assets disposed         Net book value of assets disposed         Information Technology:         Proceeds from Disposal of Information Technology         (3)       (4)         Net book value of assets disposed       (3)         Net book value of assets disposed       (3)         Net Loss from Disposal of Information Technology       -         Total proceeds from disposal       -         Total proceeds from disposal       -         Total proceeds from disposal       -         Total net book value of assets disposed       (87)   |     | Interest from entities within the SA Government                              | 1 186  | 1 020   |
| 14. Net Loss from Disposal of Assets         Fixtures and Fittings:         Proceeds from disposal         Net book value of assets disposed         Net Loss from Disposal of Fixtures and Fittings         Plant and Equipment:         Proceeds from disposal         Net book value of assets disposed         Net book value of assets disposed         Net Loss from Disposal of Plant and Equipment:         Proceeds from Disposal of Plant and Equipment         Net Loss from Disposal of Plant and Equipment         Net Loss from Disposal of Plant and Equipment         Information Technology:         Proceeds from disposal         Net book value of assets disposed         Net book value of assets disposed         Information Technology:         Proceeds from Disposal of Information Technology         (3)       (4)         Net book value of assets disposed       (3)         Net book value of assets disposed       (3)         Net Loss from Disposal of Information Technology       -         Total proceeds from disposal       -         Total proceeds from disposal       -         Total proceeds from disposal       -         Total net book value of assets disposed       (87)   |     | Total Interest Revenues  | 1 186  | 1 020   |
| Fixtures and Fittings:       Proceeds from disposal       -  |     |  |        |         |
| Fixtures and Fittings:       Proceeds from disposal       -  | 14. | Net Loss from Disposal of Assets   |        |         |
| Proceeds from disposal       - <td></td> <td></td> <td></td> <td></td>   |     |  |        |         |
| Net book value of assets disposed(4)(72)Net Loss from Disposal of Fixtures and Fittings(4)(72)Plant and Equipment:<br>Proceeds from disposalNet book value of assets disposed(80)(1)Net Loss from Disposal of Plant and Equipment(80)(1)Information Technology:<br>Proceeds from disposalNet Loss from Disposal of Plant and Equipment(3)(4)Information Technology:<br>Net book value of assets disposedNet Loss from Disposal of Information Technology(3)(4)Total Assets:<br>Total proceeds from disposal<br>Total net book value of assets disposedTotal net book value of assets disposed  |     |  | -      | -       |
| Net Loss from Disposal of Fixtures and Fittings(4)(72)Plant and Equipment:<br>Proceeds from disposal<br>Net book value of assets disposedNet book value of assets disposed(80)(1)Net Loss from Disposal of Plant and Equipment(80)(1)Information Technology:<br>Proceeds from disposal<br>Net book value of assets disposedNet book value of assets disposedNet book value of assets disposed(3)(4)Total Assets:<br>Total proceeds from disposal<br>Total net book value of assets disposedTotal Assets:<br>Total net book value of assets disposed(87)(77)-   |     |  | (4)    | (72)    |
| Plant and Equipment:<br>Proceeds from disposal<br>Net book value of assets disposed<br>Net Loss from Disposal of Plant and Equipment<br>Information Technology:<br>Proceeds from disposal<br>Net book value of assets disposed<br>Net Loss from Disposal of Information Technology<br>Total Assets:<br>Total proceeds from disposal<br>Total net book value of assets disposed<br>(80) (1)<br>(80) (1) |     |  |        | (72)    |
| Proceeds from disposal       - <td></td> <td></td> <td></td> <td></td>   |     |  |        |         |
| Net book value of assets disposed(80)(1)Net Loss from Disposal of Plant and Equipment(80)(1)Information Technology:<br>Proceeds from disposalNet book value of assets disposedNet Loss from Disposal of Information Technology(3)(4)Total Assets:<br>Total proceeds from disposal<br>Total net book value of assets disposedTotal Assets:<br>(3)Total Assets:<br>(50)Total net book value of assets disposed(87)(77)   |     |  |        |         |
| Net Loss from Disposal of Plant and Equipment(80)(1)Information Technology:<br>Proceeds from disposalNet book value of assets disposed(3)(4)Net Loss from Disposal of Information Technology(3)(4)Total Assets:<br>Total proceeds from disposal<br>Total net book value of assets disposedTotal Assets:<br>(3)(4)Total Assets:<br>(5)Total net book value of assets disposed(87)(77)   |     |  | -      | -       |
| Information Technology:<br>Proceeds from disposal<br>Net book value of assets disposed<br>Net Loss from Disposal of Information Technology<br>Total Assets:<br>Total proceeds from disposal<br>Total net book value of assets disposed<br>(3) (4)<br>(3) (4)<br>(4) (5) (6)<br>(6) (7) (7)<br>(6) (7) (7)<br>(6) (7) (7)<br>(7) (7) (7)<br>(7) (7) (7) (7) (7)<br>(7) (7) (7) (7) (7) (7) (7) (7) (7) (7)   |     | Net book value of assets disposed  | (80)   | (1)     |
| 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)   |     | Net Loss from Disposal of Plant and Equipment                                | (80)   | (1)     |
| 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:  |        |         |
| Net book value of assets disposed(3)(4)Net Loss from Disposal of Information Technology(3)(4)Total Assets:<br>Total proceeds from disposal<br>Total net book value of assets disposed(87)(77)  |     |  | _      | _       |
| Net Loss from Disposal of Information Technology(3)(4)Total Assets:<br>Total proceeds from disposal<br>Total net book value of assets disposed(87)(77)   |     |  | (3)    | (A)     |
| Total Assets:<br>Total proceeds from disposal<br>Total net book value of assets disposed(87)(77)   |     |  |        |         |
| 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)   | ()      |

