



Government  
of South Australia

Report  
of the  
Auditor-General  
Annual Report  
for the  
year ended 30 June 2014

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Tabled in the House of Assembly and ordered to be published, 14 October 2014

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First Session, Fifty-Third Parliament

Part B: Agency audit reports  
Volume 4

By Authority: A. Martin, Government Printer, South Australia

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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.

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# Office of the National Rail Safety Regulator

## Functional responsibility

### Establishment

The Office of the National Rail Safety Regulator (the ONRSR) is a body corporate established pursuant to the *Rail Safety National Law (South Australia) Act 2012* (RSNL Act).

The Schedule to the RSNL Act sets out the Rail Safety National Law (the Law) to apply to a participating jurisdiction (State or Territory). The Law commences in a participating jurisdiction as provided by the application Act of the jurisdiction that applies the Law. The RSNL Act applies the Law to South Australia.

The ONRSR was established on 1 July 2012 and commenced regulatory activities on 20 January 2013. The ONRSR constitutes the National Rail Safety Regulator and two non-executive members appointed on the unanimous recommendation of the responsible Ministers of the participating jurisdictions. Except as provided under the Law or an Act, the ONRSR is not subject to direction from a responsible Minister of a participating jurisdiction in the exercise of its functions or powers.

### Functions

The principal function of the ONRSR is to facilitate the safe operations of rail transport in Australia through regulation of the rail industry in accordance with the Law, supporting regulations and policies and the promotion of safety as a fundamental objective in the delivery of rail transport services. For details of the ONRSR's functions refer note 1 to the financial statements.

As at 30 June 2013, the ONRSR was the rail safety regulator for rail activities under the RSNL Act in the jurisdictions of New South Wales, South Australia, Tasmania and the Northern Territory. From 19 May 2014, Victoria has also transitioned to the regulatory framework of the ONRSR. Specific regulatory duties are undertaken in New South Wales and Victoria by the Independent Transport Safety Regulator and Transport Safety Victoria pursuant to service level agreements between those organisations and the ONRSR.

Subject to the passage of further State and Territory law, it is expected that Western Australia and the Australian Capital Territory will come within the regulatory framework of the ONRSR within 12 months. It is uncertain when Queensland will come within the regulatory framework of the ONRSR.

## Audit mandate and coverage

### Audit authority

#### *Audit of the financial report*

Section 31(1)(b) of the PFAA and section 43 of the Schedule to the RSNL Act provide for the Auditor-General to audit the accounts of the ONRSR 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 ONRSR in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

## 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 2013-14, specific areas of audit attention included:

- payroll
- expenditure
- revenue, receipting and banking
- general ledger
- corporate governance.

## 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 Office of the National Rail Safety Regulator as at 30 June 2014, 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 Office of the National Rail Safety Regulator in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Office of the National Rail Safety Regulator have been conducted properly and in accordance with law.

### Communication of audit matters

The ONRSR has experienced significant change and challenges since it commenced regulatory activities on 20 January 2013. The ONRSR is still developing its core financial systems and internal control environment, which will continue to evolve over the coming years.

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

#### ***Expenditure – banking restrictions***

The audit identified opportunities to strengthen the control environment relating to online banking for the ONRSR. In particular, Audit recommended implementing transaction or daily limits within the online banking environment.

The ONRSR responded that it would continue to monitor the risk exposure arising from current banking arrangements and online banking configuration and would consider changes to this area as staffing levels increase, in line with increased operations. In relation to transaction or daily limits the ONRSR responded that they would investigate the feasibility of implementing these restrictions within the current environment.

#### ***Revenue - industry annual accreditation fees***

The industry annual accreditation fees under section 76 of the RSNL Act comprise both a fixed and a variable component. The variable component is based on track and train kilometres travelled for the

financial year, as reported by the operators. Whilst high level reasonableness checks over the submitted figures are performed by the ONRSR, there are no specific verification checks undertaken of the reported kilometres travelled submitted by individual operators.

The ONRSR responded that while it is possible that an operator may seek to misstate the number of kilometres travelled in order to reduce their fees, the total revenue to be collected from the rail industry operating in each State is fixed and known and any under-recovery by the ONRSR in a year would be compensated for in the calculation of fees for the following year.

#### **Revenue - waiver of late payment fees**

Section 76(4)(d) of the RSNL Act enables the Regulator to impose additional fees for late payment of annual accreditation fees. Section 77 of the RSNL Act enables the National Rail Safety Regulator to waive the whole or a part of any fee. The RSNL Regulations Schedule 3 Part 2 section 1(4) adds an additional fee of an amount equivalent to 15% of the annual fee if the fee is not paid by the prescribed date.

Audit's review identified a number of instances where the late payment of accreditation fees by operators did not incur this additional fee due to a decision by administration to waive the fee. This decision was not formally documented.

The ONRSR responded that it will develop, document and implement a policy on the waiver of late payment fees.

#### **Interpretation and analysis of the financial report**

The financial statements of the ONRSR reflect the first full 12 months of operation. The comparative figures reflect approximately five months of transactions since the commencement of regulatory activities on 20 January 2013. For the 2012-13 period, revenue for accreditations was collected by the individual State regulatory bodies and forwarded to the ONRSR. From 1 July 2013 the ONRSR was responsible for collecting accreditation fees.

The financial statements will change significantly over the coming years as the ONRSR develops its business, moves towards being fully funded by industry and extends its regulatory role to all jurisdictions in Australia. As more States and Territories come within the regulatory framework of the ONRSR the operations will expand.

