



Government
of South Australia

Report
of the
Auditor-General
Annual Report
for the
year ended 30 June 2013

Tabled in the House of Assembly and ordered to be published, 15 October 2013

Second Session, Fifty-Second Parliament

Part B: Agency audit reports
Volume 2

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

General enquiries regarding this report should be directed to:

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

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

Website: www.audit.sa.gov.au

ISSN 0815-9157

Part B

Table of contents

Page

Volume 1

Accounts of public authorities	1
Adelaide Convention Centre Corporation	3
Adelaide Entertainments Corporation.....	24
Adelaide Festival Centre Trust	47
Adelaide Festival Corporation	71
Adelaide Oval SMA Limited	88
Art Gallery Board	106
Attorney-General's Department.....	137
Public Trustee.....	214
Auditor-General's Department	241
Department for Communities and Social Inclusion.....	258
Department for Correctional Services	331

Volume 2

Courts Administration Authority	365
Defence SA	404
Department for Education and Child Development.....	434
Environment Protection Authority.....	508
Department of Environment, Water and Natural Resources	541
Flinders University of South Australia	605
Department of Further Education, Employment, Science and Technology	655
Department for Health and Ageing	697
Incorporated hospitals and health services.....	748
Central Adelaide Local Health Network Incorporated.....	749
Southern Adelaide Local Health Network Incorporated.....	751
Northern Adelaide Local Health Network Incorporated.....	752
Country Health SA Local Health Network Incorporated.....	754
Women's and Children's Health Network Incorporated.....	755
SA Ambulance Service Inc	756
Health sector staffing and patient activity data – unaudited	760

Volume 3

Health Services Charitable Gifts Board.....	763
HomeStart Finance.....	785
Judges' Pensions Scheme	835

Part B

Table of contents

Page

Volume 3

Legal Services Commission	847
The Legislature	872
Libraries Board of South Australia.....	919
Local Government Finance Authority of South Australia.....	946
Lotteries Commission of South Australia.....	968
Department for Manufacturing, Innovation, Trade, Resources and Energy.....	1008
Motor Accident Commission.....	1055
Museum Board.....	1088

Volume 4

Office of the National Rail Safety Regulator	1113
Parliamentary Superannuation Scheme	1130
Department of Planning, Transport and Infrastructure.....	1144
Police Superannuation Scheme.....	1235
Department of the Premier and Cabinet	1252
Department of Primary Industries and Regions.....	1316
South Australia Police	1391
South Australian Asset Management Corporation	1439
South Australian Country Fire Service.....	1451

Volume 5

South Australian Fire and Emergency Services Commission.....	1481
South Australian Forestry Corporation.....	1525
South Australian Government Financing Authority.....	1526
South Australian Housing Trust	1566
South Australian Metropolitan Fire Service	1622
South Australian Motor Sport Board.....	1651
South Australian State Emergency Service	1676
South Australian Superannuation Board	1702
South Australian Ambulance Service Superannuation Scheme	1713
South Australian Superannuation Scheme.....	1727
Southern State Superannuation Scheme	1750
Super SA Retirement Investment Fund	1767
South Australian Tourism Commission.....	1784
South Australian Water Corporation	1813

Part B

Table of contents

Page

Volume 6

Superannuation Funds Management Corporation of South Australia	1869
TAFE SA	1906
Department of Treasury and Finance.....	1937
University of Adelaide.....	1999
University of South Australia	2057
Urban Renewal Authority	2103
WorkCover Corporation of South Australia.....	2155

Appendix

Treasurer's Financial Statements (Statements A-L)

Part B

References to matters of significance

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

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

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

Adelaide Convention Centre Corporation

Dividend and taxation arrangements	4
Qualified opinion – assessment of controls	4
Redevelopment of the Adelaide Convention Centre.....	7

Adelaide Festival Centre Trust

Information and communications technology and control	49
Procurement.....	48
Qualified opinion – assessment of controls	48

Adelaide Festival Corporation

Bank reconciliations	72
Cash handling	72
Qualified opinion – assessment of controls	72

Adelaide Oval SMA Limited

\$18 million funding deed.....	91
Membership sales	91

Art Gallery Board

Further commentary on operations – financial review	115
Governance	110
Heritage collections	111
Legal compliance.....	107
Qualified Independent Auditor’s Report on the Board’s 2011-12 financial report	107
Qualified opinion – assessment of controls	107
Shared Services SA:	
Accounts payable and electronic payment control environments	112
CHRIS payroll control environment	112

Attorney-General’s Department

Alleged fraud against the Victims of Crime Fund	144
Consumer and Business Services	140
Crown Solicitor’s Office.....	142
Gaming machine administration.....	153
Information and communications technology and control	144
Payroll controls	139
Qualified opinion – assessment of controls	138
Residential Tenancies Fund	143

Attorney-General's Department (continued)

Shared Services SA:

Accounts payable and electronic payment control environments	146
CHRIS payroll control environment	145
TIs 2 and 28	138

Central Adelaide Local Health Network Incorporated

Qualified opinion – assessment of controls	750
--	-----

Communities and Social Inclusion, Department for

Brokerage expenditure	260
Client trust funds.....	265
Concessions	263
Expenditure.....	265
Grants, subsidies and client payments	259
Information and communications technology and control.....	266
Qualified opinion – assessment of controls	259
Shared Services SA:	
Accounts payable and electronic payment control environments	267
CHRIS payroll control environment	267

Correctional Services, Department for

Bona fide certificates	332
Custodial officer roster system	332
Leave reporting	332
Qualified opinion – assessment of controls	332
Shared Services SA:	
Accounts payable and electronic payment control environments	333
CHRIS payroll control environment	333

Country Health SA Local Health Network Incorporated

Qualified opinion – assessment of controls	754
--	-----

Courts Administration Authority

Qualified opinion – assessment of controls	366
--	-----

Defence SA

General ledger.....	405
Qualified opinion – assessment of controls	405
Shared Services SA:	
Accounts payable and electronic payment control environments	406
CHRIS payroll control environment	405

Education and Child Development, Department for

Families SA expenditure.....	446
Alternative care	449
Care and protection grant payments.....	450
Carer payments.....	446
General ledger processing.....	452
Information and communications technology and control.....	451
Qualified opinion – assessment of controls	435
Review of Basware financial delegations	443
School maintenance	444

Education and Child Development, Department for (continued)

Shared Services SA:

Accounts payable and electronic payment control environments	444
CHRIS payroll control environment	440
Valeo payroll control environment	443

Environment Protection Authority

Licence compliance	510
Licensing Administration Modernisation project	513
Payroll bona fide register	510
Qualified opinion – assessment of controls	509
Transfer of solid waste levies to the Waste to Resources Fund	513

Environment, Water and Natural Resources, Department of

Cash	545
Coorong, Lower Lakes and Murray Mouth projects	551
Effective 1 July 2012 all employees of the Natural Resources Management Boards transferred to the Department of Environment, Water and Natural Resources	541
Effective 1 July 2012, the Department of Environment, Water and Natural Resources assumed the administrative responsibilities and staff of the Department for Water	541
Expenditure	545
Fixed assets – accounting for Crown land	543
Governance	544
Murray Futures	552
Murray-Darling Basin Authority	551
Payroll	545
Procurement	546
Purchase cards	545
Qualified opinion – assessment of controls	544
Qualified opinion – financial report	543
Save the River Murray Fund	552
Shared Services SA:	
Accounts payable and electronic payment control environments	547
CHRIS payroll control environment	547
Stormwater Harvesting and Reuse projects	552

Flinders University of South Australia

Approval of tuition fee waivers	607
Information and communications technology and control	607
Journal processing	606
Payroll bona fide review	606
Payroll segregation of duties	607
Qualified opinion – assessment of controls	606

Further Education, Employment, Science and Technology, Department of

Expenditure	659
Payroll/Human resources management	658
Qualified opinion – assessment of controls	656
Shared Services SA:	
Accounts payable and electronic payment control environments	659
Empower payroll control environment	659
Skills for All expenditure	656, 663
Sustainable Industries Education Centre	663

Health and Ageing, Department for	
Changes to health regions and services from 1 July 2011	697
Implementation of TIs 2 and 28	702
Incorporated hospitals and health services:	
Payroll	759
Policies and procedures	758
Property, plant and equipment	760
Information and communications technology and control:	
Enterprise Patient Administration Systems	706
Oracle Corporate System	706
Internal audit review of medical consultant allowances	701
National health reforms.....	698
Payroll.....	704
Public Private Partnership – the new Royal Adelaide Hospital project.....	706
Qualified opinion – assessment of controls	701
Recurrent funding to health services.....	702
Shared Services SA – CHRIS payroll control environment	704
South Australian Health and Medical Research Institute	708
Special purpose funds	705
HomeStart Finance	
Bad and impaired loans expense.....	789
Breakthrough loans	791
Customer loans repaid.....	796
Distributions to government	795
Financial risks	792
HomeStart operating parameters.....	797
Information and communications technology and control.....	787
Loans and advances	790
Loan quality	793
Performance targets	797
Provisions for impairment.....	792
Qualified opinion – assessment of controls	786
Judges' Pensions Scheme	
Transfer to the Consolidated Account of \$21.5 million.....	837
Legal Services Commission	
Application of the Commissioner for Public Sector Employment Determinations	848
Financial accounting reconciliations.....	848
Information and communications technology and control.....	851
Payroll expenditure	849
Qualified opinion – assessment of controls	848
Legislature, The	
Qualified opinion – financial report – disclaimer of opinion.....	873
Libraries Board of South Australia	
Qualified opinion – assessment of controls	920
Shared Services SA:	
Accounts payable and electronic payment control environments	921
CHRIS payroll control environment	920

Local Government Finance Authority of South Australia	
Delegation of powers for fundraising	948
Qualified opinion – assessment of controls	947
Submission and tabling of 2011-12 annual report	947
Lotteries Commission of South Australia	
Appointment of Tatts Lotteries SA Pty Ltd as exclusive Master Agent of the Commission	968
Cash	972
Corporate governance	971
Expenditure	973
Gaming revenue	972
General ledger	974
Qualified opinion – assessment of controls	970
SA Lotteries Exclusive Master Agent transaction	968
Manufacturing, Innovation, Trade, Resources and Energy, Department for	
Expenditure	1009
Payroll	1010
Qualified opinion – assessment of controls	1009
Royalties	1010
Shared Services SA:	
Accounts payable and electronic payment control environments	1012
CHRIS payroll control environment	1011
Tenements management system licencing	1011
Motor Accident Commission	
Contribution commitment	1056
Investment result	1060
Investments	1061
Outstanding claims	1061
Qualified opinion – assessment of controls	1057
Scheme reform	1055
Shared Services SA:	
Accounts payable and electronic payment control environments	1057
CHRIS payroll control environment	1057
Solvency level	1063
Underwriting result	1059
Museum Board	
Governance	1089
Heritage collections	1090
Legal compliance	1089
Qualified opinion – assessment of controls	1089
Shared Services SA:	
Accounts payable and electronic payment control environments	1091
CHRIS payroll control environment	1091
Northern Adelaide Local Health Network Incorporated	
Qualified opinion – assessment of controls	752
Office of the National Rail Safety Regulator	
Policies and procedures	1114
Reconciliations	1114
Qualified opinion – assessment of controls	1114

Planning, Transport and Infrastructure, Department of

Accounts payable.....	1148
Adelaide Oval redevelopment.....	1162
Bank account reconciliations	1146
Building management:	
Commercial and residential properties.....	1157
Facilities management.....	1158
Project services.....	1156
Bus contract payments	1150
Facilities Management Information System IT controls.....	1160
Gawler Line Modernisation Project.....	1166
Land Services Business Reform program developments.....	1161
Metrocard revenue	1152
Organisational changes	1144
Payroll.....	1149
Qualified opinion – assessment of controls	1146
Revenue and accounts receivable	1153
Shared Services SA:	
Accounts payable and electronic payment control environments	1148
CHRIS payroll control environment	1150
State Aquatic Centre and GP Plus Health.....	1163
TRUMPS network security.....	1161

Premier and Cabinet, Department of the

Office of the Chief Information Officer – an update of government voice and data telecommunication charging arrangements	1259
Qualified opinion – assessment of controls	1253
SafeWork SA	1254
Service SA – T-Recs and review of Service SA centres.....	1258
Shared Services SA:	
Accounts payable and electronic payment control environments	1254
Payroll control environments	1256
Remediation of control environments	1254

Primary Industries and Regions, Department of

Corporate governance	1324
Expenditure	1317
Financial accounting	1322
Fisheries licensing revenue	1321
Fixed assets	1322
Grants and advances revenue:	
Rural Solutions SA.....	1323
South Australian Research and Development Institute	1324
Masterpiece accounts receivable and Reculver systems.....	1321
Payroll.....	1319
Qualified opinion – assessment of controls	1317
Shared Services SA:	
Accounts payable and electronic payment control environments	1318
CHRIS payroll control environment	1320

Public Trustee	
Qualified opinion – assessment of controls	215
Shared Services SA – CHRIS payroll control environment	216
SA Ambulance Service Inc	
Qualified opinion – assessment of controls	757
South Australia Police	
Expenditure.....	1394
Expiation revenue	1392
Information and communications technology and control	1395
Procurement/Contract management.....	1393
Qualified opinion – assessment of controls	1392
Shared Services SA:	
Accounts payable and electronic payment control environments	1394
Payroll control environment.....	1395
South Australian Asset Management Corporation	
Dissolution of South Australian Asset Management Corporation.....	1439
South Australian Country Fire Service	
Qualified opinion – assessment of controls	1452
South Australian Fire and Emergency Services Commission	
Business continuity planning	1484
Deficiencies in record keeping and absence of key supporting documentation	1483
Financial authorisations	1485
Financial management compliance programs.....	1485
Non-current assets.....	1483
Qualified opinion – assessment of controls	1482
Shared Services SA:	
Accounts payable and electronic payment control environments	1487
CHRIS payroll control environment	1486
South Australian Forestry Corporation	
Forward sale of forest rotations	1525
Status of the financial report	1525
South Australian Government Financing Authority	
Business risk management.....	1533
Catastrophe reinsurance program	1536
Implementation of new financial accounting system.....	1528
Qualified opinion – assessment of controls	1527
South Australian Housing Trust	
Capital works in progress	1574
Council rates	1569
House and vacant land sales	1571
Information and communications technology and control	1579
Management of homelessness grant payments	1575
Multi-trade contractor	1579
Payroll control environment	1573
Project management control arrangements – Renewal SA.....	1571
Qualified opinion – assessment of controls	1567
Rent.....	1567

South Australian Housing Trust (continued)	
Shared Services SA:	
Accounts payable and electronic payment control environments	1578
CHRIS payroll control environment	1573
Water rates	1569
South Australian Metropolitan Fire Service	
Qualified opinion – assessment of controls	1623
South Australian Motor Sport Board	
Qualified opinion – financial report.....	1653
South Australian State Emergency Service	
Qualified opinion – assessment of controls	1677
South Australian Superannuation Board	
Qualified opinion – assessment of controls	1703
South Australian Superannuation Scheme	
Benefits paid	1731
Statement of Financial Position – estimated liability for accrued benefits	1730
South Australian Tourism Commission	
Procurement and contract management – South Australian Visitor and Travel Centre	1785
Qualified opinion – assessment of controls	1785
Shared Services SA:	
Accounts payable and electronic payment control environments	1787
CHRIS payroll control environment	1787
South Australian Water Corporation	
Adelaide Desalination Project.....	1830
Adelaide Desalination Project contract management	1814
Asset value accounting matter	1829
Community service obligations	1819
Contract management	1830
Contributions to the State Government.....	1824
Expenses	1820
North South Interconnection System project.....	1834
Performance statement.....	1823
Pricing 2013-14.....	1826
Procurement practice and management	1815
Qualified opinion – assessment of controls	1814
Wastewater and water rates and charges.....	1818, 1826
Southern Adelaide Local Health Network Incorporated	
Qualified opinion – assessment of controls	751
Southern State Superannuation Scheme	
Benefits paid	1753
Superannuation Funds Management Corporation of South Australia	
Funds SA investment return periods ending 30 June.....	1875
Funds under management	1869, 1872
Income from investments.....	1873
TAFE SA	
Payroll/Human resource management	1908
Policies and procedures.....	1907
Qualified opinion – assessment of controls	1907

TAFE SA (continued)

Shared Services SA:

Accounts payable and electronic payment control environments	1909
Empower payroll control environment	1910
Skills for All revenue	1908

Treasury and Finance, Department of

Commonwealth funding arrangements	1949
Information and communications technology and control	1945
Qualified opinion – assessment of controls	1939
Reconciliation of central general ledger clearing accounts	1945
RevenueSA	1939
Shared Services SA:	
Accounts payable and electronic payment control environments	1943
CHRIS payroll control environment	1944
Reconciliation of general ledger suspense and clearing accounts	1944
User access to the Basware system	1942

University of Adelaide

Accounts receivable	2002
Information and communications technology and control	2004
Payroll	2001
Qualified opinion – assessment of controls	2000

University of South Australia

Expenditure	2060
General ledger	2061
Grant funding	2059
Information and communications technology and control	2061
Intellectual property	2061
Payroll	2060
Qualified opinion – assessment of controls	2059
Qualified opinion – financial report	2058

Urban Renewal Authority

Accuracy of project reporting	2107
Assets	2112
Borrowings	2115
Bowden Urban Village	2119
Contract management	2106
Establishment and approval of key corporate governance documentation	2104
Establishment of the Urban Renewal Authority	2115
Expenditure	2107
General ledger	2108
Inventory	2109
Inter-agency arrangements	2117
Payroll	2107
Playford Alive project	2118
Port Adelaide Renewal Project	2118
Port Adelaide Waterfront Redevelopment – Termination of the Port Adelaide Waterfront Redevelopment agreement	2117
Procurement	2105

Urban Renewal Authority (continued)

Qualified opinion – assessment of controls	2104
Tonsley Park project	2119
Transfer of Adelaide Station and Environs Redevelopment site to the Urban Renewal Authority	2120
Woodville West project	2120

Women's and Children's Health Network Incorporated

Qualified opinion – assessment of controls	755
--	-----

WorkCover Corporation of South Australia

Information and communications technology and control.....	2166
Inherent uncertainty – outstanding claims liability and funding ratio	2157
Legislative changes	2155
Outstanding claims – Compensation Fund	2173
Premiums	2158
Procurement	2165
Qualified opinion – assessment of controls	2158
Underwriting result	2170
Workers compensation.....	2159

Courts Administration Authority

Functional responsibility

Establishment

The Courts Administration Authority (the Authority) was established pursuant to the *Courts Administration Act 1993*. The Authority is constituted of the State Courts Administration Council (SCAC), the State Courts Administrator and other staff of the SCAC.

Functions

The function of the Authority, which is independent of the control of Executive Government, is to provide courts with the administrative facilities and services necessary for the proper administration of justice.

For more information about the Authority's objectives and priorities refer note 1 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA and section 27 of the *Courts Administration Act 1993* provide for the Auditor-General to audit the accounts of the Authority for each financial year.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the 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 internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of the audit

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

During 2012-13, areas of review included:

- payroll
- revenue and receipting
- fines policy
- expenditure
- financial accounting
- corporate governance
- financial management compliance program
- trust accounts
- ICT management

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Courts Administration Authority as at 30 June 2013, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the 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 matter outlined under 'Communication of audit matters' are sufficient to provide reasonable assurance that the financial transactions of the Courts Administration Authority have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the State Courts Administrator. The main matter raised with the State Courts Administrator and the response is provided below.

Payment of jury and witness fees

The audit of the system that facilitates payment of jury and witness fees indicated that there was room for improvement in the segregation of duties between data input and approval of payments. Audit also found that the authorisation of payments through the newly implemented CommBiz system required only one officer to authorise EFT payments and disbursements rather than two officers, which would provide an adequate level of control.

In response the Authority indicated that additional controls have been implemented and a review has commenced of controls around the two step process for EFT payments and disbursements using CommBiz. As part of that review user access profiles and segregation of duties are being considered to ensure adequate checks and balances and user access controls exist.

Interpretation and analysis of the financial report

Highlights of the financial report

	2013 \$'million	2012 \$'million
Expenses		
Employee benefits expenses	53	53
Supplies and services	36	35
Other expenses	10	10
Total expenses	99	98
Income		
Revenues from fees and charges	6	6
Other revenues	1	3
Total income	7	9
Net cost of providing services	92	89

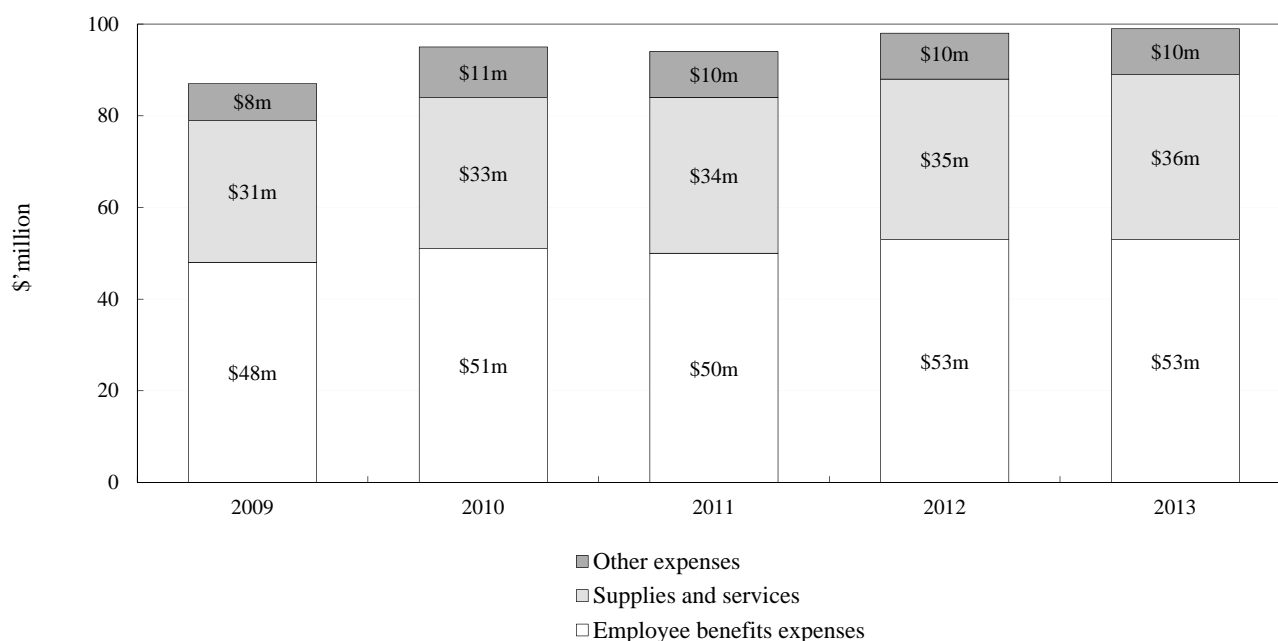
	2013 \$' million	2012 \$' million
Revenues from SA Government	91	88
Net result and total comprehensive result	(1)	(1)
Net cash provided by (used in) operating activities	8	6
Assets		
Current assets	36	34
Non-current assets	213	216
Total assets	249	250
Liabilities		
Current liabilities	11	10
Non-current liabilities	26	27
Total liabilities	37	37
Total equity	212	213

Statement of Comprehensive Income

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.

Expenses

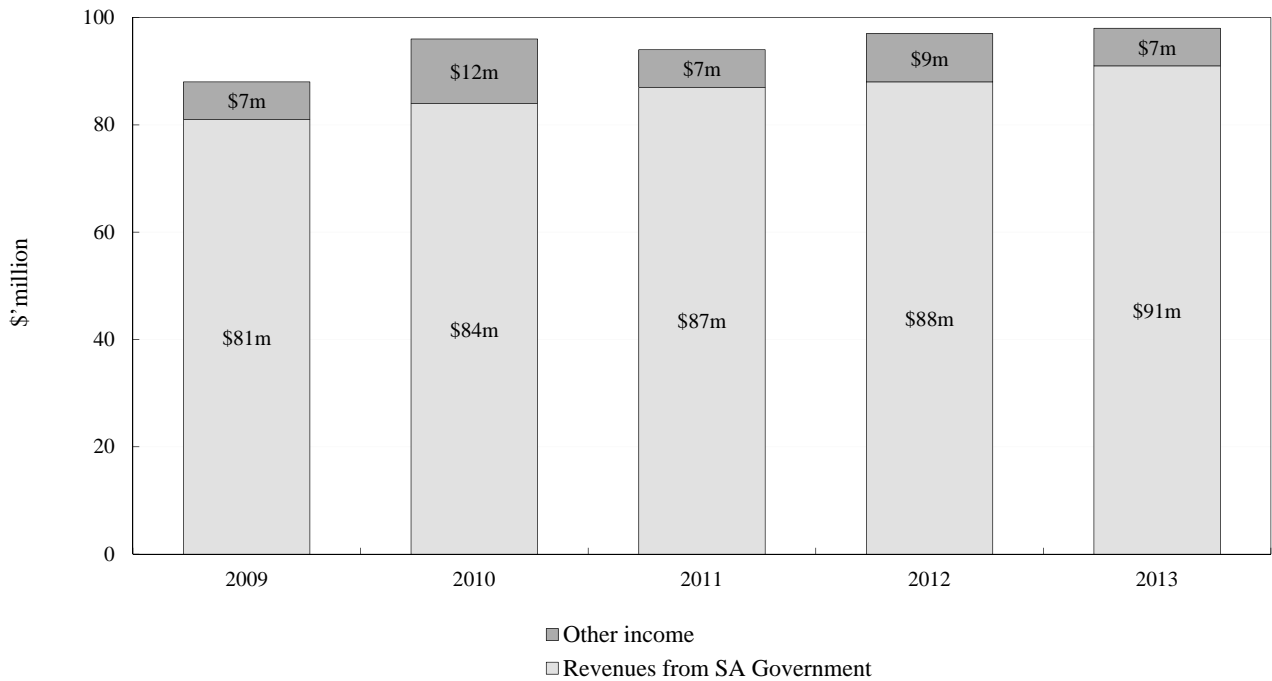
The following chart shows a structural analysis of the main expense items for the five years to 2013.



Employee benefits expenses are the major expense category for the Authority accounting for 54% (54%) of total expenses. Supplies and services account for 36% (36%) of total expenses and include \$14 million (\$13 million) in accommodation and services expenses and \$5 million (\$5 million) in computing and communications expenses. The above chart shows that overall employee benefits expenses did not increase in 2013. Note 5 to the financial statements shows that salaries and wages increased by \$2 million but as reflected in note 25 this increase was offset by a decrease in LSL expense of the same amount.

Income

The following chart shows a structural analysis of the main income items for the five years to 2013.



Revenues from SA Government are the major source of funding for the Authority accounting for 93% (91%) of total income. Other income has decreased primarily due to a \$1.4 million once-off receipt of assets free of charge in 2011-12.

Statement of Financial Position

Non-current assets mainly comprise land and buildings totalling \$184 million (\$186 million), which accounts for 87% (86%) of non-current assets.

Current assets mainly comprise cash and cash equivalents totalling \$34 million (\$33 million), which accounts for 96% (96%) of current assets.

Statement of Cash Flows

Included in cash at 30 June 2013 are deposits with the Treasurer including \$32 million (\$29 million) held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use and can only be used in accordance with the Under Treasurer’s approval.

Interpretation and analysis of the financial report for administered activities

	2013 \$'million	2012 \$'million
Expenses		
Judicial benefits expenses	39	41
Victims of Crime payments	22	21
Payments to Consolidated Account	64	60
Other expenses	1	1
Total expenses	126	123

	2013 \$' million	2012 \$' million
Income		
Revenues from SA Government	39	41
Fines	34	31
Court fees	29	28
Victims of Crime levies	22	21
Other income	2	2
Total income	126	123
Net and total comprehensive result	-	-
Net cash provided by (used in) operating activities	7	(5)
Assets		
Current assets	14	10
Total assets	14	10
Liabilities		
Current liabilities	12	8
Non-current liabilities	10	10
Total liabilities	22	18
Total equity	(8)	(8)

Statement of Administered Comprehensive Income

Expenses

Payments to the Consolidated Account totalling \$64 million comprise fines and court fees, transcript fees and other income offset by other administered expenses.

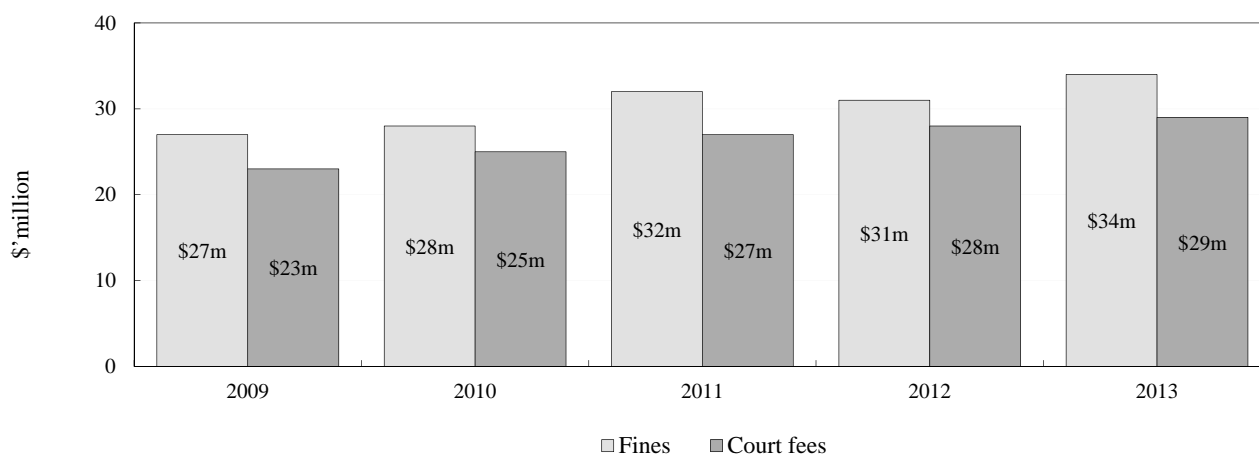
Judicial benefits expenses were \$39 million, a decrease of \$2 million from the previous year as a result of a decrease in the number of judicial officers.

Income

Fines and court fees

Fines and court fees are raised and collected by the Authority and paid directly to the Consolidated Account.

The following chart shows a structural analysis of income from fines and court fees for the five years to 2013.



The Authority collects monies associated with the *Victims of Crime Act 2001*, which provides for payment of compensation to persons who suffer injury as a result of criminal acts and recovery of monies from offenders.

The Authority collects the monies and remits them to a special interest bearing deposit account managed by the Attorney-General's Department.

During 2012-13 Victims of Crime levies received were \$22 million, an increase of \$1 million over the previous year.

Revenues from SA Government

Revenues from the SA Government are received by the Authority to fund the payment of employment expenses of the Judiciary. During 2012-13 revenues of \$39 million (\$41 million) were received from the SA Government to pay the recurrent expenditure associated with the Judiciary.

Further commentary on operations

Fines, fees and levies

The Authority, through the Fines Payment Unit (FPU), is responsible for managing the recovery of debts associated with criminal monetary penalties that relate to:

- court fees and fines
- Victims of Crime levies
- overdue and current expiation fees
- third party suitor amounts such as local government parking fines.

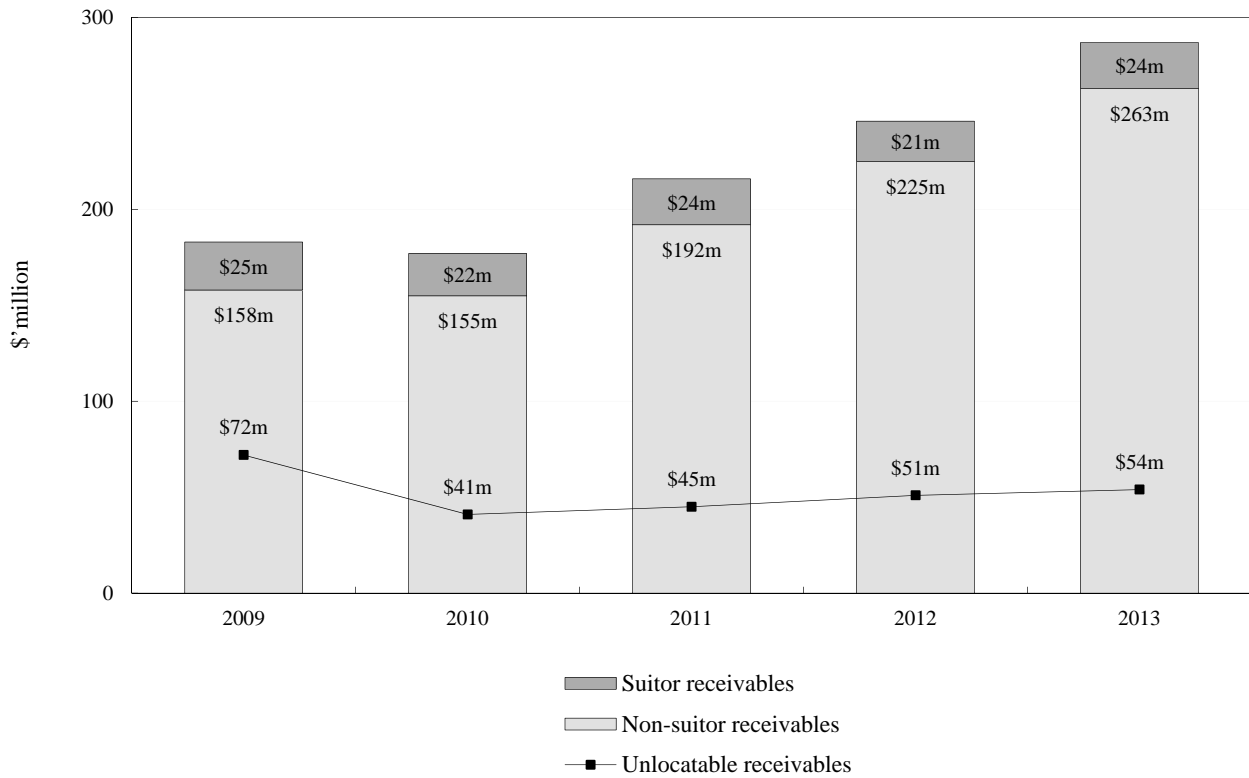
The FPU operates from registries in the city and country and has a Fines Payment Call Centre. The FPU also manages a range of external payment options such as Australia Post, Centrelink, direct debit and BPAY in addition to a web-based payment facility.

These receivables are not recorded in the Statement of Administered Financial Position as there is significant uncertainty as to the amount that will be collected. Instead, revenues are recorded in the Statement of Administered Income and Expenses when monies are received.

At 30 June 2013, the FPU recorded approximately \$263 million (\$225 million) in receivables for fines and other payments and approximately \$24 million (\$21 million) in receivables for suitor related debts. The increases in amounts outstanding related mainly to fines (up \$14 million), fees (up \$12 million) and criminal injury compensation levies (up \$8 million) and reflect increased rates applicable from 1 July 2012.

The total amount under management of \$287 million includes \$10 million not yet due, \$132 million subject to a time payment arrangement and \$54 million related to debtors who are unlocatable. In an effort to trace the unlocatable debtors the Authority engaged a private sector debt collector (Dun & Bradstreet) and as at 30 June 2013 \$40 million of the unlocatable debtors were outsourced to Dun & Bradstreet for collection.

The following chart shows the amounts receivable and the value of those that are unlocatable for the five years to 2013.



Statutes Amendment (Fines Enforcement and Recovery) Act 2013

On 1 August 2013 the *Statutes Amendment (Fines Enforcement and Recovery) Act 2013* was assented to. This Act provides for changed arrangements for the collection of fines and penalties within South Australia with the establishment of a Fines Enforcement and Recovery Officer who is responsible for all collection activities. With these changed arrangements it is anticipated that the FPU will transfer to the Attorney-General’s Department. At the date of preparation of this Report the commencement date for the legislation had yet to be proclaimed.

**Statement of Comprehensive Income
for the year ended 30 June 2013**

	Note	2013 \$'000	2012 \$'000
Expenses:			
Employee benefits expenses	5	53 198	53 386
Supplies and services	6	36 006	34 818
Depreciation and amortisation expenses	7	8 304	7 570
Borrowing costs	8	924	987
Net loss from disposal of non-current assets	11	4	36
Other expenses	9	913	1 143
Total expenses		99 349	97 940
Income:			
Revenues from fees and charges	14	6 045	6 165
Sale of goods and services	13	847	753
Grants and transfers	12	285	590
Resources received free of charge	15	-	1 424
Total income		7 177	8 932
Net cost of providing services		92 172	89 008
Revenues from (Payments to) SA Government:			
Revenues from SA Government	16	91 175	87 636
Payments to SA Government	16	(21)	-
Net result and total comprehensive result		(1 018)	(1 372)

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

Statement of Financial Position as at 30 June 2013

	Note	2013 \$'000	2012 \$'000
Current assets:			
Cash and cash equivalents	17	34 496	32 746
Receivables	18	1 441	1 426
		<u>35 937</u>	<u>34 172</u>
Non-current assets classified as held for sale	19	-	30
Total current assets		<u>35 937</u>	<u>34 202</u>
Non-current assets:			
Property, plant and equipment	20	212 622	215 676
Intangible assets	22	164	195
Other non-current assets	23	36	44
Total non-current assets		<u>212 822</u>	<u>215 915</u>
Total assets		<u>248 759</u>	<u>250 117</u>
Current liabilities:			
Payables	24	4 652	3 253
Financial liabilities	28	1 216	1 150
Employee benefits	25	4 217	4 239
Provisions	26	369	437
Other current liabilities	27	336	343
Total current liabilities		<u>10 790</u>	<u>9 422</u>
Non-current liabilities:			
Payables	24	831	871
Financial liabilities	28	14 633	15 849
Employee benefits	25	8 813	9 245
Provisions	26	1 522	1 542
Total non-current liabilities		<u>25 799</u>	<u>27 507</u>
Total liabilities		<u>36 589</u>	<u>36 929</u>
Net assets		<u>212 170</u>	<u>213 188</u>
Equity:			
Contributed capital		3 140	3 140
Retained earnings		83 127	84 145
Revaluation surplus		125 903	125 903
Total equity		<u>212 170</u>	<u>213 188</u>
Total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	29		
Contingent assets and liabilities	30		

**Statement of Changes in Equity
for the year ended 30 June 2013**

		Contributed capital	Revaluation surplus	Retained earnings	Total
	Note	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2011		3 140	125 903	85 517	214 560
Net result for 2011-12		-	-	(776)	(776)
Total comprehensive result for 2011-12		-	-	(776)	(776)
Balance at 30 June 2012		3 140	125 903	84 741	213 784
Error correction	6,22	-	-	(596)	(596)
Restated balance at 30 June 2012		3 140	125 903	84 145	213 188
Net result for 2012-13		-	-	(1 018)	(1 018)
Total comprehensive result for 2012-13		-	-	(1 018)	(1 018)
Balance at 30 June 2013		3 140	125 903	83 127	212 170

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

Statement of Cash Flows for the year ended 30 June 2013

		2013	2012
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefits payments		(53 624)	(51 176)
Payments for supplies and services		(39 849)	(40 373)
Payments for Paid Parental Leave Scheme		(134)	(93)
Borrowing costs		(924)	(987)
Other payments		(275)	(540)
Cash used in operations		<u>(94 806)</u>	<u>(93 169)</u>
Cash inflows:			
Grants and transfers		285	590
Fees and charges		7 050	7 008
GST recovered from the ATO		3 732	3 440
Receipts for Paid Parental Leave Scheme		142	97
Cash generated from operations		<u>11 209</u>	<u>11 135</u>
Cash flows from SA Government:			
Receipts from SA Government		91 175	87 636
Payments to SA Government		(21)	-
Cash generated from SA Government		<u>91 154</u>	<u>87 636</u>
Net cash provided by (used in) operating activities	32	<u>7 557</u>	<u>5 602</u>
Cash flows from investing activities:			
Cash outflows:			
Purchase of intangibles		(42)	(137)
Purchase of property, plant and equipment		(4 645)	(2 558)
Cash used in investing activities		<u>(4 687)</u>	<u>(2 695)</u>
Cash inflows:			
Proceeds from the sale of surplus land		30	-
Cash generated from investing activities		<u>30</u>	<u>-</u>
Net cash provided by (used in) investing activities		<u>(4 657)</u>	<u>(2 695)</u>
Cash flows from financing activities:			
Cash outflows:			
Repayment of finance lease		(1 150)	(1 087)
Cash used in financing activities		<u>(1 150)</u>	<u>(1 087)</u>
Net cash provided by (used in) financing activities		<u>(1 150)</u>	<u>(1 087)</u>
Net increase (decrease) in cash and cash equivalents		1 750	1 820
Cash and cash equivalents at 1 July		32 746	30 926
Cash and cash equivalents at 30 June	17	<u>34 496</u>	<u>32 746</u>

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2013

	(Activities - refer note 4)		2	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Expenses:				
Employee benefits expenses	43 770	44 154	2 497	2 582
Supplies and services	29 658	28 774	687	719
Depreciation and amortisation expenses	7 624	6 946	52	47
Borrowing costs	918	980	-	-
Net loss from disposal of non-current assets	4	36	-	-
Other expenses	838	1 010	15	23
Total expenses	82 812	81 900	3 251	3 371
Income:				
Revenues from fees and charges	1 081	1 039	-	-
Sales of goods and services	812	728	-	-
Grants and transfers	285	590	-	-
Resources received free of charge	-	1 424	-	-
Total income	2 178	3 781	-	-
Net cost of providing services	80 634	78 119	3 251	3 371
Revenues from (Payments to) SA Government:				
Revenues from SA Government	74 058	71 707	3 726	3 743
Payments to SA Government	(21)	-	-	-
Net and total comprehensive result	(6 597)	(6 412)	475	372

	(Activities - refer note 4)		Total	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Expenses:				
Employee benefits expenses	6 931	6 650	53 198	53 386
Supplies and services	5 661	5 325	36 006	34 818
Depreciation and amortisation expenses	628	577	8 304	7 570
Borrowing costs	6	7	924	987
Net loss from disposal of non-current assets	-	-	4	36
Other expenses	60	110	913	1 143
Total expenses	13 286	12 669	99 349	97 940
Income:				
Revenues from fees and charges	4 964	5 126	6 045	6 165
Sales of goods and services	35	25	847	753
Grants and transfers	-	-	285	590
Resources received free of charge	-	-	-	1 424
Total income	4 999	5 151	7 177	8 932
Net cost of providing services	8 287	7 518	92 172	89 008
Revenues from (Payments to) SA Government:				
Revenues from SA Government	13 391	12 186	91 175	87 636
Payments to SA Government	-	-	(21)	-
Net and total comprehensive result	5 104	4 668	(1 018)	(1 372)

Disaggregated Disclosures – Assets and Liabilities as at 30 June 2013

	(Activities - refer note 4)		1		2		3	
	2013	2012	2013	2012	2013	2012	2013	2012
Assets:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	-	-	-	-	-	-	-	-
Receivables	1 382	1 379	-	-	-	-	59	47
Non-current assets classified as held for sale	-	26	-	1	-	-	-	3
Property, plant and equipment	186 490	188 081	6 938	8 660	19 194	18 935		
Intangible assets	144	94	5	32	15	69		
Other non-current assets	32	38	1	2	3	4		
Total assets	188 048	189 618	6 944	8 695	19 271	19 058		
Liabilities:								
Payables	4 516	3 397	105	86	862	641		
Financial liabilities	15 745	16 887	-	-	104	112		
Employee benefits	10 721	11 153	612	652	1 697	1 679		
Provisions	1 736	1 749	31	40	124	190		
Other liabilities	322	332	-	-	14	11		
Total liabilities	33 040	33 518	748	778	2 801	2 633		

	(Activities - refer note 4)		General/ Not attributable		Total	
	2013	2012	2013	2012	2013	2012
Assets:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents			34 496	32 746	34 496	32 746
Receivables			-	-	1 441	1 426
Non-current assets classified as held for sale			-	-	-	30
Property, plant and equipment			-	-	212 622	215 676
Intangible assets			-	-	164	195
Other non-current assets			-	-	36	44
Total assets			34 496	32 746	248 759	250 117
Liabilities:						
Payables			-	-	5 483	4 124
Financial liabilities			-	-	15 849	16 999
Employee benefits			-	-	13 030	13 484
Provisions			-	-	1 891	1 979
Other liabilities			-	-	336	343
Total liabilities			-	-	36 589	36 929

Notes to and forming part of the financial statements

1. Objectives of the Courts Administration Authority (the Authority)

The Authority operates within the *Courts Administration Act 1993*. It is overseen by the State Courts Administration Council and is independent of the Government.

Its principal objective is to provide quality administration to the Judiciary and to ensure an effective and accessible courts system.

1. Objectives of the Courts Administration Authority (the Authority) (continued)

The major priorities of the Authority and the State Courts Administration Council are to:

- provide administrative support to the courts of this State
- increase the community's understanding of the operations of the courts and provide new avenues for community comment on the operations of the courts and their registries
- improve court facilities
- foster an environment in which 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 improve the performance of the courts system
- cooperate with other parts of the justice system to improve access to justice and the overall performance of the justice system.

2. Summary of significant accounting policies

(a) Statement of compliance

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

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

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

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Authority for the reporting period ended 30 June 2013 (refer note 3).

(b) Basis of preparation

The preparation of the financial statements requires:

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

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

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

(b) Basis of preparation (continued)

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013 and the comparative information presented.

(c) Reporting entity

The Authority was established by the *Courts Administration Act 1993* as a statutory authority independent of Executive Government. The State Courts Administration Council (governing body), the State Courts Administrator and staff of the Council are collectively referred to as the Authority.

The financial statements and accompanying notes include all the controlled activities of the Authority. Transactions and balances relating to administered resources are not recognised as Authority's income, expense, assets and liabilities. As administered items are significant in relation to the Authority's overall financial performance and position, they are disclosed in the administered financial statements at the back of the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the controlled items.

(d) Comparative information

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

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

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

(e) Rounding

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

(f) Taxation

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

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

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

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

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

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

(g) Events after the reporting period

There were no events occurring after balance date.

(h) Income

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

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

(h) Income (continued)

The following are specific recognition criteria:

Fees and charges

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

The Authority performs activities on behalf of the Government and other government agencies and reports these in the administered financial statements. Fines income from infringements issued to offenders, court fees and Victims of Crime levies are recognised at the time cash is received due to the uncertainty of amounts to be collected. Transcript fees are recognised upon delivery of the service. Recovery from other SA Government agencies for witness fees paid is included in other income when the witness fee expense is paid.

Sale of goods and services

Revenues from sales of goods and services are derived from the provision of goods and recouping of services to other SA Government agencies and to the public.

Contributions received (grants and transfers)

Contributions are recognised as an asset and income when the Authority 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 Authority 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.

The majority of contributions received by the Authority have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

Revenues from SA Government

Appropriations for activity funding are recognised as revenues when the Authority obtains control over the funding. Control over appropriations is normally obtained upon receipt.

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

(i) Expenses

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

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

The following are specific recognition criteria:

Employee benefits expenses

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

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Authority to the superannuation plan in respect of current services of current staff. DTF centrally recognises the superannuation liability in the whole-of-government financial statements.

Depreciation and amortisation

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

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

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

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

Land, non-current assets held for sale and works of art are not depreciated. The Authority does not depreciate the works of art because it believes that works of art do not diminish in value over time.

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

<i>Class of asset</i>	<i>Useful life (years)</i>
Buildings and improvements	10-56
Building under finance lease	Life of lease
Leasehold improvements	Life of lease
Computing and office furniture and equipment	3-25
Library collections	5-25
Intangibles	3-7

Borrowing costs

All borrowing costs are recognised as expenses.

Disposal of non-current assets

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

Losses on disposal of equipment are recognised at the date control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at that time.

Payments to SA Government

Payments to the SA Government include proceeds from the sale of assets, taxation revenues and expiation fees received on behalf of the Government and paid directly to the Consolidated Account.

The Authority makes payments pursuant to the *Remuneration Act 1990* to members of the Judiciary and receives reimbursement for these and other expenses paid on behalf of other agencies. It is dependent on support from the Crown to meet accruing judicial entitlement obligations recognised in the financial statements.

(j) Current and non-current classification

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

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

(k) Assets

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

Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above. Cash is measured at nominal value.

Receivables

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

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

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

Non-current assets (or disposal groups) held for sale

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

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Statement of Financial Position.

Non-current assets

- *Acquisition and recognition*

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

Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recorded at the value recorded by the transferor prior to the restructure.

All non-current tangible assets with a value equal to or in excess of \$5000 are capitalised. Items of property, plant and equipment and infrastructure costing less than \$5000 are immediately expensed to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

- *Revaluation of non-current assets*

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

Every three years, the Authority revalues its land and buildings and improvements with the exception of the Authority's finance lease relating to the Sir Samuel Way building. 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 (refer note 20).

Land is valued at market value. Buildings and improvements are valued at current replacement cost less accumulated depreciation. Library collection is valued at market buying price.

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

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

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

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

- *Impairment*

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

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

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance and is measured at cost. The majority of the intangible assets of the Authority is software. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Authority only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets are reviewed on an annual basis.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$5000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

Subsequent expenditure on intangible assets has not been capitalised. This is because the Authority has been unable to attribute this expenditure to the intangible asset rather than to the Authority as a whole.

(l) Liabilities

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

Payables

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

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

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

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

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

Payables (continued)

Employee benefits on-costs include payroll tax, WorkCover levies and superannuation contributions in respect of outstanding liabilities for salaries and wages, LSL, annual leave and skills and experience retention leave.

The Authority 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.

Financial liabilities

The Authority measures financial liabilities at historical cost.

Leases

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

The Authority has entered into finance leases and operating leases.

- *Finance leases*

Finance leases, which transfer to the Authority substantially all the risks and benefits/rewards incidental to ownership of the leased assets, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

Minimum lease payments are allocated, between interest expense/borrowing costs and reduction of the lease liability, to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Where there is no reasonable assurance that the Authority will obtain ownership of the capitalised asset at the end of the lease term, the asset is amortised over the shorter of the lease term and its useful life.

- *Operating leases - the Authority as lessee*

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

Courts premises in four country centres are provided by a Public Private Partnership arrangement between the State and Plenary Justice Pty Ltd. It is accounted for as an operating lease. As the arrangement is for a 25 year period from 2005 the Authority has a substantial future commitment for servicing costs but has no right to obtain ownership.

The aggregate benefit of lease incentives received by the Authority in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight-line basis.

- *Operating lease - the Authority as lessor*

The Authority leases commercial spaces to external parties through operating leases. Income derived from these leases is recognised as rental recovery income in the Statement of Comprehensive Income in the period in which it is earned.

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.

- *Salaries, wages, annual leave, skills and experience retention leave and sick leave*

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

The annual leave liability and the skills and experience retention leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages, annual leave and skills and experience retention leave liability 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 for sick leave.

- **LSL**
The liability for LSL is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The LSL liability has been allocated between current and non-current liabilities using the average leave pattern history of previous years.

Provisions

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

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

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

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2013 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Authority is responsible for the payment of workers compensation claims.

(m) *Unrecognised contractual commitments and contingent assets and liabilities*

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

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

3. New and revised accounting standards and policies

At 30 June 2013, the Authority allocated the LSL liability between current and non-current liabilities using the average leave pattern history of previous years. The change in the policy is a result of the change in the LSL liabilities methodology adopted by DTF. The Authority has voluntarily changed the current and non-current LSL liabilities and related on-costs liabilities retrospectively from 1 July 2012 (refer notes 24, 25, A7 and A8).

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Authority for the period ended 30 June 2013. The Authority has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Authority.

4. Activities of the Authority

In achieving its objectives, the Authority provides a range of services classified into the following activities:

Activity 1: *Court and Tribunal Case Resolution Services*

The resolution of criminal, civil, appellate, coronial and probate matters in the State's courts and tribunals.

Activity 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.

Activity 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 disaggregated disclosures schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2012 and 30 June 2013.

5. Employee benefits expenses	2013 \$'000	2012 \$'000
Salaries and wages	41 203	38 969
LSL	447	3 102
Annual leave	3 910	3 895
Skills and experience retention leave	218	-
Employment on-costs - superannuation	4 761	4 750
Employment on-costs - payroll tax	2 502	2 521
Board and committee fees	64	53
Workers compensation	21	20
Other employee related expenses	72	76
Total employee benefits expenses	53 198	53 386

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:	2013 Number	2012 Number
\$134 000 - \$137 999	-	1
\$138 000 - \$147 999	1	1
\$158 000 - \$167 999	-	1
\$168 000 - \$177 999	-	1
\$178 000 - \$187 999	1	-
\$188 000 - \$197 999	-	1
\$198 000 - \$207 999	1	1
\$208 000 - \$217 999	1	-
\$218 000 - \$227 999	-	1
\$228 000 - \$237 999	3	-
\$268 000 - \$277 999	-	1
\$278 000 - \$287 999	1	-
Total	8	8

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any FBT paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$1.7 million (\$1.5 million).

6. Supplies and services	2013 \$'000	2012 \$'000
Accommodation and services	14 440	12 810
Circuit and travel expenses	1 508	1 331
Computing and communications	5 406	5 499
Consultancy, contractors and temp staff	1 141	2 033
Court expenses	1 990	1 763
Operating leases	266	264
Staff development and training	576	609
Equipment purchases and repairs	299	299
Coronial charges	3 731	3 511
Jurors' expenses	2 030	2 035
Sheriff's officer payments	1 097	1 094
Other administration expenses	3 522	3 570
Total supplies and services	36 006	34 818

Supplies and services provided by entities within the SA Government:

Accommodation and services	11 398	10 355
Computing and communications	1 708	2 844
Coronial charges	3 338	3 203
Court expenses	988	801
Operating leases	115	243
Other administration expenses	439	553
Total supplies and services - SA Government entities	17 986	17 999

6. Supplies and services (continued)	2013		2012	
	Number	\$'000	Number	\$'000
The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:				
Below \$10 000	5	20	4	15
\$10 000 - \$50 000	-	-	2	40
Above \$50 000	-	-	1	60
Total paid/payable to consultants engaged	5	20	7	115

Correction of error

The improvement in the internally developed software received free of charge from another agency during 2012 was incorrectly capitalised as an intangible asset. The policy of the Authority is to expense subsequent expenditure on intangible assets recognised. This error has been corrected by restating the computing and communication expenses and intangible assets by \$596 000 in 2011-12 and retained earnings at 30 June 2012 (refer note 22).

7. Depreciation and amortisation expenses	2013	2012
	\$'000	\$'000
Depreciation:		
Buildings and improvements	3 538	3 477
Computing and office furniture and equipment	1 095	1 073
Library collections	1 444	1 277
Total depreciation	6 077	5 827
Amortisation:		
Leasehold improvements	1 310	854
Building under finance lease	830	829
Intangibles	87	60
Total amortisation	2 227	1 743
Total depreciation and amortisation expenses	8 304	7 570

Revision in accounting estimates

During the year the Authority reassessed the useful lives of certain equipment and the leasehold improvement at a court facility, resulting in an increase/decrease in the estimated useful life respectively. This has resulted in a net increase of depreciation/amortisation of \$386 000 of the assets in the year 2013 relative to the amount that would have been expensed based on the previous useful life. The higher depreciation expense will also be reflected in future years.

8. Borrowing costs	2013	2012
	\$'000	\$'000
Finance lease provided by entities within the SA Government:		
Interest expense on financial lease liability	924	987
Total borrowing costs	924	987

The Authority occupies the Sir Samuel Way building under a 40 year non-cancellable finance lease which expires in 2023. The nominal interest rate on the lease was at 5.63% (5.63%).

The Authority is responsible for all maintenance costs and paid a contingent rental of \$4.034 million (\$3.924 million) which will increase each year by the amount obtained by applying the rate of CPI increase in the previous year to the combined total of the previous year's rental and finance lease repayments.

9. Other expenses	Note	2013	2012
		\$'000	\$'000
Workers compensation		187	368
Doubtful debts		-	(1)
Assets held for sale written down		-	50
Audit fees		226	242
Contributions		500	484
Total other expenses		913	1 143
Other expenses paid/payable to entities within the SA Government:			
Audit fees	10	125	127
Intra-government contribution		500	484
Total other expenses - SA Government entities		625	611

10. Auditor's remuneration	2013	2012
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	\$'000	\$'000
	125	127
Total audit fees	125	127
No other services were provided by the Auditor-General's Department.		
11. Net loss from disposal of non-current assets		
Proceeds from disposal of assets	-	-
Carrying value of assets disposed	4	36
Total net loss from disposal of non-current assets	4	36
12. Grants and transfers		
Grants and transfers received/receivable from entities within the SA Government:		
Court Assessment Referral Drug Scheme	203	406
Industrial Court - Sheriff's officer services	59	57
Other	-	85
Total grants and transfers - SA Government entities	262	548
Grants and transfers received/receivable from entities external to the SA Government:		
National Judiciary Council	23	42
Total grants and transfers - non-SA Government entities	23	42
Total grants and transfers	285	590
13. Sale of goods and services		
Sale of electronic information	416	304
Services	185	203
Rent recoveries	246	246
Total sales of goods and services	847	753
Sale of goods and services to entities within the SA Government:		
Sale of electronic information	8	8
Services	-	14
Rent recoveries	44	49
Total sales of goods and services - SA Government entities	52	71
14. Revenues from fees and charges		
Regulatory fees received/receivable from entities external to the SA Government:		
Licence disqualification and reminder fees	3 159	3 247
Sheriff's officer fees	1 938	2 014
Other regulatory fees	948	904
Total revenues from fees and charges	6 045	6 165
15. Resources received free of charge		
Resources received/receivable from entities within the SA Government:		
Internally generated software improvements	-	596
Equipment	-	828
Total resources received free of charge from entities within the SA Government	-	1 424
The Authority received improvements in the internally generated software and video conferencing equipment from another agency during 2012 (refer note 20).		
16. Revenues from (Payments to) SA Government		
Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	91 175	87 636
Total revenues from SA Government	91 175	87 636
Payments to SA Government:		
Return of surplus cash from sale of asset	21	-
Total payments to SA Government	21	-

17. Cash and cash equivalents	2013	2012
	\$'000	\$'000
Deposits with the Treasurer	34 462	32 711
Cash on hand	34	35
Total cash and cash equivalents	<u>34 496</u>	<u>32 746</u>

Deposits with the Treasurer

Includes \$31.8 million (\$28.9 million) held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use, ie funds can only be used in accordance with the Under Treasurer's approval.

Interest rate risk

Cash on hand and deposits with the Treasurer are non-interest bearing. The carrying value of cash and cash equivalents represents fair value.

18. Receivables	2013	2012
Current:	\$'000	\$'000
Receivables	278	285
Accrued revenue	19	64
GST input tax recoverable	752	630
Prepayments	392	447
Total receivables expected to be recovered within 12 months	<u>1 441</u>	<u>1 426</u>
Receivables from SA Government entities:		
Receivables	65	156
Accrued revenue	18	-
Total receivables from SA Government entities	<u>83</u>	<u>156</u>

Interest rate credit risk

Receivables are raised at the time service is provided only where it is probable that the revenue will be received.

The Authority cannot be certain of receiving items such as reminder fees and Sheriff's officer fees until the payment is made. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing and the carrying amounts approximate fair value. There is no concentration of credit risk.

- (a) Maturity analysis of receivables - refer note 33.
 (b) Categorisation of financial instruments and risk exposure information - refer note 33.

19. Non-current assets classified as held for sale	2013	2012
	\$'000	\$'000
Land	-	30
Total non-current assets classified as held for sale	<u>-</u>	<u>30</u>

The surplus land was disposed of during 2013.

20. Property, plant and equipment		
Land and buildings:		
Land at fair value	48 672	48 672
Buildings and improvements at fair value	142 662	140 821
Accumulated depreciation at 30 June	(7 015)	(3 477)
Total land and buildings	<u>184 319</u>	<u>186 016</u>
Assets under finance lease:		
Buildings and improvements at net present value	33 191	33 191
Accumulated amortisation at 30 June	(24 893)	(24 063)
Total assets under finance lease	<u>8 298</u>	<u>9 128</u>
Leasehold improvements:		
Leasehold improvements at cost (deemed fair value)	7 492	7 492
Accumulated amortisation at 30 June	(4 328)	(3 018)
Total leasehold improvements	<u>3 164</u>	<u>4 474</u>

20. Property, plant and equipment (continued)	2013	2012
Computing and office furniture and equipment:	\$'000	\$'000
Plant and equipment at cost (deemed fair value)	8 966	8 337
Accumulated depreciation at 30 June	(5 291)	(4 505)
Total plant and equipment	<u>3 675</u>	<u>3 832</u>
Capital work in progress:		
Capital work in progress	1 327	91
Total capital work in progress	<u>1 327</u>	<u>91</u>
Library collection:		
Library collections at fair value	14 453	13 305
Accumulated depreciation at 30 June	(2 721)	(1 277)
Total library collection	<u>11 732</u>	<u>12 028</u>
Works of art and collections:		
Works of art and collections at fair value	107	107
Total works of art and collections	<u>107</u>	<u>107</u>
Total property, plant and equipment	<u>212 622</u>	<u>215 676</u>

Valuation of land and buildings

During 2008-09, land, buildings and improvements were revalued to fair values as at 30 June 2009 by an independent valuer, Liquid Pacific Pty Ltd. The valuer arrived at fair value based on recent transactions for similar land and buildings in the area taking into account zoning and restricted use.

A desktop review of land, buildings and improvements in the country areas and full valuation of buildings in the metropolitan areas was undertaken by an independent valuer, Southwick Goodyear Pty Ltd as at 30 June 2011.

The valuer arrived at fair value of land based on commercial site sales market evidence and fair value of buildings based on the new replacement costs of existing design and modern equivalent building materials and services.

Valuation of library collection

The valuation of library collections was performed by Valcorp Australia Pty Ltd as at 30 June 2011. The independent valuer arrived at fair value based on the market buying price of the collection.

Impairment

There were no indications of material impairment of property, plant and equipment assets at 30 June 2013.

Resources received free of charge

During 2012, the Authority received the video conferencing equipment from another SA Government agency (refer note 15).

21. Reconciliation of non-current assets

The following table shows the movement of non-current assets during 2012-13:

	Land	Buildings & improvements	Building under finance lease	Buildings - leasehold improvements	Total land & buildings
2013	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	48 672	137 344	9 128	4 474	199 618
Additions	-	1 806	-	-	1 806
Disposals	-	-	-	-	-
Transfers	-	35	-	-	35
Depreciation and amortisation	-	(3 538)	(830)	(1 310)	(5 678)
Carrying amount at 30 June	<u>48 672</u>	<u>135 647</u>	<u>8 298</u>	<u>3 164</u>	<u>195 781</u>
	Computing & office furniture & equipment	Library collections	Works of art & collections	Capital work in progress	Total property, plant & equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	3 832	12 028	107	91	215 676
Additions	956	1 148	-	1 271	5 181
Disposals	(4)	-	-	-	(4)
Transfers	(14)	-	-	(35)	(14)
Depreciation and amortisation	(1 095)	(1 444)	-	-	(8 217)
Carrying amount at 30 June	<u>3 675</u>	<u>11 732</u>	<u>107</u>	<u>1 327</u>	<u>212 622</u>

21. Reconciliation of non-current assets (continued)

	Other computer software & licence \$'000	Total intangible assets \$'000
Carrying amount at 1 July	195	195
Additions	42	42
Transfer	14	14
Depreciation and amortisation	(87)	(87)
Carrying amount at 30 June	164	164

	Land \$'000	Buildings & imprvmnts \$'000	Building under finance lease \$'000	Buildings - leasehold imprvmnts \$'000	Total land & buildings \$'000
2012					
Carrying amount at 1 July	48 672	140 560	9 957	5 328	204 517
Additions	-	261	-	-	261
Disposals	-	-	-	-	-
Asset received free of charge	-	-	-	-	-
Depreciation and amortisation	-	(3 477)	(829)	(854)	(5 160)
Carrying amount at 30 June	48 672	137 344	9 128	4 474	199 618

	Computing & office furniture & equipment \$'000	Library collections \$'000	Works of art & collections \$'000	Capital work in progress \$'000	Total property, plant & equipment \$'000
Carrying amount at 1 July	3 141	12 129	107	-	219 894
Additions	972	1 176	-	91	2 500
Disposals	(36)	-	-	-	(36)
Asset received free of charge	828	-	-	-	828
Depreciation and amortisation	(1 073)	(1 277)	-	-	(7 510)
Carrying amount at 30 June	3 832	12 028	107	91	215 676

	Other computer software & licence \$'000	Total intangible assets \$'000
Carrying amount at 1 July	133	133
Additions	122	122
Depreciation and amortisation	(60)	(60)
Carrying amount at 30 June	195	195

22. Intangible assets

	2013 \$'000	2012 \$'000
Computer software:		
Internally developed computer software	7 688	7 688
Accumulated amortisation	(7 688)	(7 688)
Other computer software and licences	704	648
Accumulated amortisation	(540)	(453)
Total computer software and licences	164	195

Correction of errors

The improvements in the internally developed computer software received from another SA Government agency during 2012 was incorrectly capitalised in intangible assets. The error has been corrected by restating the line items for internally developed computer software and computing and communication expenses in 2012 (refer note 6). The Authority has no contractual commitments for the acquisition of intangible assets.

Impairment

There were no indications of impairment on intangible assets at 30 June 2013.

23. Other non-current assets	2013	2012
	\$'000	\$'000
Prepayments	36	44
Total other non-current assets	36	44
24. Payables		
Current:		
Creditors	466	54
Accrued expenses	2 857	2 483
Accrued capital expenditure	750	162
Employment on-costs	567	550
Paid Parental Leave Scheme payable	12	4
Total current payables	4 652	3 253
Non-current:		
Employment on-costs	831	871
Total non-current payables	831	871
Total payables	5 483	4 124
Payables to SA Government entities:		
Creditors	310	-
Accrued expenses	2 301	1 401
Employment on-costs	681	703
Total payables to SA Government entities	3 292	2 104

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of LSL taken as leave remained at the 2012 rate of 40% and the average factor for the calculation of employer superannuation on-cost at the rate of 10.2% (10.3%). These rates are used in the employment on-cost calculation. There is no material net financial effect (refer note 25).

Interest rate and credit risk

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

Categorisation of financial instruments and risk exposure information - refer note 33.

25. Employee benefits	2013	2012
	\$'000	\$'000
Current:		
Annual leave	2 642	2 581
LSL	1 357	1 658
Skills and experience retention leave	218	-
Total current employee benefits	4 217	4 239
Non-current:		
Annual leave	267	207
LSL	8 546	9 038
Total non-current employee benefits	8 813	9 245
Total employee benefits	13 030	13 484

AASB 119 contains the calculation methodology for LSL liability. This year, an actuarial assessment performed by DTF was used to calculate the liability rather than using a shorthand measurement technique for the calculation of the liability.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has increased from 2012 (3%) to 2013 (3.75%).

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

The net financial effect of the changes in methodology and actuarial assumptions in the current financial year is a decrease in the LSL liability of \$990 000 and on-costs of \$91 000. The impact on future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

25. Employee benefits (continued)

With the change in the LSL liability calculation, the Authority has used the average leave pattern history of previous years to allocate the current and non-current liability. The LSL liability for 2012 has been restated using the same basis. This has an immaterial impact on the related employment on-costs liability allocation (refer note 24).

The actuarial assessment performed by DTF left the salary inflation rate at 4%. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

	2013	2012
	\$'000	\$'000
26. Provisions		
Current:		
Provision for workers compensation	369	437
Total current provisions	<u>369</u>	<u>437</u>
Non-current:		
Provision for workers compensation	1 522	1 542
Total non-current provisions	<u>1 522</u>	<u>1 542</u>
Total provisions	<u>1 891</u>	<u>1 979</u>
Carrying amount at 1 July	1 979	2 151
Reductions arising from payments/other sacrifice of future economic benefits	(295)	(717)
Reductions resulting from re-measurement or settlement without cost	(185)	(51)
Additional provisions recognised	392	596
Carrying amount at 30 June	<u>1 891</u>	<u>1 979</u>

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

	2013	2012
	\$'000	\$'000
27. Other liabilities		
Current:		
Unearned revenue	191	204
Unclaimed money	145	139
Total other liabilities	<u>336</u>	<u>343</u>
Other liabilities to SA Government entities:		
Unearned revenue	-	49
Total other liabilities to SA Government entities	<u>-</u>	<u>49</u>

28. Finance lease liabilities/commitments***Finance lease commitments***

Future minimum lease payments under finance lease of the Sir Samuel Way building, expiring in 2023, together with the present value of net minimum lease payments are as follows:

	2013	2012
	\$'000	\$'000
Payable no later than one year	6 243	6 108
Payable later than one year but not later than five years	24 972	24 434
Payable later than five years	31 214	36 650
Total minimum lease payments	<u>62 429</u>	<u>67 192</u>
Future finance charges and contingent rentals	(46 580)	(50 193)
Total finance lease commitments - non-cancellable	<u>15 849</u>	<u>16 999</u>
Present value of finance leases payable as follows:		
Within one year	1 216	1 150
Later than one year but not later than five years	5 607	5 301
Later than five years	9 026	10 548
Total present value of minimum lease payments	<u>15 849</u>	<u>16 999</u>
Included in the financial statements as:		
Current financial liabilities	1 216	1 150
Non-current financial liabilities	14 633	15 849
Total present value of minimum lease payments	<u>15 849</u>	<u>16 999</u>

The weighted average interest rate implicit in the leases is 5.63% (5.63%).

29. Unrecognised contractual commitments***Remuneration commitments***

Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities in the financial report, are payable as follows:

	2013 \$'000	2012 \$'000
Within one year	1 365	1 420
Later than one year but not later than five years	2 610	2 660
Total remuneration commitments	3 975	4 080

Amounts disclosed include commitments arising from executive and other contracts for non-executives. The Authority does not offer fixed-term remuneration contracts greater than five years.

Expenditure commitments - other

Commitments in relation to a Public Private Partnership arrangement for regional court premises and other operating expenses not recognised as liabilities in the financial report, are payable as follows:

	2013 \$'000	2012 \$'000
Within one year	2 427	2 315
Later than one year but not later than five years	8 992	8 971
Later than five years	31 549	35 732
Total other commitments	42 968	47 018

Operating lease commitments as lessee

Commitments in relation to equipment and accommodation operating leases contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:

	2013 \$'000	2012 \$'000
Within one year	1 548	1 112
Later than one year but not later than five years	2 045	957
Total operating lease commitments - all non-cancellable	3 593	2 069

Operating lease commitments as lessor

Commitments in relation to accommodation operating leases contracted for at the reporting date but not recognised as receivable in the financial report, are receivable as follows:

	2013 \$'000	2012 \$'000
Within one year	215	116
Later than one year but not later than five years	757	386
Later than five years	17	113
Total operating lease commitments - all non-cancellable	989	615

30. Contingent assets and liabilities

The Authority has no material contingent assets or liabilities as at 30 June 2013 (\$0).

31. Remuneration of board and committee members

Members of/Assessors in the board and committees during the 2012-13 financial year were:

Administrative and Disciplinary Division of the District Court

Mr Adrian Jackson	Ms Jean Hutchinson	Ms Janina Gipslis
Ms Polly Sumner-Dodd	Ms Lyn English	Mr Darryl Watson
Ms Julia Hanna	Mr David Kelly	Mr Abdulghani Usman
Ms Florina D'Sylvia	Ms Christine Bindon	Mr Christopher Shinnars
Ms Astrid Birgden	Mr Andrew Day	Ms Jennifer Everett
Mr Colin Field	Mr James Hundertmak	Ms Patricia Kent
Mr Mark Leach*	Ms Karen Monaghan	Ms Sharon Olsson
Mr Garry Raymond*	Mr Leonard White	Mr Timothy Crowley
Mr Stephen Kemp	Ms Karen Lehman	Mr Ian MacDoanld
Mr Gary McDougall	Mr Gary Martin	Ms Barbara Rajkowaka
Ms Betty Richards	Ms Ann Rungie	Mr Hans Sandstrom

Administrative and Disciplinary Division of the District Court (continued)

Mr Dennis Shipp	Ms Rhonda Smith	Mr Jeff Stevens (expired 18.03.13)
Mr Alan Tregilgas	Mr Robin Turner	Mr John Walker
Mr William Waterhouse	Mr Edward Woodley	Ms Megan Webster (expired 21.07.12)
Ms Valerie Walsh	Mr John Adley	Ms Elaine Attwood
Ms Nola Beck	Mr Trevor Blackburn	Mr Arch Boonen
Ms Robyn Buckler (expired 18.03.13)	Ms Elizabeth Butchart (expired 18.03.13)	Mr Christopher Stone (expired 21.07.12)
Mr Ian Butterworth	Mr Brenton Caddle	Ms Gabrielle Canny
Mr Marc Cheney	Mr Oliver Clark	Mr Andrew Clark
Ms Catherine Cooper	Ms Sandra Cooper (expired 18.03.13)	Ms Fay Donaghy (expired 18.03.13)
Mr Andrew Forrest	Mr Jaroslaw Frankiw	Mr Stephen Fribbins
Mr John Furbank	Mr Nick Giannetta	Mr Warren Hall
Ms Roseanne Healy	Mr John Hitchcock	Mr Philip Hoffman
Ms Robin James	Mr John Janse	Ms Patricia Johnson
Mr Harry Klavins	Ms Marilyn Lennon (expired 21.07.12)	Ms Susan Visser
Mr Mark Oldfield	Mr Michael Pohl	Mr Robert Rawson
Mr David Round	Mr William Ryan	Mr Ralph Scutella
Mr Rod Shogren	Mr Roger Stainer	Mr Brenton Trenorden
Mr Leroy Uren		

Training Centre Review Board

Mr David Branson	Mr Darryn Keneally	Mr John Eaton (expired 02.09.12)
Ms Branka King	Mr Robert Gray*	Ms Tiffany Downing*
Ms Kathryn Stone*	Mr Christopher Zanker*	Mr Gregory Forrest*
Mr Stewart Dodd*	Mr Philip Fagan-Schmidt*	Ms Shona Reid*
Ms Katrina Dee* (expired 16.06.13)	Ms Ester Huxtable (appointed 30.08.12)	Mr Barry Jennings (appointed 30.08.12)
Ms Lynette Pugh* (appointed 28.03.13)	Mr Christopher Boltje* (expired 16.06.13)	Ms Nancy Penna (appointed 28.03.13)

Equal Opportunity Tribunal

Mr David Shetliffe	Mr Hau Yapp
Ms Elizabeth Bachmann	Ms Helena Jasinski

The number of members who have been called and received remuneration that falls within the following bands:	2013	2012
	Number	Number
\$0 - \$9 999	19	26
\$10 000 - \$19 999	1	-
Total	<u>20</u>	<u>26</u>

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any FBT paid or payable in respect of these benefits. The total remuneration received/receivable by members was \$62 000 (\$51 000).

* In accordance with DPC Circular 16, government employees did not receive any remuneration for board/committee duties during the financial year.

The District Court and Youth Court judges are presiding officers of the boards. Various acts confer a jurisdiction upon the District Court in its Administrative and Disciplinary Division and the Youth Court in the Training Centre Review Board. The *District Court Act 1991* and *Young Offenders Act 1993* specify the proceedings process when the matters are referred to the boards for hearing.

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

32. Cash flow reconciliation	2013	2012
Reconciliation of cash and cash equivalents at 30 June:	\$'000	\$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	34 496	32 746
Balance as per the Statement of Cash Flows	<u>34 496</u>	<u>32 746</u>

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services	2013	2012
	\$'000	\$'000
Net cash provided by (used in) operating activities	7 557	5 602
Revenues from SA Government	(91 175)	(87 636)
Payments to SA Government	21	-
Non-cash items:		
Depreciation/Amortisation	(8 304)	(7 570)
Loss from disposal of assets	(4)	(36)
Assets received free of charge	-	828
Impairment loss on asset held for sale	-	(50)
Movements in assets/liabilities:		
Receivables	18	(9)
Other assets	(63)	(26)
Employee benefits	454	(1 850)
Payables	(771)	1 511
Provisions	88	172
Other liabilities	7	56
Net cost of providing services	<u>(92 172)</u>	<u>(89 008)</u>

33. Financial instruments/Financial risk management

(a) Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial assets, financial liability and equity instrument are disclosed in note 2.

		2013	2012
		Carrying amount	Carrying amount
		\$'000	\$'000
Financial assets:	Note		
Cash and cash equivalents	17	34 496	32 746
Loans and receivables:			
Receivables ⁽¹⁾⁽²⁾	18	297	349
Total financial assets at cost		<u>34 793</u>	<u>33 095</u>
Financial liabilities:			
Financial liabilities at cost:			
Payables ⁽¹⁾	24	3 913	2 536
Financial liabilities	28	15 849	16 999
Total financial liabilities at cost		<u>19 762</u>	<u>19 535</u>

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivable/payables, tax equivalents, Commonwealth tax etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 18 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Fair value

The Authority does not recognise any financial assets or financial liabilities at fair value (refer notes 2, 17, 18, 24, 28 and 32).

(b) Credit risk

Credit risk arises when there is the possibility of the Authority's debtors defaulting on their contractual obligations resulting in financial loss to the Authority. The Authority measures credit risk on a fair value basis and monitors risk on a regular basis.

The carrying amount of financial assets as detailed in note 33(a) represents the Authority's maximum exposure to credit risk.

(b) Credit risk (continued)

The Authority has no significant concentration of credit risk. The Authority has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Authority does not engage in any hedging activity.

Allowance for impairment of financial assets is calculated on past experience and current and expected changes in client credit rating. The Authority's financial assets are mainly cash and receivables which do not require any collateral as security. Other than receivables, there is no evidence to indicate that financial assets are impaired.

(c) Ageing analysis of receivables

The following table discloses the ageing of financial assets, past due, including impaired assets past due:

	Past due by			Total \$'000
	Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	
2013				
Not impaired:				
Receivables ⁽¹⁾	6	15	8	29
Total	6	15	8	29
2012				
Not impaired:				
Receivables ⁽¹⁾	4	-	4	8
Total	4	-	4	8

⁽¹⁾ Receivable amounts disclosed here exclude amounts relating to statutory receivables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax, audit receivables/payables etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. They are carried at cost.

(d) Maturity analysis

The financial assets and liabilities of the Authority are all current with maturity within the next 12 months, except finance lease liabilities (refer note 28 for the split of maturity by band of years) and employee on-costs which are not practical to split the maturity by band of years.

(e) Liquidity risk

Liquidity risk arises where the Authority is unable to meet its financial obligations as they are due to be settled. The Authority is funded principally from appropriations by the SA Government. The Authority works with DTF to determine the cash flows associated with its government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The continued existence of the Authority is dependent on State Government policy and on continuing appropriations by Parliament for the Authority's administration and programs. The Authority settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The Authority's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in note 33(a) represent the Authority's maximum exposure to financial liabilities.

(f) Market risk

Market risk for the Authority is primarily through interest rate risk. Exposure to interest rate risk may arise through its borrowings from the Superannuation Funds Management Corporation of South Australia. There is no exposure to foreign currency or other price risk.

(g) Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Authority as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rate is immaterial.

Statement of Administered Comprehensive Income for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
Expenses:			
Judicial benefits expenses	A4	38 658	41 050
Victims of Crime payments		22 077	20 867
Payments to Consolidated Account		64 019	60 531
Other expenses		1 043	721
Total expenses		<u>125 797</u>	<u>123 169</u>
Income:			
Revenues from SA Government		38 658	41 050
Fines		33 896	31 075
Court fees		29 133	27 922
Victims of Crime levies		22 077	20 867
Transcript fees		1 392	1 571
Other income		641	684
Total income		<u>125 797</u>	<u>123 169</u>
Net and total comprehensive result		<u>-</u>	<u>-</u>

Statement of Administered Financial Position as at 30 June 2013

	Note	2013 \$'000	2012 \$'000
Current assets:			
Cash and cash equivalents	A5	8 491	1 505
Receivables	A6	5 359	8 776
Total current assets		<u>13 850</u>	<u>10 281</u>
Current liabilities:			
Payables	A7	8 648	4 909
Judicial benefits	A8	3 061	3 102
Other current liabilities	A9	88	83
Total current liabilities		<u>11 797</u>	<u>8 094</u>
Non-current liabilities:			
Payables	A7	1 375	1 391
Judicial benefits	A8	8 646	8 764
Total non-current liabilities		<u>10 021</u>	<u>10 155</u>
Total liabilities		<u>21 818</u>	<u>18 249</u>
Net assets		<u>(7 968)</u>	<u>(7 968)</u>
Equity:			
Accumulated deficit		(7 968)	(7 968)
Total equity		<u>(7 968)</u>	<u>(7 968)</u>

**Statement of Administered Changes in Equity
for the year ended 30 June 2013**

	Retained earnings \$'000
Balance at 30 June 2011	(7 968)
Net result for 2011-12	-
Total comprehensive result for the year 2011-12	-
Balance at 30 June 2012	(7 968)
Net result for 2012-13	-
Total comprehensive result for the year 2012-13	-
Balance at 30 June 2013	(7 968)

**Statement of Administered Cash Flows
for the year ended 30 June 2013**

		2013 Inflows (Outflows) \$'000	2012 Inflows (Outflows) \$'000
Cash flows from operating activities:	Note		
Cash outflows:			
Judicial benefits		(38 980)	(39 348)
Payments to Consolidated Account		(60 304)	(63 638)
Victims of Crime payments		(22 048)	(20 828)
Other payments		(1 075)	(659)
Cash provided by (used in) operations		(122 407)	(124 473)
Cash inflows:			
Receipts from SA Government		42 391	37 180
Fines		33 896	30 980
Court fees		28 879	27 914
Victims of Crime receipts		22 077	20 867
Transcript fees		1 330	1 543
GST recovered from the ATO		115	93
Other receipts		705	792
Cash generated from operations		129 393	119 369
Net cash provided by (used in) operating activities	A10	6 986	(5 104)
Net increase (decrease) in cash and cash equivalents		6 986	(5 104)
Cash and cash equivalents at 1 July		1 505	6 609
Cash and cash equivalents at 30 June	A5	8 491	1 505

**Schedule of Expenses and Income
attributable to Administered Activities
for the year ended 30 June 2013**

(Activities - refer note A3)	Court and Tribunal Case Resolution Services		Penalty Management Services		Total	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses:						
Judicial benefits expenses	38 658	41 050	-	-	38 658	41 050
Victims of Crime payments	-	-	22 077	20 867	22 077	20 867
Payments to Consolidated Account	18 890	17 861	45 129	42 670	64 019	60 531
Other expenses	647	684	396	37	1 043	721
Total expenses	58 195	59 595	67 602	63 574	125 797	123 169
Income:						
Revenues from SA Government	38 658	41 050	-	-	38 658	41 050
Fines	6	-	33 890	31 075	33 896	31 075
Court fees	17 498	16 290	11 635	11 632	29 133	27 922
Victims of Crime levies	-	-	22 077	20 867	22 077	20 867
Transcript fees	1 392	1 571	-	-	1 392	1 571
Other income	641	684	-	-	641	684
Total income	58 195	59 595	67 602	63 574	125 797	123 169
Total comprehensive result	-	-	-	-	-	-

Notes to and forming part of the administered financial statements

A1. Objectives of the Courts Administration Authority (the Authority)

The objectives of the Authority outlined in note 1 for operating items apply equally to the administered financial statements.

A2. Summary of significant accounting policies

The policies of the Authority outlined in note 2 for operating items apply equally to the administered financial statements.

A3. Activities of the Authority

The activities the Authority administers are mainly comprised of the following transactions:

- Fines – the Authority receives revenue from infringements issued to offenders committing offences under various acts and regulations. This revenue is directly credited to the Consolidated Account.
- 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, enforcement fees imposed on outstanding matters and sale of evidence/transcript. This revenue is directly credited to the Consolidated Account.
- Judicial expenses – the Authority makes payments pursuant to the *Remuneration Act 1990* for the Judiciary. These expenses include judicial salaries and associated on-costs (superannuation and payroll tax), judicial vehicle expenses and related FBT.
- Victims of Crime levy – the Authority collects Victims of Crime levies pursuant to the requirements of the *Victims of Crime Act 2001*. Monies collected are paid into the Victims of Crime Fund operated by the Attorney-General's Department.

The activities used by the Authority for budgeting and reporting purposes are classified as follows:

Activity 1: Court and Tribunal Case Resolution Services

The resolution of criminal, civil, appellate, coronial and probate matters in the State's courts and tribunals.

Activity 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 activity - controlled only activity.

Activity 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 the administered activity level and therefore figures cannot be reliably measured.

A4. Judicial benefits expenses	2013 \$'000	2012 \$'000
Salaries and wages	25 113	24 644
LSL	1 535	3 828
Annual leave	2 125	2 163
Employment on-costs - superannuation	5 992	6 302
Employment on-costs - payroll tax	1 813	1 922
Other judicial related expenses	2 080	2 191
Total judicial benefits expenses	38 658	41 050

Remuneration of Judiciary

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

	2013 Number	2012 Number
\$138 000 - \$147 999	1	-
\$148 000 - \$157 999	1	-
\$188 000 - \$197 999	3	3
\$198 000 - \$207 999	1	2
\$218 000 - \$227 999	-	2
\$228 000 - \$237 999	1	-
\$238 000 - \$247 999	-	1
\$258 000 - \$267 999	1	-
\$278 000 - \$287 999	1	1
\$288 000 - \$297 999	2	1
\$298 000 - \$307 999	-	7
\$308 000 - \$317 999	4	11
\$318 000 - \$327 999	11	5
\$328 000 - \$337 999	3	4
\$338 000 - \$347 999	8	4
\$348 000 - \$357 999	3	2
\$358 000 - \$367 999	6	3
\$368 000 - \$377 999	3	-
\$388 000 - \$397 999	1	-
\$408 000 - \$417 999	-	2
\$418 000 - \$427 999	1	-
\$438 000 - \$447 999	-	1
\$448 000 - \$457 999	-	2
\$458 000 - \$467 999	-	21
\$468 000 - \$477 999	10	6
\$478 000 - \$487 999	13	1
\$488 000 - \$497 999	1	-
\$498 000 - \$507 999	1	-
\$508 000 - \$517 999	-	2
\$518 000 - \$527 999	-	8
\$528 000 - \$537 999	2	1
\$538 000 - \$547 999	9	-
\$568 000 - \$577 999	1	-
\$598 000 - \$607 999	1	-
\$608 000 - \$617 999	-	1
\$648 000 - \$657 999	1	-
\$798 000 - \$807 999	-	1
Total	90	92

The table includes all judicial officers who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of judicial officers reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice and fringe benefits and any FBT paid/payable in respect of those benefits. The total remuneration received by these judicial officers for the year was \$36 million (\$36.3 million).

A5. Administered cash and cash equivalents	2013	2012
	\$'000	\$'000
Deposits with the Treasurer	8 491	1 505
<hr/>		
A6. Administered receivables		
Current:		
Debtors	940	734
Allowance for doubtful debts	(67)	(126)
Accrued revenue	4 466	8 149
GST input tax recoverable	20	19
Total administered receivables expected to be recovered within 12 months	5 359	8 776
<hr/>		
Receivables from SA Government entities:		
Debtors	114	130
Accrued revenue	4 442	8 141
Total administered receivables from SA Government entities	4 556	8 271
<hr/>		
Movements in the allowance for doubtful debts:		
Carrying amount at 1 July	126	93
Amounts written off	(59)	-
Increase in the allowance	-	33
Carrying amount at 30 June	67	126
<hr/>		
A7. Administered payables		
Current:		
Creditors and accrued expenses	8 038	4 301
Judicial benefits on-costs	610	608
Total current payables	8 648	4 909
<hr/>		
Non-current:		
Judicial benefits on-costs	1 375	1 391
Total administered payables	10 023	6 300
<hr/>		
Payables to SA Government entities:		
Accrued expenses	7 718	4 071
Judicial benefits on-costs	646	654
Total administered payables to SA Government entities	8 364	4 725
<hr/>		
<p>As a result of an actuarial assessment performed by DTF, the percentage of the proportion of LSL taken as leave has remained at the 2012 rate of 40% which is used in the employment on-cost calculation. As a result, there is no net financial effect of the changes in the current financial year. The impact on future years is impractical to estimate (refer note A8).</p>		
A8. Judicial benefits	2013	2012
	\$'000	\$'000
Current:		
Annual leave	1 383	1 311
LSL	1 678	1 791
Total current judicial benefits	3 061	3 102
<hr/>		
Non-current:		
Annual leave	384	381
LSL	8 262	8 383
Total non-current judicial benefits	8 646	8 764
Total judicial benefits	11 707	11 866
<hr/>		

AASB 119 contains the calculation methodology for LSL liability. This year, an actuarial assessment performed by DTF was used to calculate the liability rather than using a shorthand measurement technique for the calculation of the liability.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has increased from 2012 (3%) to 2013 (3.75%). This increase in the bond yield, which is used as the rate to discount future LSL cash flows, results in a decrease in the reported LSL liability. The net financial effect of the changes in methodology and actuarial assumptions in the current financial year is a decrease in the LSL liability of \$994 000 and on-costs of \$152 000. The impact on future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

A8. Judicial benefits (continued)

With the change in the LSL liability calculation, the Authority has used the average leave pattern history of previous years to allocate the current and non-current liability. The LSL liability for 2012 has been restated using the same basis. This has an immaterial impact on the related employment on-costs liability allocation (refer note A7).

A9. Other liabilities

	2013	2012
	\$'000	\$'000
Current:		
Unclaimed money	88	83
Total other liabilities	<u>88</u>	<u>83</u>

A10. Administered cash flow reconciliation

Reconciliation of cash and cash equivalents at 30 June:

Cash and cash equivalents disclosed in the Statement of Administered Financial Position	8 491	1 505
Balance as per the Statement of Administered Cash Flows	<u>8 491</u>	<u>1 505</u>

Reconciliation of net cash provided by (used in) administered activities to total comprehensive result

Net cash provided by (used in) operating activities	6 986	(5 104)
Non-cash item:		
Doubtful debts and bad debts expenses	-	(37)
Movements in administered assets/liabilities:		
Receivables	(3 417)	3 859
Judicial entitlements	159	(1 869)
Payables	<u>(3 728)</u>	<u>3 151</u>
Total comprehensive result from administered activities	<u>-</u>	<u>-</u>

T1. Trust monies

The Authority holds monies pending the outcome of court decisions. Beneficiaries of these payments include other South Australian, federal and local government entities and individuals. These monies are excluded from the financial statements as the Authority can not 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

	2013	2012
	\$'000	\$'000
Balance at 1 July	38 389	35 004
Receipts	4 112	10 286
	<u>42 501</u>	<u>45 290</u>
Payments	<u>(28 107)</u>	<u>(6 901)</u>
Balance at 30 June	<u>14 394</u>	<u>38 389</u>

District Court Suitor Account

Balance at 1 July	2 824	2 701
Receipts	10 442	2 051
	<u>13 266</u>	<u>4 752</u>
Payments	<u>(5 169)</u>	<u>(1 928)</u>
Balance at 30 June	<u>8 097</u>	<u>2 824</u>

Sheriff's Office Trust Account

Balance at 1 July	402	286
Receipts	1 702	1 414
	<u>2 104</u>	<u>1 700</u>
Payments	<u>(1 931)</u>	<u>(1 298)</u>
Balance at 30 June	<u>173</u>	<u>402</u>

Magistrates' Court Suitor Account

Balance at 1 July	4 995	3 615
Receipts	19 338	18 105
	<u>24 333</u>	<u>21 720</u>
Payments	<u>(18 993)</u>	<u>(16 725)</u>
Balance at 30 June	<u>5 340</u>	<u>4 995</u>

Defence SA

Functional responsibility

Establishment

Defence SA is an administrative unit established pursuant to the PSA, and is responsible to the Premier as Minister for State Development and to the Minister for Defence Industries.

The Defence SA Advisory Board provides high-level advice to the Government of South Australia on strategy and policy required to deliver defence industry and facility growth in South Australia.

Functions

The functions of Defence SA are to:

- facilitate the development and growth of a sustainable defence industry in South Australia in accordance with South Australia's Strategic Plan objectives
- advise and deliver strategies and policies required to deliver defence industry growth in South Australia
- deliver the SA Government commitments in support of defence industry growth in South Australia
- maximise the defence presence, including personnel and facilities, in South Australia.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of Defence SA for each financial year.

Assessment of controls

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

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

Scope of the audit

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

During 2012-13, specific areas of audit attention included:

- revenue
- payroll
- expenditure
- accounts payable
- fixed assets
- financial accounting - general ledger overview

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of Defence SA as at 30 June 2013, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

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

Communication of audit matters

Matters arising during the course of the audit were communicated in a management letter to Defence SA's Chief Executive Officer. The following describes the notable matter raised for management attention.

In addition, matters relating to SSSA as a service provider to Defence SA are also described below.

General ledger

Reconciliations between the general and relevant subsidiary systems should be performed on a regular and timely basis. Defence SA Masterpiece open payables reconciliation is performed by SSSA and provided to Defence SA with supporting documentation to ensure the accuracy and validity of work performed.

All reconciliations were accurately completed, however not all were supported by documentation evidencing the validity of the reconciliations.

Defence SA responded that the missing supporting documentation was overlooked as part of the Defence SA review process. Defence SA will work with SSSA officers to ensure that appropriate supporting documentation is included in all future reconciliations.

Shared Services SA – CHRIS payroll control environment

SSSA processes payroll transactions specific to the CHRIS HRMS system on behalf of Defence SA in accordance with a service level determination with SSSA.

The audit of payroll transactions considered the payroll process and control environments of SSSA and the external bureau provider of the CHRIS HRMS payroll service to SSSA.

Review of the process and control environments in previous years has identified SSSA key control weaknesses covering segregation of duties and user access and certain security limitations of the CHRIS 5 application provided by the bureau service.

As SSSA implemented significant remediation action during the year, it was not effective throughout the entire year. As such the process and control environment could not be considered robust and effective for the 2012-13 financial year. Also the planned migration of payroll processing from CHRIS 5 to CHRIS 21, which would address security limitations, is yet to occur.

This matter is further discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report.

Shared Services SA – accounts payable and electronic payment control environments

SSSA operates an accounts payable function which involves the processing of transactions on behalf of Defence SA under a service level determination. The function involves the e-Procurement system for ordering, receiving and invoice processing; Masterpiece payment transaction processing and vendor masterfile processing; EFT and cheque payment processing; and Masterpiece general ledger maintenance.

While SSSA continues to progress significant remedial measures to address prior years' key control weaknesses certain actions are still required before the control environments can be considered to be robust and effective.

This matter is further discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report.

Interpretation and analysis of the financial report

Highlights of the financial report

	2013 \$'million	2012 \$'million
Expenses		
Employee benefits expenses	5	5
Supplies and services	6	9
Depreciation and amortisation	7	8
Grants and subsidies	1	3
Loss on revaluation of non-current assets	-	5
Total expenses	19	30
Income		
Revenues from fees and charges	3	3
Grants	1	2
Property revenues	-	4
Total income	4	9
Net cost of providing services	(15)	(21)
Revenues from (Payments to) SA Government		
Revenues from SA Government	22	21
Revenues from the Urban Renewal Authority associated with the transfer of assets	-	185
Payments to SA Government	-	(14)
Net result	7	171
Other comprehensive income	-	(6)
Total comprehensive result	7	165

	2013 \$'million	2012 \$'million
Assets		
Current assets	26	17
Non-current assets	257	260
Total assets	283	277
Liabilities		
Current liabilities	2	3
Total liabilities	2	3
Total equity	281	274

Statement of Comprehensive Income

Expenses

The decrease in total expenses of \$10.2 million predominately relates to the reduction in costs associated with the transfer of assets to the Urban Renewal Authority on 1 March 2012 and the scheduled reduction in state workforce assistance to the Air Warfare Destroyer program.

Income

The decrease of \$5.5 million in total income predominately relates to the reduction in rental income generated from properties transferred to the Urban Renewal Authority and the reduction in State Government assistance transfers to fund workforce development to the Air Warfare Destroyer program.

Statement of Financial Position

Defence SA's main assets are the Techport Australia harbour and port facilities, \$227 million (\$232 million) and land, \$21.9 million (\$18.8 million).

Projects completed during the year totalled \$5.1 million (\$24 million) and were transferred from capital works in progress to land, buildings and harbour and port facilities. The two material projects completed were the:

- \$3 million undergrounding of Mersey Road power lines to expand the Common User Facility (CUF) site
- \$2.1 million upgrading of CUF site facilities covering land, power, water, sewer, communications, stormwater and fencing.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2013.

	2013 \$'million	2012 \$'million	2011 \$'million	2010 \$'million
Net cash flows				
Operating	15	184	17	21
Investing	(3)	(12)	(17)	(89)
Financing	-	(180)	13	68
Change in cash	12	(8)	13	-
Cash at 30 June	26	14	22	9

Defence SA's cash at 30 June 2013 comprises a Defence SA operating account of \$14.8 million and an accrual appropriation excess fund of \$11.3 million. The accrual appropriation excess fund is not available for general use and can only be used in accordance with the Treasurer's approval.

The increase in cash is due to a carryover of funds for the CUF expansion project to be completed in 2013-14 and significant net cash generated by operating activities.

Statement of Comprehensive Income for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
Expenses:			
Employee benefits expenses	5	4 750	5 208
Supplies and services	6	6 229	8 349
Depreciation and amortisation	7	7 241	7 803
Grants and subsidies	8	1 231	2 649
Other expenses	9	131	359
Loss on revaluation of non-current assets	20	-	5 383
Total expenses		<u>19 582</u>	<u>29 751</u>
Income:			
Revenues from fees and charges	11	3 533	3 244
Grants	12	720	2 061
Net gain from the disposal of non-current assets	13	-	56
Techport Australia recoveries	14	125	257
Property revenues	15	146	3 450
Other income	16	191	227
Total income		<u>4 715</u>	<u>9 295</u>
Net cost of providing services	29	<u>(14 867)</u>	<u>(20 456)</u>
Revenues from (Payments to) SA Government:			
Revenues from SA Government	17	21 842	21 156
Revenues from the Urban Renewal Authority associated with the transfer of assets	2(d),17	-	184 668
Payments to SA Government	17	-	(13 760)
Net result		<u>6 975</u>	<u>171 608</u>
Other comprehensive income:			
Items that will not be reclassified to net result:			
Reduction in land revaluation surplus	20	-	(6 224)
Total other comprehensive income		<u>-</u>	<u>(6 224)</u>
Total comprehensive result		<u>6 975</u>	<u>165 384</u>

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

Statement of Financial Position as at 30 June 2013

	Note	2013 \$'000	2012 \$'000
Current assets:			
Cash	18	26 068	14 333
Receivables	19	564	2 441
Total current assets		26 632	16 774
Non-current assets:			
Land	20	21 870	18 841
Buildings and improvements, plant and equipment	20	6 820	7 159
Harbour and port facilities	20	227 130	231 907
Capital works in progress	21	822	2 533
Total non-current assets		256 642	260 440
Total assets		283 274	277 214
Current liabilities:			
Payables	22	1 556	2 583
Employee benefits	23	328	292
Other current liabilities	24	21	21
Total current liabilities		1 905	2 896
Non-current liabilities:			
Payables	22	23	36
Employee benefits	23	387	277
Other non-current liabilities	24	41	62
Total non-current liabilities		451	375
Total liabilities		2 356	3 271
Net assets		280 918	273 943
Equity:			
Contributed capital		101 823	101 823
Retained earnings		179 095	172 120
Total equity		280 918	273 943

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	25
Contingent assets and liabilities	26

Statement of Changes in Equity for the year ended 30 June 2013

		Contributed capital	Revaluation surplus	Retained earnings	Total
	Note	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2011		282 080	24 810	159 762	466 652
Net result for 2011-12		-	-	171 608	171 608
Reduction in land revaluation surplus		-	(6 224)	-	(6 224)
Total comprehensive result for 2011-12		-	(6 224)	171 608	165 384
Transactions with SA Government as owner:					
Equity contribution received		4 476	-	-	4 476
Net assets transferred as a result of an administrative restructure	2(d),27	-	-	(177 836)	(177 836)
Equity contribution repaid	2(d)	(184 733)	-	-	(184 733)
Revaluation surplus transferred to retained earnings on disposal of non-current asset		-	(18 586)	18 586	-
Balance at 30 June 2012		101 823	-	172 120	273 943
Net result for 2012-13		-	-	6 975	6 975
Total comprehensive result for 2012-13		-	-	6 975	6 975
Balance at 30 June 2013		101 823	-	179 095	280 918

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

Statement of Cash Flows for the year ended 30 June 2013

		2013	2012
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefit payments		(4 628)	(5 124)
Payments for supplies and services		(5 917)	(9 261)
Payment of grants and subsidies		(2 697)	(1 165)
GST paid to the ATO and suppliers		(1 633)	(2 658)
Cash used in operations		<u>(14 875)</u>	<u>(18 208)</u>
Cash inflows:			
Grants		2 260	521
Fees and charges		3 814	2 991
Techport Australia recoveries		126	256
Property revenues		200	3 658
GST recovered from the ATO and customers		1 717	2 830
Other receipts		195	179
Cash generated from operations		<u>8 312</u>	<u>10 435</u>
Cash flows from SA Government:			
Receipts from SA Government		21 842	21 156
Receipts from the Urban Renewal Authority associated with the transfer of assets		-	184 668
Payments to SA Government		-	(13 760)
Cash generated from SA Government		<u>21 842</u>	<u>192 064</u>
Net cash provided by (used in) operating activities	29	<u>15 279</u>	<u>184 291</u>
Cash flows from investing activities:			
Cash outflows:			
Payments for property, plant and equipment		(42)	(757)
Payments for capital work in progress		(3 502)	(11 243)
Cash used in investing activities		<u>(3 544)</u>	<u>(12 000)</u>
Cash inflows:			
Proceeds from sale of land and buildings		-	240
Cash generated from investing activities		<u>-</u>	<u>240</u>
Net cash provided by (used in) investing activities		<u>(3 544)</u>	<u>(11 760)</u>
Cash flows from financing activities:			
Cash outflows:			
Capital contributions repaid to government		-	(184 733)
Cash used in financing activities		<u>-</u>	<u>(184 733)</u>
Cash inflows:			
Capital contributions from SA Government		-	4 476
Cash generated from financing activities		<u>-</u>	<u>4 476</u>
Net cash provided by (used in) financing activities		<u>-</u>	<u>(180 257)</u>
Net increase (decrease) in cash		<u>11 735</u>	<u>(7 726)</u>
Cash at 1 July		<u>14 333</u>	<u>22 059</u>
Cash at 30 June	18,29	<u>26 068</u>	<u>14 333</u>

Disaggregated Disclosures – Expenses and Income for the year ended 30 June 2013

	(Activities - refer note 4)	1		2		Total ongoing Defence SA activities	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Expenses:							
Employee benefits expenses		3 587	3 449	1 163	1 083	4 750	4 532
Supplies and services		2 998	2 586	3 231	2 876	6 229	5 462
Depreciation and amortisation		120	119	7 121	7 021	7 241	7 140
Grants and subsidies		1 231	2 649	-	-	1 231	2 649
Other expenses		129	131	2	-	131	131
Loss on revaluation of non-current assets		-	-	-	493	-	493
Total expenses		8 065	8 934	11 517	11 473	19 582	20 407
Income:							
Revenues from fees and charges		22	-	3 511	3 025	3 533	3 025
Grants		-	1 540	720	506	720	2 046
Net gain from the disposal of non-current assets		-	-	-	1	-	1
Techport Australia recoveries		-	-	125	257	125	257
Property revenues		146	-	-	-	146	-
Other income		191	140	-	-	191	140
Total income		359	1 680	4 356	3 789	4 715	5 469
Net cost of providing services		(7 706)	(7 254)	(7 161)	(7 684)	(14 867)	(14 938)
Revenues from (Payments to)							
SA Government:							
Revenues from SA Government ⁽²⁾		21 842	21 156	-	-	21 842	21 156
Revenues from the Urban Renewal Authority associated with the transfer of assets		-	184 668	-	-	-	184 668
Payments to SA Government		-	(13 760)	-	-	-	(13 760)
Net result		14 136	184 810	(7 161)	(7 684)	6 975	177 126

	(Activities - refer note 4)	3 ⁽¹⁾		Total all activities	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Expenses:					
Employee benefits expenses		-	676	4 750	5 208
Supplies and services		-	2 887	6 229	8 349
Depreciation and amortisation		-	663	7 241	7 803
Grants and subsidies		-	-	1 231	2 649
Other expenses		-	228	131	359
Loss on revaluation of non-current assets		-	4 890	-	5 383
Total expenses		-	9 344	19 582	29 751
Income:					
Revenues from fees and charges		-	219	3 533	3 244
Grants		-	15	720	2 061
Net gain from disposal of non-current assets		-	55	-	56
Techport Australia recoveries		-	-	125	257
Property revenues		-	3 450	146	3 450
Other income		-	87	191	227
Total income		-	3 826	4 715	9 295
Net cost of providing services		-	(5 518)	(14 867)	(20 456)
Revenues from (Payments to)					
SA Government:					
Revenues from SA Government ⁽²⁾		-	-	21 842	21 156
Revenues from the Urban Renewal Authority associated with the transfer of assets		-	-	-	184 668
Payments to SA Government		-	-	-	(13 760)
Net result		-	(5 518)	6 975	171 608

During 2011-12 Defence SA amended its activity structure to reflect the transfer of assets and operations to the Urban Renewal Authority effective 1 March 2012

⁽¹⁾ The 2012 actual result for Other Defence Precincts relates to the period 1 July 2011 to 29 February 2012.

⁽²⁾ Revenues from SA Government are provided to fund the operating activities of Defence SA and have not been allocated between activities.