Attorney-General's

| 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 <sup>(1)</sup>                   | 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 <sup>(2)</sup> 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)     |
| Total Receivables       5 935       6 063         Receivables from SA Government entities:       Receivables       4 773       4 637         Less: Provision for doubtful debts       (533)       (530)       41       32         Total Receivables from SA Government Entities       4 281       4 139         19.       Other Current Assets       4 281       4 139         Prepayments       137       273         Total Other Current Assets       326       653         Other Current Assets from SA Government entities:       2       1         Prepayments       137       273         Total Other Current Assets from SA Government Entities       139       274         20.       (a) Property, Plant and Equipment       Cost/       2006       Accumulated       Written         Valuation       Amortisation       Value       \$'000       <   |     | GST I | receivable  |        | 1 150  | 1 354     |
| Receivables from SA Government entities:<br>Receivables<br>Less: Provision for doubtful debts4 773<br>(533)4 637<br>(533)Less: Provision for doubtful debts $(533)$ $(530)$<br>4132Total Receivables from SA Government Entities $41$ 32Total Receivables from SA Government Entities $4281$ $4139$ 19. Other Current Assets $189$ $380$<br>$137$ $273$<br>$273$ Total Other Current Assets $189$ $380$<br>$326$ $653$ Other Current Assets from SA Government entities:<br>Prepayments $2$ $1$<br>$137$ $273$<br>$273$ Total Other Current Assets from SA Government entities: $2$ $1$<br>$137$ $273$<br>$273$ Total Other Current Assets from SA Government Entities $139$ $274$ 20. (a) Property, Plant and Equipment $2006$<br>Accumulated<br>Valuation<br>Amortisation<br>Amortisation<br>Value<br>$4497$ $1225$ $3272$<br>$2233$ Plant and equipment (2)<br>Leasehold improvements (2) $233$<br>$5870$ $509$<br>$4618$ $12252$<br>$1225$ Plant and equipment (2)<br>Land (1) $715$<br>$15$<br>Library collections (3)<br>Buildings and other structures (1)<br>Buildings and other structures (2)<br>$206$ $407$<br>$16$ $-407$<br>$306$   |     | Accru | ed interest   |        | 41     | 32        |
| Receivables4 7734 637Less:Provision for doubtful debts(533)(530)Accured interest4132Total Receivables from SA Government Entities4 2814 13919.Other Current Assets189380Work in progress137273Total Other Current Assets from SA Government entities:326653Prepayments326653Other Current Assets from SA Government entities:21Prepayments137273Total Other Current Assets from SA Government entities:13927420.(a) Property, Plant and Equipment2006Leasehold improvements (2)4 4971 2253 272Plant and equipment (2)2 2335091 724Library collections (3)407-407Buildings and other structures (1)41728389Mobile transport assets (2)20616190  |     | Т     | otal Receivables                                    |        | 5 935  | 6 063     |
| 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<br>Accumulated<br>ValuationWritten<br>Depreciation/<br>Amortisation<br>ValueLeasehold improvements <sup>(2)</sup> 44971 2253 272Plant and equipment <sup>(2)</sup> 2 2335091 724Library collections <sup>(3)</sup> 407-407Buildings and other structures <sup>(1)</sup> 41728389Mobile transport assets <sup>(2)</sup> 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<br>Prepayments<br>Work in progress189380326653Other Current Assets from SA Government entities:<br>Prepayments<br>Work in progress326653Other Current Assets from SA Government entities:<br>Prepayments<br>Work in progress2120.(a) Property, Plant and Equipment2006<br>Accumulated<br>\$'000Written<br>Depreciation/<br>Down<br>Amortisation<br>Mamortisation<br>Valueation<br>Amortisation<br>Accumulated<br>Mobile transport assets (2)215520.(a) Property, Plant and Equipment2006<br>Accumulated<br>\$'000\$'000<br>\$'000\$'000<br>\$'000Leasehold improvements (2)<br>Plant and equipment (2)<br>Library collections (3)<br>Buildings and other structures (1)<br>Buildings and other structures (1)<br>Buildings and other structures (1)715<br>407<br>407<br>407715<br>407<br>407   |     | Le    | ess: Provision for doubtful debts                   |        | (533)  | (530)     |
| 19. Other Current Assets<br>Prepayments<br>Work in progress189380<br>137273<br>Total Other Current Assets137273<br>273Total Other Current Assets326653Other Current Assets from SA Government entities:<br>Prepayments21<br>137273<br>Total Other Current Assets from SA Government Entities137273<br>27320. (a) Property, Plant and Equipment2006<br>AccumulatedWritten<br>Depreciation/<br>Down<br>Maution<br>Amortisation<br>Valuation<br>23350920. (a) Cost/<br>Plant and equipment (2)<br>Plant and equipment (2)<br>Information technology<br>Land (1)<br>Library collections (3)<br>Buildings and other structures (1)<br>Buildings and other structures (1)<br>Buildings and other structures (1)<br>Mobile transport assets (2)715<br>206-  |     | A     | ccrued interest                                     |        | 41     | <u>32</u> |
| Prepayments189380Work in progress137273Total Other Current Assets326653Other Current Assets from SA Government entities:<br>Prepayments21Work in progress137273Total Other Current Assets from SA Government Entities13927420. (a) Property, Plant and Equipment2006Accumulated<br>ValuationWritten<br>Depreciation/<br>AmortisationValue<br>Value<br>\$'000Leasehold improvements (2)<br>Plant and equipment (2)<br>Land (1)<br>Library collections (3)<br>Buildings and other structures (1)<br>Buildings and other structures (1)<br>Buildings and other structures (1)<br>Buildings and other structures (1)<br>Mobile transport assets (2)189<br>206380<br>137<br>273<br>273Plant and equipment (2)<br>Library collections (3)<br>Buildings and other structures (1)<br>Mobile transport assets (2)417<br>228<br>20628<br>389   |     |       | Total Receivables from SA Government Entities       |        | 4 281  | 4 139     |
| Work in progress137273Total Other Current Assets326653Other Current Assets from SA Government entities:<br>Prepayments21Mork in progress21Total Other Current Assets from SA Government Entities13927420. (a) Property, Plant and Equipment2006<br>AccumulatedWritten<br>Depreciation /<br>AmortisationValuation<br>Valuation<br>Hant and equipment ${}^{(2)}$ 4 4971 2253 272Plant and equipment ${}^{(2)}$ 2 2335091 724Information technology<br>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:<br>Prepayments21Work in progress21Total Other Current Assets from SA Government Entities13927420. (a) Property, Plant and Equipment2006<br>AccumulatedLeasehold improvements2006<br>AccumulatedWritten<br>Depreciation/Valuation<br>$ValuationAmortisationAmortisationValueValueLeasehold improvements(2)4 4971 225Plant and equipment2 2335091 724Information technologyLand (1)5 8704 6181 252Library collections (3)Buildings and other structures (1)41728389Mobile transport assets (2)20616190$  |     |       |   |        | 189    | 380       |
| Total Other Current Assets $326$ $653$ Other Current Assets from SA Government entities:<br>Prepayments $2$ 1Work in progress $137$ $273$ Total Other Current Assets from SA Government Entities $139$ $274$ 20. (a) Property, Plant and Equipment $2006$<br>AccumulatedWritten<br>Depreciation/<br>Down<br>Amortisation<br>ValueLeasehold improvements $(2)$ $4$ $497$ $1$ $225$ $3$ $272$ Plant and equipment $(2)$<br>Library collections $(3)$<br>Buildings and other structures $(1)$<br>Mobile transport assets $(2)$ $417$ $28$ $389$<br>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          |        |        |           |
| Work in progress137273Total Other Current Assets from SA Government Entities13927420. (a) Property, Plant and Equipment2006AccumulatedWrittenCost/Depreciation/DownValuationAmortisationValue\$'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  |     |       |   |        | 2      | 1         |
| Total Other Current Assets from SA Government Entities13927420. (a)Property, Plant and Equipment2006<br>AccumulatedWritten<br>Depreciation/<br>Down<br>Valuation<br>AmortisationWritten<br>Down<br>ValueLeasehold improvements $(2)$ 4 4971 2253 272<br>3 272Plant and equipment $(2)$ 2 2335091 724<br>1 725Information technology5 8704 6181 252<br>1 252Land $(1)$ 715-715<br>407Library collections $(3)$ 407-407<br>800Buildings and other structures $(1)$ 41728389<br>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 <sup>(2)</sup> 4 497       1 225       3 272         Plant and equipment <sup>(2)</sup> 2 233       509       1 724         Information technology       5 870       4 618       1 252         Land <sup>(1)</sup> 715       -       715         Library collections <sup>(3)</sup> 407       -       407         Buildings and other structures <sup>(1)</sup> 417       28       389         Mobile transport assets <sup>(2)</sup> 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 <sup>(2)</sup>               |        |        |           |
| $ \begin{array}{c ccccccccccccccccccccccccccccccccccc$   |     |       | Plant and equipment <sup>(2)</sup>                  | -      | -      | -         |
| $\begin{array}{ccccccc} \text{Land} & \textbf{715} & \textbf{-} & \textbf{715} \\ \text{Library collections} & \textbf{407} & \textbf{-} & \textbf{407} \\ \text{Buildings and other structures} & \textbf{417} & \textbf{28} & \textbf{389} \\ \text{Mobile transport assets} & \textbf{206} & \textbf{16} & \textbf{190} \end{array}$  |     |       |   |        |        |           |
| Library collections $(3)$ 407       -       407         Buildings and other structures $(1)$ 417       28       389         Mobile transport assets $(2)$ 206       16       190   |     |       | Land <sup>(1)</sup>                                 |        | -      |           |
| Buildings and other structures <sup>(1)</sup> 417         28         389           Mobile transport assets <sup>(2)</sup> 206         16         190   |     |       |   | 407    | -      | -         |
| Mobile transport assets <sup>(2)</sup> 206         16         190  |     |       |   | -      | 28     | -         |
|  |     |       |   | 206    | 16     | 190       |
|  |     |       |   | 14 345 | 6 396  | 7 949     |

### Attorney-General's

21.

#### 20. Property, Plant and Equipment (continued) (a)

| Property, Plant and Equipment (continued)     |           | 2005<br>Accumulated | Written |
|---|-----------|---------------------|---------|
|   | Cost/     | Depreciation/       | Down    |
|   | Valuation | Amortisation        | Value   |
|   | \$′000    | \$′000              | \$'000  |
| Leasehold improvements <sup>(2)</sup>         | 9 691     | 7 306               | 2 385   |
| Plant and equipment <sup>(2)</sup>            | 8 133     | 6 144               | 1 989   |
| Information technology                        | 7 160     | 5 452               | 1 708   |
| Land <sup>(1)</sup>                           | 415       | -                   | 415     |
| Library collections <sup>(3)</sup>            | 407       | -                   | 407     |
| Buildings and other structures <sup>(1)</sup> | 1 215     | 907                 | 308     |
| Mobile transport assets <sup>(2)</sup>        | 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<br/>Total<br/>perty<br/>t and<br/>ment<br/>5'000<br/>7 369<br/>471<br/>(86)<br/>2 584<br/>389)<br/>7 949</th></t<> | 2006<br>Total<br>perty<br>t and<br>ment<br>5'000<br>7 369<br>471<br>(86)<br>2 584<br>389)<br>7 949 |
|---|--|
| Payables 2006   | 2005   |
| Current: \$'000 \$  | 5′000  |
| Creditors <b>2 934</b> 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<br>Accrued salaries and wages  | 930<br>1 372          | 875<br>1 051 |
|     |               | Total Current Employee Benefits   | 6 582                 | 6 224        |
|     |               |   |                       | 0 22 1       |
|     |               | Non-Current:<br>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)<br>Employee Benefits - Current (Note 22(a))         | 229<br>1 372          | 176<br>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><br>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)<br>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<br>Curre | ision<br>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<br>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<br>(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 <sup>(1)</sup>                                     | 45 673 | 57 405 |
| Capital <sup>(2)</sup>                                    | 2 165  | 1 047  |
| Motor vehicles <sup>(3)</sup>                             | 917    | 855    |
| Other <sup>(4)</sup>                                      | 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<br>Rate |        | Non-Interest<br>Bearing |              | Total Carrying<br>Amount as per<br>Balance Sheet |              | Weighted Average<br>Effective Interest<br>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:<br>Payables<br>Accruals | -                         | -      | 2 934<br>558            | 2 631<br>538 | 2 934<br>558                                     | 2 631<br>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 <sup>(1)</sup>                   | 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<br>2 263 |

| 32. | Other Expenses - Administered If<br>The number and dollar amount of con<br>payable (included in other expense)<br>following bands: | nsultancies paid/              | 2006<br>Number | 2006<br>\$'000    | 2005<br>Number      | 2005<br>\$'000      |
|-----|--|--------------------------------|----------------|-------------------|---------------------|---------------------|
|     | Below \$10 000<br>\$10 000 - \$50 000  |                                | 2<br>1         | 2<br>18           | 5<br>3              | 9<br>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<br>\$′000      | 2005<br>\$′000      |
|     | Sundry recoveries<br>Other   |                                |                |                   | 282<br>1 353        | 915<br>1 658        |
|     | Total Other Income   |                                |                | -                 | 1 635               | 2 573               |
|     | Other Income received/receivable fro<br>Sundry recoveries<br>Others  | om entities within the S       | A Government:  | -                 | 9<br>200            | 660<br>300          |
|     | Total Other Income - SA Gove   | rnment Entities                |                | -                 | 209                 | 960                 |
| 34. | Cash and Cash Equivalents - Adm<br>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 <b>2006</b>  | und<br>2005       | 2006                | und<br>2005         |
|     | Balance at 1 July  | \$'000 \$'00<br>4 048 10 30    | •              | \$′000<br>2 920   | \$′000<br>210       | \$′000<br>484       |
|     | Receipts   | <b>57 875</b> 35 07            |                | 40 833            | 725                 | 625                 |
|     | Payments<br>Balance at 30 June   | (55 298) (41 338<br>6 625 4 04 |                | (41 549)<br>2 204 | <u>(391)</u><br>544 | (899)<br>210        |
| 35. | Receivables - Administered Items   | 5                              |                |                   | 2006                | 2005                |
|     |  | -                              |                |                   | \$′000              | \$′000              |
|     | Receivables<br>Accrued interest  |                                |                |                   | 25 960<br>563       | 27 829<br>669       |
|     | GST receivable   |                                |                | _                 | 11                  | 32                  |
|     | Total Receivables  |                                |                | -                 | 26 534              | 28 530              |
|     | Receivables from SA Government en<br>Receivables   | tities:                        |                |                   | 732                 | 1 047               |
|     | Accrued interest<br>Total Receivables from SA  | Covernment Entities            |                | -                 | <u>219</u><br>951   | <u>486</u><br>1 533 |
|     | Total Receivables Itolii SA  | Government Entities            |                | -                 | 951                 | 1 333               |
| 36. | Other Current Assets - Administe<br>Current:   | red Items                      |                |                   |                     |                     |
|     | Prepayments<br>Treasury Fund balances  |                                |                |                   | 1 355<br>67         | 1 281<br>7 525      |
|     | Other  |                                |                | _                 | 1 760               | 1 504               |
|     | Total Other Current Assets   |                                |                | -                 | 3 182               | 10 310              |
|     | Other Current Assets from SA Govern<br>Prepayments   | nment entities:                |                |                   | 6                   | _                   |
|     | Treasury Fund balances   |                                |                |                   | 67                  | 7 525               |
|     | Other<br>Total Other Current Assets  | from SA Governmen              | t Entities     | -                 | <u> </u>            | <u>520</u><br>8 045 |
|     |  |                                |                | -                 |                     |                     |
| 37. | Financial Assets - Administered I<br>Current:  | tems                           |                |                   |                     |                     |
|     | Funds invested with the Public Tr  |                                |                | -                 | 27 557              | 21 449              |
|     | Total Current Financial Ass  | C15                            |                | -                 | 27 557              | 21 449              |
|     | Non-Current:<br>Funds invested with the Public Tru   | ustoo                          |                |                   | 75 176              | 72 437              |
|     | Total Non-Current Financia   |                                |                | -                 | 75 176              | 72 437              |
|     | <b>Total Financial Assets</b>  |                                |                | -                 | 102 733             | 93 886              |
|     |  |                                |                | =                 |                     |                     |