#### **Highlights of the financial report**

	2014 \$'million	2013 \$'million
<b>Expenses</b>		
Employee benefits expenses	6	3
Service level agreement	13	6
Supplies and services	4	1
Transition expenses	1	1
<b>Total expenses</b>	<b>24</b>	<b>11</b>
<b>Income</b>		
Revenues from fees and charges	24	11
Commonwealth revenues	-	2
Funding for transition expenses	-	5
<b>Total income</b>	<b>24</b>	<b>18</b>
<b>Net result and total comprehensive result</b>	<b>-</b>	<b>7</b>

	2014 \$'million	2013 \$'million
<b>Net cash provided by (used in) operating activities</b>	-	6
<b>Assets</b>		
Current assets	8	7
Non-current assets	1	1
<b>Total assets</b>	<b>9</b>	<b>8</b>
<b>Liabilities</b>		
Current liabilities	2	1
<b>Total liabilities</b>	<b>2</b>	<b>1</b>
<b>Total equity</b>	<b>7</b>	<b>7</b>

## Statement of Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
<b>Expenses:</b>			
Employee benefits expenses	4	6 018	2 814
Supplies and services	5	3 609	1 160
Service level agreement	6	13 431	5 969
Depreciation and amortisation	7	358	130
Transition expenses	8	851	921
Other expenses	9	12	-
<b>Total expenses</b>		24 279	10 994
<b>Income:</b>			
Revenues from fees and charges	10	24 248	11 129
Commonwealth revenues	11	91	1 631
Interest revenues	12	143	58
Funding for transition expenses	13	131	4 770
Other income		-	491
<b>Total income</b>		24 613	18 079
<b>Net result</b>		334	7 085
<b>Total comprehensive result</b>		334	7 085

**Statement of Financial Position  
as at 30 June 2014**

	Note	2014 \$'000	2013 \$'000
<b>Current assets:</b>			
Cash and cash equivalents	14	5 789	5 806
Receivables	15	2 527	839
<b>Total current assets</b>		8 316	6 645
<b>Non-current assets:</b>			
Property, plant and equipment	16	384	363
Intangible assets	17	828	1 081
<b>Total non-current assets</b>		1 212	1 444
<b>Total assets</b>		9 528	8 089
<b>Current liabilities:</b>			
Payables	18	615	523
Employee benefits	19	847	447
Other liabilities	20	580	-
<b>Total current liabilities</b>		2 042	970
<b>Non-current liabilities:</b>			
Employee benefits	19	67	34
<b>Total non-current liabilities</b>		67	34
<b>Total liabilities</b>		2 109	1 004
<b>Net assets</b>		7 419	7 085
<b>Equity:</b>			
Retained earnings		4 539	3 236
Reserve for transition expenses		2 880	3 849
<b>Total equity</b>	22	7 419	7 085
Unrecognised contractual commitments	23		
Contingent assets and liabilities	24		

## Statement of Changes in Equity for the year ended 30 June 2014

	Note	Reserve for transition expenses \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2012		-	-	-
Net result for 2012-13		-	7 085	7 085
Total comprehensive result for 2012-13		-	7 085	7 085
Transfer between equity components		3 849	(3 849)	-
Balance at 30 June 2013		3 849	3 236	7 085
Net result for 2013-14		-	334	334
Total comprehensive result for 2013-14		-	334	334
Transfer between equity components		(969)	969	-
<b>Balance at 30 June 2014</b>	22	2 880	4 539	7 419

## Statement of Cash Flows for the year ended 30 June 2014

	Note	2014 Inflows (Outflows) \$'000	2013 Inflows (Outflows) \$'000
<b>Cash flows from operating activities:</b>			
Cash outflows:			
Employee benefits payments		(5 573)	(1 826)
Payments for supplies and services		(4 279)	(1 036)
Payments for service level agreement		(13 431)	(5 969)
Transition payments		(856)	(738)
<b>Cash used in operations</b>		(24 139)	(9 569)
Cash inflows:			
Fees and charges		23 847	10 535
Interest received		144	50
Other receipts		-	20
Funding for transition payments		131	4 770
<b>Cash generated from operations</b>		24 122	15 375
<b>Net cash provided by (used in) operating activities</b>		(17)	5 806
<b>Net increase (decrease) in cash and cash equivalents</b>	26	(17)	5 806
<b>Cash and cash equivalents at 1 July</b>		5 806	-
<b>Cash and cash equivalents at 30 June</b>	14	5 789	5 806

## Notes to and forming part of the financial statements

### 1. Objective of the Office of the National Rail Safety Regulator (the ONRSR)

The ONRSR is established under the *Rail Safety National Law (South Australia) Act 2012*.

The ONRSR has the principal objective of facilitating the safe operation of rail transport across Australia. This is achieved through regulation of the rail industry in accordance with Rail Safety National Law, supporting regulations, guidelines and policies, promotion of safety as a fundamental objective in the delivery of rail transport services.

The ONRSR was established on 1 July 2012 and commenced regulatory activities on 20 January 2013. Thus the comparative figures shown in the financial statements for 2013 only cover five and a half months operations.

### 2. Summary of significant accounting policies

#### (a) *Statement of compliance*

The ONRSR has prepared these financial statements in compliance with section 263 of the *Rail Safety National Law (South Australia) Act 2012* and Regulation 48 of Rail Safety National Law National Regulations 2012.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs.

The ONRSR has applied AASs that are applicable to not-for-profit entities, as the ONRSR 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 ONRSR for the reporting period ending 30 June 2014 (refer note 3).

#### (b) *Basis of preparation*

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to use its judgement in the process of applying the ONRSR's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.

The ONRSR'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 basis 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 2014, and the comparative information presented.

#### (c) *Rounding*

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

#### (d) *Taxation*

The ONRSR is not subject to income tax. The ONRSR is liable for payroll tax, FBT, GST and Emergency Services levy.

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 GST included.



**(d) 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.

**(e) Events after the reporting date**

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.