Disaggregated Disclosures – Assets and Liabilities as at 30 June 2013

	(Activities - refer note 4)	1		2		Total ongoing Defence SA activities	
		2013	2012	2013	2012	2013	2012
Assets:		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash		26 068	14 333	-	-	26 068	14 333
Receivables		218	1 921	346	520	564	2 441
Land		-	-	21 870	18 841	21 870	18 841
Buildings and improvements, plant and equipment		357	446	6 463	6 713	6 820	7 159
Harbour and port facilities		-	-	227 130	231 907	227 130	231 907
Capital works in progress		-	-	822	2 533	822	2 533
Total assets		26 643	16 700	256 631	260 514	283 274	277 214
Liabilities:							
Payables		902	2 065	677	554	1 579	2 619
Employee benefits		588	498	127	71	715	569
Other liabilities		62	83	-	-	62	83
Total liabilities		1 552	2 646	804	625	2 356	3 271
Net assets		25 091	14 054	255 827	259 889	280 918	273 943

	(Activities - refer note 4)	3		Total all activities	
		2013	2012	2013	2012
Assets:		\$'000	\$'000	\$'000	\$'000
Cash		-	-	26 068	14 333
Receivables		-	-	564	2 441
Land		-	-	21 870	18 841
Buildings and improvements, plant and equipment		-	-	6 820	7 159
Harbour and port facilities		-	-	227 130	231 907
Capital works in progress		-	-	822	2 533
Total assets		-	-	283 274	277 214
Liabilities:					
Payables		-	-	1 579	2 619
Employee benefits		-	-	715	569
Other liabilities		-	-	62	83
Total liabilities		-	-	2 356	3 271
Net assets		-	-	280 918	273 943

During 2011-12 Defence SA amended its activity structure to reflect the transfer of assets and operations to the Urban Renewal Authority effective 1 March 2012.

Notes to and forming part of the financial statements

1. Objectives of Defence SA

Defence SA is South Australia's lead government agency for all defence-related matters. The agency's mission is to facilitate the development and growth of Defence and defence industries in South Australia on a competitive and sustainable basis in accordance with South Australia's Strategic Plan.

1. Objectives of Defence SA (continued)

To achieve this mission, the agency is focused on delivering the Government of South Australia's commitments to the Air Warfare Destroyer (AWD) project, as well as capturing further defence work in the four defence sectors - maritime, land, aerospace and systems.

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

2. Summary of significant accounting policies

(a) Statement of compliance

Defence SA has prepared these financial statements in compliance with section 23 of the PFAA.

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

Defence SA has applied AASs that are applicable to not-for-profit entities, as Defence SA is a not-for-profit entity.

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by Defence SA for the reporting period ending 30 June 2013. Refer note 3.

(b) Basis of preparation

The preparation of the financial statements requires:

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

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013 and the comparative information presented.

(c) **Reporting entity**

Defence SA is a government agency of the State of South Australia, established pursuant to the PSA. Defence SA is an administrative unit acting on behalf of the Crown and has no subsidiaries.

(d) **Transferred functions**

The Public Sector (Reorganisation of Public Sector Operations) Notice 2012 and the Administrative Arrangements (Transfer of Land to Urban Renewal Authority) Proclamation 2012 (both dated 1 March 2012) declared that specified staff and assets of Defence SA were transferred to the Urban Renewal Authority, effective 1 March 2012.

These assets were transferred to the Urban Renewal Authority for nil consideration.

Subsequent to the transfer, the Treasurer approved an arrangement whereby the Urban Renewal Authority paid on 22 June 2012 \$184.668 million to Defence SA. In line with AASs (AASB 101 paragraphs 81(a) and 87), and APF II, APS 3.2, this payment is recognised as income within the Statement of Comprehensive Income of Defence SA.

To complete the arrangement the Treasurer also approved for Defence SA to repay equity of \$184.668 million contributed by the State towards the purchase and development of these assets. As specified in APF II, the transfer of assets and repayment of equity contribution are considered transactions with the SA Government as owner and are recognised directly in the Statement of Changes in Equity and further disclosed in note 17.

(e) **Comparative information**

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

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

(f) **Rounding**

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

(g) **Taxation**

Defence SA is not subject to income tax. Defence SA is liable for payroll tax, FBT, GST, the Emergency Services levy and local government rate equivalents.

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

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

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

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

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

(h) **Events after the reporting period**

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

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

(i) Income

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

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

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

The following are specific recognition criteria:

Revenues from fees and charges

Revenues from fees and charges are derived from the provision of goods and services to external entities. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Revenues from SA Government

Appropriations to fund activities are recognised as revenues when Defence SA obtains control over the funding. Control over appropriations is normally obtained upon receipt. Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of Defence SA and the appropriation is recorded as contributed equity.

Net gain from the disposal of non-current assets

Income from the disposal of non-current assets (including land and buildings) 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 surplus is transferred to retained earnings.

Property revenues

Rental income is derived from property holdings and includes lease income and recoveries of tenant outgoings. Lease income is accounted for on a straight-line basis over the lease term.

Other income

Other income consists of recoveries of costs for work performed on behalf of external entities.

(j) Expenses

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

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

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

The following are specific recognition criteria:

Employee benefits expenses

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

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by Defence SA to several State Government and externally managed superannuation schemes in respect of current services of current Defence SA staff.

Depreciation and amortisation

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

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

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

Depreciation and amortisation (continued)

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

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

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

<i>Class of asset</i>	<i>Useful life (years)</i>
Harbour and port facilities	5-50
Buildings	6-40
Leasehold improvements	Life of lease
Plant and equipment	4-20

Grants and subsidies

For contributions payable, the contribution will be recognised as a liability and expense when Defence SA has a present obligation to pay the contribution and the expense recognition criteria are met. All contributions paid by Defence SA have been unconditional.

Payments to SA Government

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy and net profit on sale of non-current assets. These funds are paid directly to the Consolidated Account.

(k) Current and non-current classification

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

Defence SA has established 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, Defence SA has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

(l) Assets

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

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

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

Cash

Cash in the Statement of Financial Position comprises deposits with the Treasurer.

For the purposes of the Statement of Cash Flows, cash consists of cash as defined above.

Cash is measured at nominal value.

Receivables

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

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

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

Capital works in progress

During the period work continued on the development of infrastructure to support the AWD construction program in accordance with the Infrastructure Assistance Agreement and other defence and industrial developments.

Defence SA engages in projects that include land acquisition, infrastructure development and ultimate disposal through sale or various leasing arrangements.

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

Non-current asset acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Harbour and port facilities including wharf, shiplift, transfer system and dry berth are considered specialised assets and are recorded at cost less accumulated depreciation. Other asset classes are subsequently measured at fair value less accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recognised at book value, ie the amount recorded by the transferor public authority immediately prior to the restructure.

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

Complex assets are componentised when the asset's fair value at the time of acquisition is equal to, or in excess of, \$5 million for infrastructure assets and \$1 million for other assets. Assets have been componentised where appropriate to recognise their unique nature and useful lives.

Revaluation of non-current assets

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

Every three years Defence SA revalues its land and buildings. 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 revaluation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value. Defence SA's land, buildings and associated plant and equipment were last revalued in the year ended 30 June 2012.

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

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

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

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 respective revaluation surplus.

(m) Liabilities

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

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

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

Payables

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

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

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

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received, in accordance with TI 11.

Employee benefit on-costs include superannuation contributions and payroll tax in respect of outstanding liabilities for salaries and wages, LSL, annual leave and skills and experience retention leave.

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

Leases

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

- *Operating leases*
Operating lease payments are recognised as an expense in the Statement of Comprehensive Income over the term of the lease.
- *Lease incentives*
All incentives received for the agreement of a new or renewed operating lease are recognised as a liability.

The aggregate benefits of lease incentives received by Defence SA in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight-line basis.

Employee benefits

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

- *Wages, salaries, annual leave, skills and experience retention leave and sick leave*
The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

The annual leave liability and the skills and experience retention leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages, annual leave and skills and experience retention leave liability 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 expected to be taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

- **LSL**
The liability for LSL is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and years of service.

These assumptions are based on employee data over SA Government entities.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

Defence SA has adopted this actuarial method of calculating LSL for 2012-13 for the first time. Previously the LSL liability was calculated based on those staff that would have attained a LSL entitlement during their current contract term.

As Defence SA's operations have progressively transitioned from mainly project based to more ongoing in nature, the actuarial method is now considered to more accurately reflect Defence SA's LSL liability.

The LSL provision is classified as current or non-current based on the conditional and unconditional percentages respectively as per the actuarial calculations based on whole-of-government experience.

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

Provisions

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

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

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

(n) Workers compensation

Defence SA is responsible for payments of workers compensation claims. Defence SA has a service level agreement with the Public Sector Workforce Relations Division of DPC to undertake injury management and rehabilitation services in the event of a claim.

(o) Insurance

Defence SA has arranged through SAICORP, a division of SAFA, to insure all major risks of Defence SA. The excess payable under this arrangement is \$5000 per claim.

Defence SA has arranged, with input from SAICORP, project specific professional indemnity, contractors, all risk and legal liability insurance policies applicable to the design and construction of the Common User Facility (CUF) at Techport Australia.

(p) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Defence SA secures performance guarantees in support of contractor performance. No value is assigned to these guarantees for financial statement purposes as they will only be called upon in the event that the contractor fails to fulfil their agreed contractual commitments.

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

3. New and revised accounting standards and policies

Defence SA did not voluntarily change any of its accounting policies during 2012-13. AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by Defence SA for the period ending 30 June 2013. Defence SA has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of Defence SA.

4. Activities of Defence SA

Activity information is prepared in accordance with the accounting policies of the entity as disclosed in note 2.

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

Activity 1: *Defence Industry Development*

This activity incorporates delivery of strategy and policy, which in conjunction with the Defence SA Advisory Board provides leadership across government on all defence-related matters.

It also includes targeted business development opportunities and the agency's administrative, financial and other operational services.

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

Activity 2: *Techport Australia*

This activity seeks to deliver the State's shipbuilding infrastructure commitment to the AWD project and to reinforce Techport Australia as Australia's premier naval industry hub.

Activity 3: *Other Defence Precincts*

This activity incorporated Defence SA's development and project delivery business areas, including activities relating to Technology Park Adelaide and the Northern Lefevre Peninsula Masterplan. This activity was transferred to the Urban Renewal Authority effective 1 March 2012.

The disaggregated disclosures schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2012 and 30 June 2013. These schedules also present this information attributable to activities transferred to the Urban Renewal Authority effective 1 March 2012 (refer note 2(d)).

5. Employee benefits expenses

	Note	2013 \$'000	2012 \$'000
Salaries and wages		3 263	4 105
TVSPs (refer below)		93	-
LSL		148	73
Annual leave		279	326
Skills and experience retention leave		4	-
Employment on-costs - superannuation		323	409
Employment on-costs - other		212	252
Advisory Board and committee fees	28	362	332
Other employee related expenses		66	106
Total employee benefits expenses		<u>4 750</u>	<u>5 603</u>
Charged to capital projects		-	(395)
Total employee benefits expenses as per Statement of Comprehensive Income		<u>4 750</u>	<u>5 208</u>

TVSPs

Amount paid during the reporting period to separated employees:

TVSPs	93	-
Annual leave and LSL paid to those employees	5	-
	<u>98</u>	-
Recovery from DTF	(98)	-
Net cost to Defence SA	<u>-</u>	-

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

Remuneration of employees	2013	2012
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
\$148 000 - \$157 999	2	2
\$158 000 - \$167 999	1	2
\$168 000 - \$177 999	2	3
\$178 000 - \$187 999	2	1
\$188 000 - \$197 999	2	-
\$198 000 - \$207 999	-	1
\$208 000 - \$217 999	1	-
\$218 000 - \$227 999	-	1
\$228 000 - \$237 999	1	-
\$238 000 - \$247 999	-	1
\$528 000 - \$537 999	-	1
\$548 000 - \$557 999	1	-
Total	12	12

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any FBT paid or payable in respect of those benefits.

The total remuneration received by these employees for the year was \$2.582 million (\$2.533 million).

6. Supplies and services	2013	2012
Supplies and services provided by entities within the SA Government:	\$'000	\$'000
Accommodation and service costs	317	298
Legal fees to Crown Solicitor's Office	187	117
Provision of corporate services under service level agreements	275	427
Insurance	104	112
Security services	-	466
Provision of contract services by Department of Planning, Transport and Infrastructure	30	30
Travel and related expenses	150	9
Other expenses	119	178
Total supplies and services - SA Government entities	1 182	1 637
Supplies and services provided by entities external to the SA Government:		
Contractors	485	1 588
Consultants (refer below)	224	149
Legal fees	5	77
Staff development and recruitment	187	205
Travel and related expenses	322	259
Promotion and events	1 069	872
Property	336	1 856
Security services	642	173
Electricity	976	430
Gas and gas equipment	135	110
Minor plant and equipment	158	415
Other expenses	508	578
Total supplies and services - non-SA Government entities	5 047	6 712
Total supplies and services	6 229	8 349

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

Consultants	2013		2012	
The number and dollar amount of consultants paid/payable (included in supplies and services expense) that fell within the following bands:	Number	\$'000	Number	\$'000
Between \$10 000 and \$50 000	-	-	2	46
Above \$50 000	2	224	1	103
Total paid/payable to the consultants engaged	2	224	3	149

		2013	2012
	Note	\$'000	\$'000
7. Depreciation and amortisation			
Depreciation:			
Buildings and improvements		201	866
Plant and equipment		86	99
Harbour and port facilities		6 841	6 726
Total depreciation		<u>7 128</u>	<u>7 691</u>
Amortisation:			
Leasehold improvements		113	112
Total amortisation		<u>113</u>	<u>112</u>
Total depreciation and amortisation		<u>7 241</u>	<u>7 803</u>
8. Grants and subsidies			
Grants and subsidies paid/payable to entities external to the SA Government:			
Defence Teaming Centre		477	455
ASC AWD Shipbuilder Pty Ltd		644	2 163
Other		110	31
Total grants and subsidies - non-SA Government entities		<u>1 231</u>	<u>2 649</u>
Total grants and subsidies		<u>1 231</u>	<u>2 649</u>
9. Other expenses			
Other expenses paid/payable to entities within the SA Government:			
Audit fees	10	43	35
Land tax, local government rates in lieu and Emergency Services levy		-	14
Other		-	5
Total other expenses - SA Government entities		<u>43</u>	<u>54</u>
Other expenses paid/payable to entities external to the SA Government:			
Bad debts and allowances for doubtful debts	19	-	(7)
Internal audit		56	90
Transfer from capital works in progress	21	-	222
Other		32	-
Total other expenses - non-SA Government entities		<u>88</u>	<u>305</u>
Total other expenses		<u>131</u>	<u>359</u>
10. Auditor's remuneration			
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements		43	35
Total audit fees		<u>43</u>	<u>35</u>
Other services			
No other services were provided by the Auditor-General's Department.			
11. Revenues from fees and charges			
Fees and charges received/receivable from entities within the SA Government:			
Renewal SA income ⁽¹⁾		22	-
Total fees and charges - SA Government entities		<u>22</u>	<u>-</u>
Fees and charges received/receivable from entities external to the SA Government:			
CUF priority access fee		2 603	2 573
Techport Australia other fees		908	452
Technology Park Conference Centre income		-	219
Total fees and charges - non-SA Government entities		<u>3 511</u>	<u>3 244</u>
Total fees and charges		<u>3 533</u>	<u>3 244</u>

⁽¹⁾ As of 30 August 2012 the Urban Renewal Authority is trading as Renewal SA.

12. Grants	2013	2012
Grants and subsidies received/receivable from entities within the SA Government:	\$'000	\$'000
ASC AWD Shipbuilder Pty Ltd recruitment reimbursement	-	1 540
Other	-	15
Total grants - SA Government entities	-	1 555
Grants received/receivable from entities external to the SA Government:		
ASC AWD Shipbuilder Pty Ltd payment towards CUF infrastructure	717	499
Other	3	7
Total grants - non-SA Government entities	720	506
Total grants	720	2 061
13. Net gain from the disposal of non-current assets		
Proceeds from disposal of land and buildings	-	240
Net book value of land and buildings disposed	-	(185)
Proceeds from disposal of plant and equipment	-	1
Total net gain on disposal of non-current assets	-	56
14. Techport Australia recoveries		
Techport Australia recoveries received/receivable from entities external to the SA Government:		
Other Techport Australia recoveries	125	257
Total Techport Australia recoveries - non-SA Government entities	125	257
Total Techport Australia recoveries	125	257
15. Property revenues		
Property revenues received/receivable from entities external to the SA Government:		
Rental income and recoveries ⁽¹⁾	146	3 450
Total property revenues	146	3 450
⁽¹⁾ All income generating properties were transferred to the Urban Renewal Authority effective 1 March 2012 (refer note 27). Income for 2012-13 is for adjustments to 2011-12 actual outgoings originally charged at budgeted rates.		
16. Other income	2013	2012
Other income received/receivable from entities within the SA Government:	\$'000	\$'000
Transfers received - Department of Further Education, Employment, Science and Technology	101	91
Total other income - SA Government entities	101	91
Other income received/receivable from entities external to the SA Government:		
Other recoveries	90	136
Total other income - non-SA Government entities	90	136
Total other income	191	227
17. Revenues from (Payments to) SA Government		
Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	21 695	21 142
Transfers received - DTF contingencies	147	14
Revenues from the Urban Renewal Authority associated with the transfer of assets (refer note 2(d))	-	184 668
Total revenues from SA Government	21 842	205 824
Payments to SA Government:		
Return of surplus cash pursuant to cash alignment policy	-	(13 585)
Other payments to the Consolidated Account ⁽¹⁾	-	(175)
Total payments to SA Government	-	(13 760)

Appropriations from Consolidated Account were \$21.842 million (\$21.156 million) for operational funding.

⁽¹⁾ This amount represents the net gain on disposal of non-current assets adjusted for revaluations.

18. Cash	2013	2012
	\$'000	\$'000
Deposits with the Treasurer	14 762	7 890
Deposits with the Treasurer - Accrual Appropriation Excess Funds Account ⁽¹⁾	11 306	6 443
Total cash	<u>26 068</u>	<u>14 333</u>

⁽¹⁾ The balance of these funds is not available for general use and can only be used in accordance with the Treasurer's/Under Treasurer's approval.

Interest rate risk

Deposits with the Treasurer are non-interest bearing. The carrying amount of cash represents fair value.

19. Receivables	2013	2012
Current:	\$'000	\$'000
Receivables and accrued income	298	2 173
Allowance for doubtful debts	(13)	(13)
Prepayments	97	72
GST input tax recoverable	182	209
Total current receivables	<u>564</u>	<u>2 441</u>

Receivables from entities within the SA Government:

Receivables and accrued income	10	1 650
Prepayments	-	1
Total receivables from entities within the SA Government	<u>10</u>	<u>1 651</u>

Receivables from entities external to the SA Government:

Receivables and accrued income	288	523
Allowance for doubtful debts	(13)	(13)
Prepayments	97	71
GST input tax recoverable	182	209
Total receivables from entities external to the SA Government	<u>554</u>	<u>790</u>
Total current receivables	<u>564</u>	<u>2 441</u>

Movement in the allowance for doubtful debts

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

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

Movement in the allowance for doubtful debts (impairment loss):	2013	2012
	\$'000	\$'000
Carrying amount at 1 July	13	20
Increase in allowance	-	7
Amounts written off	-	-
Amounts recovered during the year	-	(14)
Carrying amount at 30 June	<u>13</u>	<u>13</u>

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received.

Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing.

Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand.

There is no concentration of credit risk.

- (a) Maturity analysis of receivables - refer note 30.
- (b) Categorisation of financial instruments and risk exposure information - refer note 30.

20. Property, plant and equipment	2013	2012
Land:	\$'000	\$'000
Land only holdings at fair value	18 150	18 150
Land only holdings improvements at cost	3 029	-
Site land at fair value	691	691
Total land	21 870	18 841
Buildings and improvements:		
Buildings at fair value	3 425	3 427
Buildings at cost ⁽¹⁾	2 949	2 931
Accumulated depreciation at 30 June	(519)	(318)
Total buildings	5 855	6 040
Leasehold improvements:		
Leasehold improvements at cost	884	866
Accumulated amortisation at 30 June	(542)	(429)
Total leasehold improvements	342	437
Plant and equipment:		
Plant and equipment at cost (deemed fair value)	969	943
Accumulated depreciation at 30 June	(346)	(261)
Total plant and equipment	623	682
Total buildings and improvements, plant and equipment	6 820	7 159
Harbour and port facilities:		
Harbour and port facilities at cost (deemed fair value)	250 501	248 437
Accumulated depreciation at 30 June	(23 371)	(16 530)
Total harbour and port facilities	227 130	231 907
Total property, plant and equipment	280 598	275 445
Total accumulated depreciation/amortisation at 30 June	(24 778)	(17 538)
Total property, plant and equipment	255 820	257 907

Valuation of land and buildings

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

- ⁽¹⁾ Buildings within the Techport Australia CUF which is a specialised asset are recorded at cost and have not been revalued.

Impairment

There were no indications of impairment of infrastructure, property, plant and equipment as at 30 June 2013.

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during 2012-13:

	Land	Buildings	Leasehold imprvmnts	Plant and equipment	Harbour and port facilities	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2013						
Carrying amount at 1 July	18 841	6 040	437	682	231 907	257 907
Acquisitions	3 029	16	18	27	2 064	5 154
Depreciation/Amortisation	-	(201)	(113)	(86)	(6 841)	(7 241)
Carrying amount at 30 June	21 870	5 855	342	623	227 130	255 820
2012						
Carrying amount at 1 July	157 358	26 591	549	912	236 265	421 675
Acquisitions	21 504	904	-	-	2 368	24 776
Assets reclassified from assets held for sale	154	-	-	-	-	154
Disposals	(185)	-	-	-	-	(185)
Transferred to Urban Renewal Authority	(151 505)	(17 261)	-	(89)	-	(168 855)
Revaluation decrement ⁽¹⁾	(8 485)	(3 328)	-	(42)	-	(11 855)
Depreciation/Amortisation	-	(866)	(112)	(99)	(6 726)	(7 803)
Carrying amount at 30 June	18 841	6 040	437	682	231 907	257 907

- ⁽¹⁾ \$6.472 million applied as a reduction in revaluation surplus and \$5.383 million recognised as a loss on revaluation as no revaluation surplus existed for site land, buildings and plant and equipment asset classes.

21. Capital works in progress	2013	2012
	\$'000	\$'000
The balance of capital works in progress as at 30 June	822	2 533

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

Reconciliation of capital works in progress

The following table shows the movement of capital works in progress during 2012-13:

	Imprvmnts to freehold land \$'000	Harbour and port facilities \$'000	Buildings and leasehold imprvmnts \$'000	Total capital works in progress \$'000
2013				
Carrying amount at 1 July	-	2 533	-	2 533
Acquisitions	1 504	1 861	36	3 401
Reclassified as property, plant and equipment	(1 504)	(3 572)	(36)	(5 112)
Carrying amount at 30 June	-	822	-	822
2012				
Carrying amount at 1 July	17 179	259	238	17 676
Acquisitions	4 547	3 999	550	9 096
Reclassified as property, plant and equipment	(21 504)	(1 725)	(788)	(24 017)
Capital works in progress expensed during the period ⁽¹⁾	(222)	-	-	(222)
Carrying amount at 30 June	-	2 533	-	2 533

⁽¹⁾ Project design and planning works previously carried as capital works in progress were expensed.

22. Payables	2013	2012
Current:	\$'000	\$'000
Creditors and accrued expenses	1 442	2 478
Employment on-costs	55	66
GST payable	59	39
Total current payables	1 556	2 583
Non-current:		
Employment on-costs	23	36
Total current payables	23	36
Total payables	1 579	2 619
Payables to SA Government entities:		
Creditors and accrued expenses	323	231
Employment on-costs	21	31
Total payables to SA Government entities	344	262
Payables to non-SA Government entities:		
Creditors and accrued expenses	1 119	2 247
Employment on-costs	57	71
GST payable	59	39
Total payables to non-SA Government entities	1 235	2357
Total payables	1 579	2 619

Interest rate and credit risk

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

(a) Categorisation of financial instruments and risk exposure information - refer note 30.

23. Employee benefits	2013	2012
<i>Current employee benefits</i>	\$'000	\$'000
Annual leave	189	195
LSL ⁽¹⁾	136	97
Skills and experience retention leave	3	-
Total current employee benefits	<u>328</u>	<u>292</u>
<i>Non-current employee benefits</i>		
LSL ⁽¹⁾	387	277
Total non-current employee benefits	<u>387</u>	<u>277</u>
Total employee benefits	<u>715</u>	<u>569</u>

⁽¹⁾ Defence SA adopted the actuarial method of calculating LSL based on the DTF model for the first time in the 2012-13 financial year. This has resulted in an increase of \$106 000 in the value of accrued LSL relative to the amount that would have been accrued based on the previous method of calculation (refer note 2(m)).

24. Other liabilities	2013	2012
Current other liabilities:	\$'000	\$'000
Lease incentive	21	21
Total current other liabilities	<u>21</u>	<u>21</u>
Non-current other liabilities:		
Lease incentive	41	62
Total non-current other liabilities	<u>41</u>	<u>62</u>
Total other liabilities	<u>62</u>	<u>83</u>

Lease liabilities are due to SA Government entities and are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

25. Unrecognised contractual commitments		
<i>Capital commitments</i>		
Capital expenditure contracted for, as at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:		
Within one year	-	2 103
Total capital commitments	<u>-</u>	<u>2 103</u>

Defence SA's capital commitments are to various contractors providing design and construction services for the CUF and Techport Australia.

Expenditure commitments - other

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

Within one year	2 097	2 418
Later than one year but not longer than five years	4 643	5 860
Later than five years	1 574	2 092
Total other commitments	<u>8 314</u>	<u>10 370</u>

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

Expenditure commitments - remuneration

Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:

Within one year	3 371	3 023
Later than one year but not longer than five years	3 357	3 921
Total remuneration commitments	<u>6 728</u>	<u>6 944</u>

Amounts disclosed include commitments arising from executive and other service contracts. Defence SA does not offer fixed-term employment contracts greater than five years.

26. Contingent assets and contingent liabilities	2013	2012
<i>Contingent liabilities to which a value can be assigned</i>	\$'000	\$'000
Contingent liabilities to which a value can be assigned	6 324	6 000
Total	<u>6 324</u>	<u>6 000</u>

Techport Australia Commercial Campus (Stage One)

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

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

AWD project - workforce assistance

The State's contractual commitments with the Commonwealth in support of the AWD project includes reimbursement of a portion of the shipbuilder's payroll tax liability under certain terms and conditions.

Techport Australia 66kV Powerline Undergrounding project

Defence SA engaged Electranet Pty Ltd to place underground, a section of 66kV powerlines along Mersey Road.

Subsequent to completion of the works, Electranet have issued a claim for additional unforeseen costs associated with the contract. Defence SA is disputing the claim.

Contingent liabilities to which no value can be assigned**AWD project - CUF**

The State has entered into an agreement with the Commonwealth for the construction of a CUF at Osborne to support ASC AWD Shipbuilder Pty Ltd in the construction of three AWDs for the Royal Australian Navy. The agreement indemnifies the Commonwealth from any third party losses or damages arising from a failure by the State to complete the CUF in accordance with the agreed design and schedule or meet the agreed performance criteria. The likelihood of non-performance is considered remote, and the State's exposure is capped at \$320 million.

27. Transferred functions

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2012 and the Administrative Arrangements (Transfer of Land to Urban Renewal Authority) Proclamation 2012 (both dated 1 March 2012), the property and asset management and program delivery functions of Defence SA were transferred to the Urban Renewal Authority effective from 1 March 2012 (refer note 2(d)).

The following assets and liabilities were transferred to the Urban Renewal Authority:

	\$'000
Property, plant and equipment and non-current assets held for sale	177 965
Total assets	<u>177 965</u>
Payables	17
Employee benefits	112
Total liabilities	<u>129</u>
Net assets transferred	<u>177 836</u>

Net assets transferred by Defence SA as a result of the administrative restructure were at the carrying amount after revaluation completed on 29 February 2012 (refer note 21). The net assets were treated as a distribution to the SA Government as owner.

28. Remuneration of Advisory Board and Committee members and related party disclosure

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

GEN P Cosgrove, AC, MC (Chair)	ACM A Houston, AC, AFC
Hon J Weatherill, MP*	(appointed 15 October 2012)
Hon J Snelling, MP*	P Johnson, MBE
Dr I Chessell	B Laughton
VADM R Crane, AO, CSM, RANR	LTGEN P Leahy, AC
AIRMSHL L Fisher, AO (resigned 31 August 2012)	RADM T Ruting, AM, CSC, RANR
A Fletcher**	Dr J White

28. Remuneration of Advisory Board and Committee members and related party disclosure (continued)

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

C McSporran** (independent member/chair)	B Laughton (independent member)
R Barnett**	P Robertson (independent member)
A Blaskett** (independent member)	

The number of members whose remuneration received or receivable falls within the following bands is:	2013 Number	2012 Number
\$0 - \$9 999	2	1
\$20 000 - \$29 999	1	-
\$30 000 - \$39 999	7	8
\$70 000 - \$79 999	1	1
Total	11	10

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any FBT paid or payable in respect of those benefits. Total remuneration received or receivable, by board and committee members was \$362 000 (\$332 000), plus Defence SA compulsory superannuation contributions of \$33 000 (\$30 000). Other Advisory Board expenses were \$168 000 (\$135 000).

* The Hon J Weatherill, MP and the Hon J Snelling, MP did not receive any remuneration for board duties during the period.

** Pursuant to DPC Circular 16, government employees did not receive any remuneration for board/committee duties during the financial year.

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

P Johnson, MBE is a board member of Maritime Australia Ltd. Defence SA will participate in the Pacific International Maritime Exposition in October 2013 which is an event managed by Maritime Australia Ltd.

29. Cash flow reconciliation

Reconciliation of cash at 30 June:	Note	2013 \$'000	2012 \$'000
Cash disclosed in the Statement of Financial Position		26 068	14 333
Balance as per the Statement of Cash Flows		26 068	14 333
Reconciliation of net cash provided by (used in) operating activities to net cost of providing of services:			
Net cash provided by (used in) operating activities		15 279	184 291
Revenues from SA Government	17	(21 842)	(21 156)
Revenues from Urban Renewal Authority associated with the transfer of assets	17	-	(184 668)
Payments to SA Government	17	-	13 760
Non-cash items:			
Depreciation and amortisation expense of non-current assets	7	(7 241)	(7 803)
Gain on sale of non-current assets	13	-	56
Non-current assets accrual in payables		(101)	(2 146)
Other expenses - transfer from capital works in progress	9	-	(222)
Net liabilities transferred to Urban Renewal Authority	27	-	(129)
Revaluation decrement expensed		-	(5 383)
Movements in assets/liabilities:			
Receivables	19	(1 877)	1 141
Payables	22	1 040	1 726
Employee benefits	23	(146)	56
Other liabilities	24	21	21
Net cost of providing services		(14 867)	(20 456)

30. Financial instruments/Financial risk management***Categorisation of financial instruments***

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2.

Category of financial assets and financial liabilities

		2013	2012
		Carrying amount	Carrying amount
		\$'000	\$'000
Financial assets	Note		
Cash	18,29	26 068	14 333
Receivables (at cost) ⁽¹⁾⁽²⁾	19	286	2 160
Financial liabilities			
Payables (at cost) ⁽¹⁾	22	1 291	2 367

(1) Receivable and payable amounts disclosed here exclude amounts relating to GST receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax etc they would be excluded from the disclosure. The standard defines contracts as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 19 in accordance with paragraph 78(b) of AASB 101. Prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Fair value

Defence SA does not recognise any financial assets or financial liabilities at fair value (refer notes 2, 18, 19, 22, 24 and 29).

Credit risk

Credit risk arises when there is the possibility of Defence SA's debtors defaulting on their contractual obligations resulting in financial loss to Defence SA. Defence SA measures credit risk on a fair value basis and monitors risk on a regular basis.

Defence SA has minimal concentration of credit risk. Defence SA has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. Defence SA does not engage in hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 19 for information on the allowance for the impairment in relation to receivables.

The carrying amount of financial assets as detailed in the above table represents Defence SA's maximum exposure to credit risk.

Ageing analysis of financial assets past due including impaired assets

The following table discloses the ageing of financial assets, past due, including impaired assets past due:

	Past due by			Total \$'000
	Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	
2013				
Not impaired:				
Receivables*	29	15	5	49
Impaired:				
Receivables*	-	-	12	12
2012				
Not impaired:				
Receivables*	88	-	2	90
Impaired:				
Receivables*	-	-	12	12

* Amount of receivables disclosed here excludes statutory receivables (amounts owing from/to SA Government and GST input tax credit payable and recoverable). They are carried at cost.

Maturity analysis of financial assets and liabilities

All Defence SA financial assets and liabilities mature within one year.

Liquidity risk

Defence SA is funded principally from appropriations by the SA Government. Defence SA works with DTF to determine the cash flows associated with its government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The continued existence of Defence SA is dependent on State Government policy and on continuing appropriations by Parliament for the administration and programs of Defence SA. Defence SA settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made within 30 days of resolution.

The exposure of Defence SA to liquidity risk is insignificant based on past experience and current assessment of risk.

Market risk

Defence SA has no material interest bearing assets or liabilities. There is no exposure to foreign currency or other price risks as all significant contracts are in Australian dollars.

Sensitivity analysis disclosure

A sensitivity analysis has not been undertaken for interest rate risk given the immaterial exposure.

31. Events after the reporting period

The are no reportable events after the reporting period.

Department for Education and Child Development

Functional responsibility

Establishment

The Department for Education and Child Development (the Department) is an administrative unit established pursuant to the PSA, and is responsible to the Minister for Education and Child Development.

Functions

The Department's main functions are to:

- oversee early childhood care and services for South Australian families
- provide services that benefit children and families
- lead and manage South Australia's education system.

The Department also administers certain activities on behalf of the Minister for Education and Child Development. The principal administered activity is the payment of the State and Commonwealth Government contributions to non-government schools. For more information about the Department's functions refer note 1 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

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

Assessment of controls

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

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

Scope of audit

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

During 2012-13 specific areas of audit attention included:

- revenue
- accounts payable
- maintenance of school buildings

- capital works
- payroll
- grants to non-government schools
- Families SA carer, alternative care and care and protection grant expenditure

An understanding of internal audit activities has been obtained in order to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures. Use has been made of the work performed by internal audit in the following areas:

- the audit of school enrolment data used to determine the amount of funding provided to each government school
- the audit of government schools performed by contractors appointed, managed and monitored by the Department's internal auditor.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Department for Education and Child Development as at 30 June 2013, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Department for Education and Child Development 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 CHRIS payroll, Valeo payroll, accounts payable, school maintenance, Families SA expenditure and general ledger processing as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Department for Education and Child Development have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the officers responsible for the governance of the Department. The main matters raised with the Department and the related responses are detailed below.

In addition, matters relating to SSSA as a service provider to the Department are described below.

Revenue

Recharge for Teaching Practicum program

The Department pays teachers an allowance for supervising university students undertaking the Teaching Practicum program and seeks to recover the cost of the allowances and related on-costs from universities. Audit have previously reported that no formal agreements between the Department and the universities were in place documenting the terms and conditions of this arrangement.

The allowance arises from the Teachers (DECS) Award. An increase in the allowance was granted by the Industrial Relations Commission of South Australia in March 2006. The universities disputed the increase on the basis that they were not involved in the enterprise bargaining proceedings before the Industrial Relations Commission of South Australia.

The 2009-10 audit noted the Department was negotiating with the universities to establish formal arrangements and settle outstanding amounts. A draft agreement was prepared in 2008 covering the period 1 January 2009 to 31 December 2011, but was not executed.

In 2010-11 Audit noted agreements covering the period 1 April 2011 to 31 December 2013 were prepared in June 2011 but were not executed.

Last year Audit noted that the agreement with University of South Australia was executed on 12 September 2011 but agreements with the University of Adelaide and The Flinders University of South Australia were not executed.

In response, the Department advised it would continue to work with the universities to finalise the matter.

The 2012-13 audit noted:

- agreements with the University of Adelaide and The Flinders University of South Australia were not executed
- the Department was pursuing a strategy where schools will enter into agreements directly with the universities for supervision of student teachers undertaking the Teaching Practicum program and that this would apply from the 2014 school year.

Audit requested an overview of the new strategy and matters considered by the Department in forming the strategy, including the administrative efficiency of the proposal, the legal capacity of schools to enter agreements with the universities and arrangements for ensuring amounts charged by schools recover the actual cost of supervising the student teachers.

In response the Department advised it is developing a professional experience policy that describes the scope and responsibilities of school principals and preschool directors when they engage with the universities and other accredited initial teacher education providers.

The proposed policy is consistent with the Department's approach of empowering local schools to be able to make decisions about initiatives at the local level.

The policy requires schools and preschools to have an agreement (memorandum of understanding) with the tertiary provider and includes a fee schedule agreement that stipulates the schedule rate for departmental teachers who are supervising student teachers.

The policy will describe changes to the claims process by schools/preschools using an online claims tool currently being developed. The claim will trigger payment to claimants/teachers through payroll processing. The Department will recharge this payment to the school, which will then generate a tax compliant invoice to the tertiary provider.

The Department advised that at this stage it had yet to consult with Crown Law regarding the proposed arrangement and memorandum of understanding contained in the proposed policy.

Payroll

The payroll function for Families SA employees is conducted via the CHRIS HRMS system. The payroll function for all other Department staff is conducted via the Valeo payroll system.

CHRIS payroll

Appointment of employees

As a result of machinery of government changes Families SA employees were transferred from the Department for Communities and Social Inclusion (DCSI) to the Department on 1 January 2012.

Since January 2012 the Department's human resources management delegations manual for PSA employees has stated that only level 2 and 3 delegates have authority to engage non-executive employees on an ongoing, term or casual basis. For Families SA the level 2 delegate is the Head, Families SA and level 3 delegates are Families SA directors.

Audit review in 2012-13 identified instances where non-executive employee appointments were authorised by Families SA office managers.

Audit was advised by Families SA officers that this was consistent with human resource (HR) delegations prior to machinery of government changes.

Documentation evidencing the approval of continuation of these human resource delegations after 1 January 2012 could not be provided.

In response the Department advised the application of the Department's HR policies and procedures has been problematic. Most existing Department HR policies and procedures are geared towards education, having derived from the former Department of Education and Children's Services and therefore are not functional for Families SA. As a consequence Families SA has continued to largely apply the former Department for Families and Community Services/DCSI HR policies and procedures. Though a review of policies and procedures has commenced by the Department's corporate HR strategy and policy unit to enable a merging of the policies and procedures, it will be some time before this is completed.

Production and distribution of bona fide and leave reports

The bona fide and leave report verification and certification process is a key control over payroll processing.

Verification of bona fide reports (BFRs) provides assurance that only valid employees are paid and are paid in accordance with the terms of their appointment.

Verification of monthly leave reports (MLRs) provides:

- assurance all leave taken by employees has been deducted from their leave entitlement
- worksite managers with reliable leave information to support their approval of future leave applications.

While Families SA transferred to the Department on 1 January 2012, the Department and DCSI agreed that DCSI would continue to produce and distribute BFRs and MLRs relating to Families SA staff to 30 June 2012.

Audit was advised that from 1 July 2012 it was the Department's intention to implement online bona fide and leave certification systems, similar to those establish for employees on the Valeo payroll system.

Audit noted in July 2012 the Department requested DCSI to stop producing and distributing BFRs and MLRs, notwithstanding that the proposed online certifications systems were not implemented.

In January 2013 the Department requested DCSI to produce and distribute BFRs and MLRs covering the period July to December 2012 and to produce and distribute BFRs and MLRs up to June 2013.

However, Audit noted the BFRs and MLRs for March to June 2013 were not distributed by DCSI until July 2013.

The Department has arranged for DCSI to continue to produce and distribute BFRs and MLRs in 2013-14.

Audit recommended that the Department ensures that DCSI produces and distributes BFRs and MLRs on a timely basis.

In response the Department advised it continues to work with DCSI to ensure the timely delivery of BFRs and MLRs. DCSI has advised the Department that for a period of time system problems delayed the production and delivery of reports to Families SA. These problems have now been overcome and there should not be any future delays.

Outstanding BFRs and error correction

Families SA managers are required to review and certify the completeness and accuracy of BFRs and return the certified reports to DCSI within seven days. Managers record comments on the reports for errors detected.

Audit was advised DCSI is responsible for follow-up of outstanding BFRs and Families SA managers are responsible for advising SSSA of errors detected on BFRs.

The 2012-13 audit noted:

- DCSI had not regularly reported to DECD on outstanding BFRs
- there was no evidence of follow-up by DCSI or DECD of outstanding BFRs
- there was no process at DCSI or DECD to ensure errors noted on BFRs were reported by Families SA managers to SSSA for correction.

Audit recommended that the Department:

- request DCSI to report on the status of outstanding BFRs relating to 2012-13 and follow-up action taken
- implement a process to ensure errors noted on BFRs are reported by Families SA managers to SSSA for correction.

In response the Department advised the 2012-13 years was plagued by system and other delays which resulted in BFRs being sent irregularly. Arrangements will be made with DCSI for the regular reporting of outstanding BFRs. Similarly, a review of procedures at the operational level will be undertaken to ensure errors noted on BFRs are reported to SSSA.

Review of MLRs

Families SA managers are required to review and certify the completeness and accuracy of MLRs.

Managers are not required to submit certified MLRs to DCSI or the Department to evidence they have been reviewed, are correct or, where errors were identified, require correction or submission of a leave application.

Audit recommended the Department implement a process:

- for returning certified MLRs to a central location
- following up outstanding MLRs
- to ensure errors are corrected or a leave application submitted.

In response the Department advised system and other delays resulted in MLRs being sent irregularly. The Department currently does not have the ability to implement a process for returning certified leave reports to a central location but will raise this with DCSI.

Memorandum of administrative arrangement (MoAA)

The Department and DCSI agreed to an MoAA covering the six month period ending 30 June 2012. On 8 May 2013 a variation and extension to the MoAA was executed covering 2012-13. Similar arrangements will continue for 2013-14.

The only payroll services mentioned in the 2012-13 MoAA relate to bona fide and reporting services and these are not explained in detail.

Audit noted the MoAA did not cover:

- responsibility for following up outstanding BFRs and ensuring errors detected are submitted to SSSA for correction
- a number of DCSI systems (eg Kronos, Kiosk) which are used by the Department as part of the Families SA payroll function.

Audit recommended the Department ensures the 2013-14 MoAA:

- includes a detailed description of all payroll related services, roles and responsibilities
- incorporates a detailed description of arrangements regarding DCSI payroll related systems
- is executed in a timely manner.

In response the Department advised it will raise the issues identified by Audit in discussions with DCSI on the proposed 2013-14 MoAA.

Policies and procedures

The Department policies and procedures regarding certification of bona fide and leave reports address online certification for school and corporate sites and manual certification for preschools.

As Families SA does not have access to the Department's online certification systems, these policies and procedures do not cover Families SA and Audit noted no policies and procedures relating to Families SA certification of BFRs and MLRs.

Audit recommended the Department prepare, approve and make available to staff, policies and procedures relating to Families SA certification of BFRs and MLRs.

In response the Department advised this matter will be addressed by the Department's corporate HR strategy and policy unit's review of existing HR policies and procedures previously mentioned.

SSSA processes payroll transactions specific to the CHRIS HRMS system on behalf of the Department in accordance with a service level determination with SSSA.

The audit of payroll transactions considered the payroll process and control environments of SSSA and the external bureau provider of the CHRIS HRMS payroll service to SSSA.

Review of the process and control environments in previous years has identified SSSA key control weaknesses covering segregation of duties and user access and certain security limitations of the CHRIS 5 application provided by the bureau service.

As SSSA implemented significant remediation action during the year, it was not effective throughout the entire year. As such the process and control environment could not be considered robust and effective for the 2012-13 financial year. Also the planned migration of payroll processing from CHRIS 5 to CHRIS 21, which would address security limitations, is yet to occur.

This matter is further discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report.

Valeo payroll

Authenticating input forms

In prior years Audit identified that pay clerks did not ensure that payroll input forms were approved by an officer with delegated authority and recommended that the Department:

- establish controls to authenticate the identity of officers approving changes to employees' payroll and leave files
- consider implementing electronic forms and approvals.

Review of controls in place following the transition to SSSA concluded that pay clerks continue to process payroll input forms without authenticating the identity of the officer approving changes to employee payroll and leave files.

While the implementation of the Vacancy, Separation and Placement system in 2008-09 has partly addressed concerns over the validity of new appointments, higher duties and increases in time worked, SSSA pay clerks continue to process claims, allowances and leave applications without checking approval.

In prior years Audit noted the Department was developing a web based portal system to provide a facility for online submission of leave, claim and allowance applications and electronic authorisation by a site manager.

In 2012-13 Audit noted:

- almost 99% of temporary relief teacher claims submitted by schools and preschools are processed via the online temporary relief teacher claims lodgement system
- online systems for processing hourly paid instructor and early childhood worker claims are being developed and are planned to be implemented at the start of Term 2, 2013

- expansion of the employment information kiosk (EIK) to remaining Department staff has been placed on hold due to higher priorities placed on the Department by the Office of the Chief Information Officer. Expansion of the EIK is planned to be implemented at the start of 2014
- the specifications for the system for the management of leave applications has been documented but development of the online leave submission system has been placed on hold pending discussions with SSSA including the possibility of joint funding of the system.

Audit recommended the Department continue to develop and implement new systems to support the online submission and authorisation of payroll input forms.

In response the Department advised in 2013-14 it will continue to develop and implement new systems, including expansion of the EIK to all remaining staff, online leave applications, online change in time and online claim payment transactions.

Outstanding BFRs

Department site managers are required to review and certify the completeness and accuracy of fortnightly BFRs via the online Bona Fide Certificate (BFC) system. This certification provides the Department with assurance that only valid employees are paid and that employees are paid in accordance with the terms of their appointment.

The BFC system provides automated escalation reminders for all site managers and nominated site administration staff each month regarding their responsibilities to certify leave within their sites. In addition, quarterly reports are provided to the Executive Director, School and Preschool Improvement for follow-up of outstanding BFCs with regional directors, school principals and preschool directors.

In 2011-12 Audit noted 11% of BFCs due in 2011-12 were outstanding in early July 2012.

In 2012-13 Audit noted 4% of BFCs due in 2012-13 were outstanding in late March 2013.

While there was a significant improvement in certification rates compared to last year Audit concluded that the statistics supported a view that it was appropriate for the Department to supplement the automated reminders generated by the system with focused follow-up of non-compliance.

In response the Department advised it is committed to ensuring that all BFCs are checked and certified in a timely manner.

Outstanding MLRs

Worksite managers are required to review and certify the completeness and accuracy of MLRs via the online MLR system.

This certification provides:

- the Department with assurance that all leave taken by employees has been deducted from their leave entitlement
- site managers with reliable leave information to support their approval of future leave applications.

The MLR system provides automated escalation reminders for all site managers and nominated site administration staff each month regarding their responsibilities to certify leave taken for their site. Quarterly reports are provided to the Executive Director, School and Preschool Improvement for follow-up of outstanding MLRs with site managers.

In 2011-12 Audit noted 12% of MLRs due in 2011-12 in early July 2012 were outstanding.

The 2012-13 audit noted 9% of MLRs due in 2012-13 in late March 2013 were outstanding.

While there was an improvement in certification rates compared to last year, Audit concluded the statistics supported a view that it was appropriate for the Department to supplement the automated reminders generated by the system with focused follow-up of noncompliance.

In response the Department advised it is committed to ensuring that all MLRs are checked and certified in a timely manner.

Salary overpayments

Recovery of salary overpayments is a shared responsibility between the Department and SSSA. This is reflected in the HR Service - Payroll/HRMS service summary and the accompanying operating level responsibilities.

Audit noted the balance of unrecovered salary overpayments recorded on the Valeo Recover Debts Report as at March 2013 was \$2.5 million, an increase of \$1.21 million (93%) since June 2012. Analysis of the report provided the following break up of unrecovered salary overpayments for the last four years:

Year to	Unrecovered salary overpayments		Total \$'000	Increase \$'000
	Bal managed by the Dept \$'000	Bal managed by SSSA \$'000		
June 2010	215	632	847	49
June 2011	284	742	1 026	179
June 2012	362	932	1 294	268
March 2013	352	2 152	2 504	1 210

The analysis showed that the increase in salary overpayments was mainly in debts managed by SSSA.

Audit review of the Valeo Recover Debts report for debts managed by SSSA as at March 2013 revealed many instances where:

- no recovery action had taken place, other than in respect of PAYG tax
- recovery action taken was not timely
- SSSA was not referring salary overpayments to the Department for recovery where SSSA’s recovery action was unsuccessful.

Audit recommended:

- SSSA take urgent action to recover old outstanding salary overpayments or refer them to the Department recoveries team for escalation
- SSSA ensure action taken to recover salary overpayments is in accordance with the SSSA recovery of payroll overpayments procedure and the ‘HR Service - Payroll/HRMS’ service summary
- SSSA work with the Department to investigate and address the cause of salary overpayments.

In response SSSA advised work is underway to resolve outstanding overpayments and to ensure that operational practices are in place to prevent a recurrence of the issues identified. Overpayments can occur in a number of circumstances that are not within SSSA's control, such as changes being made to the payroll system, the receipt of paperwork post the agreed cut-off times and the receipt of incorrect paperwork. The overpayments team is working closely with the Department's recoveries team to ensure that all escalations for recovery are being expedited per the agreed timeframes to ensure that action can be taken by the Department to reduce the volume of overpayments.

The Department advised it will continue to work with SSSA regarding this matter.

Shared Services SA – Valeo payroll control environment

SSSA processes payroll transactions specific to the Valeo payroll system on behalf of the Department in accordance with a service level determination with SSSA.

The audit of payroll transactions considered the payroll process and control environment operated by SSSA.

Review of the process and control environment in previous years has identified key control weaknesses for segregation of duties and user access.

As SSSA implemented significant remediation action during the year, it was not effective throughout the entire year. As such the process and control environment could not be considered robust and satisfactory for 2012-13 financial year.

This matter is further discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report.

Accounts payable

The audit of the overall control environment for processing accounts payable transactions included consideration of controls implemented by SSSA and the Department.

Review of Basware financial delegations

The Basware purchase management and invoice processing applications are functional components of the common e-Procurement system implemented by SSSA during 2010-11.

The Department forwards request forms to SSSA to create/update users and financial delegations in Basware and SSSA provide monthly and quarterly reports to the Department detailing all Basware users and all users with financial delegations. The reports enable the Department to check Basware users listed are valid and financial delegations are correct.

The 2012-13 audit noted the Department only reviewed Basware financial delegations for the February 2013 quarter. This review identified significant differences and the Department forwarded request forms to SSSA in April 2013 to update financial delegations in Basware.

In May 2013 SSSA forwarded reports of all current Basware users and all users with financial delegations. Audit identified that the Department had not reviewed:

- the updated listing to confirm all recorded delegations were current
- changes requested to confirm incorrect delegations had been corrected.

Audit review in June 2013 revealed instances where Basware financial delegations did not agree with the Department's financial authorisations register.

In response the Department advised a review of the Basware reports forwarded in May 2013 was delayed due to year end close off commitments. A review of the reports was finalised in July 2013 and the instances noted by Audit were also identified in the review. The Department advised in future, when quarterly reports are received from SSSA, a more timely review will be performed.

Creditor account payment performance

TI 11 prescribes the policy for creditor account payments, including the development of relevant policies and procedures and the preparation of monthly reports to the Minister on account payment performance.

The audit noted:

- the need to update policies to align with the revised TI 11 requirements
- monthly reports submitted to the Minister did not provide the information required by TI 11
- the December 2012 and March 2013 reports were not submitted to the Minister within the timeframe specified in TI 11.

In response the Department advised:

- the Department's accounts payable policy was amended in August 2013 to reflect TI 11 requirements
- from June 2013 all information required by TI 11 has been reported to the Minister
- monthly reports will be submitted to the Minister within the timeframe specified in TI 11.

Shared Services SA – accounts payable and electronic payment control environments

SSSA operates an accounts payable function which involves the processing of transactions on behalf of the Department under a service level determination. The function involves the e-Procurement system for ordering, receiving and invoice processing; Masterpiece payment transaction processing and vendor masterfile processing; EFT and cheque payment processing; and Masterpiece general ledger maintenance.

While SSSA continues to progress significant remedial measures to address prior years' key control weaknesses certain actions are still required before the control environments can be considered to be robust and effective.

This matter is further discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report.

School maintenance

Development and documentation of a service level agreement (SLA) with the Department of Planning, Transport and Infrastructure (DPTI)

DPTI provides the Department with facilities management services pursuant to an SLA between the former Department of Education, Training and Employment and the former Department for Administrative and Information Services. The SLA does not detail the specific tasks, roles and responsibilities of both the Department (including school sites) and DPTI.

In prior years the development and implementation of an updated SLA between the Department and DPTI was placed on hold due to the review of across government facilities management arrangements.

In 2012-13 the Department advised it was in negotiations with DPTI since February 2013 and an SLA was executed in August 2013.

Certification of school maintenance charges (metropolitan sites)

Breakdown maintenance on schools is performed by various trades under contract with DPTI's contracted facilities managers.

Contractor invoices are paid by DPTI's facilities manager, who recharges DPTI for this work. DPTI then recharges the Department for payments to contractors.

Details of completed maintenance work on metropolitan schools are recorded by the facilities manager on DPTI's Fixed Asset Management Information System (FAMIS) prior to payment.

The Department expects schools to review the recorded maintenance charges and, if appropriate, approve the validity of maintenance charges recorded on FAMIS. Site approval represents the facilities manager's authorisation to pay the contractor. Undisputed charges that are not approved within 30 days are automatically paid by the facilities manager.

The schools' review of information recorded in FAMIS provides the Department with assurance that it is only recharged for actual breakdown maintenance performed (including actual hours worked and materials used).

In previous years Audit noted the incidence of maintenance charges automatically paid by the facilities managers was high, despite the Department reminding schools of their responsibility to review and approve payments recorded in FAMIS.

The 2012-13 audit revealed maintenance charges automatically paid by the facilities managers remain high. Details over the last four audits are provided in the table below:

Year to	Maintenance charges reviewed and approved by schools		Maintenance charges automatically paid by facilities managers	
	\$'million	%	\$'million	%
30 June 2010	28.29	52	26.09	48
31 May 2011	23.56	51	23.77	49
30 June 2012	25.48	45	30.97	55
30 June 2013	17.17	44	21.88	56

The table shows an increasing trend in automatic payments in the last three years suggesting action taken by the Department has not achieved planned outcomes.

Audit noted that action taken by the Department during 2012-13 was limited to a term-by-term reminder to sites and verbal reminders during school cluster meetings of site finance officers and business managers.

In response the Department advised the contract conditions of the across government facilities management arrangements, including stringent key performance indicators, the engagement by DPTI of an independent accounting firm to review maintenance charges and ensure works are actioned in accordance with agreed rates, and the departmental activities to remind sites of their obligations support its view that the risk of work being undertaken and charges outside the agreed contract rates is minimal.

School warranty log registers

Schools are required to record warranty periods and expiry dates for purchased goods and services in a warranty log register. The registers are to be used as a quick reference before ordering maintenance work so that work can be performed under warranty if this is still current and at no cost. A template warranty log register is available on the Department's website for school use.

The 2012-13 audit of a sample of schools revealed that, consistent with the outcome of previous audits, schools did not maintain warranty log registers despite the Department's term-by-term reminders.

In response the Department advised it would continue term-by-term reminders to school sites to encourage maintenance of warranty log registers. Based upon feedback from facilities management providers, the Department considers the risk of work being undertaken and charged to sites during warranty periods is minimal.

Families SA expenditure

Carer payments

Annual carer review

The *Family and Community Services Act 1972* and the Department's 'Standards of Alternative Care in South Australia (DFC 2008)' require regular assessments of caregivers.

In prior years the audit found that Families SA had not reviewed registered caregivers within the timeframes required by legislation and departmental policy.

In response the Department advised in 2011-12 the carer assessment and registration unit (CARU) is currently undergoing process and procedure changes to ensure practice meets legislation and policy directives. As part of this change process a carer approval and registration manual is in development and nearing completion. The manual provides practice guides and procedures to all stakeholders regarding assessments and reviews and their associated timelines. Resources were assigned to concentrate on finalising all outstanding reviews and approximately 25 reviews are being completed per week.

The 2012-13 audit noted:

- the carer approval and registration manual was still in draft
- the manual requires carer reviews to be conducted on an annual basis in accordance with the Standards for Alternative Care in South Australia
- the annual review of 207 registered caregivers was past due as at 31 May 2013.

In response the Department advised:

- the current rollout of the Families SA practice approach, solution based casework (SBC), has delayed review and finalisation of the carer approval and registration manual pending identification of possible impacts of SBC on practice and process
- an assessment of resources to finalise outstanding reviews will be undertaken
- CARU will provide a monthly report to the Chief Executive on annual carer reviews.

General ledger reconciliation

In prior years Audit has noted there is no comprehensive reconciliation that ensures expenditure recorded in the carer subsidy payments module of the Justice Information System matches that recognised in the general ledger.

In September 2012 the Department advised from 1 July 2012 payments were made from the Connected Client Case Management System (C3MS) through automated feeds into Masterpiece and are subject to the controls associated with all payments, including restricted access. The C3MS automated feeds alleviate the need for manual journals, ensuring that the general ledger is updated at the time payments are made. In light of these changes, reconciliation processes will be reviewed.

The 2012-13 audit noted:

- reconciliations between C3MS and the general ledger are performed each pay run
- hard copies of reconciliations for the period July 2012 to December 2012 were not retained as evidence of work performed
- reconciliations for the period January 2013 to April 2013 were not signed by the preparing or checking officer as evidence of work and check performed
- a year to date reconciliation between C3MS and the general ledger was not performed.

A year to date reconciliation would identify non-pay run generated payments and adjustments posted to the general ledger.

In response the Department advised:

- a reconciliation as at December 2012 will be undertaken to ensure all payments are accounted for
- in addition to reconciliations after each pay run, a monthly reconciliation will be undertaken. Officers who prepare and review the reconciliation will sign and date the reconciliation
- as part of C3MS system development a more comprehensive system supported reconciliation process will be investigated and implemented.

Segregation of duties

In prior years Audit has noted Families SA did not effectively segregate responsibility for processing carer data and review and authorisation responsibilities.

In 2011-12 the Department advised the appointment of a senior business support officer in the placement services unit from 1 October 2012 would ensure appropriate segregation of duties.

Follow-up in 2012-13 revealed that while an appointment of a senior business support officer was made in the placement services unit, responsibility for processing carer data and review and authorisation responsibilities were not effectively segregated.

In response the Department advised at the beginning of the 2012-13 financial year it was necessary, due to continuing C3MS system development, to allow staff to have multiple accesses in order to ensure carers received payments in a timely manner. Staff arrangements and appointments have now been approved to allow segregation of functions and these arrangements will be implemented by October 2013.

In 2011-12 the DCSI internal audit unit reviewed C3MS. Matters raised included:

- not performing periodic C3MS user access reviews
- there were a significant number of terminated employees who still had system access.

DCSI internal audit forwarded the review report to the Department's audit and risk unit for their information and follow-up of action taken to address matters raised in the report.

The 2012-13 audit noted:

- a review of user access in C3MS had not been performed
- many instances where changes to location and position for employees working at the CARU, placement services unit, carer payments team and the kinship assessment team were not updated in C3MS
- an instance where a former CARU employee still had access to C3MS.

In response the Department advised automatic end date deactivations will be implemented and periodic reviews of C3MS users will be scheduled on a regular basis.

Authorisation of carer payments

Audit review of carer payments revealed eight instances where approval of payments was not consistent with the Department's financial delegations.

In response the Department noted the instances were not appropriately approved and advised revised delegations were issued effective June 2013.

Certification of carer payment BFRs

At the end of each pay run BFRs, recording child placement and carer payment details, are forwarded to the child's primary allocated case worker.

Case workers are required to review and certify the completeness and accuracy of the BFRs and, where errors are detected insert notes on the reports. The reports are then forwarded to the Families SA office business manager who also must review and certify the reports. Certified reports are then forwarded to the carer payments team of the placement services unit, which reviews the reports and follows up errors.

On a monthly basis the carer payments team generates the bona fide control report, which provides details of outstanding BFRs. The report is forwarded to the Principal Management Accountant, Families SA who follows up outstanding reports with the relevant Families SA office business manager.

The bona fide control report run in mid-June 2013 indicated BFRs for carer payments totalling \$4.18 million, were uncertified by Families SA offices for the period July 2012 to June 2013. One Families SA Office had uncertified carer payments totalling \$1.5 million.

Audit recommended the Department:

- follow-up the outstanding BFRs with relevant Families SA offices.
- investigate why some Families SA offices are not certifying the BFRs timely.

In response the Department advised investigation of outstanding BFRs identified:

- a C3MS system error resulted in the forwarding of BFRs to staff no longer employed by Families SA. This system error will be addressed
- employees had moved to another office and outstanding BFRs were not escalated to the appropriate supervisor.

In addition, tighter controls will be implemented to ensure carer BFRs are certified in a timely manner. Families SA senior management will be notified of non-compliance for follow-up.

Alternative care

Validity check of payments

Families SA engages contractors to provide care to children who are in emergency accommodation and receives fortnightly invoices and carers' sheets from the contractors detailing hours worked.

Families SA relies on:

- supervisors of case workers confirming services reflected on contractor invoices were provided by the contractor
- district office business managers confirming invoice rates to the agreed price schedule.

The 2011-12 audit of contractor payments and discussion with checking officers found the extent of review varies across district offices, including instances where:

- payment request coversheets were signed by case workers and their supervisors to confirm services were received but there was no evidence case workers and their supervisors had checked invoices and supporting documents
- there was no evidence invoices rates were checked to the price schedule.

In response the Department advised instructions will be reissued to all relevant staff reinforcing the need to thoroughly check all emergency care payments.

In 2012-13 the audit of contractor payments and discussions with responsible officers found the extent of review of emergency care payments continued to vary across Families SA offices and Audit again noted similar instances as last year.

In response the Department advised:

- instructions will be reissued to all staff reinforcing the need to thoroughly check all emergency care payments
- the payment coversheet will be amended to include a statement for certifying services invoiced were provided and rates charged were agreed to the price schedule.

Execution of service agreements for provision of commercial care services

Families SA has 19 residential care properties. To adequately staff these properties, Families SA has engaged commercial care service providers. In July 2010, the former Department for Families and Communities approved the engagement of three commercial care providers.

Only the following agreements were executed with one provider, notably for:

- Tregenza from 1 July 2010 to 31 January 2011
- Koolena from 23 August 2010 to 31 January 2011.

No other service agreements were executed after this time, despite a further 17 properties progressively being staffed by commercial care service providers.

The Tregenza and Koolena service agreements were not extended although commercial care providers continued to provide services at these sites.

In September 2012 the Minister approved expenditure of \$9.1 million to extend and formalise arrangements with two providers for provision of commercial care services for a 12 month term from 1 October 2012 to 30 September 2013.

Audit noted agreements between Families SA and the commercial care service providers were yet to be executed as at 21 August 2013.

In response the Department advised:

- agreements have been executed with two service providers and it is expected that an agreement with a third provider will be executed in September 2013
- early reviews of all agreements have been introduced to ensure agreements are executed before the service period begins.

Approval of price variations

The Department's financial delegations state that if a contract variation needs to be actioned the delegate must have necessary authority to approve the total contract value, including the proposed variation.

Schedule 2, Item 1 of the deed of agreement between Families SA and a commercial care provider states the prices may be varied by written request and negotiated in line with the Social, Community, Home Care and Disability Services Industry Award 2010 and that provider's staff are paid in accordance with the Award.

Audit review of emergency care invoices revealed instances where invoice rates were not consistent with the agreed price schedule. Audit found the provider's invoicing was based on Social, Community, Home Care and Disability Services Industry Award 2010 rate increases after execution of the deed of agreement.

Audit noted that the provider submitted requests in writing for price variations to the deed of agreement for the above increases, which were yet to be approved.

In response the Department advised price variations have now been approved.

Care and protection grant payments

Payments made prior to execution of agreements

The majority of agreements with non-government organisations (NGOs) that provide care and protection services expired on 30 June 2012.

The Minister was advised in late June 2012 that new agreements would not be in place by 1 July 2012. To ensure the continuity of services the Minister approved emergency payments totalling \$12.6 million to 14 NGOs. Payments were made in July 2012.

In mid-September 2012 the Minister was informed purchase recommendations for the services were approved by the Department's accredited purchasing unit on 27 August 2012 and agreements effective 1 July 2012 were being distributed to NGOs for execution. In the event that not all agreements were executed by 30 September 2012, the Minister approved emergency payments totalling \$12.1 million to 12 NGOs. Payments were made in October 2012.

Audit noted the majority of agreements were not executed until December 2012.

The matter of care and protection service agreements not being executed prior to grant payment has been reported by Audit in prior years.

In response the Department advised a clearer understanding of departmental protocols and the introduction of early reviews of all agreements will ensure this does not reoccur.

Payments incorrectly authorised

Care and protection grants are generally paid in bulk to NGOs on a quarterly basis, ie July, October, January and April. In 2012-13 grant payments totalled \$60.9 million.

Audit noted the January and April 2013 bulk payments totalling \$37.1 million were not approved by an officer with sufficient financial delegation.

In response the Department advised action has been taken to ensure officers comply with the Department's financial delegations.

Documentation supporting payment variations

As previously stated, the Minister approved payments to NGOs for the 1st and 2nd quarters in 2012-13 after advice that service agreements would not be executed at the time of payment.

Audit review of grant payments revealed instances where amounts paid did not agree with amounts approved by the Minister. Payment documentation did not contain approval for variations to the Ministerial approved amount.

It was noted that the amounts paid were consistent with agreements executed after the payments were made.

In response the Department advised an estimation was used when seeking the Minister's approval of 1st and 2nd quarter payments, as service agreements were still being negotiated at the time. Responsible officers have been instructed that, in future, payments need to be in line with Ministerial approval.

Information and communications technology and control

During 2011-12 administrative responsibility for Families SA was transferred from DCSI to the Department. The transfer also involved administrative responsibility for the significant child case management system known as C3MS.

At the time of the transfer a C3MS post-completion (project closure) report identified outstanding (ongoing) matters to be considered and addressed for the system. Certain changes to the system have been implemented (including in July 2013) with other changes identified for the end of 2013.

Audit plans to review some aspects of the changes to the system environment and operations in 2013-14.

General ledger processing

Operating bank account reconciliations

For a number of years Audit has noted SSSA's monthly reconciliation of the Department's operating bank account to the general ledger included reconciling items dating back to July 2004 and recommended SSSA, together with the Department, investigate and resolve these items.

Last year Audit noted that the June 2012 operating bank account reconciliation included:

- 52 reconciling items greater than one month old, with some dating back to February 2011
- outstanding cheques totalling around \$92 000, of which 99% were drawn between May 2002 and June 2005.

The 2012-13 audit noted that the April 2013 operating bank account reconciliation included:

- 69 reconciling items greater than one month old, with some dating back to March 2011
- outstanding cheques totalling around \$91 000, of which 90% were drawn between May 2002 and June 2006.

In response SSSA advised the recently formed DECD Reconciliation Group, supported by and in consultation with Department staff, had substantially resolved the aged items identified by Audit. In addition, a complete review of unclaimed monies, unclaimed salaries and unrepresented cheques process was performed resulting in the adoption of new policies and procedures for the management of those accounts. Each of the accounts forms an integral part of the transactional activity of the operating bank account. Implementation of these policies and procedures is expected to lead to improvements over the coming months.

The Department advised the ongoing reconciliation issue is being discussed with SSSA on a fortnightly basis. It is anticipated the change in the Department's banking provider in September 2013 and the introduction of BPAY and B-Point (credit card) functionality will ensure the number of reconciling items is reduced in the future. The reconciliation will be monitored by the Department's financial accounting and compliance unit on a monthly basis and issues will be escalated with SSSA management where required for timely resolution.

Manual cheque account reconciliation

For a number of years Audit has noted SSSA's monthly reconciliation of the Department's manual cheque account reconciliations included reconciling items dating back to September 2004 and recommended SSSA accounting services, together with SSSA payroll services, investigate and resolve these items.

The 2012-13 audit noted that:

- reconciling items dated between September 2004 to June 2010 were cleared
- as at April 2013 the balance of the manual cheque account was about \$112 000 credit, which included 66 transactions dated between October 2010 and June 2012 and totalled about \$52 000 credit.

In response SSSA advised both SSSA and the Department have worked together over the last 18 months to clear a high percentage of the old outstanding items and work continues to resolve the remaining few old items.

Transport budget subsidiary system reconciliation

Bus driver payments are calculated in the transport budget subsidiary system and uploaded into the Masterpiece accounts payable system for disbursement to drivers. The Department reconciles the transport budget subsidiary system and general ledger each month.

Audit noted many instances where monthly reconciliations were not prepared in a timely manner in 2012-13.

In prior years, timely performance of reconciliations was monitored by the Department's financial accounting and compliance unit using a reconciliation register. Since January 2013, the reconciliation register was not maintained.

In response the Department advised the importance of preparing reconciliations on a timely basis has been reinforced with the transport services unit. Delays noted in the July 2012 to February 2013 period were due to staff turnover and since March 2013 the reconciliation has been prepared in a timely manner and forwarded to the financial accounting and compliance unit for review.

Unclaimed monies

Last year Audit noted the listing of unclaimed monies contained amounts that relate to departmental sites (eg schools, preschools and kindergartens) and other SA Government entities and concluded monies owed to departmental sites are internal debts which should not appear on an unclaimed monies listing.

In 2012-13 Audit noted the listing of unclaimed monies at April 2013 continued to record monies relating to departmental sites and other SA Government entities.

Audit recommended SSSA investigate and clear unclaimed monies relating to departmental sites and other SA Government agencies.

In response SSSA advised new policies and procedures for the management of the unclaimed monies account were implemented on 1 July 2013. SSSA will continue to work with the Department to resolve outstanding items in an efficient and timely manner.

Interpretation and analysis of the financial report

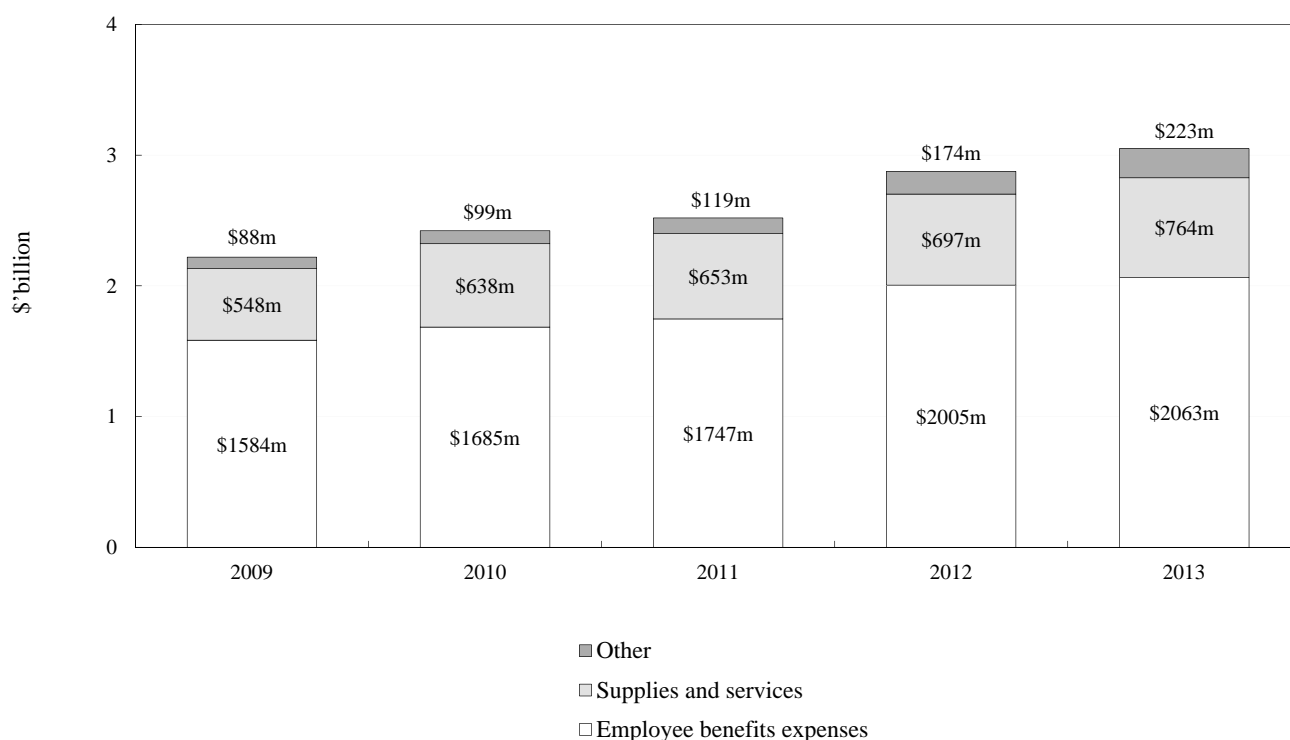
Highlights of the financial report (Consolidated)	2013 \$'million	2012 \$'million
Expenses		
Employee benefits expenses	2 063	2 005
Supplies and services	764	697
Other	223	174
Total expenses	3 050	2 876
Income		
Commonwealth revenues	158	159
Student and other fees and charges	143	135
Other	101	92
Total income	402	386
Net cost of providing services	2 648	2 490

	2013 \$'million	2012 \$'million
Revenues from (Payments to) SA Government		
Revenues from SA Government	2 665	2 479
Payments to SA Government	-	(29)
Net result	17	(40)
Other comprehensive income		
Changes in revaluation surplus	14	(1)
Total comprehensive result	31	(41)
Net cash provided by (used in) operating activities	158	140
Assets		
Current assets	816	783
Non-current assets	4 051	4 004
Total assets	4 867	4 787
Liabilities		
Current liabilities	394	344
Non-current liabilities	768	768
Total liabilities	1 162	1 112
Total equity	3 705	3 675

Statement of Comprehensive Income

Expenses

A structural analysis of the main expense items for the Department for the five years to 2013 is shown in the following chart.

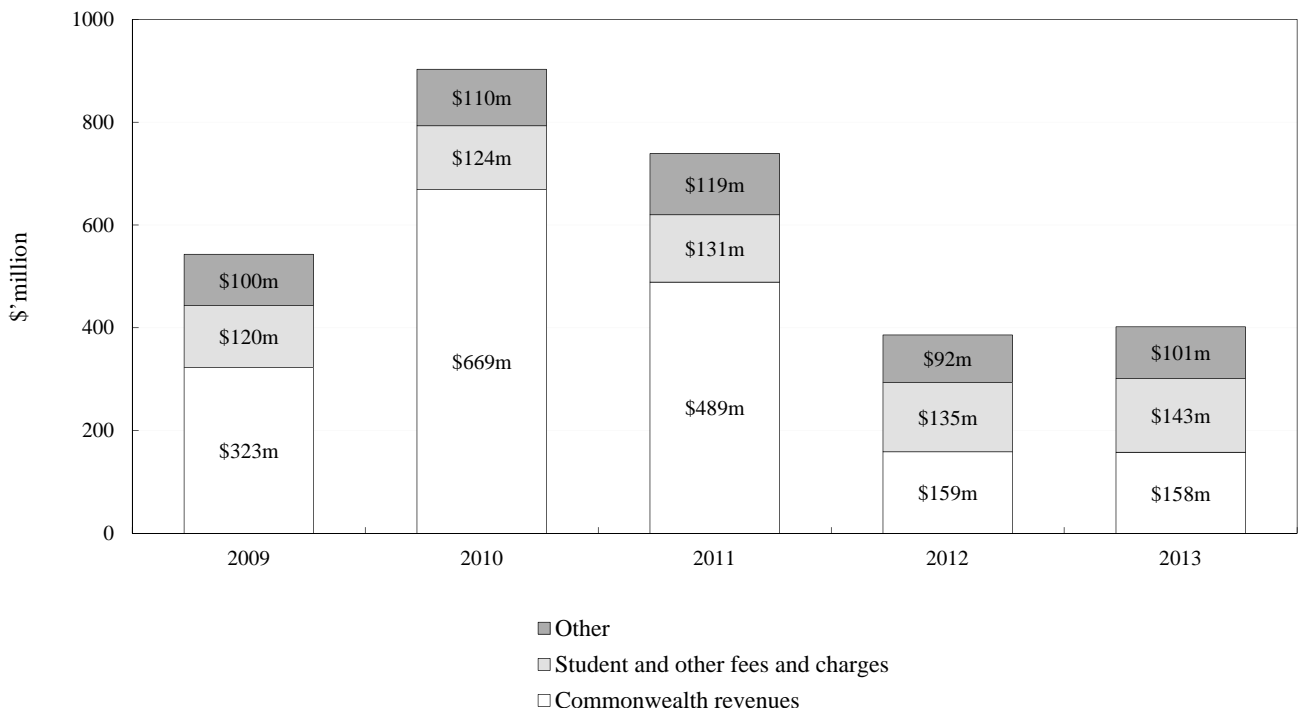


Total expenses increased by \$174 million (6%) to \$3.1 billion. This comprised:

- a \$58 million increase in employee benefits expenses reflecting:
 - the full year impact of the Families SA transfer (refer note 33 to the financial statements), enterprise bargaining increases during 2012-13 and full-time equivalent increases
 - \$89 million decrease in LSL expense due mainly to the changes in the methodology and actuarial assumptions used to value the LSL liability (refer note 27 to the financial statements).
- a \$67 million increase in supplies and services, resulting mainly from the full year impact of the Families SA transfer (refer note 33 to the financial statements) offset by \$22 million decrease in minor works, maintenance and equipment expenditure
- a \$49 million increase in other expenses comprising:
 - a \$38 million increase in grants and subsidies, resulting mainly from the full year impact of the Families SA transfer (refer note 33 to the financial statements)
 - a \$2 million increase in depreciation and amortisation expenses due mainly to the full year impact of the Families SA transfer (refer note 33 to the financial statements) and increases in buses, offset by the derecognition of buildings and improvements due to demolition
 - a \$9 million increase in other expenses due mainly to the 2011-12 write-down of the allowance for doubtful debts compared to a \$1.8 increase in 2012-13.

Income

A structural analysis of the main income items for the Department for the five years to 2013 is shown in the following chart.



The high levels of income in 2010 and 2011 reflect funding received from the Commonwealth under the Building the Education Revolution economic stimulus package.

Total income increased by \$16 million (4%) to \$402 million. This mainly comprised:

- an \$8 million (6%) increase in student and other fees due mainly to a \$4.1 million increase in student enrolment fees and charges and a \$4.3 million increase in other user fees and charges, offset by an \$845 000 decrease in canteen sales
- a \$9 million (10%) increase in other income due mainly to a \$2.9 million increase in other grants and contributions funding received and a \$5.7 million increase in other revenues.

Revenues from SA Government

Revenues from the SA Government increased by \$186 million (7%) to \$2.665 billion principally to fund Families SA operations for a full year (refer note 33 to the financial statements) and enterprise bargaining increases.

Statement of Financial Position

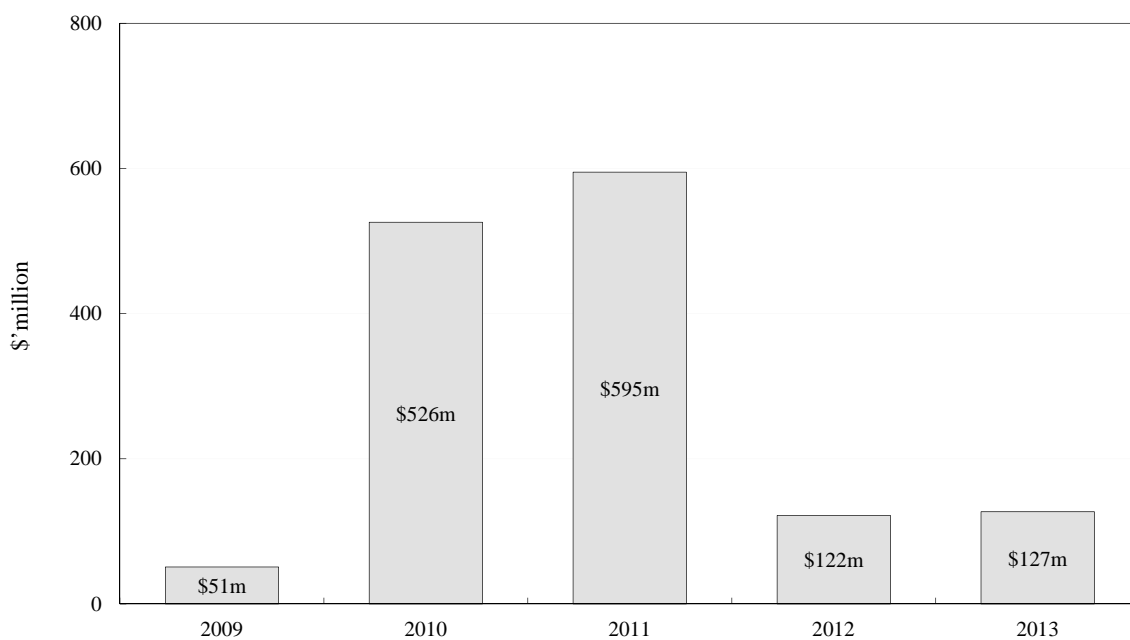
Cash and cash equivalents increased by \$40 million due mainly to a \$22 million increase in the Department’s deposits with the Treasurer and \$16 million increase in cash held by schools in SA School Investment Fund accounts.

Non-current assets increased by \$47 million to \$4.051 billion due mainly to:

- asset additions of \$133 million
- a \$14 million increment on revaluation of land and residential accommodation housing.

These increases are offset by annual depreciation and amortisation charges of \$103 million.

The following chart shows capital expenditure on land, buildings and construction works in progress (corporate department only) for the five years to 2013.



The high levels in 2010 and 2011 reflect capital expenditure funded by the Commonwealth Government's Building the Education Revolution economic stimulus package and the recognition in 2011 of buildings under finance lease of \$177 million.

The \$5 million increase in capital expenditure for 2013 is due mainly to a \$3 million increase in capital works in progress and \$2 million acquisition of land.

As at 30 June 2013 the employee benefits and related on-cost liability of \$723 million (\$707 million) comprised 62% (64%) of total liabilities. Borrowings of \$175 million (\$176 million) relating to obligations under the finance lease for the schools facilities Public Private Partnership (PPP) agreement comprise 15% (16%) of total liabilities. The liability of \$110 million (\$105 million) for unsettled workers compensation claims comprised a further 9% (9%) of total liabilities.

PPP schools contract arrangements

Notes 2(l), 2(o), 26, 29 and 31 to the financial statements provide asset, liability and commitment disclosures for the PPP schools contract arrangements entered into in July 2009. Audit has commenced an update review of the governance and contract management processes for this 30 year agreement.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2013.

	2013	2012	2011	2010
	\$'million	\$'million	\$'million	\$'million
Net cash flows				
Operating	158	140	563	588
Investing	(117)	(135)	(444)	(487)
Financing	(1)	-	-	-
Change in cash	40	5	119	101
Cash at 30 June	747	707	702	583

The analysis of cash flows shows that the Department's cash position has grown over the four years principally reflecting the increase in revenue from the State Government.

Administered items

The Department administers certain funds on behalf of the Minister for Education and Child Development. The funds are received from the Commonwealth and SA Governments and used mainly to pay:

- grants to non-government schools of \$882 million (\$859 million)
- subsidies of \$15 million (\$15 million) to the Public Transport Division of DPTI for student travel concessions on metropolitan and country transport services
- an operating grant to the SACE Board of South Australia of \$19 million (\$19 million).

Grants to non-government schools included \$168 million (\$162 million) in State grants. The grants were based principally on the average annual enrolment of the schools and the needs of the schools and their students.

Further commentary on operations

Staffing

As at 30 June 2013 the Department employed the following full-time equivalent employees (FTE) by category:

	2013 FTE	2012 FTE
Department		
<i>Education Act 1972</i>	14 118	14 055
Schools Services Officers Award	4 255	4 128
<i>Children's Services Act 1985</i>	1 174	1 147
PSA	2 787	2 773
Weekly paid	293	294
Other	284	279
Total	22 911	22 676
Administered activities		
PSA	14	10
<i>Education Act 1972</i>	4	4
Total	18	14

Student enrolments

The following table shows the gradual shift of enrolled FTE students from government schools to non-government schools. The chart includes full fee paying overseas students.

	2013 Number	2012 Number	2011 Number	2010 Number	2009 Number	2008 Number
FTE students in:						
Government schools	161 735	161 761	161 260	161 408	161 140	161 986
Non-government schools	94 108	93 338	92 430	91 435	89 114	88 618

**Statement of Comprehensive Income
for the year ended 30 June 2013**

	Note	Consolidated		DECD	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Expenses:					
Employee benefits expenses	5	2 063 341	2 005 488	2 037 831	1 977 468
Supplies and services	6	763 937	696 553	490 003	408 446
Grants and subsidies	7	87 464	49 111	270 215	253 965
Depreciation and amortisation expense	8	103 438	101 789	98 665	98 196
Borrowing costs	9	22 524	22 481	22 407	22 405
Other expenses	10	9 567	525	9 933	8 606
Total expenses		3 050 271	2 875 947	2 929 054	2 769 086
Income:					
Commonwealth revenues	11	157 666	159 059	157 666	159 059
Student and other fees and charges	12	143 380	135 212	24 868	20 503
Other grants and contributions	13	31 968	29 063	15 614	13 744
Interest revenues	14	13 731	12 925	8 497	9 552
Net gain from disposal of non-current assets	15	453	1 171	631	1 239
Other revenues	16	54 559	48 856	30 114	39 967
Total income		401 757	386 286	237 390	244 064
Net cost of providing services		2 648 514	2 489 661	2 691 664	2 525 022
Revenues from (Payments to) SA Government:					
Revenues from SA Government	17	2 655 348	2 479 243	2 655 348	2 479 243
Payments to SA Government	17	-	(29 519)	-	(29 519)
Net result		16 834	(39 937)	(26 316)	(75 298)
Other comprehensive income:					
Changes in revaluation surplus	23	13 650	(896)	13 650	(904)
Total comprehensive result		30 484	(40 833)	(12 666)	(76 202)

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

Statement of Financial Position as at 30 June 2013

	Note	Consolidated		DECD	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current assets:					
Cash and cash equivalents	18	747 370	707 435	366 666	344 195
Receivables	19	48 159	52 305	39 614	52 507
Inventories	20	5 002	4 751	135	150
Other financial assets	21	1 740	1 651	-	-
Other assets		-	41	-	-
		<u>802 271</u>	<u>766 183</u>	<u>406 415</u>	<u>396 852</u>
Non-current assets classified as held for sale	22	13 698	16 865	13 698	16 865
Total current assets		<u>815 969</u>	<u>783 048</u>	<u>420 113</u>	<u>413 717</u>
Non-current assets:					
Receivables	19	652	785	6 938	8 071
Other financial assets	21	118	35	-	-
Property, plant and equipment	23	4 024 353	3 974 632	3 997 156	3 956 111
Intangible assets	24	26 191	28 016	26 191	28 016
		<u>4 051 314</u>	<u>4 003 468</u>	<u>4 030 285</u>	<u>3 992 198</u>
Total non-current assets		<u>4 051 314</u>	<u>4 003 468</u>	<u>4 030 285</u>	<u>3 992 198</u>
Total assets		<u>4 867 283</u>	<u>4 786 516</u>	<u>4 450 398</u>	<u>4 405 915</u>
Current liabilities:					
Payables	25	132 313	91 125	136 163	91 887
Borrowings	26	1 234	1 118	1 163	1 039
Employee benefits	27	221 346	202 484	219 958	201 261
Provisions	28	19 090	19 547	19 124	19 673
Other liabilities	29	19 849	29 347	9 345	14 652
		<u>393 832</u>	<u>343 621</u>	<u>385 753</u>	<u>328 512</u>
Total current liabilities		<u>393 832</u>	<u>343 621</u>	<u>385 753</u>	<u>328 512</u>
Non-current liabilities:					
Payables	25	37 398	37 744	37 398	37 744
Borrowings	26	174 222	175 419	174 110	175 272
Employee benefits	27	438 188	443 268	435 573	440 796
Provisions	28	95 084	88 097	95 084	88 097
Other liabilities	29	23 457	23 749	22 686	23 034
		<u>768 349</u>	<u>768 277</u>	<u>764 851</u>	<u>764 943</u>
Total non-current liabilities		<u>768 349</u>	<u>768 277</u>	<u>764 851</u>	<u>764 943</u>
Total liabilities		<u>1 162 181</u>	<u>1 111 898</u>	<u>1 150 604</u>	<u>1 093 455</u>
Net assets		<u>3 705 102</u>	<u>3 674 618</u>	<u>3 299 794</u>	<u>3 312 460</u>
Equity:					
Retained earnings	30	2 198 613	2 167 984	1 793 492	1 806 013
Revaluation surplus	30	1 506 489	1 506 634	1 506 302	1 506 447
Total equity		<u>3 705 102</u>	<u>3 674 618</u>	<u>3 299 794</u>	<u>3 312 460</u>
Total equity is attributable to the SA Government as owner					
Unrecognised contractual commitments	31				
Contingent assets and liabilities	32				

Statement of Changes in Equity for the year ended 30 June 2013

		Consolidated		
		Revaluation surplus	Retained earnings	Total
		\$'000	\$'000	\$'000
	Note			
Balance at 30 June 2011		1 513 596	2 201 857	3 715 453
Net result for 2011-12		-	(39 937)	(39 937)
Changes on revaluation of property during 2011-12	23	(896)	-	(896)
Transfer revaluation surplus on disposal of property, plant and equipment		(6 066)	6 066	-
Total comprehensive result for 2011-12		(6 962)	(33 871)	(40 833)
Transactions with SA Government as owner:				
Net assets transferred on administrative restructure		-	(2)	(2)
Balance at 30 June 2012	30	1 506 634	2 167 984	3 674 618
Net result for 2012-13		-	16 834	16 834
Changes on revaluation of property during 2012-13	23	13 650	-	13 650
Transfer revaluation surplus on disposal of property, plant and equipment		(13 795)	13 795	-
Total comprehensive result for 2012-13		(145)	30 629	30 484
Balance at 30 June 2013	30	1 506 489	2 198 613	3 705 102
		DECD		
		Revaluation surplus	Retained earnings	Total
		\$'000	\$'000	\$'000
Balance at 30 June 2011		1 513 417	1 875 247	3 388 664
Net result for 2011-12		-	(75 298)	(75 298)
Changes on revaluation of property during 2011-12	23	(904)	-	(904)
Transfer revaluation surplus on disposal of property, plant and equipment		(6 066)	6 066	-
Total comprehensive result for 2011-12		(6 970)	(69 232)	(76 202)
Transactions with SA Government as owner:				
Net assets transferred on administrative restructure		-	(2)	(2)
Balance at 30 June 2012	30	1 506 447	1 806 013	3 312 460
Net result for 2012-13		-	(26 316)	(26 316)
Changes on revaluation of property during 2012-13	23	13 650	-	13 650
Transfer revaluation surplus on disposal of property, plant and equipment		(13 795)	13 795	-
Total comprehensive result for 2012-13		(145)	(12 521)	(12 666)
Balance at 30 June 2013	30	1 506 302	1 793 492	3 299 794

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

Statement of Cash Flows for the year ended 30 June 2013

	Note	Consolidated		DECD	
		2013 Inflows (Outflows) \$'000	2012 Inflows (Outflows) \$'000	2013 Inflows (Outflows) \$'000	2012 Inflows (Outflows) \$'000
Cash flows from operating activities:					
Cash outflows:					
Employee benefit payments		(2 046 012)	(1 904 240)	(2 017 751)	(1 881 097)
Payments for supplies and services		(859 502)	(793 099)	(552 350)	(461 742)
Payments of grants and subsidies		(83 692)	(51 881)	(266 443)	(253 094)
Interest paid		(21 075)	(21 149)	(20 958)	(18 375)
Other payments		(1 696)	(4 243)	(1 648)	(4 075)
Cash used in operations		(3 011 977)	(2 774 612)	(2 859 150)	(2 618 383)
Cash inflows:					
Receipts from Commonwealth		157 752	159 093	157 660	159 125
Student and other fees and charges		137 312	141 251	30 144	34 369
Other grants and contributions received		32 225	29 283	15 957	13 923
Interest received		21 184	13 085	15 969	10 009
GST recovered from the ATO		97 183	71 252	69 962	45 803
Other receipts		58 675	51 220	32 000	40 074
Cash generated from operations		504 331	465 184	321 692	303 303
Cash flows from SA Government:					
Receipts from SA Government		2 665 348	2 479 243	2 665 348	2 479 243
Payments to SA Government		-	(29 519)	-	(29 519)
Cash generated from SA Government		2 665 348	2 449 724	2 665 348	2 449 724
Net cash provided by (used in) operating activities	35	157 702	140 296	127 890	134 644
Cash flows from investing activities:					
Cash outflows:					
Purchase of property, plant and equipment		(125 418)	(144 017)	(113 748)	(150 834)
Purchase of investments		(172)	(649)	-	-
Loans advanced		-	-	-	(415)
Cash used in investing activities		(125 590)	(144 666)	(113 748)	(151 249)
Cash inflows:					
Proceeds from sale of property, plant and equipment		8 964	9 633	8 761	9 294
Proceeds from maturing term deposits		-	404	-	-
Receipt of loan repayments		-	1	666	1 574
Cash generated from investing activities		8 964	10 038	9 427	10 868
Net cash provided by (used in) investing activities		(116 626)	(134 628)	(104 321)	(140 381)
Cash flows from financing activities:					
Cash outflows:					
Repayment of finance leases		(1 039)	(888)	(1 039)	(887)
Repayments of borrowings		(102)	(48)	(59)	(46)
Cash used in financing activities		(1 141)	(936)	(1 098)	(933)
Cash inflows:					
Loans received		-	226	-	-
Proceeds from restructuring activities		-	301	-	301
Cash generated from financing activities		-	527	-	301
Net cash provided by (used in) financing activities		(1 141)	(409)	(1 098)	(632)
Net increase (decrease) in cash and cash equivalents		39 935	5 259	22 471	(6 369)
Cash and cash equivalents at 1 July		707 435	702 176	344 195	350 564
Cash and cash equivalents at 30 June	35	747 370	707 435	366 666	344 195

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2013

(Activities - refer note 4)	Consolidated							
	1		2		3		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Expenses:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefits expenses	151 677	145 208	1 779 670	1 790 530	131 994	69 750	2 063 341	2 005 488
Supplies and services	50 990	45 059	587 839	597 908	125 108	53 586	763 937	696 553
Grants and subsidies	10 301	6 253	14 123	11 285	63 040	31 573	87 464	49 111
Depreciation and amortisation expense	3 734	3 390	97 169	97 510	2 535	889	103 438	101 789
Borrowing costs	1 793	1 792	20 731	20 689	-	-	22 524	22 481
Other expenses	245	473	9 311	52	11	-	9 567	525
Total expenses	218 740	202 175	2 508 843	2 517 974	322 688	155 798	3 050 271	2 875 947
Income:								
Commonwealth revenues	76 062	57 985	80 408	100 199	1 196	875	157 666	159 059
Student and other fees and charges	3 005	2 553	140 258	132 608	117	51	143 380	135 212
Other grants and contributions	1 448	1 301	28 552	26 709	1 968	1 053	31 968	29 063
Interest revenues	419	457	13 309	12 468	3	-	13 731	12 925
Net gain from disposal of non-current assets	257	9	196	1 162	-	-	453	1 171
Other revenues	2 835	1 228	42 315	43 517	9 409	4 111	54 559	48 856
Total income	84 026	63 533	305 038	316 663	12 693	6 090	401 757	386 286
Net cost of providing services	134 714	138 642	2 203 805	2 201 311	309 995	149 708	2 648 514	2 489 661
Revenues from (Payments to)								
SA Government:								
Revenues from SA Government	132 713	143 467	2 219 725	2 186 981	312 910	148 795	2 665 348	2 479 243
Payments to SA Government	-	(1 817)	-	(27 702)	-	-	-	(29 519)
Net result	(2 001)	3 008	15 920	(42 032)	2 915	(913)	16 834	(39 937)

(Activities - refer note 4)	DECD							
	1		2		3		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Expenses:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefits expenses	151 677	145 208	1 754 160	1 762 510	131 994	69 750	2 037 831	1 977 468
Supplies and services	42 436	42 280	322 459	312 328	125 108	53 838	490 003	408 446
Grants and subsidies	18 504	16 597	188 671	205 795	63 040	31 573	270 215	253 965
Depreciation and amortisation expense	3 734	3 390	92 396	93 917	2 535	889	98 665	98 196
Borrowing costs	1 793	1 792	20 614	20 613	-	-	22 407	22 405
Other expenses	245	473	9 677	8 133	11	-	9 933	8 606
Total expenses	218 389	209 740	2 387 977	2 403 296	322 688	156 050	2 929 054	2 769 086
Income:								
Commonwealth revenues	76 062	57 985	80 408	100 199	1 196	875	157 666	159 059
Student and other fees and charges	3 005	2 553	21 746	17 899	117	51	24 868	20 503
Other grants and contributions	1 448	1 301	12 198	11 390	1 968	1 053	15 614	13 744
Interest revenues	419	457	8 075	9 095	3	-	8 497	9 552
Net gain from disposal of non-current assets	257	9	374	1 230	-	-	631	1 239
Other revenues	2 835	1 228	17 870	34 628	9 409	4 111	30 114	39 967
Total income	84 026	63 533	140 671	174 441	12 693	6 090	237 390	244 064
Net cost of providing services	134 363	146 207	2 247 306	2 228 855	309 995	149 960	2 691 664	2 525 022
Revenues from (Payments to)								
SA Government:								
Revenues from SA Government	132 713	143 467	2 219 725	2 186 981	312 910	148 795	2 665 348	2 479 243
Payments to SA Government	-	(1 817)	-	(27 702)	-	-	-	(29 519)
Net result	(1 650)	(4 557)	(27 581)	(69 576)	2 915	(1 165)	(26 316)	(75 298)

Notes to and forming part of the financial statements

1. Objectives of the Department for Education and Child Development (the Department)

Legislation

The Department operates within the:

- *Child Protection Act 1993*
- *Children's Services Act 1985* and Regulations
- *Commission of Inquiry (Children in State Care and Children on APY Lands) Act 2004*
- *Education Act 1972* and Education Regulations 1997
- *Family and Community Services Act 1972*
- *PSA and Public Sector (Honesty and Accountability) Act 1995*

Purpose

Children and young people are at the centre of everything we do. We will work together to ensure positive outcomes for all young South Australians.

The establishment of the Department provides South Australia with the opportunity to fundamentally reform the way that services are designed and delivered to children, young people and families across the State. By improving the way we work across disciplines with communities, we will strive for:

- all children and their life chances to be at the centre of policy making
- families and carers to access easily the range and intensity of services they need for the health, development, education and safety of their children
- communities to be engaged as partners to generate improved outcomes for children and young people so that they are given every chance to achieve their potential.

Our role

- To provide quality care and education so that every young person has the opportunity to be a successful learner, a confident and creative individual, and an active and informed citizen.
- To build the capacity of families to provide safe and nurturing environments for children and young people.
- To work closely with our partners in the community to ensure the wellbeing, safeguarding and healthy development of children and young people.

Our strategic intent

The Department continues to be guided in our work by the existing strategic planning and practice documents. The current interim strategic planning environment guides the way forward, with significant work under way to develop agency-wide planning and management frameworks focused on 2014-2018. We value all of our well established evidence-based practices, and through implementing the Brighter Futures program are developing innovative service design approaches. Together, this will lead us to strategic planning that is focused on the best outcomes for all young South Australians.

Key action areas

Strengthening families, safeguarding children

Establishing strong and resilient partnerships with families that support wellbeing and development of children and young people.

Working in and for communities

Engaging with communities in the co-production of services and programs that improve outcomes for children, young people and families.

Establishing a better service experience for all

Embedding a 'no wrong door' approach to service delivery that is proactive and tailored to the needs of children and young people.

Promoting and achieving high standards and outcomes

Empowering local schools and communities to work in connected ways on evidence based innovative practices.

Building an interdisciplinary departmental workforce

Developing a workforce that is diverse in its skills and child-centred in its approach, with the leadership capability and expertise to service families by giving them access to a wide range of health, education and family support services.

2. Summary of significant accounting policies

(a) *Statement of compliance*

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

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

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

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2013 (refer note 3).

(b) *Basis of preparation*

The preparation of the financial statements requires:

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

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013 and the comparative information presented.

(c) *Reporting entity*

The Department is a government department of the State of South Australia established pursuant to the PSA. The Department is an administrative unit acting on behalf of the Crown.

The financial statements and accompanying notes include all the controlled activities of the Department. Transactions and balances relating to administered resources are not recognised as departmental income, expense, assets and liabilities. As administered items are significant in relation to the Department's overall financial performance and position, they are disclosed in the administered financial statements at the back of the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

Transactions within DECD columns

The values in the DECD columns in the financial statements incorporate the activities of the corporate department.

Corporate department activities include transactions that relate to the operations of government controlled schools and preschools including:

- expenses such as salaries and wages, salary related on-costs and utilities expenses
- infrastructure assets including land, buildings and major improvements
- liabilities recorded in the corporate department's financial systems such as employee benefits.

Income earned and expenses incurred directly by government controlled schools and preschools which are accounted for locally in their general ledgers are excluded from the DECD column.

Transactions within Consolidated column

The values in the Consolidated columns in the financial statements incorporate the activities of the corporate department as discussed above and government controlled schools. All material transactions between the corporate department and government controlled schools have been eliminated as required by AASs.

Financial data was collected from government schools for the school year ended 31 December 2012 for the purpose of consolidating it with data from the corporate department. Where material, adjustments have been made to the Consolidated figures to take into account the effect of schools having a different reporting period to the corporate department.

Administered items

The Department is responsible for the administration of specific funds on behalf of the Minister for Education and Child Development. The Department does not have control over how these funds are to be spent and operates in the capacity as an agent responsible for the administration of the transfer process to third parties. The administered financial statements include the income, expenses, assets and liabilities of these funds.

The main administered funds are:

Minister for Education and Child Development

Funds are appropriated to the Minister for Education and Child Development and are disbursed at the discretion of the Minister. The principal payments are:

- the State Government contribution to the operation of the SACE Board of South Australia
- the State and Commonwealth Government contributions to the operation of the Education and Early Childhood Services Registration and Standards Board of South Australia
- payments to the Department of Planning, Transport and Infrastructure for the purposes of student travel
- the State Government contribution to the operation of non-government schools, organisations and services to students with disabilities
- the Commonwealth Government contribution to the operation of non-government schools, organisations and services to students with disabilities.

Minister's salary and allowances

The Minister's salary and allowances are funded by specific legislation and the Department has no control over this part of the annual appropriation.

Minister's borrowings

The Minister for Education and Child Development borrowed funds from DTF. These funds were loaned to the Department and schools to undertake capital works projects. The last of the loans provided were settled during 2008-09 and the final loan repayment of funds borrowed from DTF was made in June 2011. Residual revenue and expense amounts have been recognised for the 2011-12 financial year.

(d) Comparative information

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

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

(e) **Rounding**

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

(f) **Taxation**

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

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

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

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

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

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

(g) **Events after the end of the reporting period**

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

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

(h) **Income**

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

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

The following are specific recognition criteria:

Fees and charges

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

Contributions received

Contributions are recognised as an asset and income when the Department obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (ie the amount can be reliably measured and the flow of resources is probable).

Generally, the Department has obtained control or the right to receive for:

- contributions with unconditional stipulations – this will be when the agreement becomes enforceable ie the earlier of when the receiving entity has formally been advised that the contribution (eg grant application) has been approved; agreement/contract is executed; and/or the contribution is received
- contributions with conditional stipulations – this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

All contributions received by the Department have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

Revenues from SA Government

Appropriation for program funding is recognised as revenue when the Department obtains control over the funding. Control over appropriation is obtained upon receipt.

Net gain on non-current assets

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

Gains on disposal of land, buildings, improvements and buses are recognised at the date the control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at that time.

Other income

Other income consists of fundraising and donations, assets recognised for the first time, and recoveries.

(i) Expenses

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

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

The following are specific recognition criteria:

Employee benefits expenses

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

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Department to the superannuation plan in respect of current service of current departmental staff. DTF centrally recognises the superannuation liability in the whole-of-government financial statements.

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.

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

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

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

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

Depreciation and amortisation of non-current assets (continued)

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

<i>Class of asset</i>	<i>Useful life (years)</i>
Buildings and improvements	10-170
Residential accommodation housing	30-50
Leasehold improvements	Life of lease
Buildings under finance lease	40
Buses/Motor vehicles	12-20
Computing, communications, furniture and equipment	3-20
Intangible assets	3-30
Other assets	5-10

Grants and subsidies

For contributions payable, the contribution will be recognised as a liability and expense when the entity has a present obligation to pay the contribution and the expense recognition criteria are met.

Grants and subsidies paid by the Department are primarily contributions with unconditional stipulations attached. In cases where conditional stipulations for a grant exist, a receivable and revenue is recognised when conditions of the grant are not satisfied and monies are to be repaid to the Department.

Resources provided free of charge

Resources provided free of charge are recorded as expenditure in the Statement of Comprehensive Income at their fair value and in the expense line items to which they relate.

Borrowing costs

All borrowing costs are recognised as expenses.

Payments to SA Government

Payments to the SA Government comprise the return of surplus cash pursuant to the cash alignment policy paid directly to the Consolidated Account.

(j) *Current and non-current classification*

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

(k) *Assets*

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

Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

The SA Government introduced a policy in October 2003 with respect to aligning agency cash balances with appropriation and expenditure authority. During this financial year, the Department did not transfer any funds to the Consolidated Account for this purpose.

Receivables

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

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

Receivables (continued)

Loan receivables are recorded at historical cost.

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

Other financial assets

The Department measures financial assets and debt at historical cost.

Inventories

Inventories include goods and other property held either for sale or distribution at no or nominal cost in the ordinary course of business.

Inventories held for distribution at no or nominal consideration are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value.

Bases used in assessing loss of service potential for inventory held for distribution at no or minimal cost include current replacement cost and technological or functional obsolescence.

Cost for all other inventory is measured on the basis of 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 or inventory losses are recognised in the Statement of Comprehensive Income as an expense in the period the write-down or loss occurred. Any write-down reversals are also recognised in the Statement of Comprehensive Income.

Non-current assets (or disposal groups) held for sale

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

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Statement of Financial Position. The liabilities of a disposal group classified as held for sale are also presented separately from other liabilities in the Statement of Financial Position.