2006

| <b>37. Financial Assets - Administered Items (continued)</b>                  | 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<br>Accumulated | Written |           | 2005<br>Accumulated | Written |
|---------------------------------------|-----------|---------------------|---------|-----------|---------------------|---------|
|                                       | Cost/     | Depreciation/       | Down    | Cost/     | Depreciation/       | Down    |
|                                       | Valuation | Amortisation        | Value   | Valuation | Amortisation        | Value   |
|                                       | \$'000    | \$'000              | \$′000  | \$′000    | \$′000              | \$′000  |
| Leasehold improvements <sup>(1)</sup> | 735       | 244                 | 491     | 1 574     | 1 251               | 323     |
| Information technology                | 317       | 175                 | 142     | 335       | 138                 | 197     |
| Plant and equipment <sup>(1)</sup>    | 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<br>Total<br>Property,              |
|-----|----------------------|---|--|--|--|---|
|     |                      | Carrying amount 1 July                                    | Leasehold<br>Improvements<br>\$'000<br>323 | Information<br>Technology<br>\$'000<br>197 | Plant and<br>Equipment<br>\$'000<br>82 | Plant and<br>Equipment<br>\$'000<br>602 |
|     |                      | Additions<br>Disposals                                    | -  | 17   | 14                                     | 31                                      |
|     |                      | Revaluation<br>Depreciation and amortisation              | 411<br>(243)                               | -<br>(72)                                  | 15<br>(31)                             | -<br>426<br>(346)                       |
|     |                      | Other   |  | -  | (6)                                    | (6)                                     |
|     |                      | Carrying Amount 30 June                                   | 491  | 142  | 74                                     | 707                                     |
| 39. | <b>Paya</b><br>Curre | ables - Administered Items                                |  |  | 2006<br>\$′000                         | 2005<br>\$′000                          |
|     | C                    | reditors  |  |  | 2 476                                  | 2 873                                   |
|     |                      | mployee on-costs<br>ccruals                               |  |  | 49<br>1 041                            | 49<br>42                                |
|     | Л                    | Total Current Payables                                    |  | -  | 3 566                                  | 2 964                                   |
|     |                      | Current:  |  |  |  |   |
|     | E                    | mployee on-costs<br>Total Non-Current Payables            |  | -  | <u>34</u><br>34                        | <u>35</u><br>35                         |
|     |                      | Total Payables  |  | -  | 3 600                                  | 2 999                                   |
|     | Paya                 | bles to SA Government entities:                           |  |  |  |   |
|     | Ċ                    | reditors  |  |  | 1 766                                  | 1 813                                   |
|     |                      | mployee on-costs<br>ccruals                               |  |  | 83<br>1 041                            | 84<br>42                                |
|     | ~                    | Total Payables to SA Government Entities                  |  | -  | 2 890                                  | 1 939                                   |
| 40. | (a)                  | <b>Employee Benefits - Administered Items</b><br>Current: |  |  |  |   |
|     |                      | Annual leave  |  |  | 173                                    | 167                                     |
|     |                      | Accrued salaries and wages                                |  |  | 39                                     | 99                                      |
|     |                      | Long service leave<br>Total Current Employee Benefits     |  | -  | <u>19</u><br>231                       | <u>16</u><br>282                        |
|     |                      |   |  | -  | 291                                    | 202                                     |
|     |                      | Non-Current:<br>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<br>6 625 | 28 324              |
|     |       | own Solicitor's Trust Account                                    |                 | 4 048               |
|     |       | ontrol and working account balances                              | 609             | 599                 |
|     |       | ase incentive<br>Inclaimed monies                                | - 12            | 49                  |
|     | U     | Total Other Current Liabilities                                  | <u> </u>        | <u>22</u><br>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<br>Non-Cash Items:                  | 34 120          | 4 479               |
|     |       |  | 246             | 204                 |
|     |       | epreciation and amortisation                                     | 346             | 384                 |
|     |       | ss on disposal<br>ge in Assets and Liabilities:                  | -               | 1                   |
|     |       | ecrease) Increase in employee benefits                           | (2)             | 176                 |
|     |       | crease in payables   | (2)<br>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 _<br><br>3<br>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:  |      |        |        |
| -<br>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<br>\$′000 | 2005<br>\$'000  |
|----|--|----------------|-----------------|
|    | Salaries and wages                           | 2 556          | \$ 000<br>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<br>Accumulated<br>Depreciation/ | Written<br>Down | Cost/     | 2005<br>Accumulated<br>Depreciation/ | Written<br>Down |
|---------------------------------------|-----------|--------------------------------------|-----------------|-----------|--------------------------------------|-----------------|
| Leasehold improvements <sup>(1)</sup> | 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 <sup>(1)</sup>    | 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<br>Additions<br>Disposals<br>Revaluation   | Leasehold<br>Improvements<br>\$'000<br>139<br>-<br>410 | Information<br>Technology<br>\$'000<br>196<br>-<br>- | Plant and<br>Equipment<br>\$'000<br>56<br>14<br>-<br>15 | Property,<br>Plant and<br>Equipment<br>\$'000<br>391<br>14<br>-<br>425 |
|---|--|--|---|--|
| Depreciation  | (206)  | (67)   | (29)  | (302)  |
| Carrying Amount 30 June   | 343  | 129  | 56  | 528  |
| <b>Security Bonds Lodged</b><br>Current:<br>Bonds lodged<br>Sale of goods<br>Rent held pursuant to tribunal direction |  | -  | 2006<br>\$'000<br>31 183<br>12<br>2                     | 2005<br>\$'000<br>28 028<br>12<br>2                                    |
| Total Current Security Bonds Lodged   |  | -  | 31 197  | 28 042   |
| Non-Current:<br>Bonds Lodged  |  | -  | 32 745  | 27 666   |
| Total Non-Current Security Bonds Lodged   |  |  | 32 745  | 27 666   |

|     |  | Residential Tenancies Fun     |                               |  |
|-----|--|-------------------------------|-------------------------------|--|
| 10. | Payables<br>Current:<br>Creditors<br>Accruals  | 2006<br>\$'000<br>1 209<br>26 | 2005<br>\$'000<br>1 140<br>26 |  |
|     | Total Payables   | 1 235                         | 1 166                         |  |
| 11. | Other Current Liabilities<br>Current:<br>Lease incentive                                       |                               | 50                            |  |
|     | Total Other Current Liabilities  | -                             | 50                            |  |
| 12. | Cash Flow Reconciliation<br>Reconciliation of Cash - Cash at 30 June per:                      |                               |                               |  |
|     | Cash Flow Statement  | 6 772                         | 2 204                         |  |
|     | Balance Sheet  | 6 772                         | 2 204                         |  |
|     | <b>Reconciliation of Net Result to Net Cash provided by Operating Activities</b><br>Net result | (163)                         | (643)                         |  |
|     | Add: Non-cash items:<br>Depreciation and amortisation<br>Change in assets and liabilities:     | 302                           | 347                           |  |
|     | Increase in security bonds   | 8 234                         | 5 943                         |  |
|     | Increase (Decrease) in payables  | 69                            | (141)                         |  |
|     | Increase in receivables<br>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<br>Interest                   | Non-<br>Interest                   | Total<br>Carrying                          | Weighted<br>Average<br>Effective<br>Interest | Floating<br>Interest                   | Non-<br>Interest                   | Total<br>Carrying                          | Weighted<br>Average<br>Effective<br>Interest |
|     | Financial Assets:<br>Cash at bank<br>Investments<br>Receivables | Rate<br>\$'000<br>6 772<br>63 637<br>- | Bearing<br>\$'000<br>-<br>-<br>265 | Amount<br>\$'000<br>6 772<br>63 637<br>265 | Rate<br>Percent<br>5.43<br>8.30              | Rate<br>\$'000<br>2 204<br>58 565<br>- | Bearing<br>\$'000<br>-<br>-<br>161 | Amount<br>\$'000<br>2 204<br>58 565<br>161 | Rate<br>Percent<br>5.35<br>7.85              |
|     | Total   | 70 409                                 | 265                                | 70 674                                     |  | 60 769                                 | 161                                | 60 930                                     |  |
|     | Financial Liabilities<br>Payables<br><b>Total</b>               | -                                      | 1 235<br>1 235                     | 1 235<br>1 235                             | -  | -                                      | 1 166<br>1 166                     | 1 166<br>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.

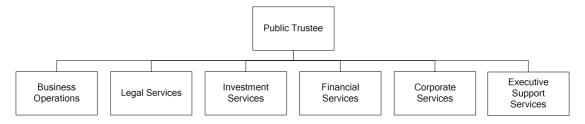
### Functions

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

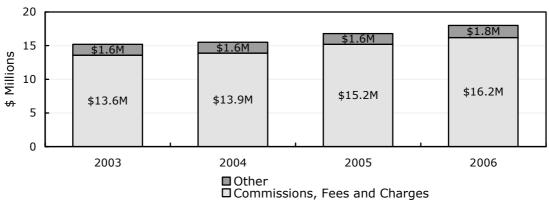
|                                | 2006       | 2005       | Percentage |
|--------------------------------|------------|------------|------------|
|                                | \$'million | \$'million | Change     |
| INCOME                         |            |            |            |
| Revenue 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.