**(f) Income**

Income is recognised to the extent that it is probable that the flow of economic benefits to the ONRSR 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 services to industry and state governments. 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 ONRSR 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 ONRSR 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 stipulation) 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 ONRSR have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

**(g) Expenses**

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the ONRSR 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 ONRSR to the externally managed superannuation plan in respect of current ONRSR staff.

*Service level agreement*

For contributions payable under the service level agreement, the contribution will be recognised as a liability and expense when the ONRSR has a present obligation to pay the contribution and the expense recognition criteria are met.

All contributions paid to the ONRSR have been contributions with unconditional stipulations attached.

*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.

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

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

<i>Class of asset</i>	<i>Depreciation method</i>	<i>Useful life (years)</i>
Computer equipment	Straight-line	5-10
Intangibles	Straight-line	3-5

Depreciation on fixtures and fittings is calculated using the diminishing value method.

**(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 item combine amounts expected to be realised within 12 months and more than 12 months, the ONRSR 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 events.

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

*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 GST input tax credits recoverable, prepayments and accruals.

*Receivables (continued)*

Receivables arise in the normal course of providing services to industry and state governments.

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

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

All non-current tangible assets with a value equal to or in excess of \$5000 are capitalised.

*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.

*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 definite or infinite. The ONRSR only has intangible assets with definite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

**(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 combine amounts expected to be settled within 12 months and more than 12 months, the ONRSR has separately disclosed the amounts expected to be settled after more than 12 months.

*Payables*

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

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

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

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

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

The ONRSR makes contributions to several State Government and commercial 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 are contributions which have not yet been paid to the South Australian Superannuation Board or commercial superannuation companies.

*Leases*

The ONRSR leases office premises. Lease payments are increased annually in accordance with movements in CPI or as per the lease agreement.

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 asset.

*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 are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

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

- *LSL*

This amount has been calculated in accordance with AASB 119.

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

*Provisions*

Provisions are recognised when the ONRSR 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 ONRSR 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 ONRSR is responsible for the payment of workers compensation claims.

*Other current liabilities*

This liability represents the difference between the proposed industry revenue received from NSW operators and the NSW contribution to the ONRSR head office costs.

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

Commitments include operating lease 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.

**3. New and revised accounting standards and policies**

The ONRSR did not voluntarily change any of its accounting policies during 2013-14.

AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the ONRSR for the period ending 30 June 2014. The ONRSR 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 ONRSR.

<b>4. Employee benefits expenses</b>	2014	2013
	\$'000	\$'000
Salaries and wages	4 601	2 140
LSL	148	34
Annual leave	540	333
Employment on-costs - superannuation	458	197
Employment on-costs - other	257	102
Workers compensation	14	8
Total employee benefits expenses	6 018	2 814

<b>Remuneration of employees</b>	2014	2013
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
\$141 500 - \$151 499	1	-
\$151 500 - \$161 499	2	-
\$181 500 - \$191 499	-	1
\$221 500 - \$231 499	1	-
\$231 500 - \$241 499	1	-
\$291 500 - \$301 500	2	-
\$361 500 - \$371 499	-	1
\$391 500 - \$401 499	1	-
Total	8	2

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits, fringe benefits and any FBT paid in respect of those benefits. The total remuneration received by these employees was \$1.92 million (\$554 000).

<b>5. Supplies and services</b>	2014	2013
	\$'000	\$'000
Travelling expenses	547	201
Information technology	918	365
Insurance	233	177
Property	614	259
Contractors fees	839	59
Other	458	99
Total supplies and services	3 609	1 160

<b>Consultants</b>	2014		2013	
The number and dollar amount of consultancies paid/payable (included in other supplies and services above) that fell within the following bands:	Number	\$'000	Number	\$'000
Below \$10 000	4	20	1	9
Total paid/payable to consultants engaged	4	20	1	9

<b>Auditor's remuneration</b>	2014	2013
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements (included in supplies and services above)	44	28
Total audit fees	44	28

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

<b>6. Service level agreement</b>		
Payment under a service level agreement with NSW	13 431	5 969
Total service level agreement	13 431	5 969

<b>7. Depreciation and amortisation</b>		
Fixtures and fittings	24	11
Computer equipment	46	11
Computer software	288	108
Total depreciation and amortisation	358	130

<b>8. Transition expenses</b>	2014	2013
	\$'000	\$'000
Transition expenses for the establishment of branch offices and the development of the relevant IT and business systems	851	921
Total transition expenses	851	921
<b>9. Other expenses</b>		
Bad debts and allowances for doubtful debts	12	-
Total other expenses	12	-
<b>10. Revenue from fees and charges</b>		
Revenue from accreditations	58	19
Revenue from annual fees to industry and government	24 190	11 110
Total revenue from fees and charges	24 248	11 129
<b>11. Commonwealth revenues</b>		
Grants	91	1 631
Total Commonwealth revenues	91	1 631
<b>12. Interest revenues</b>		
Interest received	143	58
Total interest revenues	143	58
<b>13. Funding for transition expenses</b>		
Funding for transition received from Commonwealth	131	4 770
Total funding for transition expenses	131	4 770

This funding is the final payment for the establishment of branch offices for jurisdictions which have not yet joined the ONRSR. At 30 June 2014 \$2.88 million had not been yet expended as several branch offices will be established in subsequent years. Thus, this amount will appear in next year's financial statements as expenditure for which no matching revenue will be shown.

<b>14. Cash and cash equivalents</b>	2014	2013
	\$'000	\$'000
Cash at bank and on hand	5 789	5 806
Total cash and cash equivalents	5 789	5 806

Included in the above amount is monies held for transition cost (\$2.88 million) and which will not be used for general ONRSR operations.

The ONRSR has been granted an overdraft limit facility of \$400 000. This limit has not been used.