Non-current assets

Acquisition and recognition

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

Where assets are acquired at no value or minimal value they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements then the assets are recognised at book value ie the amount recorded by the transferor public authority immediately prior to the restructure.

All non-current tangible assets with a value equal to or in excess of \$5000 are capitalised.

Componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is equal to or in excess of \$5 million for infrastructure assets and \$1 million for other assets.

Land

Land is valued at fair value as at 30 June 2013 (refer note 23 for further details).

Buildings and improvements

Buildings and improvements are valued at current replacement cost less accumulated depreciation. Current replacement cost information on asset holdings was obtained from the Strategic Asset Management Information System maintained by the Department of Planning, Transport and Infrastructure. Replacement costs have been established by reference to quantity surveyors estimates and updated through the application of a relevant building index. The valuations for buildings are current as at 30 June 2011, paved areas are current as at 30 June 2011 and swimming pools are current as at 30 June 2012. The building data excludes landscaping, infrastructure, pergolas, playground equipment, sheds and some paving and fencing because they either cannot be reliably measured or no information is recorded in Strategic Asset Management Information System.

Buildings under construction are reported as work in progress and are valued at cost.

Where buildings and improvements are destroyed by fire during the year, the written down value of the buildings and improvements is treated as an expense in the Statement of Comprehensive Income.

Leasehold improvements

Leasehold improvements are recorded at historical cost less accumulated amortisation.

Residential accommodation

Residential accommodation is valued at fair value as at 30 June 2012 (refer note 23 for further details).

Buses

Buses are recorded at current replacement cost as at 30 June 2012.

Computing, communications, furniture and equipment

Items are recorded at historical cost less accumulated depreciation.

Revaluation of non-current assets

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

The Department revalues its buildings and improvements, residential accommodation housing and bus fleet at least every three years. However if at any time, management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Land is revalued annually. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation where they are revalued to fair value.

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

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

Impairment

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

For revalued assets, an impairment loss is offset against the respective revaluation surplus. During the financial year, no impairments have been recognised.

Intangible assets

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

The useful lives of intangible assets are assessed to be either finite or indefinite. The Department only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

Intangible assets (continued)

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

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

Subsequent expenditure on intangible assets has not been capitalised because the Department has been unable to attribute this expenditure to the intangible asset rather than to the Department as a whole.

(l) Liabilities

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

Payables

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

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

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

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

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

Employee benefit on-costs include payroll tax, WorkCover levies and superannuation contributions in respect to outstanding liabilities for salaries and wages, LSL, annual leave and skills and experience retention leave.

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

Borrowings/Financial liabilities

The Department measures financial liabilities including borrowings/debt at historical cost.

Leases

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

The Department has entered into finance leases and operating leases.

Finance leases

Finance leases that transfer to the Department substantially all the risks and benefits/rewards incidental to ownership of the leased assets, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

Minimum lease payments are allocated between interest expense/borrowing costs and reduction of the lease liability to each period during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance leases (continued)

Where there is no reasonable assurance that the Department will obtain ownership of the capitalised asset at the end of the lease term, the asset is amortised over the shorter of the lease term and its useful life.

In July 2009 the State of South Australia entered into a 30 year agreement under the Partnerships SA policy for the financing, design, construction and maintenance of six schools that opened during the 2010-11 financial year. At the completion of construction for each school a commitment with regard to these assets was recognised as a finance lease with related finance lease assets.

Operating leases

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

Employee benefits

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

Wages, salaries, annual leave and sick leave

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

The annual leave liability and the skills and experience retention leave liability are expected to be payable within 12 months and are measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages, annual leave and skills and experience retention leave liability 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 for sick leave.

LSL

The liability for LSL is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over the education sector across government. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

Country incentive leave

Permanent teachers that commenced in designated country schools prior to the end of the 2002 school year are entitled to country incentive leave after completing six years of continuous service at that school pursuant to the South Australian Education Staff (Government Preschools and Schools) Arbitrated Enterprise Bargaining Award 2010. The liability is recognised when the qualifying criteria has been met, and is measured at substantive remuneration rates current at reporting date.

Provisions

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

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

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

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2013 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. The Department is responsible for the payment of workers compensation claims.

(m) Insurance

The Department has insured for risks through SAICORP, a division of SAFA. Under these insurance arrangements the Department will meet the relevant deductible of a loss or claim arising from property damage or civil liability (including public liability, products liability, professional indemnity and directors' and officers' liability).

For the Families SA division of the Department, the deductible amount is \$10 000, and for the rest of the Department the deductible amount is \$200 000 (except for fire claims \$1 million).

(n) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating and capital arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

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

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

(o) Public Private Partnership (PPP)

In July 2009 the State of South Australia entered into a 30 year agreement with Pinnacle Education SA2 Pty Ltd, under the Partnerships SA policy, for the financing, design, construction, and maintenance of six schools. This agreement includes the provision of operational and maintenance services by the operator for a specified period of time, and is referred to as a PPP.

Under the PPP agreement, the Department pays the operator over the period of the arrangement, subject to specified performance criteria being met. These estimated periodic payments are allocated between:

- a component related to the design and construction that is accounted for as a finance lease payment
- a component for the provision and replacement of equipment and infrastructure accounted for as a service right liability payment
- a component related to the ongoing operation and maintenance of the facilities accounted for as operating costs which are expensed in the Statement of Comprehensive Income.

The construction of all six schools was completed during the 2010-11 financial year and the State assumed responsibility for education provision, staffing, curriculum and teacher practice. On completion of construction, a finance leased asset was recognised for the facility assets and an intangible asset was recognised for the service right relating to the supply and use of equipment.

Applicable liability and future commitment disclosures relating to the components of the arrangements are provided in notes 26, 29 and 31.

3. New or revised accounting standards and policies

The Department did not voluntarily change any of its accounting policies during the 2012-13 financial year.

AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the period ending 30 June 2013. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

4. Activities of the Department

In achieving its objective, the Department provides a range of services classified into the following activities:

Activity 1: Early Childhood Development

The Department is responsible for the delivery of early childhood education and care, child protection, health and wellbeing services for children, young people and families. The program recognises the importance of the parent's role in their child's development and builds upon establishing relationships with families to support every child to grow, learn and develop. The implementation of national and State early childhood reform agendas to improve outcomes for all South Australian children and families underpins the program.

Activity 1: Early Childhood Development (continued)

There is a special focus on ensuring that the most vulnerable children and young people at risk of disadvantage are supported. The establishment of children's centres across the state in areas of highest need, the provision of preschool for all four-year olds, continued collaboration across agencies and the delivery of targeted family support programs contribute to achieving this goal. The provision of quality early childhood and care services that are accessible, integrated and build effective relationships with children and families is at the core of the program.

Activity 2: School Education

The Department is responsible for the delivery of high quality public primary and secondary education across the State, for all children and students under the compulsory education age and for supporting young people to be active and productive members of society. The Department seeks to create an education system characterised by high achievement, growth, challenge, engagement and equity, along with a renewed focus on teacher and leader capability and their development, responsibility and accountability. Integral to this is the involvement of parents and local communities in the education of children and students. The Department seeks to maximise every child and young person's learning outcomes, to become successful learners, confident and creative individuals and informed citizens.

Educational programs are provided in a wide variety of school settings, including primary, birth to Year 12 and area schools across the State. Students are taught in a range of class settings, including composite and multi-age classes, and are provided with a comprehensive curriculum. The Australian Curriculum is being implemented and will replace the current South Australian Curriculum, Standards and Accountability Framework in years Reception to Year 10. Year 11 and 12 education supports students to personalise their learning through a variety of educational and other programs that lead to the achievement of the South Australian Certificate of Education (SACE).

Activity 3: Care and Protection

The Department is focused on ensuring that the most vulnerable children and young people at risk of abuse, neglect and disadvantage are protected from harm. This is a significant responsibility, which the Department undertakes in partnership with families, other government partners, the non-government sector and communities. By providing family support and child safety responses to vulnerable families, children's safety is enhanced, which addresses the risk of harm and builds on parents' capacity to care for their children.

Where children and young people are not able to remain safely in the care of their birth family, the Department facilitates alternative care arrangements. Where this involves placing a child under the guardianship of the Minister, the Department also provides out-of-home care services and support as well as case management. To enhance our commitment to protect vulnerable children at risk of abuse and neglect, a key objective is the redesign of the way a range of care and protection services are provided. The intention of this redesign is to develop an even stronger family support focus, and for all government and non-government services to be flexible and responsive to the needs of vulnerable families.

The disaggregated disclosures schedules presents expenses, income, assets and liabilities attributable to each of the activities for the years ended 30 June 2012 and 30 June 2013.

5. Employee benefits expenses	Consolidated		DECD	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Salaries and wages (including annual leave)	1 679 667	1 557 115	1 657 333	1 532 011
Employment on-costs - superannuation	176 812	171 998	174 359	169 771
Employment on-costs - payroll tax	94 926	90 815	94 926	90 815
LSL	47 999	137 265	47 415	136 678
Workers compensation	31 903	29 012	31 903	29 012
TVSPs	15 819	14 535	15 819	14 535
Country incentive leave	978	1 332	978	1 332
Board and committee fees	68	210	68	210
Skills and experience retention leave	12 012	-	12 012	-
Other employee related expenses	3 157	3 206	3 018	3 104
Total employee benefits expenses	2 063 341	2 005 488	2 037 831	1 977 468

TVSPs

	Consolidated		DECD	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Amounts paid to separated employees:				
TVSPs	15 819	15 688	15 819	15 688
Annual leave and LSL paid	4 864	4 279	4 864	4 279
	20 683	19 967	20 683	19 967
Recovery from DTF	15 190	15 789	15 190	15 789
Net cost to the Department	5 493	4 178	5 493	4 178

	Consolidated		DECD	
	2013 Number	2012 Number	2013 Number	2012 Number
Number of employees who received a TVSP	98	111	98	111

Remuneration of employees

	Consolidated			
	2013 Number of executives*	2012 Number of employees	2013 Number of executives*	2012 Number of employees
The number of employees whose remuneration received or receivable falls within the following bands:				
\$134 000 - \$137 999**	n/a	n/a	-	60
\$138 000 - \$147 999	-	95	2	95
\$148 000 - \$157 999*	1	88	4	63
\$158 000 - \$167 999	7	53	4	35
\$168 000 - \$177 999	2	23	1	20
\$178 000 - \$187 999	5	20	4	15
\$188 000 - \$197 999	7	19	4	14
\$198 000 - \$207 999	1	6	2	4
\$208 000 - \$217 999	2	3	1	3
\$218 000 - \$227 999	-	3	1	1
\$228 000 - \$237 999	1	1	3	3
\$238 000 - \$247 999	4	4	3	3
\$248 000 - \$257 999	2	3	-	1
\$258 000 - \$267 999	3	3	1	1
\$278 000 - \$287 999	1	1	-	-
\$298 000 - \$307 999	-	-	1	1
\$318 000 - \$327 999	-	1	-	2
\$328 000 - \$337 999	-	1	-	1
\$338 000 - \$347 999	-	-	1	2
\$348 000 - \$357 999	-	-	1	1
\$358 000 - \$367 999	-	-	-	1
\$368 000 - \$377 999	-	5	-	-
\$378 000 - \$387 999	2	3	-	-
\$388 000 - \$397 999	-	4	-	-
\$398 000 - \$407 999	-	1	-	-
\$408 000 - \$417 999	-	2	-	-
\$418 000 - \$427 999	-	5	-	-
\$428 000 - \$437 999	-	1	-	-
\$438 000 - \$447 999	-	1	-	-
\$488 000 - \$497 999	-	2	-	-
\$498 000 - \$507 999	-	1	-	-
\$508 000 - \$517 999	-	1	-	-
\$578 000 - \$587 999	-	1	-	-
Total	38	351	33	326

* The number of executive officers disclosed in the above table include employees appointed on a South Australian Executive Service (SAES) contract as at 30 June 2013 and 30 June 2012 respectively. The numbers of executive officers separately disclosed are also included in the number of employee totals for 2013 and 2012.

** This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for the 2011-12 financial year.

Remuneration of employees (continued)

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of these employees reflect all costs of employment including salary and wages, payments in lieu of leave, employer's superannuation contributions, salary sacrifice benefits, fringe benefits and any FBT paid or payable in respect of these benefits.

Of the employees that were remunerated over the base executive remuneration level, 34 (32) also received country incentive payments. There were 48 (31) individuals that retired with 27 (5) receiving an amount under the TVSP Scheme. All individuals in reference are included in the above employee numbers.

Remuneration received or due and receivable by the above employees was \$65 million (\$54.6 million), which is included in employee benefits expenses. Salary rates during 2012-13 increased by 4% for *Education Act 1972* employees and 3% for PSA employees effective the first pay period on or after 1 October 2012, and 3% for executives effective 1 July 2012 due to enterprise agreements.

Remuneration of employees who transferred into the Department under machinery of government arrangements

The remuneration of employees disclosures above represents remuneration for the six months that employees were transferred to the Department under the machinery of government arrangements. (ie for the period from 1 January 2012 to 30 June 2012). The disclosure below represents the total remuneration received by these transferred employees for the full financial year (ie including the six month period the employees were remunerated by the Department for Communities and Social Inclusion).

	2012	2012
	Number of	Number of
	executives	employees
The number of employees whose remuneration received or receivable falls within the following bands:		
\$134 000 - \$137 999**	-	1
\$138 000 - \$147 999	-	8
\$148 000 - \$157 999	3	5
\$168 000 - \$177 999	3	3
\$188 000 - \$197 999	1	1
\$228 000 - \$237 999	1	1
\$298 000 - \$307 999	1	1
Total	9	20

** This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for the 2011-12 financial year.

One executive officer, included in the nine above transferring under machinery of government arrangements, is also included in the departmental total for 2012 of 33 executive officers.

Number of employees as at the reporting date

As at 30 June, the Department employed 22 929 (22 690) full-time equivalents.

6. Supplies and services	Consolidated		DECD	
	2013	2012	2013	2012
Supplies and services provided by entities within the SA Government:	\$'000	\$'000	\$'000	\$'000
Minor works and maintenance	85 489	76 504	86 013	77 823
Rentals and leases	27 485	21 646	27 620	21 670
Utilities	16 805	13 335	16 819	13 339
Management fees and charges	12 885	13 537	14 243	14 357
SSSA charges	12 449	10 491	12 449	10 491
Vehicle and travelling expenses	11 324	8 724	11 562	9 146
Security	4 478	4 491	4 500	4 497
Insurance (including self-insurance)	4 477	3 897	4 699	4 298
Contractors and other outsourced services	2 305	2 398	5 458	6 089
Telecommunications	2 421	2 647	2 409	2 633
Legal costs	1 779	915	1 799	915
School card, client and other allowances	1 196	550	12 919	12 087
Computer communications	519	1 569	525	1 570
Other	6 048	3 832	7 126	5 204
Total supplies and services - SA Government entities	189 660	164 536	208 121	184 119

6. Supplies and services (continued)	Consolidated		DECD	
	2013	2012	2013	2012
Supplies and services provided by entities external to the SA Government:	\$'000	\$'000	\$'000	\$'000
Child care, school card, client and other allowances	114 478	68 430	114 327	68 430
Printing, postage and consumables	83 134	76 430	4 211	4 468
Minor works, maintenance and equipment	35 721	66 857	2 254	9 630
Cleaning	33 955	34 840	4 377	4 306
Utilities	31 166	24 159	30 218	23 243
Student learning materials	30 953	27 781	-	-
Vehicle and travelling expenses	24 982	26 693	22 709	24 415
Contractors and other outsourced services	25 069	24 838	22 815	23 522
Bus contractors	23 237	20 779	23 237	20 779
Excursions and camps	19 352	18 561	-	-
Computer communications	17 896	12 667	14 405	10 328
Cost of goods sold	15 233	16 334	-	-
Telecommunications	14 096	14 203	12 476	12 490
Training and development	10 767	9 780	3 135	3 143
Management fees and charges	7 034	3 068	7 034	3 068
PPP service fee	5 004	4 591	5 004	4 591
Rentals and leases	4 168	4 295	2 042	2 038
Copyright	3 922	4 186	3 918	4 180
Insurance (including self-insurance)	2 008	1 430	2 008	1 430
Legal costs	1 030	996	1 030	996
Security	1 027	857	582	562
Other	70 045	70 242	6 100	2 708
Total supplies and services - non-SA Government entities	574 277	532 017	281 882	224 327
Total supplies and services	763 937	696 553	490 003	408 446

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

Consultancy fees

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:

	Consolidated			
	2013	2012	2013	2012
	Number	\$'000	Number	\$'000
Below \$10 000	1	4	2	8
Between \$10 000 and \$50 000	-	-	5	113
Above \$50 000	-	82	-	-
Total	1	86	7	121

7. Grants and subsidies	Consolidated		DECD	
	2013	2012	2013	2012
Grants and subsidies paid/payable to entities within the SA Government:	\$'000	\$'000	\$'000	\$'000
Recurrent grants paid to schools and units	-	-	169 210	166 718
Capital grants paid to schools and units	-	-	13 541	38 136
Recurrent grants paid to preschools	9 205	4 168	9 205	4 168
Capital grants paid to preschools	-	31	-	31
Recurrent grants paid to other organisations	4 189	3 143	4 189	3 143
Capital grants paid to other organisations	-	32	-	32
Total grants and subsidies - SA Government entities	13 394	7 374	196 145	212 228
Grants and subsidies paid/payable to entities external to the SA Government:				
Recurrent grants paid to other organisations	74 070	41 737	74 070	41 737
Total grants and subsidies - non-SA Government entities	74 070	41 737	74 070	41 737
Total grants and subsidies	87 464	49 111	270 215	253 965

8. Depreciation and amortisation expense	Consolidated		DECD	
	2013	2012	2013	2012
Depreciation:	\$'000	\$'000	\$'000	\$'000
Buildings and improvements	86 602	88 268	86 577	88 252
Residential accommodation housing	672	254	672	254
Computing, communication, furniture and equipment	4 108	3 407	556	728
Buses and motor vehicles	2 661	1 673	1 856	1 197
Other	539	387	148	144
Total depreciation	94 582	94 168	89 809	90 575
Amortisation:				
Leasehold improvements	2 611	2 116	2 611	2 116
Intangible assets	1 026	273	1 026	273
Buildings under finance lease	4 420	4 432	4 420	4 432
Service right for equipment	799	800	799	800
Total amortisation	8 856	7 621	8 856	7 621
Total depreciation and amortisation expense	103 438	101 789	98 665	98 196
9. Borrowing costs				
Interest paid/payable on borrowings	117	76	-	-
Finance lease costs	22 407	22 405	22 407	22 405
Total borrowing costs	22 524	22 481	22 407	22 405

Finance lease costs relate to the interest expenses associated with the PPP agreement.

10. Other expenses	Consolidated		DECD	
Other expenses paid/payable to entities within the SA Government:				
Auditor's remuneration - Auditor-General's Department*	549	570	549	570
Other expenses	-	2 329	-	2 329
Total other expenses - SA Government entities	549	2 899	549	2 899
Other expenses paid/payable to entities external to the SA Government:				
Auditor's remuneration - other	993	1 065	949	1 035
Allowance for doubtful debts and debt write-offs	1 793	(8 987)	43	(876)
Non-current assets written off	6 232	5 548	6 232	5 548
Donated assets	-	-	2 160	-
Total other expenses - non-SA Government entities	9 018	(2 374)	9 384	5 707
Total other expenses	9 567	525	9 933	8 606

* Audit fees paid/payable to the Auditor-General's Department relate to the audit of the financial statements. No other services were provided by the Auditor-General's Department.

11. Commonwealth revenues	Consolidated		DECD	
	2013	2012	2013	2012
National Partnership - Universal Access to Early Childhood Development	\$'000	\$'000	\$'000	\$'000
	35 667	16 968	35 667	16 968
National Partnership - Communities Making a Difference	29 311	35 857	29 311	35 857
Family Day Care Scheme	24 158	24 486	24 158	24 486
National Partnership - Digital Education Revolution	12 666	14 291	12 666	14 291
National Partnership - Aboriginal Children and Family Centres	9 016	6 856	9 016	6 856
Trade training centres	7 233	22 201	7 233	22 201
National Partnership - Improving Literacy and Numeracy	5 284	-	5 284	-
National Partnership - Literacy and Numeracy	5 106	6 476	5 106	6 476
National Partnership - Teacher Quality	4 515	2 473	4 515	2 473
Family Day Care Administration	4 449	4 411	4 449	4 411
Detainee Minors	3 961	2 477	3 961	2 477

11. Commonwealth revenues (continued)	Consolidated		DECD	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
National Solar Schools	3 619	2 695	3 619	2 695
National Partnership - Youth Attainment and Transition program	1 937	1 937	1 937	1 937
National Partnership - Students with Disabilities	1 335	4 795	1 335	4 795
Unaccompanied Humanitarian Minors	1 196	-	1 196	-
National Partnership - Advanced Technology	1 175	1 336	1 175	1 336
National Partnership - Investing in Focus Schools	1 000	-	1 000	-
National Partnership - Empowering Local Schools	1 000	3 011	1 000	3 011
The Next Steps Initiative	992	-	992	-
National Partnership - Building Education Revolution	-	2 560	-	2 560
Other specific Commonwealth revenue	4 046	6 229	4 046	6 229
Total Commonwealth revenues	157 666	159 059	157 666	159 059

Commitments

The Universal Access to Early Childhood Development program received \$35.7 million (\$17 million) of Commonwealth revenue in 2012-13 of which \$18.2 million (\$1.9 million) was unspent as at 30 June 2013.

The Communities Making a Difference program received \$29.3 million (\$35.9 million) of Commonwealth revenue in 2012-13 of which \$5.3 million (\$7.3 million) was unspent as at 30 June 2013. These program funds aim to deliver a number of school and regional based programs.

The Family Day Care Scheme received \$24.2 million (\$24.5 million) of Commonwealth revenue in 2012-13 of which \$1.4 million was unspent as at 30 June 2013. The funding was provided to childcare providers as a Commonwealth subsidy to fund childcare services on behalf of parents.

The Digital Education Revolution program received \$12.7 million (\$14.3 million) of Commonwealth revenue in 2012-13 of which \$2.9 million (\$6.9 million) was unspent as at 30 June 2013. The program funds are helping schools to sustain the 1:1 computer ratio and purchase other ICT equipment to support students in Years 9 to 12.

The Aboriginal Children and Family Centres program received \$9 million (\$6.9 million) of Commonwealth revenue in 2012-13 of which \$200 000 (\$6 million) was unspent as at 30 June 2013. The funding is for increased support for Aboriginal children with the establishment of four Aboriginal Children and Family centres.

The Trade Training Centres program received \$7.2 million (\$22.2 million) of Commonwealth revenue in 2012-13 of which \$700 000 (\$5.8 million) was unspent as at 30 June 2013. The funds are for the provision and development of training centres assisting young South Australians to pursue vocational pathways.

The Improving Literacy and Numeracy program received \$5.3 million of Commonwealth revenue in 2012-13 of which \$5.2 million was unspent as at 30 June 2013. The funding is to improve literacy and numeracy in schools and improving teaching capability and effectiveness.

The Literacy and Numeracy program received \$5.1 million (\$6.5 million) of Commonwealth revenue in 2012-13 of which \$800 000 (\$1.7 million) was unspent as at 30 June 2013. The purpose of this funding is to achieve national literacy and numeracy reform.

The Teacher Quality program received \$4.5 million (\$2.5 million) of Commonwealth revenue in 2012-13 of which \$3 million was unspent as at 30 June 2013. The funding is for schools to improve the quality of teaching and leadership, with specific focus on principals in Australian schools and maintaining a quality teaching workforce.

The National Solar Schools program received \$3.6 million (\$2.7 million) of Commonwealth revenue in 2012-13 which was fully spent.

The Youth Attainment and Transition program received \$1.9 million (\$1.9 million) of Commonwealth revenue in 2012-13 of which \$500 000 was unspent as at 30 June 2013. The funding is for schools to achieve improvements in the numbers of young Australians making successful transitions from schooling into further education, training or employment.

Commitments (continued)

The Students with Disabilities program received \$1.3 million (\$4.8 million) of Commonwealth revenue in 2012-13 of which \$1.3 million (\$2.3 million) was unspent as at 30 June 2013. The funding will assist schools through a range of initiatives including professional support of teachers and school support staff to build their capacity to deliver special education programs through support and use of assistive learning technology and a range of other learning modes.

The Unaccompanied Humanitarian Minors program received \$1.2 million of Commonwealth revenue in 2012-13, which was fully spent.

The Advanced Technology program received \$1.2 million (\$1.3 million) of Commonwealth revenue in 2012-13 of which \$400 000 was unspent as at 30 June 2013. The funding is for schools to achieve sustained improvements for pathways for young people into the defence industry sector in educational outcomes in participating schools/school communities that align with those in the National Education Agreement.

The Empowering Local Schools program received \$1 million (\$3 million) of Commonwealth revenue in 2012-13 of which \$800 000 (\$3 million) was unspent as at 30 June 2013. The funding will empower school leaders and communities with more opportunities to decide how best to meet the needs of their students.

The Building Education Revolution program received \$0 (\$2.6 million) Commonwealth revenue in 2012-13. In 2012-13, \$2.6 million was committed and fully spent. The funding is aimed at providing infrastructure to South Australian schools and their communities through new education facilities, infrastructure and refurbishment of existing school infrastructure.

Other programs received \$4 million (\$6.2 million) of which \$1.3 million was unspent as at 30 June 2013.

12. Student and other fees and charges	Consolidated		DECD	
	2013	2012	2013	2012
Fees and charges received/receivable from entities within the SA Government:	\$'000	\$'000	\$'000	\$'000
Sales/Fee-for-service revenue	258	283	277	541
Student enrolment fees and charges	-	117	-	117
Other user fees and charges	-	-	1 474	2 167
Total student and other fees and charges - SA Government entities	258	400	1 751	2 825
Fees and charges received/receivable from entities external to the SA Government:				
Sales/Fee-for-service revenue	14 020	13 427	2 404	1 555
Student enrolment fees and charges	95 131	90 870	2 653	2 363
Other user fees and charges	18 060	13 759	18 060	13 760
Canteen sales	15 911	16 756	-	-
Total student and other fees and charges - non-SA Government entities	143 122	134 812	23 117	17 678
Total student and other fees and charges	143 380	135 212	24 868	20 503
13. Other grants and contributions				
Grants and subsidies revenue	31 317	27 711	15 613	13 742
Donations	651	1 352	1	2
Total other grants and contributions	31 986	29 063	15 614	13 744
14. Interest revenues				
Interest from entities within the SA Government	13 438	12 473	8 424	9 495
Other	293	452	73	57
Total interest revenues	13 731	12 925	8 497	9 552
15. Net gain from disposal of non-current assets				
Vehicles, plant and equipment:				
Proceeds from disposal	203	504	-	165
Net book value of assets disposed	(381)	(991)	-	(584)
Net loss from disposal of vehicles, plant and equipment	(178)	(487)	-	(419)

15. Net gain from disposal of non-current assets (continued)	Consolidated		DECD	
	2013	2012	2013	2012
Non-current assets classified as held for sale:	\$'000	\$'000	\$'000	\$'000
Proceeds from disposal	8 761	9 129	8 761	9 129
Net book value of assets disposed	(8 130)	(7 471)	(8 130)	(7 471)
Net gain from disposal of non-current assets classified as held for sale	631	1 658	631	1 658
Total assets:				
Total proceeds from disposal	8 964	9 633	8 761	9 294
Total value of assets disposed	(8 511)	(8 462)	(8 130)	(8 055)
Total net gain from disposal of non-current assets	453	1 171	631	1 239
16. Other revenues				
Fundraising revenue	7 298	7 477	-	-
Assets recognised for the first time	1 884	866	1 884	866
Recoveries - other	10 454	8 322	19 176	30 101
Other revenue	32 274	32 191	6 405	9 000
Contributed assets	2 649	-	2 649	-
Total other revenues	54 559	48 856	30 114	39 967
17. Revenues from (Payments to) SA Government				
Revenues from SA Government:				
Appropriations from the Consolidated Account pursuant to the <i>Appropriation Act</i>	2 617 289	2 457 436	2 617 289	2 457 436
Transfers from contingencies	48 059	21 807	48 059	21 807
Total revenues from SA Government	2 665 348	2 479 243	2 665 348	2 479 243
Payments to SA Government:				
Return of surplus cash pursuant to cash alignment policy	-	(29 519)	-	(29 519)
Total payments to SA Government	-	(29 519)	-	(29 519)
18. Cash and cash equivalents				
Deposits with the Treasurer - at call	153 597	132 527	153 597	132 527
Deposits with the Treasurer - Accrual Appropriation Excess Funds Account	211 826	210 809	211 826	210 809
SA School Investment Fund (SASIF)	351 043	335 164	-	-
Cash at bank and on hand	30 531	28 566	870	490
Section 21 Deposit Accounts	373	369	373	369
Total cash and cash equivalents	747 370	707 435	366 666	344 195

Deposits with the Treasurer

Funds held in the Accrual Appropriation Excess Funds Account are not available for general use, ie the funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.

SASIF

Represents the amount held in schools SASIF accounts at 31 December 2012, adjusted to account for additional grant revenue that occurred between the school's calendar year and the Department's financial year.

The physical amount held in schools and units SASIF accounts as at 30 June 2013 was \$372.7 million (\$353.1 million) and does not include \$22.7 million (\$18.8 million) held in the account for preschools and some units as these have been treated as transactions with third parties.

19. Receivables	Consolidated		DECD	
	2013	2012	2013	2012
Current:	\$'000	\$'000	\$'000	\$'000
Fees, charges and other receivables	31 014	31 522	22 613	28 500
Allowance for doubtful debts	(3 831)	(3 650)	(36)	(30)
GST recoverable from the ATO	14 819	11 752	12 004	8 818
Accrued revenues	2 271	10 005	1 619	13 074
Prepayments	3 886	2 676	2 467	1 532
Loan receivables	-	-	947	613
Total current receivables	48 159	52 305	39 614	52 507

19. Receivables (continued)

	Consolidated		DECD	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Non-current:				
Workers compensation receivable	633	766	633	766
Loan receivables	19	19	6 305	7 305
Total non-current receivables	652	785	6 938	8 071
Total receivables	48 811	53 090	46 552	60 578
Government/Non-government receivables				
Receivables from SA Government entities:				
Fees, charges and other receivables	1 918	3 471	11 224	19 003
Allowance for doubtful debts	(2)	(2)	(2)	(2)
Loan receivables	-	-	7 234	7 899
Accrued revenues	922	7 605	1 573	11 949
Total receivables from SA Government entities	2 838	11 074	20 029	38 849
Receivables from non-SA Government entities:				
Fees, charges and other receivables	29 096	28 051	11 389	9 497
Allowance for doubtful debts	(3 829)	(3 648)	(34)	(28)
GST recoverable from the ATO	14 820	11 752	12 004	8 818
Workers compensation receivable	633	766	633	766
Accrued revenues	1 349	2 400	46	1 125
Prepayments	3 886	2 676	2 467	1 532
Loan receivables	18	19	18	19
Total receivables from non-SA Government entities	45 973	42 016	26 523	21 729
Total receivables	48 811	53 090	46 552	60 578

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (ie calculated on past experience and current and expected changes in client rating) that a receivable is impaired.

An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	Consolidated		DECD	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Movement in the allowance for doubtful debts (impairment loss):				
Carrying amount at 1 July	3 650	13 473	30	971
Increase (Decrease) in the allowance	1 793	(8 987)	43	(876)
Amounts written off	(1 612)	(836)	(37)	(65)
Carrying amount at 30 June	3 831	3 650	36	30

Interest rate and credit risk

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

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

- (a) Maturity analysis of receivables - refer note 36.3.
- (b) Categorisation of financial instruments and risk exposure information - refer note 36.

20. Inventories

	Consolidated		DECD	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current:				
Materials at net realisable value	5 002	4 751	135	150
Total current inventories	5 002	4 751	135	150
Total inventories	5 002	4 751	135	150

21. Other financial assets	Consolidated		DECD	
	2013	2012	2013	2012
Current:	\$'000	\$'000	\$'000	\$'000
Term deposits	1 740	1 651	-	-
Total current investments	1 740	1 651	-	-
Non-current:				
Term deposits	118	35	-	-
Total non-current investments	118	35	-	-
Total other financial assets	1 858	1 686	-	-

The term deposits are carried at cost and are to be held to their maturity.

22. Non-current assets classified as held for sale

Current:				
Land	9 807	9 856	9 807	9 856
Buildings and improvements	3 875	6 997	3 875	6 997
Buses	16	12	16	12
Total non-current assets classified as held for sale	13 698	16 865	13 698	16 865

As a result of school closures and amalgamations, the land and buildings located at these sites are surplus to requirements. It is anticipated that the land and buildings will be sold within the next 12 months. There were no indications of impairment of the land and buildings transferred to held for sale.

The following table shows the movement of non-current assets classified as held for sale:

	Consolidated		DECD	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Land held for sale:				
Carrying amount at 1 July	9 856	10 974	9 856	10 974
Asset disposals	(4 749)	(6 698)	(4 749)	(6 698)
Assets reclassified to assets held for sale	4 700	5 580	4 700	5 580
Carrying amount at 30 June	9 807	9 856	9 807	9 856
Building and improvements:				
Carrying amount at 1 July	6 997	4 132	6 997	4 132
Asset disposals	(3 381)	(713)	(3 381)	(713)
Assets reclassified to assets held for sale	259	3 578	259	3 578
Carrying amount at 30 June	3 875	6 997	3 875	6 997
Buses:				
Carrying amount at 1 July	12	72	12	72
Asset disposals	-	(60)	-	(60)
Assets reclassified to assets held for sale	4	-	4	-
Carrying amount at 30 June	16	12	16	12
Total non-current assets classified as held to sale	13 698	16 865	13 698	16 865

23. Property, plant and equipment

Land:				
Land	1 301 281	1 291 442	1 300 882	1 291 043
Total land	1 301 281	1 291 442	1 300 882	1 291 043
Buildings and improvements:				
Buildings and improvements	5 748 254	5 740 578	5 747 792	5 740 130
Accumulated depreciation	(3 390 611)	(3 368 262)	(3 390 450)	(3 368 118)
Total buildings and improvements	2 357 643	2 372 316	2 357 342	2 372 012
Residential accommodation housing:				
Residential accommodation housing	31 198	27 977	31 198	27 977
Accumulated depreciation	(12 739)	(12 778)	(12 739)	(12 778)
Total residential accommodation housing	18 459	15 199	18 459	15 199
Buildings under finance lease:				
Buildings under finance lease	176 938	176 938	176 938	176 938
Accumulated amortisation	(10 465)	(6 045)	(10 465)	(6 045)
Total buildings under finance lease	166 473	170 893	166 473	170 893

23. Property, plant and equipment (continued)

	Consolidated		DECD	
	2013	2012	2013	2012
Construction work in progress:	\$'000	\$'000	\$'000	\$'000
Construction work in progress	113 557	66 669	113 557	66 669
Total construction work in progress	113 557	66 669	113 557	66 669
Leasehold improvements:				
Leasehold improvements	39 811	37 952	39 811	37 952
Accumulated amortisation	(21 315)	(18 750)	(21 315)	(18 750)
Total leasehold improvements	18 496	19 202	18 496	19 202
Buses/Motor vehicles:				
Buses/Motor vehicles	62 714	57 047	51 770	46 835
Accumulated depreciation	(37 427)	(35 421)	(31 184)	(29 790)
Total buses/motor vehicles	25 287	21 626	20 586	17 045
Computing, communications, furniture and equipment:				
Computing, communications, furniture and equipment	51 619	43 640	13 772	17 955
Accumulated depreciation	(31 786)	(29 407)	(12 830)	(14 464)
Total computing, communications, furniture and equipment	19 833	14 233	942	3 491
Other assets:				
Other assets	9 800	9 042	4 159	4 174
Accumulated depreciation	(6 476)	(5 990)	(3 740)	(3 617)
Total other assets	3 324	3 052	419	557
Total property, plant and equipment	4 024 353	3 974 632	3 997 156	3 956 111

Valuation of non-current assets

Non-current assets transferred to the Department from the Department for Communities and Social Inclusion for Families SA, effective 1 January 2012, included land, residential accommodation, leasehold improvements, computing, communications, furniture and equipment. Assets were added to similar departmental asset classes. The valuation of these land and buildings assets was performed 30 June 2012 by Fred Taormina, BAppSc(Val), AAPI, Certified Practising Valuer of Valcorp Australia Pty Ltd. All other assets transferred were at cost.

The valuation of land held for education related services was performed by the Valuer-General as at 30 June 2013.

Buildings, pavings and swimming pools used for the provision of education related services are valued through reference to the Strategic Asset Management Information System which is maintained by the Department of Planning, Transport and Infrastructure. These building and paving valuations were valued as at 30 June 2011 and the swimming pools were valued as at 30 June 2012.

Buses values are based on an internal estimate of current replacement cost as at 30 June 2012.

Impairment

There were no indications of impairment of property, plant and equipment at 30 June 2013.

Reconciliation of non-current assets

	Land	Buildings & imprmnts	DECD				
			Buildings under finance lease	Residential accomm housing	Construction work in progress	Leasehold imprmnts	Buses/Motor vehicles
2013	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	1 291 043	2 372 012	170 893	15 199	66 669	19 202	17 045
Additions	2 172	-	-	-	124 957	374	5 405
Assets derecognised	-	(6 132)	-	-	-	(20)	(4)
Assets reclassified to assets held for sale	(4 700)	(259)	-	-	-	-	(4)
Transfers to (from) WIP	-	76 518	-	-	(78 069)	1 551	-
Revaluation increment (decrement)	11 287	-	-	2 363	-	-	-
Depreciation and amortisation	-	(86 577)	(4 420)	(672)	-	(2 611)	(1 856)
Assets recognised for the first time	-	1 824	-	-	-	-	-
Transfers to (from) third party	1 080	-	-	1 569	-	-	-
Other changes	-	(44)	-	-	-	-	-
Carrying amount at 30 June	1 300 882	2 357 342	166 473	18 459	113 557	18 496	20 586

Reconciliation of non-current assets
(continued)

	DECD						
	Computing, furniture & equipment	Other assets	Tangible assets total	Service right for equipment	Internally developed computer software	Other computer software	Intangible assets total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2013							
Carrying amount at 1 July	3 491	557	3 956 111	21 611	6 405	-	28 016
Additions	298	10	133 216	-	-	-	-
Assets derecognised	(76)	-	(6 232)	-	-	-	-
Assets reclassified to assets held for sale	-	-	(4 963)	-	-	-	-
Transfers to (from) WIP	-	-	-	-	-	-	-
Revaluation increment (decrement)	-	-	13 650	-	-	-	-
Depreciation and amortisation	(556)	(148)	(96 840)	(799)	(1 026)	-	(1 825)
Assets recognised for the first time	60	-	1 884	-	-	-	-
Transfers to (from) third party	(2 160)	-	489	-	-	-	-
Other changes	(115)	-	(159)	-	-	-	-
Carrying amount at 30 June	942	419	3 997 156	20 812	5 379	-	26 191

	DECD						
	Land	Buildings & imprvmnts	Buildings under finance lease	Residential accomm housing	Construction work in progress	Leasehold imprvmnts	Buses/Motor vehicles
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2012							
Carrying amount at 1 July	1 290 200	2 287 781	175 325	-	108 512	18 042	15 399
Additions	150	-	-	-	121 896	-	5 342
Disposals	-	-	-	-	-	-	(584)
Assets derecognised	-	(4 953)	-	-	-	-	-
Assets reclassified to assets held for sale	(5 581)	(3 578)	-	-	-	-	-
Transfers to (from) WIP	-	164 211	-	33	(163 771)	(473)	-
Revaluation increment (decrement)	(18 454)	15 937	-	3 528	-	-	(1 915)
Depreciation and amortisation	-	(88 252)	(4 432)	(254)	-	(2 116)	(1 197)
Assets recognised for the first time	-	866	-	-	-	-	-
Acquisition through administrative restructuring	24 982	-	-	11 892	32	3 749	-
Other changes	(254)	-	-	-	-	-	-
Carrying amount at 30 June	1 291 043	2 372 012	170 893	15 199	66 669	19 202	17 045

	DECD						
	Computing, furniture & equipment	Other assets	Tangible assets total	Service right for equipment	Internally developed computer software	Other computer software	Intangible assets total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	3 923	704	3 899 886	22 413	-	-	22 413
Additions	614	-	128 002	-	-	-	-
Disposals	-	-	(584)	-	-	-	-
Assets derecognised	(592)	(3)	(5 548)	-	-	-	-
Assets reclassified to assets held for sale	-	-	(9 159)	-	-	-	-
Transfers to (from) WIP	-	-	-	-	-	-	-
Revaluation increment (decrement)	-	-	(904)	-	-	-	-
Depreciation and amortisation	(728)	(144)	(97 123)	(800)	(254)	(19)	(1 073)
Assets recognised for the first time	-	-	866	-	-	-	-
Acquisition through administrative restructuring	373	-	41 028	-	6 599	19	6 618
Other changes	(99)	-	(353)	(2)	60	-	58
Carrying amount at 30 June	3 491	557	3 956 111	21 611	6 405	-	28 016

The above reconciliations of non-current assets are for the DECD entity only. Information is not collected or obtained from schools to allow for the disclosure of consolidated information.

24. Intangible assets

	Consolidated		DECD	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Internally developed computer software:				
Internally developed computer software	12 668	12 667	12 668	12 667
Accumulated amortisation	(7 289)	(6 262)	(7 289)	(6 262)
Total internally developed computer software	5 379	6 405	5 379	6 405
Other computer software:				
Other computer software	117	117	117	117
Accumulated amortisation	(117)	(117)	(117)	(117)
Total other computer software	-	-	-	-

24. Intangible assets (continued)	Consolidated		DECD	
	2013	2012	2013	2012
Service right for the right to use equipment:	\$'000	\$'000	\$'000	\$'000
Service right for equipment	22 691	22 691	22 691	22 691
Accumulated amortisation	(1 879)	(1 080)	(1 879)	(1 080)
Total service right for the right to use equipment	20 812	21 611	20 812	21 611
Total intangible assets	26 191	28 016	26 191	28 016

The internally developed computer software relates to the Department's Human Resource Management System (VALEO) and the Connected Client and Case Management System (C3MS) for case management of children.

The service right to use equipment relates to the provision, maintenance and replacement of equipment under the PPP over the period of the agreement. The service right is amortised over the remaining period of the PPP agreement. The PPP arrangements have been detailed in note 2(o) above.

Impairment

There were no indications of impairment on intangible assets at 30 June 2013.

25. Payables	Consolidated		DECD	
	2013	2012	2013	2012
Current:	\$'000	\$'000	\$'000	\$'000
Creditors	87 711	48 306	93 937	56 051
Employment on-costs	29 750	25 942	29 753	25 923
Accrued expenses	15 041	14 182	9 676	7 228
Accrued interest on PPP finance lease	2 797	2 685	2 797	2 685
Lease payables	14	10	-	-
Total current payables	132 313	91 125	136 163	91 887
Non-current:				
Employment on-costs	34 029	35 723	34 029	35 723
Accrued interest on PPP finance lease	3 358	2 021	3 358	2 021
Creditors	11	-	11	-
Total non-current payables	37 398	37 744	37 398	37 744
Total payables	169 711	128 869	173 561	129 631

Government/Non-government payables

Payables to SA Government entities:

Creditors	61 282	43 249	76 111	37 990
Employment on-costs	63 779	61 665	63 782	61 646
Accrued expenses	4 352	4 266	4 352	4 246
Total payables to SA Government entities	129 413	109 180	144 245	103 882

Payables to non-SA Government entities:

Creditors	23 440	5 057	17 837	18 061
Accrued expenses	10 689	9 916	5 324	2 982
Accrued interest on PPP lease	6 155	4 706	6 155	4 706
Lease payables	14	10	-	-
Total payables to non-SA Government entities	40 298	19 689	29 316	25 749
Total payables	169 711	128 869	173 561	129 631

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of LSL taken as leave has remained at the 2012 rate of 26% but the average factor for the calculation of employer superannuation on-cost changed to a rate of 10.2% (10.3%). These rates are used in the employment on-cost calculation.

Interest rate and credit risk

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

- Maturity analysis of payables - refer note 36.3.
- Categorisation of financial instruments and risk exposure information - refer note 36.

26. Borrowings

	Consolidated		DECD	
	2013	2012	2013	2012
Current:	\$'000	\$'000	\$'000	\$'000
Obligations under finance leases ⁽¹⁾	1 163	1 039	1 163	1 039
Borrowings	71	79	-	-
Total current borrowings	1 234	1 118	1 163	1 039
Non-current:				
Obligations under finance leases ⁽¹⁾	173 704	174 866	173 704	174 866
Borrowings	112	147	-	-
Advances ⁽²⁾	406	406	406	406
Total non-current borrowings	174 222	175 419	174 110	175 272
Total borrowings	175 456	176 537	175 273	176 311

(1) This finance lease is related to the PPP agreement and is interest bearing.

(2) The advance was to establish the imprest account and is non-interest bearing.

Finance leases are recognised at cost, and the interest rate implied based on the total payments due over the life of the finance lease is 11.32% (refer note 31(a)(ii)).

(a) Maturity analysis of borrowings - refer note 36.3.

(b) Categorisation of financial instruments and risk exposure information - refer note 36.

(c) Defaults and breaches - there were no defaults or breaches on any of the above liabilities throughout the year.

27. Employee benefits

	Consolidated		DECD	
	2013	2012	2013	2012
Current:	\$'000	\$'000	\$'000	\$'000
Annual leave	104 844	97 670	104 046	96 999
Accrued salaries and wages	43 297	38 054	42 768	37 560
LSL	60 016	64 939	59 955	64 881
Skills and experience retention leave	12 012	-	12 012	-
Country incentive leave	1 177	1 821	1 177	1 821
Total current employee benefits	221 346	202 484	219 958	201 261
Non-current:				
LSL	435 518	441 125	432 903	438 653
Country incentive leave	2 670	2 143	2 670	2 143
Total non-current employee benefits	438 188	443 268	435 573	440 796
Total employee benefits	659 534	645 752	655 531	642 057

AASB 119 contains the calculation methodology for LSL liability. This year, an actuarial assessment performed by DTF was used to calculate the liability rather than using a shorthand measurement technique for the calculation of liability.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has increased from 2012 (3%) to 2013 (3.5%).

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

The net financial effect of the changes in methodology and actuarial assumptions in the current financial year is a decrease of \$14.1 million in total LSL liability and a decrease of \$15.1 million in the total employee benefits expense (which includes on-costs). The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate at 4%. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

28. Provisions

	Consolidated		DECD	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current:				
Provision for workers compensation	18 463	19 041	18 463	19 041
Provision for legal claims	627	506	627	506
Provision for fire claims	-	-	34	126
Total current provisions	19 090	19 547	19 124	19 673
Non-current:				
Provision for workers compensation	91 409	85 621	91 409	85 621
Provision for legal claims	3 675	2 476	3 675	2 476
Total non-current provisions	95 084	88 097	95 084	88 097
Total provisions	114 174	107 644	114 208	107 770

Movements in provisions

Provision for workers compensation:				
Carrying amount at 1 July	104 662	81 282	104 662	81 282
Restructure transfer	-	11 478	-	11 478
Reductions arising from payments	(22 002)	(19 439)	(22 002)	(19 439)
Additional provision recognised	27 212	29 012	27 212	29 012
Provisions transferred from the Government workers compensation fund	-	2 329	-	2 329
Carrying amount at 30 June	109 872	104 662	109 872	104 662

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of DPC. These claims are expected to be settled within the next financial year.

	Consolidated		DECD	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Provision for legal claims:				
Carrying amount at 1 July	2 982	2 750	2 982	2 750
Restructure transfer	-	140	-	140
Reductions arising from payments	(540)	(698)	(540)	(698)
Additional provision recognised	1 860	790	1 860	790
Carrying amount at 30 June	4 302	2 982	4 302	2 982
Provision for fire claims:				
Carrying amount at 1 July	-	-	126	142
Reductions arising from payments	-	-	(134)	(209)
Additional provision recognised	-	-	42	193
Carrying amount at 30 June	-	-	34	126

29. Other liabilities

Current:				
Deposits	8 924	14 393	8 154	13 760
Unearned revenue	5 433	7 291	324	299
Equipment service right	354	59	354	59
Other liabilities	5 138	7 604	513	534
Total current other liabilities	19 849	29 347	9 345	14 652
Non-current:				
Deposits	540	672	-	-
Equipment service right	22 225	22 580	22 225	22 580
Other liabilities	692	497	461	454
Total non-current other liabilities	23 457	23 749	22 686	23 034
Total other liabilities	43 306	53 096	32 031	37 686

30. Equity

	Consolidated		DECD	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Retained earnings	2 198 613	2 167 984	1 793 492	1 806 013
Revaluation surplus	1 506 489	1 506 634	1 506 302	1 506 447
Total equity	<u>3 705 102</u>	<u>3 674 618</u>	<u>3 299 794</u>	<u>3 312 460</u>

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

31. Unrecognised contractual commitments**(a) PPP related commitments**

In July 2009 the State of South Australia entered into a 30 year agreement with Pinnacle Education SA2 Pty Ltd under the Partnerships SA policy, for the financing, design, construction and maintenance of six schools.

The construction of all six schools was completed and achieved commercial acceptance during the 2010-11 financial year, at which point the State assumed responsibility for education provision, staffing, curriculum and teacher practice.

(i) PPP operations and maintenance commitments

Future operations and maintenance commitments are payable in nominal terms as follows:

	Consolidated		DECD	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Within one year	5 164	5 039	5 164	5 039
Later than one year but not later than five years	21 980	21 446	21 980	21 446
Later than five years	159 222	164 939	159 222	164 939
Total PPP operations and maintenance commitments	<u>186 366</u>	<u>191 424</u>	<u>186 366</u>	<u>191 424</u>

(ii) PPP finance lease commitments

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	2013		2012	
	Minimum lease payments	Present value of lease payments	Minimum lease payments	Present value of lease payments
Within one year	21 018	18 890	21 020	18 890
Later than one year and not later than five years	84 050	58 262	84 059	58 248
Later than five years	442 806	97 715	463 814	98 767
Total minimum lease payments	<u>547 874</u>	<u>174 867</u>	<u>568 893</u>	<u>175 905</u>
Less amounts representing finance charges	<u>373 007</u>	<u>-</u>	<u>392 988</u>	<u>-</u>
Present value of minimum lease payments	<u>174 867</u>	<u>174 867</u>	<u>175 905</u>	<u>175 905</u>
Included in the financial statements as:				
Current borrowings (note 26)	1 163	1 039	1 163	1 039
Non-current borrowings (note 26)	173 704	174 866	173 704	174 866
Total included in borrowings	<u>174 867</u>	<u>175 905</u>	<u>174 867</u>	<u>175 905</u>

The PPP arrangements have been detailed in note 2(o) above. The weighted average interest rate implicit in the leases is 11.32%.

(b) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements are payable as follows:

	Consolidated		DECD	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Within one year	95 155	111 757	95 155	111 757
Later than one year but not later than five years	21 213	21 763	21 213	21 763
Total capital commitments	116 368	133 520	116 368	133 520

The Department's capital commitments are for commitments under the investing program.

(c) Remuneration commitments

Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:

	Consolidated		DECD	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Within one year	6 751	7 037	6 751	7 037
Later than one year but not later than five years	12 706	15 159	12 706	15 159
Total remuneration commitments	19 457	22 196	19 457	22 196

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

(d) Operating lease commitments for vehicles

Commitments in relation to operating leases for vehicles contracted for at the reporting date but not recognised as liabilities are payable as follows:

	Consolidated		DECD	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Within one year	5 963	3 652	5 963	3 652
Later than one year but not later than five years	4 132	2 698	4 132	2 698
Total operating lease commitments for vehicles	10 095	6 350	10 095	6 350

The Department has non-cancellable operating lease commitments for the provision of vehicles to senior executive officers or sections (ie pool vehicles) with LeasePlan Australia Ltd. There are no purchase options available to the Department.

(e) Operating lease commitments for facilities

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	Consolidated		DECD	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Within one year	15 419	16 479	15 419	16 479
Later than one year but not later than five years	32 626	42 908	32 626	42 908
Later than five years	5 615	6 297	5 615	6 297
Total operating lease commitments for facilities	53 660	65 684	53 660	65 684

The Department has entered into a number of operating leases for the provision of office accommodation and facilities used for the provision of educational services. Office accommodation is leased from the Department of Planning, Transport and Infrastructure. The property leases include both cancellable and non-cancellable leases and are for varied terms. Contingent rentals are based upon changes in market rental rates, the CPI or a specified rate of increase in the rental payments. Options exist to renew the leases at the end of the lease term. Some leases have no option to renew.

32. Contingent assets and liabilities

On 29 February 2012 the High Court of Australia determined that contract teachers and temporary relieving teachers in the period 1972 to 2005 should have been appointed under the same section of the *Education Act 1972* as permanent teachers. The effect of this is that contract teachers and temporary relieving teachers were entitled to an allowable break in service of up to two years (not three months) for purposes of determining an appropriate LSL accrual. As a result of this ruling, a high proportion of teachers would be deemed to have maintained continuity of service, and would potentially be legally entitled to a higher level of LSL than currently recorded in the Department's financial systems.

At this stage, a sufficiently reliable estimate of the potential liability cannot be made. The Department has commenced an assessment of employee claims for additional leave and monetary entitlements.

In addition, the Department has received advice from the Crown Solicitor that departmental bus drivers were eligible for LSL under the former *Public Sector Management Act 1995* from 10 March 1994. Therefore payment from this date is being applied to each application for LSL that is received.

33. Transferred functions**2013**

There were no transferred functions in 2013.

2012*Transferred in*

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 January 2012 the operational unit known as Families SA was transferred from the Department for Communities and Social Inclusion to the Department. This included 1557.4 full-time equivalent employees and budget funding of \$147.8 million.

The effective date of the transfer is 1 January 2012.

Total income and expenses attributable to Families SA for 2011-12 were:

	Department		Total
	Communities and Social Inclusion 01.07.11 to 31.12.11 \$'000	Education and Child Development 01.01.12 to 30.06.12 \$'000	
Appropriation	133 386	148 795	282 181
Commonwealth revenue	1 378	875	2 253
Fees and charges revenue	-	51	51
Other grants and contributions	589	1 053	1 642
Other income	576	4 111	4 687
Total income	135 929	154 885	290 814
Employee benefits expenses	59 035	69 750	128 785
Supplies and services	52 151	53 838	105 989
Grants and subsidies	25 132	31 573	56 705
Depreciation and amortisation expense	949	889	1 838
Total expenses	137 267	156 050	293 317
Net result	(1 338)	(1 165)	(2 503)

On transfer of Families SA the Department recognised the following assets and liabilities:

	2012
	\$'000
Current assets:	
Cash	301
Receivables	2 523
Total current assets	<u>2 824</u>
Non-current assets:	
Receivables	149
Property, plant and equipment	41 028
Intangible assets	6 618
Total non-current assets	<u>47 795</u>
Total assets	<u>50 619</u>

<i>Transferred in (continued)</i>	2012
Current liabilities:	\$'000
Payables	10 843
Employee benefits	13 122
Provisions	2 866
Total current liabilities	<u>26 831</u>
Non-current liabilities:	
Payables	1 185
Employee benefits	13 568
Provisions	8 752
Borrowings	285
Total non-current liabilities	<u>23 790</u>
Total liabilities	<u>50 621</u>
Total net assets transferred	<u>(2)</u>

Net assets assumed by the Department as a result of the administrative restructure are the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to transfer. The net assets transferred were treated as a contribution by the Government as owner.

34. Remuneration of board and committee members

Members of the boards and committees during the 2012-13 financial year were:

Animal Ethics Committee

Ms Jan Brooks*	Mr Steve Lawrie	Dr Denise Noonan
Ms Anne Clark	Dr David Mason	Ms Patricia Sprague
Mr John Hatch	Ms Kay McGrath	Mr Ross Templeman*
Mr Manfred Heide	Ms Sally Nance	Ms Kimberley Warren*

SA Aboriginal Education and Training Consultative Body

Mr Garth Agius	Ms Natalie Giles	Mr Leslie Taylor
Ms Joanne Ashford	Ms Donna Henry	Ms Khatija Thomas
Ms Pat Buckskin	Ms Tracy Laughton	Mr Klynton Wanganeen
Prof Peter Buckskin	Ms Tanya McGregor*	Mr Michael Wanganeen
Mr Brian Butler	Ms Suzanne Scanlon	

DECD Audit and Risk Committee

Ms Angela Allison*	Ms Julieann Riedstra*	Mr David Waterford*
Mr Garry Costello*	Ms Yvonne Sneddon	
Mr Gino De Gennaro*	Ms Trish Strachan*	

Council for the Care of Children Committee

Mr Keith Bartley*	Ms Sharon Gollan	Ms Catherine Ryan
Ms Jane Chapman	Dr Diana Hetzel	Ms Nerida Saunders*
Ms Jane Cooper	Mr Thomas Manning	Mr Simon Schrapel
Ms Kaye Colmer	Ms Joslene Mazel*	Prof Phillip Slee
Ms Jesse Frick	Ms Emily Rozee*	Mr David Swan*

Child Death and Serious Injury Review Committee

Mr Roger Byard*	Ms Michelle Hasani	Mr Thomas Osborn*
Ms Angela Davis	Dr Dianne Hetzel	Ms Dana Shen*
Ms Dymphna Eszenyi	Mr Barry Jennings QC	Dr Nigel Stewart
Ms Dianne Gursansky	Dr Margaret Kyrkou	Ms Barbara Tiffin*
Ms Janine Harvey*		

SA Institute for Educational Leadership

Ms Jane Booth	Mr Garry Costello*	Ms Louisa Rennie
Mr Keith Bartley*	Ms Pam Kent*	Ms Trish Strachan*
Ms Susan Cameron*	Mr Kevin Lee*	Mr David Tonkin
Ms Kaye Colmer	Mr Phil O'Loughlin*	

34. Remuneration of board and committee members (continued)

The number of members whose remuneration received or receivable falls within the following bands:	2013	2012
	Number	Number
\$0	49	44
\$1 - \$9 999	21	39
\$10 000 - \$19 999	2	6
\$20 000 - \$29 999	-	1
Total	72	90

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration, including employer superannuation contributions, received or receivable by members was \$80 821 (\$216 378).

* In accordance with DPC Circular 16, government employees did not receive any remuneration for board/committee duties during the financial year.

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

35. Cash flow reconciliation

	Consolidated		DECD	
Reconciliation of cash and cash equivalents - at 30 June as per:	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Statement of Financial Position	747 370	707 435	366 666	344 195
Statement of Cash Flows	747 370	707 435	366 666	344 195

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

Net cash provided by operating activities	157 702	140 296	127 890	134 644
Revenues from SA Government	(2 665 348)	(2 479 243)	(2 665 348)	(2 479 243)
Payments to SA Government	-	29 519	-	29 519
Non-cash items:				
Depreciation and amortisation expense	(103 438)	(101 789)	(98 665)	(98 196)
Bad and doubtful debts	(1 793)	8 987	(43)	876
Non-current assets derecognised/written off	(6 232)	(5 548)	(6 232)	(5 548)
Donated assets	-	-	(2 160)	-
Assets recognised for the first time	1 884	866	1 884	866
Net gain from disposal of non-current assets	453	1 171	631	1 239
Movements in assets/liabilities:				
Receivables	(2 486)	(7 489)	(13 317)	(18 028)
Other assets	(41)	(105)	-	-
Inventories	251	220	(15)	(109)
Payables	(18 884)	22 360	(21 972)	7 387
Employee benefits	(13 782)	(86 760)	(13 474)	(86 143)
Provisions	(6 530)	(11 994)	(6 438)	(11 978)
Other liabilities	9 730	(152)	5 595	(308)
Net cost of providing services	(2 648 514)	(2 489 661)	(2 691 664)	(2 525 022)

36. Financial instruments/Financial risk management

The following tables are for the DECD entity only. Information is not collected or obtained from schools to allow for the disclosure of Consolidated information.

36.1 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2.

		2013		2012	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	Note	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	18,35	366 666	366 666	344 195	344 195
Receivables ⁽¹⁾⁽²⁾	19	31 449	31 449	49 462	49 462
Total financial assets		398 115	398 115	393 657	393 657

36.1 Categorisation of financial instruments (continued)

	Note	2013		2012	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial liabilities					
Financial liabilities at cost:					
Payables ⁽¹⁾	25	101 597	101 597	60 530	60 530
Borrowings	26	175 273	175 273	176 311	176 311
Other liabilities	29	32 031	32 031	37 686	37 686
Total financial liabilities		308 901	308 901	274 527	274 527

(1) Receivables and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 19 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Credit risk

Credit risk arises when there is a possibility of the Department's debtors defaulting on their contractual obligations resulting in financial loss to the Department. The Department measures credit risk on a fair value basis and monitors risk on a regular basis.

The Department has minimal concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Department does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently, the Department does not hold any collateral as security to any of its financial assets. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 19 for information on the allowance for impairment in relation to receivables.

36.2 Ageing analysis of financial assets

The following table discloses the ageing of financial assets, current and past due, including impaired assets past due.

	Current (not overdue) \$'000	Past due by			Total \$'000
		Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	
2013					
Not impaired:					
Receivables ⁽¹⁾	24 840	1 862	461	4 322	31 485
Impaired:					
Receivables ⁽¹⁾	-	-	-	(36)	(36)
Total financial assets	24 840	1 862	461	4 286	31 449
2012					
Not impaired:					
Receivables ⁽¹⁾	38 785	587	1 384	8 736	49 492
Impaired:					
Receivables ⁽¹⁾	-	-	-	(30)	(30)
Total financial assets	38 785	587	1 384	8 706	49 462

(1) Receivables amounts disclosed here exclude amounts relating to statutory receivables. In government, certain rights to receive may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables, tax equivalents, Commonwealth tax etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

36.3 Maturity analysis of financial assets and liabilities

The following table discloses the maturity analysis of financial assets and financial liabilities.

	Carrying amount	Contractual maturities		
		Less than 1 year	1-5 years	More than 5 years
	\$'000	\$'000	\$'000	\$'000
2013				
Financial assets:				
Cash and cash equivalents	366 666	366 666	-	-
Receivables	31 449	25 144	2 415	3 890
Total financial assets	398 115	391 810	2 415	3 890
Financial liabilities:				
Payables	101 597	98 228	3 369	-
Borrowings	175 273	1 163	6 202	167 908
Other liabilities	32 031	9 345	2 169	20 517
Total financial liabilities	308 901	108 736	11 740	188 425
2012				
Financial assets:				
Cash and cash equivalents	344 195	344 195	-	-
Receivables	49 462	42 157	2 694	4 611
Total financial assets	393 657	386 352	2 694	4 611
Financial liabilities:				
Payables	60 530	58 509	2 021	-
Borrowings	176 311	1 039	5 543	169 729
Other liabilities	37 686	14 652	2 113	20 921
Total financial liabilities	274 527	74 200	9 677	190 650

Liquidity risk

Liquidity risk arises where the Department is unable to meet its financial obligations as they fall due. The Department is funded principally from appropriation by the SA Government. The Department works with DTF to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through the SA Government budgetary processes to meet the expected cash flows. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made within 30 days from resolution.

The Department's exposure to liquidity risk is not considered a material issue based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in note 36.1 represents the Department's maximum exposure to financial liabilities.

Market risk

Market risk for the Department is primarily through interest rate risk. Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. The Department's interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

Sensitivity disclosure analysis

A sensitivity disclosure analysis has not been undertaken for the interest rate risk of the Department as it has been determined that the possible impact on the net result or total equity from fluctuations in interest rates is immaterial.

37. Events after the end of the reporting period

There were no events occurring after the end of the reporting period that have material financial implications on these financial statements.

**Statement of Administered Comprehensive Income
for the year ended 30 June 2013**

	Note	2013 \$'000	2012 \$'000
Expenses:			
Employee benefits expenses	A3	2 215	2 057
Supplies and services	A4	204	189
Transfer payments	A5	931 809	903 730
Depreciation expense		8	7
Total expenses		934 236	905 983
Income:			
Revenues from SA Government	A6	222 281	214 442
Commonwealth revenues	A7	715 831	697 377
Interest revenues		-	1
Other revenues		236	490
Total income		938 348	912 310
Net result		4 112	6 327
Total comprehensive result		4 112	6 327

**Statement of Administered Financial Position
as at 30 June 2013**

	Note	2013 \$'000	2012 \$'000
Current assets:			
Cash and cash equivalents	A8	23 702	20 046
Receivables	A9	286	1 088
Total current assets		<u>23 988</u>	<u>21 134</u>
Non-current assets:			
Plant and equipment	A10	10	18
Total non-current assets		<u>10</u>	<u>18</u>
Total assets		<u>23 998</u>	<u>21 152</u>
Current liabilities:			
Payables	A11	44	1 486
Employee benefits	A12	263	195
Total current liabilities		<u>307</u>	<u>1 681</u>
Non-current liabilities:			
Payables	A11	50	42
Employee benefits	A12	643	543
Total non-current liabilities		<u>693</u>	<u>585</u>
Total liabilities		<u>1 000</u>	<u>2 266</u>
Net assets		<u>22 998</u>	<u>18 886</u>
Equity:			
Retained earnings	A13	22 998	18 886
Total equity		<u>22 998</u>	<u>18 886</u>
Contingent assets and liabilities	A14		

**Statement of Administered Changes in Equity
for the year ended 30 June 2013**

	Retained earnings \$'000	Total \$'000
Balance at 30 June 2011	12 559	12 559
Net result for 2011-12	6 327	6 327
Total comprehensive result for 2011-12	6 327	6 327
Balance at 30 June 2012	18 886	18 886
Net result for 2012-13	4 112	4 112
Total comprehensive result for 2012-13	4 112	4 112
Balance at 30 June 2013	<u>22 998</u>	<u>22 998</u>

Statement of Administered Cash Flows for the year ended 30 June 2013

		2013	2012
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefit payments		(2 028)	(1 851)
Supplies and services		(373)	(62)
Transfer payments		(951 647)	(923 693)
Borrowing costs		(6)	(5)
Cash used in operations		<u>(954 054)</u>	<u>(925 611)</u>
Cash inflows:			
Receipts from SA Government		222 281	214 442
Receipts from Commonwealth		715 831	697 383
Interest received		-	6
GST recovered from the ATO		19 362	17 662
Other receipts		236	490
Cash generated from operations		<u>957 710</u>	<u>929 983</u>
Net cash provided by (used in) operating activities	A16	<u>3 656</u>	<u>4 372</u>
Net increase (decrease) in cash and cash equivalents		3 656	4 372
Cash and cash equivalents at 1 July		20 046	15 674
Cash and cash equivalents at 30 June	A16	<u>23 702</u>	<u>20 046</u>

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2013

	Minister's other payments		Minister's borrowings		Minister's salary and allowances		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses:								
Employee benefits expenses	1 924	1 792	-	-	291	265	2 215	2 057
Supplies and services	204	189	-	-	-	-	204	189
Transfer payments	931 809	903 730	-	-	-	-	931 809	903 730
Depreciation expense	8	7	-	-	-	-	8	7
Total expenses	<u>933 945</u>	<u>905 718</u>	<u>-</u>	<u>-</u>	<u>291</u>	<u>265</u>	<u>934 236</u>	<u>905 983</u>
Income:								
Revenue from SA Government	221 987	214 175	-	-	294	267	222 281	214 442
Commonwealth revenues	715 831	697 377	-	-	-	-	715 831	697 377
Interest revenues	-	-	-	1	-	-	-	1
Other revenues	236	490	-	-	-	-	236	490
Total income	<u>938 054</u>	<u>912 042</u>	<u>-</u>	<u>1</u>	<u>294</u>	<u>267</u>	<u>938 348</u>	<u>912 310</u>
Net result	<u>4 109</u>	<u>6 324</u>	<u>-</u>	<u>1</u>	<u>3</u>	<u>2</u>	<u>4 112</u>	<u>6 327</u>

**Schedule of Assets and Liabilities
attributable to Administered Activities
for the year ended 30 June 2013**

	Minister's other		Minister's		Minister's salary		Total	
	payments		borrowings		and allowances			
	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets:								
Cash and cash equivalents	23 702	20 046	-	-	-	-	23 702	20 046
Receivables	286	1 088	-	-	-	-	286	1 088
Plant and equipment	10	18	-	-	-	-	10	18
Total assets	23 998	21 152	-	-	-	-	23 998	21 152
Liabilities:								
Payables	94	1 528	-	-	-	-	94	1 528
Employee benefits	906	738	-	-	-	-	906	738
Total liabilities	1 000	2 266	-	-	-	-	1 000	2 266

Notes to and forming part of the administered financial statements

A1. Summary of significant accounting policies

All Department for Education and Child Development (the Department) accounting policies are contained in note 2. The policies outlined in note 2 apply to both the Department and administered financial statements.

A2. Changes in accounting policies

All Department changes in accounting policies are contained in note 3. The changes outlined in note 3 apply to both the Department and administered financial statements.

A3. Employee benefits expenses

	2013	2012
	\$'000	\$'000
Salaries and wages (including annual leave)	1 793	1 569
Superannuation expense	158	140
Payroll tax expense	89	80
Workers compensation	2	1
LSL	116	155
Skills and experience retention leave	16	-
Board and committee fees	41	111
Other employee related expenses	-	1
Total employee benefits expenses	2 215	2 057

TVSPs

No employees were paid TVSPs during the reporting period.

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:	2013		2012	
	Number of executives*	Number of employees	Number of executives*	Number of employees
\$134 000 - \$137 999**	n/a	n/a	-	1
\$148 000 - \$157 999	1	1	-	-
\$318 000 - \$327 999	1	1	1	1
Total	2	2	1	2

* The number of executive officers disclosed above includes employees appointed to executive positions during the financial year or acting in an executive position at 30 June 2013 and 30 June 2012 respectively. The numbers of executive officers separately disclosed are also included in the number of employee totals for 2013 and 2012.

** This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for the 2011-12 financial year.

Remuneration of employees (continued)

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and any FBT associated with those benefits.

Remuneration received or due and receivable by the above employees was \$500 000 (\$500 000), which is included in employee benefits expenses. Salary rates during 2012-13 increased by 4% for *Education Act 1972* employees and 3% for PSA employees effective the first pay period on or after 1 October 2012, and 3% for executives effective 1 July 2012 due to enterprise agreements.

A4. Supplies and services	2013	2012
Supplies and services provided by entities within SA Government:	\$'000	\$'000
Contractors and other outsourced services	2	1
Vehicle and travelling expenses	3	2
Conference expenses	-	1
Other	5	-
Total supplies and services to SA Government entities	10	4
Supplies and services provided by entities external to SA Government:		
Contractors and other outsourced services	112	89
Printing, postage and consumables	27	23
Vehicle and travelling expenses	11	15
Conference expenses	-	11
Rentals and leases	1	4
Minor works, maintenance and equipment	11	2
Advertising, publicity and promotions	1	2
Telecommunications	2	1
Other	29	38
Total supplies and services to non-SA Government entities	194	185
Total supplies and services	204	189

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

Consultancy fees	2013		2012	
	Number	\$'000	Number	\$'000
The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:				
Below \$10 000	1	3	1	6
Between \$10 000 and \$50 000	-	-	1	10
Total	1	3	2	16

A5. Transfer payments	2013	2012
Transfer payments paid/payable to entities within SA Government:	\$'000	\$'000
SACE Board of South Australia	18 789	18 688
Transport concessions	14 947	14 668
Special schools	2 752	2 674
Education and Early Childhood Services Registration and Standards Board of SA	4 859	771
Government schools	73	85
Government pre-schools	12	20
Multicultural grants	2	13
Other organisations	117	159
Total transfer payments to SA Government entities	41 551	37 078
Transfer payments paid/payable to entities external to SA Government:		
Non-government schools	882 480	858 650
Special schools	4 094	4 482
Multicultural grants	1 300	1 291
Other organisations	2 384	2 229
Total transfer payments to non-SA Government entities	890 258	866 652
Total transfer payments	931 809	903 730

A6. Revenues from SA Government	2013	2012
	\$'000	\$'000
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	221 705	214 144
Appropriations under other Acts	294	267
Transfers from contingencies	282	31
Total revenues from SA Government	<u>22 281</u>	<u>214 442</u>
A7. Commonwealth revenues		
Recurrent grants	704 411	682 391
Capital grants	11 420	14 986
Total Commonwealth revenues	<u>715 831</u>	<u>697 377</u>
A8. Cash and cash equivalents		
Deposits with the Treasurer - at call	23 702	20 046
Total cash and cash equivalents	<u>23 702</u>	<u>20 046</u>
A9. Receivables		
Current:		
GST recoverable from the ATO	254	1 088
Other receivables	32	-
Total current receivables	<u>286</u>	<u>1 088</u>
Total receivables	<u>286</u>	<u>1 088</u>
<i>Government/Non-government receivables</i>		
Receivables from SA Government entities:		
Other receivables	32	-
Total receivables from SA Government entities	<u>32</u>	<u>-</u>
Receivables from non-SA Government entities:		
GST recoverable from the ATO	254	1 088
Total receivables from non-SA Government entities	<u>254</u>	<u>1 088</u>
Total receivables	<u>286</u>	<u>1 088</u>
A10. Plant and equipment		
Computing, furniture and equipment:		
Computing, furniture and equipment at cost	53	53
Accumulated depreciation	(43)	(35)
Total computing, furniture and equipment	<u>10</u>	<u>18</u>
Total plant and equipment	<u>10</u>	<u>18</u>
<i>Valuation of non-current assets</i>		
Computing, furniture and equipment are recorded at historical cost less accumulated depreciation.		
<i>Impairment</i>		
There were no indications of impairment of plant and equipment at 30 June 2013.		
<i>Reconciliation of plant and equipment</i>		
The following table shows the movement of plant and equipment:	Computing, furniture and equipment	
	2013	2012
	\$'000	\$'000
Carrying amount at 1 July	18	25
Depreciation	(8)	(7)
Carrying amount at 30 June	<u>10</u>	<u>18</u>
A11. Payables	2013	2012
Current:	\$'000	\$'000
Creditors	5	1 457
Employment on-costs	33	24
Accrued expenses	6	5
Total current payables	<u>44</u>	<u>1 486</u>

A11. Payables (continued)		2013	2012
Non-current:		\$'000	\$'000
Employment on-costs		50	42
Total non-current payables		50	42
Total payables		94	1 528
Government/Non-government payables			
Payables to SA Government entities:			
Employment on-costs		83	66
Creditors		1	1 416
Accrued expenses		6	5
Total payables to SA Government entities		90	1 487
Payables to non-SA Government entities:			
Creditors		4	41
Total payables to non-SA Government entities		4	41
Total payables		94	1 528
A12. Employee benefits			
Current:			
Accrued salaries and wages		37	32
Annual leave		110	80
LSL		100	83
Skills and experience retention leave		16	-
Total current employee benefits		263	195
Non-current:			
LSL		643	543
Total non-current employee benefits		643	543
Total employee benefits		906	738
A13. Equity			
Retained earnings		22 998	18 886
Total equity		22 998	18 886
Retained earnings			
Balance at 1 July		18 886	12 559
Net result for the year		4 112	6 327
Balance at 30 June		22 998	18 886

A14. Contingent assets and liabilities

The Department is not aware of any contingent assets or liabilities and has made no guarantees in relation to its administered activities.

A15. Remuneration of board and committee members

Members of the boards and committees during the 2012-13 financial year were:

Ministerial Advisory Committee: Students with Disabilities

Ms Jacqueline Ah Kit*	Ms Helen Connolly	Ms Deidre Le Maistre*
Ms Gabby Aschberger	Ms Vivian Cagliuso	Mr Glenn Rappensberg
Ms Susan Bailey	Ms Janice Clark*	Mr Nick Schumi
Ms Erica Baker	Ms Jillian Denys*	Ms Sue Sodeman*
Ms Mary Bambacas	Ms Stephanie Grant	Ms Margaret Wallace
Dr Kerry Bissaker	Ms Helen Kowalenko*	Ms Kath Vannan*

Multicultural Education Committee

Mr Archie Andrews	Mr Rodney O'Brien	Ms Lynda Secombe
Ms Jeanette Barrachina*	Ms Panayoula Parha*	Ms Vivien Shae
Mr Edgar Bliss	Ms Tala Sabri*	Ms Renee Singh
Ms Antonella Chiera-Macchia*	Ms Angela Scarino	Mr Lawrence Udo-Ekpo*
Mr John Kiosoglous		

Ethnic Schools Board

Mr Vincenzo Andreaacchio*	Ms Ursula McGowan	Ms Karmen Petric*
Mr Geoffrey Baraka	Ms Binh Nguyen	Ms Bushra Rasheed**
Dr Paul Hine	Mr Abdi Ali Osman	Ms Sumeja Skaka
Mr John Kiosoglous	Dr George Panagopoulos	Mr Kostyantyn Todorashko
Ms Juan Li**	Ms Maxine Panegyres*	

Ministerial Planning Committee for Non-government Schools

Mr John Connell	Mr Christopher Rudd	Mr Denise Ralph
Ms Judith Day	Ms Amanda Hore	Mr Ross Treadwell*
Dr Bronwyn Donaghey	Mr Raymond Lambert	Mr Vince Dimasi*
Mr Andrew Gear*	Ms Pauline Murphy	

Ministerial Advisory Committee on Non-government Schools

Ms Ann Bliss	Ms Jan Hurley	Mr Steve Byrne*
Ms Fiona Godfrey	Mr Barry Kahl	Ms Louise Firrell
Ms Carolyn Grantskalns	Mr Glen Seidel	Ms Amanda Hore
Mr Donald Grimmet	Dr Paul Sharkey	Mr Gary Le Duff
Mr Michael Honey	Ms Katherine Teague	

The number of members whose remuneration received or receivable falls within the following bands:	2013 Number	2012 Number
\$0	31	29
\$1 - \$9 999	36	52
\$10 000 - \$19 999	-	2
\$20 000 - \$29 999	-	1
Total	<u>67</u>	<u>84</u>

* Government employee that did not receive any remuneration for board/committee duties during the financial year.

** Part-time government employee who gained approval to receive remuneration for board/committee duties during the financial year.

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$38 572 (\$118 872).

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

A16. Cash flow reconciliation	2013	2012
Reconciliation of cash and cash equivalents - at 30 June as per:	\$'000	\$'000
Statement of Administered Financial Position	23 702	20 046
Statement of Administered Cash Flows	<u>23 702</u>	<u>20 046</u>

Reconciliation of net cash provided by (used in) operating activities to net result:

Net cash provided by (used in) operating activities	3 656	4 372
Non-cash items:		
Depreciation	(8)	(7)
Movements in assets/liabilities:		
Receivables	(802)	425
Payables	1 434	1 725
Employee benefits	(168)	(188)
Net result	<u>4 112</u>	<u>6 327</u>

A17. Financial instruments/Financial risk management**A17.1 Categorisation of financial instruments**

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2. The policies outlined in note 2 apply to both the Department and administered financial statements.

A17.1 Categorisation of financial instruments (continued)

	Note	2013		2012	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets					
Cash and cash equivalents	A8	23 702	23 702	20 046	20 046
Receivables ⁽¹⁾	A9	32	32	-	-
Total financial assets		23 734	23 734	20 046	20 046
Financial liabilities					
Payables ⁽¹⁾	A11	5	5	1 457	1 457
Total financial liabilities		5	5	1 457	1 457

- ⁽¹⁾ Receivables and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

Credit risk

Credit risk arises when there is a possibility of the Department's debtors defaulting on their contractual obligations resulting in financial loss to the Department. The Department measures credit risk on a fair value basis and monitors risk on a regular basis.

The Department has minimal concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Department does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently, the Department does not hold any collateral as security to any of its financial assets. There is no evidence to indicate that financial assets are impaired.

A17.2 Maturity analysis of financial assets and liabilities

The following table discloses the maturity analysis of financial assets and financial liabilities.

	Carrying amount \$'000	Contractual maturities		
		Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2013				
Financial assets:				
Cash and cash equivalents	23 702	23 702	-	-
Receivables	32	32	-	-
Total financial assets	23 734	23 734	-	-
Financial liabilities:				
Payables	5	5	-	-
Total financial liabilities	5	5	-	-
2012				
Financial assets:				
Cash and cash equivalents	20 046	20 046	-	-
Total financial assets	20 046	20 046	-	-
Financial liabilities:				
Payables	1 457	1 457	-	-
Total financial liabilities	1 457	1 457	-	-

Liquidity risk

Liquidity risk arises where the Department is unable to meet its financial obligations as they fall due. The Department is funded principally from appropriation by the SA Government. The Department works with DTF to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through the SA Government budgetary processes to meet the expected cash flows. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made within 30 days from resolution.

The Department's exposure to liquidity risk is insignificant based on past experience and current assessment of risk. The carrying amount of financial liabilities recorded in note A17.1 represent the Department's maximum exposure to financial liabilities.

Sensitivity disclosure analysis

A sensitivity disclosure analysis has not been undertaken for the interest rate risk of the Department as it has been determined that the possible impact on the net result or total equity from fluctuations in interest rates is immaterial.

A18. Events after the end of the reporting period

There were no events occurring after the end of the reporting period that have material financial implications on these financial statements.

Environment Protection Authority

Functional responsibility

Establishment

The financial reporting entity, the Environment Protection Authority (EPA), comprises the following:

- the Environment Protection Authority – a statutory authority with an appointed board established by the *Environment Protection Act 1993* (the EP Act)
- an administrative unit also named the Environment Protection Authority established under the PSA
- the Environment Protection Fund (EPF) as established under the EP Act.

Under the EP Act, the Chief Executive of the administrative unit is also taken to be the Chief Executive of the statutory authority. The Chief Executive is subject to the control and direction of the Minister in relation to the activities of the administrative unit, and is subject to the control and direction of the board in giving effect to its policies and decisions under the EP Act.

The EP Act permits the statutory authority to make use of the services of the administrative unit's employees and its facilities.

Functions

The EPA statutory authority is South Australia's primary environmental regulator for the control and minimisation of pollution and waste. It is responsible for the protection and enhancement of air and water quality, and control of pollution, waste and environmental noise.

The EPA statutory authority is also responsible for the EPF. Note 31 to the financial statements outlines income and expenses of the EPF.

The EPA administrative unit provides administrative assistance and facilities to the statutory authority. The administrative unit also has responsibility for radiation protection functions under the *Radiation Protection and Control Act 1982*.

For details of the roles of both the statutory authority and administrative unit, refer note 1(a) to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

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

Assessment of controls

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

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

Scope of the audit

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

During 2012-13, areas of review included:

- waste levies revenue
- licence fee revenue
- accounts payable
- payroll
- general ledger.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Environment Protection Authority as at 30 June 2013, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

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

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Chief Executive of the EPA. The EPA's response indicated that appropriate action would be taken to address the matters raised. The following outlines the notable matters that were raised with the EPA.

Timely update of policies and procedures

In 2011-12 Audit recommended that the EPA establish and monitor a register detailing the required review dates for all EPA policies, procedures and guidelines.

In response EPA advised that a project would be established to review all of its internal office procedures in the lead-up to introducing iShare.

In 2012-13, iShare became operational and identifies EPA policies, procedures and guidelines. However Audit noted that many of those documents have not been updated or reviewed and are past the review dates identified.

EPA responded that a review of the implementation of iShare will identify and allocate policies and procedures rather than individuals to ensure better management in the future.

Licence compliance

Under the EP Act, the EPA provides environment authorisations in the form of licence or works approval for an individual or a corporation, to regulate the undertaking of prescribed activities of environmental significance. EPA has developed licence management plans as a tool to manage site risks.

In 2011-12 the audit identified that:

- there was no procedure or specific guidance about how and when to review a licence management plan
- there was not a consistent approach to maintaining and evidencing the review of licence management plans
- three licence management plans out of a sample selected for review could not be provided at the time of audit.

EPA is moving towards standardising the management and recording of licence management plans through the Licensing Administration and Modernisation Project (LAMP). LAMP will provide an enhanced database for management monitoring and reporting across EPA on a variety of licence related information. As part of its functionality LAMP will standardise reporting on licence management plans.

Audit will review the implementation of LAMP once it is in place to ensure it addresses the concerns raised by Audit in previous years.

EPA responded that the implementation of LAMP is expected to be completed in October 2013.

Payroll bona fide register

The bona fide report lists all employees employed within that paypoint during the pay period and indicates classification level, hours and the most imminent end date in the system for an employee. Certified bona fide reports are filed by EPA Human Resources, however there is no formal register identifying outstanding bona fide reports.

EPA responded that they are working to establish the best process for implementing a formal register to ensure that all outstanding bona fide reports are identified and can be acted on in a timely manner. This register will be in place by 1 December 2013.

Interpretation and analysis of the financial report

Highlights of the financial report

	2013 \$' million	2012 \$' million
Expenses		
Employee benefits expenses	22	22
Supplies and services	7	7
Grants and subsidies	19	19
Other expenses	2	2
Total expenses	50	50
Income		
Fees and charges	54	53
Other revenues	2	2
Total income	56	55
Net cost of providing services	(6)	(5)
Net revenues from SA Government	-	1
Net result	(6)	(6)
Net cash provided by (used in) operating activities	6	5
Assets		
Current assets	22	25
Non-current assets	7	6
Total assets	29	31
Liabilities		
Current liabilities	3	3
Non-current liabilities	5	5
Total liabilities	8	8
Total equity	21	23

Statement of Comprehensive Income

Expenses

Total expenses did not increase in 2012-13. Solid waste levies collected remained constant with 2011-12 as did the subsequent transfer of a component of those levies to Zero Waste SA under section 17 of the *Zero Waste SA Act 2004* (refer note 8 to the financial statements).

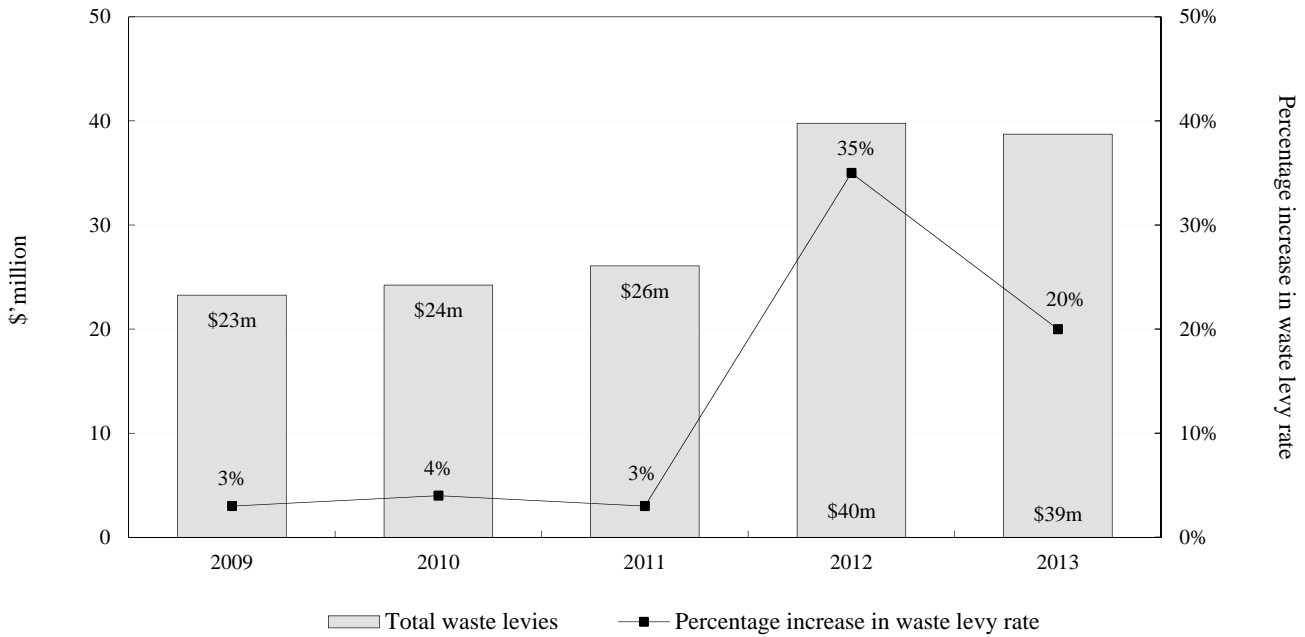
Income

Total income increased by \$1.2 million (2.2%). This was primarily due to an increase in environmental authorisation and radiation licence fees of \$2.5 million, offset by a decrease in waste levies of \$1 million.

In 2013 fees and charges collected for waste levies decreased by 2.6% to \$38.8 million (\$39.8 million). The reduction in waste levies was due to:

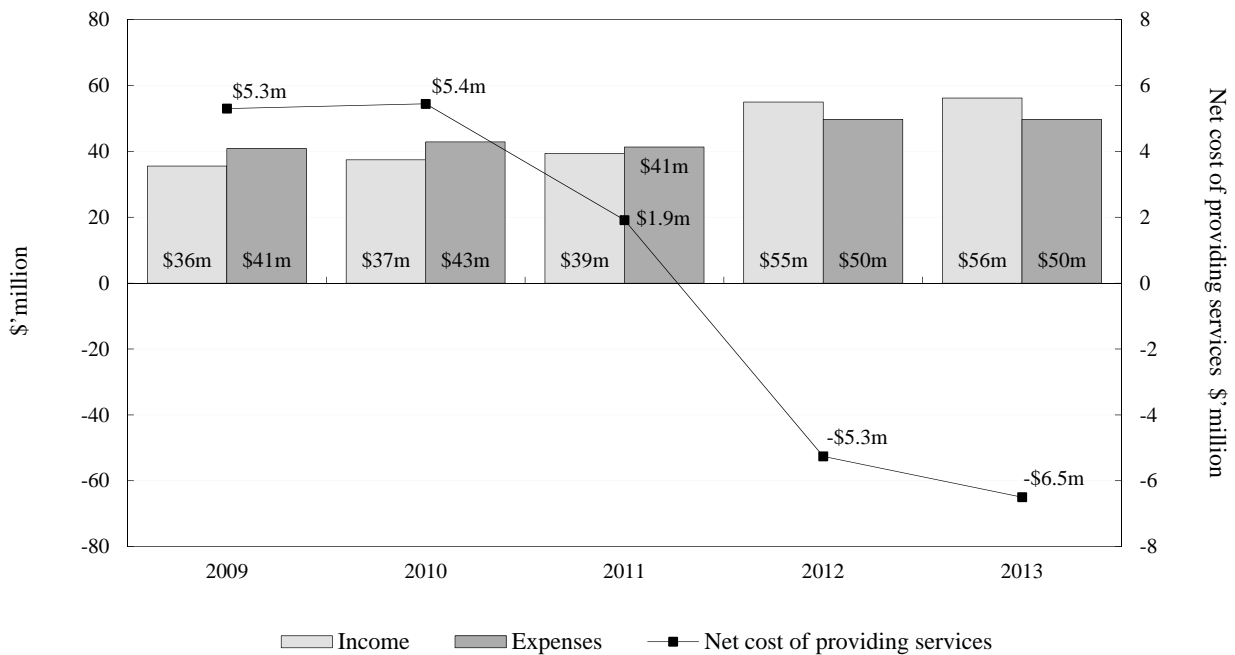
- a decrease in the tonnages processed (21%) by waste depots during 2012-13
- offset by an increase in waste levy rates of 20% effective from 1 July 2012.

The following chart shows the amounts collected from waste levies over the five years to 2013.



Net cost of providing services

The following chart shows the income, expenses and net cost (net benefit) of providing services for the five years to 2013. The movement from net cost to net benefit of providing services from 2012 has resulted from increases in fees and charges and maintenance of expenditure.



Statement of Financial Position

Current assets – cash

This item, \$15 million (\$19 million), represents 69% (76%) of total current assets and 52% (61%) of total assets. Cash includes the Environment Protection Fund Deposit Account of \$7 million (46%). This is further discussed below under Statement of Cash Flows.

Non-current assets – property, plant and equipment

In 2013 this item makes up 22% (18%) of total assets. Furniture and fittings is the dominant item of property, plant and equipment. Furniture and fittings include leasehold improvements made to EPA premises in Victoria Square, Adelaide. Note 19 to the financial statements provides further details on this item and amounts.

Statement of Cash Flows

The following table summarises the net cash flows since 2010.

	2013 \$'million	2012 \$'million	2011 \$'million	2010 \$'million
Net cash flows				
Operating	6	5	2	4
Investing	(2)	(1)	(1)	(1)
Financing	(8)	5	-	-
Change in cash	(4)	10	1	3
Cash at 30 June	15	19	9	8

EPA's cash at 30 June 2013 comprises an EPA operating account (\$8 million) and the EPF (\$7 million). Use of the monies held in the EPF requires approval of the Minister and must be consistent with the requirements of the EP Act.

The decrease in cash of \$4 million relates mainly to the return of \$9.4 million of surplus cash to the Consolidated Account as contributed capital and surplus cash offset by a net benefit realised on operations.

Further commentary on operations**Transfer of solid waste levies to the Waste to Resources Fund**

The EPA receives solid waste levies from waste depots under section 113 of the EP Act. These amounts are included within fees and charges. There was a substantial increase in solid waste levy rates of 20% (35%) from 1 July 2012. Section 17 of the *Zero Waste SA Act 2004* requires the EPA to transfer 50% of these levies to the Waste to Resources Fund. This fund may be applied by Zero Waste SA in accordance with the approved Zero Waste SA business plan or in any other manner authorised by the responsible Minister for the purposes of the *Zero Waste SA Act 2004*.

The EPA transferred \$18.5 million (\$18.6 million) to the Waste to Resources Fund during the year. This transfer is reflected within grants and subsidies.

The balance of the Waste to Resources Fund at 30 June 2013 was \$43.7 million (\$33.9 million).

Licensing Administration Modernisation project (LAMP)

LAMP commenced in September 2010 with the aim of developing a suite of new and existing IT systems relating to licensing, waste levy auditing, waste tracking and the recording of old waste management commission records. Improving these IT systems is expected to result in savings for the EPA and business, since many tasks that were performed manually will be automated.

The original implementation date for LAMP was 1 July 2013 but this has been delayed until October 2013. The major reasons for this delay in implementation are:

- rework of the financial interface due to the change in the whole-of-government banking contract
- the integration of e-ELF (online applications and payments) and the licensing system taking longer than initially estimated
- the EPA's requirements for application fees changing following the introduction of new regulations for charging of licence assessment fees.

As at 30 June 2013 the total amount spent on the LAMP project was \$1.7 million.

**Statement of Comprehensive Income
for the year ended 30 June 2013**

	Note	2013 \$'000	2012 \$'000
Expenses:			
Employee benefits expenses	5	21 896	21 795
Supplies and services	6	6 991	7 225
Depreciation and amortisation	7	853	989
Grants and subsidies	8	18 843	19 075
Net loss (gain) from the disposal on non-current assets	9	8	2
Other expenses	10	1 104	652
Total expenses		49 695	49 738
Income:			
Fees and charges	12	54 326	53 120
Grants and contributions	13	1 640	1 583
Interest revenue	14	199	259
Other income	15	29	34
Total income		56 194	54 996
Net cost of (benefit from) providing services		(6 499)	(5 258)
Revenues from (Payments to) SA Government:			
Revenues from SA Government	16	900	724
Payments to SA Government		(998)	-
Total revenues from (payments to) SA Government		(98)	724
Net result		6 401	5 982
Total comprehensive result		6 401	5 982

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

**Statement of Financial Position
as at 30 June 2013**

	Note	2013 \$'000	2012 \$'000
Current assets:			
Cash and cash equivalents	17	14 992	19 031
Receivables	18	6 681	5 796
Total current assets		21 673	24 827
Non-current assets:			
Receivables	18	7	6
Property, plant and equipment	19	6 506	5 813
Intangible assets	20	743	727
Total non-current assets		7 256	6 546
Total assets		28 929	31 373
Current liabilities:			
Payables	21	1 063	1 515
Employee benefits	22	1 820	1 637
Provisions	23	41	52
Other liabilities	24	199	56
Total current liabilities		3 123	3 260
Non-current liabilities:			
Payables	21	377	400
Employee benefits	22	3 873	4 076
Provisions	23	174	155
Other liabilities	24	644	711
Total non-current liabilities		5 068	5 342
Total liabilities		8 191	8 602
Net assets		20 738	22 771
Equity:			
Contributed capital		-	8 434
Revaluation surplus		437	437
Retained earnings		20 301	13 900
Total equity		20 738	22 771

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	25
Contingent assets and liabilities	26

**Statement of Changes in Equity
for the year ended 30 June 2013**

	Contributed capital \$'000	Revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2011	3 195	437	7 918	11 550
Net result for 2011-12	-	-	5 982	5 982
Total comprehensive result for 2011-12	-	-	5 982	5 982
Transactions with SA Government as owner:				
Equity contribution received	5 239	-	-	5 239
Balance at 30 June 2012	8 434	437	13 900	22 771
Net result for 2012-13	-	-	6 401	6 401
Total comprehensive result for 2012-13	-	-	6 401	6 401
Transactions with SA Government as owner:				
Equity contribution repaid	(8 434)	-	-	(8 434)
Balance at 30 June 2013	-	437	20 301	20 738

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

Statement of Cash Flows for the year ended 30 June 2013

		2013	2012
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefit payments		(21 913)	(20 933)
Payments for supplies and services		(6 481)	(6 558)
Payments of grants and subsidies		(18 843)	(19 075)
Other payments		(120)	(131)
Cash used in operations		<u>(47 357)</u>	<u>(46 697)</u>
Cash inflows:			
Fees and charges		51 547	49 227
Grant and contribution receipts		1 640	1 583
Interest received		204	259
Other receipts		29	34
Cash generated from operations		<u>53 420</u>	<u>51 103</u>
Cash flows from SA Government:			
Receipts from SA Government		900	724
Payments to SA Government		(998)	-
Cash generated from SA Government		<u>(98)</u>	<u>724</u>
Net cash provided by (used in) operating activities	28	<u>5 965</u>	<u>5 130</u>
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(1 562)	(710)
Loss on sale of property, plant and equipment		(8)	(2)
Cash used in investing activities		<u>(1 570)</u>	<u>(712)</u>
Net cash provided by (used in) investing activities		<u>(1 570)</u>	<u>(712)</u>
Cash flows from financing activities:			
Cash outflows:			
Return of capital contributions from government		(8 434)	-
Cash used in financing activities		<u>(8 434)</u>	<u>-</u>
Cash inflows:			
Capital contributions from government		-	5 239
Cash generated from financing activities		<u>-</u>	<u>5 239</u>
Net cash provided by (used in) financing activities		<u>(8 434)</u>	<u>5 239</u>
Net increase (decrease) in cash and cash equivalents		<u>(4 039)</u>	<u>9 657</u>
Cash and cash equivalents at 1 July		<u>19 031</u>	<u>9 374</u>
Cash and cash equivalents at 30 June	17	<u><u>14 992</u></u>	<u><u>19 031</u></u>

Notes to and forming part of the financial statements

1. Objectives of the Environment Protection Authority (the Authority)

(a) Reporting entity

The Environment Protection Authority reporting entity comprises the following:

- the Environment Protection Authority – a statutory authority with an appointed board established by the *Environment Protection Act 1993*
- an administrative unit also named the Environment Protection Authority established under the PSA
- the Environment Protection Fund (the Fund) established under the *Environment Protection Act 1993*.

Under the *Environment Protection Act 1993*, the Chief Executive of the administrative unit is also taken to be the Chief Executive of the statutory authority. The Chief Executive is subject to the control and direction of the Minister in relation to the activities of the administrative unit, and is subject to the control and direction of the board in relation to giving effect to its policies and decisions under the *Environment Protection Act 1993*.

The statutory authority is South Australia's primary environmental regulator for the protection, restoration and enhancement of our environment. The statutory authority makes use of the services of the administrative unit's employees and facilities in performing its statutory obligations.

The administrative unit also has responsibility for radiation protection functions under the *Radiation Protection and Control Act 1982*. The Authority's financial statements include assets, liabilities, revenues and expenses attributable to radiation protection. The income and expenses (excluding overheads) attributable to radiation protection are disclosed in note 32. However assets and liabilities have not been separately disclosed as they cannot be reliably attributed to radiation protection functions.

The Fund meets the accounting criteria of a controlled entity of the Authority and consequently the assets and liabilities of the Fund are recognised by the Authority in the Statement of Financial Position, the Fund's revenues and expenses have been recognised in the Authority's Statement of Comprehensive Income and the Fund's changes in equity have been recognised in the Authority's Statement of Changes in Equity. The transactions of the Fund are disclosed in note 31.

(b) Strategic context

The Authority promotes the principles of ecologically sustainable development and works with government, industry and the people of South Australia, with key roles to:

- review, develop and draft environmental protection policies and national environment protection measures
- authorise activities of environmental significance through an authorisation system aimed at the control and minimisation of pollution and waste
- conduct compliance investigations and institute environmental monitoring and evaluation programs
- provide advice and assistance regarding best environmental management practice.

The Authority has a key advocacy and engagement role across government and with the people of South Australia, business and communities throughout South Australia, to achieve a healthy and valued environment.

(c) Financial arrangements

The Department of Environment, Water and Natural Resources (DEWNR) provides some professional, technical and administrative support to the Authority. The identifiable direct costs of providing these services are met by the Authority. In addition, certain services are provided by DEWNR at no charge to the Authority and have not been recognised in the financial statements as it is impractical to determine a value for these items. The costs of these services include salaries and overheads relating to the provision of various administrative services.

A memorandum of understanding was signed on 13 March 2013 between DEWNR and the Authority relating to the provision of these services.

(c) **Financial arrangements (continued)**

The Authority's sources of funds consist of income derived primarily from fees, levies and licences. These fees, levies and licences include:

- waste levies from landfill depots
- environmental authorisation fees
- radiation license fees
- fines and penalties
- section 7 enquiries.

The financial activities of the Authority are primarily conducted through deposit accounts with DTF pursuant to sections 8 and 21 of the PFAA. The deposit accounts are used for funds provided by Parliamentary appropriation together with revenues from services provided and from fees and charges.

2. Summary of significant accounting policies

(a) **Statement of compliance**

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

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

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

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Authority for the reporting period ending 30 June 2013.

(b) **Basis of preparation**

The preparation of the financial statements requires:

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

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013 and the comparative information presented.

(c) **Comparative information**

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

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

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

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

(d) **Rounding**

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

(e) **Taxation**

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

SSSA prepares a business activity statement on behalf of the Authority under the grouping provisions of the GST legislation. Under these provisions, DEWNR is liable for the payments and entitled to the receipts associated with GST. Therefore, the Authority's net GST receivable/payable is recorded in DEWNR's Statement of Financial Position. GST cash flows applicable to the Authority are recorded in DEWNR's Statement of Cash Flows.

(f) **Events after the reporting period**

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

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

(g) **Income and expenses**

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

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

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

Income

The following are specific recognition criteria:

Fees and charges

Environmental authorisation fees received under the *Environment Protection Act 1993* are recognised as revenue when invoiced. All other license fees, including those received under the *Radiation Protection and Control Act 1982*, are recognised as revenue upon receipt.

Waste levies are recognised by the Authority on an accrual basis.

Contributions received

Contributions are recognised as an asset and income when the Authority obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (ie the amount can be reliably measured and the flow of resources is probable).

Contributions received (continued)

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

Revenues from SA Government

Appropriations for program funding are recognised as revenues when the Authority obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Authority and the appropriation is recorded as contributed equity. A return of contributed equity was made in 2012-13 of \$8.434 million by the Authority (the Authority received a \$5.239 million equity contribution in 2011-12).

Net gain (loss) on non-current assets

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

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

Other income

Other income consists of sundry expense reimbursements.

Expenses

The following are specific recognition criteria:

Employee benefits

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

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Authority to the superannuation plan in respect of current services of current Authority staff. DTF centrally recognises the superannuation liability in the whole-of-government financial statements.

Depreciation and amortisation

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

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

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

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

Land assets are not depreciated.

Depreciation and amortisation (continued)

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

<i>Class of asset</i>	<i>Useful life (years)</i>
Computing equipment	3-10
Intangibles	3-14
Infrastructure	15-50
Plant and equipment	0-15
Moveable vehicles	10-25
Furniture and fittings	5-15
Buildings and improvements	30-50
Other	7-10

Grants and subsidies

For contributions payable, the contribution will be recognised as a liability and expense when the Authority has a present obligation to pay the contribution and the expense recognition criteria are met.

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

Payments to SA Government

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy and paid directly to the Consolidated Account.

(h) Current and non-current classification

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

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

(i) Assets

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

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

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

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables

Receivables include amounts receivable from fees and charges, interest, prepayments and other accruals.

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Trade receivables are generally due within 30 days after the issue of an invoice.

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

Non-current assets

- *Acquisition and recognition*

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

Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recognised at book value ie the amount recorded by the transferor public authority immediately prior to the restructure.

All non-current tangible assets with a value over \$10 000 are capitalised.

- *Revaluation of non-current assets*

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

Every five years, the Authority revalues its land, buildings and infrastructure. 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, when they are revalued to fair value.

Any revaluation increment is credited to the revaluation surplus except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income.

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

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

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

The Authority undertook an independent professional valuation in 2009 for all land, buildings and infrastructure. The valuer used by the Authority was as follows:

Land, buildings and infrastructure
1 July 2009, Valcorp Australia Pty Ltd
Mr N Zwaans, BBus(Property), GAPI
Mr F Taormina, BAppSc(Val), AAPI

Fair value was determined by identifying a market buying price, estimated as written down modern equivalent replacement cost. The fair value of land and buildings was based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

- *Assets deemed to be at fair value*

APF III states that revaluation of a non-current asset is required only when its fair value at the time of acquisition is greater than \$1 million and its estimated useful life is greater than three years.

Asset classes that did not satisfy this criteria and are therefore deemed to be at fair value are:

- moveable vehicles
- computing equipment
- application software
- furniture and fittings
- plant and equipment.

- **Impairment**

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

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

Intangible assets

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

The useful lives of intangible assets are assessed to be either finite or indefinite. The Authority only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

(j) **Liabilities**

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

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

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

Payables

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

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

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

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

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

Employee benefits on-costs include payroll tax, WorkCover levies and superannuation contributions in respect to outstanding liabilities for salaries and wages, LSL, annual leave and skills and experience retention leave.

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

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. The Authority has entered into one or more operating leases.