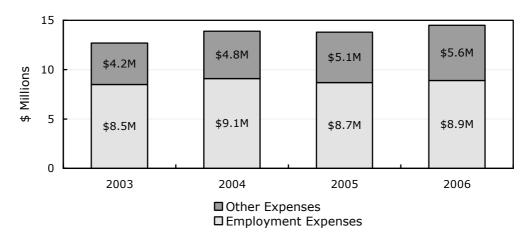


### Expenses

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.

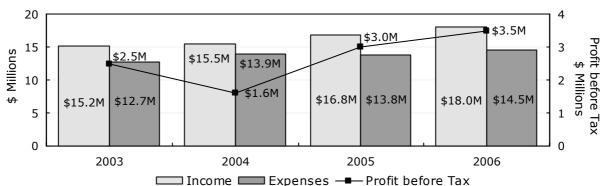
For the four years to 2006, a structural analysis of the main operating expense items for the Public Trustee is shown in the following chart.



### Net Result

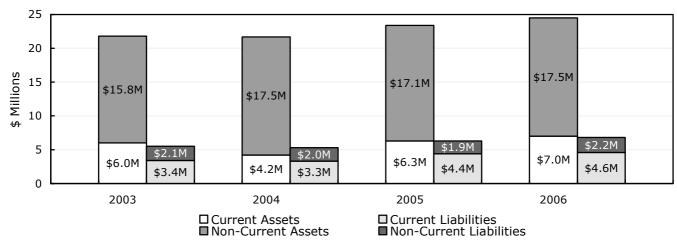
The aggregate revenues of the Public Trustee have been gradually increasing over recent years. The aggregate expenses of the Public Trustee have increased slightly in 2005-06 as discussed above.

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<br>\$'million | 2005<br>\$'million | 2004<br>\$'million | 2003<br>\$'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<br>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<br>THE SA GOVERNMENT AS OWNER |      |        |        |

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

|   |      | Asset<br>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<br>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 <sup>(1)</sup>                           | 8 464  | 8 390  |
| Fees and charges <sup>(1)</sup>                      | 1 629  | 1 304  |
| Management fees <sup>(2)</sup>                       | 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:<br>Revenue from entities external to the SA Government:<br>Interest on fixed term investments | 2006<br>\$'000<br> | 2005<br>\$'000<br>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 | <b>Remuneration of Employees</b><br>The number of employees whose remuneration received or receivable fell<br>within the following bands was:<br>\$100 001 - \$110 000 | 2006<br>Number of<br>Employees<br>1 | 2005<br>Number of<br>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><br>Supplies and Services provided by entities external to the SA Government: | 2006<br>\$′000 | 2005<br>\$′000 |
|-----|---|----------------|----------------|
|     | Supplies and services<br>Building expenses  | 2 047<br>396   | 1 661<br>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<br>Accrued investment income  | 23<br>13       | 20<br>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<br>Percent | 2005<br>Percent |  | 2005<br>\$'000 | 2006<br>\$′000 | 2005<br>\$′000 | 2006<br>\$'000 | 200<br>\$′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 <sup>(1)</sup>                   |                 | 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<br>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<br>Balance<br>\$'000 | Additions<br>\$'000 | Disposals<br>\$'000 | Depreci-<br>ation<br>\$'000 | Revalu-<br>ation<br>\$'000 | Closing<br>Balance<br>\$'000 |
|-----|--|------------------------------|---------------------|---------------------|-----------------------------|----------------------------|------------------------------|
|     | Software at cost   | 7 190                        | 24                  | -                   | -                           | -                          | 7 214                        |
|     | Work in progress at cost<br>Less: Accumulated Depreciation | 18<br>(4 178)                | 124                 | -                   | -<br>(1 298)                | -                          | 142<br>(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:         |        |        |
|     | ,<br>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:<br>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 |
| <b>12.2 Employee Benefits and Related On-Cost Liabilities</b><br>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<br>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<br>Reconciliation of Net Cash provided by Operating Activities to | 2006<br>\$′000   | 2005<br>\$'000   |
|--|--|--|
| Net cash provided by operating activities  | 2 468  | 2 110  |
| Depreciation and amortisation expense<br>Loss on sale of equipment                         | 1 600  | 1 653<br>4   |
| Unrealised loss (gain) on revaluation of investments<br>Realised gain on sale of equities  | 300<br>(340)   | (51)   |
| Change in assets and liabilities:<br>Increase in receivables                               | (363)  | (84)   |
| Increase in employee benefits and on-costs   | 30   | 351<br>349<br>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<br>Short-term financial assets held to maturity | 3 695<br>2 000 | 4 313<br>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<br>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<br>01.07.05<br>\$'000       | Common Funds<br>Short-Term<br>Fixed Interest<br>01.07.05<br>\$'000 | Long-Term<br>Fixed Interest<br>01.07.05<br>\$'000 |
|---|----------------------------------|--|---|
| Previous AGAAP  | 221 016                          | 34 516   | 60 232  |
| <ul> <li>(a) Changes in valuation of securities and derivative<br/>financial instruments</li> </ul> | -                                | -  | -   |
| (b) Reclassification of unit holders' funds to debt   | (221 016)                        | (34 516)   | (60 232)  |
| Total Unit Holder Funds Brought Forward<br>under AIFRS  | -                                | _  | -   |
|   | Australian<br>Shares<br>01.07.05 | Overseas<br>Fixed Interest<br>01.07.05                             | Overseas<br>Shares<br>01.07.05                    |
| Total Unit Holders' Funds Brought Forward under<br>Previous AGAAP                                   | \$'000<br>152 447                | \$'000<br>23 849   | \$'000<br>84 885                                  |
| <ul> <li>(a) Changes in valuation of securities and derivative<br/>financial assets</li> </ul>      | (9)                              | _  | -   |
| (b) Reclassification of unit holders' funds to debt   | (152 438)                        | (23 849)   | (84 885)  |
| Total Unit Holder Funds Brought Forward<br>under AIFRS  | -                                | -  | -   |
|   |                                  |  | Listed<br>Property<br>Securities                  |

|   | Property   |
|---|------------|
|   | Securities |
|   | 01.07.05   |
|   | \$'000     |
| Total Unit Holders' Funds Brought Forward under                         |            |
| Previous AGAAP  | 34 709     |
| <ul><li>(a) Changes in valuation of securities and derivative</li></ul> |            |
| 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<br>Fixed Interest Fixed Interest Fixed Intere  | st    |
|--|-------|
| Fixed Interest Fixed Interest Fixed Interest   | st    |
|  |       |
| <b>2006</b> 2005 <b>2006</b> 2005 <b>2006</b> 2005   | 2005  |
| No. of No | o. of |
| <b>Units Units Units Units Units Units</b>   | 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)     | -        |
| <b>Closing Balance</b> | 228 685    | 221 016 | 38 523    | 34 516   | 70 511    | 60 232   | 27 045    | 23 849   |
|                        |            |         |           |          |           |          |           |          |

|   | Common Fund Australian Shares Overseas Shares |                            |                               |                           | Property<br>curities         |                           |
|---|---|----------------------------|-------------------------------|---------------------------|------------------------------|---------------------------|
|   | 2006<br>\$'000                                | 2005<br>\$'000             | 2006<br>\$'000                | 2005<br>\$'000            | 2006<br>\$'000               | 2005<br>\$'000            |
| Opening Balance<br>Applications                                   | Liability<br>152 447<br>20 422                | Equity<br>98 603<br>16 758 | Liability<br>84 885<br>12 683 | Equity<br>92 351<br>9 183 | Liability<br>34 708<br>4 762 | Equity<br>24 060<br>3 655 |
| Redemptions<br>Reserves:  | (29 035)<br>-                                 | (9 582)<br>46 668          | (10 362)<br>-                 | (5 375)<br>(11 274)       | (3 739)<br>-                 | (2 612)<br>9 605          |
| Increase (Decrease) in net assets<br>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<br>(Losses) |        | alised Gains<br>sses) | Net Realised Gains<br>(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                     | <b>`2 02</b> 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<br>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<br>erty Securities |
|--|------------------------------|------------------------------|
| Designated as at Fair Value through<br>Profit and Loss                                   | 2006<br>Fair Value<br>\$'000 | 2005<br>Fair Value<br>\$'000 |
| Front and Loss<br>Equity securities<br>Fixed interest securities<br>Unlisted unit trusts | 38 279<br>-<br>-             | 34 097<br>-<br>-             |
| Total Designated as at Fair Value through  |                              |                              |
| Profit and Loss  | 38 279                       | 34 097                       |
| Revenue and Assets for Entities within the SA Government                                 | 2006<br>\$′000               | 2005<br>\$′000               |
| Public Trustee Common Fund Distributions<br>Refunds and Reimbursements                   | 5 838<br>270                 | 4 895<br>239                 |
| Gain (Loss) on Public Trustee Common Funds   | 617                          | -                            |
| Total Revenue for Entities within SA Government  | 6 725                        | 5 134                        |
| Public Trustee Common Funds<br>Liabilities   | 102 795                      | 93 875<br>-                  |
| 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<br>Average |         | ruments Maturir<br>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<br>Average        | Instruments Maturing<br>or Re-pricing Within |                                       |                   |                  |
|---|----------------------------|--|---------------------------------------|-------------------|------------------|
|   | Effective                  | 1 Year                                       |                                       | Over              | 2006             |
| Short-Term Fixed Interest Common<br>Fund:                   | Interest Rate<br>Percent   | or Less<br>\$′000                            | 1 to 5 Years<br>\$'000                | 5 Years<br>\$'000 | Total<br>\$'000  |
| Deposits with Cash Common Fund<br>Australian fixed interest | 5.10<br>5.94               | 8 532<br>7 014                               | -<br>6 141                            | -                 | 8 532<br>13 155  |
| Floating rate notes   | 6.67                       | <u>16 608</u><br>32 154                      | 6 141                                 | -                 | 16 608<br>38 295 |
| Long-Term Fixed Interest Common                             | <u> </u>                   | 32 154                                       | 6 141                                 | -                 | 36 295           |
| Fund:<br>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<br>Fund:                  |                            |  |                                       |                   |                  |
| Deposits with Cash Common Fund                              | 5.10                       | 1 466  | -                                     | -                 | 1 466            |
|   | Weighted<br>Average        |  | ruments Maturing<br>Re-pricing Within |                   |                  |
|   | Effective<br>Interest Rate | 1 Year                                       | 1 to E Voors                          | Over<br>5 Years   | 2005<br>Total    |
| Cash Common Fund  | Percent                    | or Less<br>\$'000                            | 1 to 5 Years<br>\$'000                | \$'000            | Tota<br>\$'000   |
| Cash at bank  |                            | 35   | · -                                   | · -               | 35               |
| Short-term deposits<br>Floating rate notes                  | 5.45<br>6.16               | 5 000<br>60 235                              | -                                     | -                 | 5 000<br>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<br>Short-Term Fixed Interest Common          | 8.75                       | 1 199  | -                                     | -                 | 1 199            |
| Fund:<br>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<br>Fund:                    |                            |  |                                       |                   |                  |
| Deposits with Cash Common Fund                              | 5.00                       | 1 898  | -                                     | -                 | 1 898            |
| Australian fixed interest<br>Floating rate notes            | 5.32<br>6.35               | 12 016<br>9 063                              | 12 954                                | 23 670            | 48 640<br>9 063  |
|   | 0.55                       | 22 977                                       | 12 954                                | 23 670            | 59 601           |
| Overseas Fixed Interest Common                              |                            |  |                                       |                   |                  |
| <i>Fund:</i><br>Deposits with Cash Common Fund              | 5.00                       | 65   | -                                     | -                 | 65               |
|   |                            |  |                                       |                   |                  |