<b>15. Receivables</b>	2014	2013
	\$'000	\$'000
Receivables	1 576	595
Doubtful debts	(12)	-
Prepayments	334	42
Accrued interest	6	8
GST input tax receivable	623	194
Total receivables	2 527	839

***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.

<b><i>Movements in the allowance for doubtful debts (impairment loss)</i></b>	2014	2013
	\$'000	\$'000
Carrying amount at the beginning of the period	-	-
Increase in the allowance	12	-
Carrying amount at the end of the period	12	-

<b>16. Property, plant and equipment</b>	2014	2013
	\$'000	\$'000
Fixtures and fittings:		
At cost	245	245
Accumulated depreciation	(35)	(11)
Total fixtures and fittings	210	234
Computer equipment:		
At cost	231	140
Accumulated depreciation	(57)	(11)
Total computer equipment	174	129
Total property, plant and equipment	384	363

**Impairment**

There were no indications of impairment of property, plant and equipment at 30 June 2014.

**17. Intangible assets**

Computer software:		
At cost	1 224	1 189
Accumulated amortisation	(396)	(108)
Total computer software	828	1 081

The ONRSR has no contractual commitments for the acquisition of intangible assets.

**Impairment**

There were no indications of impairment of intangible assets at 30 June 2014.

**Asset movement reconciliation**

	Fixtures and fittings \$'000	Computer equipment \$'000	Intangible assets \$'000	Total \$'000
<b>2014</b>				
Carrying amount at 1 July	234	129	1 081	1 444
Additions	-	91	35	126
Depreciation/Amortisation	(24)	(46)	(288)	(358)
Carrying amount at 30 June	210	174	828	1 212

<b>18. Payables</b>	2014	2013
Current:	\$'000	\$'000
Creditors	179	342
Accrued expenses	394	148
Employee on-costs	41	32
GST payable	1	1
Total current payables	615	523

**19. Employee benefits**

Current:		
Accrued salaries and wages	199	185
Annual leave	539	262
LSL	109	-
Total current employee benefits	847	447
Non-current:		
LSL	67	34
Total non-current employee benefits	67	34
Total employee benefits	914	481

**20. Other liabilities**

Current		
Unearned revenue	580	-
Total current other liabilities	580	-

**21. Provisions**

There are no unsettled workers compensation claims.

<b>22. Equity</b>	2014	2013
	\$'000	\$'000
Retained earnings	4 539	3 236
Reserve for transition expenses	2 880	3 849
Total equity	<u>7 419</u>	<u>7 085</u>

An amount of \$2.88 million that represents the funding that will be used in the subsequent financial years for the establishment of new branch offices has been treated as a separate reserve.

### 23. Unrecognised contractual commitments

#### *Capital commitments*

There are no capital commitments in the ONRSR.

<b><i>Expenditure commitments - remuneration</i></b>	2014	2013
	\$'000	\$'000
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	1 561	1 483
Later than one year but no longer than five years	1 442	2 926
Total remuneration commitments	<u>3 003</u>	<u>4 409</u>

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

#### *Expenditure commitments - other*

Within one year	212	526
Later than one year but no longer than five years	-	540
Total other commitments	<u>212</u>	<u>1 066</u>

Amounts disclosed include commitments arising from IT maintenance contracts and contractors.

#### *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	546	544
Later than one year but no longer than five years	1 023	1 569
Total operating lease commitments	<u>1 569</u>	<u>2 113</u>

The ONRSR's operating leases are for office accommodation and motor vehicles.

The leases are non-cancellable with terms ranging up to five years with some leases having the right of renewal. Rent is payable one month in advance.

#### *Finance lease commitments*

There are no finance lease commitments in the ONRSR.

### 24. Contingent assets and liabilities

The ONRSR is not aware of any contingent assets or liabilities.

### 25. Remuneration of board and committee members

Members during the 2014 financial year were:

#### *ONRSR Board*

Mr Robert Andrews\*  
Ms Catherine Scott  
Mr Peter Batchelor

#### *Audit and Risk Committee*

Ms Catherine Scott  
Mr Malcolm Renney

The number of members whose remuneration received or receivable falls within the following bands:	2014	2013
	Number	Number
\$0 - \$9 999	1	-
\$30 000 - \$39 999	-	2
\$60 000 - \$69 999	2	-
Total	<u>3</u>	<u>2</u>



**25. Remuneration of board and committee members (continued)**

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions and salary sacrifice benefits. The total remuneration received or receivable by members was \$127 124 (\$67 749).

\* Contracted employee whose salary is included under employee benefits expenses in the Statement of Comprehensive Income.

**26. Cash flow reconciliation**

	2014	2013
	\$'000	\$'000
Reconciliation of cash and cash equivalents at 30 June:		
Cash and cash equivalents disclosed in the Statement of Financial Position	5 789	5 806
Balance as per the Statement of Cash Flows	5 789	5 806

**Reconciliation of net cash provided by (used in) operating activities to net result**

Net cash provided by (used in) operating activities	(17)	5 806
Non-cash items:		
Depreciation and amortisation	(358)	(130)
Assets provided from non-cash contributions	126	1 574
Movements in assets/liabilities:		
Receivables	1 688	839
Payables - operating activities	(92)	(523)
Employee benefits	(433)	(481)
Other liabilities	(580)	-
Net result	334	7 085

**27. Financial instruments/Financial risk management****27.1 Categorisation of financial instruments**

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

Financial instrument	Note	2014		2013	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets:					
Cash and cash equivalents	14	5 789	5 789	5 806	5 806
Receivables <sup>(1)(2)</sup>	15	1 576	1 576	595	595
		7 365	7 365	6 401	6 401
Financial liabilities:					
Payables <sup>(1)</sup>	18	573	573	490	490
Other financial liabilities	20	580	580	-	-
		1 153	1 153	490	490

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. 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.