- *Operating leases*
Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.
- *Lease incentive*
All incentives for the agreement of new or renewed operating leases are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received to enter into operating leases are recognised as a liability.

The aggregate benefit of lease incentives received by the Authority in respect of operating leases has been recorded as a reduction of rental expense over the lease term, on a straight-line basis.

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

Employee benefits

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

- *Salaries, wages, annual leave, skills and experience retention leave and sick leave*
The liability for salary and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and the skills and experience retention leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages, annual leave and skills and experience retention leave liability 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.

- *LSL*
The liability for LSL is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

Provisions

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

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

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

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2013 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Authority is responsible for the payment of workers compensation claims.

(k) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating lease and remuneration commitments arising from contractual or statutory sources and are disclosed at their nominal value.

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

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

3. New and revised accounting standards and policies

The Authority did not voluntarily change any of its accounting policies during 2012-13.

AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Authority for the period ending 30 June 2013. The Authority has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Authority.

4. Activities of the Authority

The Authority is funded by appropriation and fees and charges for the provision of environment protection, policy and regulatory services. In line with the objectives of establishing the Authority to focus on environment protection activities, the Authority conducts its services through a single program, Environment and Radiation Protection. The purpose of this program is to achieve a clean, healthy and valued environment that supports social and economic policy for all South Australians. As the Authority conducts its services through a single program, a Statement of Disaggregated Disclosures has not been prepared.

5. Employee benefits expenses

	2013	2012
	\$'000	\$'000
Salaries and wages	15 725	15 111
TVSPs (refer below)	889	348
LSL	264	1 249
Annual leave	1 526	1 447
Skills and experience retention leave	76	-
Employment on-costs - superannuation	1 828	1 907
Employment on-costs - other	961	983
Board and committee fees	162	160
Workers compensation	34	103
Other employment related expenses	431	487
Total employee benefits expenses	21 896	21 795

TVSPs

Amount paid during the reporting period to separated employees:

	2013	2012
TVSPs	889	348
Annual leave and LSL paid to those employees	251	124
Total	1 140	472
Recovery from DTF	900	352
Net cost to the Authority	240	120

The number of employees who received a TVSP during the reporting period was 6 (2).

Employee remuneration

	2013	2012
	Number	Number
The number of employees whose remuneration received or receivable falls within the following bands:		
\$134 000 - \$137 999*	-	1
\$138 000 - \$147 999	1	-
\$168 000 - \$177 999	-	1
\$178 000 - \$187 999	1	-
\$198 000 - \$207 999	2	1
\$208 000 - \$217 999	-	1
\$218 000 - \$227 999	-	1
\$308 000 - \$317 999	1	-
Total	5	5

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2011-12.

Employee remuneration (continued)

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any FBT paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$1.04 million (\$939 000).

6. Supplies and services	2013	2012
	\$'000	\$'000
Accommodation and property management expenses	2 252	2 199
Consultants	2	16
Contractors	251	470
Fee-for-service	561	456
General administration	853	847
Information technology and communication expenses	604	648
Minor works, maintenance and equipment	462	444
Monitoring fees	439	298
Scientific and technical services	630	686
Transportation	141	144
Travel and accommodation	243	344
Vehicle and aircraft	358	384
Other	195	289
Total supplies and services	6 991	7 225
Supplies and services provided by entities within the SA Government:		
Accommodation and property management expenses	2 207	2 124
Scientific and technical services	7	28
General administration	520	497
Vehicle and aircraft	135	338
Total supplies and services - SA Government entities	2 869	2 987

Consultants

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:

	2013		2012	
	Number	\$'000	Number	\$'000
Below \$10 000	1	2	1	2
Between \$10 000 and \$50 000	-	-	1	14
Total paid/payable to the consultants engaged	1	2	2	16

7. Depreciation and amortisation	2013	2012
Depreciation:	\$'000	\$'000
Buildings and improvements	1	1
Computing equipment	20	9
Furniture and fittings	437	437
Moveable vehicles	8	9
Infrastructure	14	13
Plant and equipment	171	166
Total depreciation	651	635
Amortisation:		
Intangible assets	202	354
Total amortisation	202	354
Total depreciation and amortisation	853	989
8. Grants and subsidies		
Grants and subsidies paid/payable to entities within the SA Government:		
Department of Environment, Water and Natural Resources	175	320
Zero Waste SA*	18 479	18 563
Total grants and subsidies - SA Government entities	18 654	18 883

8. Grants and subsidies (continued)	2013	2012
Grants and subsidies paid/payable to entities external to the SA Government:	\$'000	\$'000
Community organisations and associations	181	165
Individuals - solar hot water rebate	-	1
Commonwealth Government	8	26
Total grants and subsidies - non-SA Government entities	189	192
Total grants and subsidies	18 843	19 075
* As per section 113 of the <i>Environment Protection Act 1993</i> the Authority earns and collects 100% of waste levies, however is then required to transfer 50% of solid waste levies collected to Zero Waste SA as per section 17 of the <i>Zero Waste SA Act 2004</i> . This transfer represents the payment of waste levies monies to Zero Waste SA in accordance with the <i>Zero Waste SA Act 2004</i> .		
9. Net loss (gain) from the disposal of non-current assets	2013	2012
Moveable vehicles:	\$'000	\$'000
Proceeds from disposal	(15)	-
Net book value of assets disposed	22	-
Net loss (gain) from disposal	7	-
Plant and equipment:		
Proceeds from disposal	-	-
Net book value of assets disposed	1	3
Net loss (gain) from disposal	1	3
Other assets:		
Proceeds from disposal	-	(1)
Net book value of assets disposed	-	-
Net loss (gain) from disposal	-	(1)
Total assets:		
Total proceeds from disposal	(15)	(1)
Total value of assets disposed	23	3
Total net loss (gain) from disposal of assets	8	2
10. Other expenses		
Bad and doubtful debts	1 006	537
Other (including audit fees - see note 11)	98	115
Total other expenses	1 104	652
Other expenses paid/payable to entities within the SA Government:		
Other (including audit fees - see note 11)	98	112
Total other expenses - SA Government entities	98	112
11. Auditor's remuneration		
Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements	98	112
Total audit fees	98	112
Other services		
No other services were provided by the Auditor-General's Department.		
12. Fees and charges		
Fines and penalties	298	477
Environmental authorisation fees	11 477	10 341
Radiation licence fees	3 208	1 848
Other licence fees	556	613
Waste levies	38 725	39 773
Other fees and charges	62	68
Total fees and charges	54 326	53 120

12. Fees and charges (continued)	2013	2012
Fees and charges received/receivable from entities within the SA Government:	\$'000	\$'000
Fines and penalties	3	4
Environmental authorisation fees	2 068	1 753
Radiation licence fees	357	226
Other licence fees	3	3
Total fees and charges - SA Government entities	<u>2 431</u>	<u>1 986</u>
13. Grants and contributions		
Grants and contributions received/receivable from entities within the SA Government:		
SA Government grants ⁽ⁱ⁾	1 108	1 210
Total grants and contributions - SA Government entities	<u>1 108</u>	<u>1 210</u>
Grants and contributions received/receivable from entities external to the SA Government:		
Commonwealth Government ⁽ⁱⁱ⁾	500	373
Private industry and community grants ⁽ⁱⁱⁱ⁾	32	-
Total grants and contributions - non-SA Government entities	<u>532</u>	<u>373</u>
Total grants and contributions	<u>1 640</u>	<u>1 583</u>
(i) State Government grants and contributions:		
Adelaide and Mount Lofty Ranges Natural Resources Management Board	25	25
SA Murray-Darling Basin Natural Resources Management Board	4	-
SA Water Corporation	-	56
Department of Further Education, Employment, Science and Technology	100	150
Department of Environment, Water and Natural Resources	975	927
Primary Industries and Regions SA	2	50
Other	2	2
	<u>1 108</u>	<u>1 210</u>
(ii) Commonwealth Government:		
Commonwealth Scientific Industrial Research Organisation	-	1
Murray-Darling Basin Authority	358	245
Department of Education, Employment and Workplace Relations	14	-
Department of Resources, Energy and Tourism	23	22
Department of Sustainability, Environment, Water, Population and Communities	105	105
	<u>500</u>	<u>373</u>
(iii) Private industry and community grants:		
Dairy SA	31	-
University of Adelaide	1	-
	<u>32</u>	<u>-</u>

Contributions with conditions of expenditure

Contributions which have conditions of expenditure still to be met as at reporting date were \$7.102 million (\$6.824 million). The Authority is engaged in a variety of funding programs involving State and Commonwealth sources who provide monies to the Authority on the premise that these funds are expended in a manner consistent with the terms of the agreement. At reporting date these contributions relate to:

	2013	2012
	\$'000	\$'000
Environment Protection Fund	6 963	6 698
National pollutant inventory	91	-
Chemcollect	18	41
Externally funded projects	30	85
	<u>7 102</u>	<u>6 824</u>

The Environment Protection Fund is established under section 24 of the *Environment Protection Act 1993*. The Fund must be kept as directed by the Treasurer. Prescribed percentages of waste levies and licence fees are paid into the Fund under section 8 of the Environment Protection Regulations 2009. The Fund may be applied by the Minister or by the Authority with the approval of the Minister.

14. Interest revenue		
	2013	2012
	\$'000	\$'000
Interest from entities within the SA Government	199	259
Total interest revenues	<u>199</u>	<u>259</u>
15. Other income		
Other income received/receivable:		
Salaries and wages recoveries	5	15
Other sundry revenue	24	19
Total other income	<u>29</u>	<u>34</u>
16. Revenues from (Payments to) SA Government		
Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	-	724
Contingency funds	900	-
Total revenues from SA Government	<u>900</u>	<u>724</u>
Payments to SA Government:		
Return of surplus cash pursuant to cash alignment policy	(998)	-
Total payments to SA Government	<u>(998)</u>	<u>-</u>
Contingency revenue of \$900 000 from the SA Government representing recovery for TVSPs paid during the year (\$351 000 for operational funding and \$373 000 for capital projects).		
17. Cash and cash equivalents		
Deposits with the Treasurer	8 024	12 328
Environment Protection Fund deposit account	6 963	6 698
Cash on hand/imprest accounts	5	5
Total cash and cash equivalents	<u>14 992</u>	<u>19 031</u>

Interest rate risk

Cash on hand is non-interest bearing. The Environment Protection Fund deposit account earns a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

18. Receivables	2013	2012
Current:	\$'000	\$'000
Receivables	8 107	6 258
Allowances for doubtful debts	(1 560)	(576)
	<u>6 547</u>	<u>5 682</u>
Prepayments	116	92
Accrued revenues	16	21
Workers compensation recoveries	2	1
Total current receivables	<u>6 681</u>	<u>5 796</u>
Receivables from SA Government entities:		
Receivables	67	103
Accrued revenues	16	21
Total current receivables from SA Government entities	<u>83</u>	<u>124</u>
Non-current:		
Receivables from entities external to the SA Government:		
Workers compensation recoveries	7	6
Total non-current receivables	<u>7</u>	<u>6</u>

Movement in allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (ie calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired. An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movements in allowance for doubtful debts (impairment loss)

	2013	2012
	\$'000	\$'000
Carrying amount at 1 July	576	55
Increase in the allowance	990	526
Amounts written off	(6)	(5)
Carrying amount at 30 June	<u>1 560</u>	<u>576</u>

Interest rate and credit risk

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

19. Property, plant and equipment

	2013	2012
	\$'000	\$'000
Land:		
Independent valuation	<u>200</u>	<u>200</u>
Total land	<u>200</u>	<u>200</u>
Building and improvements:		
Independent valuation	35	35
Accumulated depreciation	<u>(19)</u>	<u>(18)</u>
Total buildings and improvements	<u>16</u>	<u>17</u>
Infrastructure:		
Independent valuation	443	359
Accumulated depreciation	<u>(106)</u>	<u>(92)</u>
Total infrastructure	<u>337</u>	<u>267</u>
Capital works in progress:		
Capital works in progress	<u>1 565</u>	<u>532</u>
Total capital works in progress	<u>1 565</u>	<u>532</u>
Moveable vehicles:		
At cost (deemed fair value)	182	209
Accumulated depreciation	<u>(95)</u>	<u>(92)</u>
Total moveable vehicles	<u>87</u>	<u>117</u>
Computing equipment:		
At cost (deemed fair value)	247	200
Accumulated depreciation	<u>(129)</u>	<u>(109)</u>
Total computing equipment	<u>118</u>	<u>91</u>
Furniture and fittings:		
At cost (deemed fair value)	5 409	5 409
Accumulated depreciation	<u>(1 919)</u>	<u>(1 481)</u>
Total furniture and fittings	<u>3 490</u>	<u>3 928</u>
Plant and equipment:		
At cost (deemed fair value)	3 790	3 761
Accumulated depreciation	<u>(3 097)</u>	<u>(3 100)</u>
Total plant and equipment	<u>693</u>	<u>661</u>
Other:		
At cost (deemed fair value)	19	34
Accumulated depreciation	<u>(19)</u>	<u>(34)</u>
Total other	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u>6 506</u>	<u>5 813</u>

Asset movement reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment and intangible assets is displayed in the following table:

	Carrying amount 01.07.12	Additions	Additions - transfer to (from) CWIP	Depreciation/ Amortisation expense	Disposals	Other	Carrying amount 30.06.13
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2013							
Land	200	-	-	-	-	-	200
Buildings and improvements	17	-	-	(1)	-	-	16
Infrastructure	267	84	-	(14)	-	-	337
Capital works in progress	532	1 169	(136)	-	-	-	1 565
Moveable vehicles	117	-	-	(8)	(22)	-	87
Computing equipment	91	47	-	(20)	-	-	118
Furniture and fittings	3 928	-	-	(437)	-	(1)	3 490
Plant and equipment	661	204	-	(171)	(1)	-	693
Intangible assets	727	82	136	(202)	-	-	743
Total	6 540	1 586	-	(853)	(23)	(1)	7 249

	Carrying amount 01.07.11	Additions	Additions - transfer to (from) CWIP	Depreciation/ Amortisation expense	Disposals	Carrying amount 30.06.12
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2012						
Land	200	-	-	-	-	200
Buildings and improvements	18	-	-	(1)	-	17
Infrastructure	280	-	-	(13)	-	267
Capital works in progress	319	411	(198)	-	-	532
Moveable vehicles	112	14	-	(9)	-	117
Computing equipment	25	75	-	(9)	-	91
Furniture and fittings	4 364	1	-	(437)	-	3 928
Plant and equipment	669	120	41	(166)	(3)	661
Intangible assets	832	51	198	(354)	-	727
Total	6 819	672	41	(989)	(3)	6 540

20. Intangible assets	2013	2012
Electronic Environment Licensing Forms (e-ELF):	\$'000	\$'000
At cost (deemed fair value)	167	167
Accumulated amortisation	(167)	(157)
Total e-ELF	-	10
Integrated Information system (IIS):		
At cost (deemed fair value)	474	474
Accumulated amortisation	(474)	(474)
Total IIS	-	-
General environment information system (GENI):		
At cost (deemed fair value)	1 789	1 653
Accumulated amortisation	(1 271)	(1 140)
Total GENI	518	513
Complaints and reports of environmental significance system (CARES):		
At cost (deemed fair value)	240	240
Accumulated amortisation	(240)	(238)
Total CARES	-	2
Other:		
At cost (deemed fair value)	554	472
Accumulated amortisation	(329)	(270)
Total other	225	202
Total intangible assets	743	727

Impairment

There were no indications of impairment on intangible assets at 30 June 2013.

21. Payables	2013	2012
Current:	\$'000	\$'000
Creditors	539	1 006
Accrued expenses	170	181
Employee benefit on-costs	344	324
Paid Parental Leave Scheme payable	10	4
Total current payables	<u>1 063</u>	<u>1 515</u>
Payables to SA Government entities:		
Creditors	34	116
Accrued expenses	118	112
Employee benefit on-costs	344	324
	<u>496</u>	<u>552</u>
Non-current:		
Employee benefit on-costs	377	400
Total non-current payables	<u>377</u>	<u>400</u>

All non-current payables are to SA Government entities.

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of LSL taken as leave has remained at the 2012 rate of 40%. This rate is used in the employment on-cost calculation.

Interest rate and credit risk

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

22. Employee benefits	2013	2012
Current:	\$'000	\$'000
Annual leave	1 358	1 290
LSL	386	347
Skills and experience retention leave	76	-
Total current employee benefits	<u>1 820</u>	<u>1 637</u>
Non-current:		
LSL	3 873	4 076
Total non-current employee benefits	<u>3 873</u>	<u>4 076</u>
Total employee benefits	<u>5 693</u>	<u>5 713</u>

AASB 119 contains the calculation methodology for LSL liability. This year, an actuarial assessment performed by DTF was used to calculate the liability rather than using a shorthand measurement technique for the calculation of the liability.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has increased from 2012 (3%) to 2013 (3.75%).

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

The net financial effect of the changes in methodology and actuarial assumptions in the current financial year is immaterial. The impact on future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate at 4%. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

23. Provisions		
Current:	2013	2012
	\$'000	\$'000
Provision for workers compensation	41	52
Total current provisions	<u>41</u>	<u>52</u>
Non-current:		
Provision for workers compensation	174	155
Total non-current provisions	<u>174</u>	<u>155</u>
Total provisions	<u>215</u>	<u>207</u>
Provision movement		
Carrying amount at 1 July	207	146
Additional provisions recognised	8	61
Carrying amount at 30 June	<u>215</u>	<u>207</u>

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

24. Other liabilities	2013	2012
Current:	\$'000	\$'000
Lease incentive	67	67
Other	132	(11)
Total current other liabilities	<u>199</u>	<u>56</u>
Non-current:		
Lease incentive	644	711
Total non-current other liabilities	<u>644</u>	<u>711</u>
Total other liabilities	<u>843</u>	<u>767</u>

25. Unrecognised contractual commitments

Expenditure commitments - remuneration

Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:

Within one year	1 105	499
Later than one year but not later than five years	2 371	1 076
Total remuneration commitments	<u>3 476</u>	<u>1 575</u>

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

Expenditure commitments - other

Commitments in relation to other expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2013	2012
	\$'000	\$'000
Within one year	475	-
Total other commitments	<u>475</u>	<u>-</u>

The Authority's other commitments relate to the purchase of goods and services for the Licensing Administration Modernisation project.

Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2013	2012
	\$'000	\$'000
Within one year	2 238	2 196
Later than one year but not later than five years	9 244	9 112
Later than five years	14 974	17 458
Total operating lease commitments	<u>26 456</u>	<u>28 766</u>
Representing:		
Non-cancellable operating leases	26 456	28 766
Total operating lease commitments	<u>26 456</u>	<u>28 766</u>

Operating lease commitments (continued)

The operating leases held by the Authority are mainly property leases with penalty clauses equal to the amount of the residual payments remaining for the lease terms. The leases are payable one month in advance and the Authority has the right of renewal. There are no existing or contingent rental provisions.

26. Contingent assets and liabilities

The Authority is not aware of the existence of any contingent assets or contingent liabilities as at 30 June 2013.

27. Remuneration of board and committee members

Board and committee members that received or were entitled to remuneration during the 2013 financial year were:

Board of the Environment Protection Authority

Ms Cheryl Bart (resigned 3 August 2012)	Mr Stephen Hains
Ms Jane Yuile (resigned 20 April 2013)	Ms Megan Dyson (resigned 20 April 2013)
Ms Linda Bowes	Mr Robert Fowler
Mr Terry Groom (resigned 20 April 2013)	Ms Mia Handshin (appointed 25 October 2012)

Radiation Protection Committee

Ms Sharon Paulka	Dr Gerald Laurence (until 6 December 2012)
Ms Jill Fitch	Ms Katheryn Taylor (resigned 29 November 2012)
Dr Michael Lardelli	Ms Jessica Burckhardt
Mr Alex Eadie*	Dr Pam Sykes*

* These members have resigned as employees within the public sector but continued to be members on the Radiation Protection Committee, and therefore entitled to remuneration.

The number of members whose remuneration received or receivable falls within the following bands:	2013 Number	2012 Number
\$0	6	4
\$1 - \$9 999	3	3
\$20 000 - \$29 999	7	5
\$30 000 - \$39 999	-	1
Total	16	13

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, super contributions, salary sacrifice benefits and fringe benefits and any FBT paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$176 000 (\$174 000).

In accordance with DPC Circular 16, government employees did not receive any remuneration for board/committee duties during the financial year.

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

28. Cash flow reconciliation

	2013 \$'000	2012 \$'000
Reconciliation of cash and cash equivalents at 30 June:		
Cash and cash equivalents disclosed in the Statement of Financial Position	14 992	19 031
Cash and cash equivalents disclosed in the Statement of Cash Flows	14 992	19 031

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

Net cash provided by (used in) operating activities	5 965	5 130
Revenues from SA Government	(900)	(724)
Payments to SA Government	998	-
Non-cash items:		
Depreciation and amortisation expense	(853)	(989)
Net gain (loss) on disposal of assets	(8)	(2)
Movements in assets/liabilities:		
Receivables	862	2 606
Other assets	24	5
Payables	475	(263)
Employee benefits	20	(676)
Provisions	(8)	(61)
Other liabilities	(76)	232
Net benefit (cost) of providing services	6 499	5 258

29. Financial instruments/Financial risk management

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2.

	Note	2013		2012	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets					
Cash and cash equivalents	17	14 992	14 992	19 031	19 031
Receivables ⁽ⁱ⁾⁽ⁱⁱ⁾	18	278	278	299	299
Financial liabilities					
Payables ⁽ⁱ⁾	21	591	591	1 075	1 075

(i) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.

(ii) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 18 in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Fair value

The Authority does not recognise any financial assets or liabilities at fair value (refer notes 2, 17, 18, 21, 24 and 28).

Credit risk

Credit risk arises when there is the possibility of the Authority's debtors defaulting on their contractual obligations resulting in a financial loss to the Authority. The Authority measures credit risk on a fair value basis and monitors risk on a regular basis.

The carrying amount of financial assets as detailed in table above represents the Authority's maximum exposure to credit risk.

No collateral is held as security and no credit enhancements relate to financial assets held by the Authority.

The Authority has minimal concentration of credit risk. The Authority has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Authority does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in credit rating. Currently the Authority does not hold any collateral as security for any of its financial assets. Other than receivables, there is no evidence to indicate that the financial assets are impaired. Refer note 18 for information on the allowance for impairment in relation to receivables.

Ageing analysis of financial assets

The following table discloses the ageing of financial assets, past due, including impaired assets past due:

	Current (not overdue) \$'000	Past due by			Total \$'000
		Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	
2013					
Not impaired:					
Receivables ⁽ⁱ⁾	278	-	-	-	278
Impaired:					
Receivables ⁽ⁱ⁾	-	-	-	-	-

Ageing analysis of financial assets (continued)

	Current (not overdue) \$'000	Past due by			Total \$'000
		Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	
2012					
Not impaired:					
Receivables ⁽ⁱ⁾	284	-	11	4	299
Impaired:					
Receivables ⁽ⁱ⁾	-	-	-	-	-

(i) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.

Maturity analysis of financial assets and liabilities

The following table discloses the maturity analysis of financial assets and financial liabilities:

	Carrying amount \$'000	Contractual maturities		
		Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2013				
Financial assets:				
Cash and cash equivalents	14 992	14 992	-	-
Receivables	278	278	-	-
Total financial assets	15 270	15 270	-	-
Financial liabilities:				
Payables	591	591	-	-
Total financial liabilities	591	591	-	-
2012				
Financial assets:				
Cash and cash equivalents	19 031	19 031	-	-
Receivables	299	299	-	-
Total financial assets	19 330	19 330	-	-
Financial liabilities:				
Payables	1 075	1 075	-	-
Total financial liabilities	1 075	1 075	-	-

Liquidity risk

Liquidity risk arises where the Authority is unable to meet its financial obligations as they fall due. The Authority is funded principally from waste levies and annual licence fees. The Authority works with DTF to determine the cash flows associated with its government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The Authority settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The Authority's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

Market risk

The Authority has no interest bearing liabilities as at the end of the reporting period. There is no exposure to foreign currency or other price risks.

Sensitivity analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Authority as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

30. Events after the reporting period

There were no events that occurred after the reporting period for the year ended 30 June 2013.

31. Environment Protection Fund

The following is a summary of the amounts included in the Fund. In reflecting these amounts in the Authority's financial statements, transactions between the Fund and the Authority have been eliminated.

Environment Protection Fund
Statement of Comprehensive Income for the year ended 30 June 2013

	2013	2012
	\$'000	\$'000
Expenses:		
Employee benefits	326	315
Supplies and services	2 097	1 607
Grants and subsidies	96	40
Total expenses	<u>2 519</u>	<u>1 962</u>
Income:		
Fees and charges	2 587	2 780
Grants and contributions	4	7
Interest revenue	199	259
Other revenue	8	1
Total income	<u>2 798</u>	<u>3 047</u>
Net result	<u><u>279</u></u>	<u><u>1 085</u></u>

Statement of Financial Position as at 30 June 2013

	2013	2012
	\$'000	\$'000
Current assets:		
Cash and cash equivalents	6 963	6 698
Receivables	287	273
Total current assets	<u>7 250</u>	<u>6 971</u>
Total assets	<u>7 250</u>	<u>6 971</u>
Current liabilities:		
Payables	263	263
Total current liabilities	<u>263</u>	<u>263</u>
Total liabilities	<u>263</u>	<u>263</u>
Net assets	<u><u>6 987</u></u>	<u><u>6 708</u></u>
Equity:		
Retained earnings	6 987	6 708
Total equity	<u><u>6 987</u></u>	<u><u>6 708</u></u>

Statement of Changes in Equity for the year ended 30 June 2013

	Retained earnings \$'000	Total \$'000
Balance at 30 June 2011	5 623	5 623
Net result for 2011-12	1 085	1 085
Balance at 30 June 2012	<u>6 708</u>	<u>6 708</u>
Net result for 2012-13	279	279
Balance at 30 June 2013	<u><u>6 987</u></u>	<u><u>6 987</u></u>

Statement of Cash Flows for the year ended 30 June 2013

	2013	2012
	Inflows (Outflows) \$'000	Inflows (Outflows) \$'000
Cash flows from operating activities:		
Cash inflows:		
Fees and charges	2 567	2 675
Grant and contribution receipts	4	7
Interest received	205	259
Other revenues	8	1
Total cash inflows	<u>2 784</u>	<u>2 942</u>
Cash outflows:		
Employee benefit payments	(326)	(315)
Payments for supplies and services	(2 097)	(1 505)
Grant and contribution payments	(96)	(40)
Total cash outflows	<u>(2 519)</u>	<u>(1 860)</u>
Net cash inflows (outflows) from operating activities	265	1 082
Cash at 1 July	<u>6 698</u>	<u>5 616</u>
Cash at 30 June	<u><u>6 963</u></u>	<u><u>6 698</u></u>

32. Radiation protection function

The administrative unit has responsibility for radiation protection functions under the *Radiation Protection and Control Act 1982*.

The following summarises income and expenditure attributable to radiation protection functions within the administrative unit excluding the allocation of overheads. In reflecting these amounts in the Authority's financial statements, transactions between the Radiation Protection Division and the statutory authority have been eliminated.

Radiation Protection Division
Statement of Comprehensive Income for the year ended 30 June 2013

	2013	2012
	\$'000	\$'000
Expenses:		
Employee benefits	1 288	1 130
Supplies and services	84	123
Total expenses	1 372	1 253
Income:		
Radiation licence fees	3 208	1 848
Sales	1	2
Grants and contributions	23	22
Total income	3 232	1 872
Net cost of (benefit from) providing services	(1 860)	(619)

Department of Environment, Water and Natural Resources

Functional responsibility

Establishment

The Department of Environment, Water and Natural Resources is an administrative unit established under the PSA, and is responsible to the Minister for Sustainability, Environment and Conservation and the Minister for Water and the River Murray.

Effective 1 July 2012, the Department of Environment and Natural Resources (DENR) was renamed the Department of Environment, Water and Natural Resources (DEWNR) and DEWNR assumed the administrative responsibilities, including all staff, of the Department for Water (DW), which was abolished on 1 July 2012.

Effective 1 July 2012, all employees of the Natural Resources Management (NRM) Boards transferred to DEWNR pursuant to the Public Sector (Reorganisation of Public Sector Operations) Notice 2012 (dated 21 June 2012).

Functions

DEWNR leads the management of South Australia's natural resources to ensure the protection of the environment and that healthy and productive natural resources sustain wellbeing and economy.

DEWNR achieves this by:

- engaging and involving the community, industry and government, to help share responsibility for natural resources and encourage informed decisions
- facilitating the sustainable use of natural resources for productive purposes
- striving to conserve natural systems for the long term.

Note 1 to the financial statements provides further explanation of the objectives of DEWNR.

Audit mandate and coverage

Audit authority

Audit of the financial report

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

Assessment of controls

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

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

Scope of audit

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

During 2012-13, areas of review included:

- payroll
- procurement
- accounts payable
- purchase cards
- revenue, receipting and banking
- grants
- property, plant and equipment
- general ledger.

Audit findings and comments

Auditor's report on the financial report

The following is an extract from the 2012-13 Independent Auditor's Report, which details the qualification to DEWNR's financial report.

Basis for Qualified Opinion

Property, plant and equipment reported in the Statement of Administered Financial Position excludes unallotted Crown land, as the Department of Environment, Water and Natural Resources has not been able to formulate a suitable methodology for determining a reliable measure of the value of these holdings.

In addition, limitations exist on the reliability of the base information used to determine the valuation of Crown land included in property, plant and equipment recognised in the Statement of Administered Financial Position.

Disclosure of property, plant and equipment is contained in note A3 to the administered financial statements.

It is not practicable to quantify the financial effect of the excluded Crown land or the unreliable base information used to determine the valuation of Crown land included in property, plant and equipment recognised in the administered financial statements.

As the integrity of Crown land holdings and values administered by the Department of Environment, Water and Natural Resources has not been established, I am unable to form an opinion on the reasonableness of the values of property, plant and equipment relating to Crown land, brought to account in the Statement of Administered Financial Position.

Qualified Opinion

In my opinion, except for the possible effect of the matters described in the Basis for Qualified Opinion paragraphs, the financial report gives a true and fair view of the financial position of the Department of Environment, Water and Natural Resources as at 30 June 2013, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act 1987 and Australian Accounting Standards.

Fixed assets - accounting for Crown land

Background

Over a number of years, Audit has commented on the accounting treatment of Crown land and the completeness and accuracy of Crown land base information.

DEWNR has not been able to formulate a suitable methodology for determining a reliable measure of the value of unallotted Crown land. Hence these land holdings have not been reflected in the administered financial statements.

Certain leased and licensed Crown land is included in the Statement of Administered Financial Position. However, there have been limitations on the reliability of base information used to value this land.

As a result, the Independent Auditor's Report on DENR's financial reports in past years qualified administered property, plant and equipment relating to Crown lands.

DEWNR commenced a Crown land database project in 2007-08 to address audit qualification issues. The scope of this project included:

- establishment of policies and procedures for the management of Crown land assets
- changes to the Tenements and Billing System (TABS)
- analysis of data quality and data cleansing requirements
- implementation of an interface between TABS and Masterpiece fixed assets.

During 2008-09, the project team completed the transfer of Crown land data from the Land Ownership and Tenure System database to TABS. The team also completed a data cleansing exercise to ensure the integrity of Crown lands data reflected in TABS.

In 2009-10, initial discussions were held between DEWNR and SSSA regarding the accounting methodologies to be adopted for the various types of Crown land.

In 2011-12 DEWNR did not complete any further work on the development of an appropriate valuation methodology for all Crown land. No progress was made due to competing resource demands related to the restructure of DEWNR and the departure of key staff associated with the project.

2012-13 developments

In 2012-13 DEWNR did not complete any further work on the development of an appropriate valuation methodology for all Crown land.

DEWNR advised that it would work closely with SSSA to resolve this issue. The necessary verification and valuation of the Crown land tenures is labour intensive, requiring significant resources and as such will be phased in over a period of time and within available resources.

2012-13 Independent Auditor's Report

Unallotted Crown land is not yet reflected in the administered financial statements. Limitations on the base information used to value leased and licensed Crown land included in the administered financial statements also remain.

In addition, DEWNR has not finalised an appropriate valuation methodology for all Crown land.

As a result, the Independent Auditor's Report to the financial report again qualifies the completeness and valuation of Crown land included in the Statement of Administered Financial Position.

Assessment of controls

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

Communication of audit matters

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

In addition, matters relating to SSSA as a service provider to DEWNR are also described below.

Governance

Financial management compliance plan (FMCP)

DEWNR developed and implemented a FMCP to take account of the amalgamation of the former DENR and DW. At the time of this report, DEWNR had not finalised and presented the results of the FMCP.

DEWNR responded that the results of the 2012-13 FMCP will be presented to the Audit and Risk Committee in October 2013.

Policies and procedures on iShare

In 2011-12 Audit recommended that DEWNR establish and monitor a register detailing the required review dates for all policies, procedures and guidelines.

In response, DEWNR advised that as part of the DENR/DW integration work currently underway, existing DW and DENR policies and procedures have been targeted for review and consultation, where possible, with Chief Executive endorsement being sought once this has been completed. Policies and procedures will be placed on iShare (information sharing application) for all staff to access.

iShare is now operational and identifies policies, procedures and guidelines, however many of these documents have not been updated or reviewed and are past the review dates identified.

DEWNR responded that it is making progress in the review, update and distribution of policies, procedures and guidelines, with a number of finance related policies and procedures in the final stages of approval. It is anticipated that the majority of finance related policies, procedures and guidelines will be reviewed and distributed by November 2013.

Business continuity plan

Prior audit reviews have indicated that DEWNR did not have a current business continuity or disaster recovery plan. DEWNR did not develop a business continuity plan in 2012-13.

DEWNR responded that the Business Continuity Planning policy and procedure will be approved and implemented in 2013-14. Business continuity plans will also be sought from relevant third parties during this process.

Cash

During 2012-13 and consistent with prior years, revenue related reconciling items on the bank reconciliation were not adequately explained and cleared in a timely manner. Relevant reconciling items were corrected in the 30 June 2013 bank reconciliation.

DEWNR responded that they have been working closely with SSSA to clear bank reconciling amounts on a timely basis and to identify strategies for limiting the number and amount of reconciling items in the future given the volume increase in banking transactions arising from the integration of DW functions and NRM Boards.

Payroll

As noted in prior years, DEWNR does not perform formal monitoring to ensure all pay points have reviewed and returned their bona fide certificates in a timely manner.

DEWNR responded that in light of the transfer of employees from the former DW and NRM Boards a workflow and reporting solution has been identified from a suitable vendor. A business case will be presented to Executive for approval and implementation during 2013-14.

Purchase Cards

During 2012-13 Audit review of purchase card transactions noted a number of instances where DEWNR purchase card policies were not followed. These instances included:

- splitting transactions to comply with authorised transaction limits
- purchase card misuse without written approval (gifts, alcohol, entertainment)
- exceeding purchase card limits.

DEWNR responded that the purchase card policy and procedures will be communicated to all cardholders and will also be referenced in the forthcoming manager's handbook. In line with the departmental policy, and based on the frequency and/or severity of the misuse, purchase cards will be suspended or cancelled.

Expenditure

Duplicate payments

DEWNR operated two Masterpiece accounts payable and Basware systems for 2012-13 while the integration to a common system has taken place. Operating two accounts payable systems, one for ex-DENR and ex-DW, allowed duplicate payments to be made. Four duplicate payments were identified for a total of approximately \$16 200.

DEWNR responded that both accounts payable systems were integrated as at 1 July 2013, however the review of expenditure in relation to duplicate payments will continue to be undertaken. Any identified duplicate payments will be forwarded directly to SSSA, in line with existing service agreements, in order to raise the relevant credit requests with the respective vendor(s).

Duplicate vendors

DEWNR accounts payable vendors have not been systematically reviewed to identify duplicate and old vendor codes in the vendor masterfile. As part of the audit a duplicate payment was identified where an invoice was paid twice to the same vendor using two separate vendor codes.

DEWNR responded that it will further investigate the option of removing duplicates and old vendor codes, liaising with SSSA accounts payable and financial accounting to ensure that Basware and Masterpiece fixed assets are not adversely affected by the removal of any vendors.

DPC circular (PC) 027

Incomplete contracts registers

DEWNR is currently maintaining two contract registers on Excel spreadsheets, one for ex-DENR and one for ex-DW. A review of contracts noted that the contract details had not been updated to either contracts register which is inconsistent with the requirements of DPC Circular (PC) 027.

DEWNR responded that it has previously undertaken to maintain a contracts register that complied with PC 027. Effort will be made to comply with PC 027 in 2013-14. This will include the establishment of a single, consolidated, DEWNR-wide contracts register.

Disclosure of contracts

A review of the contract registers noted that many contracts listed were not disclosed on the SA Tenders & Contracts website in accordance with PC 027. No reasons were documented for the non-disclosure.

DEWNR responded that due in part to the machinery of government merger, staff resources became engaged in other priorities. Effort will be made to comply with the disclosure requirements of PC 027 in 2013-14.

Procurement

Deficient aspects of procurement process and practice

A review of procurement practices noted instances where work had commenced on projects prior to the completion of procurement documentation and authorisations.

The review also noted instances where the procurement process of direct negotiation was used without solid documented reasons to support the decision. Contracts that were issued by direct negotiation were extended for additional work not directly related to the first contract appointment.

DEWNR responded that it notes the omission of an adequate regime to ensure prior approvals were given by authorised personnel to incur expenditure. DEWNR also is of the opinion that despite not complying with TI 8 in the cases specifically documented by Audit, no additional financial costs were incurred as a result of failing to comply with TI 8. As part of the machinery of government merger, staff resources became engaged in other priorities resulting in a drop in the level of scrutiny normally directed to this aspect of the department's business. Effort will be made to refocus resources and implement Audit's recommendation to comply with TI 8 in 2013-14.

DEWNR also noted that the awarding of the specified contracts was made in the department's best business interests. Direct negotiations are utilised in limited cases and ongoing efforts will be made to minimize the occurrence of direct negotiations of contracts.

Authorised documents unable to be provided at the time of audit

DEWNR policy and procedure requires business units to establish and manage procurement documentation in a project file. DEWNR staff were unable to provide at the time of audit authorised documents to support the procurement of two consultants.

DEWNR responded that a managers handbook will be developed in 2013-14 that will address the importance of complying with relevant departmental and whole-of-government policies, including those related to contract and procurement processes.

Creditor account payment performance

TI 11 prescribes the policy for creditor account payments, including the development of relevant policies and procedures and the preparation of monthly reports on account payment performance to the Minister.

The audit noted the need for updated policies and procedures for TI 11 requirements and for monthly reports to be submitted to the Minister.

DEWNR advised that policies and procedures had been updated and account payment performance reports and analysis would be included in the Chief Executive's monthly reports and provided to the Minister.

Shared Services SA – accounts payable and electronic payment control environments

SSSA operates an accounts payable function which involves the processing of transactions on behalf of DEWNR under a service level determination. The function involves the e-Procurement system for ordering, receiving and invoice processing; Masterpiece payment transaction processing and vendor masterfile processing; EFT and cheque payment processing; and Masterpiece general ledger maintenance.

While SSSA continues to progress significant remedial measures to address prior years' key control weaknesses certain actions are still required before the control environments can be considered to be robust and effective.

This matter is further discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report.

Shared Services SA – CHRIS payroll control environment

SSSA processes payroll transactions specific to the CHRIS HRMS system on behalf of DEWNR in accordance with a service level determination with SSSA.

The audit of payroll transactions considered the payroll process and control environments of SSSA and the external bureau provider of the CHRIS HRMS payroll service to SSSA.

Review of the process and control environments in previous years has identified SSSA key control weaknesses covering segregation of duties and user access and certain security limitations of the CHRIS 5 application provided by the bureau service.

As SSSA implemented significant remediation action during the year, it was not effective throughout the entire year. As such the process and control environment could not be considered robust and effective for the 2012-13 financial year. Also the planned migration of payroll processing from CHRIS 5 to CHRIS 21, which would address security limitations, is yet to occur.

This matter is further discussed in the commentary under ‘Department of the Premier and Cabinet’ elsewhere in Part B of this Report.

Interpretation and analysis of the financial report

Comparative information in the financial analysis relates only to the former DENR as at 30 June 2012.

Highlights of the financial report

	2013 \$'million	2012 \$'million
Expenses		
Employee benefits expenses	159	105
Supplies and services	102	66
Grants and subsidies	78	13
Depreciation and amortisation	24	17
Other expenses	13	5
Total expenses	376	206
Income		
Fees and charges	49	27
Grants revenues	73	33
Other income	28	3
Total income	150	63
Net cost of providing services	226	143
Revenues from (Payments to) SA Government	214	127
Net result	(12)	(16)
Other comprehensive income	-	27
Total comprehensive result	(12)	11
Net cash provided by (used in) operating activities	31	6
Assets		
Current assets	148	98
Non-current assets	496	358
Total assets	644	456
Liabilities		
Current liabilities	57	38
Non-current liabilities	36	26
Total liabilities	93	64
Total equity	551	392

Statement of Comprehensive Income

Expenses

Total expenses increased by \$170 million (82%). The major items causing this change were:

- employee benefits increased by \$54 million due to staff transferring from the former DW and NRM Boards

- supplies and services increased by \$36 million due mainly to an increase in fee-for-service expenditure of \$18 million, accommodation and property management of \$5 million and information technology and communication expenses of \$2 million. Fee-for-service expense primarily relates to on-the-ground works for Commonwealth programs
- grants and subsidies increased by \$65 million due to the Murray-Darling Basin Authority (MDBA) program, \$29 million and the Stormwater Projects program, \$27 million. These programs were transferred from the former DW.

Income

Total income increased by \$87 million (138%). The major items causing this change were:

- fees and charges increased by \$22 million (81%) predominately due to service recoveries of \$16.5 million. This relates to funds collected on DEWNR's behalf by SA Water for water planning and management
- grants revenues increased by \$40 million (121%) due to the transfer of programs from the former DW predominately relating to projects for Stormwater, Murray-Darling Basin, Murray Futures and The Living Murray
- other income increased by \$25 million due mainly to service level arrangements with the NRM Boards.

Statement of Financial Position

DEWNR's assets comprise two main items; property, plant and equipment and cash.

Non-current assets - property, plant and equipment

Total assets increased by \$188 million (41%). The major items causing this change were:

- cash increased by \$51 million (71%). This was mainly due to the transfer of cash of \$36 million and accrual appropriation excess fund from the former DW
- property, plant and equipment increased by \$132 million (36%). This was due to the transfer of assets from the former DW. More information about the transfer of assets is contained in notes 23 and 33 to the financial statements.

Liabilities

Total liabilities increased by \$29 million (45%). The major items causing this change were:

- total employee benefits increased by \$14 million (46%) due to the transfer of staff from the former DW and NRM Boards
- total payables increased by \$15 million (47%) due to transfer of business programs from the former DW.

Current assets - cash

This item, \$121.7 million (\$71.2 million) represents 82% (73%) of total current assets and 19% (16%) of total assets. DEWNR's cash at 30 June 2013 comprises operating deposit accounts of \$67.7 million (\$8.9 million) and an accrual appropriation excess funds account of \$53.8 million (\$61.2 million). Access to the Accrual Appropriation Excess Funds Account is subject to the Under Treasurer's approval.

Statement of Cash Flows

The following table summarises the net cash flows.

	2013 \$'million	2012 \$'million
Net cash flows		
Operating	31	6
Investing	(28)	(30)
Financing	48	-
Change in cash	51	(24)
Cash at 30 June	122	71

Administered items

DEWNR has responsibility for the administration of a number of funds and grant programs including:

- NRM Fund
- Board of the Botanic Gardens and State Herbarium
- Caring for our Country grant program
- Coast Protection Fund.

The Schedule of Administered Expenses and Income attributable to Administered Activities provides further details on these items and amounts.

NRM Boards and NRM Fund

Since 1 July 2010, DEWNR has had primary responsibility for assisting the Minister in the administration of the NRMA. The main purpose of the NRMA is to promote sustainable and integrated management of the State's natural resources and to make provision for the protection of the State's natural resources.

The NRMA provides for a range of entities with specific responsibilities including eight regional NRM Boards.

Water levies are collected by DEWNR for prescribed water resources within specific natural resource management regions under section 101 of the NRMA. The levies are subsequently paid to the regional NRM Boards pursuant to subsection 116 (1)(a)(ii)(A).

In 2012-13, \$11.4 million (\$10.5 million) in water levies, penalties and expiation fees was transferred to the NRM Boards from DEWNR. DEWNR also received \$4.4 million (\$4.6 million) in appropriation funding for the NRM Boards.

Payments to NRM Boards from the NRM Fund during the year were \$15.1 million (\$15.1 million).

Administered grant programs

DEWNR administers a number of grant programs. A notable program is Caring for our Country.

The Caring for our Country program is administered by the Commonwealth and State Governments pursuant to section 19(2) of the *Natural Heritage Trust of Australia Act 1997* (Cwlth) and section 5 of the *Natural Resources Management (Financial Assistance) Act 1992* (Cwlth).

The goal of Caring for our Country is to provide an environment that is healthy, better protected, well managed, resilient and provides essential ecosystem services in a changing climate.

The Caring for our Country items administered by DEWNR include grant revenues from the Commonwealth Government of \$18.1 million (\$22.4 million), grant expenses of \$22 million (\$19.1 million) and a cash balance of \$0.3 million (\$4.4 million).

Further commentary on operations

Coorong, Lower Lakes and Murray Mouth projects

The Coorong, Lower Lakes and Murray Mouth (CLLMM) Recovery project, one of five Murray Futures State Priority projects, was established under the Council of Australian Governments Inter-Governmental Agreement on Murray-Darling Basin Reform to undertake a suite of medium to long-term management actions in the CLLMM region to secure a future for the region.

On 18 May 2011, following its due diligence assessment of the business case, the Australian Government announced it would provide the CLLMM Recovery project funding of \$118 million to undertake a range of management actions at the CLLMM site from 2011-12 to 2015-16.

A project schedule to the existing Water Management Partnership Agreement between the State and the Australian Government was negotiated for the CLLMM Recovery project, signed by the Minister for Water and the River Murray, and executed on 17 May 2012. A Cabinet submission seeking endorsement of the execution of the CLLMM Recovery project and associated budgets was subsequently approved by Cabinet on 2 July 2012.

Inclusive of management actions, corporate overheads and carryover from the early works stage of the recovery program, the value of the CLLMM Recovery project executed within this project schedule is \$137 million. The maximum Commonwealth contribution over the life of the project will be \$123.3 million, whilst the maximum State contribution will be \$13.7 million.

In 2012-13 \$15.6 million was expended on management actions associated with the Recovery project.

Murray-Darling Basin Authority

The MDBA is established under the *Water Act 2007* (Cwlth). It replaces the Murray-Darling Basin Commission (MDBC) (refer note A10). The MDBA assumed all functions of the former MDBC in December 2008.

The MDBA's functions are to:

- prepare, implement, monitor and enforce the Basin Plan
- implement the decisions of the Ministerial Council and Basin Officials Committee.

The memorandum of understanding required the MDBA to provide a Basin Plan by 2011. The Commonwealth Minister is the final decision maker for the Basin Plan.

DEWNR has recognised the State's joint interest in the MDBA infrastructure assets and water rights as an interest in a joint venture in accordance with AASB 131 within the administered financial statements.

The recognition of MDBA infrastructure assets and water rights is in accordance with the following agreements which were signed by the Commonwealth, States of NSW, Vic and SA, ACT and MDBA on 12 June 2009:

- asset agreement for River Murray operations assets

- further agreement on addressing water over allocation and achieving environmental objectives in the Murray-Darling Basin - control and management of Living Murray assets.

DEWNR has recognised an equity interest of 26.67% in accordance with a determination by the former MDBC Finance Committee.

Save the River Murray Fund (the Fund)

DEWNR's financial statements incorporate the financial transactions of the Fund established pursuant to the *Water Works Act 1932* (the Act). The Act provides for the South Australian Water Corporation to collect the Save the River Murray levy and pay the proceeds into the Consolidated Account. These monies are then to be paid into the Fund and may be applied by the Minister toward programs and measures to improve and promote the environmental health of the River Murray or ensure the adequacy, security and quality of the State's water supply from the River Murray.

Receipts paid into the Fund in 2012-13 amounted to \$27 million (\$26 million), payments were \$25 million (\$29 million) and the balance of the Fund as at 30 June 2013 was \$3.6 million.

Murray Futures

The Murray Futures is a 10 year \$610 million program funded by the Commonwealth Government.

The key elements of the program include:

- the \$120 million Lower Lakes pipelines to secure a quality water supply from the Lower Lakes
- commitment of \$200 million to Lower Lakes and Coorong Recovery to undertake a series of long-term projects around the Lower Lakes
- \$110 million committed to river industry renewal to reinvigorate irrigation communities including the implementation of newer and smarter irrigation technology
- committing \$100 million to riverine recovery by improving the management of wetlands and floodplains from the South Australian border to Wellington
- \$80 million water buy-back to purchase water entitlements from willing sellers.

A special deposit account, 'Murray Futures Fund', is used to record the projects funded from the Commonwealth Government's Water for the Future initiative. The balance of the fund as at 30 June 2013 is \$19 million.

Stormwater Harvesting and Reuse projects

In November 2009, the Commonwealth announced the outcome of the first funding round (\$86 million) for stormwater harvesting and reuse projects. South Australia will receive a total of \$66 million of which DEWNR will receive \$63.3 million to coordinate delivery of seven projects.

During the year DEWNR received grant revenues of \$19 million from the Commonwealth Government and grant expenditure totalled \$27 million.

Statement of Comprehensive Income for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
Expenses:			
Employee benefits expenses	5	159 029	105 514
Supplies and services	6	101 792	65 503
Grants and subsidies	7	78 366	12 620
Water recovery/acquisition expenses	8	9 567	-
Depreciation and amortisation expense	9	24 296	17 437
Net loss from disposal of non-current assets	10	1 519	3 063
Other expenses	11	1 554	2 368
Total expenses		376 123	206 505
Income:			
Revenues from fees and charges	13	49 085	27 294
Grant revenues	14	73 079	32 941
Interest revenues	15	1 119	119
Other income	16	26 938	3 010
Total income		150 221	63 364
Net cost of providing services		225 902	143 141
Revenues from (Payments to) SA Government:			
Revenues from SA Government	17	220 571	127 018
Payments to SA Government	17	(6 815)	-
Net revenues from (payments to) SA Government		213 756	127 018
Net result		(12 146)	(16 123)
Other comprehensive income:			
Changes in revaluation surplus	23	-	26 925
Total other comprehensive income		-	26 925
Total comprehensive result		(12 146)	10 802

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

**Statement of Financial Position
as at 30 June 2013**

	Note	2013 \$'000	2012 \$'000
Current assets:			
Cash and cash equivalents	18	121 725	71 204
Receivables	19	23 410	24 445
Inventories	20	1 949	2 050
Other assets	21	912	258
Total current assets		147 996	97 957
Non-current assets:			
Receivables	19	88	59
Other financial assets	22	3	3
Property, plant and equipment	23	488 834	356 538
Intangible assets	24	7 531	1 525
Total non-current assets		496 456	358 125
Total assets		644 452	456 082
Current liabilities:			
Payables	25	43 415	29 270
Employee benefits	26	12 685	7 304
Provisions	27	529	504
Other current liabilities	28	461	642
Total current liabilities		57 090	37 720
Non-current liabilities:			
Payables	25	2 890	2 180
Employee benefits	26	30 213	22 006
Provisions	27	2 450	1 668
Other non-current liabilities	28	245	558
Total non-current liabilities		35 798	26 412
Total liabilities		92 888	64 132
Net assets		551 564	391 950
Equity:			
Contributed capital	29	22 612	-
Retained earnings	29	252 964	177 914
Revaluation surplus	29	275 988	214 036
Total equity		551 564	391 950
Total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	31		
Contingent assets and liabilities	32		

Statement of Changes in Equity for the year ended 30 June 2013

	Note	Contributed capital \$'000	Revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2011	29	-	187 111	186 088	373 199
Error correction - property, plant and equipment		-	-	211	211
Restated balance at 30 June 2011		-	187 111	186 299	373 410
Net result for 2011-12		-	-	(16 123)	(16 123)
Gain on revaluation of property, plant and equipment		-	26 925	-	26 925
Total comprehensive result for 2011-12		-	26 925	(16 123)	10 802
Asset adjustments - first-time recognition of assets		-	-	4 529	4 529
Asset adjustments - ARAMIS revisions		-	-	3 480	3 480
Net assets received from an administrative restructure		-	-	(271)	(271)
Balance at 30 June 2012	29	-	214 036	177 914	391 950
Net result for 2012-13		-	-	(12 146)	(12 146)
Total comprehensive result for 2012-13		-	-	(12 146)	(12 146)
Equity transfer or asset disposal		-	(41)	41	-
Asset adjustments - first-time recognition of assets		-	-	1 711	1 711
Asset adjustments - ARAMIS revisions		-	-	3 049	3 049
Transactions with SA Government as owner:					
Net assets received from an administrative restructure	33	10 893	61 993	82 395	155 281
Equity contribution received		11 719	-	-	11 719
Balance at 30 June 2013	29	22 612	275 988	252 964	551 564

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

**Statement of Cash Flows
for the year ended 30 June 2013**

		2013	2012
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefit payments		(154 910)	(102 968)
Payments for supplies and services		(131 360)	(72 159)
Payments of grants and subsidies		(85 757)	(13 184)
Water recovery/acquisition expenses		(3 300)	-
Other payments		(655)	(4)
Cash used in operations		<u>(375 982)</u>	<u>(188 315)</u>
Cash inflows:			
Fees and charges		64 129	17 740
Receipts from grants		75 866	35 757
Interest received		1 153	124
GST recovered from the ATO		17 410	11 088
Other receipts		27 966	3 010
Cash generated from operations		<u>186 524</u>	<u>67 719</u>
Cash flows from SA Government:			
Receipts from SA Government		220 571	127 018
Payments to SA Government		(121)	-
Cash generated from SA Government		<u>220 450</u>	<u>127 018</u>
Net cash provided by (used in) operating activities	30	<u>30 992</u>	<u>6 422</u>
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(28 513)	(30 378)
Cash used in investing activities		<u>(28 513)</u>	<u>(30 378)</u>
Cash inflows:			
Proceeds from sale of property, plant and equipment		-	44
Cash generated from investing activities		<u>-</u>	<u>44</u>
Net cash provided by (used in) investing activities		<u>(28 513)</u>	<u>(30 334)</u>
Cash flows from financing activities:			
Cash inflows:			
Cash received from restructuring activities		36 323	-
Capital contributions from government		11 719	-
Cash generated from financing activities		<u>48 042</u>	<u>-</u>
Net cash provided by (used in) financing activities		<u>48 042</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents		<u>50 521</u>	<u>(23 912)</u>
Cash and cash equivalents at 1 July		<u>71 204</u>	<u>95 116</u>
Cash and cash equivalents at 30 June	18	<u>121 725</u>	<u>71 204</u>

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2013

(Activities - refer note 4)	1		2	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Expenses:				
Employee benefits expenses	49 046	31 060	109 983	74 454
Supplies and services	61 358	13 393	40 434	52 110
Grants and subsidies	64 494	2 354	13 872	10 266
Water recovery/acquisition expenses	9 567	-	-	-
Depreciation and amortisation expense	5 278	586	19 018	16 852
Net loss (gain) from disposal of non-current assets	151	114	1 368	2 949
Other expenses	189	650	1 365	1 718
Total expenses	190 083	48 157	186 040	158 349
Income:				
Revenues from fees and charges	14 341	1 315	34 744	25 979
Grant revenues	35 507	4 510	37 572	28 431
Interest revenues	825	13	294	106
Other income	200	122	26 738	2 888
Total income	50 873	5 960	99 348	57 404
Net cost of providing services	139 210	42 197	86 692	100 945
Revenues from (Payments to) SA Government:				
Revenues from SA Government	67 425	-	153 146	127 018
Payments to SA Government	-	-	(6 815)	-
Net revenues from (payments to) SA Government	67 425	-	146 331	127 018
Net result	(71 785)	(42 197)	59 639	26 073

(Activities - refer note 4)	Total	
	2013	2012
	\$'000	\$'000
Expenses:		
Employee benefits expenses	159 029	105 514
Supplies and services	101 792	65 503
Grants and subsidies	78 366	12 620
Water recovery/acquisition expenses	9 567	-
Depreciation and amortisation expense	24 296	17 437
Net loss (gain) from disposal of non-current assets	1 519	3 063
Other expenses	1 554	2 368
Total expenses	376 123	206 505
Income:		
Revenues from fees and charges	49 085	27 294
Grant revenues	73 079	32 941
Interest revenues	1 119	119
Other income	26 938	3 010
Total income	150 221	63 364
Net cost of providing services	225 902	143 141
Revenues from (Payments to) SA Government:		
Revenues from SA Government	220 571	127 018
Payments to SA Government	(6 815)	-
Net revenues from (payments to) SA Government	213 756	127 018
Net result	(12 146)	(16 123)

Notes to and forming part of the financial statements

1. Objectives of the Department of Environment, Water and Natural Resources (the Department or DEWNR)

The Department leads the management of South Australia's natural resources, to ensure the protection of our environment and that healthy and productive natural resources sustain our wellbeing and economy. DEWNR achieves this by:

- engaging and involving the community, industry and government, to help share responsibility for natural resources and encourage informed decisions
- facilitating the sustainable use of natural resources for productive purposes
- striving to conserve natural systems for the long term.

Effective from 1 July 2012, the Department of Environment and Natural Resources was renamed to DEWNR as part of a machinery of government change. Information relating to this change was published in The South Australian Government Gazette on 28 June 2012 (refer notes 2(d), 2(e) and 33).

2. Summary of significant accounting policies

(a) *Statement of compliance*

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

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

DEWNR has applied AASs that are applicable to non-for-profit entities, as the Department is a not-for-profit entity.

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by DEWNR for the reporting period ending 30 June 2013 (refer note 3).

(b) *Basis of preparation*

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying DEWNR's accounting policies. Areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- the selection and application of accounting policies in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in these financial statements:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items may be utilised. DEWNR has elected to utilise this threshold in relation to transactions applicable to revenue and expense items. The threshold has not been applied to financial assets and financial liabilities, ie all financial assets and financial liabilities relating to the SA Government have been separately disclosed
 - (b) expenses incurred as a result of engaging consultants
 - (c) employee TVSP information
 - (d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees
 - (e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

(b) Basis of preparation (continued)

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013 and the comparative information presented.

(c) Reporting entity

DEWNR is a government department of the State of South Australia, established pursuant to the PSA. DEWNR is an administrative unit acting on behalf of the Crown.

The financial statements and accompanying notes include all the controlled activities of DEWNR. Transactions and balances relating to administered resources are not recognised as departmental income, expenses, assets and liabilities. As administered items are significant in relation to DEWNR's overall financial performance and position, they are disclosed in the administered financial statements (schedule of administered items) at the back of the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

Transactions in relation to the Murray-Darling Basin Authority (MDBA) are reflected in both the Department's controlled activities and also administered items.

(d) Transferred functions

The Public Sector (Reorganisation of Public Sector Operations) Notice 2012 (dated 28 June 2012) transferred all employees from the former Department for Water to DEWNR effective from 1 July 2012. Refer note 33 for further information in respect of this machinery of government change.

The Public Sector (Reorganisation of Public Sector Operations) Notice 2012 (dated 21 June 2012) transferred all employees from the Natural Resources Management Boards (NRMB), pursuant to the NRMA, to DEWNR effective from 1 July 2012. Refer note 33 for further information in respect of this machinery of government change.

(e) Comparative information

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

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

The restated comparative amounts do not replace the original financial statements for the preceding period and only reflect Department of Environment and Natural Resources balances as at 30 June 2012.

(f) Rounding

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

(g) Taxation

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

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

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

(g) Taxation (continued)

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

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

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

DEWNR prepares a business activity statement on behalf of its controlled entities, administered items and other clients to which it provides business services under the grouping provisions of the GST legislation. Under the grouping provisions, DEWNR is liable for the GST payments and entitled to the GST receipts associated with these entities and items. The GST applicable forms part of the receivables and payables recorded in DEWNR's Statement of Financial Position and the GST cash flows recorded in DEWNR's Statement of Cash Flows.

(h) Events after the reporting period

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

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

(i) Income

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

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

The following are specific recognition criteria:

Fees and charges

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

Contributions received

Contributions are recognised as an asset and income when DEWNR 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, DEWNR 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 DEWNR have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

Net gain on non-current assets

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

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

Revenues from SA Government

Appropriations for program funding are recognised as revenues when DEWNR obtains control over the funding. Control over appropriations is normally obtained upon receipt.

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

Other income

Other income consists of salaries and wages recoveries, sponsorships and donations, recoveries of insurance claims and other sundry income.

(j) Expenses

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

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

The following are specific recognition criteria:

Employee benefits expenses

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

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by DEWNR to the superannuation plan in respect of current services of current departmental staff. DTF centrally recognises the superannuation liability in the whole-of-government financial statements (refer note 2(u)).

Grants and subsidies

For contributions payable, the contribution will be recognised as a liability and expense when DEWNR has a present obligation to pay the contribution and the expense recognition criteria are met.

(k) Current and non-current classification

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

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

(l) Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

(m) Receivables

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

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are generally settled within 30 days after the issue of an invoice.

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

(n) Inventories

Inventories include goods held either for sale or distribution at no or nominal cost in the ordinary course of business.

Inventories held for distribution at no or nominal consideration, are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value.

Bases used in assessing loss of service potential for inventory held for distribution at no or minimal cost include current replacement cost and technological or functional obsolescence.

Cost for all inventory is measured on the basis of 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 in the Statement of Comprehensive Income as an expense in the period the write-down or loss occurred. Any write-down reversals are recognised as an expense reduction in the Statement of Comprehensive Income.

(o) Other financial assets

DEWNR measures financial assets at historical cost.

(p) Non-current asset acquisition and recognition

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

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recognised at book value, ie the amount recorded by the transferor public authority immediately prior to the restructure.

All non-current tangible assets with a value of \$10 000 or greater are capitalised.

Minor assets with an individual value of less than \$10 000 are expensed in the Statement of Comprehensive Income at the time of acquisition, with the exception of groundwater monitoring wells due to the significant number and long useful lives of the assets contained within these classes. All assets for this class have been recognised in the Statement of Financial Position regardless of their initial cost of acquisition.

Componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is equal to or in excess of \$5 million for infrastructure assets and \$1 million for other assets.

Error correction

An error correction of \$211 000 has been disclosed in the Statement of Changes in Equity in respect of the 2011-12 financial year. The error correction has been retrospectively restated in accordance with AASB 108, and comprises a net increase to the carrying values of property, plant and equipment assets.

Heritage assets

In accordance with APF III, heritage assets are recognised in the Statement of Financial Position as part of the aggregate value of classes of assets to which they belong. Certain heritage assets and works of art that are unique due to their historical or cultural interest are not depreciated due to their long and indeterminate useful lives. Heritage assets that provide a functional service are recorded at depreciable fair value.

Land

Land comprising national, conservation and recreation parks and wilderness protection areas and reserves, generally has restrictions on use imposed by statute or regulation. These restrictions have been taken into account by the independent valuers.

Administered property, plant and equipment relates to the Crown's interest in land leased to third parties under perpetual and other leases and annual licences. However, limitations exist on the reliability of the base information used to determine the valuation of this land.

DEWNR is also custodian of unallotted Crown land, by virtue of its responsibilities under the *Crown Land Management Act 2009*. This land is considered to be an administered asset. Unallotted Crown land is not included in the Statement of Administered Financial Position as DEWNR has not been able to formulate a suitable methodology for determining a reliable measure of the value of these holdings.

(q) Revaluation of non-current assets

All non-current tangible assets are valued at written down current cost (a proxy for fair value). Revaluation of a non-current asset 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.

DEWNR revalues its land, buildings and improvements, and other infrastructure assets on a three to five year basis. 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, when they are revalued to fair value.

Property, plant and equipment assets due for revaluation are assessed to determine whether they should be classified as generic assets or unique assets.

Generic building, infrastructure and road assets are valued using a data dictionary approach. The data dictionary model is contained within DEWNR's Asset Register and Management Information System (ARAMIS). The data dictionary model calculates a value for an asset based on description, grade/composition, condition and size/quantity. The model value is adjusted by a locality factor to take into account climatic conditions. The valuation model itself is reviewed every three years.

Unique assets are items which cannot be categorised within existing asset groups. Assets that are deemed to be unique are externally valued by independent professional valuers.

The fair value of unique items was determined by identifying a market buying price, estimated as written down modern equivalent replacement cost. The fair value of land and buildings was based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

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

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

(r) Impairment

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

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

(s) 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 computer software, while depreciation is applied to tangible assets such as property, plant and equipment.

(s) **Depreciation and amortisation of non-current assets (continued)**

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

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

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

Land is not depreciated.

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

<i>Class of asset</i>	<i>Useful life (years)</i>
Property, plant and equipment:	
Buildings and improvements	1-60
Groundwater monitoring wells	10-50
Lower Murray embankments	200
Park infrastructure	3-60
Patawalonga seawater circulation and Barcoo Outlet	7-97
Plant and equipment	2-40
Roads, tracks and trails	2-35
Salinity disposal schemes	10-86
Surface water monitoring network	40-80
Waste disposal stations	30-50
Other	3-60
Intangible assets:	
Externally acquired	2-5
Internally generated	3-12
War services leases	45

(t) **Intangible assets**

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

The useful lives of intangible assets are assessed to be either finite or indefinite. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

For the war services leases the rate of amortisation has been determined after reference to both the unexpired period of the leases and the rate of extinguishment of the leases.

No amortisation is applied to water entitlements (included in acquired intangible assets) as these have been assessed as having an indefinite term of future economic benefits.

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

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

(u) **Payables**

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

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

(u) Payables (continued)

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

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

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

Employee benefits on-costs include payroll tax, WorkCover levies and superannuation contributions with respect to outstanding liabilities for salaries and wages, LSL, annual leave and skills and experience retention leave.

DEWNR makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board and externally managed superannuation schemes (refer note 2(j)).

(v) 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.

Salaries, wages, annual leave, skills and experience retention leave and sick leave

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

The annual leave liability and the skills and retention 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, annual leave and the skills and retention leave liability 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.

LSL

The liability for LSL is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

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

Employee benefit on-costs

Employee benefit on-costs (payroll tax, workers compensation and superannuation) are recognised separately under payables.

Provisions

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

Provisions (continued)

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

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

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2013 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of the ongoing payments to employees as required under current legislation.

DEWNR is responsible for the payment of workers compensation claims.

(w) **Leases**

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

DEWNR has entered into operating leases.

Operating leases

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

Lease incentives

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received to enter into operating leases are recognised as a liability.

The aggregate benefit of lease incentives received by DEWNR in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight-line basis.

(x) **Unrecognised contractual commitments and contingent assets and liabilities**

Commitments include operating lease, capital, remuneration and other outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

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

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

(y) **Interests in joint ventures**

MDBA

DEWNR administers the State's interest in the MDBA. These transactions are reflected in the administered statements. Note A10 of the administered statements refers to changes in accounting for the MDBA, which came into being on 15 December 2008.

3. New and revised accounting standards and policies

DEWNR did not voluntarily change any of its other accounting policies during 2012-13.

AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by DEWNR for the period ending 30 June 2013. DEWNR has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

4. Activities of the Department

In achieving its objectives, DEWNR provides a range of services classified into the following activities:

Activity 1: Strategy, Science and Resource Monitoring

To lead the development and implementation of government policies and strategies for the sustainable use and management of South Australia's natural resources for the benefit of the community, industry and ecosystems. To provide practical, science-based advice to guide operations and inform government and community decisions on the use of natural resources.

Activity 2: Operations and Service Delivery

To provide coordinated delivery of the government's environment and natural resources management (NRM) agenda across the eight NRM regions in South Australia, working closely with regional NRMB through delivering services and engaging stakeholders, partners, regional communities and other agencies in the management of natural resources. To design and deliver complex and major projects as well as DEWNR's hazard management responsibilities.

To provide support and customer-focused services, including the Botanic Gardens, the operation of the River Murray and the administration and reform of licensing and permits.

The disaggregated disclosures schedules of expenses and income present information regarding DEWNR's activities for the years ended 30 June 2012 and 30 June 2013.

AASB 1052 requires government departments to disclose the assets deployed and liabilities incurred that are reliably attributable to each of their activities. DEWNR cannot currently reliably attribute assets and liabilities across activities. Hence this disclosure has not been made.

5. Employee benefits expenses

	2013	2012
	\$'000	\$'000
Salaries and wages	116 952	72 283
Annual leave	11 047	6 790
LSL	1 973	6 100
Skills and experience retention leave	588	-
Employment on-costs - superannuation	13 443	9 494
Employment on-costs - other	8 462	5 945
TVSPs (refer below)	5 371	4 388
Board and committee fees	505	251
Other employee related expenses	688	263
Total employee benefits expenses	159 029	105 514

TVSPs

Amount paid during the reporting period to separated employees:

TVSPs	5 371	4 388
Annual leave and LSL paid to those employees	1 889	1 481
	7 260	5 869
Recovery from DTF	(5 296)	(5 387)
Net cost to the Department	1 964	482

The number of employees who received a TVSP during the reporting period was 48 (44).

Remuneration of employees

The table below includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits, fringe benefits and any FBT paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$9.017 million (\$6.565 million).

	2013	2012
	Number	Number
The number of employees whose remuneration received or receivable falls within the following bands:		
\$134 000 - \$137 999*	n/a	-
\$138 000 - \$147 999	1	7
\$148 000 - \$157 999	8	6
\$158 000 - \$167 999	6	4
\$168 000 - \$177 999	2	2
\$178 000 - \$187 999	4	3
\$188 000 - \$197 999	4	1
\$198 000 - \$207 999	2	1

Remuneration of employees (continued)

	2013 Number	2012 Number
\$208 000 - \$217 999	3	1
\$218 000 - \$227 999	2	1
\$228 000 - \$237 999	1	1
\$238 000 - \$247 999	2	1
\$258 000 - \$267 999	1	-
\$298 000 - \$307 999	2	-
\$308 000 - \$317 999**	1	1
\$328 000 - \$337 999	1	-
\$338 000 - \$347 999**	1	-
\$348 000 - \$357 999	-	1
\$358 000 - \$367 999**	-	1
\$368 000 - \$377 999**	1	-
\$378 000 - \$387 999	1	1
\$398 000 - \$407 999**	-	1
Total	43	33

* This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2012-13.

** This remuneration band includes an employee who received a TVSP payment.

The table includes TVSPs paid where the employee's normal remuneration exceeds the executive base level threshold. In 2012-13, three employees (three employees) in the table received a TVSP.

6. Supplies and services

	2013 \$'000	2012 \$'000
Accommodation and property management	15 198	10 347
Consultants	472	39
Contractors	5 681	3 179
Cost of goods sold	1 423	1 161
Fee-for-service	36 372	18 021
General administration	9 909	6 768
Heritage advisers	13	386
Information technology and communication expenses	9 315	7 436
Minor works, maintenance and equipment	6 166	4 264
Monitoring fees	211	319
Sand replenishment	1 351	850
Scientific and technical services	687	524
Transportation	448	310
Travel and accommodation	2 181	1 753
Vehicle and aircraft	6 196	5 370
Staff development	1 829	1 803
Other	4 340	2 973
Total supplies and services	101 792	65 503

Supplies and services provided by entities within the SA Government:

Accommodation and property management	7 562	5 285
Fee-for-service	497	609
General administration	4 045	2 922
Minor works, maintenance and equipment	332	-
Other	238	274
Total supplies and services - SA Government	12 674	9 090

Consultants

The number and dollar amount of consultancies paid/payable (included in supplies and services expense shown above) that fell within the following bands:	2013		2012	
	Number	\$'000	Number	\$'000
Below \$10 000	17	52	9	39
\$10 000 - \$50 000	5	136	-	-
Above \$50 000	3	284	-	-
Total paid/payable to the consultants engaged	25	472	9	39

7. Grants and subsidies	2013 \$'000	2012 \$'000
Building Innovation Fund	-	467
Community engagement and communication	304	320
Goyder Institute	5 000	-
Monitoring and adaptive management	496	-
MDBA	28 962	-
NRM community grants	2 824	6 345
One million trees	231	334
Revegetation	2 224	487
River Murray Improvement program	633	-
South East infrastructure operations and maintenance	3 335	-
State Heritage Fund - grants program	249	-
Stormwater projects	27 299	-
Vegetation projects	1 506	1 545
Water industry alliance	768	-
Other	4 535	3 122
Total grants and subsidies	78 366	12 620
Grants and subsidies paid/payable to entities within the SA Government:		
NRM community grants/projects	658	4 933
Monitoring and adaptive management	475	-
River Murray Improvement program	440	-
South East infrastructure operations and maintenance	3 200	-
Other	-	239
Total grants and subsidies - SA Government entities	4 773	5 172
8. Water recovery/acquisition expenses		
Environmental water purchase	9 567	-
Total water recovery/acquisition expenses	9 567	-
9. Depreciation and amortisation expense		
Depreciation:		
Buildings and improvements	3 515	3 530
Park infrastructure	4 918	5 263
Roads, tracks and trails	6 239	6 393
Plant and equipment	2 319	1 817
Groundwater monitoring wells	2 127	-
Surface water monitoring network	115	-
Waste disposal stations	106	-
Salinity disposal schemes	550	-
Patawalonga seawater circulation and Barcoo Outlet	496	-
Lower Murray embankments	50	-
Other	19	18
Total depreciation	20 454	17 021
Amortisation:		
Application software - internally generated	3 689	386
Application software - externally purchased	131	8
Other - war services leases	22	22
Total amortisation	3 842	416
Total depreciation and amortisation expense	24 296	17 437

Revision of accounting estimates

DEWNR altered the useful lives of various assets in accordance with normal periodic assessment procedures. In accordance with AASB 108, the resulting adjustments have been applied prospectively in the current year.

The change in the useful lives has had the effect of increasing (decreasing) depreciation expense in the financial year as follows:

	2013 \$'000	2012 \$'000
Buildings and improvements	(69)	428
Park infrastructure	(12)	(152)
Roads, tracks and trails	(296)	(59)
	(377)	217

10. Net gain (loss) from disposal of non-current assets	2013	2012
	\$'000	\$'000
Buildings:		
Proceeds from disposal	-	-
Net book value of assets disposed	(329)	(100)
Net gain (loss) from disposal	<u>(329)</u>	<u>(100)</u>
Park infrastructure:		
Proceeds from disposal	-	-
Net book value of assets disposed	(413)	(2 367)
Net gain (loss) from disposal	<u>(413)</u>	<u>(2 367)</u>
Roads, tracks and trails:		
Proceeds from disposal	-	-
Net book value of assets disposed	(220)	(557)
Net gain (loss) from disposal	<u>(220)</u>	<u>(557)</u>
Plant and equipment:		
Proceeds from disposal	-	44
Net book value of assets disposed	(385)	(83)
Net gain (loss) from disposal	<u>(385)</u>	<u>(39)</u>
Waste disposal stations:		
Proceeds from disposal	-	-
Net book value of assets disposed	(71)	-
Net gain (loss) from disposal	<u>(71)</u>	<u>-</u>
Internally developed intangible assets:		
Proceeds from disposal	-	-
Net book value of assets disposed	(99)	-
Net gain (loss) from disposal	<u>(99)</u>	<u>-</u>
Externally developed intangible assets:		
Proceeds from disposal	-	-
Net book value of assets disposed	(2)	-
Net gain (loss) from disposal	<u>(2)</u>	<u>-</u>
Total assets:		
Total proceeds from disposal	-	44
Total net book value of assets disposed	(1 519)	(3 107)
Total net gain (loss) from disposal of non-current assets	<u>(1 519)</u>	<u>(3 063)</u>

Assets transferred free of charge

These figures include the following assets transferred to the Board of the Botanic Gardens and State Herbarium, West Beach Trust and Coorong Council free of charge. These assets primarily relate to the Trails Statewide Investment project (\$295 000) and Mt Lofty Botanic Gardens-Class 1 Walk project (\$194 000) transferred to Botanic Gardens and Herbarium. DEWNR also transferred assets valued at \$47 000 for the Meningie Lakefront Habitat Reserve project to the Coorong Council, and \$173 000 to the West Beach Trust.

	2013	2012
	\$'000	\$'000
Buildings and improvements	96	-
Park infrastructure	283	1 858
Roads, tracks and trails	203	261
Plant and equipment	105	34
Other	40	-
Total assets transferred free of charge	<u>727</u>	<u>2 153</u>

11. Other expenses		
Bad and doubtful debts	(40)	239
Capital project costs not capitalised	1 569	1 792
Audit fees	433	337
Other	(408)	-
Total other expenses	<u>1 554</u>	<u>2 368</u>

11. Other expenses (continued)	2013	2012
Other expenses paid/payable to entities within the SA Government:	\$'000	\$'000
Audit fees	381	337
Total other expenses - SA Government entities	381	337
12. Auditor's remuneration		
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	376	337
Total audit fees	376	337
No other services were provided by the Auditor-General's Department.		
13. Revenues from fees and charges		
Admissions and guided tours	7 135	6 868
Fees, levies and licences	1 970	813
Property rental and related income	5 831	5 727
Taxation revenue	209	-
Service recoveries	16 524	-
Other property related income	15	89
Sale of goods	3 736	3 517
Sale of professional services	1 820	1 978
Sale of support services	11 008	6 912
Sale of spatial information	711	1 070
Sale of freehold titles	126	320
Total revenues from fees and charges	49 085	27 294
Fees and charges received/receivable from entities within the SA Government:		
Service recoveries	16 486	-
Sale of professional services	-	600
Sale of support services	2 412	3 740
Sale of spatial information	200	100
Total fees and charges - SA Government entities	19 098	4 440
14. Grant revenues		
(a) Grant revenues from the Commonwealth		
Common Registry system	865	-
Community engagement and communications	91	216
Coorong, Lower Lakes and Murray Mouth program	222	1 556
GAP monitoring	460	159
Goolwa Channel water level management	1 232	-
Implementing the Murray-Darling Basin Reform	446	-
Long-term plan - Coorong, Lower Lakes and Murray Mouth	13 446	2
Long-term plan - vegetation	95	33
Meningie lakefront habitat reserve	167	433
Monitoring and adaptive management	-	1 320
Murray Futures - Coorong, Lower Lakes and Murray Mouth early works	1 575	-
Murray Futures - Coorong, Lower Lakes adaptive management	1 789	-
Murray Futures - preparation of business case	900	-
Murray Futures - riverine recovery	3 500	-
Narrindjeri partnerships	412	1 267
National framework for compliance and enforcement systems	1 507	-
Research projects	13	281
Restoring Pica Karst Wetlands	243	69
Restoration of Upper South East flows	669	495
Revegetation	166	4 662
Securing additions to the national reserve system	210	105
Stormwater projects	18 524	-
The Living Murray - Chowilla	786	-
The Living Murray - Lower Lakes, Coorong and Murray Mouth	464	-
Vegetation projects	749	3 425
Water and wastewater in remote communities	3 390	-
Other	3 054	1 150
Total grant revenues from the Commonwealth	54 975	15 173

(b) Grant revenues from SA Government	2013	2012
	\$'000	\$'000
Aboriginal Learning on Country (Phase 2)	215	133
Adelaide Living Beaches strategy	2 363	2 292
Adelaide Mount Lofty Ranges - Bush Management Advisor	250	285
Biodiversity assessments	354	440
Botanic Gardens - aquifer storage and redraw	1 591	2 651
Bushfire Mitigation program	242	4
Community emergency services funding	1 959	2 519
Compliance and monitoring	225	-
Dukes Highway Safety	530	-
East Plain Fire Trail (Part 3)	237	-
Ecologist Southern Flinders	207	104
Garden of Health	-	235
Highbury aqueduct fire prevention	482	50
Long-term plan - vegetation	-	252
National parks	-	1 158
One million trees	1 151	1 392
Protect Bool and Hacks Lagoons	124	234
Priority habitat enhancement	719	366
Recovering grey box woodlands	340	210
Riverine recovery - Katfish Floodplain	-	515
Threatened plant recovery - Kangaroo Island	150	381
Water industry act	151	-
Youth Creating Habitat	201	139
Other	5 404	3 334
Total grant revenues from SA Government	16 895	16 694
(c) Grant revenues from private industry and local government		
NHT-CARRS	250	-
South East Coop Coast Conservation	102	518
Other	857	556
Total grant revenues from private industry and local government	1 209	1 074
Total grant revenues	73 079	32 941

Contributions with conditions of expenditure

The Department received grants from various funding sources, expressly for the purposes of undertaking specific projects. As at 30 June 2013 \$15.568 million (\$13.513 million) of grants, which have been recognised as revenues in the Statement of Comprehensive Income, are yet to be spent in the manner specified by the contributors.

15. Interest revenues	2013	2012
	\$'000	\$'000
Interest from entities within the SA Government	1 101	114
Interest from entities external to the SA Government	18	5
Total interest revenues	1 119	119
16. Other income		
Insurance recoveries	16	283
Salaries and wages recoveries	26 230	2 369
Sponsorships, donations, commissions and bequests	85	49
Other sundry revenue	607	309
Total other income	26 938	3 010
Other income received/receivable from entities within the SA Government:		
Insurance recoveries	16	283
Salaries and wages recoveries	14 868	2 157
Total other income - SA Government entities	14 884	2 440

On 1 July 2012, 276 employees were transferred from the NRMB to DEWNR. These employees now provide services back to the boards under a fee-for-service arrangement earning DEWNR \$25.769 million.

17. Revenues from (Payments to) SA Government	2013	2012
Revenues from SA Government:	\$'000	\$'000
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	208 774	120 628
Appropriation from contingency funds	11 797	6 390
Total revenues from SA Government	<u>220 571</u>	<u>127 018</u>
Payments to SA Government:		
Return to Consolidated Account	(6 815)	-
Total payments to SA Government	<u>(6 815)</u>	<u>-</u>

Total revenues from government consist of \$182.227 million (\$93.478 million) for operational funding and \$26.547 million (\$27.15 million) for capital projects. There was no material variance between the amount appropriated and the expenditure associated with this appropriation.

The revenues from SA Government include \$26.6 million (\$26.2 million) which was paid into the Save The River Murray Fund (the Fund), from the proceeds of the Save the River Murray levy which was introduced in the second quarter of the 2003-04 financial year. The Fund was established under section 100 of the *Waterworks Act 1932* - this Act was repealed and replaced by the *Water Industry Act 2012* effective from 1 January 2013. Monies credited to the Fund may only be applied to purposes set out in the *Water Industry Act 2012*. The total monies applied from the Fund were \$24.925 million (\$29.059 million). A special purpose financial report is prepared for the Fund.

18. Cash and cash equivalents	2013	2012
	\$'000	\$'000
Deposits with the Treasurer	121 531	71 038
Imprest accounts/Cash on hand	194	166
Total cash and cash equivalents	<u>121 725</u>	<u>71 204</u>

Deposits with the Treasurer

This includes \$53.797 million (\$62.166 million) held within the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use and can only be used in accordance with the Treasurer's or Under Treasurer's approval.

Other short-term deposits

These are funds held on an at call basis with various commercial banking entities, and result from banking deposits in regional locations. Funds are only held in these accounts pending imminent transfer to DEWNR's normal banking arrangements with Treasury.

Interest rate risk

Cash deposits are recognised at their nominal amounts and interest is credited to revenue as it accrues. DEWNR invests surplus funds with the Treasurer. Interest is earned on the average monthly balance of the Wildlife Conservation Fund, General Reserves Trust account and SA Lower Lakes Bioremediation and Revegetation (CLLMM) account. Interest is paid quarterly at DTF's 90 day average overnight cash interest rate. All other deposits with the Treasurer do not earn interest.

19. Receivables	2013	2012
Current:	\$'000	\$'000
Receivables	19 167	22 105
Allowance for doubtful debts	(235)	(310)
	<u>18 932</u>	<u>21 795</u>
Accrued revenues	82	9
GST input tax recoverable	4 363	2 628
Workers compensation recoveries	33	13
Total current receivables	<u>23 410</u>	<u>24 445</u>
Receivables from SA Government entities:		
Receivables	14 690	5 864
	<u>14 690</u>	<u>5 864</u>
Accrued revenues	82	9
Total receivables from SA Government entities	<u>14 772</u>	<u>5 873</u>
Non-current:		
Workers compensation recoveries	88	59
Total non-current receivables	<u>88</u>	<u>59</u>

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (ie calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired. An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2013	2012
	\$'000	\$'000
Carrying amount at 1 July	310	75
Amounts written off	(108)	(4)
Increase (Decrease) in the allowance	33	239
Carrying amount at 30 June	235	310

Interest rate and credit risk

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

20. Inventories	2013	2012
Inventories held for distribution at no or nominal amount:	\$'000	\$'000
Inventories held for distribution - at cost	514	391
Total inventories held for distribution at no or nominal amount	514	391
Inventories held for resale - at cost:		
Finished goods held for resale - at cost	1 435	1 659
Total inventories held for resale - at cost	1 435	1 659
Total inventories	1 949	2 050
21. Other assets		
Current:		
Prepaid supplies and services	911	257
Other	1	1
Total current other assets	912	258
22. Other financial assets		
Non-current:		
Equity in listed entities	3	3
Total non-current other financial assets	3	3
23. Property, plant and equipment		
Land:		
Independent valuation ⁽ⁱ⁾	204 386	203 762
At cost ⁽ⁱⁱ⁾	9 057	4 508
Total land	213 443	208 270
Buildings and improvements:		
Independent valuation ⁽ⁱ⁾	144 165	142 796
At cost ⁽ⁱⁱ⁾	8 137	6 090
Accumulated depreciation	(100 218)	(98 099)
Total buildings and improvements	52 084	50 787
Park infrastructure:		
Independent valuation ⁽ⁱ⁾	179 295	180 102
At cost ⁽ⁱⁱ⁾	8 692	5 410
Accumulated depreciation	(159 080)	(154 768)
Total park infrastructure	28 907	30 744
Road, tracks and trails:		
Independent valuation ⁽ⁱ⁾	190 674	192 241
At cost ⁽ⁱⁱ⁾	7 618	4 193
Accumulated depreciation	(171 728)	(167 549)
Total road, tracks and trails	26 564	28 885

23. Property, plant and equipment (continued)	2013	2012
	\$'000	\$'000
Groundwater monitoring wells:		
Independent valuation ⁽ⁱ⁾	130 256	-
At cost ⁽ⁱⁱ⁾	932	-
Accumulated depreciation	(83 889)	-
Total groundwater monitoring wells	<u>47 299</u>	<u>-</u>
Salinity disposal schemes:		
Independent valuation ⁽ⁱ⁾	44 751	-
Accumulated depreciation	(18 060)	-
Total salinity disposal schemes	<u>26 691</u>	<u>-</u>
Patawalonga seawater circulation and Barcoo Outlet:		
Independent valuation ⁽ⁱ⁾	30 774	-
At cost ⁽ⁱⁱ⁾	546	-
Accumulated depreciation	(8 167)	-
Total Patawalonga seawater circulation and Barcoo Outlet	<u>23 153</u>	<u>-</u>
Surface water monitoring network:		
Independent valuation ⁽ⁱ⁾	8 469	-
At cost ⁽ⁱⁱ⁾	72	-
Accumulated depreciation	(3 587)	-
Total surface water monitoring network	<u>4 954</u>	<u>-</u>
Waste disposal stations:		
Independent valuation ⁽ⁱ⁾	4 882	-
At cost ⁽ⁱⁱ⁾	1 340	-
Accumulated depreciation	(2 756)	-
Total waste disposal stations	<u>3 466</u>	<u>-</u>
Lower Murray embankments:		
Independent valuation ⁽ⁱ⁾	10 062	-
Accumulated depreciation	(4 879)	-
Total Lower Murray embankments	<u>5 183</u>	<u>-</u>
Plant and equipment:		
Independent valuation ⁽ⁱⁱⁱ⁾	-	-
At cost (deemed fair value) ⁽ⁱⁱⁱ⁾	33 004	27 472
Accumulated depreciation	(20 621)	(18 074)
Total plant and equipment	<u>12 383</u>	<u>9 398</u>
Other:		
At cost (deemed fair value) ⁽ⁱⁱⁱ⁾	1 867	1 867
Accumulated depreciation	(613)	(594)
Total other	<u>1 254</u>	<u>1 273</u>
Capital works in progress:		
Capital works in progress	43 453	27 181
Total capital works in progress	<u>43 453</u>	<u>27 181</u>
Total property, plant and equipment	<u>488 834</u>	<u>356 538</u>

Carrying amounts of property, plant and equipment

Classes of property, plant and equipment are valued as follows:

- (i) Independent valuation: Generic assets are valued using the data dictionary model. Unique assets are items which cannot be categorised within the standard data dictionary groups. These assets are valued separately by independent professional valuers. Refer note 2(q) for further details.
- (ii) At cost (acquisition cost): This class includes one or more items that have an acquisition cost exceeding \$1 million. All assets within this class are temporarily held at cost pending revaluation that occurs no later than three years from acquisition date.
- (iii) At cost (deemed fair value): These assets have an acquisition cost below \$1 million and are deemed held at fair value pursuant to APF III.

Asset revaluations

The valuers used by DEWNR are as follows:

- 1 July 2011, valuation of data dictionary: buildings, infrastructure and roads, Valcorp Australia Pty Ltd, Mr F Taormina, BAppSc (Val), AAPI
- 1 July 2011, independent professional valuation of land, building and park infrastructure, Herron Todd White, Mr Paul Tilley, FAPI, AREL, CREI (Val)
- 1 July 2010, valuation of Mutton Cove levee bank, lands and aviary, Valcorp Australia Pty Ltd, Mr A J Lucas, MBA, BAppSc (Val), DipAcc, AAPI, ASA and Mr F Taormina, BAppSc (Val), AAPI
- 30 June 2009, valuation of land and buildings, Southwick Goodyear Pty Ltd, Mr A J Lucas, MBA, BAppSc (Val), DipAcc, AAPI, ASA.

The fair value of unique items was determined by identifying a market buying price, estimated as written down modern equivalent replacement cost. The fair value of land and buildings was based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

Other specialised assets have been revalued per the schedule below.

<i>Class of asset</i>	<i>Date of last independent valuation</i>	<i>Name of valuer</i>
Groundwater monitoring wells	30 June 2012	Sinclair Knight Merz
Surface water monitoring network	30 June 2012	Valcorp Pty Ltd
Waste disposal stations	30 June 2009	Valcorp Pty Ltd
Patawalonga seawater circulation and Barcoo Outlet	30 June 2010	Currie and Brown Pty Ltd
Salinity disposal schemes	30 June 2010	Currie and Brown Pty Ltd
Lower Murray embankments	30 June 2009	Valcorp Pty Ltd
Plant and equipment*	-	

* Plant and equipment have been brought to account at cost or at officer's valuation for initial recognition purposes.

Movement reconciliation of property, plant and equipment

	Land \$'000	Buildings \$'000	Park infra- structure \$'000	Roads, tracks and trails \$'000	Groundwater monitoring wells \$'000	Salinity disposal schemes \$'000
2013						
Carrying amount at 1 July	208 270	50 787	30 744	28 885	-	-
Acquisitions	2 465	1 280	71	-	-	-
Acquisition through administrative restructuring	2 423	978	-	-	49 426	27 241
Transfers to (from) capital works in progress	-	374	2 924	2 634	-	-
Depreciation expense	-	(3 515)	(4 918)	(6 239)	(2 127)	(550)
Asset - first-time recognition	285	886	274	243	-	-
Disposals	-	(233)	(130)	(17)	-	-
Disposals - transfers for nil consideration	-	(96)	(283)	(203)	-	-
ARAMIS revisions upwards (downwards)	-	1 623	225	1 261	-	-
Capital works in progress - expensed in current period	-	-	-	-	-	-
Reversal of impairment loss	-	-	-	-	-	-
Carrying amount at 30 June	213 443	52 084	28 907	26 564	47 299	26 691

	Patawalonga seawater circulation \$'000	Surface water monitoring network \$'000	Waste disposal stations \$'000	Lower Murray embank- ments \$'000	Plant and equipment \$'000	Other \$'000
Carrying amount at 1 July	-	-	-	-	9 398	1 273
Acquisitions	-	-	130	-	2 184	-
Acquisition through administrative restructuring	23 649	5 069	2 629	5 233	1 087	-
Transfers to (from) capital works in progress	-	-	402	-	2 455	-
Depreciation expense	(496)	(115)	(106)	(50)	(2 319)	(19)
Asset - first-time recognition	-	-	-	-	23	-
Disposals	-	-	(71)	-	(240)	-
Disposals - transfers for nil consideration	-	-	-	-	(145)	-
ARAMIS revisions upwards (downwards)	-	-	-	-	(60)	-
Capital works in progress - expensed in current period	-	-	-	-	-	-
Reversal of impairment loss	-	-	482	-	-	-
Carrying amount at 30 June	23 153	4 954	3 466	5 183	12 383	1 254

Movement reconciliation of property, plant and equipment (continued)

	Capital work in progress \$'000	Total \$'000
2013		
Carrying amount at 1 July	27 181	356 538
Acquisitions	23 272	29 402
Acquisition through administrative restructuring	4 626	122 361
Transfers to (from) capital works in progress	(10 057)	(1 268)
Depreciation expense	-	(20 454)
Asset - first-time recognition	-	1 711
Disposals	-	(691)
Disposals - transfers for nil consideration	-	(727)
ARAMIS revisions upwards (downwards)	-	3 049
Capital works in progress - expensed in current period	(1 569)	(1 569)
Reversal of impairment loss	-	482
Carrying amount at 30 June	43 453	488 834

	Land \$'000	Buildings \$'000	Park infra- structure \$'000	Roads, tracks and trails \$'000	Plant and equipment \$'000	Other \$'000
2012						
Carrying amount at 1 July	182 582	50 661	35 274	23 245	9 218	1 291
Transfers between classes	-	(13)	(88)	72	29	-
Acquisitions	586	553	249	-	1 258	(1)
Transfers to (from) capital works in progress	-	1 131	3 428	4 313	763	-
Depreciation expense	-	(3 530)	(5 263)	(6 393)	(1 817)	(18)
Net revaluation increment (decrement)	22 834	831	(2 388)	5 648	-	-
Assets received for nil consideration	-	-	-	-	-	-
Asset - first-time recognition	2 660	386	717	735	31	-
Disposals	-	(100)	(509)	(296)	(49)	-
Disposals - transfers for nil consideration	-	-	(1 858)	(261)	(34)	-
ARAMIS revisions upwards (downwards)	(392)	868	1 182	1 822	(1)	1
Capital works in progress - expensed in current period	-	-	-	-	-	-
Carrying amount at 30 June	208 270	50 787	30 744	28 885	9 398	1 273

	Capital works in progress \$'000	Total \$'000
Carrying amount at 1 July	10 852	313 123
Transfers between classes	-	-
Acquisitions	27 756	30 401
Transfers to (from) capital works in progress	(9 635)	-
Depreciation expense	-	(17 021)
Net revaluation increment (decrement)	-	26 925
Assets received for nil consideration	-	-
Asset - first-time recognition	-	4 529
Disposals	-	(954)
Disposals - transfers for nil consideration	-	(2 153)
ARAMIS revisions upwards (downwards)	-	3 480
Capital works in progress - expensed in current period	(1 792)	(1 792)
Carrying amount at 30 June	27 181	356 538

24. Intangible assets

	2013 \$'000	2012 \$'000
Internally developed intangible assets:		
Computer software - at cost (deemed fair value)	19 553	3 189
Accumulated amortisation	(15 195)	(2 523)
Total internally developed intangible assets	4 358	666
Externally acquired intangible assets:		
Computer software and water licences	2 918	95
Accumulated amortisation	(582)	(95)
Total computer software - external	2 336	-

24. Intangible assets (continued)	2013	2012
Other:	\$'000	\$'000
Revenue stream (war services freehold leases) - at cost (deemed fair value)	1 000	1 000
Accumulated amortisation	(163)	(141)
Total other	<u>837</u>	<u>859</u>
Total intangible assets	<u>7 531</u>	<u>1 525</u>

The Department recognises the following intangible assets:

Computer software

The internal development of software is capitalised by the Department when the expenditure meets the definition and recognition criteria of an intangible asset outlined in AASB 138 and when the amount of expenditure is greater than or equal to \$10 000, in accordance with APF III, APS 2.15. All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed. Subsequent expenditure on intangible assets has not been capitalised. The Department has capitalised the internal development of software for the Crown Lands system, Water Information and Licensing and Management Application system (WILMA) and ARAMIS Solution Software. In addition, certain costs have been capitalised in respect of the Water Connect Portal (Natural Resources Management Information System) and other software specific to the Department's core activities. Some intangibles are currently included in work in progress. Externally acquired computer software relates to ARCGIS software.

Water licences - acquired at no cost

An intangible asset for water licences has been recognised. The asset was initially acquired for nil consideration prior to 1 July 2005. A reliable fair value at the time of acquisition was not available. The assets were recognised for the first time at fair value as at 30 June 2006. Fair value was determined by observing prices in the water trading market as at 30 June 2006.

Revenue stream

The revenue stream relates to various property leases that were offered by the Commonwealth Government to ex-service personnel with Australian war service history. A contract to purchase the right to this revenue stream from the Commonwealth Government by DEWNR was negotiated during the 2005-06 year, and is being amortised in accordance with the expected life of the revenue stream.

Intangible asset movement reconciliation schedule	Internally developed	Externally developed	Revenue stream	Total
	\$'000	\$'000	\$'000	\$'000
2013				
Carrying amount at 1 July	666	-	859	1 525
Acquisition through administrative restructuring	6 212	2 469	-	8 681
Transfers between classes	1 268	-	-	1 268
Disposals	(99)	(2)	-	(101)
Amortisation	(3 689)	(131)	(22)	(3 842)
Carrying amount at 30 June	<u>4 358</u>	<u>2 336</u>	<u>837</u>	<u>7 531</u>
2012				
Carrying amount at 1 July	1 052	8	881	1 941
Amortisation	(386)	(8)	(22)	(416)
Carrying amount at 30 June	<u>666</u>	<u>-</u>	<u>859</u>	<u>1 525</u>

Assets not recognised

Acquisition of water licences for environmental flows

While the Department recognises certain water licences controlled by the Minister for Water and the River Murray as intangible assets at 30 June 2013, the acquisition and/or transfer of water licences for environmental purposes is generally expensed when such expenditure is incurred.

The decision not to capitalise these expenditures is linked to the provisions of two intergovernmental agreements to which the State of South Australia is a party as follows:

- (i) The intergovernmental agreement on Addressing Water Over-allocation and Achieving Environmental Objectives in the Murray-Darling Basin (June 2004) gives effect to a decision by the southern Murray-Darling Basin jurisdictions to commit \$500 million over five years to address water over-allocation in the Murray-Darling Basin with an initial focus on achieving specific environmental outcomes for six significant ecological assets along the River Murray.

Acquisition of water licences for environmental flows (continued)

The Living Murray Business Plan provided for under clause 13 of the above agreement describes how the actions and milestones in the agreement in relation to the acquisition and transfer of water licences are to be achieved.

- (ii) The agreement on Murray-Darling Basin Reform (July 2008) gives effect that a Commonwealth-State National Management Partnership will be in a form of a bilateral agreement between the Commonwealth and each Basin jurisdiction known as the National Partnership Agreement on Water for the Future. The Implementation Plan for Augmentation of the Adelaide Desalination Plant is created subject to the provisions of the National Partnership Agreement on Water for the Future.

The Implementation Plan for Augmentation of the Adelaide Desalination Plant describes the actions and milestones in relation to the acquisition of water licences and the establishment of an environmental provision for environmental purposes.

The transactions pertaining to the acquisition of water licences and subsequent application of these licences have been expensed on the basis that the future economic benefits attached to these transactions are not expected to flow directly to the Department.

25. Payables	2013	2012
Current:	\$'000	\$'000
Accrued expenses	966	697
Creditors	39 663	26 725
Employment on-costs	2 766	1 839
Paid Parental Leave Scheme payable	20	9
Total current payables	<u>43 415</u>	<u>29 270</u>
Current payables to SA Government entities:		
Accrued expenses	385	298
Creditors	10 668	13 826
Employment on-costs	1 436	1 093
Total current payables to SA Government entities	<u>12 489</u>	<u>15 217</u>
Non-current payables:		
Employment on-costs	2 890	2 180
Total non-current payables	<u>2 890</u>	<u>2 180</u>
Non-current payables to SA Government entities:		
Employment on-costs	1 560	1 140
Total non-current payables to SA Government entities	<u>1 560</u>	<u>1 140</u>

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of LSL taken as leave has remained at the 2012 rate of 40%. This rate is used in the employment on-cost calculation. As a result there is no net financial impact on the employment on-cost and employee benefit expense.

Interest rate and credit risk

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

26. Employee benefits	2013	2012
Current:	\$'000	\$'000
Accrued salaries and wages	8	16
Annual leave	10 129	6 207
Short-term LSL	1 981	1 081
Skills and experience retention leave	567	-
Total current employee benefits	<u>12 685</u>	<u>7 304</u>
Non-current:		
LSL	30 213	22 006
Total non-current employee benefits	<u>30 213</u>	<u>22 006</u>

26. Employee benefits (continued)

AASB 119 contains the calculation methodology for LSL liability. This year, the actuarial assessment performed by DTF has provided a set level of liability rather than a benchmark for the measurement of LSL. The effect of the change relating to the current period is immaterial.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth bonds has increased from 2012 (3%) to 2013 (3.75%).

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

The net financial effect of the changes in the current financial year is a decrease in the LSL liability of \$1.69 million and employee benefit expense of \$1.69 million. The impact on future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate at 4%. As a result there is no net financial effect resulting from changes in the salary inflation rate.

27. Provisions		2013	2012
Current:		\$'000	\$'000
Provision for workers compensation		529	504
Total current provisions		529	504
Non-current:			
Provision for workers compensation		2 450	1 668
Total non-current provisions		2 450	1 668
Provision movement:			
Carrying amount at 1 July		2 172	1 775
Additional provisions recognised		447	397
Transfer due to administrative restructure		360	-
Carrying amount at 30 June		2 979	2 172

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of DPC. These claims are expected to be settled within the next financial year.

28. Other liabilities		2013	2012
Current:		\$'000	\$'000
Lease incentive		314	314
Unearned revenue		146	232
Other		1	96
Total current other liabilities		461	642
Current other liabilities payable to SA Government entities:			
Unearned revenue		-	49
Total current other liabilities payable to SA Government entities		-	49
Non-current:			
Lease incentive		245	558
Total non-current other liabilities		245	558

29. Equity

Equity represents the residual interest in the net assets of DEWNR. The State Government holds the equity interest in DEWNR on behalf of the community. The revaluation surplus is used to record increments and decrements in the fair value of property, plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

29. Equity (continued)	2013	2012
	\$'000	\$'000
Contributed capital	22 612	-
Retained earnings	252 964	177 914
Revaluation surplus	275 988	214 036
Total equity	<u>551 564</u>	<u>391 950</u>

30. Cash flow reconciliation

Reconciliation of cash and cash equivalents at June 30:

Cash and cash equivalents disclosed in the Statement of Financial Position	121 725	71 204
Cash and cash equivalents disclosed in the Statement of Cash Flows	<u>121 725</u>	<u>71 204</u>

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

Net cash provided by (used in) operating activities	30 992	6 422
Revenues from SA Government	(220 571)	(127 018)
Payments to SA Government	6 815	-
Non-cash items:		
Depreciation and amortisation expense of non-current assets	(24 296)	(17 437)
Reversal of impairment of non-current assets	482	-
Capital works in progress expensed	(1 569)	(1 792)
Net gain (loss) on sale or disposal of non-current assets	(1 519)	(3 063)
Movements in assets and liabilities:		
Receivables	(14 759)	9 737
Inventories	(101)	483
Other assets	654	(637)
Payables	1 339	(5 326)
Employee benefits	(3 422)	(4 414)
Provisions	(447)	(397)
Other liabilities	500	301
Net cost of providing services	<u>(225 902)</u>	<u>(143 141)</u>

31. Unrecognised contractual commitments**Operating lease commitments**

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

Within one year	9 088	5 650
Later than one year but not later than five years	13 120	13 868
Later than five years	6 922	7 004
Total operating lease commitments	<u>29 130</u>	<u>26 522</u>

During the 2005-06 financial year, DEWNR received lease incentives for two leased properties amounting to \$3.28 million. These lease incentives are being amortised at a rate of \$314 000 p.a. until 2015.

The operating leases held by DEWNR are related to property leases with penalty clauses equal to the amount of the residual payments remaining for the lease terms. The leases are payable one month in advance and DEWNR has the right of renewal. There are no existing or contingent rental provisions.

Capital commitments	2013	2012
Capital expenditure contracted for at the reporting date but not recognised as liabilities is payable as follows:	\$'000	\$'000
Within one year	3 093	4 406
Later than one year but not later than five years	-	247
Total capital commitments	<u>3 093</u>	<u>4 653</u>

DEWNR's capital commitments include amounts associated with the Heysen Trail upgrade (\$1.1 million), Riverine Recovery (\$1.073 million), Adelaide Living Beaches Pipeline (\$563 000), Seal Bay Boardwalk (\$193 000), Gawler Ranges Co-Management (\$115 000), Botanic Gardens Aquifer Storage and Recovery (\$38 000) and Belair Infrastructure upgrade (\$11 000).

Expenditure commitments - remuneration	2013	2012
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:	\$'000	\$'000
Within one year	6 539	3 531
Later than one year but not later than five years	7 530	5 313
Total remuneration commitments	<u>14 069</u>	<u>8 844</u>

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

Expenditure commitments - other

Other expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:

Within one year	<u>26 745</u>	-
Total other commitments	<u>26 745</u>	-

The Department's other commitments are for contributions to the MDBA, and agreements for projects under the Fund where funds are payable to other agencies undertaking work on behalf of the Department.

32. Contingent assets and liabilities

The Department is not aware of the existence of any contingent assets.

DEWNR has a number of legal cases pending. At the time of this report the outcome of these cases is not known and the effects are not quantifiable.

The Minister has a statutory obligation under the *Upper South East Dryland Salinity and Flood Management Act 2002* to consider landholders' requests for compensation and pay landholders, if it is deemed that they are entitled to compensation. As at reporting date, no compensation claims had been lodged by eligible landholders.