#### (c) Interest Rate Risk (continued)

|  | Weighted<br>Average |         | uments Maturing<br>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<br>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<br>Common Fund<br>Reconciliation of Cash and Cash Equivalents  | 2006<br>\$'000 | 2005<br>\$′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<br>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:<br>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) | <b>Non-Cash Financing and Investing Activities</b><br>During the year, the following distribution payments were satisfied<br>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<br>Cash Flow Statement   | 8 532          | 1 328          |
|     |     | Balance Sheet  | 8 532          | 1 328          |
|     |     | Dalance Sheel  | 0 532          | 1 328          |

| .0. |       | Flow Reconciliation (continued)<br>t-Term Fixed Interest Common Fund (continued)   | 2006<br>\$′000 | 2005<br>\$′000 |
|-----|-------|--|----------------|----------------|
|     | (b)   | Reconciliation of Net Profit (Loss) to Net Cash Inflow   | ÷ 000          | 4 000          |
|     |       | (Outflow) from Operating Activities<br>Net Operating Profit (Loss)   | 1 597          | 1 655          |
|     |       | Less: Non-cash operating activities:   |                |                |
|     |       | Increase (Decrease) in net assets attributable to unit holders<br>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<br>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<br>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)<br>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<br>Amortisation of discounts and premiums   | -<br>(369)     | 74<br>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<br>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<br>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<br>Net change in payables and other liabilities   | 551<br>1       | (589)<br>(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)<br>ralian Shares Common Fund   | 2006<br>\$′000 | 2005<br>\$′000     |
|-----|-------|--|----------------|--------------------|
|     | (a)   | Reconciliation of Cash and Cash Equivalents  | (200)          | (1.071)            |
|     |       | Cash Flow Statement<br>Balance Sheet   | (209)<br>(209) | (1 271)<br>(1 271) |
|     |       |  | (20)           | (12/1)             |
|     | (b)   | Reconciliation of Net Profit (Loss) to Net Cash Inflow   |                |                    |
|     |       | (Outflow) from Operating Activities<br>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<br>profit or loss   | 24 602         | -                  |
|     |       | change in the net market value of investments  |                | 20 011             |
|     |       | Net realised gain on disposal of investments<br>Dividends and other income reinvested and not received in cash                           | -<br>26        | 2 108<br>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<br>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<br>Balance Sheet   | 2 317<br>2 317 | 423<br>423         |
|     |       |  |                | 425                |
|     | (b)   | Reconciliation of Net Profit (Loss) to Net Cash Inflow   |                |                    |
|     |       | (Outflow) from Operating Activities<br>Net Operating Profit (Loss)   | 16 270         | (857)              |
|     |       | Less: Non-cash operating activities:   |                |                    |
|     |       | Increase (Decrease) in net assets attributable to unit holders<br>Net gains (losses) on financial instruments held at fair value through | -              | -                  |
|     |       | profit or loss   | -              | -                  |
|     |       | Change in the net market value of investments<br>Net realised gain on disposal of investments  | 11 300         | (620)<br>(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<br>Net change in payables and other liabilities   | (4 367)<br>4   | (819)<br>(7)       |
|     |       | Net Cash Provided by Operating Activities  | 28             | (38)               |
|     | (a)   | Non Coch Einspeine and Tryacting Activities  |                |                    |
|     | (c)   | <b>Non-Cash Financing and Investing Activities</b><br>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<br>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<br>profit or loss   | 3 845          | -                  |
|     |       | Change in the net market value of investments  |                | 3 215              |
|     |       | Net realised gain on disposal of investments<br>Income reinvested and not received in cash   | -<br>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<br>Net Cash Provided by Operating Activities  | <u> </u>       |                    |
|     |       | The cash i formed by operating Activities  | ± 939          | 1 0 0 7            |

| 10. | <ul> <li>Cash Flow Reconciliation (continued)</li> <li>Listed Property Securities Common Fund (continued)</li> <li>(c) Non-Cash Financing and Investing Activities</li> <li>During the year, the following distribution payments were satisfied</li> </ul> | 2006<br>\$'000 | 2005<br>\$′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.

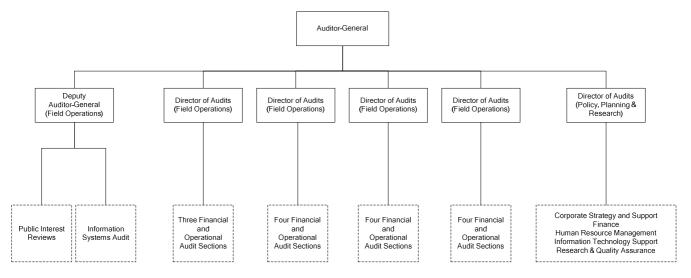
The Act provides a mandate for the Auditor-General to conduct five different types of audits and reviews. These are:

- 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

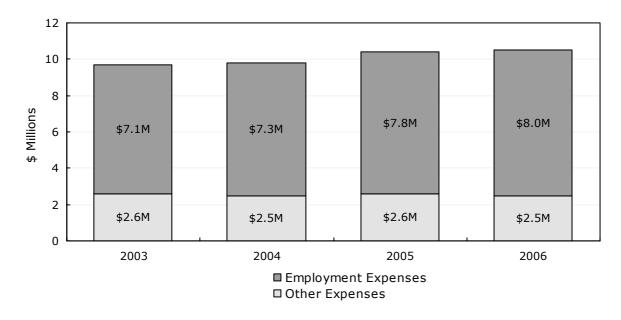
#### **Highlights of Financial Report**

|                                | 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       |

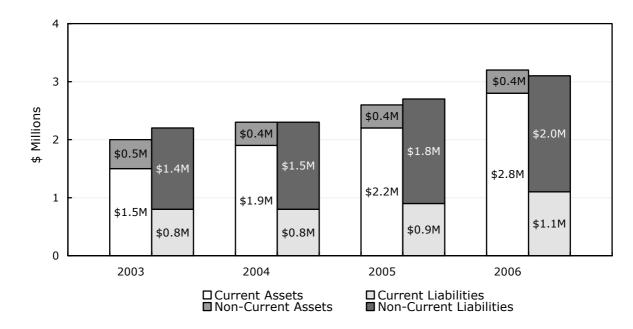
#### **Income Statement**

#### 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<br>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<br>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<br>Employee benefits:<br>Salaries | 2006<br>\$′000<br>5 898 | 2005<br>\$'000<br>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

| , lauree |  |                    |             |
|----------|--|--------------------|-------------|
| 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<br>176         | 312         |
|          | Computing and network processing costs<br>Motor vehicle hire   | 28                 | 183<br>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.       | <b>Funding of the Department</b><br>Appropriations to the Department in 2005-06 amounted to \$10 407 000<br>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<br>Amount<br>1 July<br>\$'000<br>306<br>27<br>333 | Additions<br>\$'000<br>155<br>-<br>155 | Disposals<br>\$'000<br>12<br>-<br>12 | Depreciation<br>\$'000<br>164<br>24<br>188     | Carrying<br>Amount<br>30 June<br>\$'000<br>285<br>3<br>288 |
|-----|------|---|--|--|--------------------------------------|--|--|
| 11. |      | ngible Assets<br>Classes of Intangible Assets<br>Computer software - At cost<br>Accumulated amortisation            |  |  |                                      | 2006<br>\$'000<br>512<br>378<br>134            | 2005<br>\$'000<br>364<br>(311)<br>53                       |
|     | 11.2 | <b>Reconciliation of Carrying Amount</b> Computer software  | Carrying<br>Amount<br>1 July<br>\$'000<br>53               | Additions<br>\$′000<br>148             | Disposals<br>\$'000<br>-             | Amortisation<br>\$'000<br>67                   | Carrying<br>Amount<br>30 June<br>\$'000<br>134             |
|     |      | Total Intangible Assets   | 53   | 148                                    | -                                    | 67   | 134  |
| 12. | Cr   |   |  |  |                                      | 2006<br>\$'000<br>188<br>28<br>28<br>28<br>244 | 2005<br>\$'000<br>147<br>17<br>15<br>179                   |
|     |      | Current:<br>nployee On-costs<br>Total Non-Current<br>Total Payables   |  |  |                                      | 175<br>175<br>419                              | 205<br>205<br>384  |
|     |      | oles to entities within the SA Government<br>oles to entities external to the SA Governmen<br><b>Total Payables</b> | t  |  |                                      | 189<br>230<br>419                              | 167<br>217<br>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<br>Current: | 2006<br>\$′000 | 2005<br>\$′000 |
|-------------------------------|----------------|----------------|
| Salaries                      | 120            | \$ 000<br>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 | <b>perating Leases</b><br>the reporting date the Department had the following obligations under<br>non- cancellable operating leases (these obligations have not been<br>recognised as liabilities):  | 2006<br>\$'000                        | 2005<br>\$′000                        |
|----|---|---------------------------------------|---------------------------------------|
| I  | Not later than one year<br>Later than one year and not later than five years<br>Later than five years   | 509<br>1 357<br>                      | 515<br>1 806                          |
|    | Total Operating Lease Commitments   | 1 866                                 | 2 321                                 |
|    | ash Flow Reconciliations<br>5.1 Reconciliation of Cash<br>Cash at year end per:<br>Balance Sheet<br>Cash Flow Statement   | 2 652<br>2 652                        | 2 157<br>2 157                        |
| 1. | 5.2 Reconciliation of Net Cost of providing Services to Net Cash<br>provided by Operating Activities<br>Net cost of services<br>Cash flows from government<br>Depreciation<br>Decrease in receivables <sup>*</sup><br>Increase in employee benefits | (10 339)<br>10 551<br>255<br>1<br>296 | (10 278)<br>10 205<br>215<br>5<br>380 |
|    | Increase in provision for workers compensation<br>Increase in payables  | 4<br>35                               | 1<br>30                               |
|    | (Profit) Loss on disposal of assets<br>Net Cash provided by Operating Activities  | <u>(5)</u><br>798                     | <u>13</u><br>571                      |
|    | * Movement in receivable excludes a capital receivable of \$17 000  |                                       |                                       |