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 15 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 the possibility of the ONRSR's debtors defaulting on their contractual obligations resulting in financial loss to the ONRSR. The ONRSR has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The ONRSR does not engage in high risk hedging for its financial assets.

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

**27.2 Ageing analysis of financial assets**

	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	
<b>2014</b>				
Not impaired:				
Receivables <sup>(1)</sup>	4	-	1 560	1 564
Impaired:				
Receivables	-	-	12	12
<b>Total</b>	<b>4</b>	<b>-</b>	<b>1 572</b>	<b>1 576</b>

(1) Receivable amounts disclosed here exclude amounts relating to statutory receivables and payables. 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, 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.

**27.3 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
<b>2014</b>				
Financial assets:				
Cash and cash equivalents	5 789	5 789	-	-
Receivables	1 576	1 576	-	-
<b>Total financial assets</b>	<b>7 365</b>	<b>7 365</b>	<b>-</b>	<b>-</b>
Financial liabilities:				
Payables	573	573	-	-
Other financial liabilities	580	580	-	-
<b>Total financial liabilities</b>	<b>1 153</b>	<b>1 153</b>	<b>-</b>	<b>-</b>

**Liquidity risk**

Liquidity risk arises where the ONRSR is unable to meet its financial obligations as they are due to be settled. The ONRSR is funded principally from fees from rail industry and State Government. The ONRSR settles undisputed accounts within 30 days of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The ONRSR'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 27.1 represents the ONRSR's maximum exposure to financial liabilities.

**Market risk**

The ONRSR has no market risk exposure or exposure to foreign currency or other price risks or interest rate risks.

**Sensitivity disclosure analysis**

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

**28. Events after the reporting period**

There have been no events after the reporting period.

# Parliamentary Superannuation Scheme

## Functional responsibility

### Establishment

The Parliamentary Superannuation Scheme (the Scheme) and the South Australian Parliamentary Superannuation Board (the Board) were established under the *Parliamentary Superannuation Act 1974*. The Board is responsible to the Minister for Finance.

### Functions

The Board is responsible for administering the Scheme, which provides for benefit payments to persons who have served as members of Parliament.

Under the *Parliamentary Superannuation Act 1974*, the Superannuation Funds Management Corporation of South Australia is responsible for the investment and management of the Parliamentary Superannuation Fund.

The Board utilises the services of DTF – State Superannuation Office to administer the Scheme.

Note 1 to the financial statements provides further details of the Scheme's administration and funding arrangements.

## 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 Scheme 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 Scheme 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 2013-14, areas of review included:

- receipting and banking of contributions
- pension payments
- liability for accrued benefits.

The investment and management of the Scheme assets is reviewed as part of the Superannuation Funds Management Corporation of South Australia audit.

## 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 Parliamentary Superannuation Scheme as at 30 June 2014, 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 Parliamentary Superannuation Scheme in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Parliamentary Superannuation Scheme have been conducted properly and in accordance with law.

### Communication of audit matters

The audit did not identify any notable matters requiring formal communication to the Board.

## Interpretation and analysis of the financial report

### Highlights of the financial report

	2014 \$'million	2013 \$'million
<b>Revenue</b>		
Contribution revenue	5.0	4.9
Investment revenue	30.3	31.5
<b>Total revenue</b>	35.3	36.4
<b>Expenses</b>		
Benefits and other expenses	14.6	21.6
<b>Total expenses</b>	14.6	21.6
Transfer from (to) Consolidated Account	-	(16.6)
<b>Operating result for the period</b>	20.7	(1.8)
<b>Net cash provided by (used in) operating activities</b>	(8.2)	(22.8)
<b>Assets</b>		
Investments	217.7	196.9
Other assets	0.4	0.4
<b>Total assets</b>	218.1	197.3
<b>Liabilities</b>		
Liability for accrued benefits	200.8	200.8
Other liabilities	0.2	0.1
<b>Total liabilities</b>	201.0	200.9
<b>Excess (Deficit) of net assets over liabilities</b>	17.1	(3.6)

## Operating Statement

The operating result for the year (excluding transfers from or to the Consolidated Account) was a surplus of \$20.7 million (\$14.8 million). The year's result took into account:

- returns on investments of \$30.3 million (\$31.5 million). Investment returns are further discussed in the audit commentary under 'Superannuation Funds Management Corporation of South Australia' elsewhere in Part B of this Report
- benefit expenses of \$12.9 million (\$20.2 million). Benefit expenses have decreased as a result of a determination by consulting actuaries where the estimated liability for accrued benefits has decreased marginally.

In 2013-14 there was no transfer from or to the Consolidated Account (\$16.6 million to the Consolidated Account in 2012-13). Refer note 3 to the financial statements for further details.

## Statement of Financial Position

As at 30 June 2014, there was an excess of net assets over liabilities of \$17.1 million (deficit of net assets over liabilities of \$3.6 million after the transfer of \$16.6 million to the Consolidated Account).

The estimated liability for accrued benefits is \$200.8 million (\$200.8 million) for which net assets of \$217.8 million (\$197.2 million) were available to pay benefits. The expected future benefit payments were determined using the pensioner mortality assumptions of the 2013 triennial actuarial review of the South Australian Superannuation Scheme. Refer note 7 to the financial statements for further explanation.

In comparison, vested benefits as at 30 June 2014 were \$214.8 million (\$214.2 million). Vested benefits represent benefits that members are entitled to receive had their membership been terminated at reporting date. Vested benefits are greater than accrued benefits as vested benefits are based on the involuntary expiration of service. As a result members would be entitled to the benefits immediately. Refer note 8 to the financial statements for further explanation.