33. Transferred functions

Transferred in

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2012, the Department for Water (DFW) was abolished on 1 July 2012 and administrative responsibilities including all staff, have been transferred to DEWNR. Notification of this administrative restructure was announced in the 2012-13 Budget papers released on 31 May 2012 and also published in The South Australian Government Gazette on 28 June 2012.

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2012, all employees from the NRMB, pursuant to the NRMA, were transferred to DEWNR.

The effective date of the transfers for both DFW and NRMB was 1 July 2012.

Total income and expenses attributable to DFW and NRMB were:

	DFW	NRMB	Total
2013	\$'000	\$'000	\$'000
Expenses:			
Employee benefits expenses	31 058	25 769	56 827
Supplies and services	29 950	-	29 950
Grants and subsidies	67 042	-	67 042
Water recovery/acquisition expenses	9 567	-	9 567
Depreciation	7 143	-	7 143
Net gain (loss) from disposal of non-current assets	186	-	186
Other expenses	(39)	-	(39)
Total expenses	<u>144 907</u>	<u>25 769</u>	<u>170 676</u>
Income:			
Revenues from fees and charges	23 813	-	23 813
Grant revenues	37 652	-	37 652
Interest revenues	825	-	825
Other income	56	-	56
Total income	<u>62 346</u>	<u>-</u>	<u>62 346</u>
Net cost of providing services	<u>82 561</u>	<u>25 769</u>	<u>108 330</u>

Transferred in (continued)	DFW	NRMB	Total
2013	\$'000	\$'000	\$'000
Revenues from (Payments to) SA Government:			
Revenues from SA Government	77 151	-	77 151
Payments to SA Government	(6 694)	-	(6 694)
Total revenues from (payments to) SA Government	<u>70 457</u>	<u>-</u>	<u>70 457</u>
Net result	<u>(12 104)</u>	<u>25 769</u>	<u>(37 873)</u>

On transfer of DFW, DEWNR recognised the following assets and liabilities:

2013

Assets:

Cash	36 323	-	36 323
Receivables	13 753	-	13 753
Property, plant and equipment	131 042	-	131 042
Total assets	<u>181 118</u>	<u>-</u>	<u>181 118</u>

Liabilities:

Payables	15 311	599	15 910
Employee benefits	10 166	3 860	14 026
Provisions	356	-	356
Total liabilities	<u>25 833</u>	<u>4 459</u>	<u>30 292</u>

Total net liabilities transferred	<u>155 285</u>	<u>(4 459)</u>	<u>150 826</u>
-----------------------------------	----------------	----------------	----------------

Net liabilities assumed by DEWNR as a result of the administrative restructure are the carrying amount of those liabilities in the transferor's Statement of Financial Position immediately prior to the transfer. The net liabilities transferred were treated as a contribution by the Government as owner.

34. Remuneration of board and committee members

Members of the board and committees during the 2012-13 financial year were:

South Australian National Parks and Wildlife Council

Carr P F	McIntosh W R
Green S F (retired 23.06.13)	Miller S* (retired 05.06.13)
Humann D G (retired 23.06.13)	Podoliak J (retired 22.06.13)
Leaman E G*	Woodlands J F (retired 23.06.13)

South Australian Heritage Council

Carr J M*	McKinnon J F (retired 23.02.13)
Donaldson R T	O'Connell M B
Harry D B (Deputy)	Queale M (Deputy)
James J A	Schulz J
Leydon G J	Wigg C A
McClurg J J	

South Australian Heritage Council Register Committee

Beazley S L	Klenke A T
Bell P G	Marsden S E
Ben Kahn A	Queale M W
Butland R	Wigg C A
Carr J M*	

Witjira National Park Board of Management

Ah Chee A	Naismith T L* (retired 18.03.13)
Ah Chee M R	Pelton G A* (appointed 18.03.13)
Magor A B*	Tjami H
Naylon-Fuschtei V T	Walton J

34. Remuneration of board and committee members (continued)

Vulkathunha-Gammon Ranges National Park Cooperative Management Committee

Coulthard C C	Mooney P A (appointed 03.09.12)
Coulthard J M	Naismith T L* (appointed 03.09.12)
Coulthard R R	Toscano M*
Leaman E G*	Tree S K (Deputy)
McKenzie P J	

Animal Welfare Advisory Committee

Bigwood S	Noonan D E*
Carmichael I H*	Ogilvie A D
Hamade S (retired 07.12.12)	Robb G C
Hazel S J*	Starick W J

Adelaide Dolphin Sanctuary Advisory Board

Andrews D J	Gregory J*
Bossley M I	Higgins-Desbiolles B F
Cugley J A	Hughes J A
Ditter S S	Kavina C B
Gassmansis K B	Osborne M W*
Gibbs S E	

Kangaroo Management Reference Group

Ackland T M	Neal J
Ashby D	Pfzner D B
Borda R	Reddy X*
Crouch N*	Richards S
Dunn E*	Rossetto M*
Greenfields C	Smith C
Jarman R (retired 31.12.12)	Starick S
Lewis A G	Tansell G
Lindner J D (retired 31.12.13)	Vickery F J
Linton V*	Warwick R M
McBride M P	Winen M
Milne T	Wright L
Mould J	

ALB Steering Group

Foreman G	Roberts I N
Iasiello W N	

Wilderness Advisory Committee

Bills C E M	Lesslie R G
Cohen B L	Whalen M A
Leaman E G*	

Wildlife Ethics Committee

Davis K L*	McGrath K R
Gillam S*	McLelland D J
Hall A*	O'Connor J (appointed 31.10.12)
Hough I J* (retired 30.10.12)	Peters M D*
Hutchinson M N*	Richards A J
Johnson L M	Smith I G
Kemper C M*	Taylor L U
Males K G	Van Weenan J* (retired 30.10.12)
Manning B C*	Williams S L* (retired 30.10.12)

Ngaut Ngaut Conservation Park Co-management Committee

Campbell I L	Gillen P G* (appointed 30.10.12)
Campbell I M	Haslam D* (retired 29.10.12)
Dillon B*	Hutchinson C
Dominelli S*	

34. Remuneration of board and committee members (continued)***Scientific Working Group***

Behergaray L	Huveneers C*
Cheshire A C	Kinloch M A*
Connell S D	Kirkman H
Fairweather P G	Moller L M
Fernandes M B*	Shepherd S A
Gillanders B M	Vandeleur H M

Natural Resources Management Council

Ashby D C	Keynes J L
Bell W A (retired 29.04.13)	Lewis F A
Colbung K P* (retired 27.11.12)	Milne T I
Crisp A (appointed 09.05.13)	Rasheed F C (Deputy)
Foster B J	Riseley P R (appointed 09.05.2013)
Gartrell G (Deputy)	Wickes R B (retired 29.04.13)
Inglis A R	

Natural Resources Management Council - Aboriginal Statewide Advisory Committee

Agius P	Sansbury T
Binnell M R (retired 13.12.12)	Smith C L
Chester J***	Thomas K K*
Colbung K P* (retired 27.11.12)	Vickery F J
Hartman T J*	Walker D C
Liddle L M* (retired 09.05.13)	

Border Groundwater Review Committee (ex-DFW)(South Australian and Victorian members)⁽¹⁾

Hopton H J* (Deputy)	Nott R (Victorian Govt)
Johnson A W*	Cooke J (Victorian Govt)
Mensforth L J*	

Marine Parks Council of SA

Burch L*	Lewis R K
Dittmann S R	Miller S L
Ellis D C	Riseley P R
Grady M A	Warhurst K J
James G	Wright L
Kelly T M W	

YYP A Committee Coongie Lakes National Park

Haynes J M	Agius G* (appointed 10.09.12)
Nicholls F M	Singleton R* (appointed 12.09.12)
Allen C (appointed 12.09.12)	Brown M* (appointed 10.09.12)
Magor A B* (appointed 10.09.12)	Linton V M* (appointed 12.09.12)

Pastoral Board

Iwanicki I M	Mills G
Lillecrapp D G	Mould J
Linton V M*	Wickes R B (Deputy)
Anderson B J (Deputy)	Lamont H K (Deputy)
	Vickery F J

Premier's Climate Change Council

Carter B J	Kelly T M
Degaris R H	McMichael P A
Foster B J	O'Brien J K
Gemmell J C*	Palutikof J P
Halsey N M	Sanders V J

34. Remuneration of board and committee members (continued)

Water Security Council (ex-DFW)

Ashby S W*	Hook R G*
Bursill D B*	Hunter I K** (appointed 21.01.13)
Caica P** (retired 21.01.13)	Knight G R*
Chessell C I*	Nightingale I*
Gago G E**	Ringham J F*
Hallion J V*	Rowse B G*
Holmes A N*	

- * Denotes government employees.
- ** Denotes government Minister.
- *** Denotes statutory employee.

(1) The reference group is transferred every two years between DEWNR South Australia and the Department of Sustainability and Environment in Victoria. Therefore from 2012 to 2013 the Border Groundwater Review Committee falls under the responsibility of the Department of Sustainability and Environment and will return to DEWNR in 2014 for a further two years.

The number of members whose remuneration received or receivable falls within the following bands:	2013 Number	2012 Number
\$0	92	60
\$1 - \$9 999	111	109
\$10 000 - \$19 999	9	1
\$20 000 - \$29 999	2	-
Total	214	170

Individuals may be members of more than one board, committee or group associated with the Department.

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees and superannuation contributions, salary sacrifice benefits and FBT paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$265 000 (\$195 000).

In accordance with DPC Circular 16, government employees did not receive any remuneration for board/committee duties during the financial year.

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

For the purposes of this table, travel allowances and other out-of-pocket expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct out-of-pocket expenses incurred by relevant members.

35. Events after the reporting period

The Department is not aware of any event occurring after balance date that would materially affect the financial statements.

36. Financial instruments/Financial risk management

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2.

	Note	2013		2012	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets					
Cash and cash equivalents	18	121 725	121 725	71 204	71 204
Receivables ⁽¹⁾⁽²⁾	19	19 014	19 014	21 804	21 804
Financial assets	22	3	3	3	3

Categorisation of financial instruments (continued)

	Note	2013		2012	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial liabilities					
Payables ⁽¹⁾	25	40 248	40 248	27 124	27 124

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations the requirement will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 21 as prepaid supplies and services in accordance with paragraph 78(b) of AASB 101.

Fair value

DEWNR does not recognise any financial assets or financial liabilities at fair value. Refer note 2 and notes relevant to financial assets and financial liabilities.

Credit risk

Credit risk arises when there is the possibility of DEWNR's debtors defaulting on their contractual obligations resulting in financial loss to the Department. DEWNR measures credit risk on a fair value basis and monitors risk on a regular basis.

The carrying amount of financial assets represents DEWNR's maximum exposure to credit risk.

No collateral is held as security and no credit enhancements relate to financial assets held by DEWNR.

DEWNR has minimal concentration of credit risk. DEWNR has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. DEWNR does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 19 for information on the allowance for impairment in relation to receivables.

Ageing analysis of financial assets

The following table discloses the ageing of financial assets, past due, including impaired assets past due:

	Current	Past due by			Total
		Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	
2013					
Not impaired:	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables ⁽¹⁾	13 071	1 858	527	3 793	19 249
Financial assets	3	-	-	-	3
Impaired:					
Receivables	-	-	-	(235)	(235)
2012					
Not impaired:					
Receivables ⁽¹⁾	6 008	15 010	160	936	22 114
Financial assets	3	-	-	-	3
Impaired:					
Receivables ⁽¹⁾	-	-	-	(310)	(310)

⁽¹⁾ Receivable amounts disclosed here exclude amounts relating to statutory receivables. In government, certain rights to receive cash may not be contractual and therefore in these situations the requirement will not apply. Where rights have their source in legislation such as levy receivables, tax equivalents, Commonwealth tax etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. They are carried at cost.

Maturity analysis of financial assets and liabilities

The following table discloses the maturity analysis of financial assets and financial liabilities:

	Contractual maturity		Carrying amount \$'000
	Less than 1 year \$'000	1-5 years \$'000	
2013			
Financial assets:			
Cash and cash equivalents	121 725	-	121 725
Receivables	19 014	-	19 014
Financial assets	-	3	3
Total financial assets	140 739	3	140 742
Financial liabilities:			
Payables	40 248	-	40 248
Total financial liabilities	40 248	-	40 248
2012			
Financial assets:			
Cash and cash equivalents	71 204	-	71 204
Receivables	21 804	-	21 804
Financial assets	-	3	3
Total financial assets	93 008	3	93 011
Financial liabilities:			
Payables	27 124	-	27 124
Total financial liabilities	27 124	-	27 124

Liquidity risk

Liquidity risk arises where DEWNR is unable to meet its financial obligations as they are due to be settled. DEWNR is funded principally from appropriations by the SA Government. DEWNR works with DTF to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. DEWNR settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

DEWNR's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in the table represents the Department's maximum exposure to financial liabilities.

Market risk

DEWNR has no interest bearing liabilities as at the end of the reporting period. There is no exposure to foreign currency or other price risks.

Sensitivity analysis

A sensitivity analysis has not been undertaken for the interest rate risk of DEWNR as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

37. South Australian Heritage Fund

The South Australian Heritage Fund (formerly the State Heritage Fund) was established under the *Heritage Places Act 1993* to conserve places of heritage value. The revenues, expenses, assets, liabilities, changes in equity and cash flows of the South Australian Heritage Fund are disclosed below. It is noted that these amounts also form part of and are incorporated within the Department's financial statements. When incorporating these amounts into the Department's financial statements all transactions between the South Australian Heritage Fund and the Department have been eliminated.

Statement of Comprehensive Income for the year ended 30 June 2013

	2013 \$'000	2012 \$'000
Expenses:		
Supplies and services	2	4
Grants and subsidies	249	250
Total expenses	251	254

Statement of Comprehensive Income for the year ended 30 June 2013 (continued)

	2013	2012
	\$'000	\$'000
Income:		
Grant revenues	-	12
Total income	-	12
Net cost of providing services	251	242
Revenues from SA Government	250	250
Net result	(1)	8

Statement of Financial Position as at 30 June 2013

	2013	2012
	\$'000	\$'000
Current assets:		
Cash	367	437
Total assets	367	437
Current liabilities:		
Payables	17	86
Total liabilities	17	86
Net assets	350	351
Equity:		
Retained earnings	350	351
Total equity	350	351

Statement of Changes in Equity for the year ended 30 June 2013

	Retained earnings	Total
	\$'000	\$'000
Balance at 30 June 2011	343	343
Net result for 2011-12	8	8
Balance at 30 June 2012	351	351
Net result for 2012-13	(1)	(1)
Balance at 30 June 2013	350	350

Statement of Cash Flows for the year ended 30 June 2013

	2013	2012
	Inflows (Outflows)	Inflows (Outflows)
	\$'000	\$'000
Cash flows from operating activities:		
Cash outflows:		
Payments for supplies and services	(2)	(4)
Payments for grants and subsidies	(318)	(164)
Cash used in operations	(320)	(168)
Cash inflows:		
Receipts from grants	-	12
Cash generated from operations	-	12
Cash generated from SA Government	250	250
Net cash provided by (used in) operating activities	(70)	94
Cash at 1 July	437	343
Cash at 30 June	367	437

**Statement of Administered Comprehensive Income
for the year ended 30 June 2013**

	Note	2013 \$'000	2012 \$'000
Expenses:			
Employee benefits expenses		276	265
Board member expenses		157	156
Supplies and services		2 466	2 171
Grants and subsidies	A4	56 797	48 445
Depreciation expense		1 904	2 218
Net loss from disposal of non-current assets		176	-
Other expenses		100	1 635
Total expenses		61 876	54 890
Income:			
Revenues from fees and charges	A5	15 412	14 618
Grant revenues	A6	18 870	22 784
Interest revenues		542	875
Resources received free of charge		727	1 914
Net gain from disposal of non-current assets		-	3 436
Other income		955	553
Total income		36 506	44 180
Net cost of providing services		25 370	10 710
Revenues from (Payments to) SA Government:			
Revenues from SA Government	A7	19 791	14 504
Payments to SA Government	A7	(2 397)	(4 021)
Total revenues from (payments to) SA Government		17 394	10 483
Net result		(7 976)	(227)
Other comprehensive income:			
Changes in property, plant and equipment revaluation surplus		2 955	(13 166)
Gain on revaluation of interest in joint venture	A10	2 450	-
Total other comprehensive income		5 405	(13 166)
Total comprehensive result		(2 571)	(13 393)

Statement of Administered Financial Position as at 30 June 2013

	Note	2013 \$'000	2012 \$'000
Current assets:			
Cash and cash equivalents	A8	18 180	19 069
Receivables	A9	5 190	2 544
Inventories		92	136
Total current assets		23 462	21 749
Non-current assets:			
Property, plant and equipment	A3	120 546	119 237
Interest in joint venture	A10	792 835	-
Total non-current assets		913 381	119 237
Total assets		936 843	140 986
Current liabilities:			
Payables		4 349	2 161
Board member benefits		4	1
Other current liabilities		325	168
Total current liabilities		4 678	2 330
Total liabilities		4 678	2 330
Net assets		932 165	138 656
Equity:			
Revaluation surplus		391 211	51 893
Retained earnings		540 954	86 763
Total equity		932 165	138 656

**Statement of Administered Changes in Equity
for the year ended 30 June 2013**

	Revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2011	65 059	87 378	152 437
Net result for 2011-12	-	(227)	(227)
Gain (Loss) on revaluation of property, plant and equipment	(13 166)	-	(13 166)
Total comprehensive result for 2011-12	(13 166)	(227)	(13 393)
Balance at 30 June 2012	51 893	87 151	139 044
Asset adjustments	-	(388)	(388)
Restated balance at 30 June 2012	51 893	86 763	138 656
Net result for 2012-13	-	(7 976)	(7 976)
Gain (Loss) on revaluation of property, plant and equipment	2 955	-	2 955
Revaluation adjustment - interest in joint venture	2 450	-	2 450
Total comprehensive result for 2012-13	57 298	78 787	136 085
Asset adjustments - ARAMIS revisions	-	107	107
Transactions with SA Government as owner:			
Net assets received from administrative restructure	333 913	462 060	795 973
Balance at 30 June 2013	391 211	540 954	932 165

Statement of Administered Cash Flows for the year ended 30 June 2013

	2013	2012
	Inflows (Outflows)	Inflows (Outflows)
	\$'000	\$'000
Cash flows from operating activities:		
Cash outflows:		
Employee benefit payments	(276)	(273)
Board member remuneration payments	(157)	(165)
Payments for supplies and services	(2 265)	(2 651)
Payments of grants and subsidies	(58 396)	(48 615)
Other payments	(102)	-
Cash used in operations	(61 196)	(51 704)
Cash inflows:		
Fees and charges	15 412	3 741
Receipts from grants	20 389	33 287
Interest received	542	896
Other receipts	955	553
Cash generated from operations	37 298	38 477
Cash flows from SA Government:		
Receipts from SA Government	19 791	14 504
Payments to SA Government	(2 147)	(4 021)
Cash generated from SA Government	17 644	10 483
Net cash provided by (used in) operating activities	(6 254)	(2 744)
Cash flows from investing activities:		
Cash inflows:		
Proceeds from sale of property, plant and equipment	402	3 677
Cash generated from investing activities	402	3 677
Net cash provided by (used in) investing activities	402	3 677
Cash flows from financing activities:		
Cash inflows:		
Cash received from restructuring activities	4 963	-
Cash generated from finance activities	4 963	-
Net cash provided by (used in) financing activities	4 963	-
Net increase (decrease) in cash and cash equivalents	(889)	933
Cash and cash equivalents at 1 July	19 069	18 136
Cash and cash equivalents at 30 June	18 180	19 069

**Schedule of Administered Expenses and Income
attributable to Administered Activities
for the year ended 30 June 2013**

(Activities - refer note A1)	1		2		3		4	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses:								
Employee benefits expenses	-	-	-	-	-	-	276	265
Board member expenses	121	121	-	-	-	-	-	-
Supplies and services	547	512	45	114	-	-	-	-
Grants and subsidies	1 175	1 368	-	-	6 582	7 093	-	-
Depreciation expense	1 887	2 201	7	7	-	-	-	-
Net loss from disposal of non-current assets	3	-	-	-	-	-	-	-
Net loss (gain) from disposal of land held for sale	-	-	173	-	-	-	-	-
Other expenses	76	1 669	-	-	-	-	-	-
Total expenses	3 809	5 871	225	121	6 582	7 093	276	265
Income:								
Revenues from fees and charges	1 100	1 190	-	-	-	-	-	-
Grant revenues	170	206	331	-	-	-	-	-
Interest revenues	102	147	-	-	-	-	-	-
Resources received free of charge	727	1 914	-	-	-	-	-	-
Net gain from disposal of non-current assets	-	-	-	3 436	-	-	-	-
Other income	951	546	4	6	-	-	-	-
Total income	3 050	4 003	335	3 442	-	-	-	-
Net cost of (surplus from) providing services	759	1 868	(110)	(3 321)	6 582	7 093	276	265
Revenues from (Payments to) SA Government:								
Revenues from SA Government	-	-	-	-	6 585	7 413	279	273
Payments to SA Government	-	-	(478)	(4 021)	-	-	-	-
Net revenues from (payments to) SA Government	-	-	(478)	(4 021)	6 585	7 413	279	273
Net result	(759)	(1 868)	(368)	(700)	3	320	3	8
Other comprehensive income:								
Changes in property, plant and equipment revaluation surplus	-	(14 578)	2 955	1 412	-	-	-	-
Gain on revaluation of interest in joint venture	-	-	-	-	-	-	-	-
Total other comprehensive income	-	(14 578)	2 955	1 412	-	-	-	-
Total comprehensive result	(759)	(16 446)	2 587	712	3	320	3	8

- | | |
|---|---|
| 1. Board of the Botanic Gardens and State Herbarium | 9. NRM Fund |
| 2. Crown lands | 10. Native Vegetation Fund |
| 3. Minister's other payments | 11. Pastoral Board |
| 4. Special Acts allocation | 12. National Action Plan for Salinity and Water Quality |
| 5. Dog and Cat Management Board | 13. Qualco Sunlands |
| 6. Coast Protection Board | 14. Storm Water Management Authority |
| 7. Caring for our Country | 15. DEWNR Corporate admin items |
| 8. Natural Heritage Trust | |

Schedule of Administered Expenses and Income
attributable to Administered Activities
for the year ended 30 June 2013 (continued)

(Activities - refer note A1)	5		6		7		8	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses:								
Employee benefits expenses	-	-	-	-	-	-	-	-
Board member expenses	25	20	11	15	-	-	-	-
Supplies and services	1 515	1 126	119	95	-	-	-	-
Grants and subsidies	68	119	382	370	22 067	19 093	-	1 100
Depreciation expense	10	10	-	-	-	-	-	-
Net loss from disposal of non-current assets	-	-	-	-	-	-	-	-
Net loss (gain) from disposal of land held for sale	-	-	-	-	-	-	-	-
Other expenses	8	10	8	10	-	-	-	-
Total expenses	1 626	1 285	520	490	22 067	19 093	-	1 100
Income:								
Revenues from fees and charges	1 343	1 250	25	18	-	-	-	-
Grant revenues	-	-	-	-	18 142	22 365	-	-
Interest revenues	28	58	-	-	91	163	-	10
Resources received free of charge	-	-	-	-	-	-	-	-
Net gain from disposal of non-current assets	-	-	-	-	-	-	-	-
Other income	-	-	-	1	-	-	-	-
Total income	1 371	1 308	25	19	18 233	22 528	-	10
Net cost of (surplus from) providing services	255	(23)	495	471	3 834	(3 435)	-	1 090
Revenues from (Payments to) SA Government:								
Revenues from SA Government	-	-	509	512	-	-	-	-
Payments to SA Government	-	-	-	-	-	-	-	-
Net revenues from (payments to) SA Government	-	-	509	512	-	-	-	-
Net result	(255)	23	14	41	(3 834)	3 435	-	(1 090)
Other comprehensive income:								
Changes in property, plant and equipment revaluation surplus	-	-	-	-	-	-	-	-
Gain on revaluation of interest in joint venture	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive result	(255)	23	14	41	(3 834)	3 435	-	(1 090)

1. Board of the Botanic Gardens and State Herbarium
2. Crown lands
3. Minister's other payments
4. Special Acts allocation
5. Dog and Cat Management Board
6. Coast Protection Board
7. Caring for our Country
8. Natural Heritage Trust

9. NRM Fund
10. Native Vegetation Fund
11. Pastoral Board
12. National Action Plan for Salinity and Water Quality
13. Qualco Sunlands
14. Storm Water Management Authority
15. DEWNR Corporate admin items

**Schedule of Administered Expenses and Income
attributable to Administered Activities
for the year ended 30 June 2013 (continued)**

(Activities - refer note A1)	9		10		11		12	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Expenses:								
Employee benefits expenses	-	-	-	-	-	-	-	-
Board member expenses	-	-	-	-	-	-	-	-
Supplies and services	-	-	240	324	-	-	-	-
Grants and subsidies	15 138	15 137	4 096	2 563	-	-	530	1 602
Depreciation expense	-	-	-	-	-	-	-	-
Net loss from disposal of non-current assets	-	-	-	-	-	-	-	-
Net loss (gain) from disposal of land held for sale	-	-	-	-	-	-	-	-
Other expenses	-	-	8	(54)	-	-	-	-
Total expenses	15 138	15 137	4 344	2 833	-	-	530	1 602
Income:								
Revenues from fees and charges	11 435	10 528	2 016	1 632	-	-	-	-
Grant revenues	-	-	228	-	-	-	-	213
Interest revenues	51	82	218	314	-	-	52	101
Resources received free of charge	-	-	-	-	-	-	-	-
Net gain from disposal of non-current assets	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-
Total income	11 486	10 610	2 462	1 946	-	-	52	314
Net cost of (surplus from) providing services	3 652	4 527	1 882	887	-	-	478	1 288
Revenues from (Payments to) SA Government:								
Revenues from SA Government	4 390	4 611	1 004	980	15	15	-	700
Payments to SA Government	-	-	-	-	-	-	(1 669)	-
Net revenues from (payments to) SA Government	4 390	4 611	1 004	980	15	15	(1 669)	700
Net result	738	84	(878)	93	15	15	(2 147)	(588)
Other comprehensive income:								
Changes in property, plant and equipment revaluation surplus	-	-	-	-	-	-	-	-
Gain on revaluation of interest in joint venture	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive result	738	84	(878)	93	15	15	(2 147)	(588)

- | | |
|---|---|
| 1. Board of the Botanic Gardens and State Herbarium | 9. NRM Fund |
| 2. Crown lands | 10. Native Vegetation Fund |
| 3. Minister's other payments | 11. Pastoral Board |
| 4. Special Acts allocation | 12. National Action Plan for Salinity and Water Quality |
| 5. Dog and Cat Management Board | 13. Qualco Sunlands |
| 6. Coast Protection Board | 14. Storm Water Management Authority |
| 7. Caring for our Country | 15. DEWNR Corporate admin items |
| 8. Natural Heritage Trust | |

**Schedule of Administered Expenses and Income
attributable to Administered Activities
for the year ended 30 June 2013 (continued)**

(Activities - refer note A1)	13		14		15		Total	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Expenses:								
Employee benefits expenses	-	-	-	-	-	-	276	265
Board member expenses	-	-	-	-	-	-	157	156
Supplies and services	-	-	-	-	-	-	2 466	2 171
Grants and subsidies	-	-	4 638	-	2 121	-	56 797	48 445
Depreciation expense	-	-	-	-	-	-	1 904	2 218
Net loss from disposal of non-current assets	-	-	-	-	-	-	3	-
Net loss (gain) from disposal of land held for sale	-	-	-	-	-	-	173	-
Other expenses	-	-	-	-	-	-	100	1 635
Total expenses	-	-	4 638	-	2 121	-	61 876	54 890
Income:								
Revenues from fees and charges	-	-	-	-	(507)	-	15 412	14 618
Grant revenues	-	-	-	-	-	-	18 871	22 784
Interest revenues	-	-	-	-	-	-	542	875
Resources received free of charge	-	-	-	-	-	-	727	1 914
Net gain from disposal of non-current assets	-	-	-	-	-	-	-	3 436
Other income	-	-	-	-	-	-	955	553
Total income	-	-	-	-	(507)	-	36 506	44 180
Net cost of (surplus from) providing services	-	-	4 638	-	2 628	-	25 370	10 710
Revenues from (Payments to) SA Government:								
Revenues from SA Government	250	-	4 638	-	2 121	-	19 791	14 504
Payments to SA Government	(250)	-	-	-	-	-	(2 397)	(4 021)
Net revenues from (payments to) SA Government	-	-	4 638	-	2 121	-	17 394	10 483
Net result	-	-	-	-	(507)	-	(7 976)	(227)
Other comprehensive income:								
Changes in property, plant and equipment revaluation surplus	-	-	-	-	-	-	2 955	(13 166)
Gain on revaluation of interest in joint venture	-	-	-	-	2 450	-	2 450	-
Total other comprehensive income	-	-	-	-	2 450	-	5 405	(13 166)
Total comprehensive result	-	-	-	-	1 943	-	(2 571)	(13 393)

1. Board of the Botanic Gardens and State Herbarium
2. Crown lands
3. Minister's other payments
4. Special Acts allocation
5. Dog and Cat Management Board
6. Coast Protection Board
7. Caring for our Country
8. Natural Heritage Trust

9. NRM Fund
10. Native Vegetation Fund
11. Pastoral Board
12. National Action Plan for Salinity and Water Quality
13. Qualco Sunlands
14. Storm Water Management Authority
15. DEWNR Corporate admin items

Notes to and forming part of the administered financial statements

A1. Administered items of the Department of Environment, Water and Natural Resources (DEWNR or the Department)

Reporting entities and strategic context

The activities of the administered items are:

Board of the Botanic Gardens and State Herbarium (the Board)

The Board was established under section 6 of the *Botanic Gardens and State Herbarium Act 1978* to ensure the maintenance and development of South Australia's Botanic Gardens and State Herbarium and to provide advice on relevant policies consistent with the provisions of the *Botanic Gardens and State Herbarium Act 1978* and with the objectives of the Minister for Sustainability, Environment and Conservation.

The Department performs the following functions required for the operation of the Botanic Gardens and State Herbarium:

- managing, planning, accounting and control of recurrent, capital appropriation and funds allocated by the Board
- monitoring the performance of the staff of the Botanic Gardens and State Herbarium
- valuing and maintaining assets (including all public, recreational, institutional and administration buildings) not specifically controlled, bequeathed, vested in or assigned to the Board
- determining risk management and occupational health and safety and welfare procedures.

However, the Department cannot direct the Board to perform its functions and duties in a particular manner. As a result, the Board is not controlled by the Department and has therefore been reflected in the administered financial statements.

Crown lands

Crown lands is comprised of an account established by the Treasurer of South Australia to record receipts and payments associated with the sale of Crown land and other surplus SA Government land and property. The net revenues from these sales are returned to DTF's Consolidated Account.

Minister's other payments

Grants and subsidies payments of \$6.582 million (\$7.093 million) approved by the Minister for Sustainability, Environment and Conservation were made to community organisations, associations and local government. This includes grants made to Zoo SA \$5.16 million (\$5.7 million), Adelaide City Council \$1.414 million (\$1.385 million) and other organisations \$8000 (\$8000).

Special Acts allocation

This item comprises salary and allowance payments for the Minister for Sustainability, Environment and Conservation.

Dog and Cat Management Board

The Dog and Cat Management Board was established under the *Dog and Cat Management Act 1995* to plan for, promote and provide advice about the effective management of dogs and cats throughout South Australia, and oversee the administration and enforcement of the provisions of the *Dog and Cat Management Act 1995*.

The financial activities of the Dog and Cat Management Board are administered through the Dog and Cat Management Fund in accordance with the *Dog and Cat Management Act 1995*.

All activities and functions of the Dog and Cat Management Board are performed by DEWNR employees.

Coast Protection Board

The Coast Protection Board was established under the *Coast Protection Act 1972* to manage, maintain, develop and improve coast facilities that are vested in, or are under the care, control and management of the Coast Protection Board.

The financial activities of the Coast Protection Board are administered through the Coast Protection Fund in accordance with the *Coast Protection Act 1972*.

All activities and functions of the Coast Protection Board are performed by DEWNR employees.

Caring for our Country

The Caring for our Country program is administered by the Commonwealth and SA Governments pursuant to clause 19(2) of the *Natural Heritage Trust of Australia Act 1997* (Commonwealth) and section 5 of the *Natural Resources Management (Financial Assistance) Act 1992* (Cwlth).

In March 2008 the Commonwealth announced Caring for our Country as an ongoing and integrated program, bringing together the delivery of the Natural Heritage Trust, National Landcare program, Environmental Stewardship and Working on Country programs. This program is fully Commonwealth funded and disbursed based on Commonwealth approval.

The goal of Caring for our Country is to provide an environment that is healthy, better protected, well-managed, resilient and provides essential ecosystem services in a changing climate. Caring for our Country has six national priority areas for investment:

- (a) a national reserve system
- (b) biodiversity and natural icons
- (c) coastal environments and critical aquatic habitats
- (d) sustainable farm practices
- (e) natural resource management in remote and northern Australia
- (f) community skills, knowledge and engagement.

Natural Heritage Trust (NHT) and NHT Extension

The NHT was established by the *Natural Heritage Trust of Australia Act 1997*. The bilateral agreement to deliver the NHT Extension reflects the intention of the Commonwealth and SA Governments to work as joint investment partners, with the community and other stakeholders, in natural resource management activities including biodiversity conservation, sustainable use of natural resources and community capacity building and institutional change. Funding for NHT ceased on 30 June 2008 and all projects were completed by 31 December 2009.

Post 31 December 2009, program finalisation continued with the receipt of project final reports and acquittals including the return of unspent funds by project proponents. The Commonwealth requested unspent funds held be returned and elected to allocate remaining funds held in the NHT holding account to existing State agency and Natural Resources Management (NRM) Board competitive projects approved under the Caring for our Country program in accordance with clause 13.2c and 20.4 of the 'Transitional Arrangement and Financial Agreement between the Australian Government and State of South Australia for implementation of Caring for our Country' during 2011-12.

Natural Resources Management Fund (NRM Fund)

The NRM Fund was established pursuant to section 117(1) of the NRMA. The Minister for Sustainability, Environment and Conservation administers the NRM Fund and may apply any part of the NRM Fund in making payments to the regional Natural Resources Management Boards (NRM Boards); in paying subsidies or making grants or other payments to NRM authorities or other persons or bodies for the purposes of the NRMA. This may also include making any payment required, or authorised by or under the NRMA or any other law. The balance of the NRM Fund at 30 June was \$2.39 million (\$346 000).

Some activities have been restructured to assist in the interpretation of the financial transactions relating to the NRM Fund.

NRM Boards

NRM Boards were established pursuant to section 23(1) of the NRMA. The Department administers various revenues and expenses on account of the NRM Boards.

Specific provisions of the NRMA require that the following revenues be paid into the NRM Fund prior to being applied for the purposes of the NRMA:

- government appropriations (controlled and administered allocated in respect of the regional NRM Boards)
- water levies
- penalties relating to water levies
- expiation fees and other penalties.

(i) Government appropriations

The Department receives recurrent funding, which is administered through the NRM Fund and provided to regional NRM Boards to support business operations and the administration of the NRMA.

(i) <i>Government appropriations (continued)</i>		
<i>Regional NRM Board</i>		
	2013	2012
	\$'000	\$'000
Alinytjara Wilurara NRM Board	850	772
Eyre Peninsula NRM Board	670	667
Kangaroo Island NRM Board	600	584
Northern and Yorke NRM Board	515	511
South Australian Arid Lands NRM Board	1 020	1 042
South East NRM Board	335	335
	3 990	3 911

(ii) *Water levies*

Water levies are collected for prescribed water resources under section 101 of the NRMA. The levies are subsequently paid to the regional NRM Boards pursuant to section 116(1)(a)(ii)(A) of the NRMA.

(iii) *Penalties*

Penalties declared in relation to the unauthorised or unlawful taking or use of water were raised pursuant to section 115 of the NRMA.

(iv) *Reimbursement of payroll tax*

NRM Boards are compensated for the anticipated payroll tax expense they incur, with provision having been made in the administered items of the Department's budget. An appropriation of \$400 000 (\$700 000) was received to fund the payroll tax expenses of the NRM Boards for 2012-13.

(v) *Expiation fees and other penalties*

Expiation fees and penalties are recovered in respect of offences against the NRMA (eg for unlawful possession of animals or plants). Unlike penalties declared under section 115 of the NRMA, they are not required to be paid to regional NRM Boards.

Native Vegetation Fund

The Native Vegetation Fund is established under section 21 of the *Native Vegetation Act 1991*. The Native Vegetation Fund is applied in achieving the following objectives:

- (a) the conservation, protection and enhancement of the native vegetation of the State and, in particular, remnant native vegetation
- (b) the provision of incentives and assistance to landowners to encourage the commonly held desire of landowners to preserve, enhance and properly manage the native vegetation on their land
- (c) the limitation of the clearance of native vegetation to circumstances in which the clearance will facilitate the management of other native vegetation or will facilitate the sustainable use of land for primary production
- (d) the encouragement of research into the preservation, enhancement and management of native vegetation
- (e) the encouragement of the re-establishment of native vegetation in those parts of the State where native vegetation has been cleared or degraded.

All activities and functions associated with the Native Vegetation Fund are performed by DEWNR employees.

Pastoral Board

The Pastoral Board is responsible for the administration of the *Pastoral Land Management and Conservation Act 1989*. The Pastoral Board provides advice to the Minister for Sustainability, Environment and Conservation on the policies that should govern the administration of pastoral land.

National Action Plan for Salinity and Water Quality (NAP)

The NAP is a bilateral agreement between the Commonwealth and SA Governments signed in 2001 providing funds to address issues associated with salinity and water quality in priority regions in South Australia. The Commonwealth and the SA Governments make progressive contributions to a single holding account. Disbursement of funds from the account is by agreement between the parties. Funding for NAP ceased on 30 June 2008 with the majority of projects completed by 31 December 2009.

National Action Plan for Salinity and Water Quality (NAP) (continued)

The Commonwealth requested that the Commonwealth share of unspent funds held be returned and elected to allocate remaining funds held in the NAP holding account to existing State agency and Natural Resources Management Board competitive projects approved under the Caring for our Country program in accordance with clauses 13.2c and 20.4 of the 'Transitional Arrangement and Financial Agreement between the Australian Government and State of South Australia for implementation of Caring for our Country' during 2011-12.

Qualco Sunlands

The *Ground Water (Qualco-Sunlands) Control Act 2000* established a scheme to be managed by a trust to prevent, and reverse, the salinisation and water logging of horticultural land due to irrigation induced factors. The Department collects levies and pays instalments in accordance with the provisions of the *Ground Water (Qualco-Sunlands) Control Act 2000*.

South Eastern Water Conservation and Drainage Board

The South Eastern Water Conservation and Drainage Board was established pursuant to Division 1 of the *South Eastern Water Conservation and Drainage Act 1992*. The Department supplies funding to the South Eastern Water Conservation and Drainage Board on a quarterly basis; the funding is sourced from appropriations provided by DTF.

Stormwater Management Authority (SMA)

The SMA was established on 1 July 2007 under Schedule 1A of the *Local Government Act 1999* in accordance with and to implement the Stormwater Management Agreement dated 14 March 2006. The SMA's functions include to liaise with relevant public authorities to ensure the proper functioning of the State's stormwater management system and to facilitate and coordinate stormwater management planning by local councils. The Department provides a resource to manage the day-to-day operations of the SMA relevant costs are fully recovered from the SMA. The Department also supplies funding to the SMA on an annual basis; the funding is sourced from appropriations provided by DTF.

A2. Administered items' financial arrangements

The financial activities of the administered items are conducted through a number of deposit accounts with DTF pursuant to the PFAA. The financial activities of administered items that do not have their own deposit account are conducted through the Department's deposit account.

The Department conducts a large number of activities directed towards meeting the administered items' objectives and responsibilities as specified in the legislation and/or other authoritative documentation that establishes the administered items. Many of the administered items, in accordance with the Acts, have delegated certain functions to officers within the Department who provide technical and administrative support including the use of plant and equipment, office accommodation and various administrative services. The cost of the services provided that can be identified with the activities of the administered items and can be measured reliably are met by the administered items. Other support services that are not identifiable and/or cannot be measured reliably are provided free of charge and have not been recognised in the administered financial statements.

A3. Administered items' summary of significant accounting policies

The administered financial statements detail the sum of the individual administered items' revenues, expenses, assets, liabilities, changes in equity and cash flows. As such the principles of consolidation have not been applied in preparing the financial statements as the definition of an economic entity has not been satisfied. Accordingly, transactions between the individual administered items have not been eliminated.

In general, the administered items adopt the accounting policies of the Department, as detailed in note 2 of the Department's financial statements. Deviations from these policies are as follows:

Property, plant and equipment

Administered property, plant and equipment includes the Crown's interest in land leased to third parties under perpetual and other leases and annual licences. However limitations exist on the reliability of the base information used to determine the valuation of this land.

The Department is also custodian of unallotted Crown land, by virtue of its responsibilities under the *Crown Land Management Act 2009*. This land is considered to be an administered asset. Unallotted Crown land is not included in the Statement of Administered Financial Position as the Department has not been able to formulate a suitable methodology for determining a reliable measure of the value of these holdings.

Total property, plant and equipment as disclosed in the Statement of Administered Financial Position consists of assets belonging to the Botanic Gardens and State Herbarium \$41.433 million (\$42.487 million), Crown lands \$30.415 million (\$28.041 million), Dog and Cat Management Board \$113 000 (\$123 000), Coast Protection Board \$5.124 million (\$5.124 million) and Pastoral Board \$43.46 million (\$43.46 million).

- *Pastoral land revaluation*
Under the *Pastoral Land Management and Conservation Act 1989* the Valuer-General must determine the rents to be paid on all pastoral leases. This requires the Valuer-General to determine the unimproved value of each pastoral lease and the appropriate rate of return for the land as a percentage of the unimproved value, considering the purpose for which it is used.

The land lease assets were revalued at \$43.46 million as at 1 November 2010 by Mark William Kay and Andrew Weinmann, Supervising Valuers, State Valuation Office, Land Services Group, Department for Transport, Energy and Infrastructure. Rentals and unimproved values for the period 1 November 2009 to 31 October 2010 were determined with regards to:

- the most recent land type classifications and associated information
- carrying capacities
- property sales and price movements within the pastoral industry
- prevailing market conditions
- climatic conditions
- property locations
- access to markets.

Employee benefits

In general, administered items utilise the services of contractors or DEWNR employees rather than recruiting and appointing employees in their own right. In the majority of cases, the services provided by DEWNR employees are provided free of charge. If, however, the services provided by DEWNR employees are directly attributable to the activities of an administered item and can be reliably measured, the services are charged to the administered item on a fee-for-service (cost recovery) basis. The liability for employee benefits arising from services rendered by DEWNR employees is not recognised in the administered financial statements as DEWNR is obligated to pay employees for services provided. Accordingly, employee benefits are recognised in DEWNR's financial statements.

Net gain (loss) from disposal of non-current assets

The net gain from disposal of non-current assets is determined by comparing proceeds with carrying amount. Given a suitable methodology for determining a reliable measure of the value of unallotted Crown land has not been identified, the carrying amount of all unallotted Crown land sold is nil.

A4. Grants and subsidies	2013	2012
	\$'000	\$'000
Botanic Gardens and State Herbarium	1 175	1 368
Minister's other payments	6 582	7 093
Dog and Cat Management Board	68	119
Coast Protection Board	382	370
Caring for our Country	22 067	19 093
Natural Heritage Trust	-	1 100
Native Vegetation Fund	4 096	2 563
National Action Plan for Salinity and Water Quality	530	1 602
Payments to Natural Resources Management Boards	15 138	15 137
Transfer to Storm Water Management Authority	4 638	-
DEWNR corporate administered items	2 121	-
Total grants and subsidies	56 797	48 445

Grants and subsidies paid/payable to entities within the SA Government

The following grants and subsidies (included in the grants and subsidies amounts shown above) were provided to entities within the SA Government:

Natural Resources Management	15 138	15 137
Total grants and subsidies paid/payable to entities within the SA Government	15 138	15 137

A5. Revenues from fees and charges	2013	2012
Water levies received from licence holders	11 435	10 528
Board of the Botanic Gardens and State Herbarium	1 100	1 190
Dog and Cat Management Board	1 343	1 250
Coast Protection Board	25	18
Native Vegetation Fund	2 016	1 632
DEWNR Corporate administered items	(507)	-
Total revenues from fees and charges	15 412	14 618

A6. Grant revenues	2013	2012
	\$'000	\$'000
Botanic Gardens and State Herbarium	170	206
Caring for our Country	18 142	22 365
Native Vegetation Fund	228	-
National Action Plan for Salinity and Water Quality	-	213
Crown lands	330	-
Total grant revenues	<u>18 870</u>	<u>22 784</u>
A7. Revenues from (Payments to) SA Government		
Recurrent appropriations	19 791	14 504
Payments to Consolidated Account	(2 397)	(4 021)
Total revenues from (payments to) SA Government	<u>17 394</u>	<u>10 483</u>
A8. Administered cash flow reconciliation		
Reconciliation of cash and cash equivalents at 30 June:		
Board of the Botanic Gardens and State Herbarium	3 534	3 068
Crown lands	841	491
Dog and Cat Management Board	713	956
Coast Protection Board	335	282
Caring for our Country	303	4 383
Natural Heritage Trust	545	545
Natural Resources Management Fund	2 389	346
Native Vegetation Fund	6 789	6 628
Pastoral Board	43	28
National Action Plan for Salinity and Water Quality	201	2 342
Qualco Sunlands	250	-
The Department's corporate administrative items	2 237	-
	<u>18 180</u>	<u>19 069</u>
Balance as per administered cash flows	<u>18 180</u>	<u>19 069</u>
Reconciliation of net cash provided by (used in) operating activities to net result		2013
		\$'000
Net cash provided by (used in) operating activities		(6 254)
Revenues from SA Government		(19 791)
Payments to SA Government		2 147
Non-cash items:		
Depreciation expense of non-current assets		(1 904)
Bad debts expense		2
Gain (Loss) on disposal of non-current assets		(176)
Assets received free of charge		727
Movements in assets and liabilities:		
Receivables		(1 520)
Inventories		(44)
Payables		1 600
Other liabilities		(157)
Net cost of providing services		<u>(25 370)</u>
A9. Receivables		
Receivables reflected as current assets at 30 June comprised the following:		
Water levies	3 034	-
Penalties	2 827	-
Accrued interest	38	61
Other	322	2 483
Allowance for doubtful debts	(1 031)	-
Total receivables	<u>5 190</u>	<u>2 544</u>
A10. Interest in joint venture		

During the year ended 30 June 2009, the agreements for the management of the assets and resources (the water) within the Murray-Darling Basin Commission were restructured. The transition date to the new arrangements was 14 December 2008, ie the date from which the Murray-Darling Basin Authority (MDBA) was established, replacing the Murray-Darling Basin Commission.

A10. Interest in joint venture (continued)

Following the restructure, under the revised arrangements, the venturers no longer have a joint interest in net assets, but instead, they have a joint interest specifically in the infrastructure assets and water rights (as opposed to an interest in an entity controlling/holding the assets). The MDBA assets are held in two separate reporting entities: the River Murray Operations and the Living Murray Initiative (LMI). The River Murray Operations primary assets include physical infrastructure, the Living Murray Initiative’s primary assets include intangibles/water licences. The share in the individually controlled assets was transferred at transition in the original proportions of the share of the entity held by the individual jurisdictions as follows: New South Wales 26.67%; South Australia 26.67%; Victoria 26.67%; the Commonwealth Government 20%.

For the year ended 30 June 2013 the Department recognised an increase in its joint interest in MDBA assets of \$2.45 million, bringing the Department’s total recognition in the MDBA assets to \$792.835 million.

A11. Transferred functions

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2012, the administrative activities previously undertaken by the Department for Water (abolished on 1 July 2012) were transferred to DEWNR.

	2013
	\$'000
Cash	4 963
Receivables	4 165
Property, plant and equipment	790 385
Total assets	799 513
Payables	3 540
Total liabilities	3 540
Total net assets transferred	795 973

A12. Contingent assets and liabilities

A contingent asset is acknowledged whereby the Minister for Water and the River Murray has an exclusive right to access 40ML per day from the Langhorne and Currency Creek pipeline. The Minister has not exercised this right. The Department is not aware of the existence of any other contingent liabilities.

Flinders University of South Australia

Functional responsibility

Establishment

The Flinders University of South Australia (the University) was established pursuant to *The Flinders University of South Australia Act 1966*.

Functions

The functions of the University are to provide higher education and research in an environment that fosters creativeness, advances intellectual knowledge and facilitates accessibility with the wider public community.

The University has a financial interest in a number of entities as detailed in notes 1, 35 and 36 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Regulations under the PFAA provide that the University is a public authority. Consequently, section 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of the University for each financial year.

Assessment of controls

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

Scope of audit

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

For the year ended 31 December 2012, specific areas of audit attention included:

- corporate governance
- payroll
- expenditure
- Commonwealth financial assistance
- student fees revenue
- research grant revenue
- cash and investments
- property, plant and equipment
- general ledger and reporting.

Internal audit activities were also reviewed.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of The Flinders University of South Australia and its controlled entities (the Consolidated Entity) as at 31 December 2012, their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, the *Higher Education Support Act 2003* and Australian Accounting Standards.

Assessment of controls

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

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the officers responsible for the governance of The Flinders University of South Australia. The main matters raised with the University are detailed below. Certain of these matters are similar to issues reported to the University in previous years. The University has responded to all matters raised in the management letter.

Journal processing

As part of the review of the general ledger the audit considered controls over manual general journals. The review found that prior to September 2012 an individual could both create and approve their own manual journals in the Technology One general ledger. Independent approval provides assurance that journals are valid and correct and also prevents manipulation of accounting records. The University confirmed that from September 2012 it had implemented recommendations to enforce segregation of duties between journal creation and approval.

Payroll bona fide review

The audit of the University's payroll procedures considered the effectiveness of management review to ensure payments were valid and accurately processed. The review found that payroll payment records are not reviewed by those who are in a position to understand and verify the bona fide nature of the payment. Consequently, the University may not be able to detect invalid, inaccurate or incomplete payments. Audit recommended that management within faculties or schools certify payroll reports to confirm the validity and bona fide nature of payroll payments. The University agreed, and responded it would require managers to undertake random spot audits of payroll reporting.

Timesheets

The audit of the University's payroll considered procedures in place to ensure that employee attendance is recorded and monitored. The review found instances where timesheets had not been prepared or authorised as required by the enterprise agreement. Timesheets constitute important documentation of hours worked. Audit recommended that, where required by the enterprise agreement, employees complete and supervisors authorise timesheets. The University responded that it was continuing to evaluate an online timesheet option and would, in the meantime, remind staff of their responsibility to maintain timesheets.

Payroll segregation of duties

Consistent with past years, the audit found that systems access levels do not restrict payroll staff from performing incompatible tasks. Senior payroll officers responsible for important review and payroll reconciliation functions were also able to process changes to payroll information and authorise payroll payments. Audit recommended that these functions be segregated. The University agreed, and indicated it had amended system access based on function.

Purchase card expenditure acquittal

The University's purchase card policy requires supervisors to review and authorise each purchase card transaction. The audit found that the authorisation was often delayed by more than a month after statement date. Timeliness of review is particularly important for purchase card transactions as the payment has occurred earlier regardless of the supervisor's acquittal. Audit recommended that the University ensure purchase card transactions are acquitted in accordance with the University's purchase card policy. The University agreed, and stated that where acquittals are outstanding for greater than 90 days, purchase cards are suspended. It also indicated that, where acquittal was overdue, it intended to introduce an email warning to cardholders and supervisors.

Approval of tuition fee waivers

The audit of tuition fee revenue considered the University's controls that provide assurance that appropriate authority was provided for waivers of tuition fees. The review found the University had not established:

- formal policies which describe the circumstances in which tuition fees may be waived
- delegations of authority to approve the waiver of tuition fees.

Without documented criteria and delegations of authority there is a risk that improper factors may influence the waiver of fees. Audit recommended that the University document criteria and establish delegations of authority for approving fee waivers. The University agreed, indicating it was in the process of formulating formal criteria for waiving tuition fees.

Information and communications technology and control

Last year's Report indicated that there had been increased attention and reporting by internal audit on the general nature and control aspects of ICT.

The internal audit focus has continued since the last Report and has shown that considerable improvement is still required in the areas of network security, general operating controls and systems' controls.

Internal audit has completed specific reports on ICT governance and controls and information security and control covering financial and payroll systems. A number of security and control issues have been identified for remediation. The issues relate to shortcomings in overarching governance and security policies, network and systems configuration limitations, inadequate system software maintenance, inadequate systems access authentication and system monitoring limitations and systems documentation. These issues have the potential to result in adverse events.

The University has advised that the internal audit findings are being addressed through an ICT transformation program. The program includes organisational restructure and staffing changes; a systematic approach to risk and information security; investing in standard technology architecture, infrastructure and application upgrades; and documenting standard operating procedures.

Interpretation and analysis of the financial report

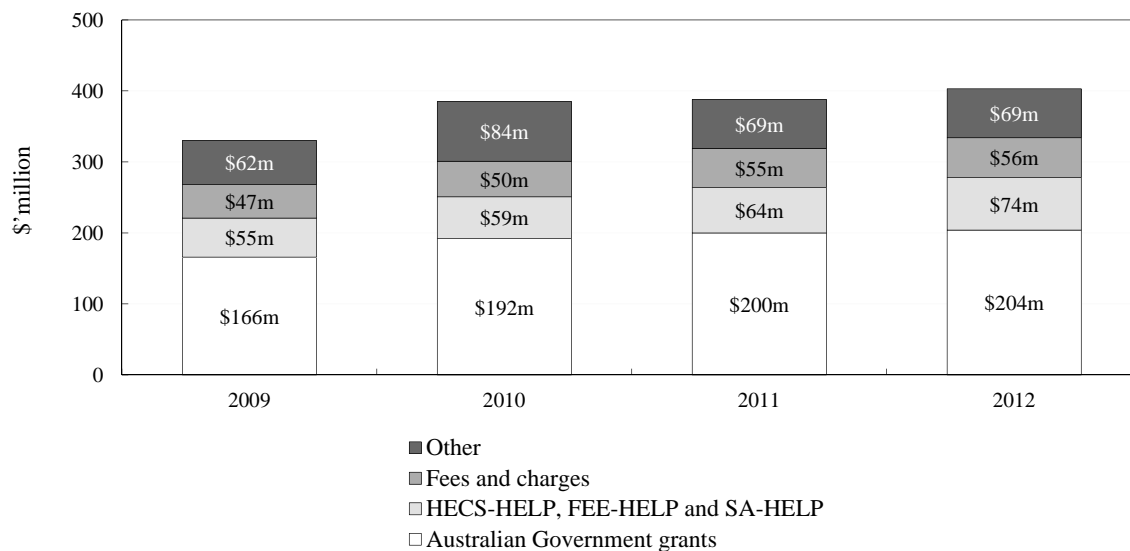
Highlights of the financial report (Consolidated)

	2012 \$'million	2011 \$'million
Income		
Australian Government grants	204	200
HECS-HELP, FEE-HELP and SA-HELP (Australian Government and student)	74	64
Fees and charges	56	55
Other	69	69
Total income	403	388
Expenses		
Employee related expenses	248	229
Other expenses	124	122
Total expenses	372	351
Operating result	31	37
Net cash provided by (used in) operating activities	62	53
Net cash provided by (used in) investing activities	(65)	(47)
Assets		
Current assets	200	175
Non-current assets	514	501
Total assets	714	676
Liabilities		
Current liabilities	49	42
Non-current liabilities	77	77
Total liabilities	126	119
Total equity	588	557

Income Statement

Income

A structural analysis of operating income for the University for the four years to 2012 is presented in the following chart.



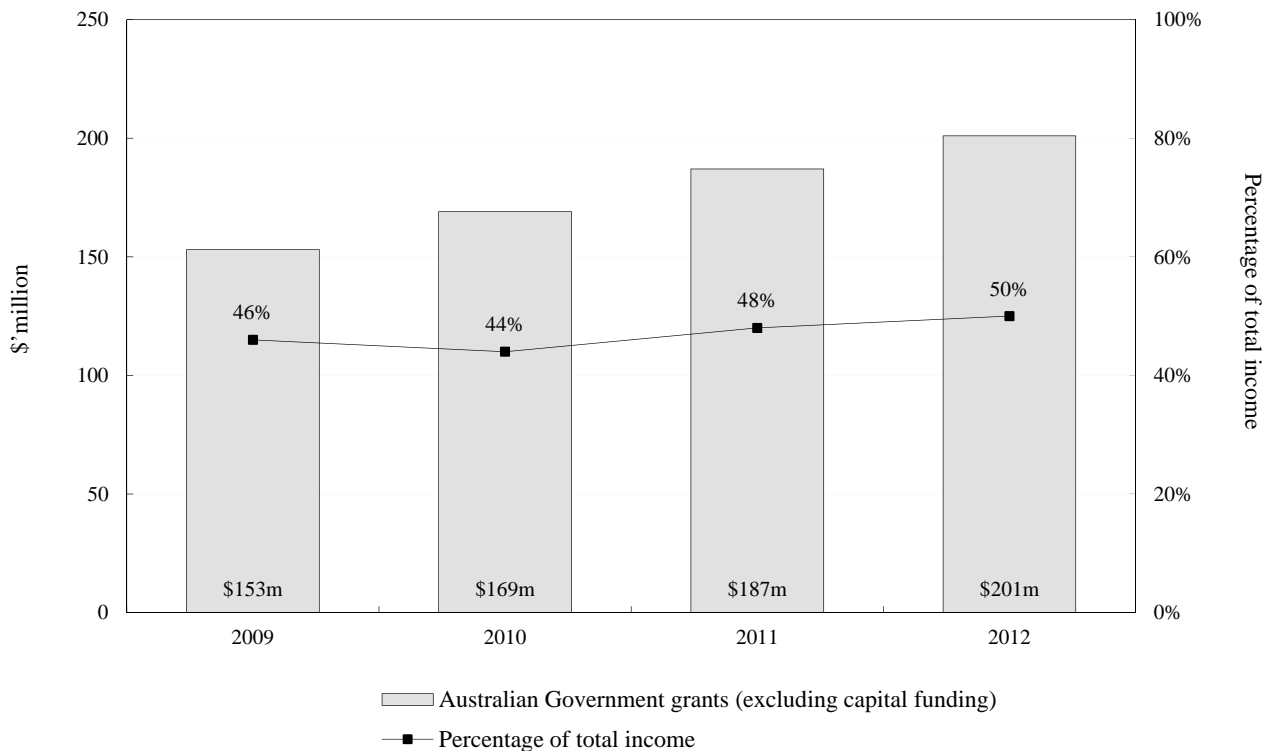
The chart shows that the University is dependent to a large extent on financial assistance from the Australian Government. The following provides more detail on major revenue components.

Australian Government grants

Australian Government grants, including capital grants, increased by \$4 million to \$204 million. Of note were the following changes in 2012:

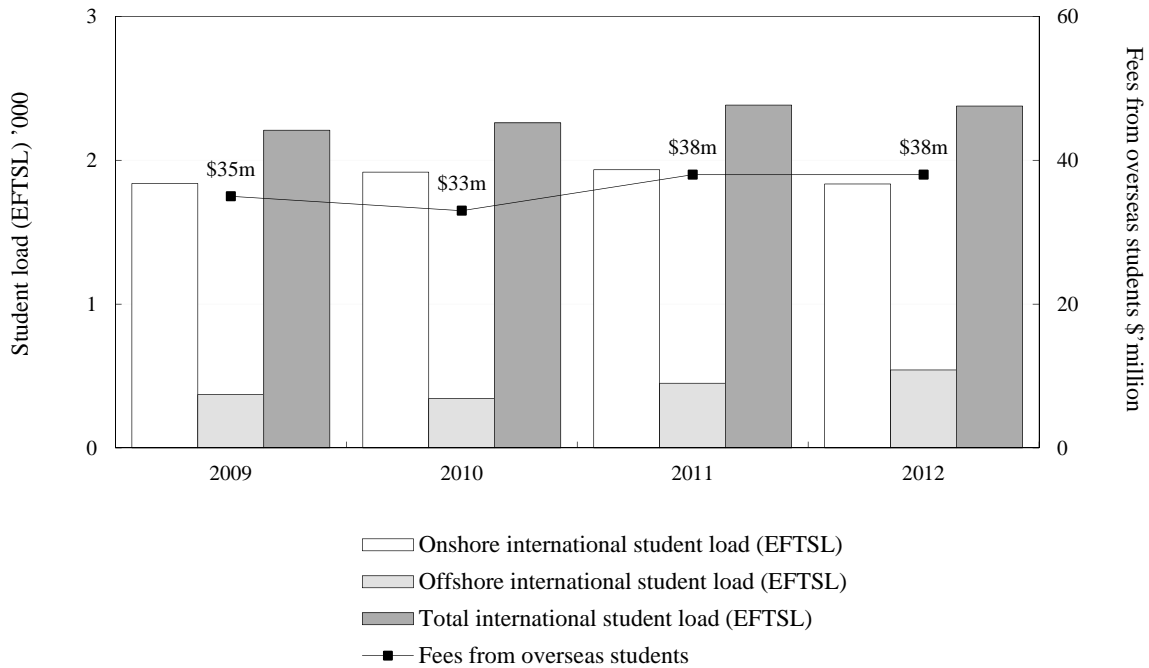
- an \$18 million increase in the base operating grant (Commonwealth Grants Scheme), up 19% reflecting a 10% increase in the number of Commonwealth supported students together with price indexing and changes in the value of funding for specific programs. The increase also reflects the impact of the Commonwealth Government’s change to demand driven funding for undergraduate student places (previously, Commonwealth supported student places were capped)
- a \$9 million decrease in other financial assistance capital principally reflecting the finalisation of capital works for the Northern Territory medical program
- a \$2.8 million decrease in other non-research grants
- a \$1.8 million decrease in scholarships.

Capital funding is not necessarily comparable from year to year and has been excluded from the following chart which shows non-capital Australian Government grants in recent years.



The chart shows in the last two years the proportion of non-capital Australian Government grants to total income has grown.

The following chart shows fees from overseas students together with international student numbers.



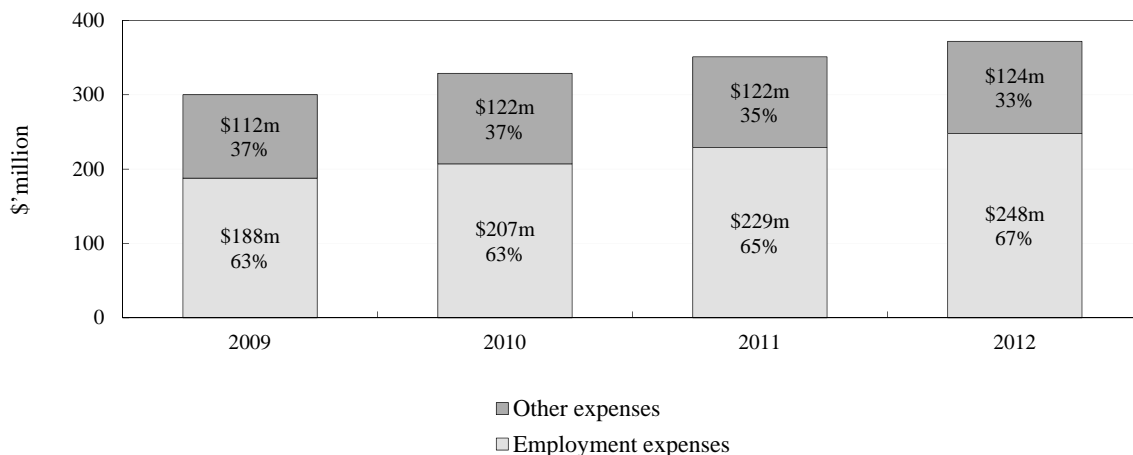
Source: Student numbers, which are based on equivalent full-time student load (EFTSL), were obtained from the University’s published statistics and are unaudited figures.

Fees from overseas students, \$38 million, were consistent with the prior year. While international student load has remained constant, onshore international student load decreased by 99 which was mainly offset by a rise in offshore international student load of 92.

Expenses

Total expenses increased by \$21 million (6%). This was due mainly to an increase in employee related expenses of \$19 million (8%) reflecting an enterprise bargaining agreement increase of 3.5% and an 8% increase in academic staff numbers.

The following chart presents a structural analysis of the University’s main operating expense items for the four years to 2012. It shows an increase in the proportion of employment expenses to total expenditure.

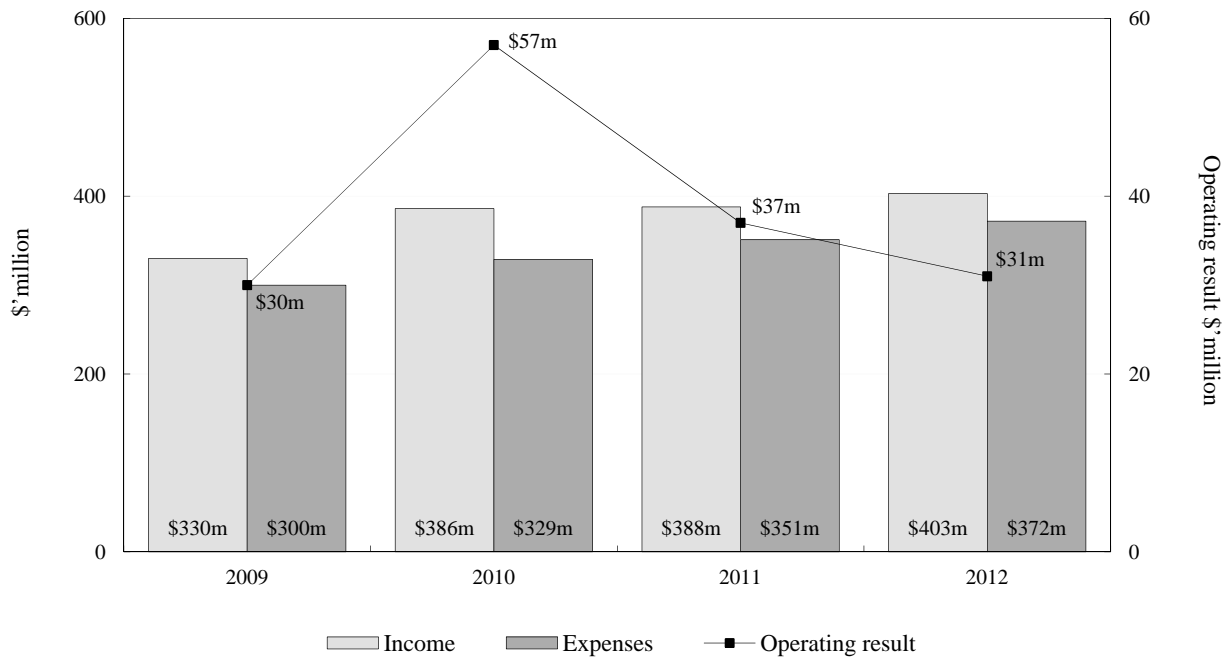


Operating result

The result of operations for the year was a surplus of \$31 million (\$37 million). Contributing to the result was:

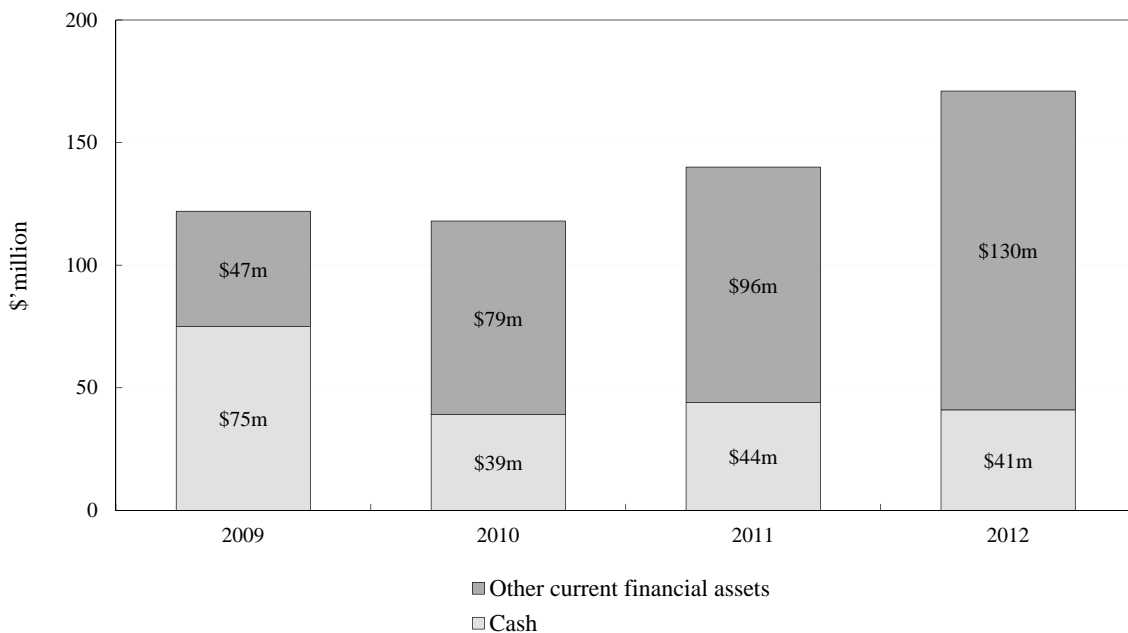
- \$20 million investment revenue resulting from the University’s significant cash and financial asset balances
- \$3 million capital funding from the Commonwealth Government.

The following chart shows the operating income, operating expenses and the operating result for the four years to 2012.

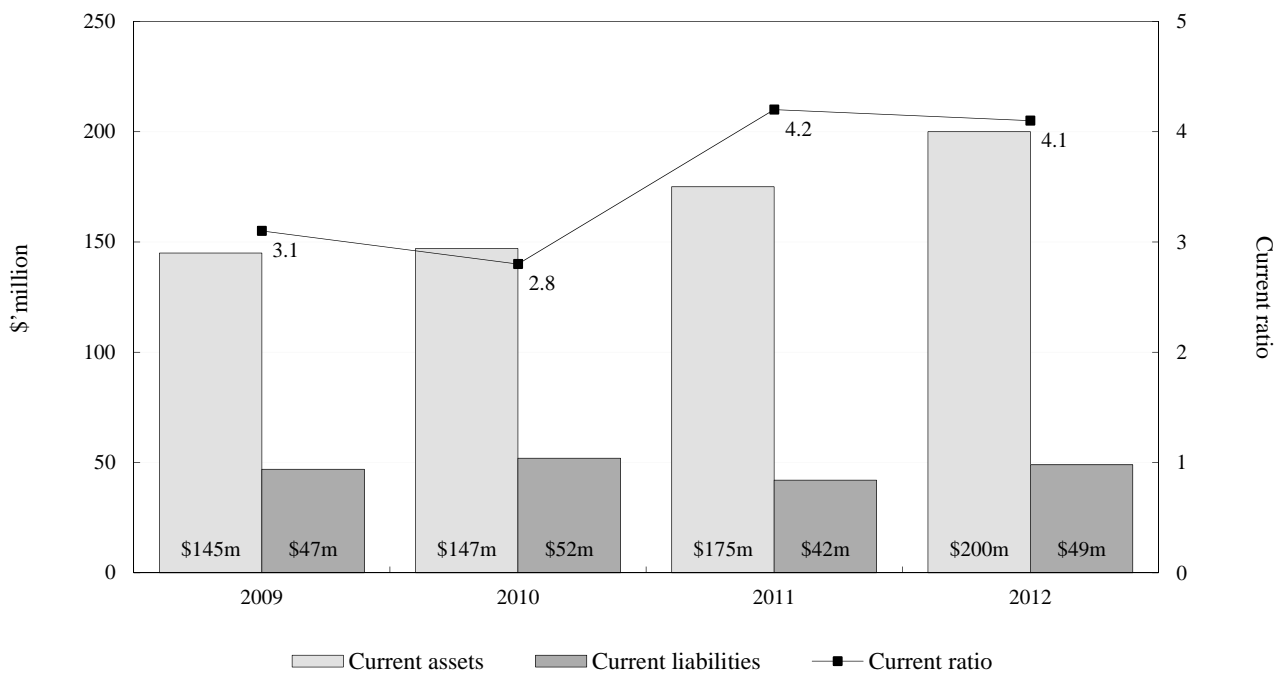


Statement of Financial Position

The University holds significant cash and current financial assets (term deposits) of \$171 million. The following chart shows cash and other current financial assets over the four years to 2012.



The following chart shows the University’s current assets and liabilities. As at 31 December 2012 current assets of \$200 million exceeded current liabilities of \$49 million by \$151 million.



The main item of the University’s Statement of Financial Position is property, plant and equipment, representing 55% of total assets. The carrying value of property, plant and equipment increased by \$6 million to \$396 million due mainly to:

- expenditure on major capital infrastructure projects of \$20 million
- other asset additions of \$9 million.

These increases were offset by depreciation charges of \$20 million.

Statement of Cash Flows

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

	2012 \$'million	2011 \$'million	2010 \$'million	2009 \$'million
Net cash flows				
Operating	62	52	74	45
Investing	(65)	(47)	(110)	(62)
Change in cash	(3)	5	(36)	(17)
Cash at 31 December	41	44	39	75

Operating cash inflows include capital grants which are used for investing purposes, primarily payments for property, plant and equipment.

Income Statement for the year ended 31 December 2012

	Note	Consolidated		University	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Revenue from continuing operations:					
Australian Government financial assistance:					
Australian Government grants	1(o),2	204 347	199 879	204 347	199 879
HELP - Australian Government payments	2	64 813	55 751	64 813	55 751
State and Local Government financial assistance	3	18 043	18 030	18 043	18 030
HECS-HELP - student payments		9 125	8 159	9 125	8 159
Fees and charges	1(o),4	56 082	55 270	56 045	55 235
Investment revenue	1(o),5	14 403	18 244	13 400	15 600
Royalties, trademarks and licences	6	629	926	346	746
Consultancy and contracts	1(o),7	8 645	9 461	7 946	7 949
Other revenue	8	21 882	22 215	15 741	16 525
Total revenue from continuing operations		397 969	387 935	389 806	377 874
Other investment income	1(o),5	5 157	-	4 633	-
Total income from continuing operations		5 157	-	4 633	-
Total revenue and income from continuing operations		403 126	387 935	394 439	377 874
Expenses from continuing operations:					
Employee related expenses	1(h),10	248 229	228 696	243 142	223 779
Depreciation and amortisation	1(c),11	20 990	19 727	20 793	19 510
Repairs and maintenance	12	9 071	10 091	9 012	9 937
Impairment of assets	1(q),13	35	712	14	208
Investment losses	5	-	1 942	-	3 045
Loss on disposal of assets	9	57	356	14	74
Other expenses	14	93 311	89 355	89 908	86 090
Total expenses from continuing operations		371 693	350 879	362 883	342 643
Operating result for the year		31 433	37 056	31 556	35 231
Operating result attributable to non-controlling interest		(50)	3	-	-
Operating result attributable to the University		31 483	37 053	31 556	35 231

Statement of Comprehensive Income for the year ended 31 December 2012

	Note	Consolidated		University	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Operating result for the year		31 433	37 056	31 556	35 231
Gain (Loss) on revaluation of land, buildings, library and artwork	26	-	(327)	-	(327)
Gain (Loss) on value of available-for-sale financial assets	26	103	(2 194)	710	(988)
Total comprehensive income		31 536	34 535	32 266	33 916
Total comprehensive income attributable to non-controlling interest		(50)	3	-	-
Total comprehensive income attributable to the University		31 586	34 532	32 266	33 916
Total comprehensive income attributable to the University		31 536	34 535	32 266	33 916

Statement of Financial Position as at 31 December 2012

	Note	Consolidated		University	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Assets:					
Current assets:					
Cash and cash equivalents	1(d),15	40 902	44 225	40 032	43 105
Receivables	1(d),16	20 448	28 609	19 022	26 832
Inventories	1(l),17	502	504	244	239
Other financial assets	1(d),18	130 116	95 694	129 049	93 975
Other non-financial assets	19	8 492	6 143	8 420	6 107
Total current assets		200 460	175 175	196 767	170 258
Non-current assets:					
Receivables	1(d),16	49 671	48 622	49 671	48 622
Investment properties	1(e),20	9 400	10 557	9 400	10 557
Property, plant and equipment	1(p),21	396 284	389 955	395 000	388 542
Other financial assets	1(d),18	55 714	48 422	59 385	52 125
Intangible assets	1(g),22	3 157	3 555	2 870	3 191
Total non-current assets		514 226	501 111	516 326	503 037
Total assets		714 686	676 286	713 093	673 295
Liabilities:					
Current liabilities:					
Trade and other payables	1(d),23	24 453	19 219	23 802	18 374
Provisions	1(h),1(j),24	17 695	15 510	17 354	15 185
Other liabilities	1(d),25	6 726	6 996	7 709	7 935
Total current liabilities		48 874	41 725	48 865	41 494
Non-current liabilities:					
Trade and other payables	1(d),23	4 285	4 477	4 285	4 477
Provisions	1(h),1(j),24	73 073	72 673	72 806	72 452
Other liabilities	25	-	-	-	-
Total non-current liabilities		77 358	77 150	77 091	76 929
Total liabilities		126 232	118 875	125 956	118 423
Net assets		588 454	557 411	587 137	554 872
Equity:					
Parent Entity interest:					
Reserves	26	142 373	142 270	151 681	150 972
Retained surplus	26	446 067	414 940	435 456	403 900
Total Parent Entity interest		588 440	557 210	587 137	554 872
Non-controlling interest		14	201	-	-
Total equity		588 454	557 411	587 137	554 872

Statement of Changes in Equity for the year ended 31 December 2012

Consolidated	Reserves \$'000	Retained earnings \$'000	Total:	Non-	Total \$'000
			Owners of the parent \$'000	controlling interest \$'000	
Balance at 1 January 2011	144 791	377 578	522 369	16	522 385
Profit or loss	-	37 053	37 053	3	37 056
Revaluation of land, buildings, library and artwork	(327)	-	(327)	-	(327)
Gain (Loss) on available-for-sale financial assets	(2 194)	-	(2 194)	-	(2 194)
Total comprehensive income	(2 521)	37 053	34 532	3	34 535
Additional share capital issued	-	309	309	182	491
Balance at 31 December 2011	142 270	414 940	557 210	201	557 411
Balance at 1 January 2012	142 270	414 940	557 210	201	557 411
Profit or loss	-	31 483	31 483	(50)	31 433
Revaluation of land, buildings, library and artwork	-	-	-	-	-
Gain (Loss) on available-for-sale financial assets	103	-	103	-	103
Total comprehensive income	103	31 483	31 586	(50)	31 536
Additional share capital issued	-	-	-	134	134
Loss on derecognition	-	(356)	(356)	(271)	(627)
Balance at 31 December 2012	142 373	446 067	588 440	14	588 454
Parent			Reserves	Retained	Total \$'000
			\$'000	earnings \$'000	
Balance at 1 January 2011			152 287	368 669	520 956
Profit or loss			-	35 231	35 231
Revaluation of land, buildings, library and artwork			(327)	-	(327)
Gain (Loss) on available-for-sale financial assets			(988)	-	(988)
Total comprehensive income			(1 315)	35 231	33 916
Balance at 31 December 2011			150 972	403 900	554 872
Balance at 1 January 2012			150 972	403 900	554 872
Profit or loss			-	31 556	31 556
Revaluation of land, buildings, library and artwork			-	-	-
Gain (Loss) on available-for-sale financial assets			709	-	709
Total comprehensive income			709	31 556	32 265
Balance at 31 December 2012			151 681	435 456	587 137

Statement of Cash Flows for the year ended 31 December 2012

		Consolidated		University	
		2012	2011	2012	2011
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities:					
Australian Government grants received	2(g)	281 686	250 287	281 686	250 287
OS-HELP (net)	2(g)	(63)	(145)	(63)	(145)
Superannuation supplementation	2(g)	2 044	2 186	2 044	2 186
State Government grants received		18 176	17 710	18 176	17 710
Local Government grants received		58	39	58	39
HECS-HELP - student payments		9 125	7 315	9 125	7 315
SA-HELP - student payments		1 463	-	1 463	-
Fees and charges		56 464	52 741	56 228	52 706
Receipts from customers		37 816	32 855	30 956	24 807
Dividends received		2 402	5 474	1 365	2 912
Interest received		9 934	8 249	9 781	8 214
Other investment income		3 030	2 430	2 481	2 473
Payments to employees		(247 988)	(223 179)	(243 033)	(217 469)
Payments to suppliers (inclusive of GST)		(114 011)	(107 451)	(109 614)	(103 354)
GST recovered from the ATO		1 997	4 008	1 644	4 008
Net cash provided by (used in) operating activities	39	62 133	52 519	62 297	51 689
Cash flows from investing activities:					
Proceeds from sale of property, plant and equipment and investments		590	1 266	298	640
Payments for property, plant and equipment		(29 066)	(32 119)	(28 932)	(32 486)
Loan to joint venture partner		-	(91)	-	(91)
Repayment of loan from joint venture partner		98	28	98	28
Receipts (Payments) for financial assets		(36 450)	(16 479)	(36 450)	(15 423)
Increase (Decrease) in funds held on behalf of other entities		(628)	339	(384)	250
Net cash provided by (used in) investing activities		(65 456)	(47 056)	(65 370)	(47 082)
Cash flows from financing activities:					
Proceeds from borrowings		-	-	-	-
Net cash provided by (used in) financing activities		-	-	-	-
Net increase (decrease) in cash and cash equivalents		(3 323)	5 463	(3 073)	4 607
Cash and cash equivalents at 1 January		44 225	38 762	43 105	38 498
Cash and cash equivalents at 31 December	1(d)(i),39	40 902	44 225	40 032	43 105
Non-cash financing and investing activities	40				

Notes to and forming part of the financial statements

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the years presented unless otherwise stated.

(a) *Basis of preparation*

The financial statements are a general purpose financial report. They have been prepared on an accrual basis and in accordance with AASs.

Additionally, the statements have been prepared in accordance with the following statutory requirements:

- *Higher Education Support Act 2003* (Financial Statement Guidelines)
- relevant provisions of the TIs issued pursuant to the PFAA and the APFs issued pursuant to the TIs, except where they conflict with the Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE) guidelines.

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

The consolidated financial statements (the Economic Entity) comprise the accounts of the University (the Parent Entity) and all of its subsidiaries.

Compliance with International Financial Reporting Standards (IFRS)

The Flinders University of South Australia (the Flinders University) is a not-for-profit entity and these statements have been prepared on that basis. Some of the AASs requirements for not-for-profit entities are inconsistent with the IFRS requirements.

Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements in conformity with AASs requires management to make judgments, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments are made by management in the application of AASs that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in this accounting policy note and relevant notes to the financial statements. The main items with critical assumptions are DIISRTE financial assistance for student load, superannuation receivable and provision, investment classifications, valuation of property, plant and equipment where not independently valued, LSL liability, annual leave liability, workers compensation provision and depreciation.

(b) *Principles of consolidation*

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the University as at 31 December and the revenues and expenses of all subsidiaries for the financial years shown. The consolidated financial statements (the Economic Entity) comprise the accounts of the University (the Parent Entity) and all of its subsidiaries. A subsidiary is any entity controlled by the University. Control exists where the University has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities. A list of subsidiaries is contained in note 35.

Unrealised gains on transactions between the Economic Entity and its subsidiaries are eliminated to the extent of the Economic Entity's interest in the subsidiaries. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Economic Entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated Income Statement and Statement of Financial Position respectively.

(c) **Depreciation and amortisation**

The basis for depreciation and the depreciation rates are reviewed annually. Depreciation is calculated on a straight-line basis on all property, plant and equipment, other than land and works of art, which are not depreciated. The following rates are based on the estimated useful life of the assets to the University:

<i>Item</i>	<i>Percentage</i>
Depreciation:	
Buildings and infrastructure	2.5-20.0
Equipment:	
Motor vehicles	20.0
General equipment	10.0-33.3
Computer hardware	16.6-33.3
Furniture	10.0
Aircraft	10.0
Library collection	10.0
Amortisation:	
Computer software	20.0

The gross amount of depreciable assets and the related accumulated depreciation is provided within note 21. Depreciation expense by asset class is shown in note 11.

(d) **Financial instruments**

(i) *Cash and cash equivalents*

Cash and cash equivalents include cash on hand and at bank, deposits with financial institutions at call within three days and term deposits maturing in less than 90 days from the date invested that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank accounts are recognised at nominal amounts. Note disclosure is made in note 15.

For the Statement of Financial Position, cash and cash equivalents exclude bank overdrafts, as they are included within other liabilities.

For the Statement of Cash Flows, cash and cash equivalents are net of bank overdrafts.

(ii) *Receivables*

Receivables are shown at amounts due from customers, inclusive of GST and reduced for expected credit losses (provision for doubtful debts). The University's credit terms are net 30 days. Note disclosure is made in note 16.

Details regarding the receivable from the Australian Government relating to the State Superannuation Scheme are disclosed in note 1(h)(iv).

(iii) *Financial assets (investments)*

Subsequent to initial recognition, investments in subsidiaries are measured at fair value. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the Parent Entity financial statements.

In accordance with AASB 139 other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

The Consolidated Entity has classified certain shares as financial assets at fair value through profit or loss. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Held-to-maturity investments

Fixed interest securities are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

Available-for-sale financial assets

Certain shares held are classified as being available-for-sale and are stated at fair value less impairment. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in profit or loss for the period. This category includes investments classified as 'available-for-sale' and any investments that do not fit the definitions for inclusion in the previous categories. Consequently it should not be assumed that the University has plans to dispose of these assets.

Loans and receivables

Trade receivables, loans, and other receivables are recorded at cost less impairment.

The carrying amount of investments is reviewed annually by the University to ensure that all items are carried at fair value. Note disclosure for other financial assets (investments) is made in note 18.

(iv) Payables

Payables are shown at amounts due to suppliers, inclusive of GST and exclusive of any applicable discounts that will be taken. Note disclosure is made in note 23. The amounts are unsecured and the standard University terms of trade are payment within 30 days of invoice.

(v) Interest bearing liabilities

The University has no loans or borrowings. However the University receives deposits from subsidiaries, certain joint ventures and related external entities for group investment along with University funds and shares the investment income with those entities. Note disclosure is made in note 25.

(vi) Other liabilities: funds held on behalf of external entities

Funds held on behalf of external entities are shown at amounts due. These do not incur any interest charges. Note disclosure is made in note 25.

(e) Investment property

Investment properties exclude properties held to meet service delivery objectives of the University. The University holds investment properties which are measured on a fair value basis. Independent valuations are undertaken annually. At each reporting date, the reported value is reviewed to ensure that it does not differ materially from the property's fair value at that date. Changes to fair value are recorded in the Income Statement as other income.

The investment properties were independently valued at fair value as at 31 December 2012 by Peter Lornie, AAPI, CPV, BComm (VFM) of Southwick Goodyear Pty Ltd.

(f) Website costs

Costs in relation to websites are charged as expenses in the period in which they are incurred.

*(g) Intangible assets**(i) Research and development*

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the Income Statement as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the Income Statement as an expense when incurred.

The University expenses development costs when incurred, as the expenses are not recoverable beyond reasonable doubt. One of the University's subsidiaries, Flinders Partners Pty Ltd, has the rights to commercialise intellectual property arising from the University. Development costs incurred by Flinders Partners Pty Ltd are treated as deferred expenditure:

- during the assessment phase of projects, until financial viability is determined
- for projects expected to be financially viable, to offset future revenue.

(i) *Research and development (continued)*

Development costs treated as deferred expenditure are included in the consolidated Statement of Financial Position and are disclosed under note 22 as project costs carried forward.

The recoverability of deferred expenditure is reviewed annually and any amounts previously deferred that are no longer expected to be recovered are charged to the net operating result.

(ii) *Software costs*

The University capitalises certain software costs with a purchase price greater than \$40 000 and an expected useful life greater than 12 months, together with costs associated with implementation. These are recorded on the basis of cost and then amortised once the system is operational. Note disclosure is made in note 22.

(h) **Employee expenses**

Employee expenses expected to be settled within one year have been recognised at their nominal amount. These liabilities are measured at the amounts expected to be paid when the liability is settled. On-costs on the leave liabilities accruing to employees are recognised as provisions and on-costs not accruing to employees are classed as payables as required under APF IV, APS 5.25. Benefits expected to be settled later than one year have been measured at the present value of the estimated applicable future cash flows to be made for those benefits and related on-costs.

(i) *LSL*

The LSL liability is independently actuarially estimated each year in accordance with AASB 119. The last update was performed at 31 December 2012 by Stuart Mules, FIAA of Mercer (Australia) Pty Ltd. The assumptions used by the actuary include:

- investment earnings rate of 2.82% (3.29%) per annum
- salary inflation rate of an average of 4% (4%)
- on-costs have been applied at the rate of 16.9% (16.9%)
- the proportion of leave taken in service is 71%, the balance at termination of service.

The current portion represents the amount expected to be paid in the following 12 months. Note disclosure is made in notes 23 and 24.

(ii) *Annual leave*

The calculation to measure the value of annual leave has assumed a 4% salary inflation factor, as required by APF IV, APS 5.5. The current portion represents the amount expected to be paid in the following 12 months. Note disclosure is made in notes 23 and 24.

(iii) *Sick leave*

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken each year is less than the annual entitlement for sick leave.

(iv) *Superannuation*

Superannuation schemes

Superannuation schemes exist to provide benefits to University employees and their dependents upon resignation, retirement, disability or death. The contributions made to these schemes by the University and the emerging costs from unfunded schemes are expensed in the Income Statement. Except in the case of multi-employer schemes such as UniSuper, the University recognises, as an asset or a liability, the difference between the employer established defined benefit superannuation scheme's accrued benefits and the net market value of the scheme's assets. Note 33 provides details in respect of the individual schemes.

Unfunded superannuation - State Superannuation Scheme

The Superannuation Supplementation program funding is not recognised as revenue since it is in respect of an existing liability. Rather a net amount is shown within employee related expenses. As the University has a defined benefit scheme which is fully covered by the Superannuation Supplementation program it has reported a nil expense in the Statement of Comprehensive Income.

An arrangement exists between the Australian Government and the State Government to meet the unfunded liability for the University's beneficiaries of the State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by the *State Grants (General Revenue) Amendment Act 1987*, *Higher Education Funding Act 1988* and subsequent amending legislation. Accordingly the unfunded liabilities have been recognised in the Statement of Financial Position under 'Provisions' with a corresponding asset recognised under 'Receivables'. The recognition of both the asset and the liability consequently does not affect the year end net asset position of the University or the Economic Entity.

- (v) **Severance**
Provision is made for severance payments where it is probable payments will be made under industrial awards for fixed-term staff. The liability for severance payments is disclosed in note 24. The current portion represents the amount expected to be paid in the following 12 months. Note disclosure is made in notes 23 and 24.
- (i) **Foreign currency**
- (i) **Functional and presentation currency**
The consolidated financial statements are presented in Australian dollars which is the Economic Entity's functional and presentation currency.
- (ii) **Transactions and balances**
Foreign currency transactions were converted to Australian currency at the rates of exchange prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Note 27 discloses foreign currency monetary items outstanding at balance date.
- (j) **Workers compensation**
The University is responsible for payments of workers compensation and is registered with WorkCoverSA as an exempt employer. Lawsons Risk Management Services Pty Ltd administers workers compensation arrangements on behalf of the University.
- The provision for workers compensation liability is actuarially determined each year. The valuation as at 31 December 2012 was performed by Laurie Brett, FIA, FIAA. The method used is the claims paid development method where all past claims are brought to current values with an allowance for late claims reporting and administration costs. The liability for workers compensation is disclosed in note 24.
- (k) **GST**
The University recognises revenues and expenses net of the amount of GST, except where the amount of GST incurred by the University is not recoverable from the taxation authority.
- Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.
- Cash flows included in the Statement of Cash Flows are on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.
- Commitments and contingencies are disclosed net of GST recoverable from, or payable to, the ATO.
- (l) **Inventories**
Inventories are stores of consumable items including printing and maintenance materials and are measured at cost. Annual stocktakes are used to verify inventory account balances. Other small inventories of consumable items including stationery, fuel and antisera are expensed as purchased. Note disclosure is made in note 17.
- (m) **Investments in business undertakings**
- Subsidiaries**
Investments in subsidiaries are carried in the University's Statement of Financial Position at fair value. Dividends are brought to account when they are received. Note disclosure is made in note 35.
- Joint ventures**
- **Joint venture operations**
The University's interest in the share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the University's Statement of Financial Position and Income Statement, where material. Details of joint ventures are included in note 36.
 - **Joint venture entities**
The University has a material interest in one joint venture entity. The University uses the proportional consolidation method to include its share of the financial data. Disclosure is made in note 36.

(n) Leased assets

University as lessee

Leases of assets where substantially all the risks and benefits of ownership, but not legal ownership, are transferred to the University are classified as finance leases. Finance leases are capitalised, recording an asset and liability equal to the present value of the minimum lease payments, including any guaranteed residual value. They are then amortised on a straight-line basis over the lease term.

Leases of assets where substantially all the risks and benefits of ownership remain with the lessor are classified as operating leases. Payments made under an operating lease are expensed in the period to which the payment relates.

University as lessor

The University leases space in its investment property to external entities. Accommodation on campus is leased to students. The University also leases a small amount of space on its main campus to commercial entities for provision of services to students and staff and a portion of the Lincoln Marine Science Centre to other research entities. The leases are all classified as operating leases.

Note disclosure is made in note 32(b).

(o) Revenue recognition

(i) Australian Government financial assistance

DIISRTE provides annual grants for teaching and research to the University each year and these are brought to account in the period in which they are received because the University has control of the funds and there is not a direct reciprocal obligation to DIISRTE. Certain grants are paid on a provisional basis, eg for student load, with funding adjustments made in the following year. Where material, the University makes appropriate estimates and adjusts the revenue in the year to which it relates.

Other revenue from DIISRTE is brought to account when earned.

Other Commonwealth grant revenue is recognised when received.

Note disclosure is made in note 2.

(ii) Consultancy and contract research

Revenue from consultancy and contract research is recognised in the period in which the consultancies/contract services are provided. Research grant revenue is recognised as revenue when received. Note disclosure is made in note 7.

(iii) Donations

Donations are received in cash and non-cash forms. Non-cash donations are recognised at the University's estimate of the fair value of the items donated. Note disclosure is made in note 8.

(iv) Fees and charges: student revenue

Revenue comprises fees from students for the provision of courses. The fees are recognised in the periods during which the courses are provided. Note disclosure is made in note 4.

(v) Investment income

Interest income is recognised as it accrues. Dividend income and imputation credits are recognised only when declared before the 31 December reporting date.

Income distributions from managed funds are recognised on receipt of official advice from investment companies of the University's entitlement to distributions. All movements in the value of investments classified as 'financial assets at fair value through profit and loss' are included in the net operating result. For 'available-for-sale investments' and investments classified as 'other financial assets', realised gains are included in the net operating result while unrealised gains and losses are taken to the available-for-sale revaluation surplus for investments except to the extent that unrealised losses exceed previous revaluation increments for all investments held in that reserve. Note disclosure is made in note 5.

(p) Property, plant and equipment

Property, plant and equipment are measured on a fair value basis. At each reporting date, the value of each asset class is reviewed to ensure that it does not differ materially from the asset class' fair value at that date. Where necessary, the asset class is revalued to reflect its fair value. Note disclosure is made in note 21.

(i) Land

Land is owned by the University in its own right and by the State and Northern Territory Governments. The value of land owned by the State Government is reflected in the University's financial statements on the basis that the University effectively controls the land occupied. Land controlled by the University was independently revalued as at 31 December 2010 by Peter Lornie, AAPI, CPV, BComm(VFM) of Southwick Goodyear Pty Ltd. Comprehensive independent land valuations are undertaken triennially with an annual update.

(ii) Buildings and infrastructure

Buildings and infrastructure controlled by the University were independently revalued as at 31 December 2010 by Richard Wood, BAppSc(Val), AAPI, CPV of Southwick Goodyear Pty Ltd. A further independent revaluation as at 31 December 2012 revealed no material change to values. Comprehensive independent valuations are undertaken triennially with an annual update.

Below ground infrastructure is not included as an asset as the value is not able to be reliably estimated.

Buildings under construction are measured at cost.

(iii) Library collection

The library collection is revalued at Council's valuation on a triennial basis. As at 31 December 2010 the library collection was revalued to reflect fair value and is reported at Council's valuation. The value is depreciated over a 10 year period on a straight-line basis.

(iv) Equipment

This class of assets includes computer hardware (not software), furniture, vehicles, marine and general equipment. Individual items costing \$10 000 or more are capitalised and recorded in the Statement of Financial Position initially at cost. Items costing less than \$10 000 are recognised as an expense in the Income Statement in the period acquired. The depreciated value of equipment is deemed to be its fair value.

(v) Leased buildings

The University has entered into various arrangements with other entities to occupy buildings on land not owned by the University. The University initially recognises a lease asset as the value of its share of the construction cost plus any future amounts payable under the lease agreement and revalues it to fair value each year. The University depreciates the asset over the lease period.

(vi) Works of art

The works of art collection was revalued at 31 December 2011 and is reported at Council's valuation based on fair value.

(q) Impairment of assets

At each reporting date, the University undertakes an assessment of its significant assets to determine if there is any evidence of impairment. Where an impairment exists, the University recognises an impairment loss. This is calculated as the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

(r) Doubtful debts

The collectability of receivables is assessed at balance date and provision made for any doubtful debts. Note disclosure is made in note 16.

(s) Income tax status

The activities of the University and its major subsidiaries are exempt from income tax.

The University is subject to FBT, GST and payroll tax.

(t) Borrowing costs

Borrowing costs are expensed in accordance with APF II, APS 3.6 requiring all not-for-profit entities to expense borrowing costs in the period incurred.

(u) Current and non-current classification

Assets and liabilities are characterised as either current or non-current. The University and the Economic Entity operate on a 12 month operating cycle. Assets and liabilities that are sold, consumed or realised as part of the 12 month operating cycle are classified as current. All other assets and liabilities are classified as non-current.

(v) **Rounding to the nearest \$'000**

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

(w) **New or revised AASs**

No new accounting standards which have been issued but are not yet effective have been early-adopted in 2012.

(x) **Comparative figures**

The previous year's figures are provided in the financial statements for comparative purposes. Where practicable comparative figures have been adjusted to conform to changes in presentation and classification in the present year.

Comparative figures have been adjusted to include the full values of the Greater Green Triangle, previously proportionally consolidated as a joint venture. Although the operations have continued, the joint venture arrangement ceased prior to 2011 and the University is solely responsible for its operations. The 2011 opening equity has been increased by \$900 000 being the value of the increase in net assets from this change. The 2011 opening receivables increased by \$1 million. All other line item changes are not material.

(y) **Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous year, with the exception of classification of the equity balance. Previously a component of the equity balance had been allocated to certain special-purpose reserves but these are no longer used. This has caused an increase in the opening retained surplus of \$108 million.