| 16. | <b>Remuneration of Employees</b><br>The number of employees whose remuneration<br>received or receivable exceeded \$100 000 for<br>this period are grouped within the following bands: | 2006<br>Number of<br>Executives* | 2006<br>Number of<br>Employees | 2005<br>Number of<br>Executives* | 2005<br>Number of<br>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<br>\$′000 | 2005<br>\$'000 |
|-----|--|----------------|----------------|
|     | Remuneration for audit of financial reports<br>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<br>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<br>Current: | 2006<br>\$′000 | 2005<br>\$'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:<br>Special Acts<br>Goods and Services Tax  | 2006<br>\$′000<br>234<br>60694                    | 2005<br>\$'000<br>224<br>896<br>1 120    |
|-----|--|---|--|
| A6. | Notes to the Administered Statement of Cash Flows<br>A6.1 Reconciliation of Cash<br>Cash at year end per:  |   |  |
|     | Balance Sheet<br>Cash Flow Statement   | 318<br>318  | -  |
|     | A6.2 Reconciliation of Net Operating Surplus to Net Cash provided by<br>Operating Activities   |   |  |
|     | Net surplus<br>Decrease (Increase) in receivables<br>Increase in employee benefits   | 269<br>96<br>14                                   | 49<br>(71)<br>44                         |
|     | (Decrease) Increase in amounts payable to the Consolidated Account<br>Increase (Decrease) in Goods and Services Tax payable  | (130)<br>69                                       | 71<br>(93)                               |
|     | Net Cash provided by Operating Activities  | 318   | -  |
| A7. | Remuneration of Employees<br>The number of employees whose total remuneration is within the<br>following bands was:<br>\$290 000 - \$299 999<br>\$310 000 - \$319 999<br>Total remuneration received or receivable by this employee was \$311 000 (\$293 0 | 2006<br>Number of<br>Employees<br>-<br>1<br>000). | 2005<br>Number of<br>Employees<br>1<br>- |

#### 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

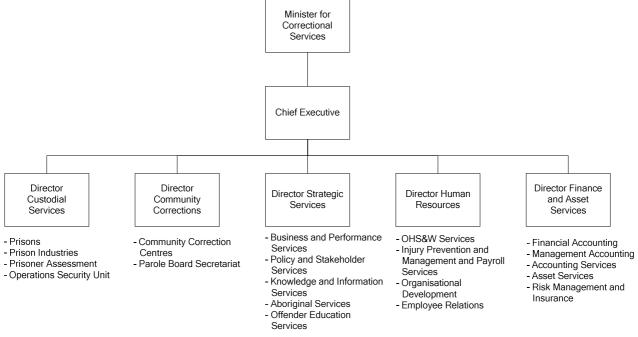
The Department has responsibility for the care and custody of adult offenders. These responsibilities are discharged by:

- 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

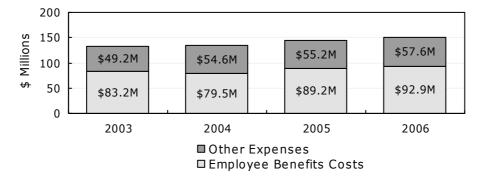
Total income was \$9.3 million (\$10.9 million).

#### Expenses

Total expenses increased by \$6.1 million, or 4 percent, to \$150.5 million (\$144.4 million). This increase comprises:

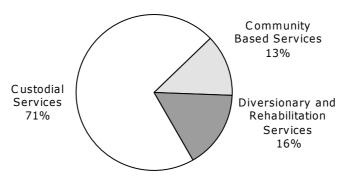
- an increase in employee benefits costs of \$3.7 million to \$92.9 million (\$89.2 million). This increase
  was due mainly to an increase in salaries and wages expense of \$4.2 million offset by a \$1.3 million
  decrease in workers compensation expenses;
- an increase in other expenses of \$2.4 million 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.

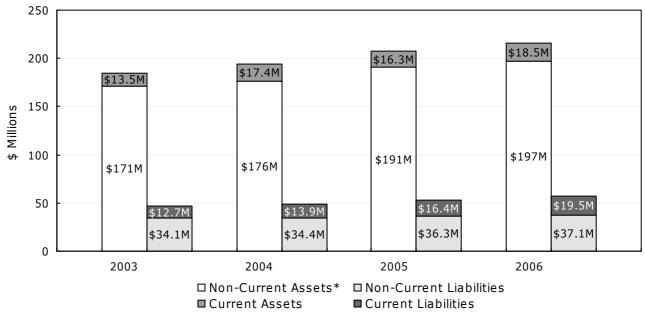


#### Net Cost of Providing Services

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<br>\$'million | 2005<br>\$'million | 2004<br>\$'million | 2003<br>\$'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<br>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 |
| <b>REVENUES FROM (PAYMENTS TO) GOVERNMENT:</b> |         |        |        |         |
| 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<br>Effect of |               |          | At 30.06.05<br>Effect of |          |
|--|---------------|--------------------------|---------------|----------|--------------------------|----------|
|  | Previous      | transition               | AIFRS         | Previous | transition               | AIFRS    |
|  | AGAAP         | to AIFRS <sup>(i)</sup>  | Adjusted      | AGAAP    | to AIFRS <sup>(i)</sup>  | 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<br>Asset revaluation reserve | 34 833        | 52                       | 34 833        | 47 001   | 49                       | 47 001   |
| Amenities Fund reserve                         | 54 855<br>114 | -                        | 54 855<br>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<br>\$′000  |
|     | Depreciation:<br>Buildings                                    |             |        | \$′000<br>6 735 | \$ 000<br>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  |             |        | <b>~</b> -      |                 |
|     | 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<br>htre | Prison/         | de Women's<br>'Pre-release<br>Centre |
|-----|--|--|--------------------------|-----------------------|-----------------------|----------------|------------------|-----------------|--------------------------------------|
|     |  | 2006<br>\$′000                                 | 2005<br>\$′000           | 2006<br>\$′000        | 2005<br>\$′000        | 2006<br>\$′000 | 2005<br>\$′000   | 2006<br>\$′000  | 2005<br>\$′000                       |
|     | Income<br>Less: Cost of goods sold   | 862<br>584                                     | 898<br>702               | 884                   | 1 117                 | 175<br>341     | 220<br>371       | 35<br>38        | 90<br>24                             |
|     | Net Income (Loss)  | 278  | 702<br>196               | <u>1 057</u><br>(173) | <u>1 312</u><br>(195) | (166)          | (151)            | (3)             | <u> </u>                             |
|     |  | 270  | 190                      | (175)                 | (199)                 | (100)          | (151)            | (5)             | 50                                   |
|     |  |  |                          | Pr                    | Nugusta<br>rison      |                | son              |                 | Fotal                                |
|     |  |  |                          | 2006<br>\$′000        | 2005<br>\$′000        | 2006<br>\$′000 | 2005<br>\$′000   | 2006<br>\$′000  | 2005<br>\$′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<br>Other  | e SA Govern                                    | ment                     |                       |                       |                |                  | 000<br>136<br>1 | \$′000<br>905<br>3                   |
|     | Total Interest Income  |  |                          |                       |                       |                | 1                | 137             | 908                                  |
| 15. | Net Income from Canteen a  | nd Kitchon                                     | Salas                    |                       |                       |                |                  |                 |                                      |
| 15. | Canteen and kitchen sales<br>Less: Cost of goods sold  | ind kitchen                                    | Sales                    |                       |                       |                |                  | 209<br>045      | 2 085<br>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                               |
|     | <b>Deposits with the Treasure</b><br>Includes Funds held in the Ac<br>for general use, ie Funds can<br>2005-06 the Department was<br>accordance with the Cash Alig | crual Appropi<br>only be used<br>5 not require | in accorda<br>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<br>Current:<br>Receivables | 2006<br>\$'000<br>489 | 2005<br>\$'000<br>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<br>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<br>Additions<br>Transfers from capital works in progress<br>Disposals<br>Revaluation increment<br>Depreciation and amortisation<br>Other movements | Land and<br>Buildings<br>\$'000<br>177 418<br>-<br>2 743<br>-<br>8 550<br>(6 735)<br>26 | Leasehold<br>Improvements<br>\$'000<br>828<br>-<br>339<br>-<br>(64)<br>(3) | \$'000<br>1 777<br>196<br>(59)<br>(240)<br>(3) | Total<br>\$'000<br>180 023<br>196<br>3 082<br>(59)<br>8 550<br>(7 039)<br>20 |
|--|---|--|--|--|
| Carrying Amount at 30 June   | 182 002   | 1 100  | 1 671  | 184 773  |
| Intangible Assets<br>Software Licences:<br>Other software licences<br>Accumulated amortisation<br>Total Software Licences  |   |  | 2006<br>\$'000<br>346<br>(88)<br>258           | 2005<br>\$'000<br>262<br>  |
| Biological Assets  |   |  |  |  |
| Carrying amount at 1 July<br>Increases due to purchases<br>Gain arising from changes in fair value less estimate   | d point-of-sale   | Livestock<br>\$'000<br>103<br>-  | Olive Grove<br>\$'000<br>-<br>115              | Total<br>\$'000<br>103<br>115  |
| costs attributable to physical changes<br>Gain arising from changes in fair value less estimate<br>costs attributable to price changes                                       |   | 3<br>2   | -  | 3<br>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  |
|     | <b>Total Payables to Non-SA Government Entities</b> | 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<br>\$′000   | 2005<br>\$′000 |
|-----|--|------------------|----------------|
|     | Within one year<br>Later than one year but not later than five years | 11 365<br>15 365 | 8 300<br>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.

| <b>Operating Lease Commitments</b><br>Commitments in relation to operating leases contracted for at the reporting | 2006<br>\$′000 | 2005<br>\$′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<br><i>(a)</i> | n Flow Reconciliation<br>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<br>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:   | <b>、</b>  | <b>、</b>  |
|                    | 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:<br>Revenues from CIC levies                 | 78           | 85              |
|     | Other  | 1            | 1               |
|     | Total Administered Income  | 79           | 86              |
|     | Administered Expenses:   |              |                 |
|     | CIC levies payments<br>Other                                     | 72<br>1      | 64<br>2         |
|     | Total Administered Expenses                                      | 73           | 66              |
|     | Net Result   | 6            | 20              |
|     | Net Result   | <b>U</b>     | 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<br>Total recognised income and expense for the period | <u> </u>     | <u>20</u><br>20 |
|     | Balance at 30 June   | 5            | (1)             |
|     |  |              | (1)             |
|     |  | 2006         | 2005            |
|     |  | Inflows      | Inflows         |
|     | Cash Flows from Operating Activities                             | (Outflows)   | (Outflows)      |
|     | Cash Inflows:<br>CIC Levies                                      | \$′000<br>78 | \$′000<br>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.