## Further commentary on operations

### Pensioners

The number of pensioners as at 30 June and benefits paid/payable for the past four years were:

	2014	2013	2012	2011
Pensioners	124	119	118	115
Benefits paid/payable (\$'000)	12 932	11 010	9 719	8 124

### Contributions by employees

The number of contributors and contributions received from members for the past four years were:

	2014	2013	2012	2011
Contributors	69	69	69	69
Contributions received (\$'000)	695	761	775	798

## Operating Statement for the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
<b>Revenue:</b>			
Investment revenue		30 281	31 470
Other revenue		8	14
Contribution revenue:			
Contributions by members		695	761
Contributions by employers		3 786	3 676
Rollovers from other schemes		496	470
<b>Total contribution revenue</b>		<u>4 977</u>	<u>4 907</u>
<b>Total revenue</b>		<u>35 266</u>	<u>36 391</u>
<b>Expenses:</b>			
Direct investment expenses	4	1 417	1 173
Administration expenses	5	242	232
Benefit expenses	7	12 878	20 196
<b>Total expenses</b>		<u>14 537</u>	<u>21 601</u>
<b>Transfer from (to) Consolidated Account</b>	3	<u>-</u>	<u>(16 600)</u>
<b>Operating result for the period</b>		<u>20 729</u>	<u>(1 810)</u>

**Statement of Financial Position  
as at 30 June 2014**

	Note	2014 \$'000	2013 \$'000
<b>Investments:</b>			
Inflation linked securities A		16 580	15 089
Property A		30 563	29 060
Australian equities A		51 680	48 875
International equities A		59 222	53 331
Long-term fixed interest		3 767	3 536
Short-term fixed interest		1 569	1 867
Diversified strategies growth A		18 368	16 588
Diversified strategies income		30 289	26 050
Cash		5 284	2 320
Socially responsible investment		377	244
<b>Total investments</b>		<u>217 699</u>	<u>196 960</u>
<b>Other assets:</b>			
Cash and cash equivalents	10	331	369
Contributions receivable		15	-
Receivables		8	-
		<u>354</u>	<u>369</u>
<b>Total assets</b>		<u>218 053</u>	<u>197 329</u>
<b>Current liabilities:</b>			
Payables		120	105
Benefits payable		84	50
<b>Total liabilities</b>		<u>204</u>	<u>155</u>
<b>Net assets available to pay benefits</b>	6	217 849	197 174
<b>Liability for accrued benefits</b>	7	(200 755)	(200 809)
<b>Excess (Deficit) of net assets over liabilities</b>		<u>17 094</u>	<u>(3 635)</u>

**Statement of Cash Flows  
for the year ended 30 June 2014**

		2014	2013
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
<b>Cash flows from operating activities:</b>			
Contributions received:			
Contributions by members		692	765
Contributions by employers		3 774	3 699
Rollovers from other schemes		496	470
		<u>4 962</u>	<u>4 934</u>
Bank interest received		8	14
GST recoup from ATO		10	17
Benefits paid:			
Pensions		(9 519)	(9 040)
Commutations		(2 595)	(1 944)
Lump sums		(680)	-
		<u>(12 794)</u>	<u>(10 984)</u>
Administration expenses		(348)	(149)
Transfer from (to) Consolidated Account	3	-	(16 600)
<b>Net cash provided by (used in) operating activities</b>	<b>9</b>	<u>(8 162)</u>	<u>(22 768)</u>
<b>Cash flows from investing activities:</b>			
Receipts from Funds SA		12 920	27 834
Payments to Funds SA		(4 796)	(5 115)
<b>Net cash provided by (used in) investing activities</b>		<u>8 124</u>	<u>22 719</u>
<b>Net increase (decrease) in cash and cash equivalents held</b>		<u>(38)</u>	<u>(49)</u>
<b>Cash and cash equivalents at 1 July</b>		<u>369</u>	<u>418</u>
<b>Cash and cash equivalents at 30 June</b>	<b>10</b>	<u>331</u>	<u>369</u>

**Notes to and forming part of the financial statements**

**1. Objectives and funding**

**(a) *Parliamentary Superannuation Scheme (the Scheme)***

The Scheme is a compulsory superannuation scheme which exists pursuant to the *Parliamentary Superannuation Act 1974* (the Act). The Act provides for the payment of superannuation benefits to persons who have served as members of Parliament and makes provisions for the families of such persons.

The *Parliamentary Superannuation (Scheme for New Members) Amendment Act 2005* (the Amendment Act) was proclaimed to come into operation on 15 September 2005. The Amendment Act amended the principal Act by closing the existing scheme (new scheme) now known as the PSS2 scheme. PSS1 (old scheme) was closed to new entrants in 1995. The current scheme is known as PSS3.

Contributions are deposited by the Treasurer into the Parliamentary Superannuation Fund (the Fund), established under section 13 of the Act. A separate division of the Fund has been established for the PSS3 scheme. The Fund is managed and invested by the Superannuation Funds Management Corporation of South Australia (Funds SA).

PSS1 and PSS2 members are entitled to pension based benefits determined in accordance with the Act to be a percentage of the member's salary. A member may elect to commute to a lump sum a percentage of their pension entitlement. PSS3 members are entitled to an accumulation style benefit.



**(b) South Australian Parliamentary Superannuation Board (the Board)**

The Act charges the Board, a body corporate, with responsibility for all aspects of the administration of the Act except for the management and investment of the Fund. The Act also provides the Board with the necessary powers to administer the Scheme. The Board, with the approval of the Treasurer, has contracted DTF to provide the administrative services through a service level agreement.

Under the terms of the Act, the Board is required to determine rates of return to be credited to each division of the Fund, with those rates being credited to each contribution account at the end of the financial year. In determining the rate to be applied, the Act requires that the Board have regard to the net rate of return achieved by Funds SA for each division of the Fund.