2. Australian Government financial assistance including HECS-HELP and other Australian Government loan programs

	Note	Consolidated		University	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
(a) Commonwealth Grants Scheme and other grants	44.1				
Commonwealth Grants Scheme (CGS) ^{#1}		116 161	97 733	116 161	97 733
Partnership & Participation Program ^{#2}		3 236	2 326	3 236	2 326
Indigenous Support Program		470	470	470	470
Disability Support Program		164	61	164	61
Capital Development Pool		-	863	-	863
Diversity and Structural Adjustment Fund ^{#3}		-	1 108	-	1 108
Reward Funding		574	-	574	-
Performance of Excellence in Learning and Teaching		135	-	135	-
Transitional Cost Program		19	48	19	48
Total Commonwealth Grants Scheme and other grants		120 759	102 609	120 759	102 609
(b) Higher Education Loan Programs	44.2				
HECS-HELP		59 073	52 064	59 073	52 064
FEE-HELP		4 277	3 687	4 277	3 687
SA-HELP		1 463	-	1 463	-
Total Higher Education Loan Programs		64 813	55 751	64 813	55 751
(c) Scholarships	44.3				
Australian Postgraduate Awards		3 891	3 363	3 891	3 363
International Postgraduate Research Scholarship		320	320	320	320
Commonwealth Education Cost Scholarships ^{#4}		235	1 209	235	1 209
Commonwealth Accommodation Scholarships ^{#4}		197	1 600	197	1 600
Indigenous Access Scholarships ^{#4}		119	39	119	39
Total scholarships		4 762	6 531	4 762	6 531

(d) DIISRTE Research (continued)	Note	Consolidated		University	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Joint Research Engagement Program ^{#5}	44.4	6 359	6 059	6 359	6 059
Research Training Scheme		10 436	10 205	10 436	10 205
Research Infrastructure Block Grants		3 378	3 225	3 378	3 225
Commercialisation Training Scheme		-	118	-	118
Sustainable Research Excellence in Universities		1 965	1 819	1 965	1 819
Total DIISRTE Research grants		22 138	21 426	22 138	21 426
#1	Includes the basic CGS grant amount, CGS-Regional loading, CGS-Enabling loading and Maths and Science Transition loading and Full Fee Places Transition loading.				
#2	Includes Equity Support Program.				
#3	Includes Collaboration and Structural Adjustment Program.				
#4	Includes National Priority and National Accommodation Priority Scholarships respectively.				
#5	Includes Institutional Grants Scheme.				
(e) Australian Research Council	Note	Consolidated		University	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
(i) <i>Discovery</i>	44.6(a)				
Project		2 970	3 023	2 970	3 023
Fellowships		2 100	746	2 100	746
Indigenous Researchers Development		38	60	38	60
Total discovery		5 108	3 829	5 108	3 829
(ii) <i>Linkages</i>	44.6(b)				
Special research initiatives		2 087	2 294	2 087	2 294
Infrastructure		163	811	163	811
International Projects		(77)	-	(77)	-
Total linkages		3 536	4 512	3 536	4 512
(iii) <i>Networks and centres</i>	44.6(c)				
Research centres		217	316	217	316
Total networks and centres		217	316	217	316
(f) Other Australian Government financial assistance					
Non-capital:					
National Health and Medical Research Council		7 691	8 733	7 691	8 733
Other research		18 582	18 538	18 582	18 538
Other non-research		17 546	20 324	17 546	20 324
Commonwealth scholarships		589	554	589	554
Total non-capital		44 408	48 149	44 408	48 149
Capital:					
Northern Territory Medical Program		2 035	9 703	2 035	9 703
Other capital programs		1 384	2 804	1 384	2 804
Total capital		3 419	12 507	3 419	12 507
Total other Australian Government financial assistance		47 827	60 656	47 827	60 656
Total Australian Government financial assistance		269 160	255 630	269 160	255 630
<i>Reconciliation</i>					
Australian Government grants (a+c+d+e+f)		204 347	199 879	204 347	199 879
HECS-HELP - Australian Government payments		59 073	52 064	59 073	52 064
FEE-HELP payments		4 277	3 687	4 277	3 687
SA-HELP payments		1 463	-	1 463	-
Total Australian Government financial assistance		269 160	255 630	269 160	255 630

(g) <i>Australian Government grants received - cash basis</i>	Note	Consolidated		University	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
CGS and other DIISRTE grants	44.1	119 202	103 262	119 202	103 262
Higher Education Loan Programs	44.2	66 610	53 058	66 610	53 058
Scholarships	44.3	5 862	6 531	5 862	6 531
DIISRTE Research	44.4	22 138	21 426	22 138	21 426
ARC grants - discovery	44.6	4 900	3 857	4 900	3 857
ARC grants - linkages	44.6	10 546	5 842	10 546	5 842
Other Australian Government grants		52 427	56 311	52 427	26 311
Total Australian Government grants received - cash basis		281 686	250 287	281 686	250 287
OS-HELP (net)	44.7	(63)	(145)	(63)	(145)
Superannuation supplementation	44.8	2 044	2 186	2 044	2 186
Total Australian Government funding received - cash basis		283 667	252 328	283 667	252 328
3. State and Local Government financial assistance					
South Australian State Government financial assistance		12 149	13 173	12 149	13 173
South Australian Local Government financial assistance		58	32	58	32
Other State/Territory Governments financial assistance		5 836	4 825	5 836	4 825
Total State and Local Government financial assistance		18 043	18 030	18 043	18 030
4. Fees and charges					
Course fees and charges:					
Fee-paying overseas students		38 480	38 480	38 480	38 480
Fee-paying domestic postgraduate students		1 965	1 768	1 965	1 768
Fee-paying domestic undergraduate students		2 619	2 055	2 619	2 055
Fee-paying domestic non-award students		187	129	187	129
Other domestic course fees and charges		1 854	2 767	1 854	2 767
Total course fees and charges		45 105	45 199	45 105	45 199
Other non-course fees and charges:					
Student accommodation		5 209	5 090	5 209	5 090
Rental charges		906	817	869	782
Other student charges		213	476	213	476
Other hire fees		95	462	95	462
Parking fees		2 139	1 922	2 139	1 922
Student services fees from students		1 440	-	1 440	-
Other fees and charges		975	1 304	975	1 304
Total other fees and charges		10 977	10 071	10 940	10 036
Total fees and charges		56 082	55 270	56 045	55 235
5. Investment revenue and income					
Investment revenue:					
Dividends:					
Wholly-owned subsidiaries		-	-	307	-
Other entities		2 401	6 572	1 058	4 010
		2 401	6 572	1 365	4 010
Interest		9 706	8 773	9 554	8 625
Managed funds distributions		840	1 623	840	1 623
Investment property rental revenue		1 456	1 276	1 641	1 342
Total investment revenue		14 403	18 244	13 400	15 600
Investment gains (losses):					
Movements in assets at fair value through profit and loss		5 757	(2 077)	5 233	(3 180)
Movements in fair value of investment properties		(600)	135	(600)	135
Total investment movements		5 157	(1 942)	4 633	(3 045)
Total investment revenue and income		19 560	16 302	18 033	12 555

6. Royalties, trademarks and licences	Note	Consolidated		University	
		2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
Total royalties, trademarks and licences		629	926	346	746
7. Consultancy and contracts					
Consultancy		2 366	4 242	2 199	2 730
Contract research		6 279	5 219	5 747	5 219
Total consultancy and contracts		8 645	9 461	7 946	7 949
8. Other revenue					
Donations and bequests		597	394	597	394
Contribution of assets		449	764	449	764
Scholarships and prizes		581	746	581	746
Non-government grants		5 119	5 210	5 119	5 210
Reimbursements		5 483	5 167	5 483	5 167
Sales and other charges		7 078	7 463	1 831	1 973
Other revenue		2 575	2 471	1 681	2 271
Total other revenue		21 882	22 215	15 741	16 525
9. Gains (Losses) on disposal of assets					
Net gain (loss) on disposal of assets - refer below		(57)	(356)	(14)	(74)
Total net gain (loss) on disposal of assets		(57)	(356)	(14)	(74)
Proceeds from sale of assets:					
Investments		1 611	1 670	1 188	1 237
Property, plant and equipment		364	435	364	435
Total proceeds from sale of assets		1 975	2 105	1 552	1 672
Carrying amount of assets sold:					
Investments		1 718	2 081	1 254	1 366
Property, plant and equipment	21	314	380	312	380
Total carrying amount of assets sold		2 032	2 461	1 566	1 746
Net gains on sale of assets:					
Property, plant and equipment		50	55	52	55
Total net gains on sale of assets		50	55	52	55
Net losses on sale of assets:					
Investments		(107)	(411)	(66)	(129)
Property, plant and equipment		-	-	-	-
Total net losses on sale of assets		(107)	(411)	(66)	(129)
Net gain (loss) on sale of assets		(57)	(356)	(14)	(74)
10. Employee related expenses					
<i>Employee benefits and on-costs</i>					
Academic:					
Salaries		99 336	89 949	99 336	89 949
Contributions to superannuation and pension schemes:					
Emerging cost		169	165	169	165
Funded		15 143	13 472	15 143	13 472
Payroll tax		5 877	5 227	5 877	5 227
Workers compensation		(20)	323	(20)	323
LSL expense		3 003	3 523	3 003	3 523
Annual leave		8 311	7 804	8 311	7 804
Redundancy expenses		-	176	-	176
Total academic		131 819	120 639	131 819	120 639

Employee benefits and on-costs (continued)		Consolidated		University	
		2012	2011	2012	2011
Professional:	Note	\$'000	\$'000	\$'000	\$'000
Salaries		88 732	81 727	84 039	77 171
Contributions to superannuation and pension schemes:					
Emerging cost		42	41	42	41
Funded		12 901	11 927	12 747	11 780
Payroll tax		4 868	4 589	4 806	4 589
Workers compensation		25	273	8	256
LSL expense		2 569	2 579	2 523	2 491
Annual leave		7 204	6 870	7 089	6 761
Redundancy expenses		69	51	69	51
Total professional		116 410	108 057	111 323	103 140
Total employee benefits and on-costs		248 229	228 696	243 142	223 779
11. Depreciation and amortisation					
Depreciation:					
Buildings and infrastructure		11 417	10 782	11 417	10 782
Plant and equipment		4 852	4 235	4 655	4 018
Library collection		3 638	3 738	3 638	3 738
Total depreciation		19 907	18 755	19 710	18 538
Amortisation:					
Software		1 083	972	1 083	972
Total amortisation		1 083	972	1 083	972
Total depreciation and amortisation		20 990	19 727	20 793	19 510
12. Repairs and maintenance					
Buildings and grounds		4 763	5 040	4 763	4 948
Minor new works		669	1 127	669	1 127
Equipment and artwork		3 639	3 924	3 580	3 862
Total repairs and maintenance		9 071	10 091	9 012	9 937
13. Impairment of assets					
Bad and doubtful debts		23	183	14	208
Impairment of assets		12	529	-	-
Total impairment of assets		35	712	14	208
14. Other expenses					
Scholarships, grants and prizes		12 990	13 758	12 990	13 758
Non-capitalised equipment		6 890	6 159	6 839	6 159
Advertising, marketing and promotional expenses		3 435	3 174	3 352	3 155
Fees and charges		14 512	13 046	13 779	12 375
Consultancy fees		3 450	2 822	2 781	2 822
General consumables		10 619	7 404	8 139	6 919
Printing and photocopying		1 473	1 314	1 473	1 314
Operating lease rental expenses		2 902	2 956	2 951	2 956
Telecommunications		2 315	2 078	2 315	2 078
Travel, staff development and entertainment		14 085	12 420	13 949	12 339
Utilities		5 155	4 383	5 135	4 351
Student related expenditure		3 228	2 285	3 217	2 631
Library		2 974	2 759	2 974	2 759
Software		3 715	3 337	3 689	3 253
Postage and freight		765	816	765	816
Insurance		1 427	1 419	1 427	1 419
Other expenses		3 376	9 225	4 133	6 986
Total other expenses		93 311	89 355	89 908	86 090
15. Cash and cash equivalents					
Cash at bank and on hand		23 727	22 273	22 857	21 153
Term deposits maturing within 90 days		17 175	21 952	17 175	21 952
Total cash and cash equivalents	39	40 902	44 225	40 032	43 105

16. Receivables

	Note	Consolidated		University	
		2012	2011	2012	2011
Current:		\$'000	\$'000	\$'000	\$'000
Student fees		924	2 570	924	2 570
Provision for impaired receivables		(504)	(468)	(504)	(468)
		420	2 102	420	2 102
General debtors		10 002	14 433	9 621	13 926
Provision for impaired receivables		(286)	(189)	(286)	(189)
		9 716	14 244	9 335	13 737
Subsidiary debtors		-	-	144	36
Provision for impaired receivables		-	-	-	(33)
		-	-	144	3
Accrued income		7 165	8 763	5 976	7 490
FCD Health line of credit		47	-	47	-
Deferred government contribution for superannuation	33	3 100	3 500	3 100	3 500
Total current receivables		20 448	28 609	19 022	26 832
Non-current:					
General debtors		-	222	-	222
FCD Health line of credit		71	217	71	217
Provision for impaired receivables		-	(217)	-	(217)
Deferred government contribution for superannuation	33	49 600	48 400	49 600	48 400
Total non-current receivables		49 671	48 622	49 671	48 622
Total trade and other receivables		70 119	77 231	68 693	75 454

(a) Impaired receivables

As at 31 December 2012 current receivables of the group with a nominal value of \$790 000 (\$874 000) were impaired. The amount of the consolidated provision was \$790 000 (\$874 000). The provision is based on an aged analysis of the debt types based on collectability. The ageing of these receivables is as follows:

	Consolidated		University	
	2012	2011	2012	2011
Student fees:	\$'000	\$'000	\$'000	\$'000
Less than three months	53	84	53	84
Three to six months	251	247	251	247
Over six months	200	137	200	137
	504	468	504	468
General debtors:				
Less than three months	95	-	95	-
Three to six months	44	89	44	89
Over six months	147	100	147	100
	286	189	286	189
Subsidiary debtors:				
Over six months	-	-	-	33
	-	-	-	33
Other receivables:				
Over six months	-	217	-	217
	-	217	-	217

As at 31 December 2012 current receivables of the group with a nominal value of \$4.146 million (\$6.828 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing of these receivables is as follows:

	Consolidated		University	
	2012	2011	2012	2011
Student fees:	\$'000	\$'000	\$'000	\$'000
Less than three months	88	358	88	358
Three to six months	267	1 815	267	1 815
Over six months	60	23	60	23
	415	2 196	415	2 196

(a) Impaired receivables (continued)	Consolidated		University	
	2012	2011	2012	2011
General debtors:	\$'000	\$'000	\$'000	\$'000
Less than three months	3 563	4 548	3 553	4 521
Three to six months	11	74	11	27
Over six months	157	10	9	10
	<u>3 731</u>	<u>4 632</u>	<u>3 573</u>	<u>4 558</u>

Movements in the provision for impaired receivables are as follows:

At 1 January	874	782
Provision for impairment recognised (derecognised) during the year	1	117
Receivables written off during the year as uncollectable	(85)	(25)
At 31 December	<u>790</u>	<u>874</u>

(b) **Foreign exchange and interest rate risk**

The carrying amounts of current receivables are denominated in the following currencies:

Renminbi	-	468	-	468
US dollars	106	57	106	57
Other	37	14	37	14
	<u>143</u>	<u>539</u>	<u>143</u>	<u>539</u>

The carrying amounts of all non-current receivables are denominated in Australian dollars.

Information regarding the effective interest rate risk of both current and non-current receivables is set out in the financial risk management disclosures at note 27.

(c) **Fair value and credit risk**

The carrying value is assumed to approximate their fair value for all receivables. For non-current receivables, fair values are based on cash flows discounted using a discount rate. A rate of 8% was used in 2011 for general receivables. The FCD Health line of credit is a fixed interest rate of 5%. The superannuation receivable is always offset by a corresponding payable, nullifying credit risk for this line item. The maximum exposure to credit risk at the reporting date is the higher of the carrying amount and fair value of receivables. The Economic Entity does not hold any collateral as security.

Information regarding the effective credit risk of both current and non-current receivables is set out in the financial risk management disclosures at note 27.

17. Inventories

	Consolidated		University	
	2012	2011	2012	2011
Current:	\$'000	\$'000	\$'000	\$'000
Inventories held for other than distribution	502	504	244	239
Total current inventories	<u>502</u>	<u>504</u>	<u>244</u>	<u>239</u>
Total inventories	<u>502</u>	<u>504</u>	<u>244</u>	<u>239</u>

18. Other financial assets

Current:

Held-to-maturity assets:

Term deposits greater than 90 days	130 116	95 694	129 049	93 975
Total current held-to-maturity assets	<u>130 116</u>	<u>95 694</u>	<u>129 049</u>	<u>93 975</u>
Total current other financial assets	<u>130 116</u>	<u>95 694</u>	<u>129 049</u>	<u>93 975</u>

Held-to-maturity assets impairment and risk exposure

The maximum exposure to credit risk at the reporting date is the carrying amount of the assets.

None of the held-to-maturity assets are either past due or impaired.

All held-to-maturity assets are denominated in Australian currency. As a result there is no exposure to foreign currency risk. There is also no exposure to price risk as the assets will be held to maturity.

Held-to-maturity assets impairment and risk exposure (continued)	Note	Consolidated		University	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Non-current:					
Available-for-sale financial assets:					
Interests in business undertakings:					
Subsidiaries at Council valuation	35	-	-	10 585	9 977
Other entities		1 670	1 567	1 670	1 567
International equities		6	6	-	-
Australian equities		5 761	5 240	-	-
Total available-for-sale financial assets		<u>7 437</u>	<u>6 813</u>	<u>12 255</u>	<u>11 544</u>
Financial assets at fair value through profit or loss: [^]					
Managed funds:					
Deutsche Bank Private Wealth Management		12	17	12	17
BlackRock Fixed Interest Investments		9 119	8 888	9 119	8 808
Goldman Sachs JBWere		6 129	5 312	6 129	5 312
		<u>15 260</u>	<u>14 217</u>	<u>15 260</u>	<u>14 137</u>
Equities:					
Australian equities		33 017	27 392	31 870	26 444
Total financial assets at fair value through profit or loss		<u>48 277</u>	<u>41 609</u>	<u>47 130</u>	<u>40 581</u>
Total non-current other financial assets		<u>55 714</u>	<u>48 422</u>	<u>59 385</u>	<u>52 125</u>
Total other financial assets		<u>185 830</u>	<u>144 116</u>	<u>188 434</u>	<u>146 100</u>

[^] Changes in fair values of other financial assets at fair value through profit or loss are recorded in investment revenue and income in the Income Statement and disclosed in note 5.

19. Other non-financial assets

	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current:				
Prepayments	8 492	6 143	8 420	6 107
Total other non-financial assets	<u>8 492</u>	<u>6 143</u>	<u>8 420</u>	<u>6 107</u>

20. Investment properties

Non-current:				
Properties held for investment purposes	9 400	10 557	9 400	10 557
	<u>9 400</u>	<u>10 557</u>	<u>9 400</u>	<u>10 557</u>

Movements for the period:

Opening balance at 1 January	10 557	12 015	10 557	12 015
Disposals for the year	-	(293)	-	(293)
Transfers for the year	(557)	(1 300)	(557)	(1 300)
Revaluation for the year	(600)	135	(600)	135
Closing balance at 31 December	<u>9 400</u>	<u>10 557</u>	<u>9 400</u>	<u>10 557</u>

Amounts recognised in profit and loss for investment properties:

Rental income	1 456	1 276	1 641	1 342
Direct operating expenses (income generating)	(434)	(403)	(429)	(442)
Direct operating expenses (non-income generating)	(119)	(137)	(74)	(98)
Total net amount recognised in profit and loss	<u>903</u>	<u>736</u>	<u>1 138</u>	<u>802</u>

21. Property, plant and equipment

Land, buildings and infrastructure

Crown land:				
2010 independent valuation	32 310	32 310	32 310	32 310
	<u>32 310</u>	<u>32 310</u>	<u>32 310</u>	<u>32 310</u>
Freehold land:				
2010 independent valuation	5 878	5 878	5 878	5 878
At cost	364	128	364	128
	<u>6 242</u>	<u>6 006</u>	<u>6 242</u>	<u>6 006</u>
Total land	<u>38 552</u>	<u>38 316</u>	<u>38 552</u>	<u>38 316</u>

Land, buildings and infrastructure (continued)	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Buildings:				
2010 independent valuation	255 246	255 377	255 246	255 377
At cost	30 569	7 618	30 569	7 618
Total buildings	285 815	262 995	285 815	262 995
Leased buildings:				
At cost	15 211	15 211	15 211	15 211
Total leased buildings	15 211	15 211	15 211	15 211
Infrastructure:				
2010 independent valuation	27 100	27 170	27 100	27 170
At cost	702	419	702	419
Total infrastructure	27 802	27 589	27 802	27 589
Accumulated depreciation	(21 964)	(10 550)	(21 964)	(10 550)
Total buildings and infrastructure	306 864	295 245	306 864	295 245
Buildings under construction	5 468	10 663	5 468	10 663
Total land, buildings and infrastructure	350 884	344 224	350 884	344 224
Library collection				
2010 University valuation	18 103	18 103	18 103	18 103
At cost	5 754	3 541	5 754	3 541
Accumulated depreciation	(6 956)	(3 738)	(6 956)	(3 738)
Total library collection	16 901	17 906	16 901	17 906
Equipment				
At fair value	60 009	54 918	57 205	52 003
Accumulated depreciation	(37 872)	(33 376)	(36 352)	(31 874)
Total equipment	22 137	21 542	20 853	20 129
Works of art				
2011 University valuation	6 283	6 283	6 283	6 283
At cost	79	-	79	-
Total works of art	6 362	6 283	6 362	6 283
Total property, plant and equipment	396 284	389 955	395 000	388 542

Valuations of land and buildings

Land, buildings and infrastructure were revalued as at 31 December 2010 by Richard Wood, BAppSc(Val), AAPI, CPV of Southwick Goodyear Pty Ltd. The basis of the valuation was written down current value (existing use). The basis of valuation of land, buildings and infrastructure is fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. An independent review of values as at 31 December 2012 by Southwick Goodyear Pty Ltd indicated no material movements in values.

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current year are as follows:

	Land	Buildings and infra-structure	Constr-uction in progress	Library	Equipment	Works of art	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated 2012							
Balance at 1 January	38 316	295 245	10 663	17 906	21 542	6 283	389 955
Additions	236	479	19 501	2 633	5 761	79	28 689
Reclassification	-	22 557	(24 696)	-	-	-	(2 139)
Disposals	-	-	-	-	(314)	-	(314)
Revaluation movements	-	-	-	-	-	-	-
Depreciation expense	-	(11 417)	-	(3 638)	(4 852)	-	(19 907)
Carrying amount at 31 December	38 552	306 864	5 468	16 901	22 137	6 362	396 284

Reconciliations (continued)	Buildings and infrastructure		Construction in progress	Library	Equipment	Works of art	Total
	Land \$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Parent Entity 2012							
Balance at 1 January	38 316	295 245	10 663	17 906	20 129	6 283	388 542
Additions	236	479	19 501	2 633	5 691	79	28 619
Reclassification	-	22 557	(24 696)	-	-	-	(2 139)
Disposals	-	-	-	-	(312)	-	(312)
Revaluation movements	-	-	-	-	-	-	-
Depreciation expense	-	(11 417)	-	(3 638)	(4 655)	-	(19 710)
Carrying amount at 31 December	38 552	306 864	5 468	16 901	20 853	6 362	395 000
Consolidated 2011							
Balance at 1 January	37 538	283 225	13 251	17 886	20 277	6 530	378 707
Additions	128	1 190	18 374	3 758	5 880	80	29 410
Reclassification	650	21 612	(20 962)	-	-	-	1 300
Disposals	-	-	-	-	(380)	-	(380)
Revaluation increments (decrements)	-	-	-	-	-	(327)	(327)
Depreciation expense	-	(10 782)	-	(3 738)	(4 235)	-	(18 755)
Carrying amount at 31 December	38 316	295 245	10 663	17 906	21 542	6 283	389 955
Parent Entity 2011							
Balance at 1 January	37 538	283 225	13 251	17 886	18 799	6 530	377 229
Additions	128	1 190	18 374	3 758	5 728	80	29 258
Reclassification	650	21 612	(20 962)	-	-	-	1 300
Disposals	-	-	-	-	(380)	-	(380)
Revaluation increments (decrements)	-	-	-	-	-	(327)	(327)
Depreciation expense	-	(10 782)	-	(3 738)	(4 018)	-	(18 538)
Carrying amount at 31 December	38 316	295 245	10 663	17 906	20 129	6 283	388 542

Note: The University has restrictions imposed on the real property listed in this note under *The Flinders University of South Australia Act 1966*. Section 3(5) of the Act states:

The University must not alienate (except by way of lease for a term not exceeding 21 years), mortgage or charge land vested in or conveyed to the University on trust except with, and in accordance with any terms or conditions of, an approval given by the Governor.

The University also occupies various sites in the Northern Territory on Crown land. The value of these properties is \$13.2 million.

22. Intangible assets

	Consolidated		University		
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	
Non-current:					
Software costs	11 147	10 385	11 147	10 385	
Accumulated amortisation and impairment	(8 277)	(7 194)	(8 277)	(7 194)	
Book value of software costs	2 870	3 191	2 870	3 191	
Project costs carried forward (development costs)	287	364	-	-	
Total intangible assets	3 157	3 555	2 870	3 191	
			Software costs \$'000	Project costs \$'000	Total \$'000
Consolidated					
At 1 January 2011:					
Cost		9 011		654	9 665
Accumulated amortisation and impairment		(6 222)		(315)	(6 537)
Net book amount		2 789		339	3 128
Year ended 31 December 2011:					
Opening net book amount		2 789		339	3 128
Additions		1 374		554	1 928
Impairment charge		-		(529)	(529)
Amortisation charge		(972)		-	(972)
Closing net book amount		3 191		364	3 555

22. Intangible assets (continued)	Software	Projects	Total
Consolidated (continued)	costs	costs	\$'000
At 1 January 2012:	\$'000	\$'000	\$'000
Cost	10 385	1 208	11 593
Accumulated amortisation and impairment	(7 194)	(844)	(8 038)
Net book amount	<u>3 191</u>	<u>364</u>	<u>3 555</u>
Year ended 31 December 2012:			
Opening net book amount	3 191	364	3 555
Additions	762	-	762
Transfer to receivables	-	(89)	(89)
Impairment charge	-	12	12
Amortisation charge	(1 083)	-	(1 083)
Closing net book amount	<u>2 870</u>	<u>287</u>	<u>3 157</u>
At 31 December 2012:			
Cost	11 147	1 119	12 266
Accumulated amortisation and impairment	(8 277)	(832)	(9 109)
Net book amount	<u>2 870</u>	<u>287</u>	<u>3 157</u>

23. Trade and other payables		Consolidated		University	
	Note	2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
Current:					
Creditors		7 722	5 960	7 267	5 528
OS-HELP liability to Australian Government		(8)	56	(8)	56
Accrued expenses		14 079	11 049	13 883	10 636
Annual leave on-costs		1 840	1 464	1 840	1 464
LSL on-costs		820	690	820	690
Total current trade and other payables		<u>24 453</u>	<u>19 219</u>	<u>23 802</u>	<u>18 374</u>
Non-current:					
Creditors		181	297	181	297
Annual leave on-costs		732	1 080	732	1 080
LSL on-costs		3 372	3 100	3 372	3 100
Total non-current trade and other payables		<u>4 285</u>	<u>4 477</u>	<u>4 285</u>	<u>4 477</u>
Total trade and other payables		<u>28 738</u>	<u>23 696</u>	<u>28 087</u>	<u>22 851</u>

(a) Foreign currency risk

The carrying amounts of the University and Economic Entity's trade payables are denominated in the following foreign currencies:

Euro	10	39	10	39
US dollars	179	202	179	202
GBP	1	18	1	18
Other	4	50	4	50
	<u>194</u>	<u>309</u>	<u>194</u>	<u>309</u>

(b) Fair value

The carrying amounts shown above approximate fair value.

24. Provisions

Current provisions expected to be settled within 12 months:

Employee benefits:					
Annual leave		9 044	7 204	8 848	6 988
LSL		4 893	4 200	4 748	4 091
Defined benefit obligation	33	3 100	3 500	3 100	3 500
Severance (contract employees)		451	244	451	244
Total employee benefits		<u>17 488</u>	<u>15 148</u>	<u>17 147</u>	<u>14 823</u>
Workers compensation		207	362	207	362
Total current provisions		<u>17 695</u>	<u>15 510</u>	<u>17 354</u>	<u>15 185</u>

24. Provisions (continued)		Consolidated		University	
		2012	2011	2012	2011
Non-current:		\$'000	\$'000	\$'000	\$'000
Employee benefits:	Note				
Annual leave		3 476	5 127	3 476	5 127
LSL		19 794	18 600	19 527	18 379
Defined benefit obligation	33	49 600	48 400	49 600	48 400
Severance (contract employees)		166	132	166	132
Total employee benefits		73 036	72 259	72 769	72 038
Workers compensation		37	414	37	414
Total non-current provisions		73 073	72 673	72 806	72 452
Total provisions		90 768	88 183	90 160	87 637
Reconciliation of employee benefits:					
Current employee benefits		17 488	15 148	17 147	14 823
Non-current employee benefits		73 036	72 259	72 769	72 038
Leave on-costs (included in note 23)		6 764	6 334	6 764	6 334
Aggregate employee benefits		97 288	93 741	96 680	93 195
Reconciliation of leave provisions:					
Annual leave		12 520	12 331	12 324	12 115
Annual leave on-costs		2 572	2 544	2 572	2 544
Total annual leave provision		15 092	14 875	14 896	14 659
LSL		24 687	22 800	24 275	22 470
LSL on-costs		4 192	3 790	4 192	3 790
Total LSL provision		28 879	26 590	28 467	26 260
Total leave provisions		43 971	41 465	43 363	40 919

Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Consolidated 2012	Workers compensation	
	Current	Non-current
	\$'000	\$'000
Carrying amount at 1 January	362	414
Additional provisions recognised	299	-
Amounts used	(454)	-
Unused amounts reversed	-	(377)
Carrying amount at 31 December	207	37

25. Other liabilities	Consolidated		University	
	2012	2011	2012	2011
Current:	\$'000	\$'000	\$'000	\$'000
Income in advance:				
Fees and charges	4 179	3 881	4 179	3 881
Other	972	912	771	912
	5 151	4 793	4 950	4 793
Funds held on behalf of external entities	279	38	279	38
Total current other liabilities	5 430	4 831	5 229	4 831
Interest bearing funds held on behalf of external entities:				
Student entities	-	-	1 090	845
Other entities	1 296	2 165	1 296	2 165
Deposits from subsidiaries	-	-	94	94
Total current unsecured interest-bearing liabilities	1 296	2 165	2 480	3 104
Total current other liabilities	6 726	6 996	7 709	7 935
Total other liabilities	6 726	6 996	7 709	7 935

Interest bearing liabilities consist of funds held at the request of related entities. These are not borrowings. The University invests these funds and provides an investment return to those entities. Funds held are at call. The University has no assets pledged as security for interest bearing liabilities.

26. Reserves and retained surplus

(a) <i>Reserves</i>	Note	Consolidated		University	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Revaluation surplus:					
Property, plant and equipment revaluation surplus		141 339	141 339	141 160	141 161
Available-for-sale investments revaluation surplus:		1 034	931	10 521	9 811
Total reserves		<u>142 373</u>	<u>142 270</u>	<u>151 681</u>	<u>150 972</u>
<i>Movements in reserves</i>					
Property, plant and equipment revaluation surplus:					
Balance 1 January		141 339	141 666	141 161	141 488
Increment (Decrement) on revaluation of:					
Land	21	-	-	-	-
Buildings and infrastructure	21	-	-	-	-
Library	21	-	-	-	-
Artwork	21	-	(327)	-	(327)
Balance 31 December		<u>141 339</u>	<u>141 339</u>	<u>141 161</u>	<u>141 161</u>
Available-for-sale investments revaluation surplus:					
Balance 1 January		931	3 125	9 811	10 799
Increment (Decrement) on revaluation		103	(2 194)	710	(988)
Balance 31 December		<u>1 034</u>	<u>931</u>	<u>10 521</u>	<u>9 811</u>
(b) Retained surplus					
Movements in retained surplus were as follows:					
Retained surplus at 1 January		414 940	377 578	403 900	368 669
Operating result for the period		31 483	37 053	31 556	35 231
Additional share capital		-	309	-	-
Derecognition on loss of control over entity		(356)	-	-	-
Retained surplus at 31 December		<u>446 067</u>	<u>414 940</u>	<u>435 456</u>	<u>403 900</u>

27. Financial risk management

The Economic Entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk, cash flow interest risk and price risk), credit risk and liquidity risk. The University has a comprehensive suite of policies that deal with risk management including financial instrument risk.

Investments tend to be largely held in term deposits with banking institutions, with a policy requirement that no more than 25% of short-term investments are held with a single financial institution. Debtors are spread across a large number of customers and are predominantly public sector. The University's policy on short-term investments requires investments to have a minimum Standard & Poor's or equivalent short-term credit rating of A-1. The University invests in Australian equities, generally through professional fund managers. Derivative instruments are not used by the University although investment funds managers used by the University utilise them in accordance with their respective risk policies which have been reviewed and accepted by the University. The University holds funds on behalf of other entities associated with the University and these funds are invested with University investments with the entities receiving a share of the investment returns.

The following is the Economic Entity's accounting policies and terms and conditions for each class of financial asset, financial liability and equity instruments:

<i>Recognised financial instruments</i>	<i>Note</i>	<i>Accounting policies</i>	<i>Terms and conditions</i>
(i) Financial assets			
Cash at bank	1(d),15	Recognised at nominal amounts.	Interest accrued credited to revenue in the period it is earned.
Deposits within three days	15	Recognised at nominal amounts.	Interest accrued credited to revenue in the period it is earned.
Term deposits	15,18	Recognised at nominal amounts.	Interest accrued credited to revenue as it is earned.

27. Financial risk management (continued)

<i>Recognised financial instruments</i>	<i>Note</i>	<i>Accounting policies</i>	<i>Terms and conditions</i>
(i) Financial assets (continued)			
Equities	18	Recognised at market value.	Carrying amount of investments adjusted to market value monthly.
Managed funds	18	Recognised at market value.	Accrued distributions credited to revenue monthly. Investments adjusted to market value monthly.
Interest in business undertakings	18	Recognised at fair value.	Carrying amount of investments reviewed annually to ensure that it is not in excess of the recoverable amount of these investments.
Receivables	16	Shown at amounts due from customers, inclusive of GST and reduced for expected credit losses (provision for doubtful debts).	Credit is allowed for a 30 day term.
(ii) Financial liabilities			
Trade creditors and accruals	23	Liabilities are recognised for amounts to be paid in future for goods and services received, whether or not billed to the Economic Entity.	The University standard terms of trade are payment 30 days after receipt of invoice.
Interest bearing liabilities	25	Carried at their principal amounts.	Interest is credited monthly at the University's (weighted) interest earning rate on short-term investments.

Net fair value

At reporting date the carrying amount of financial assets and liabilities approximates their net fair values.

The Economic Entity's exposure to interest rate risks and the effective interest rates of financial assets and liabilities at balance date are shown below.

Interest rate risk exposure

2012	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Non-interest bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:									
Current assets:									
Cash and cash equivalents	23 341	17 175	-	-	-	-	-	386	40 902
Receivables	-	47	-	-	-	-	-	19 070	19 117
Other financial assets	-	130 116	-	-	-	-	-	-	130 116
Total current assets	23 341	147 338	-	-	-	-	-	19 456	190 135
Non-current assets:									
Receivables	-	-	48	23	-	-	-	49 600	49 671
Other financial assets	679	653	370	-	1 447	-	2 612	49 953	55 714
Total non-current assets	679	653	418	23	1 447	-	2 612	99 553	105 385
Total financial assets	24 020	147 991	418	23	1 447	-	2 612	119 009	295 520
Weighted average interest rate - %	3.30	4.66	5.33	5.00	5.42	-	6.44		
Financial liabilities:									
Current liabilities:									
Payables	-	47	-	-	-	-	-	24 331	24 378
Other liabilities	1 296	-	-	-	-	-	-	279	1 575
Total current liabilities	1 296	47	-	-	-	-	-	24 610	25 953
Non-current liabilities:									
Payables	-	-	48	23	-	-	-	4 214	4 285
Total non-current liabilities	-	-	48	23	-	-	-	4 214	4 285
Total financial liabilities	1 296	47	48	23	-	-	-	28 824	30 238
Weighted average interest rate - %	4.43	5.00	5.00	5.00					
Net financial assets	22 724	147 944	370	-	1 447	-	2 612	90 185	265 282

Interest rate risk exposure (continued)

2011	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Non-interest bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:									
Current assets:									
Cash and cash equivalents	21 935	21 952	-	-	-	-	-	338	44 225
Receivables	-	20	-	-	-	-	-	27 247	27 267
Other financial assets	-	95 694	-	-	-	-	-	-	95 694
Total current assets	21 935	117 666	-	-	-	-	-	27 585	167 186
Non-current assets:									
Receivables	-	-	-	-	-	-	-	48 622	48 622
Other financial assets	716	242	613	376	-	1 405	1 609	43 461	48 422
Total non-current assets	716	242	613	376	-	1 405	1 609	92 083	97 044
Total financial assets	22 651	117 908	613	376	-	1 405	1 609	119 668	264 230
Weighted average interest rate - %	4.05	5.83	7.61	5.67	-	6.68	7.04		
Financial liabilities:									
Current liabilities:									
Payables	-	-	-	-	-	-	-	17 392	17 392
Other liabilities	2 165	-	-	-	-	-	-	38	2 203
Total current liabilities	2 165	-	-	-	-	-	-	17 430	19 595
Non-current liabilities:									
Payables	-	-	247	-	-	-	-	4 216	4 463
Total non-current liabilities	-	-	247	-	-	-	-	4 216	4 463
Total financial liabilities	2 165	-	247	-	-	-	-	21 646	24 058
Weighted average interest rate - %	5.46	-	10.00						
Net financial assets	20 486	117 908	366	376	-	1 405	1 609	98 022	240 172

The Economic Entity does not use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures, although funds managers engaged by the University use derivatives within the bounds of their risk management policies which the University has accepted. The main risks the Economic Entity is exposed to through its financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Economic Entity has no borrowings and therefore its interest rate risk exposure is on the income side only. As at 31 December 2012 the Economic Entity held \$156.7 million (\$117.6 million) in term deposits and short-term deposits earning interest at market rates (refer notes 15 and 18). The Economic Entity also held \$14.6 million (\$13.4 million) in fixed interest managed funds (refer note 18).

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Economic Entity's exposure to foreign exchange risk is limited to its investments in international equities of \$6000 (\$6000). In 2012, as indicated in note 16 there is also the equivalent of A\$143 000 (A\$539 000) denoted in foreign currency receivables. There are A\$194 000 (A\$309 000) of trade and other payables denoted in foreign currency as per note 23.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The maximum exposure to credit risk at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements. Except for the following concentration of credit risk, the Economic Entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Economic Entity:

- Superannuation receivable from DIISRTE of \$52.7 million (\$51.9 million).

Liquidity risk is the risk that financial obligations will not be able to be met when they fall due. The University manages liquidity risk by monitoring forecast cash flows and maintains sufficient cash to maintain short-term flexibility and enable the University to meet financial commitments in a timely manner.

Sensitivity analysis

The following table summarises the sensitivity of the Economic Entity's financial assets and financial liabilities to interest rate risk and price risk:

	Carrying amount	Interest rate risk				Price risk			
		-1% Result	-1% Equity	+1% Result	+1% Equity	-1% Result	-1% Equity	+1% Result	+1% Equity
2012	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:									
Cash and cash equivalents	40 902	(409)	(409)	409	409	-	-	-	-
Receivables	68 788	-	-	-	-	-	-	-	-
Other financial assets	185 830	(1 454)	(1 454)	1 454	1 454	(330)	(330)	330	330
Financial liabilities:									
Payables	28 663	-	-	-	-	-	-	-	-
Other financial liabilities	1 575	13	13	(13)	(13)	-	-	-	-
Total increase (decrease)	265 282	(1 850)	(1 850)	1 850	1 850	(330)	(330)	330	330

The interest rate risk on other financial liabilities not included above is nil as these funds are invested on behalf of related entities and they bear the interest rate risk. No sensitivity analysis has been prepared for foreign exchange risk as the risks are immaterial.

The above sensitivity analysis has been prepared on the assumption that all other variables remain constant.

Fair value measurements

Fair value measurements recognised in the Economic Entity Statement of Financial Position are categorised into the following levels, with the differing levels reflecting a fair value hierarchy that reflects the significance of the inputs used in making the measurement of fair value. The three levels are defined as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities
 Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly
 Level 3: inputs that are not based on observable market data.

	31.12.12	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
Financial assets:				
Other financial assets:				
Managed funds:				
Deutsche Bank Private Wealth Management	12	-	12	-
BlackRock Fixed Interest Investments	9 119	-	9 119	-
Goldman Sachs JBWere	6 129	-	6 129	-
Equities:				
Australian equities	38 778	3 107	29 910	5 761
International equities	6	-	-	6
Interests in business undertakings:				
Other entities	1 670	-	-	1 670
Total	55 714	3 107	45 170	7 437

Reconciliation of financial assets categorised as level 3:		Other financial assets
		\$'000
2012		
Opening balance 1 January		6 813
Total gains or losses:		
In profit or loss		-
In other comprehensive income		103
Purchases		521
Closing balance 31 December		7 437

28. Disaggregated information

The University operates in the field of higher education in Australia and provides teaching and research services. It has no material offshore operations.

29. Key management personnel disclosures

29.1 Responsible persons

The principal governing body of the University is its Council. All members of the University Council were appointed or elected under the provisions of *The Flinders University of South Australia Act 1966*. Council members include University employees who may be ex officio members or elected staff members.

No members of Council received any remuneration from the University other than by way of salary and related benefits arising from a normal employment relationship.

(a) Names of responsible persons

Council members in 2012

Persons listed were all Council members for the full year unless otherwise indicated. An asterisk indicates University employees.

Members ex officio

Chancellor

Mr Stephen Gerlach, AM

Vice-Chancellor

Professor Michael Barber*

Presiding member of the Academic Senate

Professor Marika Tiggemann (to 30 June 2012)

Professor Eimear Muir-Cochrane
(from 1 July 2012)

Members appointed by the Council

Ms Leonie Clyne

Mr Douglas Gautier (from 19 April 2012)

Mr Marty Gauvin

Mr Stephen Hains

Dr Bronwyn Halliday

The Hon Dr Diana Laidlaw, AM
(to 29 January 2012)

Ms Peggy Lau Flux

Mr Thomas Phillips, AM

Mr Austin Taylor

Mr Ian Yates, AM

Mrs Christine Zeitz (from 15 March 2012)

Member co-opted and appointed by the Council

Mr Richard Ryan, AO

Members elected by the academic staff

Associate Professor Haydon Manning*

Professor Heather Smigiel*

Members elected by the general staff

Mr David Banks*

Mr Ben Jacobs*

Student members elected by the students

Ms Anna Guthleben

Mr Mochamad Ali Hanafiah

Mr Minh Nguyen

Directors of the University subsidiaries in 2012

Persons listed were directors for the full year unless otherwise indicated.

Flinders Bioremediation Pty Ltd

Mr Anthony Francis

Flinders Campus Community Services

Ms Leonie Clyne (Chair)

Mr Peter Hogan

Ms Lucy Richards (to 30 June 2012)

Mr Andrew McHugh (to 9 May 2012)

Mr Andrew Nairn

Mr Simon Macdonald (to 9 May 2012)

Mr Kim Thomas-Francis (to 9 May 2012)

Ms Hannah MacLeod (to 9 May 2012)

Mr Paul Harrison (to 9 May 2012)

Mr Milo Kuga (to 9 May 2012)

Mr Dale Colebeck (to 9 May 2012)

Mr Shane McGregor (from 9 May 2012)

Ms Fiona Gilbert (from 9 August 2012)

Mr Brendon Golden (from 9 August 2012)

Mr Chris O'Grady (from 24 September 2012)

National Institute of Labour Studies Foundation Inc

Professor Phyllis Tharenou

Flinders Partners Pty Ltd

Mr Thomas Phillips, AM (Chair)

Mr Anthony Francis (Managing Director)

Professor David Day

Ms Peggy Lau Flux

Mr Geoffrey Pitt

Mr Roger Sexton

Re-Time Pty Ltd⁽²⁾

Mr Anthony Francis

Mr Paul Sandercock

Mr Bharat Garg

Mr Benjamin Olsen

Directors of the University subsidiaries in 2012 (continued)

Flinders Consulting Pty Ltd

Ms Leonie Clyne

Clevertar Pty Ltd⁽¹⁾⁽³⁾

Mr Anthony Francis

Ms Tanya Newhouse (from 29 October 2012)

Lung Health Diagnostics Pty Ltd

Mr Anthony Francis (Chair)

(from 13 August 2012)

Mr Shane McGregor (to 13 August 2012)

Flinders MediTech Pty Ltd⁽¹⁾

Mr Anthony Francis

Mr Geoffrey Pitt

- (1) 100% owned by Flinders Partners Pty Ltd.
 (2) Ceased to be a controlled entity of Flinders Partners Pty Ltd on 19 December 2012.
 (3) Previously called Pancadia Pty Ltd.

Remuneration of board members

The table comprises total remuneration that falls within the prescribed bandwidths for board members. Remuneration for executive officers who are also directors is shown as zero in this table, with their total remuneration shown under remuneration of executive officers.

Individuals who serve as directors on more than one board are counted multiple times in the figures disclosed below.

	Consolidated		University	
	2012 Number	2011 Number	2012 Number	2011 Number
\$0	53	55	23	20
\$10 000 - \$19 999	-	2	-	-
\$20 000 - \$29 999	3	3	-	-
\$40 000 - \$49 999	1	-	-	-
	57	60	23	20

	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Aggregate remuneration of board members	115	123	-	-

29.2 Key management personnel

Remuneration of key management personnel

The table comprises total remuneration that falls within the prescribed bandwidths for executives.

<i>Remuneration of executive officers</i>	Consolidated		University	
	2012 Number	2011 Number	2012 Number	2011 Number
\$120 000 - \$129 999	-	1	-	1
\$160 000 - \$169 999	1	1	1	-
\$170 000 - \$179 999	1	-	-	-
\$200 000 - \$209 999	-	1	-	1
\$240 000 - \$249 999	-	1	-	1
\$250 000 - \$259 999	2	2	2	2
\$270 000 - \$279 999	-	1	-	1
\$280 000 - \$289 999	2	1	2	1
\$290 000 - \$299 999	1	1	1	-
\$300 000 - \$309 999	1	3	-	3
\$310 000 - \$319 999	3	-	3	-
\$380 000 - \$389 999	-	1	-	1
\$390 000 - \$399 999	1	-	1	-
\$730 000 - \$739 999 [^]	1	-	1	-
\$760 000 - \$769 999 ^{^*}	-	1	-	1
	13	14	11	12

29.2 Key management personnel (continued)

	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Aggregate remuneration of executives*	4 087	4 155	3 606	3 692

^ The Vice-Chancellor's total remuneration package comprised base salary \$540 000 (\$528 000), superannuation \$92 000 (\$90 000), performance bonus of \$82 000 (\$73 000), contract renewal bonus \$0 (\$59 000) and fringe benefits of \$18 000 (\$12 000). The 2012 performance bonus is included in 2012 remuneration but not paid until 2013 (2011 bonus included in 2011 remuneration but not paid until 2012).

* 2011 comparative has been adjusted upwards by \$47 000 due to inclusion of a bonus relating to 2011 but not paid until 2012 and an adjustment to a fringe benefit calculation.

The DIISRTE Guidelines specify that executives are defined 'as the CEO and/or any person in a senior management position considered to be part of the University's executive group who is directly accountable and responsible for the strategic direction and operational management of the entity'.⁽¹⁾

⁽¹⁾ Financial Statement Guidelines for Australian Higher Education Providers for the 2012 Reporting Period.

29.3 Related party transactions

The remuneration includes salary, employer's superannuation costs and other benefits, including the associated FBT. No loans have been provided to key management personnel and any other transaction between personnel and the University has been undertaken on a normal commercial basis. Until 24 September 2012 the University leased residential accommodation to the Vice-Chancellor on normal commercial terms and conditions.

From time to time University Council members have interests in entities with which the University conducts business. In all cases, transactions are undertaken on a normal commercial basis.

30. Remuneration of auditors

	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Auditing the financial report:				
South Australian Auditor-General	251	245	251	245
Other auditors	34	25	-	-
Total remuneration for auditing the financial report	285	270	251	245
Other audit services:				
South Australian Auditor-General	8	6	8	6
Total remuneration for other audit services	8	6	8	6
Total remuneration for audit services	293	276	259	251

31. Contingencies

Contingent liabilities

The University is an exempt employer for WorkCoverSA purposes. The University is required by WorkCoverSA to have a bank guarantee in place for the purposes of covering workers compensation liabilities in the event that the University was unable to pay them. As at 31 December 2012 the University had a bank guarantee facility of \$1.01 million in place (total facility limit of \$2.965 million).

Contingent assets

There are no material contingent assets.

32. Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Building works:				
Within one year	10 529	8 938	10 449	8 838
Later than one year but not later than five years	-	250	-	250
Later than five years	-	-	-	-
	10 529	9 188	10 449	9 088

(a) Capital commitments (continued)	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Plant and equipment:				
Within one year	127	110	-	62
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	<u>127</u>	<u>110</u>	<u>-</u>	<u>62</u>
Intangible assets:				
Within one year	-	-	-	-
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Joint ventures:				
Within one year	-	-	-	-
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital commitments	<u>10 656</u>	<u>9 298</u>	<u>10 449</u>	<u>9 150</u>

(b) **Lease commitments**

The University has various operating leases of property and equipment. Lease amounts have only been included in the table where there is a non-cancellable commitment.

	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<i>University as lessee</i>				
Total lease payments recognised as an expense during the reporting period	<u>2 902</u>	<u>2 956</u>	<u>2 951</u>	<u>2 956</u>
<i>Commitments</i>				
Commitments in relation to leases contracted for as at the reporting date but not recognised as liabilities, payable:				
Within one year	1 236	1 398	1 236	1 398
Later than one year but not later than five years	2 707	3 558	2 707	3 558
Later than five years	5 479	2 579	5 479	2 579
Total lease commitments as lessee	<u>9 422</u>	<u>7 535</u>	<u>9 422</u>	<u>7 535</u>
<i>University as lessor</i>				
Lease receivables contracted but not included in the financial statements and receivable as follows:				
Within one year	952	630	1 085	769
Later than one year but not later than five years	1 988	1 073	2 399	1 666
Later than five years	102	-	102	-
Total lease commitments as lessor	<u>3 042</u>	<u>1 703</u>	<u>3 586</u>	<u>2 435</u>

In 2000 the University purchased the Mark Oliphant building in Science Park as an investment property. As at 31 December 2012 72% (68%) of the building is leased or available for lease to entities outside the Economic Entity. A further 8% (8%) is leased to entities outside the University but within the Economic Entity.

The University has accommodation for 560 students available on campus that are leased on a yearly basis. As leases are not entered into until February and are completed before the end of the year, they are not included in the above figures.

The University leases a small amount of space on its main campus to commercial entities that provide services to students and staff.

(c) **Other expenditure commitments**

Commitments in existence at the reporting date but not recognised as liabilities, payable:

	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Within one year	2 906	1 387	2 846	1 324
Later than one year but not later than five years	131	249	131	249
Later than five years	-	29	-	29
Total other expenditure commitments	<u>3 037</u>	<u>1 665</u>	<u>2 977</u>	<u>1 602</u>

33. Superannuation schemes

The University contributes to the following employee superannuation funds:

(i) **UniSuper**

(a) *UniSuper Defined Benefit Plan or Accumulation 2 (formerly Investment Choice Plan)*

UniSuper Management Pty Ltd administers the scheme and UniSuper Ltd is the trustee. The University contributes at a rate double the contributions made by employees. Employees' contributions are normally 7% of their gross salaries. The fund provides the option of defined benefits based on years of service and final average salary or an accumulation fund.

UniSuper reports its results on a financial year ending 30 June.

As at 30 June 2012 there is no funding surplus or deficit which currently affects, or is expected to affect, the amount of future contributions payable by participating employers to the Defined Benefit Plan.

In 2006 the UniSuper Trust Deed was amended so that in the event UniSuper assets are insufficient to provide for the benefits payable the trustee must consider whether to reduce member benefits on a fair and equitable basis instead of requesting additional payments from employers. While remaining a defined benefits plan under superannuation law, the change in the UniSuper Trust Deed effectively alters the nature of the scheme to a defined contribution scheme under AASB 119.

As set out under paragraph 28 of AASB 119 a defined benefit contribution plan is a plan where the employer's legal or constructive obligation is limited to the amount it agrees to contribute to the fund and the actuarial risk and investment risk fall on the employee.

As at 30 June 2012 the assets of the Defined Benefit Division (DBD) in aggregate were estimated to be:

- \$2.011 million (\$906.5 million) in deficiency of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of indexed pensions being provided by the DBD
- \$907 million (\$426.7 million) in deficiency of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and indexed pensioners which arise from membership of UniSuper up to the reporting date.

The vested benefit and accrued benefit liabilities were determined by the fund's actuary, Russell Employee Benefits, using the actuarial demographic assumptions outlined in their report dated 15 November 2012 on the actuarial investigation of the DBD as at 30 June 2012. The financial assumptions used were:

	Vested benefits	Accrued benefits
Gross of tax investment return:		
Defined Benefit pensions	5.85%	7.50%
Commercial rate indexed pensions	3.40%	3.40%
Net of tax investment return	5.25%	6.70%
CPI	2.75%	2.75%
Inflationary salary increases short-term (1 year)	5.00%	5.00%
Inflationary salary increases long-term	3.75%	3.75%

Assets have been included at their net market value, ie allowing for realisation costs.

The DBD as at 30 June 2012 is therefore in an 'unsatisfactory financial position' as defined by Superannuation Industry (Supervision) Regulation 9.04. An 'unsatisfactory financial position' for a defined benefit fund is defined as when 'the value of the assets of the Fund is inadequate to cover the value of the liabilities of the Fund in respect of benefits vested in the members of the Fund'. The actuary and the trustee have followed the procedure required by section 130 of the *Superannuation Industry (Supervision) Act 1993* (Cwlth) when funds are found to be in an unsatisfactory financial position.

Clause 34 was initiated following the 31 December 2008 actuarial investigation and it has again been initiated following the 30 June 2012 actuarial investigation.

As at 30 June 2012 the actuary believes, in respect of the long-term financial condition of the fund, that assets as at 30 June 2012, together with current contribution rates, are not expected to be sufficient to provide for the current benefit levels for both existing members and anticipated new members if experience follows the 'best estimate' assumptions.

(b) UniSuper Award Plus Plan

UniSuper Management Pty Ltd administers the scheme and TESS Superannuation Ltd is the trustee. The University contributes to the scheme at a rate determined by the Trust Deed. The scheme is non-contributory for employees. The fund provides benefits based on the defined contributions of the University during the membership of the employee.

The University also makes contributions into the scheme for employee benefits arising under the Superannuation Guarantee legislation.

(ii) South Australian Superannuation Scheme

The University has 78 (81) present and former employees who are members of closed State Government pension and lump sum superannuation schemes. Under the schemes, defined benefits are paid as a lump sum or continuing pension on the termination of the employees' service, based on contributions made by the employee and the employees' final salary. Employee contributions and certain employer contributions are paid to the South Australian Superannuation Board which is responsible for administering the schemes. Under current arrangements, the South Australian Superannuation Board pays the benefits and is reimbursed by the University for the shortfall in the employer's contribution. The Commonwealth Government funds the University on an emerging cost basis and recovers the State's share of the cost directly from the State Government.

The University's superannuation liability with respect to future benefits for current employees and pensioners was assessed as at 31 December 2012. This assessment was performed by Brett and Watson Pty Ltd consulting actuaries on information that was provided by the Director Superannuation, South Australian Department of Treasury and Finance. The University's superannuation liability was assessed as being \$52.7 million (\$51.9 million). The net unfunded amount has been recognised in the accounts of the University as a liability with a corresponding receivable from the Commonwealth Government (refer note 16). Recognition of the receivable from the Commonwealth is in accordance with DIISRTE Guidelines and reflects an assessment that while there is no specific legislated requirement, the Commonwealth has committed to funding the University's emerging costs.

Assumptions adopted by the actuary in determining the University's liability were:

	2012 (p.a.)	2011 (p.a.)
• Rate of increase in CPI	2.5%	2.5%
• Rate of salary increases	4.0%	4.0%
• Investment earnings	7.0%	7.0%
• Discount rate	3.8%	4.1%

These rates provide for a 1.5% real gap between CPI and salary increases and a further 3% real gap between salary increases and investment earnings.

The liability and asset have been classified as current and non-current according to the cash flow projections of the assessment.

	University	
	2012 \$'000	2011 \$'000
University's gross liability	55 700	54 600
Funded component	(3 000)	(2 700)
Unfunded liability	<u>52 700</u>	<u>51 900</u>
Total obligation	52 700	51 900
Reimbursement rights (receivable from DIISRTE)	52 700	51 900
Net liability	<u>-</u>	<u>-</u>
Revenue recognised as received/receivable from DIISRTE	2 893	1 967
Emerging cost payments to Super SA	3 104	2 173

34. Related parties**Responsible persons and specified executives**

Disclosures relating to council members, directors of subsidiaries and specified executives are set out in note 29.

Wholly-owned Economic Entity

Ownership interests in subsidiaries are set out in note 35.

35. Subsidiaries

Flinders University is the Parent Entity or ultimate Parent Entity of the following entities, all of which are incorporated in Australia. The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

<i>Name of entity</i>	<i>Principal activity</i>	Ownership interest	
		2012 %	2011 %
Flinders Bioremediation Pty Ltd	Develop and extend commercial activities of the University in the areas of soil bioremediation, organic waste management and related technologies.	100	100
Flinders Campus Community Services Pty Ltd	Provides on-campus services and support for students.	100	100
Flinders Consulting Pty Ltd	From 1 January 2008 Flinders Consulting merged its operations with Flinders Partners Pty Ltd.	100	100
Flinders Partners Pty Ltd	Commercialisation of University sourced intellectual property and conduct of commercial consultancies.	100	100
Flinders MediTech Pty Ltd (subsidiary of Flinders Partners Pty Ltd)	Medical device company.	100	100
Clevertar Pty Ltd (subsidiary of Flinders Partners Pty Ltd)	Software development company	100	100
Re-time Pty Ltd (subsidiary of Flinders Partners Pty Ltd)	Specialist eye-wear company.	-	62
Lung Health Diagnostics Pty Ltd	Biotech development company.	60	60
National Institute of Labour Studies (NILS) Foundation Inc [^]	Supports the activities of NILS.	100	100

[^] The University is in the process of winding up the NILS Foundation and transferring its operations to the University.

36. Jointly controlled operations and assets

(a) Joint venture operations and assets

<i>Name of entity</i>	<i>Principal activity</i>	Output interest	
		2012 %	2011 %
Joint venture operations			
Centre for Remote Health	Provision of health education and research to remote areas.	50	50
Joint venture assets			
Rubuntja Building, Alice Springs Hospital	Education and research services providing health services to local and remote indigenous populations.	41	41

The assets employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the financial statements under their respective categories, after the proportionate elimination of transactions between the University and FCD Health Ltd.

<i>Centre for Remote Health</i>	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Assets:				
Cash at bank	883	1 016	883	1 016
Property, plant and equipment	2 949	3 049	2 949	3 049
Total assets	<u>3 832</u>	<u>4 065</u>	<u>3 832</u>	<u>4 065</u>

Centre for Remote Health (continued)

	Consolidated		University	
	2012	2011	2012	2011
Liabilities:	\$'000	\$'000	\$'000	\$'000
Payables	22	155	22	155
Provisions	246	188	246	188
Total liabilities	268	343	268	343
Share of net assets employed in the joint venture	3 564	3 722	3 564	3 722

Rubuntja building

Non-current assets:

Property, plant and equipment	1 201	1 256	1 201	1 256
-------------------------------	-------	-------	-------	-------

Joint venture operations and assets

The University's joint venture operations and assets have no contingent liabilities as at 31 December 2012 (nil).

Other

The University has collaborative arrangements in place with a number of overseas institutions for joint teaching of students. Revenue is shared between the University and collaborating institutions. The University's share of revenue and expense is included in the Income Statement.

(b) Joint venture entities

The University has a material interest in one joint venture entity as disclosed below.

Name of entity	Principal activity	Output interest	
		2012	2011
		%	%
FCD Health Limited	Operates the Palmerston (NT) GP Super Clinic.	50	50

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
FCD Health Ltd				
Current assets:				
Cash at bank	132	233	132	233
Receivables	117	5	117	5
Prepayments	34	-	34	-
Total current assets	283	238	283	238
Non-current assets:				
Property, plant and equipment	130	190	130	190
Total assets	413	428	413	428
Current liabilities:				
Payables	45	126	45	126
Loans from joint venture entity owners	299	247	299	247
Total current liabilities	344	373	344	373
Total liabilities	344	373	344	373
Share of assets employed in joint venture	69	55	69	55

Note: Flinders University has no right to residual net assets in the event FCD Health Ltd is wound up.

The University also participates in a number of other joint venture entities for which the University's interest is not considered to be material. Accordingly they have not been taken up in the accounts on an equity basis as per AASB 131.

Relevant disclosures are as follows:

Name of entity	Reporting date	Principal activity	Ownership interest	
			2012	2011
			%	%
Cooperative Research Centres (CRC)				
The Lowitja Institute	(U) 30 June	Provides a cross cultural framework for strategic research leading to evidence based improvements in education and health practice.	15	15

(b) Joint venture entities (continued)

Name of entity	Reporting date	Principal activity	Ownership interest	
			2012 %	2011 %
Other joint venture entities				
eResearch SA	(U) 31 December	Supports and promotes the use of advanced and high-performance computing and communications.	33	33
Helpmann Academy for the Visual and Performing Arts Inc (Helpmann Academy)	(I) 30 June	Offers award courses for people seeking professional careers in the arts.	-*	-*
Innovate SA Inc	(I) 30 June	To promote, encourage and facilitate continuing economic development.	-	33
SABRENet Ltd	(I) 30 June	Delivers high capacity broadband network services to the education and research sector.	20	20
South Australian Centre for Economic Studies (SACES)	(U) 31 December	Conducts research on economic issues for government and private sector bodies.	50	50
South Australian Consortium of Information Technology and Telecommunications Inc (SACITT)	(I) 31 December	Explores collaborative IT&T research and development issues.	33	33
South Australian Tertiary Admissions Centre (SATAC)	(U) 31 December	Agent for tertiary institutions in Adelaide for receiving and processing applications for admission to tertiary level courses.	25	25
The Ethics Centre of South Australia (ECSA)	(U) 31 December	Facilitates ethics research and teaching in South Australia.	25	25
(I)	Incorporated			
(U)	Unincorporated			
*	Partner but no right to residual assets.			

(c) Other information

- (1) *Capital expenditure commitments*
No material capital expenditure commitments.
- (2) *Contingent liabilities*
No material contingent liabilities.
- (3) *After balance date events*
No material after balance date events.

37. Discontinuing operations

Neither the University nor the Economic Entity had any discontinuing operations.

38. Events occurring after the balance sheet date

There were no events that took place after reporting date that have a material impact on the financial statements of the University or the Economic Entity.

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

	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Operating result for the period	31 433	37 056	31 556	35 231
Non-cash items:				
Depreciation and amortisation	20 990	19 727	20 793	19 510
Asset impairment	35	712	-	208
Net loss (gain) on sale of assets	57	356	14	74
Net contribution of assets	(449)	(764)	(449)	(764)
Unrealised investment losses (gains)	(5 157)	284	(4 633)	1 700
Loss of control of subsidiary	(401)	-	-	-
Investment expenses paid direct from funds	60	60	60	60
Total of non-cash items	15 135	20 375	15 785	20 788

39. Reconciliation of operating result to net cash flows from operating activities (continued)

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Movements in assets/liabilities:				
Receivables	7 814	(1 161)	7 463	(1 689)
Inventories	3	(16)	(5)	1
Other assets	351	(377)	387	(375)
Payables	5 254	(5 434)	5 231	(4 399)
Provisions	1 785	4 393	1 723	4 224
Other liabilities	358	(2 317)	157	(2 092)
Net cash provided by operating activities	62 133	52 519	62 297	51 689

The cash and cash equivalents figures in note 15 are reconciled to cash and cash equivalents at the end of the year in the Statement of Cash Flows as follows:

Cash at bank and on hand	23 727	22 273	22 857	21 153
Term deposits maturing within 90 days	17 175	21 952	17 175	21 952
Cash and cash equivalents balance per Statement of Financial Position	40 902	44 225	40 032	43 105
Bank overdraft	-	-	-	-
Balance per Statement of Cash Flows	40 902	44 225	40 032	43 105

Financing facilities

The University has the following arrangements with the National Australia Bank:

Overdraft facility ⁽¹⁾	500	500	500	500
Amount used	-	-	-	-
Unused overdraft facility	500	500	500	500
Visa credit cards facility ⁽¹⁾	4 584	4 560	4 500	4 500
Amount used	(488)	(520)	(468)	(514)
Unused credit cards facility	4 096	4 040	4 032	3 986

⁽¹⁾ These facilities are unsecured.

Cash balances not available for use

All cash balances are available for use (all available).

Tax status

The activities of the University are exempt from income tax as are all but one of its controlled entities.

40. Non-cash financing and investing activities

During the reporting period the University acquired works of art and library materials with an aggregate fair value of \$450 000 (\$760 000) by means of donations. These acquisitions are not reflected in the Statement of Cash Flows.

41. Assets and liabilities of trusts for which the University is trustee

The University is the trustee of the following trusts:

<i>Trust name</i>	<i>Purpose</i>
ADS Students	Payment of stipends to AusAID students
Sir Ewen Waterman	Promotion and encouragement of biomedical science education

Note: the amount held in the Sir Ewen Waterman Trust is immaterial and therefore has not been disclosed.

ADS Students Trust - assets and liabilities

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Current assets:				
Cash at bank	157	52	157	52
Total current assets	157	52	157	52
Non-current assets:				
Total non-current assets	-	-	-	-
Total assets	157	52	157	52

ADS Students Trust - assets and liabilities (continued)	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current liabilities:				
Trade and other payables	-	-	-	-
Total current liabilities	-	-	-	-
Non-current liabilities:				
Total non-current assets	-	-	-	-
Total liabilities	-	-	-	-
Net assets	157	52	157	52

The funds held in trust for AusAID are not included in the University's Income Statement and Statement of Financial Position.

42. Entity information

Flinders University is a body corporate established by an Act of the South Australian Parliament, *The Flinders University of South Australia Act 1966*. It is domiciled in Australia and its address is Sturt Road, Bedford Park, South Australia, 5042. The University's Australian Business Number (ABN) is 65 542 596 200.

43. Acronyms and abbreviations

AASB	Australian Accounting Standards Board
ARC	Australian Research Council
CGS	Commonwealth Grants Scheme
DIISRTE	Department of Industry, Innovation, Science, Research and Tertiary Education
FEE-HELP	Fee Higher Education Loan Programme (financial support for full-fee paying domestic students)
HECS-HELP	Higher Education Contribution Scheme - Higher Education Loan Program
HEFA	Higher Education Funding Agreement
IFRS	International Financial Reporting Standards
NH&MRC	National Health & Medical Research Council
OS-HELP	Overseas - Higher Education Loan Program
SA-HELP	Student Amenities Fee - Higher Education Loan Program

44. Acquittal of Australian Government financial assistance

44.1 DIISRTE - CGS and other DIISRTE grants

	Note	University only					
		Commonwealth Grants Scheme ⁽¹⁾		Indigenous Support Program		Partnership and Participation Program	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the programs)		116 453	98 391	470	470	1 430	2 326
Net accrual adjustments		(292)	(658)	-	-	1 806	-
Revenue for the period	2(a)	116 161	97 733	470	470	3 236	2 326
Surplus (Deficit) from the previous year		-	-	-	-	1 876	765
Total revenue including accrued revenue		116 161	97 733	470	470	5 112	3 091
Expenses including accrued expenses		(116 161)	(97 733)	(470)	(470)	(5 042)	(1 215)
Surplus (Deficit) for reporting period		-	-	-	-	70	1 876

	2(a)	University only					
		Disability Support Program		Learning and Teaching Performance Fund		Capital Development Pool	
		2012 \$'000	2011 \$'000	2012 \$'000	2012 \$'000	2012 \$'000	2011 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the programs)		164	61	-	-	-	863
Net accrual adjustments		-	-	-	-	-	-
Revenue for the period	2(a)	164	61	-	-	-	863
Surplus (Deficit) from the previous year		-	-	12	146	758	-
Total revenue including accrued revenue		164	61	12	146	758	863
Expenses including accrued expenses		(164)	(61)	(12)	(134)	(758)	(105)
Surplus (Deficit) for reporting period		-	-	-	12	-	758

44.1 DIISRTE - CGS and other DIISRTE grants (continued)

	Note	University only					
		Diversity and Structural Adjustment Fund ⁽²⁾		Transitional Cost Program		Reward Funding	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the programs)		-	1 108	(23)	43	574	-
Net accrual adjustments		-	-	42	5	-	-
Revenue for the period	2(a)	-	1 108	19	48	574	-
Surplus (Deficit) from the previous year		455	928	-	-	-	-
Total revenue including accrued revenue		455	2 036	19	48	574	-
Expenses including accrued expenses		(455)	(1 581)	(19)	(48)	(574)	-
Surplus (Deficit) for reporting period		-	455	-	-	-	-

		University only			
		Promotion of Excellence in Learning & Teaching		Total	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the programs)		135	-	119 202	103 262
Net accrual adjustments		-	-	1 557	(653)
Revenue for the period	2(a)	135	-	120 759	102 609
Surplus (Deficit) from the previous year		-	-	3 101	1 839
Total revenue including accrued revenue		135	-	123 860	104 448
Expenses including accrued expenses		(135)	-	(123 789)	(101 347)
Surplus (Deficit) for reporting period		-	-	71	3 101

⁽¹⁾ Includes the basic CGS grant amount, CGS-Regional loading, CGS-Enabling loading, Maths and Science Transition loading and Full Fee Places Transition loading.

⁽²⁾ Includes Collaboration and Structural Adjustment Programme.

44.2 Higher Education Loan Programs

		University only			
		HECS-HELP (Australian Govt payments only)		FEE-HELP	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash payable (receivable) at 1 January		(1 035)	1 886	393	165
Financial assistance received in CASH during the reporting period		60 904	49 143	4 243	3 915
Cash available for period		59 869	51 029	4 636	4 080
Revenue earned	2(b)	59 073	52 064	4 277	3 687
Cash payable (receivable) at 31 December		796	(1 035)	359	393

		University only			
		SA-HELP		Total	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash payable (receivable) at 1 January		-	-	(642)	2 051
Financial assistance received in CASH during the reporting period		1 463	-	66 610	53 058
Cash available for period		1 463	-	65 968	55 109
Revenue earned	2(b)	1 463	-	64 813	55 751
Cash payable (receivable) at 31 December		-	-	1 155	(642)

44.3 Learning scholarships

	Note	Australian Postgraduate Awards		University only International Post-graduate Research Scholarships		Commonwealth Education Cost Scholarships ⁽³⁾	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the programs)		3 891	3 363	320	320	700	1 209
Net accrual adjustments		-	-	-	-	(465)	-
Revenue for the period	2(c)	3 891	3 363	320	320	235	1 209
Surplus (Deficit) from the previous year		751	360	-	-	701	6
Total revenue including accrued revenue		4 642	3 723	320	320	936	1 215
Expenses including accrued expenses		(3 784)	(2 972)	(320)	(320)	(271)	(514)
Surplus (Deficit) for reporting period		858	751	-	-	665	701

	2(c)	Commonwealth Accommodation Scholarships ⁽³⁾		University only Indigenous Access Scholarships		Total	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the programs)		832	1 600	119	39	5 862	6 531
Net accrual adjustments		(635)	-	-	-	(1 100)	-
Revenue for the period	2(c)	197	1 600	119	39	4 762	6 531
Surplus (Deficit) from the previous year		890	-	3	4	2 345	370
Total revenue including accrued revenue		1 087	1 600	122	43	7 107	6 901
Expenses including accrued expenses		(292)	(710)	(35)	(40)	(4 702)	(4 556)
Surplus (Deficit) for reporting period		795	890	87	3	2 405	2 345

⁽³⁾ Includes National Priority and National Accommodation Priority Scholarships.

44.4 DIISRTE Research

	2(d)	Joint Research Engagement Program		University only Research Training Scheme		Commercialisation Training Scheme	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the programs)		6 359	6 059	10 436	10 205	-	118
Net accrual adjustments		-	-	-	-	-	-
Revenue for the period	2(d)	6 359	6 059	10 436	10 205	-	118
Surplus (Deficit) from the previous year		-	248	-	-	80	215
Total revenue including accrued revenue		6 359	6 307	10 436	10 205	80	333
Expenses including accrued expenses		(6 334)	(6 307)	(10 436)	(10 205)	(68)	(253)
Surplus (Deficit) for reporting period		25	-	-	-	12	80

	2(d)	University only Research Infrastructure Block Grants		University only Implementation Assistance Programme			
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000		
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the programs)				3 378	3 225	-	-
Net accrual adjustments				-	-	-	-
Revenue for the period	2(d)			3 378	3 225	-	-
Surplus (Deficit) from the previous year				-	38	-	38
Total revenue including accrued revenue				3 378	3 263	-	38
Expenses including accrued expenses				(3 378)	(3 263)	-	(38)
Surplus (Deficit) for reporting period				-	-	-	-

44.4 DIISRTE Research (continued)

		University only			
		Sustainable Research Excellence in Universities		Total	
		2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the programs)	Note	1 965	1 819	22 138	21 426
Net accrual adjustments		-	-	-	-
Revenue for the period	2(d)	1 965	1 819	22 138	21 426
Surplus (Deficit) from the previous year		-	200	80	739
Total revenue including accrued revenue		1 965	2 019	22 218	22 165
Expenses including accrued expenses		(1 965)	(2 019)	(22 181)	(22 085)
Surplus (Deficit) for reporting period		-	-	37	80

The reported total surpluses of \$37 000 for the six programs noted above are expected to be rolled over for future use by DIISRTE. No surplus funds are expected to be returned to DIISRTE.

44.5 Other capital funding

		University only			
		Teaching and Learning Capital Fund		Total	
		2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the programs)		-	-	-	-
Net accrual adjustments		-	-	-	-
Revenue for the period		-	-	-	-
Surplus (Deficit) from the previous year		6 335	8 240	6 335	8 240
Total revenue including accrued revenue		6 335	8 240	6 335	8 240
Expenses including accrued expenses		(6 335)	(1 905)	(6 335)	(1 905)
Surplus (Deficit) for reporting period		-	6 335	-	6 335

44.6 Australian Research Council Grants

		University only			
		Projects		Fellowships	
		2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the programs)		2 782	3 051	2 080	746
Net accrual adjustments		188	(28)	20	-
Revenue for the period	2(e)(i)	2 970	3 023	2 100	746
Surplus (Deficit) from the previous year		1 996	1 988	387	344
Total revenue including accrued revenue		4 966	5 011	2 487	1 090
Expenses including accrued expenses		(2 956)	(3 015)	(1 256)	(703)
Surplus (Deficit) for reporting period		2 010	1 996	1 231	387

		University only			
		Indigenous Researchers Development		Total	
		2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the programs)		38	60	4 900	3 857
Net accrual adjustments		-	-	208	(28)
Revenue for the period	2(e)(i)	38	60	5 108	3 829
Surplus (Deficit) from the previous year		35	28	2 418	2 360
Total revenue including accrued revenue		73	88	7 526	6 189
Expenses including accrued expenses		(64)	(53)	(4 276)	(3 771)
Surplus (Deficit) for reporting period		9	35	3 250	2 418

		University only					
		Special Research Initiatives		Infrastructure		International	
		2012	2011	2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the programs)		9 637	3 933	-	600	(77)	-
Net accrual adjustments		(7 550)	(1 639)	163	211	-	-
Revenue for the period	2(e)(ii)	2 087	2 294	163	811	(77)	-
Surplus (Deficit) from the previous year		2 962	2 519	242	316	8	94
Total revenue including accrued revenue		5 049	4 813	405	1 127	(69)	94
Expenses including accrued expenses		(2 244)	(1 851)	(318)	(885)	69	(86)
Surplus (Deficit) for reporting period		2 805	2 962	87	242	-	8

	Note	University only			
		Projects		Total	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the programs)		986	1 309	10 546	5 842
Net accrual adjustments		377	98	(7 010)	(1 330)
Revenue for the period	2(e)(ii)	1 363	1 407	3 536	4 512
Surplus (Deficit) from the previous year		1 053	1 102	4 265	4 031
Total revenue including accrued revenue		2 416	2 509	7 801	8 543
Expenses including accrued expenses		(1 152)	(1 456)	(3 645)	(4 278)
Surplus (Deficit) for reporting period		1 264	1 053	4 156	4 265

	Note	University only			
		Research Centres		Total	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the programs)		-	-	-	-
Net accrual adjustments		217	316	217	316
Revenue for the period	2(e)(iii)	217	316	217	316
Surplus (Deficit) from the previous year		-	211	-	211
Total revenue including accrued revenue		217	527	217	527
Expenses including accrued expenses		(217)	(527)	(217)	(527)
Surplus (Deficit) for reporting period		-	-	-	-

44.7 OS-HELP

	Note	University only	
		2012 \$'000	2011 \$'000
Cash received during the reporting period		393	197
Cash spent during the reporting period		456	342
Net cash received	2(g)	(63)	(145)
Cash surplus (deficit) from the previous period		56	201
Cash surplus (deficit) for reporting period		(7)	56

^ OS-HELP is not included in income. The University effectively acts as a transfer agency with regard to the OS-HELP monies received from the Australian Government.

44.8 Superannuation supplementation

	Note	University only	
		2012 \$'000	2011 \$'000
Cash received during the reporting period	2(g)	2 044	2 186
University contribution in respect of current employees		212	206
Cash available		2 256	2 392
Cash surplus (deficit) from the previous period		119	(100)
Cash available for current period		2 375	2 292
Contributions to specified defined benefit funds		(3 104)	(2 173)
Cash surplus (deficit) this period		(729)	119

44.9 Student services amenities fee

	Note	University only	
		2012 \$'000	2011 \$'000
Unspent (overspent) revenue from previous period		-	-
SA-HELP revenue earned	2(b)	1 463	-
Student services fees direct from students		1 442	-
Total revenue expendable in period		2 905	-
Student services expenses during period		(637)	-
Unspent (overspent) student services revenue		2 268	-

Department of Further Education, Employment, Science and Technology

Functional responsibility

Establishment

The Department of Further Education, Employment, Science and Technology (DFEEST or the Department) is established as an administrative unit pursuant to the PSA. DFEEST's Chief Executive is responsible to the Minister for Employment, Higher Education and Skills and the Minister for Science and Information Economy.

Functions

DFEEST's main function is to develop the State's workforce and skills base predominantly by providing funding to TAFE SA and private registered training organisations (RTOs) through the Skills for All program. For details of DFEEST's functions refer note 1 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

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

Assessment of controls

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

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

Scope of audit

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

During 2012-13, specific areas of audit attention included:

- expenditure, including funding to TAFE SA and private RTOs, grants and accounts payable
- employee benefits
- revenue, including fees and charges and receivables
- cash management, including bank reconciliations
- fixed assets
- general ledger.

The audit took into account the controls and procedures performed by service providers including SSSA.

The work of internal audit was considered in planning and conducting the audit program.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Department of Further Education, Employment, Science and Technology as at 30 June 2013, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

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

Communication of audit matters

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

In addition, matters relating to SSSA as a service provider to DFEEST are also described below.

Skills for All expenditure

Lack of formal policies and procedures

There is no formal documentation of policies and procedures describing the control activities DFEEST officers are required to perform over key aspects leading to the payment of RTOs.

DFEEST responded existing documentation and work instructions will be converted to formal policies and procedures and communicated to relevant staff.

Approval of Skills for All training subsidy rates and pricing variables

DFEEST was unable to provide Audit with an instrument of delegation over approval of training subsidy rates and changes made to training subsidy variables throughout the year.

DFEEST responded all training subsidy rates have been developed in accordance with the subsidy elements approved by DFEEST Corporate Executive with the initial training subsidy rates being endorsed by the Minister in March 2012. Subsequent changes in training subsidy rates have been approved by the Minister or have been implemented pursuant to decisions by Cabinet (including through the budget process).

To ensure greater clarity and appropriate accountability DFEEST will establish and seek approval from the Minister for an instrument of delegation so that it is clear which Department positions have the authority to approve changes in training subsidy rates and other pricing variables that have an impact on expenditure.

Load of payment hours into the Student Training Enrolment Logistics Application (STELA)

There is no log of changes made to payment hours into STELA to enable independent checking of validity, accuracy and completeness of changes made.

DFEEST responded that the new price application currently being developed by ICT includes the functionality to manage changes to the payment hours. The application is currently being tested and intended to be implemented in September 2013. The application is intended to include a full audit record of changes to the payment hours for management purposes and security features that allow for limited access to those authorised to make the changes. Once implemented, the management procedures for managing changes to price variable will also apply to the payment hours.

Update of pricing application for subsidy hourly rates

There is no log of all changes made to subsidy hourly rates in the pricing application to enable independent checking of the validity, accuracy and completeness of changes made.

DFEEST responded that ICT has developed a new pricing application that contains improved audit record capabilities and will provide a report of all changes made to the price variable during a period. The application is being tested now and is expected to be implemented in September 2013.

Student existence

There is no formal documentation explaining the process in place to validate student existence for payments made to RTOs.

DFEEST responded it does have a process to ensure that fictitious students do not enrol and this includes the physical signing of a student agreement and the forwarding of this electronic agreement to DFEEST.

DFEEST has developed an audit strategy to now verify these agreements and the risk associated with fictitious students. DFEEST is conducting formal audits of students during site visits. Skills SA will ensure this process is formally documented.

Late in 2013 Skills SA will be implementing a photo ID requirement to the Skills for All student agreement. This will provide not only visual identification but also further validation of a student's signature.

Risk of unauthorised payments

The duties of updating the status of claims in the Vocational Education and Training Application (VETA) to payments pending approval, the creation of the Skills for All: Authority to Make Payments report and generating the payment file are not segregated between different officers.

DFEEST responded that a system will be developed to segregate the functions of assessment, approval and recommendation for payment. Formal procedures will be updated to reflect this segregation of duties.

Given the significance of the Skills for All systems DFEEST initiated a review, conducted by an external consultant, over the Skills for All information systems and key business processes.

The key findings of the external review included:

- interface and data integrity – there were a number of data quality issues that have resulted in potential under and overpayments to TAFE SA and other training providers
- financial reconciliation of payments – there is currently no reconciliation process performed to ensure integrity of the expenditure amount in Masterpiece to the subsidiary systems that contain source information.

DFEEST is currently developing an enterprise platform that will assist with the data quality issues. In addition, to ensure the integrity of expenditure to be reported in the financial statements, DFEEST reconciled all transactions from the source, being either data submitted into the student information system for TAFE SA claims or STELA for private RTO claims, to VETA, the system from which payment files are produced, and in turn to the general ledger.

Payroll/Human resources management

Return of bona fide certificates

Consistent with previous years' audit findings, managers do not always review and return bona fide certificates on a timely basis.

DFEEST responded that options are being considered to automate the bona fides process. Furthermore an additional escalation process will be put in place where managers do not return bona fide certificates in the allotted timeframes.

Review of positions created by SSSA payroll services

SSSA payroll service officers create new position numbers in Empower for DFEEST officers who work in multiple roles/positions or who receive workers compensation payments. There is no evidence of a check of the validity of employees assigned to multi and workers compensation positions.

DFEEST responded that it will explore alternative options. DFEEST will verify the validity of all employees assigned to workers compensation and multi positions. Monthly reports of new positions created on the system are now generated and reviewed in order to validate employees.

Approval of employee timesheets

Employees use timesheets to record their hours worked, record leave taken and manage flexi time arrangements. Some timesheets were not authorised or were not authorised on a timely basis.

DFEEST responded all managers will be sent an email reminding them of their responsibilities with regard to employee timesheets. DFEEST is also scoping and developing a manager's toolkit to assist in informing managers of their responsibilities.

Expenditure

Policies and procedures

DFEEST does not have documented policies and procedures that instruct or provide guidance about the key control activities performed by its officers on the review of key access and transaction reports.

DFEEST responded that the accounts payable and purchase card procedures will be updated on its policy and procedure portal and communicated to all directorates by 31 October 2013.

Review of reports

DFEEST did not review key access and transaction reports throughout the year.

DFEEST responded that all reports will be reviewed, signed and dated in a timely manner.

Creditor account payment performance

TI 11 prescribes the policy for creditor account payments, including the development of relevant policies and procedures and the preparation of monthly reports on account payment performance to the Minister.

The audit identified that for the period of review, the monthly account payment performance report was not prepared. Further, DFEEST had not developed policies and procedures to ensure compliance with the revised TI 11 requirements could be met.

DFEEST responded by specifying that it has addressed the reporting issues and policies and procedures will be updated.

Shared Services SA – Empower payroll control environment

SSSA processes payroll transactions specific to the Empower payroll system on behalf of DFEEST in accordance with a service level determination with SSSA.

The audit of payroll transactions considered the payroll process and control environment operated by SSSA.

Review of the process and control environment in previous years has identified key control weaknesses for segregation of duties and user access.

As SSSA implemented significant remediation action during the year, it was not effective throughout the entire year. As such the process and control environment could not be considered robust and effective for the 2012-13 financial year.

This matter is further discussed in the commentary under ‘Department of the Premier and Cabinet’ elsewhere in Part B of this Report.

Shared Services SA – accounts payable and electronic payment control environments

SSSA operates an accounts payable function which involves the processing of transactions on behalf of DFEEST under a service level determination. The function involves the e-Procurement system for ordering, receiving and invoice processing; Masterpiece payment transaction processing and vendor masterfile processing; EFT and cheque payment processing; and Masterpiece general ledger maintenance.

While SSSA continues to progress significant remedial measures to address prior years' key control weaknesses certain actions are still required before the control environments can be considered to be robust and effective.

This matter is further discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report.

Interpretation and analysis of the financial report

Highlights of the financial report

TAFE SA was established as a public corporation on 1 November 2012 and from this date it was responsible for the operation of TAFE institutes. The operations of TAFE institutes were previously part of DFEEST and were reported in DFEEST's financial statements up to this date. This change explains the variation in some individual expense and income lines between 2012-13 and 2011-12. Note 33 provides details of the transfer of this function.

	2013 \$'million	2012 \$'million
Expenses		
Employee benefits	139	295
Supplies and services	328	181
Grants and subsidies	97	66
Other expenses	30	22
Total expenses	594	564
Income		
Commonwealth Government grants	44	49
Fees and charges	65	88
Other income	8	21
Total income	117	158
Net cost of providing services	477	406
Net revenues from (payments to) SA Government	426	391
Net expense from restructure	21	-
Net result	(72)	(15)
Other comprehensive income	(9)	146
Total comprehensive result	(81)	131
Net cash provided by (used in) operating activities	10	13
Assets		
Current assets	82	91
Non-current assets	821	807
Total assets	903	898
Liabilities		
Current liabilities	105	77
Non-current liabilities	15	69
Total liabilities	120	146
Total equity	783	752

Statement of Comprehensive Income

Net cost of providing services

Expenses increased by \$30 million to \$594 million and income decreased by \$41 million to \$117 million.

This reflects the changes arising from the establishment of TAFE SA where some expenses and revenues were previously part of DFEEST but are now part of TAFE SA operations. In addition Skills for All commenced on 1 July 2012. For details on Skills for All refer ‘Further commentary on operations’ below.

Expenses

The main expenses of DFEEST are supplies and services of \$328 million and employee benefits of \$139 million, which constitute 79% of total expenses.

Supplies and services main expenditure items are:

- funding to TAFE SA for vocational education and training \$166 million
- funding to other providers for vocational education and training \$105 million.

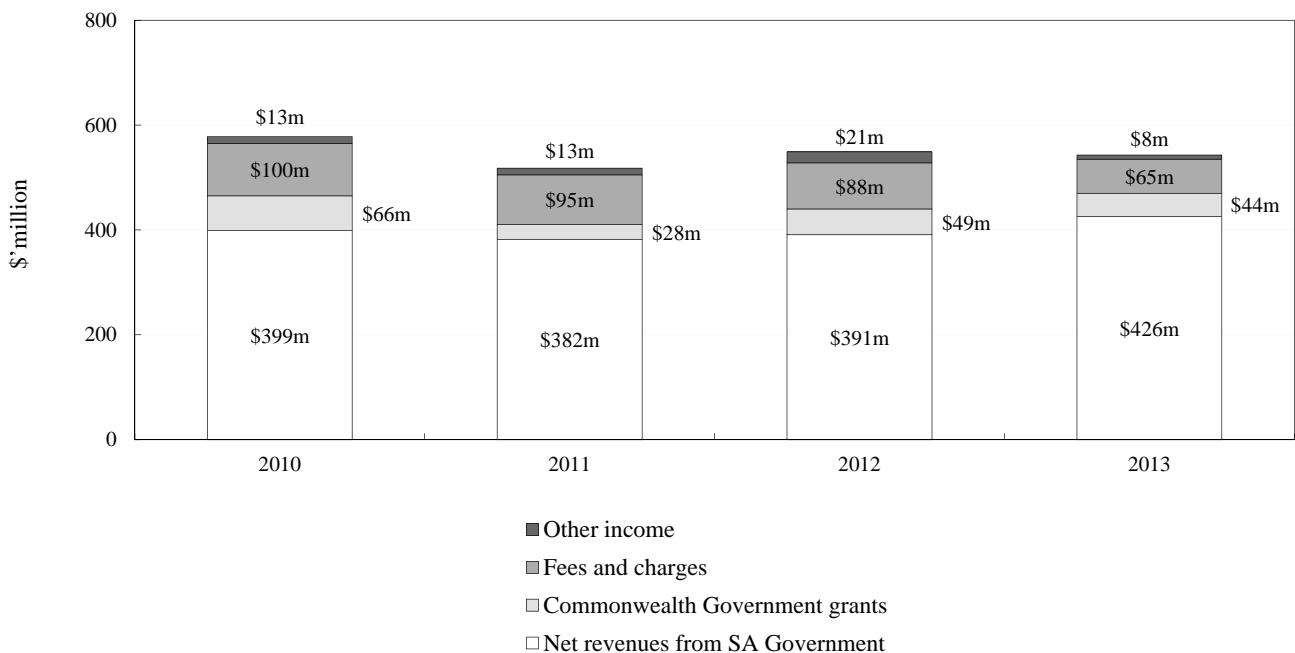
These predominantly relate to payments under Skills for All.

Income

DFEEST is mainly funded via appropriation. Net revenues from the SA Government were \$426 million in 2012-13.

The other main income streams for DFEEST were:

- revenue from fees and charges of \$65 million of which \$32 million is from TAFE SA for corporate services and infrastructure recharges. A further \$28 million relates to fee-for-services and student enrolment fees and charges, prior to 1 November 2012, for which the operations have subsequently transferred to TAFE SA
- Commonwealth grants of \$44 million.



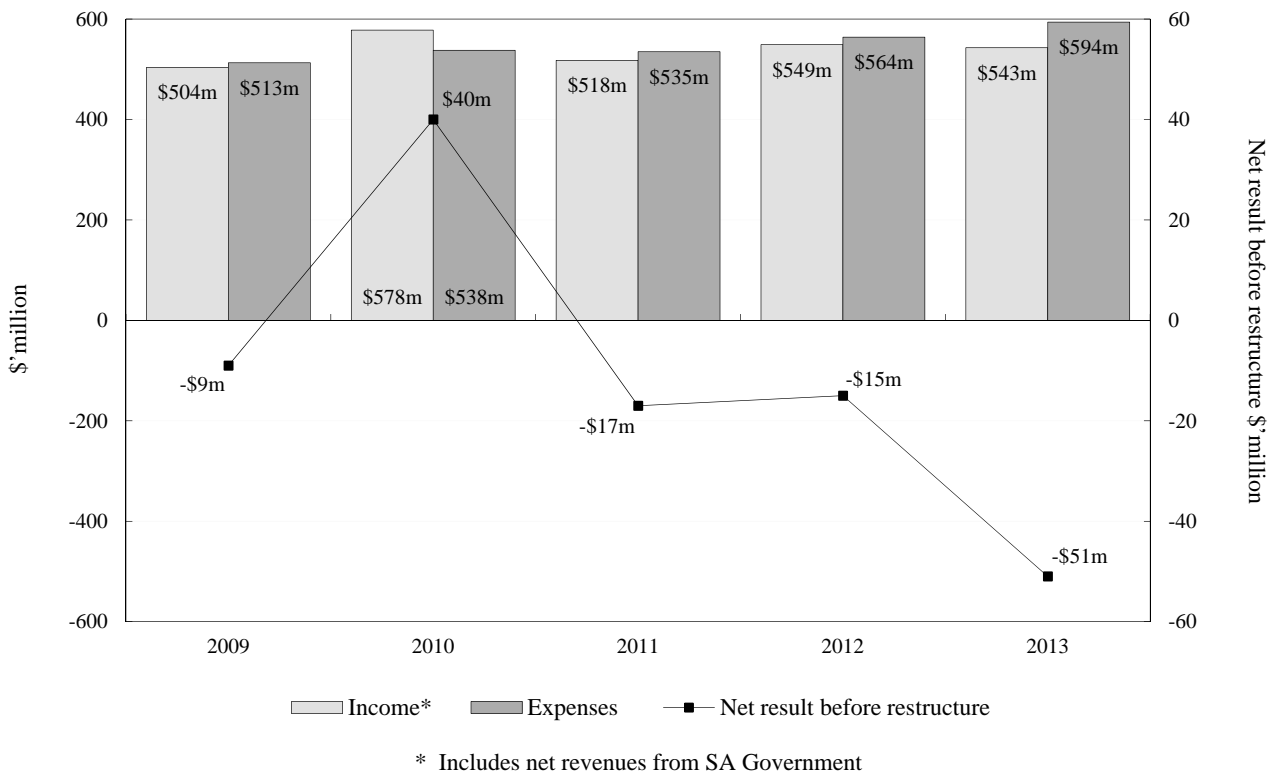
The chart shows the principal source of funding for DFEEST is the net revenues from the SA Government. The increase in 2012-13 was mainly to meet additional expenditure due to Skills for All payments.

Commonwealth Government grants have fluctuated depending on the stages of implementation of various programs.

Fees and charges only includes \$31 million in 2012-13 relating to fee-for-service revenue and student enrolment fees and charges as compared to \$82 million in 2011-12. The difference is due to these functions transferring to TAFE SA from 1 November 2012. In 2012-13 the fees and charges balance includes \$32 million received from TAFE SA for corporate services and infrastructure recharges.

Net result

The following chart shows the movement in income (including net revenues from SA Government), expenses and the net result for the five years to 2012-13.



Statement of Financial Position

The Statement of Financial Position shows that the most significant items are:

	2013 \$'million	2012 \$'million
Assets:		
Cash and cash equivalents	63	66
Property, plant and equipment	804	782
Liabilities:		
Payables	98	45
Employee benefits	20	88

Property, plant and equipment is the most dominant item in the Statement of Financial Position, representing 89% of total assets. This item has increased by \$22 million due mainly to additions to construction work in progress of \$78 million, offset by depreciation expense of \$22 million, transfers to TAFE SA of \$17 million and a revaluation decrement of \$9 million on assets subsequently reclassified as held for sale.

Payables totalling \$98 million include \$58 million owing to TAFE SA for Skills for All and other funding. In addition \$24 million is payable to the Department of Planning, Transport and Infrastructure for capital expenditure.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2013.

	2013 \$'million	2012 \$'million	2011 \$'million	2010 \$'million
Net cash flows				
Operating	9.7	13.4	-	49.8
Investing	(65.8)	(11.8)	(21.4)	(41.1)
Financing	52.4	-	-	(0.5)
Change in cash	(3.7)	1.6	(21.4)	8.2
Cash at 30 June	62.6	66.3	64.6	86.0

Cash decreased by \$3.7 million during 2012-13 to \$63 million. The decrease mainly reflects a net cash outflow from investing of \$66 million predominantly due to spending on capital works in progress. This was offset by a net cash inflow from financing of \$52 million. This reflects a capital contribution from the Government of \$112 million offset by a transfer of \$60 million to TAFE SA.

Further commentary on operations

Skills for All

In 2011 the SA Government announced its Skills for All policy, with the aim of achieving an additional 100 000 training places. Under Skills for All, eligible South Australian students will be able to gain qualifications at little or no cost from an approved training provider of their choice (either TAFE SA or a private RTO).

Skills for All commenced on 1 July 2012. Total expenditure for 2012-13 was \$223 million of which \$161 million was paid/payable to TAFE SA.

Sustainable Industries Education Centre

A \$120 million building and construction education hub is being constructed at Tonsley Park in collaboration with the universities and industry.

The Sustainable Industries Education Centre will be located at the Tonsley Park redevelopment and will focus on equipping the building and construction and water and renewable energy industries with the knowledge and skills necessary to lead the nation in the use of sustainable technologies.

The construction is being managed by the Department of Planning, Transport and Infrastructure.

It is expected that TAFE SA will initially occupy approximately 95% of the space.

Practical completion of construction will occur early in November 2013, after which staff and equipment will relocate with a fully commissioned operating facility being handed over to the Minister late in December 2013.

Training delivery for the construction industry will commence at Tonsley Park in early February 2014.

As at 30 June 2013, DFEEST had incurred capital expenditure of \$72.5 million on this project.

Statement of Comprehensive Income for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
Expenses:			
Employee benefits	5	138 638	295 323
Supplies and services	6	328 262	180 927
Grants and subsidies	7	97 091	65 303
Depreciation and amortisation	8	22 442	20 556
Net loss from the disposal of non-current assets	15	12	-
Other expenses	9	7 789	1 739
Total expenses		594 234	563 848
Income:			
Commonwealth grants	11	44 222	48 593
Fees and charges	12	64 624	88 288
Other grants and contributions	13	6 020	11 340
Investment income	14	534	531
Net gain from the disposal of non-current assets	15	-	6 438
Other income	16	1 786	3 095
Total income		117 186	158 285
Net cost of providing services		477 048	405 563
Revenues from (Payments to) SA Government:			
Revenues from SA Government	17	434 139	390 832
Payments to SA Government	17	(8 247)	-
Total revenues from (payments to) SA Government		425 892	390 832
Net result before restructure		(51 156)	(14 731)
Net expense from restructure	33	20 452	-
Net result		(71 608)	(14 731)
Other comprehensive income:			
Changes in revaluation surplus		(9 298)	144 779
Change in financial asset available for sale revaluation surplus	29	(349)	1 290
Total other comprehensive income		(9 647)	146 069
Total comprehensive result		(81 255)	131 338

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

Statement of Financial Position as at 30 June 2013

	Note	2013 \$'000	2012 \$'000
Current assets:			
Cash and cash equivalents	18	62 577	66 306
Receivables	19	9 742	24 095
Inventories	23	-	898
Non-current assets classified as held for sale	20	9 570	-
Total current assets		81 889	91 299
Non-current assets:			
Receivables	19	50	258
Investments	29	5 940	6 289
Property, plant and equipment	21	804 109	781 888
Intangibles	22	11 179	18 635
Total non-current assets		821 278	807 070
Total assets		903 167	898 369
Current liabilities:			
Payables	24	97 583	42 619
Employee benefits	25	7 022	28 382
Provisions	26	240	1 993
Unearned revenue	27	408	3 488
Other current liabilities	28	92	639
Total current liabilities		105 345	77 121
Non-current liabilities:			
Payables	24	527	2 455
Employee benefits	25	12 919	59 538
Provisions	26	1 080	7 181
Total non-current liabilities		14 526	69 174
Total liabilities		119 871	146 295
Net assets		783 296	752 074
Equity:			
Retained earnings	30	313 170	380 489
Financial assets available for sale revaluation surplus	30	3 336	3 685
Revaluation surplus	30	354 313	367 900
Contributed capital	30	112 477	-
Total equity		783 296	752 074
Total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	31		
Contingent assets and liabilities	32		

Statement of Changes in Equity for the year ended 30 June 2013

		Revaluation surplus \$'000	Financial asset revaluation surplus \$'000	Retained earnings \$'000	Contributed capital \$'000	Total \$'000
Balance at 30 June 2011		223 121	2 395	395 220	-	620 736
Net result for 2011-12		-	-	(12 479)	-	(12 479)
Change in financial assets available for sale	29	-	1 290	-	-	1 290
Gain on revaluation of property assets during 2011-12		144 779	-	-	-	144 779
Total comprehensive result 2011-12		144 779	1 290	(12 479)	-	133 590
Balance at 30 June 2012		367 900	3 685	382 741	-	754 326
Error correction		-	-	(2 252)	-	(2 252)
Restated balance at 30 June 2012		367 900	3 685	380 489	-	752 074
Net result for 2012-13		-	-	(51 156)	-	(51 156)
Change in financial assets available for sale	29	-	(349)	-	-	(349)
Loss on revaluation of property assets during 2012-13	21(a)	(9 298)	-	-	-	(9 298)
Write-off of revaluation reserve libraries		(4 289)	-	4 289	-	-
Contributed capital increases		-	-	-	112 477	112 477
Net assets transferred as a result of administrative restructure		-	-	(20 452)	-	(20 452)
Total comprehensive result 2012-13		(13 587)	(349)	(67 319)	112 477	31 222
Balance at 30 June 2013		354 313	3 336	313 170	112 477	783 296

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

Statement of Cash Flows for the year ended 30 June 2013

		2013	2012
		Inflows (Outflows)	Inflows (Outflows)
		\$'000	\$'000
Cash flows from operating activities:	Note		
Cash outflows:			
Employee benefit payments		(142 501)	(282 854)
Payments for supplies and services		(316 456)	(191 346)
Payments for grants and subsidies		(89 499)	(65 303)
GST paid to the ATO		(6 830)	(4 222)
Payments for Paid Parental Leave Scheme		(204)	(96)
Other payments		(213)	(338)
Cash used in operations		<u>(555 703)</u>	<u>(544 159)</u>
Cash inflows:			
Commonwealth grants		44 222	48 593
Fees and charges		67 783	83 490
Other grants and contributions		4 606	11 340
Interest received		11	26
GST recovered from the ATO		21 042	19 440
Dividends received		522	506
Receipts for Paid Parental Leave Scheme		170	118
Other receipts		1 174	3 262
Cash generated from operations		<u>139 530</u>	<u>166 775</u>
Cash flows from SA Government:			
Receipts from SA Government		434 139	390 832
Payments to SA Government		(8 247)	-
Cash generated from SA Government		<u>425 892</u>	<u>390 832</u>
Net cash provided by (used in) operating activities	36	<u>9 719</u>	<u>13 448</u>
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(64 921)	(16 299)
Purchase of intangibles		(895)	(3 851)
Cash used in investing activities		<u>(65 816)</u>	<u>(20 150)</u>
Cash inflows:			
Proceeds from the sale of property, plant and equipment		-	8 333
Cash generated from investing activities		<u>-</u>	<u>8 333</u>
Net cash provided by (used in) investing activities		<u>(65 816)</u>	<u>(11 817)</u>
Cash flows from financing activities:			
Cash outflows:			
Cash transferred as a result of restructuring activities		(60 109)	-
Cash used in financing activities		<u>(60 109)</u>	<u>-</u>
Cash inflows:			
Capital contributions from government		112 477	-
Cash generated from financing activities		<u>112 477</u>	<u>-</u>
Net cash provided by (used in) financing activities		<u>52 368</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents		<u>(3 729)</u>	<u>1 631</u>
Cash and cash equivalents at 1 July		<u>66 306</u>	<u>64 675</u>
Cash and cash equivalents at 30 June	18	<u>62 577</u>	<u>66 306</u>

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2013

	(Activities - refer note 4)							
	Employment and Skills Formation							
	Vocational Education and Training		Learning, Workforce Participation and Workforce Development		Quality Assurance and Regulatory Services		International and Higher Education	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses:								
Employee benefits	110 954	271 659	13 557	11 340	9 148	6 096	1 579	2 468
Supplies and services	318 801	171 025	6 982	5 444	554	1 187	457	1 316
Grants and subsidies	55 604	16 497	25 317	28 905	25	90	2 008	1 704
Depreciation and amortisation	22 442	20 556	-	-	-	-	-	-
Net loss on disposal of assets	12	-	-	-	-	-	-	-
Other expenses	7 786	1 693	-	-	2	2	1	43
Total expenses	515 599	481 430	45 856	45 689	9 729	7 375	4 045	5 531
Income:								
Commonwealth grants	41 201	45 374	2 596	1 358	-	1	-	1
Fees and charges	63 609	87 533	61	12	286	345	157	110
Other grants and contributions	2 100	8 211	2 777	2 953	-	1	989	-
Investment income	534	531	-	-	-	-	-	-
Net gain on disposal of assets	-	6 438	-	-	-	-	-	-
Other income	-	2 722	209	89	114	15	1 204	57
Total income	107 444	150 809	5 643	4 412	400	362	2 350	168
Net cost of providing services	408 155	330 621	40 213	41 277	9 329	7 013	1 695	5 363
Revenues from (Payments to)								
SA Government:								
Revenues from SA Government	368 031	324 044	37 676	43 649	9 216	6 802	1 676	5 627
Payments to SA Government	(8 247)	-	-	-	-	-	-	-
Net result	(48 371)	(6 577)	(2 537)	2 372	(113)	(211)	(19)	264
	(Activities - refer note 4)							
	Science, Technology and Information Economy							
	Science and Innovation		Information Economy		Bioscience Industry Development		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses:								
Employee benefits	1 256	1 448	2 144	2 312	-	-	138 638	295 323
Supplies and services	745	1 256	723	699	-	-	328 262	180 927
Grants and subsidies	7 907	10 426	107	1 290	6 123	6 391	97 091	65 303
Depreciation and amortisation	-	-	-	-	-	-	22 442	20 556
Net loss on disposal of assets	-	-	-	-	-	-	12	-
Other expenses	-	1	-	-	-	-	7 789	1 739
Total expenses	9 908	13 131	2 974	4 301	6 123	6 391	594 234	563 848
Income:								
Commonwealth grants	-	1 858	425	1	-	-	44 222	48 593
Fees and charges	34	123	477	165	-	-	64 624	88 288
Other grants and contributions	-	-	154	175	-	-	6 020	11 340
Investment income	-	-	-	-	-	-	534	531
Net gain on disposal assets	-	-	-	-	-	-	-	6 438
Other income	140	183	119	29	-	-	1 786	3 095
Total income	174	2 164	1 175	370	-	-	117 186	158 285
Net cost of providing services	9 734	10 967	1 799	3 931	6 123	6 391	477 048	405 563
Revenues from (Payments to)								
SA Government:								
Revenues from SA Government	9 719	1 764	1 698	2 555	6 123	6 391	434 139	390 832
Payments to SA Government	-	-	-	-	-	-	(8 247)	-
Net result	(15)	(9 203)	(101)	(1 376)	-	-	51 156	(14 731)

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2013

	(Activities - refer note 4)		Employment and Skills Formation					
			Learning, Workforce				International and	
	Vocational Education and Training		Participation and Workforce Development		Quality Assurance and Regulatory Services		Higher Education	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets:								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Receivables	6 356	22 190	77	1 394	12	8	1 723	54
Inventories	-	898	-	-	-	-	-	-
Non-current assets held for sale	9 570	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	5 940	6 289
Property, plant and equipment	804 109	775 549	-	-	-	-	-	-
Intangibles	11 179	18 635	-	-	-	-	-	-
Total assets	831 214	817 272	77	1 394	12	8	7 663	6 343
Liabilities:								
Payables	83 596	29 176	2 186	2 001	286	127	65	302
Employee benefits	2 026	80 797	2 952	3 369	2 469	1 826	224	684
Provisions	-	-	-	-	-	-	-	-
Unearned revenue	408	3 488	-	-	-	-	-	-
Other liabilities	-	352	-	5	-	-	-	1
Total liabilities	86 030	113 813	5 138	5 375	2 755	1 953	289	987
Net assets	745 184	703 459	(5 061)	(3 981)	(2 743)	(1 945)	7 374	5 356

	(Activities - refer note 4)		Science, Technology and Information Economy					
			Science and Innovation		Information Economy		Bioscience Industry Development	
		2013	2012	2013	2012	2013	2012	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Assets:								
Cash and cash equivalents	-	-	-	-	-	-	-	
Receivables	25	3	5	42	-	-	-	
Inventories	-	-	-	-	-	-	-	
Non-current assets held for sale	-	-	-	-	-	-	-	
Investments	-	-	-	-	-	-	-	
Property, plant and equipment	-	-	-	-	-	-	-	
Intangibles	-	-	-	-	-	-	-	
Total assets	25	3	5	42	-	-	-	
Liabilities:								
Payables	255	62	226	71	-	-	-	
Employee benefits	323	403	500	841	-	-	-	
Provisions	-	-	-	-	-	-	-	
Unearned revenue	-	-	-	-	-	-	-	
Other liabilities	-	-	-	-	-	-	-	
Total liabilities	578	465	726	912	-	-	-	
Net assets	(553)	(462)	(721)	(870)	-	-	-	

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2013 (continued)

(Activities - refer note 4)	General/		Total	
	Not attributable			
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Assets:				
Cash and cash equivalents	62 577	66 306	62 577	66 306
Receivables	1 594	662	9 792	24 353
Inventories	-	-	-	898
Non-current assets held for sale	-	-	9 570	-
Investments	-	-	5 940	6 289
Property, plant and equipment	-	6 339	804 109	781 888
Intangibles	-	-	11 179	18 635
Total assets	64 171	73 307	903 167	898 369
Liabilities:				
Payables	11 496	13 335	98 110	45 074
Employee benefits	11 447	-	19 941	87 920
Provisions	1 320	9 174	1 320	9 174
Unearned revenue	-	-	408	3 488
Other liabilities	92	281	92	639
Total liabilities	24 355	22 790	119 871	146 295
Net assets	39 816	50 517	783 296	752 074

Notes to and forming part of the financial statements

1. Agency objectives and funding

(a) Objectives

To develop the skills and capability of the State's workforce and support the application of science and technology to maximise the opportunities for all South Australians to engage in work and enhance economic development and social inclusion.

The Department of Further Education, Employment, Science and Technology (the Department) plays a central role in achieving 14 of South Australia's Strategic Plan targets in the areas of employment, education and training, and science, technology and innovation.

The Department undertakes a range of functions in order to meet its objectives and contribute to the achievement of the South Australia's Strategic Plan objectives and targets. This includes:

- the provision of strategic policy advice for developing the State's workforce, in conjunction with the Training and Skills Commission
- ensuring high quality vocational education and training (VET) is delivered by TAFE SA, private registered training organisations and adult community education providers
- regulation of VET providers, non-university higher education providers, and providers of English language intensive courses for overseas students
- regulation, administration and funding of apprenticeships and traineeships
- managing State funded employment and training support programs
- supporting the Government's strategic direction in the higher education sector
- raising the profile of South Australia in the international education market place
- developing policies and strategies, and delivering programs, that create opportunities for Aboriginal people, young people, people with a disability and older workers
- provision of strategic advice and delivery of programs in the areas of science, technology and, information economy.

On 1 November 2012, TAFE SA was proclaimed as a separate statutory body. TAFE SA is not controlled by the Department.

(b) Funding

The Department is predominantly funded by State Government appropriations supplemented by Commonwealth grants. In addition income is generated from sales, fees and charges. This additional income relates in part to the four month period prior to TAFE SA's proclamation as a separate statutory body. These include:

- student fees and charges
- training for various organisations
- sale of curriculum material
- hire of facilities and equipment.

The financial activities of the Department are primarily conducted through a special deposit account with DTF pursuant to section 8 of the PFAA. The special deposit account is used for funds provided by State Government appropriation, Commonwealth grants and revenues from fees and charges.

(c) Principals of consolidation

Associates

Associates are all entities over which the Department has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

The Minister for Employment, Higher Education and Skills has a 100% interest in Austraining International Pty Ltd (Austraining). Although the Minister has control over Austraining it is not considered part of the Department's operations. The Department cannot influence the decisions of Austraining, nor can the Department dominate the financial and operational policies of Austraining. Consequently, Austraining has not been consolidated in the accounts nor disclosed as an associate. The value of Austraining is shown in the Statement of Financial Position under investments.

Details of the investment in Austraining are set out in note 29.

The Minister for Employment, Higher Education and Skills has a 25% interest in SABRENet. SABRENet was registered on 28 September 2005 as a non-profit company limited by guarantee and has been recognised by the ATO as a tax exempt entity. The founding members are the three South Australian universities and the SA Government. The objects for which the company was established are to be a non-profit institution to further the use of advanced data networking for the conduct of research and education in South Australia for the benefit of South Australia and for the purposes of economic and social advancement in Australia generally. While the Minister has significant influence over SABRENet, his interest in SABRENet is limited to his use of SABRENet's asset (the network). That is, the Minister receives no return for its interest in SABRENet. SABRENet is not accounted for using the equity method as the Minister does not have access to the residual assets of the entity.