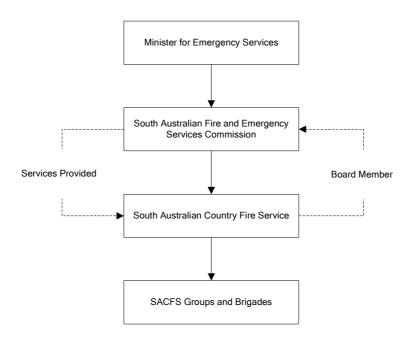
#### Functions

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)        |

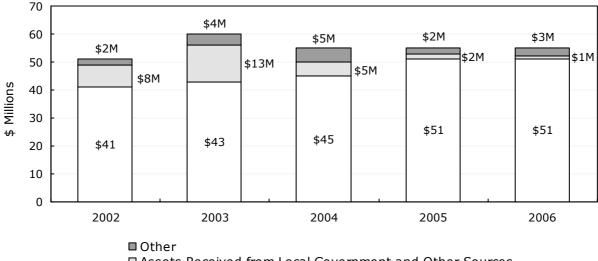
### **Income Statement**

#### 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

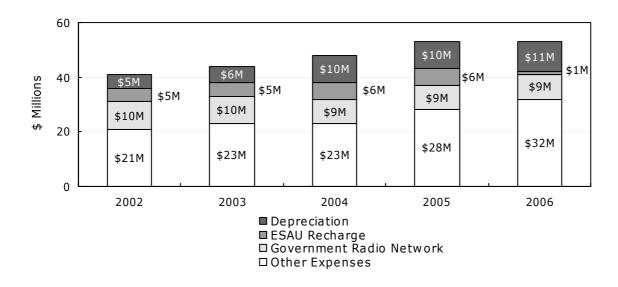
#### Expenses

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.

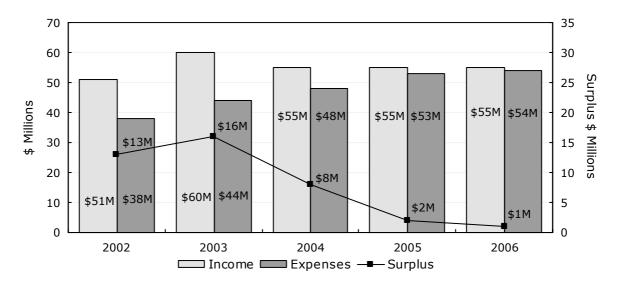
For the five years to 2006, a structural analysis of the main expense items for the SACFS is shown in the following chart.



### **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.

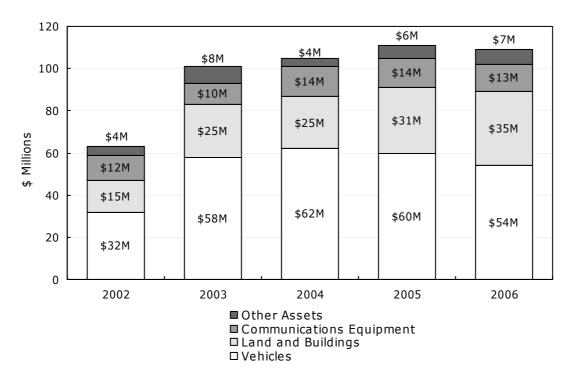


#### **Balance Sheet**

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<br>\$′million | 2005<br>\$′million | 2004<br>\$'million | 2003<br>\$'million | 2002<br>\$'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 |
| <b>REVENUES FROM SA GOVERNMENT:</b>           | -    |              |        |                      |        |
| 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<br>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   |
| <b>Total Non-Current Liabilities</b>       |      | 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.

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#### (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<br>Board falls within the following bands was: | 2006<br>Number of | 2005<br>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<br>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<br>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<br>Fees and charges received/receivable from entities<br>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<br>external to the SA Government:                              | 240    | 120      | 240       | 120         |
|     | Training and other recoveries<br>Other  | 240    | 129<br>1 | 240       | 129<br>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<br>Interest received/receivable for the reporting<br>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   | <ul> <li>Property, Plant and Equipment</li> </ul> | 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<br>and<br>Buildings<br>\$'000 | Vehicles<br>\$'000                 | Communi-<br>cation<br>Equipment<br>\$'000 | Computer<br>Equipment<br>\$'000 | Plant and<br>Equipment<br>\$'000 | Work in<br>Progress<br>\$'000 | 2006<br>Total<br>\$'000               |
|---|------------------------------------|------------------------------------|---|---------------------------------|----------------------------------|-------------------------------|---------------------------------------|
| Carrying amount at 1 July<br>Additions<br>Transferred from work in progress | 30 765<br>-<br>2 638               | 59 520<br>16<br>5 715              | 14 474<br>-<br>586                        | 985<br>396<br>300               | 1 772<br>106                     | 3 279<br>10 337<br>(9 239)    | 110 795<br>10 855                     |
| Disposals<br>Revaluation<br>Depreciation<br>Transfer from various parties   | (458)<br>2 504<br>(1 341)<br>1 035 | (226)<br>(4 739)<br>(6 852)<br>127 | (9)<br>(2 032)                            | (310)                           | (261)                            |                               | (693)<br>(2 235)<br>(10 796)<br>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<br>and<br>Buildings<br>\$'000 | Vehicles<br>\$'000 | Communi-<br>cation<br>Equipment<br>\$'000 | Computer<br>Equipment<br>\$'000 | Plant and<br>Equipment<br>\$'000 | Work in<br>Progress<br>\$'000 | 2005<br>Total<br>\$'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      |
|     | <b>Total Non-Current Provisions</b>         | 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><br>5 359 | <u>228</u><br>4 134 | <u>274</u><br>5 359 | <u>228</u><br>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.

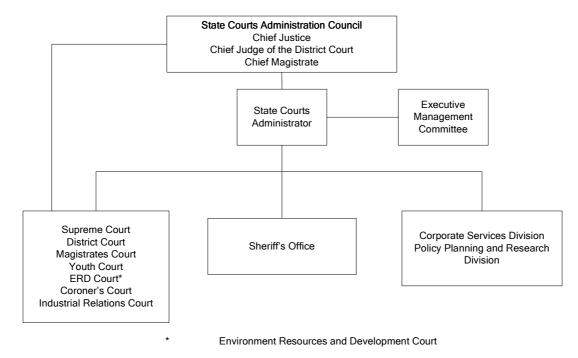
## Functions

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

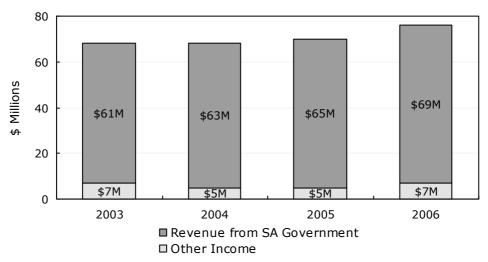
|                         | 2006       | 2005       | Percentage |
|-------------------------|------------|------------|------------|
|                         | \$'million | \$'million | Change     |
| ASSETS                  |            |            |            |
| Current assets          | 19         | 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.

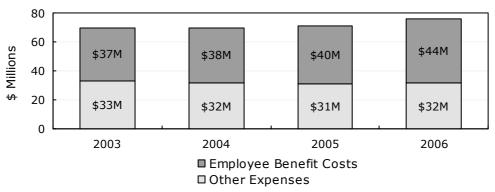


### Expenses

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.

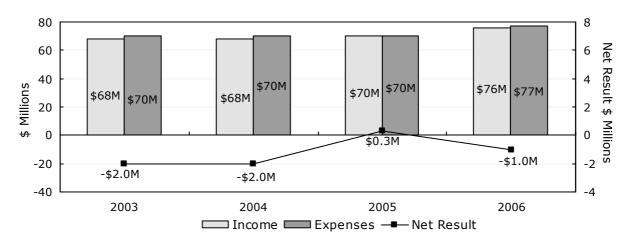
For the four years to 2006, a structural analysis of the main expense items for the Authority is shown in the following chart.



## 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.

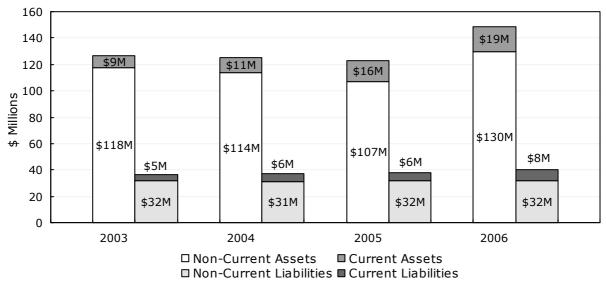
The following chart shows the income, expenses and surpluses/deficits for the four years to 2006.



## **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<br>\$′million | 2005<br>\$'million | 2004<br>\$'million | 2003<br>\$'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.