**(c) Funds SA**

Funds SA is an SA Government entity established under the *Superannuation Funds Management Corporation of South Australia Act 1995*. Funds SA is responsible for the investment and management of the Scheme's funds pursuant to strategies formulated by Funds SA.

For further information on the investment of the Scheme, reference should be made to the annual report of Funds SA. The investment assets, liabilities, income and expenses contained in these financial statements are related to the investment activities of Funds SA.

**(d) Funding arrangements**

Under section 39(1) of the Act, any payment to a member must be made out of the Consolidated Account (which is appropriated to the necessary extent) or from a special deposit account with DTF established for that purpose. During the period ended 30 June 2014 payments were made from a special deposit account.

For PSS1 and PSS2 members, section 14A of the Act requires every member of Parliament with less than 20 years and one month's service to make contributions of 11.5% of their base salary (including any additional salary) to the Treasurer. Section 14A(2) requires members of Parliament with 20 years and one month's service or over to make contributions of 5.75% of their base salary and 11.5% of any additional salary. Under section 14B of the Act PSS3 members can elect to make contributions at a whole number percentage of the combined value of their salary and any additional salary. A separate contribution account is maintained for each member. Members' contributions are paid to the Treasurer who deposits those contributions into the Fund, with \$695 000 (\$761 000) being credited during the year ended 30 June 2014.

Employer contributions are paid to the Treasurer from SA Government entities to fund emerging superannuation liabilities. For PSS1 and PSS2 members, the employer contribution is 2.75 times the member's contribution. For PSS3 members, the employer contribution is 15.4% of salary. A separate employer contribution account is maintained for each PSS3 member. These contributions are deposited into the Scheme, with \$3.8 million (\$3.7 million) being credited during the year ended 30 June 2014.

Since 30 June 1994, the Government has undertaken a process of funding its accrued past service liabilities and the Scheme assets have broadly matched liabilities since 1997. The small size of the Scheme, the nature of the way member benefits accrue, the effect of elections and variations in investment performance mean that deficits and surpluses will arise from year to year.

**2. Summary of significant accounting policies**

**(a) Basis of accounting**

This financial report is a general purpose financial report. The accounts have been prepared in accordance with relevant AASs and TIs and APSs promulgated under the provisions of the PFAA, except as provided below.

The principal standard applied in preparing this financial report is AAS 25. Other accounting standards are also applied where necessary except to the extent that they differ from AAS 25.

This financial report has been prepared on an accrual basis where this can reliably be measured. This is in accordance with the historical cost convention, except for the valuation of investments, which are measured at net market value.

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

*New accounting standard*

AASB 1056 was recently issued and becomes mandatory for the Scheme's financial statements in 2016-17. The Scheme does not plan to adopt this standard early and the extent of the impact has not yet been determined.

**(b) *Basis of valuations of assets and liabilities***

The basis for the valuation of assets and liabilities is provided below. Assets of the Scheme have been measured at net market value as provided by Funds SA.

**(i) *Inflation linked securities A***

The inflation linked securities portfolio invests in discretely managed portfolios, pooled funds and internal inflation linked securities. Discretely managed portfolios and pooled funds are invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date. Investments in pooled funds have been valued in accordance with the valuations supplied by the managers.

Internally managed inflation linked securities, the returns of which are linked to movements in either the CPI or average weekly earnings, have been valued using the discounted cash flow method. The valuation as at balance date was performed by an independent valuer.

**(ii) *Property A***

The property A portfolio comprises two subsectors:

*Listed property trusts*

These investments comprise arrangements whereby professional fund managers are appointed under an investment management agreement to manage and invest in listed property securities and real estate investment trusts. Investments in this subsector are in pooled funds and have been valued in accordance with the valuations supplied by the managers.

*Unlisted property vehicles*

The unlisted property vehicles portfolio is invested and managed by external managers. Investments in this subsector have been valued in accordance with the valuations supplied by the managers.

**(iii) *Australian equities A***

The Australian equities A portfolio comprises investments in listed Australian equities, and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date. Investments in pooled listed Australian equities funds have been valued in accordance with the valuations supplied by the managers.

**(iv) *International equities A***

The international equities A portfolio comprises investments in equities listed on international share markets, and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at the balance date. Investments in pooled international vehicles have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

**(v) *Fixed interest***

The fixed interest portfolio is invested and managed by external managers. The custodian appointed to hold the assets has valued the portfolio using market prices applicable at balance date.

**(vi) *Diversified strategies growth A***

The diversified strategies growth A portfolio comprises investments in Australian and international private equity funds and Australian and international pooled funds, which are invested and managed by external managers. The valuation of private equity investments is based on the most recent valuation performed by the fund managers plus or minus cash flows between the last valuation date and the reporting date. Both Australian and international private equity valuations are generally in accordance with the International Private Equity Venture Capital Valuation Guidelines (September 2009). Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

(vii) *Diversified strategies income*

The diversified strategies income portfolio comprises investments in both Australian and international pooled funds, and is invested and managed by external managers. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

(viii) *Cash*

The cash portfolio is externally managed. The investments are held in a cash management fund. Cash balances are supplied by the relevant financial institution and have been valued on the basis of principal plus accrued interest.

(ix) *Socially responsible investment*

The socially responsible investment portfolio comprises an externally managed pooled vehicle (unlisted unit trust). The valuation is performed and supplied by the relevant fund manager.

(c) **Taxation**

The Scheme is a constitutionally protected superannuation fund in terms of section 295-15 of the ITAA, Regulation 995-1.04 (Schedule 4) and is exempt from income tax.