Joint venture entities

The Department has a 25% interest in the South Australian Tertiary Admissions Centre (SATAC). The interests in this joint venture are not considered to be material to the Department's core activities. Consequently, they have not been taken up in the accounts on an equity basis as per AASB 131.

SATAC is a joint venture of the three South Australian universities and the Minister for Employment, Higher Education and Skills. SATAC receives and processes undergraduate and postgraduate applications for admission to TAFE SA, Charles Darwin University and the three universities in South Australia.

2. Summary of significant accounting policies

(a) Statement of compliance

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

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

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2013 (refer note 3).

(b) Basis of preparation

The preparation of the financial statements requires:

(b) Basis of preparation (continued)

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

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013 and the comparative information presented for the year ended 30 June 2012.

(c) Reporting entity

The Department is a government department of the State of South Australia, established pursuant to the PSA. The Department is an administrative unit acting on behalf of the Crown.

The financial statements and accompanying notes reflect the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. Transactions and balances relating to administered resources are not recognised as departmental income, expense, assets and liabilities. As administered items are insignificant in relation to the Department's overall financial performance and position, they are disclosed in summary in note 38.

Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

(d) Transferred functions

As published in The South Australian Government Gazette (dated 4 October 2012, page 4584) the *TAFE SA Act 2012* came into operation on 1 November 2012.

As published in The South Australian Government Gazette (dated 4 October 2012, page 4586), the proclamation of TAFE SA resulted in the transfer of various assets, rights and liabilities from the Minister for Employment, Higher Education and Skills to TAFE SA (refer note 33).

(e) **Comparative information**

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or APSs have required a change. Where presentation or classification of items in the financial statements has been amended, comparative amounts have been reclassified unless reclassification is impracticable.

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

As detailed within note 33, TAFE SA was proclaimed as a statutory authority from 1 November 2012 and all assets, liabilities and employees relating to TAFE SA within the Department were transferred out to the new entity on that date. Consequently, the Department's comparative amounts include TAFE SA activities for the full year in 2011-12, but include TAFE SA activities for only four months in 2012-13.

(f) **Income and expenses**

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

Income

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

The following are specific recognition criteria:

- Income from fees and charges is derived from the provision of goods and services to other SA Government agencies and to other clients and is recognised when invoices are raised.
- Income from disposal of non-current assets is recognised when control of the asset has passed to the buyer and determined by comparing proceeds with carrying amount.
- Income from grants is recognised upon receipt of funding.
- Interest income is recognised as it accrues. Dividend income is recognised only when it is declared.
- Contribution income is recognised when control of the contribution or the right to receive the contribution and the income recognition criteria are met.
- Appropriations for program funding are recognised as revenues when the Department obtains control over the funding. Control over appropriations is normally obtained upon their receipt.

Payments to the SA Government include the payment of surplus cash pursuant to the cash alignment policy. Revenues from SA Government include the return of surplus cash pursuant to the cash alignment policy to the Department.

Expenses

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

The following are specific recognition criteria:

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

In regards to superannuation expenses, the amount charged to the Statement of Comprehensive Income represents the contributions made by the Department to the superannuation plan in respect of current services of current departmental staff. DTF centrally recognises the superannuation liability in the whole-of-government financial statements.

- *Grant expenses*
Grants are amounts provided by the Department to entities for capital, specific 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. The grants are paid when the conditions set out in the contract or correspondence is met.

(g) Current and non-current classification

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

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

(h) Events after the end of the reporting period

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years (refer note 34).

(i) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand.

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank and cash on hand.

Cash is measured at nominal value.

(j) Receivables

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

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

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

(k) Inventory

Inventories include goods and other property held either for sale or distribution at no or nominal cost in the ordinary course of business.

Inventories held for distribution at no or nominal consideration, are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value.

Cost is assigned to low volume inventory items on a specific identification of cost basis.

Inventories comprise of learning modules, food and wine, wine making equipment, books, stationery, hair and beauty products and timber supplies.

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

Bases used in assessing loss of service potential for inventory held for distribution at no or minimal cost include current replacement cost and technological or functional obsolescence.

(l) 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 costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed one year from the date of classification.

Non-current assets classified as held for sale are presented separately from the other assets in the Statement of Financial Position.

(m) Financial assets (investments)

In accordance with AASB 139 other financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets

Certain shares held are classified as being available for sale and are stated at fair value less impairment. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation surplus, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation surplus is included in profit or loss for the period. This category includes investments classified as available for sale and any investments that do not fit the definitions for inclusion in any of the categories contained in AASB 139.

(n) Property, plant and equipment

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets (excluding land) are subsequently measured at fair value less accumulated depreciation. Where assets are acquired for no consideration, or minimal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements then the assets are recognised at book value, ie the amount recorded by the transferor public authority immediately prior to the restructure.

Componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is greater than \$1 million.

Revaluation of non-current assets

All non-current assets are valued at either market value or 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, improvements and libraries. 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 assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

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

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

For buildings and improvements revaluations, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

The valuation methodology applied to specific classes of non-current assets under revaluations is as follows:

Land

Land is recorded on the basis of market value. Valuations for land were conducted as at 30 June 2012 by Liquid Pacific, independent valuers, on the basis of market value. As at 30 June 2013, properties classified as held for sale were valued in accordance with the principles outlined in note 2(l).

Buildings and improvements

Buildings and improvements are valued at market value or written down current cost which is considered to be equivalent to fair value. The building data provided in the statements relates specifically to buildings, paved areas, utility reticulation, fencing, sheds and other site infrastructure assets. Valuations for building and infrastructure assets were conducted as at 30 June 2012 by Liquid Pacific, independent valuers, on the basis of market value or written down current cost. As at 30 June 2013, properties classified as held for sale were valued in accordance with the principles outlined in the note 2(l).

Buildings under construction are recorded as work in progress and are valued at cost.

Library collection

The library collection is recorded at replacement value. The most recent valuation was carried out as at 30 June 2011 by the Australian Valuation Office, an independent valuer, on the basis of depreciated replacement cost (a proxy for fair value). The library collection was transferred on proclamation of TAFE SA on 1 November 2012.

Plant and equipment

Items of plant and equipment are recorded at fair value less accumulated depreciation.

All plant and equipment assets with a value of \$10 000 or greater are capitalised.

Items under \$10 000 are recorded in the Statement of Comprehensive Income as an expense in the accounting period in which they are acquired.

Intangibles

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

The useful lives of intangible assets are assessed to be either finite or indefinite. The Department only has intangible assets with finite lives. The amortisation period for the intangible assets is reviewed on an annual basis.

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

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

(o) Impairment

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

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

(p) Depreciation and amortisation of non-current assets

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

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

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

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

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

	<i>Useful life (years)</i>
Buildings	15-60
Improvements	5-50
Paved areas	40-50
Computing and communication equipment	2-20
Other plant and equipment	1-45
Library collection	5-15
Intangibles	10

(q) Payables

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

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

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

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

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

Employee benefits on-costs include superannuation contributions, workers compensation and payroll tax with respect to outstanding liabilities for salaries and wages, LSL, annual leave and skills and experience retention 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 and externally managed schemes.

(r) Employee benefits and employment related liabilities

Liabilities have been established for various employee benefits arising from services rendered by employees to balance date. Employee benefits include entitlements to wages and salaries, LSL, annual leave and non-attendance days. Long-term benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Non-attendance days are accrued annually for employees engaged under the *Technical and Further Education Act 1975* but are non-cumulative.

Employment related expenses include on-costs such as employer superannuation and payroll tax on employee entitlements together with the workers compensation insurance premium. These are reported under payables as on-costs on employee benefits (refer note 24).

Salaries, wages, annual leave, skills and experience retention leave, non-attendance days and 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 and the skills and experience retention leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages, annual leave and skills and experience retention leave liability 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 for sick leave.

LSL

The liability for LSL is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over the education sector across government. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

(s) **Provisions**

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

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

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

(t) **Leases**

The Department has entered into a number of operating lease agreements, as lessee, for buildings and other facilities where the lessors effectively retain all risks and benefits incidental to ownership of the items held under the operating leases.

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

Details of commitments of current non-cancellable operating leases are disclosed at note 31.

(u) **Accounting for taxation**

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

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

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

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

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

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

(v) **Financial guarantees**

At the time a financial guarantee contract is issued, it is recognised as a liability initially measured at fair value. If there is a material increase in the likelihood that the guarantee may have to be exercised, the financial guarantee is measured at the higher of the amount determined in accordance with AASB 137 and the amount initially recognised less cumulative amortisation, where appropriate.

In the determination of fair value, consideration is given to the following factors:

- the overall capital management/prudential supervision framework in operation
- the protection provided by the State Government by way of funding should the probability of default increase

(v) **Financial guarantees (continued)**

- the probability of default by the guaranteed party
- the likely loss to the Department in the event of default.

The Department has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2013 (there was no material liability recognised for financial guarantee contracts in 2012).

Whilst no liability has been recognised for financial guarantee contracts, further note disclosures relating to financial guarantees are contained at note 32.

(w) **Unrecognised contractual commitments and contingent assets and liabilities**

Commitments include those operating, capital and outsourcing commitments arising from contractual or statutory sources and are disclosed at their nominal value.

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

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

(x) **Rounding**

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

3. Changes in accounting policies

The Department did not voluntarily change any of its accounting policies during 2012-13.

AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the period ending 30 June 2013. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

4. Activities and subactivities

Activity: Employment and Skills Formation

Description/Objective: To strengthen the economic prosperity and social wellbeing of South Australians through strategic employment, skills formation and workforce development.

Subactivity: Vocational Education and Training

Provide post-secondary vocational education and training through TAFE SA and other registered training organisations including:

- the investment of public funds to support individuals and employers to develop workforce skills
- funding apprenticeships and traineeships
- supporting post-secondary training and education
- providing state and national policy advice.

Subactivity: Learning, Workforce Participation and Workforce Development

Address the State's economic development and social inclusion objectives by:

- providing opportunities for people to participate in employment, training, skills development, and adult community education
- meeting the current and future labour and skill needs of industry
- providing state and national policy advice.

Subactivity: Quality Assurance and Regulatory Services

Administer the State's further education and training system through:

- registration, accreditation and approval services for registered training organisations
- quality oversight of the State vocational education system through the Training and Skills Commission
- administering the apprenticeships and traineeship system
- providing state and national policy advice.

Subactivity: International and Higher Education

Support the development of Adelaide as a centre for education, international education and South Australian education exports including providing marketing services, analysis and student and community support.

Provide high level strategic policy advice to the Minister on higher education policy and planning.

Activity: Science, Technology and Information Economy

Description/Objective: Provides the Government's principal strategic focus for science, technology, information economy and innovation policy development and program delivery that links government, business, industry and education sectors.

Subactivity: Science and Innovation

Provide high level strategic advice to the Minister on maximising economic, environmental and social benefits from the State's scientific and research performance and investment by:

- identifying strategic priorities for State Government investment in science and research
- raising awareness and understanding of the benefits of science and innovation amongst government, business and the community
- facilitating coordinated and strategic bids for Commonwealth grants
- facilitating coordination of education and research activity with end-user (industry) requirements to maximise the benefits for South Australia
- providing seed capital and business guidance to a portfolio of innovative companies commercialising research and development.

Subactivity: Information Economy

Provide high level strategic policy advice to the Minister and Government on the information economy and the ICT sector to maximise the community, business and economic benefits of ICT across the State through:

- raising awareness and understanding of the information economy among government, business, industry and education providers to build the capability of South Australians in using ICT
- developing strategy and facilitating programs and projects for promoting the information economy and supporting the deployment, availability and effective use of broadband across the State
- supporting strategic investments projects that deliver on the information economy objectives.

Subactivity: Bioscience Industry Development

Develop the bioscience industry by providing assistance in business development, finance, infrastructure and marketing.

5. Employee benefits

	Note	2013 \$'000	2012 \$'000
Salaries and wages (including annual leave)		109 134	228 164
Superannuation		11 414	23 892
Payroll tax		6 268	13 219
LSL		4 014	20 072
Skills and experience retention leave		948	-
Workers compensation		1 602	2 867
TVSP payments		4 717	6 022
Other employee related costs		541	1 087
Total employee benefits		<u>138 636</u>	<u>295 323</u>

The comparatives have been adjusted for a correction error (refer note 22).

TVSPs

Amount paid to these employees:

TVSPs		4 717	6 022
Annual leave and LSL paid during the period		1 238	1 560
		<u>5 955</u>	<u>7 582</u>
Funding from DTF	17	4 866	6 733
Net cost to the Department		<u>1 089</u>	<u>849</u>

The number of employees who were paid TVSPs during the reporting period was 39 (49).

Remuneration of employees

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

	2013 Number (including TVSPs)	2012 Number (including TVSPs)
\$134 000 - \$137 999 ⁽ⁱ⁾	n/a	6
\$138 000 - \$147 999	5	11
\$148 000 - \$157 999	1	2
\$158 000 - \$167 999	5	5
\$168 000 - \$177 999	1	4
\$178 000 - \$187 999	1	3
\$188 000 - \$197 999	1	5
\$198 000 - \$207 999	1	5
\$208 000 - \$217 999	2	1
\$218 000 - \$227 999 ⁽ⁱⁱ⁾	2	1
\$228 000 - \$237 999	1	1
\$238 000 - \$247 999	-	2
\$248 000 - \$257 999	-	1
\$258 000 - \$267 999	-	2
\$288 000 - \$297 999	1	2
\$348 000 - \$357 999 ⁽ⁱⁱⁱ⁾	1	2
\$388 000 - \$397 999 ⁽ⁱⁱⁱ⁾	-	1
Total	<u>23</u>	<u>54</u>

(i) This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2011-12.

(ii) This bandwidth includes employees that have received TVSPs during 2012-13.

(iii) This bandwidth includes employees that have received TVSPs during 2011-12.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, separation packages, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$4.4 million (\$10.3 million).

For 2012-13, the above figures did not include any non-executive employees (two) who took a TVSP during the year. The total remuneration received by non-executive employees in 2011-12 was \$700 000.

For 2012-13, the above figures did not include any non-executive employees (six) who received leave paid on termination payments during the year and were not paid TVSPs.

6. Supplies and services	2013	2012
	\$'000	\$'000
Funding to TAFE SA for VET	165 832	-
Funding to other providers for VET	105 104	64 626
Printing and consumables	3 891	9 716
Minor works, maintenance and equipment	5 056	16 961
Information technology infrastructure and communications	11 895	19 257
Fees - contracted services (including consultants)	12 727	22 042
Trainee and apprenticeship reimbursements	2 680	521
Utilities	2 809	7 976
Cleaning	2 615	9 985
Vehicle and travelling expenses	3 084	6 856
Rentals and leases	5 384	6 661
Books, materials and copyright	950	2 781
SATAC and student support	1 053	2 591
Other	5 182	10 954
Total supplies and services	328 262	180 927

Supplies and services provided by entities within the SA Government:

Funding to TAFE SA for VET	165 832	-
Funding to other providers for VET	3 640	3 726
Minor works, maintenance and equipment	4 435	13 018
Information technology infrastructure and communications	1 922	3 696
Fees - contracted services (including consultants)	4 574	7 946
Utilities	696	1 459
Cleaning	2 253	8 498
Vehicle and travelling expenses	1 376	2 899
Rentals and leases	4 537	4 505
Other	582	533
Total supplies and services - SA Government entities	189 847	46 280

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

The comparatives have been adjusted for a correction of error (refer notes 21 and 22).

Consultancies

	2013		2012	
The number and dollar amount of consultancies paid/payable (included in supplies and services) that fell within the following bands:	Number	\$'000	Number	\$'000
Below \$10 000	1	5	-	-
Between \$10 000 and \$50 000	2	45	2	42
Above \$50 000	4	264	2	159
Total paid/payable to the consultants engaged (GST exclusive)		314		201

7. Grants and subsidies	2013	2012
	\$'000	\$'000
Grants provided by TAFE SA	41 237	-
Employment programs	20 542	20 162
VET programs	6 507	11 418
Science and information economy programs	14 093	16 700
Tertiary student transport concessions	10 602	11 552
National Training Infrastructure program	1 510	1 653
Other specific grants	2 600	3 818
Total grants and subsidies	97 091	65 303

Grants and subsidies paid/payable to entities within the SA Government:

Grants provided to TAFE SA	41 237	-
Employment programs	435	46
VET programs	281	264

7. Grants and subsidies (continued)	Note	2013 \$'000	2012 \$'000
Science and information economy programs		7 440	9 001
Tertiary student transport concessions		10 602	11 552
Other specific grants		1 796	1 685
Total grants and subsidies - SA Government entities		61 791	22 548
8. Depreciation and amortisation			
Buildings and improvements		19 604	14 735
Plant and equipment		1 409	2 319
Library		673	1 968
Intangibles		756	1 534
Total depreciation and amortisation		22 442	20 556
9. Other expenses			
TVSP reimbursement to TAFE SA		7 490	-
Audit fees	10	207	337
Allowance for doubtful debts and debt write-offs		86	1 401
Other		6	1
Total other expenses		7 789	1 739
10. Auditor's remuneration			
Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements		180	299
Other audit fees		27	38
Total auditor's remuneration paid/payable		207	337
No other services were provided by the Auditor-General's Department.			
11. Commonwealth grants			
Productivity Places Program		15 158	32 714
Foundation Skills Workforce Development project		1 499	-
Language Literacy and Numeracy Delivery Statewide		2 126	5 262
Industry and Indigenous Skills Centre Program		844	-
Australian Flexible Learning Framework		-	1 784
Joint Group Training Program		1 097	1 355
Aged Care Workforce		197	1 084
Remote Indigenous Public Internet Access		425	74
Community Development Employment Projects program		418	861
TAFE Fee Waivers for Childcare Qualifications		861	914
Youth Attainment and Transitions		-	3 608
Training Places for Single and Teen Parents		3 898	-
Skills Reform		17 314	-
Other specific Commonwealth revenue		385	937
Total Commonwealth grants		44 222	48 593

2012-13 commitments

\$15.2 million in Commonwealth revenue was received for the National Partnership Agreement on Productivity Places Program in 2012-13. All revenue was fully spent in 2012-13.

Once off revenue of \$1.5 million was received from the Commonwealth for the Foundation Skills Workforce Development project in 2012-13, of which only \$35 000 was spent. The remainder is committed to be spent in 2013-14.

\$2.1 million in Commonwealth revenue was received for the Language Literacy and Numeracy Delivery Statewide Program in 2012-13. This revenue related to TAFE SA activities but was received by the Department prior to TAFE SA's proclamation. All commitments to the program were met by the Department and TAFE SA.

\$800 000 in Commonwealth revenue was received for the Industry and Indigenous Skills Centre Program in 2012-13. All revenue is committed to be spent in 2013-14.

2012-13 commitments (continued)

\$1.1 million in Commonwealth revenue was received for the Joint Group Training Program in 2012-13. All revenue other than \$51 000 was fully spent. This will be returned to the Commonwealth as no commitment exists for its expenditure.

\$200 000 in Commonwealth revenue was received for the Aged Care Workforce Program in 2012-13. This revenue related to TAFE SA activities but was received by the Department prior to TAFE SA's proclamation. All commitments to the program were met by the Department and TAFE SA.

\$400 000 in Commonwealth revenue was received for the National Partnership Agreement on Remote Indigenous Public Internet Access in 2012-13, of which \$200 000 is committed to be spent in 2013-14.

\$400 000 in Commonwealth revenue was received for the Community Development Employment Projects program in 2012-13. This revenue related to TAFE SA activities but was received by the Department prior to TAFE SA's proclamation. All commitments to the program were met by the Department and TAFE SA.

\$900 000 in Commonwealth revenue was received for the National Partnership Agreement on TAFE Fee Waivers for Childcare Qualifications in 2012-13. This was fully spent as it was provided to TAFE SA through the Skills for All training initiative based on training provided for applicable fee-free child care courses.

\$3.9 million in Commonwealth revenue was received for the National Partnership Agreement on Training Places for Single and Teen Parents in 2012-13. All revenue was fully spent in 2012-13 as part of the Skills for All training initiative

\$17.3 million in Commonwealth revenue was received for the National Partnership Agreement on Skills Reform in 2012-13. All revenue was fully spent in 2012-13 as part of the Skills for All training initiative.

2011-12 commitments

In 2011-12, \$32.7 million in Commonwealth revenue was received and fully spent for the National Partnership Agreement on Productivity Places Program.

In 2011-12, \$5.3 million in Commonwealth revenue was received and fully spent for the Language Literacy and Numeracy Delivery Statewide Program.

In 2011-12, no Commonwealth revenue was received for the Industry and Indigenous Skills Centre Program, however expenditure of \$1.7 million did occur in relation to commitments from previous years.

In 2011-12, \$1.1 million in Commonwealth revenue was received in relation to various agreements for the Aged Care Workforce Program. All funding was spent in 2011-12, with the exception of \$200 000 as these commitments were met in 2012-13.

As part of the Commonwealth's Australian Flexible Learning Framework initiative, the State received \$1.8 million of which the majority was spent in 2011-12. \$100 000 was spent in 2012-13 in order to meet final commitments.

In 2011-12, \$1.4 million in Commonwealth revenue was received for the Joint Group Training Program to fund commitments in both 2011-12 and 2012-13. \$300 000 was spent in 2012-13.

In 2011-12, \$3.6 million was received from the Commonwealth for the National Partnership Agreement on Youth Attainment and Transitions following the achievement of various milestones stipulated in the agreement. The revenue was fully spent in 2011-12 on various projects relating to the implementation of Skills for All.

12. Fees and charges	2013 \$'000	2012 \$'000
Corporate services recharge to TAFE SA	19 945	-
Infrastructure recharge to TAFE SA	12 100	-
Sales/Fee-for-service revenue	20 589	51 154
Student enrolment fees and charges	10 937	31 061
Other user fees and charges	1 053	6 073
Total fees and charges received/receivable	64 624	88 288

12. Fees and charges (continued)		
Fees and charges received/receivable from entities within the SA Government:	2013	2012
	\$'000	\$'000
Corporate services recharge to TAFE SA	19 945	-
Infrastructure recharge to TAFE SA	12 100	-
Sales/Fee-for-service revenue	5 068	1 871
Student enrolment fees and charges	334	775
Other user fees and charges	114	447
Total fees and charges - SA Government entities	37 561	3 093
13. Other grants and contributions		
Grants and subsidies revenue	1 114	2 612
Miscellaneous contributions	130	268
Donations	42	61
Grants from entities within the SA Government	4 734	8 399
Total other grants and contributions	6 020	11 340
14. Investment income		
Dividends	533	506
Interest from entities external to the SA Government	1	25
Total investment income	534	531
15. Net gain (loss) on disposal of non-current assets		
Land and buildings:		
Proceeds from disposals	-	8 260
Net book value of assets disposed	-	(1 578)
Net gain (loss) on disposals	-	6 682
Plant and equipment:		
Proceeds from disposals	-	73
Net book value of assets disposed	(12)	(317)
Net gain (loss) on disposals	(12)	(244)
Total assets:		
Proceeds from disposals	-	8 333
Net book value of assets disposed	(12)	(1 895)
Net gain (loss) on disposals	(12)	6 438
16. Other income		
Reimbursement of travel	-	25
Recoup of salaries	666	684
Sundry income	1 120	2 386
Total other income	1 786	3 095
17. Revenues from (Payments to) SA Government		
Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	415 290	384 005
Appropriation transfers from contingency ⁽¹⁾	18 849	6 827
	434 139	390 832
Payments to SA Government:		
Payments to Consolidated Account for sale of property	(8 247)	-
	(8 247)	-
Total revenues from (payments to) SA Government	425 892	390 832
⁽¹⁾ Includes an amount of \$5.2 million (\$6.7 million) for funding of TVSP payments (refer note 5).		
18. Cash and cash equivalents		
Deposits with the Treasurer	-	23 788
Special deposit account with DTF	62 574	42 466
Cash on hand	3	52
Total cash and cash equivalents	62 577	66 306

Deposits with the Treasurer

Comprises funds held in the Accrual Appropriation Excess Funds Account. The balances of these funds are not available for general use (ie funds can only be used in accordance with the Treasurer's/Under Treasurer's approval).

Interest rate risk

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

19. Receivables	2013	2012
Current:	\$'000	\$'000
Fees and charges receivable	7 555	20 276
Allowance for doubtful debts	(9)	(2 786)
Prepayments	613	1 480
GST recoverable from the ATO	1 569	4 923
Other receivables	14	202
Total current receivables	<u>9 742</u>	<u>24 095</u>
Non-current:		
Workers compensation receivable	50	258
Total non-current receivables	<u>50</u>	<u>258</u>
Total receivables	<u>9 792</u>	<u>24 353</u>
Receivables from SA Government entities:		
Receivables	7 173	2 398
Total receivables from SA Government entities	<u>7 173</u>	<u>2 398</u>

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (ie calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired.

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

	2013	2012
	\$'000	\$'000
Carrying amount at 1 July	2 786	2 076
Increase (Decrease) in the allowance	(1 102)	1 393
Amounts written off	(1 675)	(683)
Carrying amount at 30 June	<u>9</u>	<u>2 786</u>

The allowance for doubtful debts has decreased significantly due to the transfer to TAFE SA as at 1 November 2012.

Interest rate risk

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

Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations.

The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

- (a) Maturity analysis of receivables (refer note 37.3).
- (b) Categorisation of financial instruments and risk exposure information (refer note 37).

20. Non-current assets held for sale	2013	2012
	\$'000	\$'000
Land at fair value	6 719	-
Buildings and improvements at fair value/cost	2 851	-
	<u>9 570</u>	<u>-</u>

21. Property, plant and equipment

	2013	2012
Land and buildings:	\$'000	\$'000
Land at fair value	154 530	161 600
Buildings and improvements at fair value/cost	574 873	586 484
Accumulated depreciation	(19 106)	-
Construction work in progress	89 956	11 786
	<u>800 253</u>	<u>759 870</u>
Plant and equipment:		
Plant and equipment at cost (deemed fair value)	10 847	36 003
Accumulated depreciation	(6 991)	(19 371)
	<u>3 856</u>	<u>16 632</u>
Libraries:		
Libraries at valuation	-	22 192
Accumulated depreciation	-	(16 806)
	<u>-</u>	<u>5 386</u>
Total property, plant and equipment at fair value	830 206	818 065
Total accumulated depreciation at 30 June	(26 097)	(36 177)
Total property, plant and equipment	<u>804 109</u>	<u>781 888</u>

Valuation of property

The valuation of land and buildings was performed by Martin Burns, independent valuer from Liquid Pacific as at 30 June 2012. The valuer arrived at fair value on the basis of market values or at written down current cost which is considered to be equivalent to fair value.

All libraries assets transferred to TAFE SA as at 1 November 2012.

Impairment

There were no indications of impairment of property and plant and equipment assets at 30 June 2013.

Correction of error

Capital WIP was overstated as at 30 June 2012 by \$226 000. The error has been corrected by restating each of the affected financial statement line items within supplies and services for the prior year.

(a) Reconciliations

Reconciliations of the carrying amount of each class of non-current assets at the beginning and end of the current financial year are set out below:

	Land at fair value \$'000	Buildings and imprvmnts \$'000	Plant and equipment \$'000	Construction work in progress \$'000	Libraries at valuation \$'000	Total \$'000
2013						
Carrying amount at 1 July	161 600	586 484	16 632	11 786	5 386	781 888
Additions	-	-	400	78 852	126	79 378
Disposals	-	-	(13)	-	-	(13)
Net revaluation increment (decrement)	(351)	(8 943)	-	-	-	(9 294)
Other movements	(6 719)	(2 170)	-	(682)	-	(9 571)
Transfer due to restructure	-	-	(11 754)	-	(4 839)	(16 593)
Depreciation	-	(19 604)	(1 409)	-	(673)	(21 686)
Carrying amount at 30 June	<u>154 530</u>	<u>555 767</u>	<u>3 856</u>	<u>89 956</u>	<u>-</u>	<u>804 109</u>

	Land at fair value \$'000	Buildings and imprvmnts \$'000	Plant and equipment \$'000	Construction work in progress \$'000	Libraries at valuation \$'000	Correction of error: Construction WIP \$'000	Total \$'000
2012							
Carrying amount at 1 July	154 212	457 016	15 566	2 065	6 822	-	635 681
Additions	-	-	3 702	16 760	532	(226)	20 768
Disposals	-	-	(317)	-	-	-	(317)
Net revaluation increment (decrement)	7 388	137 391	-	-	-	-	144 779
Other movements	-	6 813	-	(6 813)	-	-	-
Transfer due to restructure	-	-	-	-	-	-	-
Depreciation	-	(14 736)	(2 319)	-	(1 968)	-	(19 023)
Carrying amount at at 30 June	<u>161 600</u>	<u>586 484</u>	<u>16 632</u>	<u>12 012</u>	<u>5 386</u>	<u>(226)</u>	<u>781 888</u>

22. Intangibles	2013	2012
	\$'000	\$'000
Computer software	7 680	15 592
Accumulated amortisation	(716)	(1 831)
Intangible work in progress	4 215	4 874
Total computer software	<u>11 179</u>	<u>18 635</u>

The Department has no contractual commitments for the acquisition of intangible assets.

Impairment

There were no indications of impairment on intangible assets at 30 June 2013.

(a) Reconciliations

	Intangibles	Intangibles work in progress	Total
	\$'000	\$'000	\$'000
2013			
Carrying amount at 1 July	13 761	4 874	18 635
Additions	-	5 138	5 138
Other movements	5 192	(5 192)	-
Transfer due to restructure	(11 233)	(604)	(11 837)
Amortisation	(756)	-	(756)
Carrying amount at 30 June	<u>6 964</u>	<u>4 216</u>	<u>11 180</u>

	Intangibles	Intangibles work in progress	Correction of error: Intangibles WIP	Total
	\$'000	\$'000	\$'000	\$'000
2012				
Carrying amount at 1 July	14 613	1 282	-	15 895
Additions	-	6 300	(2 026)	4 274
Other movements	682	(682)	-	-
Transfer due to restructure	-	-	-	-
Amortisation	(1 534)	-	-	(1 534)
Carrying amount at 30 June	<u>13 761</u>	<u>6 900</u>	<u>(2 026)</u>	<u>18 635</u>

Correction of error

Intangible WIP was overstated as at 30 June 2012 by \$2.026 million. The error has been corrected by restating each of the affected financial statement line items for the prior year (\$526 000 to employee benefits and \$1.5 million to supplies and services).

23. Inventories	2013	2012
	\$'000	\$'000
Inventories held for sale	-	434
Inventories held for distribution	-	464
Total inventories	<u>-</u>	<u>898</u>

24. Payables		
Current:		
Creditors	60 879	20 828
Accrued expenses	35 501	16 966
Employment on-costs	1 193	4 714
Paid Parental Leave Scheme	(12)	22
Other	22	89
Total current payables	<u>97 583</u>	<u>42 619</u>
Non-current:		
Employment on-costs	527	2 455
Total non-current payables	<u>527</u>	<u>2 455</u>
Total payables	<u>98 110</u>	<u>45 074</u>

24. Payables (continued)	2013	2012
Payables to SA Government entities:	\$'000	\$'000
Creditors	54 814	7 835
Accrued expenses	28 615	7 501
Employment on-costs	1 643	3 127
Total payables to SA Government entities	<u>85 072</u>	<u>18 463</u>

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of LSL taken has remained at the 2012 rate of 26%. The average factor for the calculation of employer superannuation cost on-cost has decreased from the 2012 rate of 10.3% to 10.2%. These rates are used in the employment on-cost calculation.

Interest rate and credit risk

Creditors are raised for all amounts billed but unpaid and accruals are raised where goods and services are received but an invoice has not yet been received. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

- (a) Maturity analysis of payables (refer note 37.3).
 (b) Categorisation of financial instruments and risk exposure information (refer note 37).

25. Employee benefits	2013	2012
Current:	\$'000	\$'000
Annual leave	4 018	9 813
LSL	1 610	7 238
Skills and experience retention leave	293	-
Accrued salaries and wages	1 101	6 129
Non-attendance days	-	5 202
Total current employee benefits	<u>7 022</u>	<u>28 382</u>
Non-current:		
LSL	12 919	59 538
Total non-current employee benefits	<u>12 919</u>	<u>59 538</u>
Total employee benefits	<u>19 941</u>	<u>87 920</u>

AASB 119 contains the calculation methodology for LSL liability. This year an actuarial assessment performed by DTF was used to calculate the liability rather than using a shorthand measurement technique for the calculation of the liability.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has increased from 2012 (3%) to 2013 (3.5%). This increase in the bond yield which is used as the rate to discount future LSL cash flows, results in decrease in the reported LSL liability.

The net financial effect of the changes in methodology and actuarial assumptions in the current financial year is immaterial. The impact on future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate at 4%. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The total current and non-current employee benefits (ie aggregate employee benefit plus related on-costs) for 2013 is \$8.2 million and \$13.4 million respectively.

26. Provisions	2013	2012
Current:	\$'000	\$'000
Workers compensation	240	1 993
Total current provisions	<u>240</u>	<u>1 993</u>
Non-current:		
Workers compensation	1 080	7 181
Total non-current provisions	<u>1 080</u>	<u>7 181</u>
Total provisions	<u>1 320</u>	<u>9 174</u>

26. Provisions (continued)	2013	2012
	\$'000	\$'000
Carrying amount at 1 July	9 174	9 192
Provisions transferred to TAFE SA on restructure	(8 074)	-
Additional provision recognised	220	(18)
Carrying amount at 30 June	<u>1 320</u>	<u>9 174</u>

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

27. Unearned revenue		
Unearned revenue from SA Government entities	369	26
Unearned revenue from non-SA Government entities	39	3 462
Total unearned revenue	<u>408</u>	<u>3 488</u>

28. Other liabilities		
Current:		
Deposits	-	541
Other liabilities	92	98
Total current other liabilities	<u>92</u>	<u>639</u>

29. Investments	Austraining International Pty Ltd	
	2013	2012
	\$'000	\$'000
Contributed capital in subsidiary company	<u>400</u>	<u>400</u>
Share of retained profit (percentage)	<u>100</u>	<u>100</u>
Retained profits attributable to subsidiary company:	2013	2012
	\$'000	\$'000
Balance at 1 July	6 289	4 999
Share of operating profit (loss) after income tax	(349)	1 290
Total investments as at 30 June	<u>5 940</u>	<u>6 289</u>

Austraining International Pty Ltd

Austraining International Pty Ltd, which has a reporting date of 30 June, is controlled by the Minister for Employment, Higher Education and Skills. Its principal activity is to secure international contracts for work in vocational education and training.

The current investment value is an estimate of fair value and based on unaudited financial statements as at 30 June 2013.

30. Equity	2013	2012
	\$'000	\$'000
Retained earnings	313 170	380 489
Revaluation surplus	354 313	367 900
Financial asset available for sale revaluation surplus	3 336	3 685
Contributed capital	112 477	-
Total equity	<u>783 296</u>	<u>752 074</u>

The revaluation surplus is used to record increments and decrements in the fair value of land, buildings and libraries to the extent that they offset one another.

31. Unrecognised contractual commitments

Remuneration commitments

Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at 30 June but not recognised as liabilities are payable as follows:

Within one year	2 797	8 142
Later than one year and not later than five years	2 221	7 713
Total remuneration commitments	<u>5 018</u>	<u>15 855</u>

Remuneration commitments (continued)

Amounts disclosed include commitments arising from executive contracts. The Department does not offer remuneration contracts greater than five years.

Capital commitments	2013	2012
Capital expenditure contracted for at 30 June but not recognised as liabilities in the financial statements are payable as follows:	\$'000	\$'000
Within one year	50 346	79 971
Later than one year and not later than five years	4 103	17 237
Later than five years	2 280	1 561
Total capital commitments	<u>56 729</u>	<u>98 769</u>

The Department's capital commitment mainly relates to design and construction works for Sustainable Industries Education Centre.

Other commitments

Within one year	3 233	24 826
Later than one year and not later than five years	-	32 067
Total other commitments	<u>3 233</u>	<u>56 893</u>

The Department's other commitments related to agreements for Productivity Places Program contracts, cleaning contracts, and other procurement commitments.

Operating leases commitments

Commitments in relation to operating leases contracted for at 30 June but not recognised as liabilities are payable as follows:

Within one year	5 500	6 893
Later than one year and not later than five years	14 756	23 735
Total operating lease commitments	<u>20 256</u>	<u>30 628</u>

The Department's operating leases are for office accommodation, equipment and motor vehicles. Office accommodation is leased from the Department of Planning, Transport and Infrastructure. The leases are non-cancellable with some leases having the right of renewal. Rent is payable in arrears. Motor vehicles are leased from SAFA through their agent LeasePlan Australia.

32. Contingent assets and liabilities

The Department is not aware of any contingent assets.

The Minister for Employment, Higher Education and Skills has provided a \$3 million guarantee to Austraining International Pty Ltd which has not been invoked as at 30 June 2013.

The Minister for Employment, Higher Education and Skills has entered an agreement to provide Le Cordon Bleu with a 10 year interest free loan of \$7 million conditional upon Le Cordon Bleu entering into a building contract for the development of Le Cordon Bleu's city training facility.

33. Transferred functions

Transferred out

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2012, from 1 November 2012 TAFE SA has been proclaimed as a statutory corporation, and all assets and liabilities relating to TAFE SA within the Department were transferred out to the new entity.

On transfer, the Department released the following assets and liabilities:	01.11.12
	\$'000
Cash	60 109
Receivables	19 418
Inventories	905
Property, plant and equipment	16 593
Intangible assets	11 838
Total assets	<u>108 863</u>
Payables	11 424
Employee benefits liability	65 413
Provisions	8 074

Transferred out (continued)	01.11.12
	\$'000
Other liabilities	3 500
Total liabilities	88 411
Total net assets transferred	20 452

Net assets transferred by the Department as a result of the administrative restructure were at the carrying amount recorded in the Statement of Financial Position immediately prior to transfer. The net assets have been charged directly to equity.

34. After balance day events

In June 2013, the chief executives of the Department and TAFE SA authorised the transfer of approximately 100 staff from the Department to TAFE SA pursuant to section 9 of the PSA. These transfers were in accordance with a decision taken by the TAFE SA Board to establish autonomous corporate services within TAFE SA. The financial effect of this machinery of government change has not been reflected in the financial statements due to the transfer becoming effective from 1 July 2013.

35. Remuneration of board and committee members

Members that were entitled to receive remuneration during the 2012-13 financial year were:

Adelaide College of the Arts Advisory Board (transferred to TAFE SA as at 1 November 2012)

R Archer (Chair)	S Grieve
S Bowers	A Hann
J Covernton	M Hill-Smith^
A Ford	J MacDonnell

Audit and Risk Management Committee

C Dunsford (Chair)	W Einarson^
--------------------	-------------

Premier's Science and Industry Council

D Bursill^ (Co-Chair)	R Popelka-Fiscoff^ (from January 2013)
L Cobiac^	C Priest^
I Gould	K Reynolds^ (from January 2013)
M Heard	L Read
P Langridge (resigned December 2012)	P Sandercock^
A Lopez	K Scott
T Monro	P Tharenou
D Mutton	G Todd^

Training and Skills Commission

J Buchanan	K King^ (resigned December 2012)
A Coker (resigned December 2012)	S Myatt (from January 2013)
I Curry (Deputy to J Giles)	A Nieuwenhuis (from January 2013)
P Dowd	L Palmer
A Downs^ (from January 2013, Deputy to S Myatt)	S Powell^ (resigned December 2012)
J Giles	M Silva (resigned December 2012)
K Heneker (from January 2013)	A Smith (Chair)
M Keating	P Vaughan (resigned December 2012)

Training and Skills Commission Access and Participation Reference Group

J Giles (Chair)	S Ross (resigned December 2012)
J McCormick (resigned December 2012)	P Wright
G McFadyen (from January 2013)	

Training and Skills Commission Quality Reference Group

M Aubrey (resigned December 2012)	S Holden (from January 2013)
A Coker (from January 2013)	A Nieuwenhuis (Chair from January 2013)
I Curry (resigned December 2012)	M Silva (Chair - resigned December 2012)
D Frith	D Syme (resigned December 2012)
S Forrest (from January 2013)	

Training and Skills Development Act 2008 Assessor Panel

J Adler^	I Curry^
R Buckler^	S Frazer^
A Cartledge^	D Jeffries^

35. Remuneration of board and committee members (continued)

The number of members whose remuneration from the entity falls within the following bands is:	2013 Number	2012 Number
\$1 - \$9 999	26	28
\$10 000 - \$19 999	6	1
\$20 000 - \$29 999	3	-
\$30 000 - \$39 999	1	8
\$40 000 - \$49 999	2	1
\$60 000 - \$69 999	1	-
Total	39	38

Remuneration of board members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$300 000 (\$300 000).

Amounts paid to a superannuation plan for board/committee members was \$20 579 (\$26 973).

^ Indicates a member who is entitled to receive remuneration but did not receive remuneration during 2012-13.

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

36. Reconciliation of cash and cash equivalents

	2013 \$'000	2012 \$'000
Cash at 30 June as per:		
Cash and cash equivalents disclosed in the Statement of Financial Position	62 577	66 306
Balance as per the Statement of Cash Flows	62 577	66 306

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

Net cash provided by (used in) operating activities	9 719	15 700
Depreciation and amortisation	(22 442)	(20 556)
Gain (Loss) on sale of assets	(12)	6 438
Transfer out for administrative restructure	(68 088)	-
Movements in assets/liabilities:		
Employee benefits	67 979	(12 029)
Receivables	(14 561)	7 073
Inventories	(898)	11
Payables	(34 334)	(12 839)
Unearned revenue	3 080	1 339
Other liabilities	547	114
Provisions	7 854	18
Revenues from government	(434 139)	(390 832)
Payments to government	8 247	-
Net cost of providing services	(477 048)	(405 563)

37. Financial instruments**37.1 Categorisation of financial instruments**

Details of significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2.

		Carrying amount	
		2013 \$'000	2012 \$'000
Financial assets	Note		
Cash and cash equivalents	18	62 577	66 306
Receivables ⁽¹⁾⁽²⁾	19	7 570	17 950
Investments:			
Financial assets	29	5 940	6 289
Financial liabilities			
Payables:			
Financial liabilities at cost	24	96 234	37 905
Other liabilities	27,28	-	4 127
Total net financial assets at cost		(20 147)	48 513

37.1 Categorisation of financial instruments (continued)

(1) Receivables and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights and obligations have their source legislation such as levy/receivables, tax equivalent, Commonwealth tax etc they would be excluded from the disclosure. The standard defines contract as enforceable by law.

(2) Receivables amount disclosed here excludes prepayments. Prepayments and GST recoverable from the ATO are presented in note 19 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

The Department does not recognise financial assets or financial liabilities at fair value with the exception of the investment in Austraining which is disclosed at fair value derived from data not observable in a market (refer note 29).

Credit risk

Credit risk arises when there is the possibility of the Department's debtors defaulting on their contractual obligations resulting in financial loss to the Department. The Department measures credit risk on a fair value basis and monitors risk on a regular basis.

The carrying amount of financial assets as detailed in note 37.1 represents the Department's maximum exposure to credit risk.

The Department has minimal concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Department does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets is calculated on past experience and current and expected changes in client credit rating. Currently the Department does not hold any collateral as security to any of its financial assets. Other than receivables, there is not evidence to indicate that the financial assets are impaired. Refer note 19 for information on the allowance for impairment in relation to receivables.

37.2 Ageing analysis of financial assets

The following table discloses the ageing of financial assets, past due, including impaired assets past due:

	Past due by			Total \$'000
	Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	
2013				
Not impaired:				
Receivables	34	46	71	151
2012				
Not impaired:				
Receivables	8 593	1 359	7 998	17 950

37.3 Maturity analysis of financial assets and liabilities

The following table discloses the maturity analysis of financial assets and financial liabilities:

	Carrying amount \$'000	Contractual maturities		
		Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2013				
Financial assets:				
Cash and cash equivalents	62 577	62 577	-	-
Receivables	7 570	7 547	-	23
Other financial assets	5 940	-	-	5 940
Total financial assets	76 087	70 124	-	5 963
Financial liabilities:				
Payables	96 234	96 234	-	-
Total financial liabilities	96 234	96 234	-	-

37.3 Maturity analysis of financial assets and liabilities (continued)

2012	Carrying amount \$'000	Contractual maturities		
		Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets:				
Cash and cash equivalents	66 306	66 306	-	-
Receivables	17 950	17 692	258	-
Other financial assets	6 289	-	-	6 289
Total financial assets	90 545	83 998	258	6 289
Financial liabilities:				
Payables	37 905	37 905	-	-
Other financial liabilities	4 127	4 127	-	-
Total financial liabilities	42 032	42 032	-	-

Liquidity risk

Liquidity risk arises where the Department is unable to meet its financial obligations as they fall due. The Department is funded principally from appropriations from the SA Government. The Department works with DTF to determine the cash flows associated with its government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The Department's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in note 37.1 represents the Department's maximum exposure to financial liabilities.

38. Administered items

Administered expenses:	Minister's salary and allowances	
	2013 \$'000	2012 \$'000
Employee benefits	273	176
Total administered expenses	273	176
Administered income:		
Revenues from SA Government	273	176
Total administered income	273	176
Net result	-	-

Minister's salary and allowances

Minister's salary and allowances represents the amount pursuant to *Parliamentary Remuneration Act 1990*.

Department for Health and Ageing

Functional responsibility

Establishment

The Department for Health and Ageing (the Department) is an administrative unit established pursuant to the PSA. Previously named the Department of Health its title was changed by proclamation effective from 1 January 2012.

The Department is a funder or service purchaser, policy setter and strategic planner and provider of services. Note 1 to the financial statements provides details regarding the Department's objectives.

Functions

The Department is charged with broad ranging policy and administrative responsibilities associated with health. One of the functions delegated to the Chief Executive of the Department under the *Health Care Act 2008* (the HC Act) is to ensure that there is proper allocation and use of resources between health regions and health services incorporated under the HC Act.

Changes to health regions and services from 1 July 2011

In August 2011 the Australian, State and Territory Governments finalised the National Health Reform Agreement (NHRA). The NHRA provides for the implementation of major new governance and financial management arrangements for the delivery of public hospital services and other health services.

The NHRA required the establishment of separate local health networks that operate under governing councils for the management of the delivery of public hospital and other health services. These changes are to place responsibility and accountability for health service delivery to local health areas.

In response to the reform agenda of the NHRA five local health networks were established from 1 July 2011 as follows:

- Central Adelaide Local Health Network Incorporated
- Southern Adelaide Local Health Network Incorporated
- Northern Adelaide Local Health Network Incorporated
- Women's and Children's Health Network Incorporated
- Country Health SA Local Health Network Incorporated.

The SA Ambulance Service Inc (SA Ambulance) has operated since 1992 and was not affected by the requirements for change under the NHRA.

Structure of this section of the Report

This section of the Report includes commentary and/or financial information for the following matters:

- comment on some health sector challenges
- audit commentary and findings arising from audits of the financial operations of the Department

- Department for Health and Ageing financial report
- financial information for the incorporated local health networks and health services
- audit commentary and findings arising from audits of the incorporated local health networks and health services
- health sector staffing and patient activity data - unaudited.

Health sector challenges

Last year's Report included certain observations on some important changes and challenges facing the health sector and its administration. Certain matters are again commented on below in consideration of their importance, recent developments and Audit observations and findings arising out of review work associated with the 2012-13 audit of health services.

National health reforms

The *National Health Funding Pool Administration (South Australia) Act 2012* (NHFPA Act) came into operation on 1 October 2012. This Act gives effect to the funding and financial accountability requirements of the NHRA, with implications for South Australian health sector administration and audit responsibilities for the Auditor-General.

Pursuant to the requirements of the NHRA and the NHFPA Act, from 1 October 2012, the Commonwealth and State Governments provided three types of funding into a State Pool account established with the Reserve Bank of Australia. The three types of funding are as follows:

- activity based funding (Commonwealth and State) – represents acute admitted public, acute admitted private, non-admitted and emergency department categories of service
- block funding (Commonwealth) – represents mental health, small rural and metropolitan hospitals, subacute, teaching, training and research and other categories
- public health funding – other amounts transacted through the State Pool account and are subsequently paid to the Department.

The NHFPA Act also requires the Administrator of the National Health Funding Pool to prepare an annual financial statement for the State Pool account and for the Auditor-General to audit this financial statement and express an audit opinion on the statement.

A financial statement of the State Pool account has been prepared by the Administrator for the period 1 October 2012 to 30 June 2013. An audit of this financial statement has been carried out and an unmodified Independent Auditor's Report issued.

The audited financial statement will form part of the Administrator's annual report to the responsible Commonwealth Minister pursuant to the NHFPA Act.

Information technology and system change

The previous Report referred to the significant responsibility the Department has managing the replacement of health and financial management information systems. The successful implementation of these systems is fundamental to the achievement of improved health service delivery performance and the financial management and control and accountability requirements under the health reform agenda.

There has been continual delay and remediation issues with the rollout of the Procure to Pay component of the Oracle Corporate System (OCS). This has meant that legacy systems are still in operation across most health services, resulting in additional costs and inefficiencies in the purchasing and accounts payment functions.

Audit remains concerned about the costs and the effectiveness of the implementation of the OCS.

The management of the implementation of major information technology developments and systems and the audit of their operations will remain an area of audit focus.

Governance and financial control

The Department and local health networks need to have strong systems of governance and control to adequately respond to risks associated with fundamental change that is occurring to administration and financial arrangements and systems.

Annual audits of the Department and associated health services raise many matters relating to governance and control. They represent deficiencies in practices or the requirement for improvement in practices. Over 20 audit management letter communications raising issues for consideration by health sector management were forwarded to the Department in respect of the 2012-13 financial year. Over 20 letters were forwarded for the 2011-12 financial year.

Commentaries on communications of audit findings to the Department and health services for 2012-13 are provided later in this section of this Report.

Financial reporting

The Department and local health networks met their 2012-13 financial reporting obligations. As mentioned in last year's Report, meeting the obligations of timely and effective financial reporting is greatly advanced through well established and maintained financial management and reporting systems and control environments. This includes the ongoing maintenance of effective financial account reconciliation processes.

The Department and local health networks are exposed to financial reporting preparation and integrity risks until such time as the OCS is fully implemented and stabilised and legacy systems discontinued.

Financial performance

The 2011-12 mid-year budget review announced the establishment of a resource unit within the Department to support the delivery of improved financial management and achievement of saving measures across the health sector. Funding of \$2.5 million p.a. (indexed) has been provided in the Budget for the operation of the unit up to the end of 2014-15.

The unit, called the Office of Business Review and Implementation, became operational in February 2012.

To facilitate the financial performance improvement program the Department engaged consultants to conduct a financial review of metropolitan hospitals within the local health networks.

In July and October 2012, the Government approved the implementation of specific efficiency strategies identified in the financial reviews of the metropolitan hospitals and additional measures required to meet forward budget estimates.

The 2012-13 mid-year budget review announced that the Government had re-assessed the level and timing of budget improvement measures the Department could deliver across the forward estimates. This resulted in a reduction to the Department's budget savings target over the forward estimates.

Further comment on this matter is contained in Part C of this Report.

Audit mandate and coverage

Audit authority

Audit of the financial report

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

Assessment of controls

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

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

Scope of the audit

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

During 2012-13, specific areas of audit attention included:

- implementation and operation of the OCS
- payroll
- accounts payable
- accounts receivable
- funding to health services
- interstate patient transfers
- non-current assets
- revenues received from the Commonwealth
- grants to not-for-profit organisations
- insurance services
- financial management and compliance
- warehouse management
- fixed assets
- overseas travel
- ICT developments.

Audit Committee and internal audit

The Department's Risk Management and Audit Committee has continued in operation throughout the 2012-13 financial year. An understanding of internal audit activities has been obtained in order to identify and assess the risks of material misstatement of the financial report and to design and perform audit procedures.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Department for Health and Ageing as at 30 June 2013, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

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

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive of the Department. The main matters raised and the related responses are outlined below. The responses will be followed up for effectiveness in addressing the matters raised as part of the 2013-14 audit of the Department.

In addition, matters relating to SSSA as a service provider to the Department are also described below.

Risk management and internal audit

Risk Management and Audit Committee (the Committee)

An important element of the Department's risk management policy and framework is the identification, analysis, evaluation, treatment and monitoring of risks on a consistent basis across the Department. To facilitate this a web-based application to record risks, ratings, controls and treatments has been implemented.

The Committee reviews quarterly strategic risk reports which cover material risks and controls (including financial, operational and compliance controls).

As part of the risk management framework the health services are also reporting to the Committee on a quarterly basis their strategic risks.

Internal audit review of medical consultant allowances

A notable review by internal audit related to medical consultant allowance payments. The review of allowances and recalls within one medical department highlighted high levels of recall payments being claimed by some consultants. As a result, the review was extended across other medical departments to identify any other unusually high allowances or payments. The audit also assessed processes and controls where considerable overtime or allowances are being paid.

The review found that work that appears to be the continuation of a consultant's regular duties have been claimed and paid as a recall. In addition it was found that the consultant's timesheets were not always prepared correctly and did not include information such as patient information and recall times.

In response to the internal audit review, the Department is developing guidelines for completing medical officer timesheets. In addition the Department is relating with SSSA in the development of an action plan to follow-up payment errors. Audit will monitor these developments during 2013-14.

Implementation of TIs 2 and 28

TI 2 requires agencies to document key financial policies and procedures. TI 28 also requires agencies to develop and maintain a financial management compliance program of review of relevant policies and procedures, internal controls and financial reporting. A key feature of the Department's compliance program is a self-assessment process.

The Department advised Audit of certain developments that have taken place during the year in applying the principal elements of TIs 2 and 28. These have included the review of the compliance self-assessment checklist that will enhance the effectiveness of the compliance reporting and the update of the financial management compliance policy to ensure that any areas of compliance concern are adequately reviewed.

Audit review of the financial management compliance policy and the self-assessment checklists noted a number of improvements made to the self-assessment process to ensure compliance responses are meaningful and are completed in a timely manner. It was also noted that all completed checklists were returned and the Department reviewed all responses to ensure that questions were satisfactorily addressed and action plans developed for those areas of identified non-compliance.

In addition, internal audit has continued to review compliance with TIs as part of their program of internal audits across the Health portfolio (SA Health).

Recurrent funding to health services

In 2012-13 \$3.6 billion of recurrent funding was provided to health services, a major component of departmental expenditure. The control framework implemented by the Department to support this function is significant and centres on the execution and performance obligations of health service agreements.

The 2012-13 audit included the following matters:

- performance agreements with health services are appropriately executed on a timely basis
- processes are in place to monitor compliance requirements of the performance agreements
- cash call payments are appropriately approved and are accurately processed into accounts payable
- budget variations are appropriately approved and supported
- key reconciliations of funding are regularly performed and independently reviewed
- progress status of the performance of casemix audits.

The findings of the 2012-13 audit were generally satisfactory.

Capital funding to health services

Capital funding provided to health services in 2012-13 was \$313 million.

Costs associated with major projects undertaken across SA Health are funded and paid by the Department. The Department then advises the relevant health service monthly of all costs incurred. Each health service recognises costs incurred on its behalf as capital funding (revenue) received from the Department and, depending on the nature of the payment, a corresponding expense or asset (work in progress) in its ledger.

Consistent with 2011-12 the scope of the audit included an assessment of controls for the following matters:

- purchasing/initiating projects – all projects have the appropriate approval
- project management – all projects are monitored on an ongoing basis
- update to general ledger – projects module is reconciled to the general ledger.

The findings of the 2012-13 audit were generally satisfactory.

Funding to not-for-profit organisations

The 2012-13 audit involved coverage of the following matters:

- grant funding is paid in accordance with service agreements
- grant payments are appropriately authorised
- terms and conditions of service agreements are monitored by the Department
- grant funding is completely and accurately recorded in the general ledger.

The results of the audit were generally satisfactory.

Management framework for grant funding

The Department approved the implementation of a funding and planning framework for non-government services in late 2007.

The 2009-10 Report referred to the delay in the implementation of the framework and emphasised that the delay was inconsistent with its intended objective of achieving improvements in the funding and accountability arrangements for not-for-profit organisations. The framework is still not implemented.

In February 2013 an external consultant was appointed to develop a decision-making framework for grant funding. The final report of the consultant, including the decision-making framework, has been accepted by the Department.

As conveyed in previous reports, the lengthy delay in the implementation of a framework may result in less than optimal cost/benefit/service outcomes.

Commonwealth Government grants

A review of changed agreements and arrangements with the Commonwealth included an assessment of the following matters:

- execution of funding agreements – agreements are appropriately established and approved between the Commonwealth and the State Government prior to the State utilising funds received

- monitoring of revenue received – monitoring controls exist to ensure funding received is in accordance with amounts due as per funding agreements
- management over the use of grant funding – measures are put in place to effectively manage, monitor and account for specific purpose received funding
- performance reporting – grant agreements are appropriately managed ensuring all reporting requirements are adhered to.

The results of the audit were generally satisfactory.

Payroll

Payroll processing for the Department is undertaken by SSSA using the CHRIS HRMS system.

Payroll costs are the predominant cost component of the Department's overall expenditure. It is critical that appropriate control practices are in operation, particularly for confirming the bona fide nature of employees.

For a number of years the Department has not given adequate attention to remediate bona fide authentication. In the absence of a robust bona fide process, the Department has no assurance that all employees paid through the CHRIS payroll system are valid.

The Department implemented remedial action during 2012-13. The effectiveness of this long overdue action will be a focus of the 2013-14 audit.

Shared Services SA – CHRIS payroll control environment

As mentioned above, SSSA processes payroll transactions specific to the CHRIS HRMS system on behalf of the Department in accordance with a service level determination with SSSA.

The audit of payroll transactions considered the payroll process and control environments of SSSA and the external bureau provider of the CHRIS HRMS payroll service to SSSA.

Review of the process and control environments in previous years has identified SSSA key control weaknesses covering segregation of duties and user access and certain security limitations of the CHRIS 5 application provided by the bureau service.

As SSSA implemented significant remediation action during the year, it was not effective throughout the entire year. As such the process and control environment could not be considered robust and effective for the 2012-13 financial year. Also the planned migration of payroll processing from CHRIS 5 to CHRIS 21 (a whole-of-government project), which would address security limitations, is yet to occur.

This matter is further discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report.

Accounts payable

Accounts payable services are provided to the Department by SSSA.

The audit identified some areas of control weakness and opportunities for improvement in processes and controls, notably:

- absence of independent review of reconciliation between the OCS accounts payable subsystem and the general ledger

- regular review of user access to corporate banking system.

The matters raised by Audit with the Department have been responded to satisfactorily.

Creditor account payment performance

TI 11 prescribes the policy for creditor account payments, including the development of relevant policies and procedures and the preparation of monthly reports on account payment performance to the Minister for Health and Ageing (the Minister).

The audit noted the need for updated policies and procedures for TI 11 requirements and for the monthly reports relating to the Department and each local health network and SA Ambulance to be submitted to the Minister.

In response the Department advised that policies and procedures would be updated and account payment performance reports for the Department and each local health network and SA Ambulance would be included in the Department's monthly reports submitted to the Minister.

Accounts receivable

The results of the audit revealed a number of control weaknesses in the accounts receivable control environment. The control weaknesses noted and raised with the Department included:

- absence of an independent review of the customer masterfile
- not matching received amounts to relevant invoices.

The Department responded positively to the audit findings advising actions to address the weaknesses.

Special purpose funds

The various local health networks administer significant monies in special purpose funds (SPFs). These funds include private practice funds, specific research grants, and funds received through fund raising activities undertaken by hospitals or voluntary organisations closely affiliated with the hospitals.

In 2011 Audit communicated to the Department detailing some issues relating to SPF policies and procedures and SPF reporting. The Department's response to that letter indicated that a number of policies and procedures were being developed and that a new reporting system (OBIEE) was being developed to enable users to generate reports.

During 2012-13 Audit again communicated to the Department on this matter. The Department advised that the SPF Classification and Creation policy (and related procedures) and a Specific Purpose Funds Management and Closure policy (and related procedures) had been endorsed by the Department's Portfolio Executive.

The Department also advised that it has established a steering committee, with representation from all local health networks, to review the aforementioned SPF policies and procedures.

It is understood that the implementation of the policy framework will occur in 2013-14 and will involve a significant review of SPFs across the local health networks. This review should address the issues previously raised by Audit, notably the adequacy of documentation underpinning the operation of SPFs, the usefulness of SPF reports for monitoring purposes, and the significance and reasons and implications of overdrawn SPFs.

Audit will review the implementation of the SPF policies and procedures during 2013-14.

Information and communication technology and control

OCS

Previous Reports have included specific comment on the Department's new financial management system, OCS. This system aims to replace the SA Health and health unit legacy general ledger and financial systems with a whole-of-health integrated system.

The previous Reports highlighted significant problems with the implementation of the OCS. In brief the problems have related to the delay in the full rollout of OCS functionality and a number of significant control weaknesses for system functionality that was introduced into operation. As a consequence of the problems, costs continue to be incurred for the operation and maintenance of legacy systems and health services continue to be deprived of the full financial management and reporting benefits that are expected to be available from the OCS.

In the later part of 2012-13, Audit completed a follow-up review of the position status of the OCS, including rollout progress and remediation of the control weaknesses previously identified and commented on in previous Reports.

Details regarding Audit's 2012-13 review are contained in Part A of this Report.

Enterprise Patient Administration Systems (EPAS)

EPAS is a significant system information project initiative for the replacement of a large number of legacy patient administration systems operating within the health services. The new Royal Adelaide Hospital is also reliant upon EPAS being implemented and embedded with reformed clinical workflows and practices.

The Department anticipates that EPAS will deliver an enterprise-wide electronic health record for the South Australian public health system and will enable other major reform initiatives. These include the Mental Health reform, Emergency Department reform, State Medical Imaging reform and the SA Pathology reform.

As indicated in last year's Report, Audit has been reviewing developments relating to the EPAS project. In late August 2013 EPAS was rolled out to the activation health sites, Noarlunga Hospital and GP Plus Super Clinic Noarlunga.

Audit's review and reporting on the EPAS project developments will be completed following review of the results of the SA Health rollout assessment of EPAS to the initial activation sites.

Further audit commentary

Public Private Partnership (PPP) – the new Royal Adelaide Hospital project

Recap of key developments

In brief the following summarises the key events to-date for this project development:

- announcement of the preferred proponent in December 2010
- contract and financial close achieved in May/June 2011
- commencement of the design and construction phase in mid 2011.

In June 2011 contractual and financial close arrangements were concluded with SA Health Partnership Consortium (SAHP) to build, operate and maintain and provide non-medical support services for the new Royal Adelaide Hospital under a 35 year contract.

At financial close, the public sector comparator analysis showed it was \$137.4 million cheaper to the government to procure through a PPP arrangement over the life of the project compared to a traditional government procurement approach. The estimated total risk adjusted value of the contractual arrangement at financial close was \$3160.6 million (net present cost) compared to the risk adjusted public sector comparator of \$3298 million (net present cost). The value at financial close represented the net present cost of construction, maintenance and the provision of non-clinical support services over a 35 year period.

The estimated total value of the contractual arrangement at contractual close provides for a capital cost for design and construction by SAHP of \$1.85 billion (nominal). This excluded state works of \$244.7 million (nominal) towards the overall hospital development and consists of those elements to be delivered and financed by the State including core clinical equipment and precinct works.

Audit review

The review of aspects of the project and contract arrangements noted certain matters that have been the subject of audit communication with the Department. These matters relate to contractual risk and project governance.

Contractual risk

The contractual arrangement took into account a range of transferred risks to SAHP, including significant risks relating to design and construction. In essence the design and build of the hospital is a fixed price arrangement. One of the significant transferred risks relates to contamination risk for known pre-existing contamination. There is, however, a contractual risk sharing arrangement for unknown pre-existing contamination where the State will reimburse SAHP 80% of such costs.

Audit review of project and contract documentation noted the submission by SAHP of a number of claims for remediation of unknown contamination. Acknowledging the potential financial significance of unknown pre-existing contamination and its possible impact on the Department's financial statement reporting obligations, Audit raised with the Department the requirement for contingent liability disclosure in the financial accounts.

The Department has included, at note 34 to the financial statements, disclosure information on this matter indicating a number of claims have been submitted and a detailed validation process is being undertaken of the submitted claims.

Project governance

SAHP is progressing construction of the new hospital. During most of the year the governance arrangements exercised by the Department over the project development remained relatively unchanged from the previous year. In essence they involved the new RAH Executive Project Committee as the primary governance body for the design and construction phase of the new RAH project.

Changes are being made to the governance arrangements for the project and Audit is reviewing and seeking information to understand the exact nature of the changes. Audit has been advised by the Department that the changes involve the transfer of design, construction and facilities management responsibilities to the Department of Planning, Transport and Infrastructure, with the Department -

Central Adelaide Local Health Network having focused responsibilities for overall change management and transition of clinical services to the new RAH. An interagency steering committee comprising SA Health, the Department of Planning, Transport and Infrastructure, Crown Law, DTF and an independent member with PPP experience is to operate in relation to the project.

Audit is progressing the review of these and other matters relating to the new RAH project.

South Australian Health and Medical Research Institute (SAHMRI)

SAHMRI was incorporated in December 2009 as a company limited by guarantee under the *Corporations Act 2001*. The liability of the members is limited to \$1 each. At 30 June 2012 the company had six members who were public authorities or prescribed public authorities under the PFAA. They are the:

- South Australian Treasurer
- South Australian Minister for Health and Ageing
- South Australian Minister for Science and Information Economy
- Department for Further Education, Employment, Science and Technology
- University of Adelaide
- Flinders University of South Australia
- University of South Australia.

SAHMRI's key strategic objectives include the development and subsequent operation of a 'world-class flagship health and medical research facility'. The construction of the facility commenced in February 2010 and is expected to be completed in late 2013. It's location is adjacent to the new Royal Adelaide Hospital project development. The construction cost of the facility is estimated to be over \$200 million and is being financed by the Commonwealth Department of Health and Ageing.

SAHMRI operates under a Grant Deed which was executed on 24 May 2010. The Grant Deed provides seed funding from the Government of South Australia (through the Minister for Health and Ageing) of \$15 million over the period 2009-10 to 2012-13.

The State Government has agreed to provide SAHMRI operational grant funding for a further three financial years commencing 1 July 2013.

The SAHMRI does not come within the ambit of the definition of public authority and is therefore not able to be subject to statutory audit by the Auditor-General pursuant to section 31 of the PFAA.

SAHMRI is being subject to annual statutory audit by a major accounting/auditing firm.

Interpretation and analysis of the financial report

Highlights of the financial report

	2013 \$'million	2012 \$'million
Expenses		
Employee benefit expenses	199	201
Supplies, services and other expenses	382	433
Grants, subsidies and client payments	4 025	3 879
Total expenses	4 606	4 513

	2013 \$'million	2012 \$'million
Income		
Rent, fees and charges	252	240
SA Government appropriations	2 991	3 733
Grants from SA Government agencies	9	7
Commonwealth Government grants	1 119	146
Other	29	107
Total income	4 400	4 233
Net result	(206)	(280)
Other comprehensive income		
Property, plant and equipment revaluation	1	(1)
Total comprehensive result	(205)	(281)
Net cash provided by (used in) operating activities	(223)	(115)
Assets		
Current assets	311	196
Non-current assets	141	236
Total assets	452	432
Liabilities		
Current liabilities	204	289
Non-current liabilities	154	158
Total liabilities	358	447
Total equity	94	(15)

Statement of Comprehensive Income

Income for 2012-13 amounted to \$4.4 billion (\$4.2 billion) and principally comprised SA Government appropriations of \$3 billion (\$3.7 billion) and Commonwealth Government grants of \$1.1 billion (\$146 million). The significant increase in Commonwealth Government grants is mainly attributable to the Department, as from 1 October 2012, receiving Commonwealth grants paid from the State Pool account under the revised funding agreement pursuant to the NHRA rather than via DTF through State Government appropriation.

Expenses were \$4.6 billion (\$4.5 billion), principally comprising grants and subsidies of \$4 billion (\$3.9 billion). Grants and subsidies includes funding to incorporated health services of \$3.9 billion (\$3.7 billion) and funding to not-for-profit organisations of \$125.5 million (\$122.2 million). The increase in the funding provided to the incorporated health services relates mainly to increased activity in the public health system.

Statement of Financial Position

As at 30 June 2013, the Department has a net assets position of \$94 million compared to a net assets deficiency in 2011-12 of \$15.1 million. While the Department recorded a deficit (net result) for the year ended 30 June 2013 of \$206 million, this was offset by an equity contribution by the SA Government of \$314 million.

Statement of Cash Flows

In 2012-13 the Department recorded a net cash inflow of \$139.5 million compared with a net cash inflow of \$18.7 million during 2011-12.

The following table summarises the net cash flows for the four years to 2013.

	2013 \$'million	2012 \$'million	2011 \$'million	2010 \$'million
Net cash flows				
Operating	(223)	(115)	(185)	(128)
Investing	50	(80)	(54)	(30)
Financing	313	213	252	147
Change in cash	140	18	13	(11)
Cash at 30 June	212	72	54	41

Statement of Comprehensive Income for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
Expenses:			
Employee benefit expenses	6	199 341	200 887
Supplies and services	7	305 865	392 411
Depreciation and amortisation expense	8	17 303	12 703
Grants and subsidies	9	4 025 379	3 878 783
Borrowing costs	10	1 868	2 044
Net loss from disposal of non-current assets	16	29 704	80
Other expenses	11	27 189	26 399
Total expenses		4 606 649	4 513 307
Income:			
Revenues from fees and charges	12	251 696	239 604
Commonwealth Government grants	13	1 119 598	146 161
Interest revenue	14	4 440	2 349
Resources received free of charge	15	8 813	3 765
Other income	17	15 337	100 598
Total income		1 399 884	492 477
Net cost of providing services		3 206 765	4 020 830
Revenues from (Payments to) SA Government:			
Revenues from SA Government	18.1	2 991 413	3 733 271
Grants from SA Government agencies	18.2	8 944	7 227
Total revenues from (payments to) SA Government		3 000 357	3 740 498
Net result		(206 408)	(280 332)
Other comprehensive income:			
Changes in property, plant and equipment revaluation surplus		858	(459)
Total comprehensive result		(205 550)	(280 791)

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

**Statement of Financial Position
as at 30 June 2013**

	Note	2013 \$'000	2012 \$'000
Current assets:			
Cash and cash equivalents	20	212 009	72 462
Receivables	21	84 490	111 097
Inventories	22	14 393	12 495
Total current assets		310 892	196 054
Non-current assets:			
Receivables	21	21 882	24 400
Property, plant and equipment	23	64 063	164 232
Intangible assets	24	55 290	47 805
Total non-current assets		141 235	236 437
Total assets		452 127	432 491
Current liabilities:			
Payables	25	161 835	245 459
Borrowings	26	1 867	1 522
Employee benefits	27	24 389	24 830
Provisions	28	15 156	15 878
Other current liabilities	29	708	1 288
Total current liabilities		203 955	288 977
Non-current liabilities:			
Payables	25	30 879	25 124
Borrowings	26	17 694	19 562
Employee benefits	27	32 874	31 727
Provisions	28	72 482	82 146
Other non-current liabilities	29	78	88
Total non-current liabilities		154 007	158 647
Total liabilities		357 962	447 624
Net assets		94 165	(15 133)
Equity:			
Contributed capital	30	1 360 587	1 046 161
Revaluation surplus	30	32 098	31 240
Retained earnings	30	(1 298 520)	(1 092 534)
Total equity		94 165	(15 133)
Total equity is attributable to the SA Government as owner			
Unexpended funding commitments	19		
Unrecognised contractual commitments	32		
Contingent assets and liabilities	34		

Statement of Changes in Equity for the year ended 30 June 2013

	Note	Contributed capital \$'000	Revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2011		831 445	31 699	(817 831)	45 313
Changes in accounting policy		-	-	6 129	6 129
Restated balance at 30 June 2011		831 445	31 699	(811 702)	51 442
Net result for 2011-12		-	-	(280 332)	(280 332)
Gain (Loss) on revaluation of property during 2011-12		-	(459)	-	(459)
Total comprehensive result for 2011-12		-	(459)	(280 332)	(280 791)
Transactions with SA Government as owner:					
Equity contributions from DTF		214 716	-	-	214 716
Net assets received from an administrative restructure	33	-	-	(1 688)	(1 688)
Net assets transferred as a result of an administrative restructure	33	-	-	1 188	1 188
Balance at 30 June 2012	30	1 046 161	31 240	(1 092 534)	(15 133)
Changes in accounting policy		-	-	-	-
Restated balance at 30 June 2012	30	1 046 161	31 240	(1 092 534)	(15 133)
Net result for 2012-13		-	-	(206 408)	(206 408)
Gain (Loss) on revaluation of property during 2012-13		-	(15)	-	(15)
Gain (Loss) on revaluation of plant and equipment during 2012-13		-	873	-	873
Total comprehensive result for 2012-13		-	858	(206 408)	(205 550)
Transactions with SA Government as owner:					
Equity contributions from DTF		314 426	-	-	314 426
Net assets received from an administrative restructure	33	-	-	374	374
Net assets transferred as a result of an administrative restructure	33	-	-	48	48
Balance at 30 June 2013	30	1 360 587	32 098	(1 298 520)	94 165

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

Statement of Cash Flows for the year ended 30 June 2013

	2013	2012
	Inflows (Outflows)	Inflows (Outflows)
	\$'000	\$'000
Cash flows from operating activities:		
Cash outflows:		
Employee benefit payments	(199 115)	(199 972)
Payments for supplies and services	(363 830)	(227 356)
Payments of grants and subsidies	(4 025 379)	(3 878 783)
Interest paid	(1 868)	(2 098)
GST payments on purchases	(119 837)	(92 335)
GST remitted to the ATO	(4 874)	(5 213)
Payments for Paid Parental Leave Scheme	(140)	(140)
Other payments	(27 189)	(25 544)
Cash used in operations	<u>(4 742 232)</u>	<u>(4 431 441)</u>
Cash inflows:		
Fees and charges	270 302	247 774
Receipts from Commonwealth	1 119 598	146 202
Interest received	4 440	2 349
GST receipts on receivables	29 992	15 291
GST recovered from the ATO	79 533	65 766
Receipts for Paid Parental Leave Scheme	157	157
Other receipts	14 747	98 115
Cash generated from operations	<u>1 518 769</u>	<u>575 654</u>
Cash flows from SA Government:		
Receipts from SA Government	3 000 357	3 740 498
Cash generated from SA Government	<u>3 000 357</u>	<u>3 740 498</u>
Net cash provided by (used in) operating activities	<u>(223 106)</u>	<u>(115 289)</u>
Cash flows from investing activities:		
Cash outflows:		
Purchase of property, plant and equipment	(27 633)	(76 606)
Purchase of intangibles	(18 033)	(2 907)
Cash used in investing activities	<u>(45 666)</u>	<u>(79 513)</u>
Cash inflows:		
Proceeds from sale of property, plant and equipment	95 416	-
Cash generated from investing activities	<u>95 416</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>49 750</u>	<u>(79 513)</u>
Cash flows from financing activities:		
Cash outflows:		
Repayment of borrowings	(1 523)	(1 213)
Cash used in financing activities	<u>(1 523)</u>	<u>(1 213)</u>
Cash inflows:		
Capital contributions from government (not operations)	314 426	214 716
Cash generated from financing activities	<u>314 426</u>	<u>214 716</u>
Net cash provided by (used in) financing activities	<u>312 903</u>	<u>213 503</u>
Net increase (decrease) in cash and cash equivalents	<u>139 547</u>	<u>18 701</u>
Cash and cash equivalents at 1 July	<u>72 462</u>	<u>53 761</u>
Cash and cash equivalents at 30 June	<u>212 009</u>	<u>72 462</u>

20

Notes to and forming part of the financial statements

1. Objectives of the Department for Health and Ageing (the Department)

The Department is committed to protecting and improving the health of all South Australians by providing leadership in health reform, policy development and planning. The vision of the Department is the best health for South Australians.

To achieve this vision the Department is:

- strengthening primary health care
- enhancing hospital care
- reforming mental health care
- supporting a range of programs to help older South Australians
- improving the health of Aboriginal people.

The Department is committed to a health system that produces positive health outcomes by focusing on health promotion, illness prevention and early intervention.

The Department has responsibility for delivery of specific programs to the public with respect to activities assigned to the Department and the powers and functions performed under the *Health Care Act 2008* (the Act), and other legislation as delegated by the Minister for Health and Ageing and the Minister for Mental Health and Substance Abuse to the Chief Executive of the Department.

1.1 Departmental functions

One of the functions delegated to the Chief Executive of the Department under the Act is to ensure that there is proper allocation and use of resources between local health networks and health services incorporated under the Act.

The financial affairs of incorporated health services do not form part of the Department's financial statements. Under the Act these bodies are required to maintain separate accounts of their respective financial affairs and to have them separately audited by the Auditor-General or an auditor approved by the Auditor-General.

1.2 Administered items

The Department administers certain revenues, expenses, assets and liabilities on behalf of other government agencies and non-government entities. They are not controlled by the Department and are consequently not recognised in the Department's financial statements. They are regarded as insignificant and disclosed in note 38.

1.3 Administrative restructures

2012-13

- As a result of the Public Sector (Reorganisation of Public Sector Operations) Notice 2012 approved by the Premier in The South Australian Government Gazette dated 8 November 2012, a staff member from the Assets Services Division was transferred to the Department of Planning, Transport and Infrastructure.
- Health Portfolio Executive approved on 2 October 2008 the establishment of a consolidated procurement, contracting and supply chain service. This service provides the foundation for delivering best practice procurement, contracting and supply chain management across the Health Portfolio (SA Health). Effective 1 July 2012 inventory associated with the SA Ambulance Service and the SA Dental Service were transferred to the SA Distribution Centre division of the Department.

2011-12

- Effective 1 January 2012, under the Public Sector (Department for Health and Ageing) Proclamation 2011, the Department of Health was renamed the Department for Health and Ageing, as noted in The South Australian Government Gazette dated 15 December 2011 by proclamation of the Governor.
- As a result of the Public Sector (Reorganisation of Public Sector Operations) Notice 2011 approved by the Premier in The South Australian Government Gazette dated 15 December 2011, the divisions known as Ageing and the Aged Care and Assessment Teams were transferred into the Department for Health and Ageing from the Department for Communities and Social Inclusion, effective 1 January 2012
- SA Health Executive approved the transfer of the Aged Care and Assessment Team to the Southern Adelaide Local Health Network Incorporated, effectively transferring all staff and functions effective from 1 January 2012.

1.4 Funding for the Department

Funding for the Department comes from two main sources:

- appropriation funding from State and Commonwealth Government sources. These funds are applied to both controlled and administered activities
- payment and recoveries from portfolio agencies for business service functions performed on behalf of the agencies, with fees for these services being determined on a cost recovery basis.

In addition to the main funding sources, the Department receives amounts from other sources.

2. Summary of significant accounting policies

2.1 Statement of compliance

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

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

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

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2013 (refer note 4).

2.2 Basis of preparation

The preparation of the financial statements requires:

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

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

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

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

The existence of the Department and the ongoing delivery of current programs and services is dependent on government policy and continuing appropriations by Parliament.

The accounting policies set out below have been applied in preparing the financial statements for the year ending 30 June 2013 and the comparative information presented.

2.3 **Reporting entity**

The Department's financial statements include both departmental and administered items. The Department's financial statements include the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. As administered items are insignificant to the Department's overall financial performance and position, they have been disclosed in a schedule of administered items as notes to the accounts.

2.4 **Comparative information**

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

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

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

2.5 **Rounding**

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

2.6 **Taxation**

The Department is not subject to income tax. The Department is liable for payroll tax, FBT, GST and Emergency Services levy. 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 ATO is recognised as part of the cost of acquisition of an asset or is part of an item of expense
- where appropriate, receivables and payables are stated with the amount of GST included.

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

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

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

2.7 **Income and expenses**

Income and expenses are recognised in the Department's Statement of Comprehensive Income when the flow or consumption or loss of future economic benefits has occurred and can be reliably measured.

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

Fees and charges

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

Disposal of non-current assets

Revenue from the disposal of non-current assets is recognised when control of the asset has passed to the buyer and determined by comparing proceeds with carrying amount. When revalued assets are sold, any identified revaluation increments are transferred to retained earnings.

Resources received/provided free of charge

Resources received/provided free of charge are recorded as income/expenditure in the Statement of Comprehensive Income at their fair value. Goods and services received free of charge are recorded as such with revenue being separately disclosed. Resources provided free of charge are recorded at their fair value in the expense line items to which they relate. The Department provides various anti-viral and highly specialised drugs to health providers to distribute free of charge to the South Australian community.

Contributions received/paid

Grants that are received from other entities by the Department for general assistance or a particular purpose may be for capital or recurrent purposes and the name of the category reflects the use of the grant. These entities may be other SA Government agencies, Commonwealth Government or non-government organisations. The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation.

Grants that are paid to other entities by the Department for general assistance or a particular purpose may be for capital or recurrent purposes and the name of the category reflects the use of the grant. These entities may be other SA Government agencies, non-government organisations or the public. The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation.

Borrowing costs

Borrowing costs are recognised immediately as an expense.

2.8 Revenues from SA Government

Appropriations from program funding are recognised as revenues when the Department obtains control over the assets. Control over the appropriations is normally obtained upon receipt and they are accounted for in accordance with TI 3.

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

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

2.9 Current and non-current classification

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

2.10 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash on hand, cash at bank and deposits at call that are readily converted to cash and which are subject to insignificant risk of changes in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank and deposits at call that are readily converted into cash and are used in the management function on a day-to-day basis. Cash and cash equivalents in the Statement of Cash Flows consist of cash and cash equivalents as defined above, net of bank overdrafts. Cash is measured at nominal value.

The Government has a policy to align agency cash balances with the appropriation and expenditure authority. During 2012-13 and 2011-12 the Department did not transfer any of its cash balance to the Consolidated Account.

2.11 Receivables

Receivables include amounts receivable from goods and services, 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.

Doubtful debts

Receivables are recognised and carried at the original invoiced amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. The Department determines the provision for doubtful debts based on a review of the balances within receivables that are unlikely to be collected.

Bad debts are written off only after all reasonable effort has been made to collect the debt.

2.12 Inventories

The Department predominately holds inventory for distribution (although some items are held for use) and is measured at the lower of cost and current replacement cost (where current replacement cost is the cost the entity would incur to acquire the asset on the reporting date). Cost is the aggregation of the costs of purchase (eg purchase price, import duties, transportation and handling costs) net of trade discounts and rebates and other costs in bringing the inventories to their present location and condition excluding the cost of abnormal wastage, storage, administration and selling.

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:

- drug supplies
- other supplies.

2.13 Non-current asset acquisition and recognition

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

Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements then the assets are recognised at the value held by the transferor immediately prior to the restructure.

The Department capitalises all non-current tangible property, plant and equipment and intangible assets that it controls valued at or greater than \$10 000.

Componentisation of complex assets is generally performed when the complex asset's fair value at the time of acquisition is greater than \$5 million for infrastructure assets and greater than \$1 million for other assets.

Non-current assets held for sale are separately disclosed and measured at cost.

2.14 Revaluation of non-current assets

In accordance with APF III:

- all non-current tangible assets are valued at written down current cost (a proxy for fair value)
- the Department revalues all land, buildings and site improvements triennially
- triennial revaluation of other non-current assets is only performed when the assets' fair value at the time of acquisition is greater than \$1 million and the estimated useful life exceeds three years
- if at any time management considers that the carrying amount of an asset greater than \$1 million 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, when they are revalued to fair value.

The Department's land, buildings and site improvement assets were revalued using the fair value methodology as at 30 June 2012, based on independent valuations performed by Martin Stansfeld Burns, MBA, BAppSC, AAPI, CPV, RICS, Liquid Pacific Holdings Pty Ltd.

The Department's plant and equipment assets with a fair value greater than \$1 million were revalued using the fair value methodology as at 1 July 2012, based on independent valuations performed by Simon O'Leary, AAPI, CPV, Australian Valuation Office.

If the carrying amount of a class of assets is increased as a result of a revaluation, the net revaluation increase is recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the net revaluation increase is recognised in the Statement of Comprehensive Income to the extent that it reverses a net revaluation decrease of the same class of assets previously recognised in prior years Statement of Comprehensive Income.

2.14 Revaluation of non-current assets (continued)

If the carrying amount of a class of assets decreased as a result of a revaluation, the net revaluation decrease is recognised in profit or loss. However, the net revaluation decrease is recognised in other comprehensive income to the extent of any credit balance existing in any revaluation surplus in respect of that same class of asset. The net revaluation decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

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

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

2.15 Impairment

All non-current assets, both tangible and intangible, are tested for indications of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. For revalued assets, an impairment loss is offset against the respective revaluation surplus.

2.16 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 and leasehold assets, whilst depreciation is applied to physical 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 the shorter.

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

Depreciation/Amortisation for non-current assets is determined as follows:

<i>Class of asset</i>	<i>Depreciation method</i>	<i>Useful life (years)</i>
Buildings and improvements	Straight-line	40-80
Leasehold improvements	Straight-line	Life of lease
Plant and equipment:		
Medical, surgical, dental and biomedical equipment	Straight-line	5-15
Imaging	Straight-line	5-15
Computing equipment	Straight-line	3-5
Other plant and equipment	Straight-line	2-25
Intangibles	Straight-line	3-5

2.17 Intangibles

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria of an asset and when the amount of the expenditure is greater than or equal to \$10 000 in accordance with departmental policies.

Capitalised software is amortised over the useful life of the asset, with a maximum time limit of five years.

2.18 Payables

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

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

2.18 *Payables (continued)*

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

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

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

Employment on-costs include payroll tax and superannuation contributions in respect to outstanding liabilities for salaries and wages, LSL, annual leave and skills and experience retention 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 the South Australian Superannuation Board has assumed these. The only liability outstanding at balance date relates to any contributions due but not yet paid to the pertinent superannuation schemes.

2.19 *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.

Salaries, wages, annual leave, skills and experience retention leave and sick leave

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

The liability for annual leave and the skills and experience retention leave liability are expected to be payable within 12 months and are measured at the undiscounted amount expected to be paid. In the unusual event where salaries and wages, annual leave and skills and retention leave liability 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.

LSL

The liability for LSL was determined through an actuarial assessment undertaken by Mercer Human Resource Consulting (Australia) Pty Ltd, in accordance with AASB 119. The following assumptions were made by the actuary when performing the assessment:

- salary increases of 3% for 2013-14 and 4% p.a. thereafter
- discounting of 3.5% p.a. based on the gross eight year Commonwealth bond rate prevailing at 30 June 2013.

2.20 *Provisions*

Insurance

The Department is a participant in the State Government's insurance program. The Department pays a premium to SAICORP, a division of SAFA, for professional indemnity insurance, public liability and property insurance, and is responsible for the management claim for amounts up to an agreed amount (the deductible). SAICORP provides the balance of funding for claims in excess of the deductible. For professional indemnity claims after 1 July 1994 and general public liability and property claims after 1 July 1999 the deductible per claim is \$1 million. For claims incurred prior to these dates the deductible per claim is \$50 000.

The determination of the professional indemnity insurance provision was carried out through an actuarial assessment in accordance with AASB 1023, conducted by Brett & Watson Pty Ltd. Current and non-current liabilities of the Department are determined by taking into account prudential margins, inflation, taxes, claims incurred but not reported and current claim values.

The provision for claims for general public liability insurance and property is a management assessment.

Workers compensation

The Department is a self-insured employer within the WRCA, and has delegated powers pursuant to section 63 of the WRCA. As a consequence, the Department is responsible for the management of and all costs of workers compensation claims.

The workers compensation provision is an actuarial assessment of the outstanding liability as at 30 June 2013 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. For the 2012-13 financial year the Department has reflected a workers compensation provision of \$1.579 million (\$1.254 million) (refer note 28).

The actuarial assessment conducted by Taylor Fry Consulting Actuaries is based on the payment per claim incurred valuation method. The assessment has been conducted in accordance with AASB 137, and the WorkCoverSA guidelines for actuarial assessments. The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling those claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all the claims do not have to be paid out in the immediate future.

The Department is directly responsible for the cost of workers compensation claims and the implementation and funding of preventative programs.

From 1 July 2010, the Department devolved annual funding to all remaining safety net funded hospitals and health centres for workers compensation expenditure, excluding lump sum payments. The Department now only specifically funds workers compensation lump sum payments. Accordingly, the Department recognises a payable to health services equivalent to the liability for these specifically funded items which health services recognise as a provision in their financial statements. The workers compensation liability to health services as at 30 June 2013 is \$37.359 million (\$30.362 million) (refer note 25).

2.21 Leases

The Department has entered into finance leases that are immaterial and are classified as plant and equipment, and has also entered into operating leases.

Operating leases

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

2.22 Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value. Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

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

2.23 SA Government/Non-SA Government disclosures

The Department has adopted the requirements of APF II where the Department must disclose by way of a note whether transactions are with entities that are within or external to the SA Government. These transactions are classified by their nature and relate to revenues, expenses, financial assets and financial liabilities.

2.24 Continuity of operations

As at 30 June 2013, the Department had a working capital of \$106.937 million (deficiency of \$92.923 million). The Government is committed to the ongoing funding of the Department to enable it to perform its functions.

3. Financial risk management

The Department has significant non-interest bearing assets (cash on hand and on call and receivables) and liabilities (payables) and interest bearing assets (held-to-maturity investments) and liabilities (borrowings from the SA Government). The Department's exposure to market risk and cash flow interest risk is minimal.

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

3. Financial risk management (continued)

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. Change in accounting policy

Early adoption of accounting standards

In accordance with APF II, the Department has not early-adopted new or amended AASs and interpretations for the period ending 30 June 2013.

5. Activities of the Department

The Department is a funder or service purchaser, policy setter and strategic planner and provider of services. As a result the Department has no separately identifiable business segments that would require disclosure of disaggregated income, expenses, assets and liabilities.

6. Employee benefit expenses

	Note	2013 \$'000	2012 \$'000
Salaries and wages		141 157	133 151
TVSPs (refer below)	6.1	2 550	7 994
LSL		3 297	9 723
Annual leave		12 091	11 706
Skills and experience retention leave		728	-
Employment on-costs - superannuation		16 796	16 503
Employment on-costs - other		5 441	5 949
Workers compensation		6 488	4 923
Board and committee fees		357	330
Other employee related expenses		10 436	10 608
Total employee benefit expenses		199 341	200 887

TVSPs

Amount paid to these employees:

TVSPs	2 550	7 994
Annual leave and LSL paid during the reporting period	553	1 975
	<u>3 103</u>	<u>9 969</u>
Recovery from DTF	(8 117)	(1 903)
Net cost to agency	(5 014)	8 066

Number of employees who received a TVSP during the reporting period was 20 (64).

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:	Executive Number	Admin Number	Other medical/ professional Number	2013 Total Number	2012 Total Number
\$134 000 - \$137 999*	n/a	n/a	n/a	n/a	10
\$138 000 - \$147 999	2	9	1	12	14
\$148 000 - \$157 999	7	7	-	14	13
\$158 000 - \$167 999	9	4	-	13	7
\$168 000 - \$177 999	5	1	1	7	11
\$178 000 - \$187 999	6	1	1	8	8
\$188 000 - \$197 999	1	-	-	1	2
\$198 000 - \$207 999	4	-	-	4	2
\$208 000 - \$217 999	5	-	-	5	5
\$218 000 - \$227 999	3	-	-	3	4
\$228 000 - \$237 999	4	-	-	4	1
\$238 000 - \$247 999	4	-	-	4	5
\$248 000 - \$257 999	2	-	1	3	2
\$258 000 - \$267 999	1	-	-	1	2
\$268 000 - \$277 999	-	-	2	2	4
\$288 000 - \$297 999	-	-	-	-	1
\$298 000 - \$307 999	1	-	-	1	2

Remuneration of employees (continued)

	Executive Number	Admin Number	Other medical/ professional Number	2013 Total Number	2012 Total Number
\$308 000 - \$317 999	2	-	-	2	1
\$318 000 - \$327 999	2	-	-	2	2
\$328 000 - \$337 999	-	-	-	-	1
\$338 000 - \$347 999	1	-	-	1	1
\$348 000 - \$357 999	1	-	1	2	3
\$358 000 - \$367 999	-	-	-	-	1
\$368 000 - \$377 999	-	1	-	1	-
\$378 000 - \$387 999	-	-	-	-	1
\$398 000 - \$407 999	-	-	-	-	5
\$418 000 - \$427 999	1	-	-	1	1
\$448 000 - \$457 999	-	-	-	-	1
\$708 000 - \$717 999	1	-	-	1	-
Total	62	23	7	92	110

Total remuneration received or due and receivable by employees included above was \$18.996 million (\$23.423 million).

* This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2012-13.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits.

Where employees have left the Department, the remuneration reflects lump sum LSL, annual leave and termination benefits.

For the purpose of this note remuneration does not include amounts in payment or reimbursement of out-of-pocket expenses incurred for the benefit of the entity or a controlled entity.

Note: Private practice payments and fee-for-service arrangements are excluded as they do not form part of staff remuneration.

7. Supplies and services	2013	2012
Total supplies and services provided:	\$'000	\$'000
Administration	2 858	3 989
Advertising	3 083	4 449
Communication	12 771	10 235
Computing	71 446	73 305
Contractors - contract management	4 809	2 415
Contractors - agency staff	42 939	71 748
Consultants	2 896	3 665
Cost of goods sold	51 555	35 709
Drug supplies	7 086	5 381
Electricity, gas and fuel	15	1
Fee-for-service	344	136
Finance lease contingent rentals	6	19
Food supplies	136	64
Health surveys	282	272
Housekeeping	35	3
Insurance	24 960	34 847
Interstate patient transfers	8 613	39 360
Legal	1 786	455
Medical, surgical and laboratory supplies	125	423
Minor equipment	5 053	3 192
Motor vehicle expenses	1 251	1 289

7. Supplies and services (continued)	2013 \$'000	2012 \$'000
Occupancy rent and rates	16 743	13 165
Payments to SSSA	29 780	1 715
Periodical, journals and publications	80	238
Postage	1 681	964
Printing and stationery	3 256	671
Rental expense on operating lease	1 478	2 487
Repairs and maintenance	632	631
Royalty stream dividends	-	71 686
Security	812	645
Staff training and development	3 246	3 538
Staff travel expenses	1 742	2 392
Waste removal	2	10
Other supplies and services	4 364	3 312
Total supplies and services	305 865	392 411

Supplies and services provided by entities within the SA Government:

Administration	1 728	90
Advertising	32	15
Communication	1 515	1 586
Computing	5 239	4 879
Contractors - contract management	2 714	-
Contractors - agency staff	7 530	8 869
Drug supplies	-	65
Fee-for-service	3	14
Food supplies	92	13
Insurance	24 960	34 847
Legal	1 070	878
Medical, surgical and laboratory supplies	18	289
Minor equipment	38	109
Motor vehicle expenses	569	1 185
Occupancy rent and rates	14 403	12 138
Payments to SSSA	29 780	1 715
Periodicals, journals and publications	-	39
Postage	7	11
Printing and stationery	1 399	59
Rental expense on operating lease	15	71
Repairs and maintenance	117	105
Royalty stream dividends	-	14 245
Security	338	349
Staff training and development	125	205
Staff travel expenses	44	212
Other supplies and services	1 648	646
Total supplies and services - SA Government entities	93 384	82 634

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

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	2013		2012	
	Number	\$'000	Number	\$'000
Below \$10 000	6	26	2	17
\$10 000 to \$50 000	11	308	10	284
Above \$50 000	18	2 562	21	3 364
Total paid/payable to the consultants engaged	35	2 896	33	3 665

8. Depreciation and amortisation expense		2013	2012
Depreciation:	Note	\$'000	\$'000
Buildings and improvements		148	164
Computing equipment		7 431	5 987
Medical, surgical, dental and biomedical equipment		-	6
Other plant and equipment		90	101
Total depreciation		<u>7 669</u>	<u>6 258</u>
Amortisation:			
Leasehold improvements		283	276
Intangible assets		9 351	6 169
Total amortisation		<u>9 634</u>	<u>6 445</u>
Total depreciation and amortisation		<u>17 303</u>	<u>12 703</u>
9. Grants and subsidies			
Grants and subsidies paid/payable:			
Recurrent funding to incorporated health services	9.1	3 569 925	3 481 346
Capital funding to incorporated health services	9.2	312 456	258 210
Subsidies		1 735	1 392
Funding to not-for-profit organisations	9.3	125 478	122 197
Other		15 785	15 638
Total grants and subsidies		<u>4 025 379</u>	<u>3 878 783</u>
Grants and subsidies paid/payable to entities within the SA Government:			
Recurrent funding to incorporated health services	9.1	3 569 925	3 481 346
Capital funding to incorporated health services	9.2	312 456	258 210
Subsidies		238	117
Other		13 360	7 494
Total grant, subsidies and client payments to entities within the SA Government		<u>3 895 979</u>	<u>3 747 167</u>
9.1 Recurrent funding to incorporated health services			
SA Ambulance Service Inc		121 752	106 719
Country Health SA Local Health Network Incorporated		618 491	530 293
Southern Adelaide Local Health Network Incorporated		793 090	774 546
Central Adelaide Local Health Network Incorporated		1 352 655	1 515 813
Women's and Children's Health Network Incorporated		320 901	342 241
Northern Adelaide Local Health Network Incorporated		363 036	211 734
Total recurrent funding to incorporated health services		<u>3 569 925</u>	<u>3 481 346</u>
9.2 Capital funding to incorporated health services			
SA Ambulance Service Inc		10 670	12 522
Country Health SA Local Health Network Incorporated		83 161	33 672
Southern Adelaide Local Health Network Incorporated		17 964	44 892
Central Adelaide Local Health Network Incorporated		109 745	114 473
Women's and Children's Health Network Incorporated		2 381	15 323
Northern Adelaide Local Health Network Incorporated		88 535	37 328
Total capital funding to incorporated health services		<u>312 456</u>	<u>258 210</u>
9.3 Funding to not-for-profit organisations			
National Blood Authority		28 905	29 200
Royal District Nursing Service of SA Inc		19 824	17 686
Mind Australia		7 716	7 077
South Australian Health and Medical Research Institute Ltd		6 525	6 338
Life without Barriers		5 465	4 605
Sexual Health Information Network & Education SA Inc		5 399	5 828
Uniting Care Wesley		5 250	4 278
Neami Limited		5 021	4 553
Aboriginal Health Council		3 414	3 778
General Practice SA		3 078	3 082

9.3 Funding to not-for-profit organisations (continued)	2013	2012
	\$'000	\$'000
The Flinders University of South Australia	2 836	2 833
National Health Call Centre Network Ltd	2 565	2 504
Australian Red Cross Blood Service	2 133	-
Mission Australia	1 886	466
Relationships Australia (SA) Inc	1 381	1 826
University of Adelaide	1 341	2 734
The AIDS Council of SA	1 251	1 379
Community Support Inc	1 226	1 627
Centacare Catholic Family Services	1 225	146
The Salvation Army	1 182	1 051
Ceduna Koonibba Aboriginal Health Service (Aboriginal Corporation)	1 083	399
Mental Illness Fellowship of SA Inc	1 081	1 057
Catherine House Inc	1 024	1 020
Hepatitis SA Inc	910	931
National Heart Foundation of Australia	688	727
Helping Hand Aged Care Inc	561	548
Life's for Living	502	617
Grow SA	487	474
Mental Health Coalition of SA Inc	426	384
Australian Council for Health Physical Education & Recreation (SA Branch) Inc	404	376
Positive Life South Australia Inc	381	447
GP Partners Adelaide	354	392
Survivors of Torture	352	343
Umoona Tjutagku Health Service Aboriginal Corporation	327	313
Diabetes Australia - SA	601	589
Health Consumers Alliance of SA Inc	280	585
Anglicare SA	268	771
University of South Australia	265	1 034
Southern Junction Community	-	950
Catholic Church Endowment Society Inc	-	1 293
Unity Housing Company Ltd	-	2 032
Australian Drug Treatment & Rehabilitation Program Inc	-	343
Other not-for-profit organisations	7 861	5 581
Total funding to not-for-profit organisations	125 478	122 197
10. Borrowing costs		
Borrowing costs paid/payable:		
Interest on borrowings	1 849	2 009
Other finance charges	19	35
Total borrowing costs	1 868	2 044
Borrowing costs paid/payable to entities within the SA Government:		
Interest on borrowings	1 849	2 009
Other finance charges	19	35
Total borrowing costs - SA Government entities	1 868	2 044
11. Other expenses		
Other expenses paid/payable:		
Bad and doubtful debts	13	1
Assets donated free of charge	23 848	23 899
Finance charges	32	54
Auditor fees - auditing financial statements	648	770
Other	2 648	1 675
Total other expenses	27 189	26 399

11. Other expenses (continued)	2013	2012
Other expenses paid/payable to entities within the SA Government:	\$'000	\$'000
Auditor fees - auditing financial statements	648	770
Assets donated free of charge	1 126	1 114
Total other expenses - SA Government entities	<u>1 774</u>	<u>1884</u>
11.1 Auditor's remuneration		
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	648	770
Total audit fees	<u>648</u>	<u>770</u>
<i>Other services</i>		
No other services were provided by the Auditor-General's Department.		
12. Revenues from fees and charges		
Fees and charges received/receivable:		
Business services	1 013	1 411
Fines, fees and penalties	868	1 250
Interstate patient transfers	28 196	74 931
Insurance recoveries from health services	30 278	30 239
SSSA recoveries from health services	27 494	-
Private practice fees	4 414	3 712
Recoveries	104 916	91 586
Rent	10	10
Sale of goods - medical supplies	51 445	35 777
Other user charges and fees	3 062	688
Total fees and charges	<u>251 696</u>	<u>239 604</u>
Fees and charges received/receivable from entities within the SA Government:		
Fines, fees and penalties	1	19
Insurance recoveries from health services	29 854	29 282
SSSA recoveries from health services	27 494	-
Recoveries	102 373	90 298
Sale of goods - medical supplies	51 391	35 775
Other user charges and fees	374	273
Total fees and charges - SA Government entities	<u>211 487</u>	<u>155 647</u>
13. Commonwealth Government grants		
Grants and contributions:		
Commonwealth National Health Reform Agreement funding	999 015	-
Department of Veteran's Affairs	58 576	62 042
Highly specialised drugs	25 306	51 382
Transition Care Program	20 792	19 519
Woomera Hospital	1 306	1 283
Early Intervention Pilot Program	167	153
Other	14 436	11 782
Total Commonwealth Government grants	<u>1 119 598</u>	<u>146 161</u>
14. Interest revenue		
Interest from entities within SA Government:		
Interest on loans	2 116	2 345
Interest on funds held	2 324	4
Total interest revenue	<u>4 440</u>	<u>2 349</u>
15. Resources received free of charge		
Resources received free of charge or for nominal value:		
Land and improvements	3 136	-
Inventory	5 677	2 816
Other	-	949
Total resources received free of charge	<u>8 813</u>	<u>3 765</u>

15. Resources received free of charge (continued)	2013	2012
Resources received free of charge or for nominal value from entities within the SA Government:	\$'000	\$'000
Land and improvements	3 136	-
Other	-	949
Total resources received free of charge - SA Government entities	<u>3 136</u>	<u>949</u>
16. Net gain (loss) from the disposal of non-current assets		
Land and buildings:		
Proceeds from disposal	95 416	-
Net book value of assets disposed	(123 896)	-
Net gain (loss) from disposal of land and buildings	<u>(28 480)</u>	<u>-</u>
Plant and equipment:		
Net book value of assets disposed	(138)	(80)
Net gain (loss) from disposal of plant and equipment	<u>(138)</u>	<u>(80)</u>
Intangibles:		
Net book value of assets disposed	(1 086)	-
Net gain (loss) from disposal of financial assets	<u>(1 086)</u>	<u>-</u>
Total assets:		
Total proceeds from disposal	95 416	-
Total value of assets disposed	(125 120)	(80)
Total net gain (loss) from disposal of non-current assets	<u>(29 704)</u>	<u>(80)</u>

As at 1 December 2012, capital works to the value of \$120.761 million had been completed and paid for by the Department on behalf of the South Australian Health and Medical Research Institute (SAHMRI). The disposal of this asset to SAHMRI resulted in a \$30 million negative impact on the 2012-13 financial results, representing the cost of disposal of the work in progress asset (\$120.761 million), offset by proceeds received, and therefore is a timing difference between the receipt of the funding and the expenditure on the transfer to SAHMRI (\$90.758 million). The net financial impact over the term of the project is \$0, with the \$30 million Commonwealth grant revenue recognised in prior financial years.