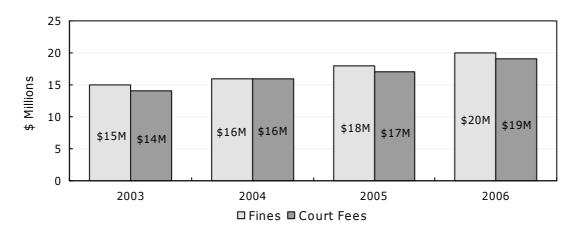
## Fines and Court Fees

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) |
| <b>Revenues from SA Government</b>     | _       | 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<br>Employee benefits for the reporting period comprised:<br>Salaries and wages<br>Payroll tax and superannuation expenses<br>Long service leave expenses<br>TVSPs<br>Other | 2006<br>\$'000<br>35 267<br>6 298<br>1 482<br>625<br>100 | 2005<br>\$'000<br>31 954<br>5 526<br>1 435<br>-<br>994 |
|----|---|--|--|
|    | Total   | 43 772   | 39 909   |
|    | <b>Targeted Voluntary Separation Packages (TVSPs)</b><br>Amount paid to these employees:<br>TVSP payments<br>Annual and long service leave paid during the reporting period                       | 625<br>469   | -  |
|    | Recovery from the Department of Treasury and Finance  | (625)  | -  |

Number of employees who were paid TVSPs during the reporting period was 6 (nil).

| <b>Remuneration of Employees</b><br>Remuneration includes salary and non-monetary benefits. The number of<br>employees whose remuneration received or receivable fell within the following<br>bands were: | 2006<br>Number of<br>Employees | 2005<br>Number of<br>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<br>Leasehold improvements  |                                    | 199<br>102           | 172<br>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<br>Operating lease payments                                    | iseu.                              | 526                  | 518          |
| Other  |                                    | 262                  | 196          |
| Total*   |                                    | 788                  | 714          |
| <ul> <li>The total includes other expenses paid or p<br/>to the SA Government was less than \$100</li> </ul> |                                    | 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 (<br>Youth Court (CARDS)   | LAKUS)                             | 341                  | 230          |
| Industrial Court - Sheriff's Office service  |                                    | 84<br>47             | 22<br>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<br>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<br>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><br>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/<br>Valuation<br>\$'000<br>22 669<br>75 365<br>5 246<br>33 191<br>1 033<br>3 886<br>883<br>7 688<br>11 200<br>70 | Accumulated<br>Depreciation/<br>Amortisation<br>\$'000<br>-<br>-<br>(19 085)<br>(523)<br>(3 365)<br>(680)<br>(7 688)<br>-<br>- | Written<br>Down<br>Value<br>\$'000<br>22 669<br>75 365<br>5 246<br>14 106<br>510<br>521<br>203<br>-<br>11 200<br>70 |
|--|---|--|---|
| Total  | 161 231   | (31 341)   | 129 890   |
|  | Cost/   | Accumulated<br>Depreciation/   | 2006<br>Written<br>Down   |
| Non-Current Assets Classified as held for sale:<br>Land<br>Buildings and improvements  | Valuation<br>430<br>3 493   | Amortisation<br>-<br>(2 910)   | Value<br>430<br>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<br>\$'000<br>15 913 | Buildings<br>and<br>Improve-<br>ments<br>\$'000<br>68 792 | Buildings-<br>Leasehold<br>Improve-<br>ments<br>\$'000<br>612 | Building<br>under<br>Finance<br>Lease<br>\$'000<br>14 936 | Building<br>under<br>Construc-<br>tion<br>\$'000<br>891 | 2006<br>Total<br>Land &<br>Buildings<br>\$'000<br>101 144 |
|--|--------------------------|---|---|---|---|---|
| Additions<br>Assets reclassified to assets | 475                      | -   | -   | -   | 4 405   | 4 880   |
| held for sale                              | (430)                    | (583)   | -   | -   | -   | (1 013)   |
| Disposals<br>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 <sup>*</sup>                          | 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<br>Surplus |             | Contributed<br>Capital |                 | Asset Revaluation<br>Reserve |                   | l Equity         |
|-----|---|------------------|------------------------|-------------|------------------------|-----------------|------------------------------|-------------------|------------------|
|     |   | 2006             | 2005                   | 2006        | 2005                   | 2006            | 2005                         | 2006              | 2005             |
|     | Balance as 1 July                                       | \$′000<br>77 277 | \$′000<br>76 931       | \$′000<br>- | \$′000<br>-            | \$′000<br>7 369 | \$′000<br>10 697             | \$′000<br>84 646  | \$′000<br>87 628 |
|     | Net surplus (deficit) from                              | (001)            | 247                    |             |                        |                 |                              |                   |                  |
|     | operating activities<br>Contributed Capital             | (991)<br>-       | 347                    | -<br>3 140  | -                      | -               | -                            | (991)<br>3 140    | 347              |
|     | Revaluation Increment<br>(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:<br>Capital Commitments:                        |                  |                        |             |                        |                 | :                            | \$′000            | \$′000           |
|     | Land and buildings <sup>(1)</sup>                       |                  |                        |             |                        |                 | -                            | 6 824             | 10 845           |
|     | Total Capital Commitme                                  | nts              |                        |             |                        |                 |                              | 6 824             | 10 845           |
|     |   |                  |                        |             |                        |                 |                              |                   |                  |
|     | Remuneration Commitments:                               |                  |                        |             |                        |                 |                              |                   |                  |
|     | Employment contracts <sup>(4)</sup>                     |                  |                        |             |                        |                 | :                            | 3 178             | 4 007            |
|     | <b>Total Remuneration Con</b>                           | nmitments        | ;                      |             |                        |                 | -                            | 3 178             | 4 007            |
|     | Other Commitments:                                      |                  |                        |             |                        |                 |                              |                   |                  |
|     | Operating leases <sup>(2)</sup>                         |                  |                        |             |                        |                 |                              | 565               | 688              |
|     | PPP lease <sup>(3)</sup>                                |                  |                        |             |                        |                 | 4                            | 4 388             | -                |
|     | Miscellaneous<br>Total Other Commitmen                  | h-a              |                        |             |                        |                 |                              | <u>1</u><br>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<br>8 012    | 6 526<br>9 018   |
|     | Later than one year but no lon<br>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. | <b>Cash Flow Reconciliation</b>  | 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<br>Net Cost of providing services<br>Net cash provided by operating activities<br>Less: Revenues from SA Government<br>Add: Payment to SA Government<br>Add/Less: Non-cash items:<br>Depreciation/amortisation<br>Revaluation (decrements) increments<br>Changes in Assets/Liabilities: | 8 901<br>(69 618)<br>1 304<br>(4 020)<br>(3 359) | 7 154<br>65 678<br>(244)<br>4 466<br>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<br>Accounting Policies and Methods<br>(including recognition criteria and<br>measurement basis)  | Nature of Underlying Instrument<br>(including significant terms and<br>conditions affecting the amount, timing<br>and certainty of cash flows)   |
|---------------------------|------|--|--|
| Financial Assets          |      | Financial assets are recognised when<br>control over future economic benefits is<br>established and the amount of the benefit<br>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<br>Department of Treasury and Finance.<br>Interest is earned on the average daily<br>balance based on the average of the 90 day<br>bank bill rate.<br>The average 90 day bank bill rate for the<br>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<br>arrangements are indexed by the Consume<br>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<br>their nominal amounts, being the amounts<br>at which the liabilities will be settled.<br>Liabilities are recognised to the extent<br>that the goods or services have been<br>received. | Settlement is normally made net 30 days.   |

# (b) Interest Rate Risk

| <b>Interest Rate Risk</b><br>Financial Instruments | -    | 1                 | Floating  | <b>2006</b><br>Interest Rate | e       | Non-                | 2005          | Weighted<br>Average<br>Effective |
|--|------|-------------------|-----------|------------------------------|---------|---------------------|---------------|----------------------------------|
|  |      | 1 year<br>or less | 1-2 years | 2-5 years                    | 5 years | Interest<br>Bearing | 2006<br>Total | Interest<br>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<br>Interest Rate | 2       | Non-     |        | Weighted<br>Average<br>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<br>Number of<br>Judicial<br>Officers<br>-<br>2<br>-<br>-<br>-<br>1<br>-<br>1 | 2005<br>Number of<br>Judicial<br>Officers<br>1<br>-<br>3<br>1<br>1<br>1<br>1<br>1<br>1 |

| Remuneration of Judiciary (continued)    | 2006<br>Number of<br>Judicial<br>Officers | 2005<br>Number of<br>Judicial<br>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<br>\$′000 | 2005<br>\$'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<br>ST receivables                | - 13           | 96<br>7        |
|     |      | Total   | 3 391          | 911            |
| 29. |      | inistered Payables  |                |                |
|     |      | et transfers payable to Consolidated Account                        | -              | 11 392         |
|     | -    | reditors and accruals<br>ransfer revenue received and not forwarded | 4 739<br>-     | 621<br>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><br>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:<br>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<br>Net decrease in administered net assets   | \$′000<br>(7 274)<br>(531) | \$′000<br>(7 002)<br>(272) |
|     | Balance at 30 June   | (7 805)                    | (7 274)                    |
| 32. | Administered Cash Flow Reconciliation<br>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<br>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<br>ding significant terms and |  |  |                               |
|--|--|---|---|---|---|--|--|--|--|-------------------------------|
| Fina                                     | ncial Instrument   | Note  |   | ing recogn<br>asuremen                                      |   | eria                                     |  | s affecting<br>d certaint                |  |                               |
| Finai                                    | ncial Assets   |   | control o<br>is estab   | I assets are<br>over future<br>lished and t<br>can be relia | economic t<br>he amount   | oenefits<br>of the                       |  |  |  |                               |
| Cash 27                                  |  | Deposits are recognised at their nominal amounts. |   |   | Cash comprises a Deposit Account at<br>the Department of Treasury and<br>Finance. The administered cash<br>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<br>when a present obligation to another<br>party is entered into and the amount<br>of the liability can be reliably<br>measured.   |   |   |  |  |  |  |                               |
| Payables 29                              |  | 29  | Creditors and accruals are<br>recognised at their nominal amounts,<br>being the amounts at which the<br>liabilities will be settled. Liabilities<br>are recognised to the extent that the<br>goods or services have been<br>received. |   |   | Settlement is normally made net 30 days. |  |  |  |                               |
| (b)                                      | <b>Interest Rate Risk</b><br>Financial Instruments                     | s   |   |   |   | 2006                                     |  |  |  | Weighted<br>Average           |
|  |  |   |   | 1 year<br>or less   | Floating/Fix<br>1-2<br>years  | xed Interes<br>2-5<br>years              | st Rate<br>Over<br>5 years                               | Non-<br>Interest<br>Bearing              | 2006<br>Total                            | Effective<br>Interest<br>Rate |
|  | Financial Assets:<br>Cash<br>Receivables<br><b>Total Financial A</b> s | ssets   | Note<br>27<br>28  | \$′000<br>-<br>-<br>-                                       | \$′000<br>-<br>-<br>-   | \$′000<br>-<br>-                         | \$′000<br>-<br>-<br>-                                    | \$'000<br>1 917<br><u>3 391</u><br>5 308 | \$'000<br>1 917<br><u>3 391</u><br>5 308 | Percent<br>n/a<br>n/a         |
| Financial Liabilities:<br>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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