17. Other income	2013	2012
Other income received/receivable:	\$'000	\$'000
Capital contributions	969	4 561
Commissions revenue	17	22
Private sector grants	1 751	323
SA Health and Medical Research Fund	2 651	3 426
Intellectual property sale	1 921	83 275
Training revenue	4	14
Other	8 024	8 977
Total other income	<u>15 337</u>	<u>100 598</u>
Other income received/receivable from entities within the SA Government:		
Capital contributions	200	4 511
SA Health and Medical Research Fund	2 651	3 426
Training revenue	2	13
Other	2 465	1 989
Total other income - SA Government entities	<u>5 318</u>	<u>9 939</u>
18. Revenues from SA Government		
18.1 Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	2 684 744	3 542 129
Commonwealth grants received via DTF	148 698	132 994
DTF - contingency funds	149 854	56 245
TVSP recoveries	8 117	1 903
Total SA Government appropriations	<u>2 991 413</u>	<u>3 733 271</u>

18.2 Grants from SA Government agencies	2013	2012
	\$'000	\$'000
Community Development Fund	7 000	6 600
Other	1 944	627
Total grants from SA Government agencies	8 944	7 227
Total revenue from SA Government	3 000 357	3 740 498

19. Unexpended funding commitments

The Department is engaged in a variety of funding programs involving State and Commonwealth sources who provide monies to the Department on the premise that these funds are expended in a manner consistent with the terms of the program. The Department had outstanding funding commitments to the following programs:

	2013	2012
	\$'000	\$'000
National Partnership Agreement on Improving Public Hospitals Services	7 049	8 270
Hospital and Health Workforce Reform - Activity Based Funding	1 280	2 484
New seniors cards to incorporate new Metrocard	-	2 087
Healthy Children - National Partnership Agreement on Preventative Health	358	1 258
Healthy Workers - National Partnership Agreement on Preventative Health	362	1 057
Closing the Gap in Indigenous Health Outcomes	-	765
Hospital and Health Workforce Reform - Sub Acute Care	-	534
Integrated Regional Clinical Training Networks	584	528
Aged Care Assessment Program	-	500
Australian Immunisation Agreement	-	470
SA Clinical Supervision Support Program	343	400
Simulated Learning Environments Program	180	350
Hospital and Health Workforce Reform - Emergency Department	-	181
National Partnership Agreement - Long Stay Older Patients	-	165
CanNet Program	-	162
Bringing Back Nurses into the Workforce	-	125
Enabling Infrastructure - National Partnership Agreement on Preventative Health	-	89
Social Marketing - National Partnership Agreement on Preventative Health	7	-
Oracle Corporate Systems Phase 3 Implementation	814	-
Bedside Computers - ICT minor works	1 244	-
Lower Murray Reclaimed Irrigation area - Pathogen Risk Assessment	35	-
Other	-	340
Total unexpended funding commitments	12 256	19 765

20. Cash and cash equivalents

Cash at bank or on hand - non-government financial institutions and deposits with the Treasurer*	211 999	72 450
Cash on hand	10	12
Total cash and cash equivalents	212 009	72 462

* Included in the special deposit account with the Treasurer is \$33.233 million (\$34.182 million) relating to the Health and Medical Research Fund which was established to support health and medical research activities in South Australia.

Interest rate risk

Cash on hand is non-interest bearing. Interest rate risk exposure is detailed in note 31. The carrying amount of cash represents fair value.

21. Receivables

		2013	2012
Current:	Note	\$'000	\$'000
Interstate patient transfers		51 422	43 073
Debtors		10 884	28 068
Prepayments		9 035	9 464
Loans	21.2	2 466	2 019
Other receivables		-	1 520
Grants		-	8 670
		73 807	92 814

21. Receivables (continued)		2013	2012
Current: (continued)	Note	\$'000	\$'000
Allowance for doubtful debts	21.1	(6)	(7)
Sundry receivables and accrued revenue		5 054	2 136
GST recoverable from ATO		5 635	16 154
Total current receivables		<u>84 490</u>	<u>111 097</u>
Non-current:			
Loans	21.2	21 880	24 398
Sundry receivables and accrued revenue		2	2
Total non-current receivables		<u>21 882</u>	<u>24 400</u>
Total receivables		<u>106 372</u>	<u>135 497</u>
Receivables from SA Government entities:			
Other receivables		-	1 520
Loans		24 346	26 417
Debtors		2 201	18 641
Sundry receivables and accrued revenue		646	-
Total receivables from entities within the SA Government		<u>27 193</u>	<u>46 578</u>

Interest rate and credit risk

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

Maturity analysis of receivables

Refer note 31.

Categorisation of financial instruments and risk exposure information

Refer note 31.

Bad and doubtful debts

The Department has recognised a bad and doubtful debt expense of \$13 000 (\$1000) in the Statement of Comprehensive Income.

Movement in the allowance for doubtful debts

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

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

21.1 Movements in the allowance for doubtful debts (impairment loss)	2013	2012
	\$'000	\$'000
Carrying amount at 1 July	7	(668)
Amounts written off	(13)	1
Increase (Decrease) in allowance recognised in Statement of Comprehensive Income	12	674
Carrying amount at 30 June	<u>6</u>	<u>7</u>

21.2 Reconciliation of inter-health loans

The balance of loans to health services and related movements is as follows:

Balance at 1 July	26 417	28 346
Capitalised interest charges	258	369
Total repayable	<u>26 675</u>	<u>28 715</u>
Principal repayments received	(2 329)	(2 257)
Interest rebated	-	(41)
Balance at 30 June	<u>24 346</u>	<u>26 417</u>

Movement in the allowance for doubtful debts (continued)

The Department to 30 June 2013 has financed the health services with loans amounting to \$4.784 million (\$5.333 million) from departmental funds and \$19.562 million (\$21.084 million) from back-to-back loan arrangements with DTF.

The movements and status of the back-to-back loan arrangements are as follows:

	2013	2012
	\$'000	\$'000
Balance at 1 July	21 084	22 297
Principal repayments	(1 523)	(1 213)
Balance at 30 June	19 561	21 084

22. Inventories

Current - held for distribution materials at cost:

Drug supplies	7 649	6 170
Other	6 744	6 325
Total current inventories - held for distribution	14 393	12 495

23. Property, plant and equipment

Land and buildings:

Land only holdings at fair value	32 400	32 400
Site land at fair value	5 930	5 930
Land at fair value	38 330	38 330

Buildings and improvements at fair value	3 837	3 901
Buildings and improvements under construction (work in progress)	852	103 012
Buildings at fair value	4 689	106 913

Accumulated depreciation - buildings and improvements	148	-
Total accumulated depreciation	148	-
Total land and buildings	42 871	145 243

Leasehold improvements:

Leasehold improvements at fair value	3 654	3 389
Accumulated amortisation	2 369	2 072
Total leasehold improvements	1 285	1 317

Plant and equipment:

Computing equipment at cost (deemed fair value)	37 126	30 326
Medical, surgical, dental and biomedical equipment at cost (deemed fair value)	28	28
Other plant and equipment at cost (deemed fair value)	1 072	1 093
Plant and equipment under construction (work in progress)	6 969	8 622
Total plant and equipment at fair value	45 195	40 069

Accumulated depreciation - computing equipment	24 635	21 784
Accumulated depreciation - medical, surgical, dental and biomedical equipment	28	28
Accumulated depreciation - other plant and equipment	625	585
Total accumulated depreciation	25 288	22 397
Total plant and equipment	19 907	17 672
Total property, plant and equipment	64 063	164 232

Valuation of land and buildings

The Department's land, buildings and site improvement assets were revalued using the fair value methodology as at 30 June 2012, based on independent valuations performed by Martin Stansfeld Burns, MBA, BAppSC, AAPI, CPV, RICS, Liquid Pacific Holdings Pty Ltd.

Valuation of plant and equipment

The Department's plant and equipment assets with a fair value greater than \$1 million were revalued using the fair value methodology as at 1 July 2012, based on independent valuations performed by Simon O'Leary, AAPI, CPV, Australian Valuation Office.

Reconciliation of land and improvements

	Land	Buildings & improvements	Leasehold improvements	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2013					
Carrying amount at 1 July	38 330	3 901	1 317	103 012	146 560
Additions	-	-	201	18 795	18 996
Disposals	(3 136)	-	-	(120 760)	(123 896)
Revaluation increment (decrement)	-	(30)	-	-	(30)
Depreciation and amortisation	-	(148)	(283)	-	(431)
Acquisition (disposal) from transfer	3 136	(49)	49	(195)	2 941
Other movements	-	15	1	-	16
Carrying amount at 30 June	38 330	3 689	1 285	852	44 156

2012

Carrying amount at 1 July	11 288	4 173	1 593	52 100	69 154
Additions	-	-	-	50 912	50 912
Disposals	-	-	-	-	-
Revaluation increment (decrement)	(350)	(108)	-	-	(458)
Depreciation and amortisation	-	(164)	(276)	-	(440)
Acquisition (disposal) from transfer	-	-	-	-	-
Other movements	27 392	-	-	-	27 392
Carrying amount at 30 June	38 330	3 901	1 317	103 012	146 560

Reconciliation of plant and equipment

	Medical, surgical, dental biomedical equipment	Computer equipment	Capital works in progress	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2013					
Carrying amount at 1 July	-	8 542	8 622	508	17 672
Additions	-	6 253	2 362	48	8 663
Disposals	-	(119)	-	(19)	(138)
Write-off non-current assets	-	-	-	-	-
Revaluation increment (decrement)	-	874	-	-	874
Depreciation and amortisation	-	(7 431)	-	(90)	(7 521)
Acquisition (disposal) from transfer	-	4 373	(4 015)	-	358
Other movements	-	(1)	-	-	(1)
Carrying amount at 30 June	-	12 491	6 969	447	19 907

2012

Carrying amount at 1 July	5	11 905	5 536	677	18 123
Additions	-	845	24 849	-	25 694
Disposals	-	-	-	-	-
Write-off non-current assets	-	-	(4 566)	(78)	(4 644)
Revaluation increment (decrement)	-	-	-	-	-
Depreciation and amortisation	(6)	(5 987)	-	(101)	(6 094)
Acquisition (disposal) from transfer	-	1 779	(17 197)	11	(15 407)
Other movements	1	-	-	(1)	-
Carrying amount at 30 June	-	8 542	8 622	508	17 672

24. Intangible assets

	2013	2012
	\$'000	\$'000
Computer software:		
Other computer software	71 586	56 575
Accumulated amortisation	(22 669)	(13 896)
Intangibles under construction (work in progress)	6 373	5 126
Total computer software	55 290	47 805
Total intangible assets	55 290	47 805

Impairment

There were no indications of impairment on intangible assets at 30 June 2013 (nil).

Reconciliation of intangibles

	Capital works in progress \$'000	Other computer software \$'000	Total \$'000
2013			
Carrying amount at 1 July	5 126	42 679	47 805
Additions	3 334	14 751	18 085
Disposals	-	(1 086)	(1 086)
Write-off non-current assets	-	-	-
Depreciation and amortisation	-	(9 351)	(9 351)
Acquisition (disposal) from transfer	(2 087)	1 924	(163)
Other movements	-	-	-
Carrying amount at 30 June	6 373	48 917	55 290
2012			
Carrying amount at 1 July	27 381	23 702	51 083
Additions	2 922	-	2 922
Disposals	-	-	-
Write-off non-current assets	(15 437)	-	(15 437)
Depreciation and amortisation	-	(6 169)	(6 169)
Acquisition (disposal) from transfer	(9 740)	25 147	15 407
Other movements	-	(1)	(1)
Carrying amount at 30 June	5 126	42 679	47 805

25. Payables	2013 \$'000	2012 \$'000
Current:		
Creditors and accrued expenses	115 762	204 624
Paid Parental Leave Scheme payable	14	16
Health service workers compensation	8 767	8 125
Interstate patient transfers	34 800	30 139
Employment on-costs	2 492	2 555
Total current payables	161 835	245 459
Non-current:		
Creditors and accrued expenses		
Health service workers compensation	28 592	22 237
Employment on-costs	2 287	2 887
Total non-current payables	30 879	25 124
Total payables	192 714	270 583
Payables to SA Government entities:		
Creditors and accrued expenses	65 613	72 458
Health service workers compensation	37 359	30 362
Employment on-costs	1 603	2 109
Total payables to SA Government entities	104 575	104 929

As a result of an actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd, the percentage of the proportion of LSL taken as leave has remained unchanged from the 2012 rate of 40% and the average factor for the calculation of employer superannuation cost on-cost has increased from 10.94% in 2012 to 11.99%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$157 000. The estimated impact on 2014 and 2015 is \$162 000 and \$168 000 respectively.

Interest rate and credit risk

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

Maturity analysis of payables

Refer note 31.

Categorisation of financial instruments and risk exposure information

Refer note 31.

26. Borrowings		2013	2012
Current:		\$'000	\$'000
Loans - DTF		1 867	1 522
Total current borrowings		<u>1 867</u>	<u>1 522</u>
Non-current:			
Loans - DTF		17 694	19 562
Total non-current borrowings		<u>17 694</u>	<u>19 562</u>
Total borrowings		<u>19 561</u>	<u>21 084</u>
Repayable:			
Not later than one year		1 867	1 522
Later than one year but not later than five years		11 724	9 958
Later than five years		5 970	9 604
Total repayable		<u>19 561</u>	<u>21 084</u>

27. Employee benefits

Current:			
Annual leave		14 452	13 852
LSL		4 371	5 807
Accrued salaries and wages		826	545
FBT		2 597	2 519
Skills and experience retention leave		728	-
Other		1 415	2 107
Total current employee benefits		<u>24 389</u>	<u>24 830</u>
Non-current:			
LSL		32 856	31 703
Other		18	24
Total non-current employee benefits		<u>32 874</u>	<u>31 727</u>
Total employee benefits		<u>57 263</u>	<u>56 557</u>

AASB 119 contains the calculation methodology for LSL liability. It requires the use of yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has increased from 2012 (2.5%) to 2013 (3.5%).

This increase in the bond yield, which is used as the rate to discount future LSL cash flows, results in a decrease in the reported LSL liability. The net financial effect of the change in the current financial year is a decrease in the LSL liability of \$2.851 million and employee benefit expense of \$137 000. The impact on the future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount.

28. Provisions

Current:		2013	2012
	Note	\$'000	\$'000
Insurance	28.1	14 699	15 515
Provision for workers compensation	28.2	457	363
Total current provisions		<u>15 156</u>	<u>15 878</u>
Non-current:			
Insurance	28.1	71 360	81 255
Provision for workers compensation	28.2	1 122	891
Total non-current provisions		<u>72 482</u>	<u>82 146</u>
Total provisions		<u>87 638</u>	<u>98 024</u>

28.1 Reconciliation of insurance

	Medical	Public	Property	Total
2013	malpractice	liability		
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	94 859	941	970	96 770
Increase to provision due to new claims	2 184	535	2 075	4 794
Reduction due to payments	(12 677)	(238)	(1 268)	(14 183)
Net revision of estimates	(883)	(654)	215	(1 322)
Carrying amount at 30 June	<u>83 483</u>	<u>584</u>	<u>1 992</u>	<u>86 059</u>

28.1 Reconciliation of insurance

	Medical malpractice	Public liability	Property	Total
2012	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	89 638	1 127	1 868	92 633
Increase to provision due to new claims	5 849	316	1 002	7 167
Reduction due to payments	(7 672)	(622)	(1 268)	(9 562)
Net revision of estimates	7 044	120	(632)	6 532
Carrying amount at 30 June	94 859	941	970	96 770

28.2 Reconciliation of workers compensation

	2013	2012
	\$'000	\$'000
Carrying amount at 1 July	1 254	1 422
Increase to provision due to revision of estimates	758	4 874
Reduction due to payments	(433)	(5 042)
Carrying amount at 30 June	1 579	1 254

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by Taylor Fry Consulting Actuaries.

29. Other liabilities

	2013	2012
Current:	\$'000	\$'000
Unclaimed monies	295	295
Unearned revenue	413	993
Total current other liabilities	708	1 288
Non-current:		
Unearned revenue	78	88
Total non-current other liabilities	78	88
Total other liabilities	786	1 376
Other liabilities within SA Government entities:		
Unearned revenue	88	1 090
Total other liabilities within SA Government entities	88	1 090

30. Equity

Contributed capital	1 360 587	1 046 161
Revaluation surplus	32 098	31 240
Retained earnings	(1 298 520)	(1 092 534)
Total equity	94 165	(15 133)

31. Financial instruments/Financial risk management

(a) Terms, conditions and accounting policies

(i) Financial assets

Cash is available at call and is recorded at cost.

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days.

(ii) Financial liabilities

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days.

Finance leases are recognised when the control of the leased asset is obtained. Refer note 2.21 in relation to finance lease accounting.

(b) Categorisation of financial instruments

	Note	2013		2012	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets					
Cash and cash equivalents	20	212 009	212 009	72 462	72 462
Loans and receivables	21	91 702	91 702	109 879	109 879
Total financial assets		303 711	303 711	182 341	182 341

**(b) Categorisation of financial instruments
(continued)**

	Note	2013		2012	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial liabilities					
Payables	25	192 714	192 714	269 983	269 983
Interest bearing liabilities	26	19 561	19 561	21 084	21 084
Non-interest bearing liabilities	29	786	786	1 376	1 376
Total financial liabilities at cost		213 061	213 061	292 443	292 443

The amount of receivables and payables disclosed above excludes statutory receivables and payables such as GST input tax credit payable and recoverable. Receivables also excludes prepayments as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

(c) Credit risk

Credit risk arises when there is the possibility of the Department's debtors defaulting on their contractual obligations resulting in financial loss to the Department.

The Department has minimal concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Department does not engage in high risk hedging for its financial assets.

In accordance with TI 23 the Department entered into six forward exchange contracts through SAFA, to cover the acquisition of hospital equipment. The objective of these hedging contracts is to manage the likelihood of any foreign currency exposures that could arise during the period between approval for the acquisition and payment for delivery. The Department is not exposed to any movements in foreign currency.

(d) Ageing analysis of financial assets

The following table discloses the ageing of financial assets, past due including impaired assets past due:

	Past due by			Total \$'000
	Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	
2013				
Not impaired:				
Receivables	32	274	719	1 025
Impaired:				
Receivables	-	-	6	6
Total	32	274	725	1 031
2012				
Not impaired:				
Receivables	4 687	14 953	18 922	38 562
Impaired:				
Receivables	-	-	7	7
Total	4 687	14 953	18 929	38 569

The amount of receivables and payables disclosed above excludes statutory receivables and payables such as GST input tax credit payable and recoverable.

(e) Maturity analysis of financial assets and liabilities

	Carrying amount \$'000	Contractual maturities		
		Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2013				
Financial assets:				
Cash and cash equivalents	212 009	212 009	-	-
Receivables	91 702	69 820	21 882	-
Total financial assets	303 711	281 829	21 882	-

(e) **Maturity analysis of financial assets and liabilities (continued)**

	Carrying amount \$'000	Contractual maturities		
		Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2013				
Financial liabilities:				
Payables	192 714	161 835	30 879	-
Borrowings	19 561	1 867	11 724	5 970
Finance lease liability	786	786	-	-
Total financial liabilities	213 061	164 488	42 603	5 970
2012				
Financial assets:				
Cash and cash equivalents	72 462	72 462	-	-
Receivables	109 879	85 479	24 400	-
Total financial assets	182 341	157 941	24 400	-
Financial liabilities:				
Payables	269 983	244 859	25 124	-
Borrowings	21 084	1 522	9 958	9 604
Finance lease liability	-	-	-	-
Other financial liabilities	1 376	1 288	88	-
Total financial liabilities	292 443	247 669	35 170	9 604

Maturity analysis of receivables and payables excludes statutory receivables and payables such as GST receivables and payables.

(f) **Liquidity risk**

Liquidity risk arises where the Department is unable to meet its financial obligations as they fall due. The continued existence of the Department is dependent on State Government policy and on continued appropriations by the SA Government for the Department's administration and program delivery. The Department settles undisputed accounts within 30 days from the date of the invoice.

(g) **Market risk**

Market risk for the Department is primarily through interest rate risk. Exposure to interest rate risk may arise through interest bearing liabilities, including borrowings. The Department has borrowings from DTF that have a floating interest rate. Any exposure to foreign currency risks is managed by SAFA.

(h) **Sensitivity disclosure analysis**

A sensitivity analysis has not been undertaken for the interest rate risk of the Department as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

32. Unrecognised contractual commitments

32.1 Operating lease commitments

Commitments under non-cancellable operating leases at the reporting date not recognised as liabilities in the financial statements, are payable as follows:

	2013 \$'000	2012 \$'000
Not later than one year	12 681	12 418
Later than one year but not later than five years	40 407	34 375
Later than five years	30 103	43 543
Total operating lease commitments (including GST)	83 191	90 336

Included in the operating lease commitments above is \$7.562 million (\$8.212 million) which is the GST component of the operating lease payments.

The Department has a number of lease agreements. These leases are for administrative purposes and vary in length. Lease payments are monthly and predominately paid in advance. Each lease agreement has renewal options for a determined period, exercisable by both the lessor and lessee. Contingent rental payments are determined using a set rate. In most cases this is either CPI or current market rate.

32.2 Operating lease revenue commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as assets, are receivable as follows:

	2013 \$'000	2012 \$'000
Not later than one year	16 238	15 635
Later than one year but not later than five years	51 697	49 717
Total operating lease revenue commitments (including GST)	67 935	65 352

Included in the operating lease revenue commitments above is \$6.176 million (\$5.941 million) of GST. The operating lease relates to computing equipment owned by the Department and leased to hospitals, health services and allied agencies. The lease is non-cancellable with a replacement of computing equipment in a four year cycle.

32.3 Expenditure commitments*Capital commitments*

Capital expenditure contracted by the Department at the reporting date, but not recognised as liabilities in the financial statement, are payable as follows:

	2013 \$'000	2012 \$'000
Not later than one year	27 586	19 620
Later than one year but not later than five years	-	18 394
Total capital commitments (including GST)	27 586	38 014

The Department's capital commitments are for plant and equipment ordered but not received.

Included in capital expenditure commitments above is \$2.508 million (\$3.456 million) which is the GST component of the capital expenditure commitments.

Expenditure commitments - remuneration

Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payables as follows:

	2013 \$'000	2012 \$'000
Not later than one year	44 343	-
Later than one year but not later than five years	38 477	-
Total capital commitments (including GST)	82 820	-

For expenditure commitments - remuneration, this is the first year that it has been practical to source relevant and reliable information.

Other commitments

Other expenditure contracted for at the reporting date but are not recognised as liabilities in the financial statement, are payable as follows:

	2013 \$'000	2012 \$'000
Not later than one year	40 710	113 463
Later than one year but not later than five years	227 813	214 886
Later than five years	19 529	-
Total other commitments (including GST)	288 052	328 349

Included in other expenditure commitments above is \$26.186 million (\$29.85 million) which is the GST component of the capital expenditure commitments.

The Department also has commitments to provide funding to various non-government organisations in accordance with negotiated service agreements. The value of these commitments as at 30 June 2013 has not been quantified.

33. Transferred functions

Transferred in

2012-13

Health Portfolio Executive approved on 2 October 2008 the establishment of a consolidated procurement, contracting and supply chain service. This service provides the foundation for delivering best practice procurement, contracting and supply chain management across SA Health. Effective 1 July 2012 inventory associated with the SA Ambulance Service Inc and SA Dental Service were transferred to the SA Distribution Centre division of the Department.

2011-12

As a result of the Public Sector (Reorganisation of Public Sector Operations) Notice 2011 approved by the Premier in The South Australian Government Gazette dated 15 December 2011, the divisions known as Ageing and the Aged Care and Assessment Teams were transferred into the Department for Health and Ageing from the Department for Communities and Social Inclusion, effective 1 January 2012.

	2013	2012
	\$'000	\$'000
Assets and liabilities transferred to the Department were:		
Other assets	374	-
Total assets	<u>374</u>	<u>-</u>
Payables	-	162
Employee benefit expenses	-	1 526
Total liabilities	<u>-</u>	<u>1 688</u>
Total net assets transferred	<u>374</u>	<u>(1 688)</u>

Net assets assumed by the Department as a result of the administrative restructure were at the carrying amount immediately prior to the transfer. The net assets transferred were treated as a distribution to the Government as owner.

Transferred out

2012-13

As a result of the Public Sector (Reorganisation of Public Sector Operations) Notice 2012 approved by the Premier in The South Australian Government Gazette dated 8 November 2012 a staff member from the Assets Services Division was transferred to the Department of Planning, Transport and Infrastructure.

2011-12

SA Health Executive approved the transfer of the Aged Care and Assessment Team to the Southern Adelaide Local Health Network Incorporated, effectively transferring all staff and functions effective from 1 January 2012.

58 employees of the Aged Care and Assessment Team were transferred to the Southern Adelaide Local Health Network Incorporated.

	2013	2012
	\$'000	\$'000
Assets and liabilities transferred from the Department were:		
Payables	2	114
Employee benefits expense	46	1 074
Total liabilities	<u>48</u>	<u>1 188</u>
Total net assets transferred	<u>(48)</u>	<u>(1 188)</u>

Net assets assumed by the Department as a result of the administrative restructure were at the carrying amount immediately prior to the transfer. The net assets transferred were treated as a distribution to the Government as owner.

34. Contingent assets and liabilities

The new Royal Adelaide Hospital contract includes a regime for the remediation of contamination of the hospital site. SA Health takes the risk on 80% of the cost of remediating any 'unknown contamination'. The contractor has submitted a number of claims for remediation of unknown contamination. SA Health continues to undertake a detailed validation process of the submitted claims.

35. Cash flow reconciliations

	2013	2012
	\$'000	\$'000
Reconciliation of cash and cash equivalents at 30 June:		
Cash and cash equivalents as per Statement of Financial Position	212 009	72 462
Cash and cash equivalents as per Statement of Cash Flows	<u>212 009</u>	<u>72 462</u>

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services	2013	2012
	\$'000	\$'000
Net cash provided by (used in) operating activities	(223 106)	(115 289)
SA Government appropriations	(2 991 413)	(3 733 271)
Grants from SA Government agencies	(8 944)	(7 227)
Non-cash items:		
Depreciation and amortisation of non-current assets	(17 303)	(12 703)
Increments (decrements) on revaluation of non-current assets	-	(31)
Derecognition of work in progress	-	1 096
Assets acquired at no cost or nominal consideration	5 677	2 816
Gain (Loss) on disposal of non-current assets	(29 704)	(80)
Assets transferred	3 136	-
Assets donated free of charge	-	23 899
Movements in assets/liabilities:		
Receivables	(29 125)	(731)
Inventories	(4 153)	(50 069)
Employee benefits	(752)	(643)
Payables and provisions	88 332	(131 051)
Other liabilities	590	2 454
Net cost of providing services	<u>(3 206 765)</u>	<u>(4 020 830)</u>

36. Remuneration of board and committee members

Department of Health and Ageing Risk Management and Audit Committee

Steve Archer	Liz Hlipala	Graham Walters
Allen Bolaffi	David Johnston	Jamin Woolcock
Dr Stephen Christley	Robyn Pak-Poy	
Colin Dunsford (Chair)	Jenny Richter	
Ross Haslam	David Swan	

Ministerial Advisory Board on Ageing

Margaret Anderson (Chair)	Patricia Greethead	Sinead O'Brien
Andrew Beer	Prof Graeme Hugo	Janice Rigney
Maggie Beer	Laurence Lewis	Graham Stratheam
Kenneth Coventry	Gerard McEwen	Dana Vukovich
Dr Rosemary Crowley	Patricia Mickan	
Anne Gale	Greg Mackie	

Health Performance Council

Dr Michael Beckoff	Anne Dunn (Chair)	Prof David Roder
Richard Callaghan	Barbara Hartwig	Dr Diane Wickett
James Dellit	Prof Lisa Jackson-Pulver	
Dr Stephen Duckett	Mary Patetsos	

Safety and Quality Consumer and Community Advisory Committee

Barry Apsy	Michael Cousins	Stepanie Newell
Sidique Bah	Helena de Anstiss	Debbie Sparkes
Trevor Bower (Chair)	Anne Johnson	Jacqueline Stevens
Yvonne Buza	Chris Jones	Tamara Stewart-Jones
Miriam Cocking	Annette McGrath	Jan Wallent

South Australian Council for Safety and Quality in Health Care

Dr David Ben-Tovim	Stephanie Miller	Dr David Rosenthal
Trevor Bower	Kathryn Nagle	Judith Smith
Dr Ken Fielke	Vanessa Owen	
Prof Villis Marshall (Chair)	Philip Robinson	

South Australian Medicines Advisory Committee

Dr Chris Beare	Marcia Hankendorf	Sinead O'Brien
E Prof Felix Bochner	Dr Stephen Hedger	Dr Chris Pearson
Julie Brown	Assoc Prof Catherine Hill	Prof Paddy Phillips
Naomi Burgess	Catherine Hughes	Louis Pountis
Stuart Conboy	Prof Jon Jureidini	Dr David Rosenthal
Assoc Prof Chris Doecke	Grant Kardachi	E Prof Lloyd Sansom AO (Chair)

South Australian Medicines Advisory Committee (continued)

Vaughn Eaton	Dr John Maddison	Dr Sepehr Shakib
Eliana Della Flora	Helen Mikolaj	Prof Nigel Stocks
E Prof Andrew Gilbert	Steve Morris	Sean Turner
Dr Neville Green	Kathy Nagle	Dr Morgyn Warner

Clinical Senate

Valerie Aylesbury	Assoc Prof Susan Hillier	Dr Lawrie Palmer
Philip Aylward	Assoc Prof Geoff Hughes	Dr David Panter
Peter Anastassiadis	Jim Jannes	Prof Paddy Phillips
Kym Bannister	Dr Simon Jenkins	Dr Elaine Pretorius
Peter Bardy	Dr Sue Johanson	Jenny Richter
Heather Baron	Prof Dorothy Keefe	Jeffrey Robinson
Dr Mike Beckoff	Stav Kondopoulos	Dianne Rogowski
Prof Justin Beilby	Prof Justin La Brooy	Dr Cathy Sanders
Dr Taryn Bessen	Monica Lawrence	Barbie Sawyer
John Bonifant	Meg Lewis	Prof Dinesh Selva
Dr Tim Burrough	Dr Sharon Liberali	Dr Sepehr Shakib
Mike Carroll	Prof Guy L Ludbrook	Prof John Slavotinek
Tracy Carroll	Prof Guy Maddem	Judy Smith
Dr Peter Chapman	Margot Mains	Assoc Prof Brian Smith
Prof Derek Chew	Michele McKinnon	Dr Jorg Strobel
Dr Andrew Champion	Dr Jenny Menz	David Swan
Aaron Chia	Dr Hendrika Meyer	Kate Swetenham
Dr Nigel Chipperfield	Gail Mondy	Dr Michael Taylor
Dr Stephen Christley	David Morris	Olivia Thompson
Luke Christofis	Steve Morris	Catherine Turnbull
Prof Maria Crotty	Dr Sharon Morton	Julie Turner
Cate Curry	Belinda Moyes	Dr Robert van den Berg
Lydia Dennett	Dr Elizabeth Murphy	Dr Nicholas Vlachoulis
Prof Jodie Dodd	David Nielsen	Dr Lucie Walters
Assoc Prof Chris Doecke	Sinead O'Brien	Dr Gavin Wheaton
Dr Christine Drummond	Dr Gerry O'Callaghan	Assoc Prof Craig Whitehead
Dr Oliver Frank	Dr Kym Osborn	
Dr Robert Fraser	Dr Robert Padbury	

Clinical Networks - Cancer

Dr Jacqui Adams	Jim McMenemy	Kate Swetenham
Dr Oliver Frank	Amanda Mitchell	Dr Heather Tapp
Prof Grantley Gill	Steve Morris	Prof Bik To
Allan Hayward	Dr Rahul Mukherjee	Prof Brenda Wilson
Prof Dorothy Keefe (Chair)	Don Piro	
Kristin Linke	Dr Peter Robinson	
Julie Marker	Dr Sid Selva	

Clinical Networks - Renal

Assoc Prof Kym Bannister (Chair)	Kellianne Fraser	Dr George Passaris
Dr Jeff Barbara	Mary Frost	Jennifer Roadnight
Glenice Coulthard	Dr Philip Gribble	Prof Graeme Russ
Assoc Prof Chris Doecke	Dr Paul Henning	Tiffany Whittington
Amy Foote	Assoc Prof Stephen McDonald	

Clinical Networks - Cardiology

Dr Margaret Arstall	Laureen Lawlor-Smith	Peter Steele
Jayne Bennetts	Prof Stephen Nicholls	Phil Tideman
Rachel Bishop	Colin Purvis	Gavin Wheaton
Alex Brown	Dr Amanda Rischbieth	Chris Zeitz
Prof Derek Chew (Chair)	Deb Rowett	
Marion Eckert	Prof Prash Sanders	

Clinical Networks - Maternal and Neonatal

Jacqueline Ah Kit	Helen Hriskin	Jane Remphrey
Julie Bernardo	Dr Sue Kennedy-Andrews	Dr Peter Rischbieth
Judy Coffey	Dr Richard MacKinnon	Marion Rix
Prof Jodie Dodd (Chair)	Dr Geoff Matthews	Prof Jeffery Robinson
Carolyn Harris	Dr Andy McPhee	Jolie Thomas
Meredith Hobbs	Julie Pratt	Dr Colin Weatherill

Clinical Networks - Child Health

Dr Peter Baghurst	Dr Jon Jureidini	Trish Strachan
Alex Centofanti	Dr Josie Nozza	Dr Felix Tan
Dr Julian Grant	Yvonne Parry	Dr Gavin Wheaton (Chair)
Rochelle Hay	Dr Michael Rice	Sharon Worby Hogben
Dr Di Hetzel	Dr Cathy Sanders	
Dr Deepa Jeyaseelan	Dr Nigel Stewart	

Clinical Networks - Mental Health

Karen Bates	Rachel Edwards	Sujata Mylvagana
Anne Blackburn	Dr Cate Howell	Clive Skene
Judy Burke	Dr Adriana Lattanzio	Dr Jorg Strobel
Robert Dann	Michael Loder	
Sylvia Ebert	Prue McEvoy (Chair)	

Clinical Networks - Rehabilitation

Prof Maria Crotty (Chair)	Alanna Grover	Dr Venugopal Kochiyil
Vickie Castle	Kim Hosking	Ruth Marshall
Philip Cornish	Vicki Hume	Nigel Quadros
Lynne Cowan	Miranda Jelbart	Assoc Prof Ray Russo
Amanda Crockett-Naini	Meredith Jolly	

Clinical Network - Older People

Marie Alford	Dianne Halliday	Helen Smith
Loueen Bainger	Sue Jarrad	Dr Stephan Van Eeden
Kathryn Cunningham	Tony Lawson	Assoc Prof Renuka Visvanathan
David Curren	Greg Mackie	Dr Nick Vlachoulis
Dr Jeff Faunt	Dr John Maddison	Assoc Prof Craig Whitehead (Chair)
Amy Foote	Justin Prendergast	
Alan Graham	Dr Robert Prowse	

Clinical Network - Palliative Care

Caroline Amato	Karen Glaetzer	Adrienne Stoddart
Michael Briffa	Andrea Gregory	Kate Swetenham (Chair)
Cathy Bennett	Tiiu Kannussaar	Tracey Watters
Alastair Bonnin	Dr Bill Lees	Lauren Woodford
Meg Brassil	Di Moncrieff	
Lauren Cortis	Dr Lawrie Palmer	
Lynne Cowan	Lynette Pugh	
Sara Fleming	Clare Shuttleworth	

Clinical Network - Stroke

Peter Anastassiadis	Dr Hugh Gratham	Dr Andrew Lee
Matt Baret	Susan Hillier	Julie Luker
Dr Chris Bollen	Jim Jannes (Chair)	Annette Mcgrath
Dr Trevor Burchall	Tim Kleinig	Cathrin Parsch
Dr Steve Chryssidis	Simon Koblar	Tracey Paterson
Lizzie Dodd	Simon Lane	

Controlled Substances Advisory Council

Lyn Banner	Samantha Mead	Timothy Semple
Penelope Briscoe	Stephen Morris	David Simon
Simone Cormack (Chair)	David Ng	Judith Smith
Matthew Cox	Julia Nicholls	Caroline Ward
Judy Gillett-Ferguson	Thomas Osborn	Jason White
Matthew Goode	Christopher Reynolds	Linda Williams
Briony Kennewell	E Prof Lloyd Sanson AO	

**Schedule of Administered Changes in Equity
for the year ended 30 June 2013**

	SA Medical Board		HACDSMC	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	625	715	10 782	13 844
Net income (expenses) recognised in equity	625	715	10 782	13 844
Net result	(334)	(90)	1 599	(3 062)
Total recognised income and expenses for the period	(334)	(90)	1 599	(3 062)
Balance at 30 June	291	625	12 381	10 782

	Minister's salary		Total	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	-	-	11 407	14 559
Net income (expenses) recognised in equity	-	-	11 407	14 559
Net result	-	-	1 265	(3 152)
Total recognised income and expenses for the period	-	-	1 265	(3 152)
Balance at 30 June	-	-	12 672	11 407

**Schedule of Administered Cash Flows
for the year ended 30 June 2013**

	SA Medical Board		HACDSMC	
	Inflows	Inflows	Inflows	Inflows
	(Outflows)	(Outflows)	(Outflows)	(Outflows)
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities:				
Cash inflows:				
Receipts from SA Government	-	-	11 198	22 687
Interest revenue	-	-	5 208	911
Other Revenue	-	353	-	112
Total cash inflows	-	353	16 406	23 710
Cash outflows:				
Employee benefit payments	(262)	-	(555)	(617)
Grants and subsidies	(627)	-	(18 748)	(21 610)
Goods and services	(108)	(53)	(603)	(177)
Total cash outflows	(997)	(53)	(19 906)	22 404
Net cash inflows (outflows) from operating activities	(997)	300	(3 500)	1 306
Net increase (decrease) in cash held	(997)	300	(3 500)	1 306
Cash at 1 July	1 290	990	15 934	14 628
Cash at 30 June	293	1 290	12 434	15 934

	Minister's salary		Total	
	Inflows	Inflows	Inflows	Inflows
	(Outflows)	(Outflows)	(Outflows)	(Outflows)
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities:				
Cash inflows:				
Receipts from SA Government	273	179	11 471	22 866
Interest revenue	-	-	5 208	911
Other revenue	-	-	-	465
Total cash inflows	273	179	16 679	24 242
Cash outflows:				
Employee benefit payments	(263)	(212)	(1 080)	(829)
Grants and subsidies	-	-	(19 375)	(21 610)
Goods and services	-	-	(711)	(230)
Total cash outflows	(263)	(212)	(21 166)	(22 669)
Net cash inflows (outflows) from operating activities	(10)	(33)	(4 487)	1 573
Net increase (decrease) in cash held	10	(33)	(4 487)	1 573
Cash at 1 July	(33)	-	17 191	15 618
Cash at 30 June	(23)	(33)	12 704	17 191

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 government in accordance with government policy. These transfers are disclosed as administered expenses and administered cash outflows.

Administered income and administered cash inflows

The Department collects various revenues and grants on behalf of Government. The amounts are not controlled by the Department and are not recognised by the Department. These amounts are disclosed as administered revenues and administered cash inflows.

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.

Changes in administered equity

All changes in equity relate to the administered revaluation surplus. The opening balance for administered retained earnings has not been restated for Australian equivalents to International Financial Reporting Standards because there has not been any impact.

Administered contingent assets and liabilities

The Department has no administered contingent assets and liabilities.

Incorporated hospitals and health services

Introduction

The incorporated hospitals and health services (the health services) are body corporates established pursuant to the *Health Care Act 2008* (the HC Act).

The health services are responsible to the Minister for Health and Ageing and the Chief Executive of the Department for Health and Ageing.

During 2012-13, the health services comprised:

- Central Adelaide Local Health Network Incorporated (CALHN)

The principal units within CALHN were Royal Adelaide Hospital, Queen Elizabeth Hospital, Hampstead Rehabilitation Centre, GP Plus Health Care Centres and primary, subacute and mental health services located in the local area. CALHN also includes state-wide clinical support services covering pharmacy, medical imaging and pathology.

- Southern Adelaide Local Health Network Incorporated (SALHN)

The principal units within SALHN were Flinders Medical Centre, Repatriation General Hospital, Noarlunga Hospital, GP Plus Health Care Centres and primary, subacute and mental health services located in the local area and drug and alcohol services.

- Northern Adelaide Local Health Network Incorporated (NALHN)

The principal units within NALHN were Lyell McEwin Hospital, Modbury Hospital, GP Plus Health Care Centres and primary, subacute and mental health services located in the local area.

- Country Health SA Local Health Network Incorporated (CHSALHN)

CHSALHN provided a network of hospitals and health services located throughout regional South Australia.

- Women's and Children's Health Network Incorporated (WCHN)

The principal unit within WCHN was the Women's and Children's Hospital.

- SA Ambulance Service Inc (SAAS).

The incorporated hospitals are charged with establishing, providing, maintaining and enhancing hospital, medical and allied health services in their local area.

SAAS is the principal provider of emergency ambulance services in South Australia.

Audit mandate and coverage

Audit authority

Audit of the financial reports

Sections 36(2) and 55(2) of the HC Act provide for the Auditor-General to audit the accounts of the health services for each financial year.

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the health 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 internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of the audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial report and internal controls. Three Chartered Accounting firms assisted in carrying out the audits of the health services.

During 2012-13, specific areas of audit attention included:

- revenues from fees and charges
- grants and contributions
- payroll
- grants and subsidies paid
- supplies and services
- accounts payable
- accounts receivable
- property, plant and equipment
- investments
- borrowings
- financial management and compliance.

Audit committee and internal audit

Each of the health services had an audit committee and an internal audit function in operation throughout the 2012-13 financial year.

An understanding of internal audit activities was obtained in order to identify and assess the risks of material misstatement of the financial report and to design and perform audit procedures.

Audit findings and comments

Financial reports and independent auditor's reports (IARs)

In respect of the financial reports for the health services, unmodified IARs have been issued for the six health services.

The following provides salient financial information and commentary for the six health services together with extracts from the IARs.

Central Adelaide Local Health Network Incorporated

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Central Adelaide Local Health Network Incorporated and its controlled entities as at 30 June 2013, and their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

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

Interpretation and analysis of financial report

Highlights of the financial report

	2013		2012	
	Consolidated \$'million	Parent \$'million	Consolidated \$'million	Parent \$'million
Expenses:				
Staff benefit expenses	1 181	1 176	1 172	1 167
Supplies and services	564	562	569	565
Depreciation and amortisation	61	61	54	53
Other expenses	56	56	40	35
Total expenses	1 862	1 855	1 835	1 820
Income:				
Revenue from fees and services	270	264	269	260
Grants and contributions	84	85	67	67
Other income	36	35	49	46
Total income	390	384	385	373
Net cost of providing services	1 472	1 471	1 450	1 447
Revenues from SA Government	1 462	1 462	1 446	1 446
Total revenues from SA Government	1 462	1 462	1 446	1 446
Net result	(10)	(9)	(4)	(1)
Other comprehensive income	(18)	(18)	98	98
Total comprehensive result for the year	(28)	(27)	94	97
Assets:				
Current assets	228	220	271	264
Non-current assets	915	907	901	892
Total assets	1 143	1 127	1 172	1 156
Liabilities:				
Current liabilities	253	251	251	250
Non-current liabilities	215	215	219	219
Total liabilities	468	466	470	469
Net assets	675	661	702	687

Statement of Comprehensive Income

Staff benefit expenses represent 64% (64%) of CALHN's total expenses. The number of staff whose remuneration received/receivable exceeded \$138 000 (base executive level) totalled 910 (1022). Supplies and services included consultants expenses totalling \$444 000 (22 consultancies) (\$705 000 (19 consultancies)).

Statement of Financial Position

Current assets include \$135.1 million (\$34.4 million) cash. Non-current assets include property, plant and equipment totalling \$889 million (\$882 million).

At 30 June 2013, CALHN had a working capital deficit of \$25.2 million (surplus of \$19.6 million).

Southern Adelaide Local Health Network Incorporated**Auditor's report on the financial report**

In my opinion, the financial report gives a true and fair view of the financial position of the Southern Adelaide Local Health Network Incorporated as at 30 June 2013, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

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

Interpretation and analysis of financial report**Highlights of the financial report**

	2013 \$'million	2012 \$'million
Expenses:		
Staff benefit expenses	630	630
Supplies and services	272	273
Depreciation and amortisation	30	23
Other expenses	14	28
Total expenses	<u>946</u>	<u>954</u>
Income:		
Revenue from fees and charges	71	65
Grants and contributions	25	22
Other income	13	16
Total income	<u>109</u>	<u>103</u>
Net cost of providing services	<u>837</u>	<u>851</u>
Revenues from SA Government	811	843
Total revenues from SA Government	<u>811</u>	<u>843</u>
Net result	<u>(26)</u>	<u>(8)</u>

	2013 \$'million	2012 \$'million
Other comprehensive income	(1)	6
Total comprehensive result for the year	(27)	(2)
Assets:		
Current assets	40	66
Non-current assets	639	657
Total assets	679	723
Liabilities:		
Current liabilities	114	130
Non-current liabilities	117	118
Total liabilities	231	248
Net assets	448	475

Statement of Comprehensive Income

Staff benefit expenses represent 67% (66%) of SALHN's total expenses. The number of staff whose remuneration received/receivable exceeded \$138 000 (base executive level) totalled 481 (494). Supplies and services included consultants expenses totalling \$247 000 (eight consultancies) (\$211 000 (four consultancies)).

Statement of Financial Position

Current assets include \$8 million (\$18 million) cash. Non-current assets include property, plant and equipment totalling \$632 million (\$651 million).

As at 30 June 2013, SALHN had a working capital deficiency of \$73.8 million (deficiency of \$64.1 million).

Northern Adelaide Local Health Network Incorporated

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Northern Adelaide Local Health Network Incorporated as at 30 June 2013, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

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

Interpretation and analysis of financial report

Highlights of the financial report

	2013 \$'million	2012 \$'million
Expenses:		
Staff benefit expenses	261	250
Supplies and services	141	140
Depreciation and amortisation expense	18	15
Other expenses	2	1
Total expenses	422	406
Income:		
Revenue from fees and charges	24	19
Grants and contributions	9	4
Other income	4	5
Total income	37	28
Net cost of providing services	385	378
Revenues from SA Government	451	398
Total revenues from SA Government	451	398
Net result	66	20
Other comprehensive income	(1)	40
Total comprehensive result for the year	65	60
Assets:		
Current assets	20	21
Non-current assets	403	337
Total assets	423	358
Liabilities:		
Current liabilities	44	47
Non-current liabilities	36	34
Total liabilities	80	81
Net assets	343	277

Statement of Comprehensive Income

Staff benefit expenses represent 62% (62%) of NALHN's total expenses. The number of staff whose remuneration received/receivable exceeded \$138 000 (base executive level) totalled 214 (234). Supplies and services included consultants expenses totalling \$164 000 (two consultancies) (\$115 000 (six consultancies)).

Statement of Financial Position

Current assets include \$10 million (\$7.6 million) cash. Non-current assets include property, plant and equipment totalling \$401 million (\$335.3 million).

As at 30 June 2013, NALHN had a working capital deficiency of \$24.2 million (deficiency of \$26.3 million).

Country Health SA Local Health Network Incorporated

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Country Health SA Local Health Network Incorporated and its controlled entities as at 30 June 2013, and their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Country Health SA Local Health Network Incorporated 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 balance sheet reconciliations, payroll, accounts payable and accounts receivable as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Country Health SA Local Health Network Incorporated have been conducted properly and in accordance with law.

Interpretation and analysis of financial report

Highlights of the financial report

	2013		2012	
	Consolidated \$'million	Parent \$'million	Consolidated \$'million	Parent \$'million
Expenses:				
Staff benefit expenses	469	469	469	469
Supplies and services	278	278	270	270
Depreciation and amortisation	24	14	23	14
Other expenses	33	35	44	52
Total expenses	804	796	806	805
Income:				
Revenue from fees and services	78	78	78	78
Grants and contributions	117	116	112	111
Other income	12	11	7	7
Total income	207	205	197	196
Net cost of providing services	597	591	609	609
Revenues from SA Government	701	701	583	583
Total revenues from SA Government	701	701	583	583
Net result	104	110	(26)	(26)
Other comprehensive income	-	-	10	7
Total comprehensive result for the year	104	110	(16)	(19)
Assets:				
Current assets	177	164	127	115
Non-current assets	758	430	697	363
Total assets	935	594	824	478

	2013		2012	
	Consolidated \$'million	Parent \$'million	Consolidated \$'million	Parent \$'million
Liabilities:				
Current liabilities	146	146	141	142
Non-current liabilities	113	113	111	111
Total liabilities	259	259	252	253
Net assets	676	335	572	225

Statement of Comprehensive Income

Staff benefit expenses represent 58% (58%) of CHSALHN's total expenses. The number of staff whose remuneration received/receivable exceeded \$138 000 (base executive level) totalled 70 (67). Supplies and services included consultants expenses totalling \$402 000 (32 consultancies) (\$141 000 (11 consultancies)).

Statement of Financial Position

Current assets include \$114.6 million (\$54.6 million) cash. Non-current assets include property, plant and equipment totalling \$747.7 million (\$687.6 million).

At 30 June 2013, CHSALHN had a working capital surplus of \$30.7 million (deficiency of \$13.7 million).

Women's and Children's Health Network Incorporated

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Women's and Children's Health Network Incorporated as at 30 June 2013, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Women's and Children's Health Network Incorporated 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 balance sheet reconciliations, payroll, accounts payable and accounts receivable as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Women's and Children's Health Network Incorporated have been conducted properly and in accordance with law.

Interpretation and analysis of financial report

Highlights of the financial report

	2013 \$'million	2012 \$'million
Expenses:		
Staff benefits expenses	291	296
Supplies and services	100	102
Depreciation and amortisation expense	10	7
Other expenses	8	5
Total expenses	409	410

	2013 \$'million	2012 \$'million
Income:		
Revenue from fees and charges	37	33
Grants and contributions	11	17
Other income	7	6
Total income	<u>55</u>	<u>56</u>
Net cost of providing services	<u>354</u>	<u>354</u>
Revenues from SA Government	323	358
Total revenues from SA Government	<u>323</u>	<u>358</u>
Net result	<u>(31)</u>	<u>4</u>
Other comprehensive income	(1)	68
Total comprehensive result for the year	<u>(32)</u>	<u>72</u>
Assets:		
Current assets	15	39
Non-current assets	277	291
Total assets	<u>292</u>	<u>330</u>
Liabilities:		
Current liabilities	45	50
Non-current liabilities	48	49
Total liabilities	<u>93</u>	<u>99</u>
Net assets	<u>199</u>	<u>231</u>

Statement of Comprehensive Income

Staff benefit expenses represent 71% (72%) of WCHN's total expenses. The number of staff whose remuneration received/receivable exceeded \$138 000 (base executive level) totalled 193 (194). Supplies and services included consultants expenses totalling \$136 000 (two consultancies) (\$42 000 (three consultancies)).

Statement of Financial Position

Current assets include \$2.4 million (\$20.4 million) cash. Non-current assets include property, plant and equipment totalling \$260 million (\$274 million).

At 30 June 2013, WCHN had a working capital deficiency of \$30 million (deficiency of \$10.8 million).

SA Ambulance Service Inc

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the SA Ambulance Service Inc as at 30 June 2013, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the SA Ambulance Service Inc 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, balance sheet reconciliations, payroll, accounts payable and accounts receivable as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the SA Ambulance Service Inc have been conducted properly and in accordance with law.

Interpretation and analysis of financial report

Highlights of the financial report	2013	2012
	\$'million	\$'million
Expenses:		
Staff benefits expenses	121	172
Supplies and services	61	58
Depreciation and amortisation expense	8	9
Other expenses	17	12
Total expenses	<u>207</u>	<u>251</u>
Income:		
Revenue from fees and charges	104	92
Grants and contributions	1	-
Other income	5	5
Total income	<u>110</u>	<u>97</u>
Net cost of providing services	<u>97</u>	<u>154</u>
Revenues from SA Government	132	110
Total revenues from SA Government	<u>132</u>	<u>110</u>
Net result	<u>35</u>	<u>(44)</u>
Other comprehensive income	2	(1)
Total comprehensive result for the year	<u>37</u>	<u>(45)</u>
Assets:		
Current assets	29	31
Non-current assets	77	71
Total assets	<u>106</u>	<u>102</u>
Liabilities:		
Current liabilities	41	55
Non-current liabilities	48	67
Total liabilities	<u>89</u>	<u>122</u>
Net assets	<u>17</u>	<u>(20)</u>

Statement of Comprehensive Income

Staff benefit expenses represent 58% (69%) of SAAS's total expenses. The number of staff whose remuneration received/receivable exceeded \$138 000 (base executive level) totalled 342 (170). The significant increase in the number of staff is due to the enterprise bargaining backpay processed in 2012-13. Supplies and services included consultants expenses totalling \$514 000 (nine consultancies) (\$74 000 (six consultancies)).

Statement of Financial Position

Current assets include \$8 million (\$5.5 million) cash. Non-current assets include property, plant and equipment totalling \$69.4 million (\$66 million).

At 30 June 2013, SAAS had a working capital deficiency of \$12.2 million (deficiency of \$24.1 million)

Communication of audit matters

Matters arising during the course of the 2012-13 audits of health services were detailed in management letters to the Chief Executive of the Department for Health and Ageing (the Department). The responses to the management letters will be followed up for effectiveness in addressing the audit matters raised as part of the 2013-14 audit of the health services.

Audit is aware that the legacy environment in which the health services are operating gives rise to some of the control weaknesses. Further it is acknowledged that some control weaknesses will not be fully addressed until the Oracle Corporate System is fully rolled out. Notwithstanding this, Audit considers that the Department and each health service needs to consider how the risks that arise from the control weaknesses can be managed or mitigated to a level that is acceptable to the Department and each health service.

The following is a summary of headings that contain commentary relating to areas of health services' operations that have been the subject of audit attention and communication of matters to the Department:

- policies and procedures
- balance sheet reconciliations
- payroll
- accounts payable
- accounts receivable
- property, plant and equipment.

Policies and procedures

It was noted again that the Department and health services' policies, procedures and system documentation had still not been updated for a number of business processes as a result of the financial integration project and the implementation of the Oracle Corporate System. This continues to inhibit the implementation of appropriate procedures and controls at both health service and Department level.

Balance sheet reconciliations

The audit of the health services during 2012-13 revealed that there had been significant improvement in the reconciliations of key balance sheet accounts such as payroll, fixed assets, accounts receivable, patient receivables and accounts payable. However Audit did note that:

- some reconciliations were not being consistently performed at the end of each month
- some reconciliations were not being independently reviewed in a timely manner
- some reconciliations were not being documented and retained.

Audit also noted that there continued to be a range of differing practices adopted across the health services in performing the reconciliations.

Payroll

Salaries and wages expenditure processed through the payroll systems represents a significant expenditure item for the health services.

Payroll processing for the health services is undertaken by SSSA.

The payroll audits revealed the following weaknesses:

- Timesheets were not always reviewed and approved by staff at the appropriate level.
- Bona fide reports were not being consistently prepared, reviewed, certified and retained.
- Payroll reports received from SSSA were not being adequately reviewed by health services or individual sites.
- There were incompatible user access rights within the payroll system.
- Changes to payroll masterfile data were not regularly reviewed by health service management.
- Payroll clearing account reconciliations were not being performed in a timely manner and were not being independently reviewed.
- Policies and procedures need to be updated.

These weaknesses mirrored last year's findings.

Accounts payable

Accounts payable services are provided to the health services by SSSA.

The scope of the 2012-13 audit included consideration of the control arrangements relating to the various legacy accounts payable systems.

The audit noted the following weaknesses in controls:

- authorisation of invoices for payment
- the update of relevant policies and procedures
- reconciliations between the system subledger and the general ledger.

Accounts receivable

The 2012-13 audits revealed the following control weaknesses:

- A number of policies and procedures required update to reflect current practice.
- There was a lack of appropriate authorisation of invoice forms by appropriate managers.
- A number of reconciliations of legacy accounts receivable systems to the general ledger were not independently reviewed in a timely manner.
- Accounts receivable ageing reports were not being reviewed in a timely manner.
- There was inappropriate user access to legacy revenue systems.

Property, plant and equipment

The audit of property, plant and equipment identified a number of control weaknesses which were raised with the Department, including:

- instructions for the annual stocktakes were not adequately communicated to the staff performing the stocktakes
- the requirements for completing and processing asset addition/update forms was not consistently well understood at the health service level leading to data integrity issues within the asset registers
- some delays in capitalising work in progress
- variances between the fixed asset registers and the general ledger were not being investigated and resolved in a timely manner.

Health sector staffing and patient activity data – unaudited

The following staffing and patient activity information was provided by the Department in response to Audit request and is unaudited.

Health sector staffing statistics

The following table details the staffing levels as at 30 June in the health sector, excluding staff of the Department and SA Ambulance Service Inc, over the past three years. It is important to know that this data is unaudited.

Health sector FTE mix (unaudited)

	2013 Number	2012 Number	2011 Number
Staff categories:			
Nurses	12 591	12 395	12 039
Medical staff	2 933	2 810	2 687
Scientific and technical	1 154	1 153	1 157
Administrative and clerical	4 211	4 253	4 296
Allied health, hotel and other staff	6 795	6 872	6 853
Total staff	27 684	27 483	27 032
Increase	201	451	(126)
Percentage increase	0.7%	1.7%	(0.5)%

Department staffing statistics

The following table details the staffing levels of the Department as at 30 June over the past three years.

Department of Health FTE (unaudited)

	2013 Number	2012 Number	2011 Number
Total staff	2 018	1 985	1 859

The increase in the Department’s FTEs is mainly attributable to the implementation of the Enterprise Patient Administration System and the Oracle Corporate System Phase 3 implementation.

SA Ambulance Service Inc staffing statistics

The following table details the staffing levels of the SA Ambulance Service Inc as at 30 June over the past three years.

SA Ambulance Service Inc FTE (unaudited)

	2013 Number	2012 Number	2011 Number
Total staff	1 221	1 168	1 132

Hospital activity statistics

The tables below indicate the trends over past years in respect of inpatient activity (unweighted), length of hospital stay, and casualty and outpatient activity (unweighted). The data in the tables below has been sourced from the reporting systems of the Department and has not been audited.

Inpatient activity (unaudited)

	2013 Number	2012 Number	2011 Number
Metropolitan hospitals:			
Overnight stay	170 416	167 022	161 221
Same day	140 811	141 081	134 378
Total	311 227	308 103	295 599
Country hospitals:			
Overnight stay	51 795	51 922	51 200
Same day	50 330	47 290	43 355
Total	102 125	99 212	94 555

Average length of overnight hospital stay (unaudited)

	2013 Days	2012 Days	2011 Days
Metropolitan hospitals	6.4	6.9	7.1
Country hospitals	5.8	6.6	5.9

Outpatient activity (unaudited)

	2013 Number	2012 Number	2011 Number
Metropolitan hospitals:			
Emergency Department attendances	375 698	361 162	359 937
Outpatient occasions of service	1 080 257	1 062 472	1 045 231
Country hospitals:			
Emergency Department attendances	171 251	175 953	179 889
Outpatient occasions of service	135 972	135 972	135 347

Part B

Glossary of terms

Australian Accounting Standards - AASB

Reference	Title
AASB 1	First-time Adoption of Australian Accounting Standards
AASB 3	Business Combinations
AASB 4	Insurance Contracts
AASB 5	Non-current Assets Held for Sale and Discontinued Operations
AASB 7	Financial Instruments: Disclosures
AASB 8	Operating Segments
AASB 9	Financial Instruments
AASB 10	Consolidated Financial Statements
AASB 11	Joint Arrangements
AASB 12	Disclosure of Interests in Other Entities
AASB 13	Fair Value Measurement
AASB 101	Presentation of Financial Statements
AASB 102	Inventories
AASB 107	Statement of Cash Flows
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110	Events after the Reporting Period
AASB 111	Construction Contracts
AASB 112	Income Taxes
AASB 116	Property, Plant and Equipment
AASB 117	Leases
AASB 118	Revenue
AASB 119	Employee Benefits
AASB 120	Accounting for Government Grants and Disclosure of Government Assistance
AASB 121	The Effects of Changes in Foreign Exchange Rates
AASB 123	Borrowing Costs
AASB 124	Related Party Disclosures
AASB 127	Consolidated and Separate Financial Statements
AASB 128	Investments in Associates
AASB 131	Interests in Joint Ventures
AASB 132	Financial Instruments: Presentation
AASB 136	Impairment of Assets
AASB 137	Provisions, Contingent Liabilities and Contingent Assets
AASB 138	Intangible Assets
AASB 139	Financial Instruments: Recognition and Measurement
AASB 140	Investment Property
AASB 141	Agriculture
AASB 1004	Contributions
AASB 1023	General Insurance Contracts
AASB 1031	Materiality
AASB 1038	Life Insurance Contracts
AASB 1048	Interpretation of Standards

Australian Accounting Standards - AASB (continued)

Reference	Title
AASB 1049	Whole of Government and General Government Sector Financial Reporting
AASB 1050	Administered Items
AASB 1051	Land Under Roads
AASB 1052	Disaggregated Disclosures
AASB 1054	Australian Additional Disclosures
AASB 1055	Budgetary Reporting
AASB 2009-12	Amendments to Australian Accounting Standards

Australian Interpretations

Reference	Title
Interpretation 4	Determining whether an Arrangement contains a Lease
Interpretation 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
Interpretation 115	Operating Leases - Incentives
Interpretation 121	Income Taxes – Recovery of Revalued Non-Depreciable Assets
Interpretation 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
Interpretation 132	Intangible Assets – Web Site Costs
Interpretation 1030	Depreciation of Long-Lived Physical Assets: Condition-Based Depreciation and Related Methods
Interpretation 1031	Accounting for the Goods and Services Tax (GST)
Interpretation 1038	Contributions by Owners Made to Wholly-Owned Public Sector Entities
Interpretation 1055	Accounting for Road Earthworks

Australian Accounting Standards - AAS

Reference	Title
AAS 25	Financial Reporting by Superannuation Plans

Treasurer's Instructions – TIs

Reference	Title
TI 1	Interpretation and Application
TI 2	Financial Management
TI 3	Appropriation
TI 4	Establishment of Merchant Facilities for Acceptance of Payments
TI 5	Debt Recovery and Write Offs
TI 6	Deposit Accounts and Banking
TI 8	Financial Authorisations
TI 9	Payroll Deductions
TI 10	Engagement of Legal Practitioners
TI 11	Payment of Creditors' Accounts
TI 12	Government Purchase Cards and Stored Value Cards
TI 13	Expenditure Incurred by Ministers and Ministerial Staff

Treasurer's Instructions – TIs (continued)

Reference	Title
TI 14	Ex Gratia Payments
TI 15	Grant Funding
TI 17	Evaluation of and Approvals to Proceed with Public Sector Initiatives
TI 19	Financial Reporting
TI 20	Guarantees and Indemnities
TI 22	Tax Equivalent Payments
TI 23	Management of Foreign Currency Exposures
TI 25	Taxation Policies
TI 28	Financial Management Compliance Program

Accounting Policy Framework - APF

Reference	Title
APF I	Purpose and Scope
APF II	General Purpose Financial Statements Framework
APF III	Asset Accounting Framework
APF IV	Financial Asset and Liability Framework
APF V	Income Framework
APF VI	Definitions

Legislation

Reference	Title
ITAA	<i>Income Tax Assessment Act 1936 and/or Income Tax Assessment Act 1997</i>
NRMA	<i>Natural Resources Management Act 2004</i>
PCA	<i>Public Corporations Act 1993</i>
PFAA	<i>Public Finance and Audit Act 1987</i>
PSA	<i>Public Sector Act 2009</i>
WRCA	<i>Workers Rehabilitation and Compensation Act 1986</i>

Acronyms

Reference	Title
AASs	Australian Accounting Standards ¹
APF	Accounting Policy Framework
APS	Accounting Policy Statement
ATO	Australian Taxation Office
CHRIS	Complete Human Resource Information System
CPE	Computer processing environment
CPI	Consumer price index
DPC	Department of the Premier and Cabinet
DTF	Department of Treasury and Finance
EFT	Electronic funds transfer

¹ 'Australian Accounting Standards' means accounting standards issued by the Australian Accounting Standards Board that are in force in relation to the reporting period to which the financial report relates.

Acronyms (continued)

Reference	Title
FBT	Fringe benefits tax
GST	Goods and services tax
ICT	Information and communications technology
LSL	Long service leave
SAFA	South Australian Government Financing Authority
Service SA	Government Services Group - Service SA
SSSA	Government Services Group - Shared Services SA
TI	Treasurer's Instruction
TVSP	Targeted voluntary separation package

Part B

General index

A

- Adelaide Convention Centre Corporation, 3
 - Assessment of controls, 4
 - Auditor's report on the financial report, 3
 - Creditor account payment performance, 4
 - Dividend and taxation arrangements, 4
 - Qualified Opinion – Assessment of controls, 4
 - Redevelopment of the Adelaide Convention Centre, 7
- Adelaide Desalination Project
 - South Australian Water Corporation, 1814, 1830
- Adelaide Entertainments Corporation, 24
 - Assessment of controls, 25
 - Auditor's report on the financial report, 25
- Adelaide Festival Centre Trust, 47
 - Assessment of controls, 48
 - Auditor's report on the financial report, 48
 - Documentation of policies and procedures, 48
 - Information and communications technology and control, 49
 - Procurement, 48
 - Qualified Opinion – Assessment of controls, 48
 - Timeliness of the conduct and review of reconciliations, 48
- Adelaide Festival Corporation, 71
 - Assessment of controls, 72
 - Auditor's report on the financial report, 72
 - Bank reconciliations, 72
 - Cash handling, 72
 - Expenditure, 72
 - Qualified Opinion – Assessment of controls, 72
- Adelaide Oval
 - Adelaide Oval SMA Limited, 88
- Adelaide Oval redevelopment
 - Planning, Transport and Infrastructure, Department of, 1162
- Adelaide Oval SMA Limited, 88
 - \$18 million funding deed, 91
 - Adelaide Oval, 88
 - Auditor's report on the financial report, 89
 - Membership sales, 91
- Art Gallery Board, 106
 - Assessment of controls, 107
 - Auditor's report on the financial report, 106
 - Governance, 110
 - Heritage collections, 111
 - Legal compliance, 107
 - Payroll, 111
 - Qualified Independent Auditor's Report on the Board's 2011-12 financial report, 107
 - Qualified Opinion – Assessment of controls, 107
 - Shared Services SA – accounts payable and electronic payment control environments, 112
 - Shared Services SA – CHRIS payroll control environment, 112
- Assessment of controls
 - Adelaide Convention Centre Corporation, 4
 - Adelaide Entertainments Corporation, 25
 - Adelaide Festival Centre Trust, 48
 - Adelaide Festival Corporation, 72
 - Art Gallery Board, 107
 - Attorney-General's Department, 138
 - Auditor-General's Department, 242
 - Central Adelaide Local Health Network Incorporated, 750
 - Communities and Social Inclusion, Department for, 259
 - Correctional Services, Department for, 332
 - Country Health SA Local Health Network Incorporated, 754
 - Courts Administration Authority, 366
 - Defence SA, 405
 - Education and Child Development, Department for, 435
 - Environment Protection Authority, 509
 - Environment, Water and Natural Resources, Department of, 544
 - Flinders University of South Australia, 606
 - Further Education, Employment, Science and Technology, Department of, 656
 - Health and Ageing, Department for, 701
 - Health Services Charitable Gifts Board, 764
 - HomeStart Finance, 786
 - Judges' Pensions Scheme, 836
 - Legal Services Commission, 848
 - Libraries Board of South Australia, 920
 - Local Government Finance Authority of South Australia, 947
 - Lotteries Commission of South Australia, 970
 - Manufacturing, Innovation, Trade, Resources and Energy, Department for, 1009
 - Motor Accident Commission, 1057
 - Museum Board, 1089
 - Northern Adelaide Local Health Network Incorporated, 752
 - Office of the National Rail Safety Regulator, 1114
 - Parliamentary Superannuation Scheme, 1131
 - Planning, Transport and Infrastructure, Department of, 1146
 - Police Superannuation Scheme, 1236
 - Premier and Cabinet, Department of the, 1253
 - Primary Industries and Regions, Department of, 1317
 - Public Trustee, 215
 - SA Ambulance Service Inc, 757
 - South Australia Police, 1392
 - South Australian Asset Management Corporation, 1440
 - South Australian Country Fire Service, 1452
 - South Australian Fire and Emergency Services Commission, 1482

South Australian Government Financing Authority, 1527
 South Australian Housing Trust, 1567
 South Australian Metropolitan Fire Service, 1623
 South Australian Motor Sport Board, 1653
 South Australian State Emergency Service, 1677
 South Australian Superannuation Board, 1703
 South Australian Tourism Commission, 1785
 South Australian Water Corporation, 1814
 Southern Adelaide Local Health Network Incorporated, 751
 Superannuation Funds Management Corporation of South Australia, 1871
 TAFE SA, 1907
 Treasury and Finance, Department of, 1939
 University of Adelaide, 2000
 University of South Australia, 2059
 Urban Renewal Authority, 2104
 Women's and Children's Health Network Incorporated, 755
 WorkCover Corporation of South Australia, 2158
 Attorney-General's Department, 137
 Alleged fraud against the Victims of Crime Fund, 144
 Assessment of controls, 138
 Auditor's report on the financial report, 138
 Consumer and Business Services, 140
 Creditor account payment performance, 140
 Crown Solicitor's Office, 142
 Financial accounting, 140
 Gaming machine administration, 153
 Independent Gaming Corporation Limited, 154
 Information and communications technology and control, 144
 Payroll controls, 139
 Public Trustee, 214
 Purchasing and receiving goods and services, 140
 Qualified Opinion – Assessment of controls, 138
 Residential Tenancies Fund, 143, 153
 Shared Services SA – accounts payable and electronic payment control environments, 146
 Shared Services SA – CHRIS payroll control environment, 145
 TIs 2 and 28, 138
 Victims of Crime Fund, 152
 Auditor's report on the financial report
 Adelaide Convention Centre Corporation, 3
 Adelaide Entertainments Corporation, 25
 Adelaide Festival Centre Trust, 48
 Adelaide Festival Corporation, 72
 Adelaide Oval SMA Limited, 89
 Art Gallery Board, 106
 Attorney-General's Department, 138
 Auditor-General's Department, 241
 Central Adelaide Local Health Network Incorporated, 749
 Communities and Social Inclusion, Department for, 259
 Correctional Services, Department for, 331
 Country Health SA Local Health Network Incorporated, 754
 Courts Administration Authority, 366
 Defence SA, 405
 Education and Child Development, Department for, 435
 Environment Protection Authority, 509
 Environment, Water and Natural Resources, Department of, 542
 Flinders University of South Australia, 606
 Further Education, Employment, Science and Technology, Department of, 656
 Health and Ageing, Department for, 701
 Health Services Charitable Gifts Board, 764
 HomeStart Finance, 786
 Judges' Pensions Scheme, 836
 Legal Services Commission, 848
 Legislature, The
 House of Assembly, 873
 Joint Parliamentary Service, 873
 Legislative Council, 873
 Libraries Board of South Australia, 919
 Local Government Finance Authority of South Australia, 947
 Lotteries Commission of South Australia, 970
 Manufacturing, Innovation, Trade, Resources and Energy, Department for, 1009
 Motor Accident Commission, 1057
 Museum Board, 1088
 Northern Adelaide Local Health Network Incorporated, 752
 Office of the National Rail Safety Regulator, 1114
 Parliamentary Superannuation Scheme, 1131
 Planning, Transport and Infrastructure, Department of, 1146
 Police Superannuation Scheme, 1236
 Premier and Cabinet, Department of the, 1253
 Primary Industries and Regions, Department of, 1317
 Public Trustee, 215
 SA Ambulance Service Inc, 756
 South Australia Police, 1392
 South Australian Ambulance Service Superannuation Scheme, 1713
 South Australian Asset Management Corporation, 1440
 South Australian Country Fire Service, 1452
 South Australian Fire and Emergency Services Commission, 1482
 South Australian Government Financing Authority, 1527
 South Australian Housing Trust, 1567
 South Australian Metropolitan Fire Service, 1623
 South Australian Motor Sport Board, 1652
 South Australian State Emergency Service, 1677
 South Australian Superannuation Board, 1703
 South Australian Superannuation Scheme, 1727
 South Australian Tourism Commission, 1785
 South Australian Water Corporation, 1814
 Southern Adelaide Local Health Network Incorporated, 751
 Southern State Superannuation Scheme, 1750
 Super SA Retirement Investment Fund, 1767
 Superannuation Funds Management Corporation of South Australia, 1871
 TAFE SA, 1907
 Treasury and Finance, Department of, 1938
 University of Adelaide, 2000

University of South Australia, 2058
Urban Renewal Authority, 2104
Women's and Children's Health Network
Incorporated, 755
WorkCover Corporation of South Australia, 2157
Auditor-General's Department, 241
Assessment of controls, 242
Auditor's report on the financial report, 241

C

Central Adelaide Local Health Network
Incorporated, 749
Assessment of controls, 750
Auditor's report on the financial report, 749
Qualified Opinion – Assessment of controls, 750
Communities and Social Inclusion, Department for, 258
Assessment of controls, 259
Auditor's report on the financial report, 259
Brokerage expenditure, 260
Client trust funds, 265
Concessions, 263
Creditor account payment performance, 266
Expenditure, 265
Grants, subsidies and client payments, 259
Information and communications technology and control, 266
Payroll, 266
Qualified Opinion – Assessment of controls, 259
Shared Services SA – accounts payable and electronic payment control environments, 267
Shared Services SA – CHRIS payroll control environment, 267
Cooorong, Lower Lakes and Murray Mouth projects
Environment, Water and Natural Resources,
Department of, 551
Correctional Services, Department for, 331
Assessment of controls, 332
Auditor's report on the financial report, 331
Bona fide certificates, 332
Custodial officer roster system, 332
Leave reporting, 332
Payment approval in Basware, 333
Qualified Opinion – Assessment of controls, 332
Shared Services SA – accounts payable and electronic payment control environments, 333
Shared Services SA – CHRIS payroll control environment, 333
Country Health SA Local Health Network
Incorporated, 754
Assessment of controls, 754
Auditor's report on the financial report, 754
Qualified Opinion – Assessment of controls, 754
Courts Administration Authority, 365
Assessment of controls, 366
Auditor's report on the financial report, 366
Fines and court fees, 369
Fines, fees and levies, 370
Payment of jury and witness fees, 366
Qualified Opinion – Assessment of controls, 366
Statutes Amendment (Fines Enforcement and Recovery) Act 2013, 371
Victims of Crime levy, 370

Creditor account payment performance
Adelaide Convention Centre Corporation, 4
Attorney-General's Department, 140
Communities and Social Inclusion, Department
for, 266
Education and Child Development, Department
for, 444
Environment, Water and Natural Resources,
Department of, 547
Further Education, Employment, Science and
Technology, Department of, 659
Health and Ageing, Department for, 705
HomeStart Finance, 786
Legal Services Commission, 850
Local Government Finance Authority of South
Australia, 948
Manufacturing, Innovation, Trade, Resources and
Energy, Department for, 1011
Planning, Transport and Infrastructure, Department
of, 1149
Premier and Cabinet, Department of the, 1253
Primary Industries and Regions, Department of, 1319
Public Trustee, 215
South Australia Police, 1394
South Australian Fire and Emergency Services
Commission, 1485
South Australian Government Financing
Authority, 1528
South Australian Housing Trust, 1578
South Australian Motor Sport Board, 1653
TAFE SA, 1909
Treasury and Finance, Department of, 1943
Urban Renewal Authority, 2109
Crown Solicitor's Office
Attorney-General's Department, 142

D

Defence SA, 404
Assessment of controls, 405
Auditor's report on the financial report, 405
General ledger, 405
Qualified Opinion – Assessment of controls, 405
Shared Services SA – accounts payable and electronic payment control environments, 406
Shared Services SA – CHRIS payroll control environment, 405
Department for Communities and Social Inclusion *see*
Communities and Social Inclusion, Department for
Department for Correctional Services *see* Correctional
Services, Department for
Department for Education and Child Development *see*
Education and Child Development, Department for
Department for Health and Ageing *see* Health and
Ageing, Department for
Department for Manufacturing, Innovation, Trade,
Resources and Energy *see* Manufacturing, Innovation,
Trade, Resources and Energy, Department for
Department of Environment, Water and Natural
Resources *see* Environment, Water and Natural
Resources, Department of

Department of Further Education, Employment, Science and Technology *see* Further Education, Employment, Science and Technology, Department of

Department of Planning, Transport and Infrastructure *see* Planning, Transport and Infrastructure, Department of

Department of Primary Industries and Regions *see* Primary Industries and Regions, Department of

Department of the Premier and Cabinet *see* Premier and Cabinet, Department of the

Department of Treasury and Finance *see* Treasury and Finance, Department of

DFEEST *see* Further Education, Employment, Science and Technology, Department of

E

Education and Child Development, Department for, 434
 Assessment of controls, 435
 Auditor's report on the financial report, 435
 CHRIS payroll, 437
 Creditor account payment performance, 444
 Families SA expenditure, 446
 General ledger processing, 452
 Information and communications technology and control, 451
 Qualified Opinion – Assessment of controls, 435
 Recharge for Teaching Practicum program, 435
 Review of Basware financial delegations, 443
 School maintenance, 444
 Shared Services SA – accounts payable and electronic payment control environments, 444
 Shared Services SA – CHRIS payroll control environment, 440
 Shared Services SA – Valeo payroll control environment, 443
 Staffing, 458
 Student enrolments, 458
 Valeo payroll, 440

Environment Protection Authority, 508
 Assessment of controls, 509
 Auditor's report on the financial report, 509
 Licence compliance, 510
 Licensing Administration Modernisation project, 513
 Payroll bona fide register, 510
 Qualified Opinion – Assessment of controls, 509
 Timely update of policies and procedures, 509
 Transfer of solid waste levies to the Waste to Resources Fund, 513

Environment, Water and Natural Resources, Department of, 541
 Administered grant programs, 550
 Assessment of controls, 544
 Auditor's report on the financial report, 542
 Cash, 545
 Coorong, Lower Lakes and Murray Mouth projects, 551
 Creditor account payment performance, 547
 DPC Circular 027, 546
 Expenditure, 545
 Fixed assets – accounting for Crown land, 543
 Governance, 544

Murray Futures, 552
 Murray-Darling Basin Authority, 551
 Natural Resource Management Boards and Fund, 550
 Payroll, 545
 Procurement, 546
 Purchase cards, 545
 Qualified Opinion – Assessment of controls, 544
 Qualified Opinion – Financial report, 543
 Save the River Murray Fund, 552
 Shared Services SA – accounts payable and electronic payment control environments, 547
 Shared Services SA – CHRIS payroll control environment, 547
 Stormwater Harvesting and Reuse projects, 552

F

Flinders University of South Australia, 605
 Approval of tuition fee waivers, 607
 Assessment of controls, 606
 Auditor's report on the financial report, 606
 Information and communications technology and control, 607
 Journal processing, 606
 Payroll bona fide review, 606
 Payroll segregation of duties, 607
 Purchase card expenditure acquittal, 607
 Qualified Opinion – Assessment of controls, 606
 Timesheets, 606

Funds SA *see* Superannuation Funds Management Corporation of South Australia

Further Education, Employment, Science and Technology, Department of, 655
 Assessment of controls, 656
 Auditor's report on the financial report, 656
 Creditor account payment performance, 659
 Expenditure, 659
 Payroll/Human resources management, 658
 Qualified Opinion – Assessment of controls, 656
 Shared Services SA – accounts payable and electronic payment control environments, 659
 Skills for All expenditure, 656, 663
 Sustainable Industries Education Centre, 663
 TAFE SA, 1906
 Shared Services SA – Empower payroll control environment, 659

G

GP Plus Health
 Planning, Transport and Infrastructure, Department of, 1163

H

Health and Ageing, Department for, 697
 Accounts payable, 704
 Accounts receivable, 705
 Assessment of controls, 701
 Auditor's report on the financial report, 701
 Capital funding to health services, 703
 Changes to health regions and services from 1 July 2011, 697
 Commonwealth Government grants, 703
 Creditor account payment performance, 705

- Financial performance, 699
- Financial reporting, 699
- Funding to not-for-profit organisations, 703
- Governance and financial control, 699
- Implementation of TIs 2 and 28, 702
- Incorporated hospitals and health services, 748
 - Accounts payable, 759
 - Accounts receivable, 759
 - Balance sheet reconciliations, 758
 - Central Adelaide Local Health Network Incorporated, 749
 - Country Health SA Local Health Network Incorporated, 754
 - Health sector staffing and patient activity data, 760
 - Northern Adelaide Local Health Network Incorporated, 752
 - Payroll, 759
 - Property, plant and equipment, 760
 - SA Ambulance Service Inc, 756
 - Southern Adelaide Local Health Network Incorporated, 751
 - Women's and Children's Health Network Incorporated, 755
- Information and communications technology and control, 706
- Information technology and system change, 699
- Internal audit review of medical consultant allowances, 701
- National health reforms, 698
- Payroll, 704
- Public Private Partnership – the new Royal Adelaide Hospital project, 706
- Qualified Opinion – Assessment of controls, 701
- Recurrent funding to health services, 702
- Risk management and internal audit, 701
- Shared Services SA – CHRIS payroll control environment, 704
- South Australian Health and Medical Research Institute, 708
- Special purpose funds, 705
- Health Services Charitable Gifts Board, 763
 - Assessment of controls, 764
 - Auditor's report on the financial report, 764
- HomeStart Finance, 785
 - Assessment of controls, 786
 - Auditor's report on the financial report, 786
 - Bad and impaired loans expense, 789
 - Breakthrough loans, 791
 - Creditor account payment performance, 786
 - Distributions to government, 795
 - Financial risks, 792
 - General reserve for credit losses, 793
 - HomeStart operating parameters, 796
 - Information and communications technology and control, 787
 - Loan quality, 793
 - Loans and advances, 790
 - Operating parameters, 797
 - Performance targets, 797
 - Provisions for impairment, 792
 - Qualified Opinion – Assessment of controls, 786

I

- Incorporated hospitals and health services
 - Central Adelaide Local Health Network Incorporated, 749
 - Country Health SA Local Health Network Incorporated, 754
 - Health and Ageing, Department for, 748
 - Northern Adelaide Local Health Network Incorporated, 752
 - SA Ambulance Service Inc, 756
 - Southern Adelaide Local Health Network Incorporated, 751
 - Women's and Children's Health Network Incorporated, 755
- Independent Gaming Corporation Limited
 - Attorney-General's Department, 154
- Information and communications technology and control
 - Adelaide Festival Centre Trust, 49
 - Attorney-General's Department, 144
 - Communities and Social Inclusion, Department for, 266
 - Education and Child Development, Department for, 451
 - Flinders University of South Australia, 607
 - Health and Ageing, Department for, 706
 - HomeStart Finance, 787
 - Legal Services Commission, 851
 - Planning, Transport and Infrastructure, Department of, 1160
 - South Australia Police, 1395
 - South Australian Housing Trust, 1579
 - Treasury and Finance, Department of, 1945
 - University of Adelaide, 2004
 - University of South Australia, 2061
 - WorkCover Corporation of South Australia, 2166

J

- Judges' Pensions Scheme, 835
 - Assessment of controls, 836
 - Auditor's report on the financial report, 836
 - Contributions by employers, 837
 - Pensioners, 837

L

- Legal Services Commission, 847
 - Application of the Commissioner for Public Sector Employment Determinations, 848
 - Assessment of controls, 848
 - Auditor's report on the financial report, 848
 - Creditor account payment performance, 850
 - Expenditure and accounts payable, 850
 - Financial accounting reconciliations, 848
 - Fraud policy review, 850
 - Information and communications technology and control, 851
 - Payroll expenditure, 849
 - Private practitioner expenditure, 850
 - Property, plant and equipment, 849
 - Qualified Opinion – Assessment of controls, 848

Legislature, The, 872
 Auditor's report on the financial report
 House of Assembly, 873
 Joint Parliamentary Service, 873
 Legislative Council, 873
 Qualified Opinion – Financial report
 Disclaimer of Opinion, 873

LGFA *see* Local Government Finance Authority of South Australia

Libraries Board of South Australia, 919
 Assessment of controls, 920
 Auditor's report on the financial report, 919
 Implementation of TIs 2 and 28, 920
 Qualified Opinion – Assessment of controls, 920
 Shared Services SA – accounts payable and electronic payment control environments, 921
 Shared Services SA – CHRIS payroll control environment, 920

Local Government Finance Authority of South Australia, 946
 Assessment of controls, 947
 Asset quality, 951
 Auditor's report on the financial report, 947
 Creditor account payment performance, 948
 Delegation of powers for fundraising, 948
 Guarantee by the Treasurer, 946
 Implementation of TI 2, 947
 Implementation of TI 28, 947
 Qualified Opinion – Assessment of controls, 947
 Submission and tabling of 2011-12 annual report, 947
 Tax equivalent payments, 950

Lotteries Commission of South Australia, 968
 Appointment of Tatts Lotteries SA Pty Ltd as exclusive Master Agent of the Commission, 968
 Assessment of controls, 970
 Auditor's report on the financial report, 970
 Cash, 972
 Corporate governance, 971
 Expenditure, 973
 Gaming revenue, 972
 General ledger, 974
 Other revenue, 974
 Qualified Opinion – Assessment of controls, 970
 SA Lotteries Exclusive Master Agent transaction, 968
 Transitional arrangements, 969

M

Manufacturing, Innovation, Trade, Resources and Energy, Department for, 1008
 Assessment of controls, 1009
 Auditor's report on the financial report, 1009
 Creditor account payment performance, 1011
 Expenditure, 1009
 Payroll, 1010
 Qualified Opinion – Assessment of controls, 1009
 Royalties, 1010
 Shared Services SA – accounts payable and electronic payment control environments, 1012
 Shared Services SA – CHRIS payroll control environment, 1011
 Tenements management system – licencing, 1011

Motor Accident Commission, 1055
 Assessment of controls, 1057
 Auditor's report on the financial report, 1057
 Contribution commitment, 1056
 Investment result, 1060
 Investments, 1061
 Outstanding claims, 1061
 Qualified Opinion – Assessment of controls, 1057
 Scheme reform, 1055
 Shared Services SA – accounts payable and electronic payment control environments, 1057
 Shared Services SA – CHRIS payroll control environment, 1057
 Solvency level, 1063
 Third party insurance premiums, 1064
 Underwriting result, 1059

Murray-Darling Basin Authority
 Environment, Water and Natural Resources, Department of, 551

Museum Board, 1088
 Assessment of controls, 1089
 Auditor's report on the financial report, 1088
 Governance, 1089
 Heritage collections, 1090
 Legal compliance, 1089
 Qualified Opinion – Assessment of controls, 1089
 Shared Services SA – accounts payable and electronic payment control environments, 1091
 Shared Services SA – CHRIS payroll control environment, 1091

N

National health reforms
 Health and Ageing, Department for, 698

Natural Resource Management Boards and Fund
 Environment, Water and Natural Resources, Department of, 550

North South Interconnection System project
 South Australian Water Corporation, 1834

Northern Adelaide Local Health Network
 Incorporated, 752
 Assessment of controls, 752
 Auditor's report on the financial report, 752
 Qualified Opinion – Assessment of controls, 752

O

Office of the National Rail Safety Regulator, 1113
 Assessment of controls, 1114
 Auditor's report on the financial report, 1114
 Policies and procedures, 1114
 Qualified Opinion – Assessment of controls, 1114
 Reconciliations, 1114

OneFortyOne Plantations Pty Ltd
 South Australian Forestry Corporation, 1525

P

Parliamentary Superannuation Scheme, 1130
 Assessment of controls, 1131
 Auditor's report on the financial report, 1131
 Contributions by employees, 1132
 Pensioners, 1132

- PIRSA *see* Primary Industries and Regions,
Department of
- Planning, Transport and Infrastructure, Department
of, 1144
- Accounts payable, 1148
 - Adelaide Oval redevelopment, 1162
 - Assessment of controls, 1146
 - Auditor's report on the financial report, 1146
 - Bank account reconciliations, 1146
 - Building management
 - Commercial and residential properties, 1157
 - Facilities management, 1158
 - Facilities services, 1159
 - Project services, 1156
 - Bus contract payments, 1150
 - Creditor account payment performance, 1149
 - Financial accounting, 1153
 - Financial management compliance program, 1155
 - Gawler Line Modernisation Project, 1166
 - GP Plus Health, 1163
 - Information and communications technology and
control, 1160
 - Metrocard revenue, 1152
 - Organisational changes, 1144
 - Payroll, 1149
 - Qualified Opinion – Assessment of controls, 1146
 - Revenue and accounts receivable, 1153
 - Risk management, 1154
 - Shared Services SA – accounts payable and electronic
payment control environments, 1148
 - Shared Services SA – CHRIS payroll control
environment, 1150
 - State Aquatic Centre, 1163
- Police Superannuation Scheme, 1235
- Assessment of controls, 1236
 - Auditor's report on the financial report, 1236
 - Contributions by members, 1240
 - Liability for accrued benefits, 1239
 - Pensioners, 1240
- Port Adelaide Waterfront Redevelopment
Urban Renewal Authority, 2117
- Premier and Cabinet, Department of the, 1252
- Accounts payable, 1253
 - Assessment of controls, 1253
 - Auditor's report on the financial report, 1253
 - Creditor account payment performance, 1253
 - Office of the Chief Information Officer, 1259
 - Qualified Opinion – Assessment of controls, 1253
 - SafeWork SA, 1254
 - Service level agreements, 1253
 - Service SA – T-Recs and review of Service SA
centres, 1258
 - Shared Services SA – accounts payable and electronic
payment control environments, 1254
 - Shared Services SA – payroll control
environments, 1256
 - Shared Services SA – remediation of control
environments, 1254
- Primary Industries and Regions, Department of, 1316
- Assessment of controls, 1317
 - Auditor's report on the financial report, 1317
 - Corporate governance, 1324
 - Creditor account payment performance, 1319
 - Expenditure, 1317
 - Financial accounting, 1322
 - Fisheries licensing revenue, 1321
 - Fixed assets, 1322
 - Grants and advances revenue – Rural Solutions
SA, 1323
 - Grants and advances revenue – South Australian
Research and Development Institute, 1324
 - Masterpiece accounts receivable and Reculver
systems, 1321
 - Payroll, 1319
 - Qualified Opinion – Assessment of controls, 1317
 - Shared Services SA – accounts payable and electronic
payment control environments, 1318
 - Shared Services SA – CHRIS payroll control
environment, 1320
- Public Trustee, 214
- Assessment of controls, 215
 - Auditor's report on the financial report, 215
 - Common fund financial statements, 219
 - Corporate operations, 215
 - Creditor account payment performance, 215
 - Implementation of TIs 2 and 28, 216
 - Qualified Opinion – Assessment of controls, 215
 - Shared Services SA – CHRIS payroll control
environment, 216
 - Trust operations, 216
- Q**
- Qualified Opinion – Assessment of controls
- Adelaide Convention Centre Corporation, 4
 - Adelaide Festival Centre Trust, 48
 - Adelaide Festival Corporation, 72
 - Art Gallery Board, 107
 - Attorney-General's Department, 138
 - Central Adelaide Local Health Network
Incorporated, 750
 - Communities and Social Inclusion, Department
for, 259
 - Correctional Services, Department for, 332
 - Country Health SA Local Health Network
Incorporated, 754
 - Courts Administration Authority, 366
 - Defence SA, 405
 - Education and Child Development, Department
for, 435
 - Environment Protection Authority, 509
 - Environment, Water and Natural Resources,
Department of, 544
 - Flinders University of South Australia, 606
 - Further Education, Employment, Science and
Technology, Department of, 656
 - Health and Ageing, Department for, 701
 - HomeStart Finance, 786
 - Legal Services Commission, 848
 - Libraries Board of South Australia, 920
 - Local Government Finance Authority of South
Australia, 947
 - Lotteries Commission of South Australia, 970
 - Manufacturing, Innovation, Trade, Resources and
Energy, Department for, 1009

Motor Accident Commission, 1057
 Museum Board, 1089
 Northern Adelaide Local Health Network
 Incorporated, 752
 Office of the National Rail Safety Regulator, 1114
 Planning, Transport and Infrastructure, Department
 of, 1146
 Premier and Cabinet, Department of the, 1253
 Primary Industries and Regions, Department of, 1317
 Public Trustee, 215
 SA Ambulance Service Inc, 757
 South Australia Police, 1392
 South Australian Country Fire Service, 1452
 South Australian Fire and Emergency Services
 Commission, 1482
 South Australian Government Financing
 Authority, 1527
 South Australian Housing Trust, 1567
 South Australian Metropolitan Fire Service, 1623
 South Australian State Emergency Service, 1677
 South Australian Superannuation Board, 1703
 South Australian Tourism Commission, 1785
 South Australian Water Corporation, 1814
 Southern Adelaide Local Health Network
 Incorporated, 751
 TAFE SA, 1907
 Treasury and Finance, Department of, 1939
 University of Adelaide, 2000
 University of South Australia, 2059
 Urban Renewal Authority, 2104
 Women's and Children's Health Network
 Incorporated, 755
 WorkCover Corporation of South Australia, 2158

Qualified Opinion – Financial report
 Environment, Water and Natural Resources,
 Department of, 543
 Legislature, The
 Disclaimer of Opinion, 873
 South Australian Motor Sport Board, 1653
 University of South Australia, 2058

R

Recharge for Teaching Practicum program
 Education and Child Development, Department
 for, 435
 Renewal SA *see* Urban Renewal Authority
 Residential Tenancies Fund
 Attorney-General's Department, 143, 153
 RevenueSA
 Treasury and Finance, Department of, 1939

S

SA Ambulance Service Inc, 756
 Assessment of controls, 757
 Auditor's report on the financial report, 756
 Qualified Opinion – Assessment of controls, 757
 SAAMC *see* South Australian Asset Management
 Corporation
 SAFA *see* South Australian Government Financing
 Authority

SafeWork SA
 Premier and Cabinet, Department of the, 1254
 Save the River Murray Fund
 Environment, Water and Natural Resources,
 Department of, 552
 Shared Services SA – accounts payable and electronic
 payment control environments
 Art Gallery Board, 112
 Attorney-General's Department, 146
 Communities and Social Inclusion, Department
 for, 267
 Correctional Services, Department for, 333
 Defence SA, 406
 Education and Child Development, Department
 for, 444
 Environment, Water and Natural Resources,
 Department of, 547
 Further Education, Employment, Science and
 Technology, Department of, 659
 Libraries Board of South Australia, 921
 Manufacturing, Innovation, Trade, Resources and
 Energy, Department for, 1012
 Motor Accident Commission, 1057
 Museum Board, 1091
 Planning, Transport and Infrastructure, Department
 of, 1148
 Premier and Cabinet, Department of the, 1254
 Primary Industries and Regions, Department of, 1318
 South Australia Police, 1394
 South Australian Fire and Emergency Services
 Commission, 1487
 South Australian Housing Trust, 1578
 South Australian Tourism Commission, 1787
 TAFE SA, 1909
 Treasury and Finance, Department of, 1943

Shared Services SA – CHRIS payroll
 control environment
 Art Gallery Board, 112
 Attorney-General's Department, 145
 Communities and Social Inclusion, Department
 for, 267
 Correctional Services, Department for, 333
 Defence SA, 405
 Education and Child Development, Department
 for, 440
 Environment, Water and Natural Resources,
 Department of, 547
 Health and Ageing, Department for, 704
 Libraries Board of South Australia, 920
 Manufacturing, Innovation, Trade, Resources and
 Energy, Department for, 1011
 Motor Accident Commission, 1057
 Museum Board, 1091
 Planning, Transport and Infrastructure, Department
 of, 1150
 Premier and Cabinet, Department of the, 1256
 Primary Industries and Regions, Department of, 1320
 Public Trustee, 216
 South Australian Fire and Emergency Services
 Commission, 1486
 South Australian Housing Trust, 1573
 South Australian Tourism Commission, 1787
 Treasury and Finance, Department of, 1944

Shared Services SA – Empower payroll control environment
Further Education, Employment, Science and Technology, Department of, 659
Premier and Cabinet, Department of the, 1256
TAFE SA, 1910

Shared Services SA – payroll control environment
Premier and Cabinet, Department of the, 1256

Shared Services SA – Payroll control environment
South Australia Police, 1395

Shared Services SA – Valeo payroll control environment
Education and Child Development, Department for, 443
Premier and Cabinet, Department of the, 1256

South Australia Police, 1391
Assessment of controls, 1392
Auditor’s report on the financial report, 1392
Creditor account payment performance, 1394
Expenditure, 1394
Expiation fees, 1401
Expiation revenue, 1392
Governance, 1392
Information and communications technology and control, 1395
Payroll, 1394
Procurement/Contract management, 1393
Qualified Opinion – Assessment of controls, 1392
Shared Services SA – accounts payable and electronic payment control environments, 1394
Shared Services SA – Payroll control environment, 1395
Victims of Crime levy, 1401

South Australian Ambulance Service Superannuation Scheme, 1713
Auditor’s report on the financial report, 1713
Liability for accrued benefits, 1714
Members, 1715
South Australian Superannuation Board, 1702

South Australian Asset Management Corporation, 1439
Assessment of controls, 1440
Auditor’s report on the financial report, 1440
Dissolution of SAAMC, 1439

South Australian Country Fire Service
Assessment of controls, 1452
Auditor’s report on the financial report, 1451, 1452
Qualified Opinion – Assessment of controls, 1452
South Australian Fire and Emergency Services Commission, 1481

South Australian Fire and Emergency Services Commission, 1481
Assessment of controls, 1482
Auditor’s report on the financial report, 1482
Business continuity planning, 1484
Community Emergency Services Fund, 1481
Creditor account payment performance, 1485
Deficiencies in record keeping and absence of key supporting documentation, 1483
Financial authorisations, 1485
Financial management compliance programs, 1485

Non-current assets, 1483
Qualified Opinion – Assessment of controls, 1482
Shared Services SA – accounts payable and electronic payment control environments, 1487
Shared Services SA – CHRIS payroll control environment, 1486
South Australian Country Fire Service, 1481
South Australian Metropolitan Fire Service, 1481
South Australian State Emergency Service, 1481

South Australian Forestry Corporation, 1525
Forward sale of forest rotations, 1525
OneFortyOne Plantations Pty Ltd, 1525
Status of the financial report, 1525

South Australian Government Financing Authority, 1526
Assessment of controls, 1527
Audit and Risk Management Committee, 1529
Auditor’s report on the financial report, 1527
Business risk management, 1533
Catastrophe reinsurance program, 1536
Compliance with TIs 2 and 28, 1529
Creditor account payment performance, 1528
Funding risk, 1535
Implementation of new financial accounting system, 1528
Market risk, 1533
Operational risk management, 1533
Qualified Opinion – Assessment of controls, 1527
Review of SAFA procurement processes, 1528
SAFA Advisory Board, 1526

South Australian Health and Medical Research Institute
Health and Ageing, Department for, 708

South Australian Housing Trust, 1566
Accounts payable, 1578
Assessment of controls, 1567
Auditor’s report on the financial report, 1567
Capital works in progress, 1574
Council rates, 1569
Creditor account payment performance, 1578
General ledger, 1575
House and vacant land sales, 1571
Information and communications technology and control, 1579
Management of homelessness grant payments, 1575
Multi-trade contractor, 1579
Project management control arrangements – Renewal SA, 1571
Qualified Opinion – Assessment of controls, 1567
Rent, 1567
Shared Services SA – accounts payable and electronic payment control environments, 1578
Shared Services SA – CHRIS payroll control environment, 1573
Trust – payroll control environment, 1573
Water rates, 1569

South Australian Metropolitan Fire Service, 1622
Assessment of controls, 1623
Auditor’s report on the financial report, 1623
Qualified Opinion – Assessment of controls, 1623
South Australian Fire and Emergency Services Commission, 1481

- South Australian Motor Sport Board, 1651
 - Assessment of controls, 1653
 - Auditor's report on the financial report, 1652
 - Creditor account payment performance, 1653
 - Implementation of TI 2, 1653
 - Payment authorisation delegations, 1653
 - Qualified Opinion – Financial report, 1653
 - South Australian Research and Development Institute
 - Primary Industries and Regions, Department of Grants and advances revenue, 1324
 - South Australian State Emergency Service, 1676
 - Assessment of controls, 1677
 - Auditor's report on the financial report, 1677
 - Qualified Opinion – Assessment of controls, 1677
 - South Australian Fire and Emergency Services Commission, 1481
 - South Australian Superannuation Board, 1702
 - Assessment of controls, 1703
 - Auditor's report on the financial report, 1703
 - Qualified Opinion – Assessment of controls, 1703
 - Service provision arrangements, 1702
 - South Australian Ambulance Service Superannuation Scheme, 1702
 - South Australian Superannuation Scheme, 1702
 - Southern State Superannuation Scheme, 1702
 - Super SA Retirement Investment Fund, 1702
 - South Australian Superannuation Scheme, 1727
 - Auditor's report on the financial report, 1727
 - Benefits paid, 1731
 - Funding of benefit payments, 1731
 - contributions by members, 1732
 - Pensioners, 1732
 - South Australian Superannuation Board, 1702
 - Statement of Financial Position – estimated liability for accrued benefits, 1730
 - South Australian Tourism Commission, 1784
 - Assessment of controls, 1785
 - Auditor's report on the financial report, 1785
 - Procurement and contract management – South Australian Visitor and Travel Centre, 1785
 - Qualified Opinion – Assessment of controls, 1785
 - Shared Services SA – accounts payable and electronic payment control environments, 1787
 - Shared Services SA – CHRIS payroll control environment, 1787
 - South Australian Water Corporation, 1813
 - Adelaide Desalination Project, 1830, 1814
 - Assessment of controls, 1814
 - Asset value accounting matters, 1829
 - Auditor's report on the financial report, 1814
 - Community service obligations, 1819
 - Contract management, 1830
 - Contributions to the State Government, 1824
 - Expenditure, 1816
 - North South Interconnection System project, 1834
 - Payroll, 1816
 - Performance statement, 1823
 - Pricing 2013-14, 1826
 - Procurement practice and management, 1815
 - Qualified Opinion – Assessment of controls, 1814
 - Wastewater and water rates and charges, 1818, 1826
 - Water industry legislation, 1825
 - Southern Adelaide Local Health Network Incorporated, 751
 - Assessment of controls, 751
 - Auditor's report on the financial report, 751
 - Qualified Opinion – Assessment of controls, 751
 - Southern State Superannuation Scheme, 1750
 - Auditor's report on the financial report, 1750
 - Benefits paid, 1753
 - Contribution revenue, 1752
 - South Australian Superannuation Board, 1702
 - State Aquatic Centre
 - Planning, Transport and Infrastructure, Department of, 1163
 - Status of the financial report
 - South Australian Forestry Corporation, 1525
 - Super SA Retirement Investment Fund, 1767
 - Auditor's report on the financial report, 1767
 - Benefits paid, 1770
 - Contribution revenue, 1769
 - South Australian Superannuation Board, 1702
 - Superannuation Funds Management Corporation of South Australia, 1869
 - Assessment of controls, 1871
 - Asset allocation, 1872
 - Auditor's report on the financial report, 1871
 - Funds SA investment return periods, 1875
 - Funds under management, 1869, 1872
 - Income from investments, 1873
 - Investment expenses, 1876
 - Net income earned from investment activities, 1874
 - Restrictions on operations, 1869
- T**
- TAFE SA, 1906
 - Assessment of controls, 1907
 - Auditor's report on the financial report, 1907
 - Creditor account payment performance, 1909
 - Expenditure, 1909
 - Further Education, Employment, Science and Technology, Department of, 655
 - Payroll/Human resource management, 1908
 - Policies and procedures, 1907
 - Qualified Opinion – Assessment of controls, 1907
 - Shared Services SA – accounts payable and electronic payment control environments, 1909
 - Shared Services SA – Empower payroll control environment, 1910
 - Skills for All revenue, 1908
 - Student revenue, 1908
 - The Flinders University of South Australia *see* Flinders University of South Australia
 - The Legislature *see* Legislature, The
 - Treasury and Finance, Department of, 1937
 - Assessment of controls, 1939
 - Auditor's report on the financial report, 1938
 - Commonwealth funding arrangements, 1949
 - Creditor account payment performance, 1943
 - Government Accounting, Reporting and Procurement Branch, 1944

- Information and communications technology and control, 1945
 - Internal audit findings relating to payroll and TimeWise, 1942
 - Qualified Opinion – Assessment of controls, 1939
 - RevenueSA, 1939
 - Shared Services SA – accounts payable and electronic payment control environments, 1943
 - Shared Services SA – CHRIS payroll control environment, 1944
 - Shared Services SA – reconciliation of general ledger suspense and clearing accounts, 1944
 - User access to the Basware system, 1942
- U**
- University of Adelaide, 1999, 2000
 - Accounts receivable, 2002
 - Auditor's report on the financial report, 2000
 - Expenditure, 2003
 - General ledger, 2003
 - Information and communications technology and control, 2004
 - Management of bequests, 2003
 - Payroll, 2001
 - Policies and procedures, 2000
 - Procurement guidance for faculties and divisions, 2000
 - Qualified Opinion – Assessment of controls, 2000
 - University of South Australia, 2057
 - Assessment of controls, 2059
 - Auditor's report on the financial report, 2058
 - Expenditure, 2060
 - General ledger, 2061
 - Grant funding, 2059
 - Information and communications technology and control, 2061
 - Intellectual property, 2061
 - Payroll, 2060
 - Qualified Opinion – Assessment of controls, 2059
 - Qualified Opinion – Financial report, 2058
 - Revenue, 2059
 - Urban Renewal Authority, 2103
 - Accuracy of project reporting, 2107
 - Assessment of controls, 2104
 - Auditor's report on the financial report, 2104
 - Borrowings, 2115
 - Bowden Urban Village, 2119
 - Contract management, 2106
 - Creditor account payment performance, 2109
 - Establishment and approval of key corporate governance documentation, 2104
 - Establishment of the Urban Renewal Authority, 2115
 - Expenditure, 2107
 - General ledger, 2108
 - Inventory, 2109
 - Payroll, 2107
 - Playford Alive project, 2118
 - Policies and procedures, 2106
 - Port Adelaide Renewal Project, 2118
 - Port Adelaide Waterfront Redevelopment, 2117
 - Procurement, 2105
 - Project management control arrangements, 1571
 - Qualified Opinion – Assessment of controls, 2104
 - Tonsley Park project, 2119
 - Transfer of Adelaide Station and Environs Redevelopment site to the Urban Renewal Authority, 2120
 - Woodville West project, 2120
- V**
- Valeo payroll
 - Education and Child Development, Department for, 440
 - Victims of Crime Fund
 - Alleged fraud against the Victims of Crime Fund, 144
 - Attorney-General's Department, 152
 - Victims of Crime levy
 - Courts Administration Authority, 370
 - South Australia Police, 1401
- W**
- Women's and Children's Health Network
 - Incorporated, 755
 - Assessment of controls, 755
 - Auditor's report on the financial report, 755
 - Qualified Opinion – Assessment of controls, 755
 - WorkCover Corporation of South Australia, 2155
 - Assessment of controls, 2158
 - Auditor's report on the financial report, 2157
 - Information and communications technology and control, 2166
 - Inherent uncertainty – outstanding claims liability and funding ratio, 2157
 - Investments, 2175
 - Legislative changes, 2155
 - Outstanding claims – Compensation Fund, 2173
 - Premiums, 2158
 - Procurement, 2165
 - Qualified Opinion – Assessment of controls, 2158
 - Underwriting result, 2170
 - Workers compensation, 2159