(d) **Operation of investment portfolio**

Funds SA operates a multi-layered notional unitisation structure to facilitate the administration of different investment strategies applying to the various public sector superannuation funds. For the year ended 30 June 2014, Funds SA managed eight separate investment options distinguished by differing strategic asset allocations, namely:

- High growth
- Growth
- Balanced
- Moderate
- Conservative
- Capital defensive
- Cash
- Socially responsible.

During the financial year all of the above investment options, with the exception of the Conservative option, were available to PSS3 members. The assets of the remainder of the Scheme are invested in the growth option.

Reference should be made to Funds SA's annual report for the strategic asset allocations applying to each of the investment options discussed in the preceding paragraphs.

(e) **GST**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Regulation 70.5.03 of A New Tax System (Goods and Services Tax) Regulations 1999 specifies the rate at which GST can be recovered through reduced input tax credits.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(f) **Revenue**

Superannuation contributions and other revenue are recognised on an accrual basis where this can be reliably measured.

Investment revenue represents the change in market value due to the movement in the value of funds invested with Funds SA.

(g) **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 unless impracticable.

Where applicable, the restated comparative amounts do not replace the original financial statements for the preceding period.

**3. Transfer from (to) Consolidated Account**

For the 2013-14 financial year a change in process was agreed between the Government Accounting, Reporting and Procurement Branch of DTF and Super SA whereby the transfer to/from the Consolidated Account will occur after reporting date, after the surplus or deficit is known. As a result, there was no transfer to or from the Consolidated Account (2012-13 transfer to the Consolidated Account, \$16.6 million).

**4. Direct investment expenses**

Direct investment expenses comprise fees paid to Funds SA. Funds SA advises the amount applicable to the Scheme based on the Scheme's investment. In 2013-14 the increase in direct investment expenses was largely attributable to performance fees paid in the diversified strategies growth and diversified strategies income asset classes. However, it is noted that the diversified strategies growth asset class was one of the best performing asset classes over the year, net of all fees and costs, while the diversified strategies income asset class also produced a solid positive return.

**5. Administration expenses**

	2014	2013
	\$'000	\$'000
Administration expenses	222	216
Auditor's remuneration	15	16
Consultancy expenses	5	-
	242	232

Administration expenses comprise the costs incurred by DTF in administering the Scheme, which are met in the first instance from the Department of Treasury and Finance Operating Account. DTF seeks reimbursement from the Scheme.

Auditor's remuneration comprises amounts paid or due and payable to the Auditor-General's Department (an SA Government entity) for the audit of the Scheme. For the reporting period these totalled \$15 000 (\$14 600). No other services were provided by the Auditor-General's Department.

Consultancy expenses are in relation to actuarial services provided by Brett & Watson Pty Ltd regarding the valuation of accrued benefits liability in accordance with AAS 25.

**6. Net assets available to pay benefits**

	2014	2013
	\$'000	\$'000
<b>(a) PSS1 and PSS2 division</b>		
Funds held at 1 July	187 842	183 419
Contributions by members	695	761
Contributions by employers	2 018	2 183
Investment revenue	28 872	30 441
Other revenue	8	14
	31 593	33 399
Benefits paid	(12 253)	(11 010)
Administration expenses	(242)	(232)
Transfer to Consolidated Account	-	(16 600)
Direct investment expenses	(1 352)	(1 134)
	(13 847)	(28 976)
Funds held at 30 June	205 588	187 842
<b>(b) PSS3 division</b>		
Funds held at 1 July	9 332	6 379
Contributions by employers	1 768	1 493
Rollovers from other schemes	496	470
Investment revenue	1 409	1 029
	3 673	2 992
Benefits paid	(679)	-
Direct investment expenses	(65)	(39)
	(744)	(39)
Funds held at 30 June	12 261	9 332
Total net assets	217 849	197 174

**7. Liability for accrued benefits**

The liability for accrued benefits is the Scheme's present obligation to pay benefits to members and has been calculated on the basis of the present value of expected future payments arising from membership of the Scheme up to the reporting date.

For PSS1 and PSS2 members, the accrued liabilities are the present value of expected future benefit payments arising from membership of the scheme up to 30 June 2014. For PSS3 members, the accrued liability is the balance of the employee and employer contribution accounts as at 30 June 2014.

The expected future benefit payments have been determined using the same pensioner mortality assumptions as the 2013 triennial review of the South Australian Superannuation Scheme. Salary increases of 1.5% p.a. above the Adelaide CPI have been assumed. The CPI is assumed to be 2.5%. In accordance with AAS 25 the expected future benefit payments have then been discounted to present values by a market-based, risk-adjusted discount rate of 4.5% p.a. above the CPI.

The accrued superannuation liability as determined by Bruce Watson, Fellow of the Institute of Actuaries of Australia from consulting actuaries Brett & Watson Pty Ltd, is estimated at \$200.8 million (\$200.8 million) as at 30 June 2014.

	2014 \$'000	2013 \$'000
Liability for accrued benefits at 1 July	200 809	191 623
Benefit expenses <sup>(i)</sup>	12 878	20 196
Benefits paid/payable	(12 932)	(11 010)
Liabilities for accrued benefits at 30 June	200 755	200 809
Represented by:		
PSS1 and PSS2 division	188 488	191 454
PSS3 division	12 267	9 355
Liability for accrued benefits at 30 June	200 755	200 809

<sup>(i)</sup> This figure represents the change in liability for accrued benefits plus benefits paid/payable for the year.

**8. Vested benefits**

Vested benefits are benefits which are not conditional upon continued membership of the Scheme, or any factor other than resignation from the Scheme. Vested benefits include benefits which members are entitled to receive had they terminated their membership as at the reporting date. The value of vested benefits is greater than the liability for accrued benefits, as vested benefits are based on the involuntary expiration of service, and this would result in an entitlement to benefits occurring immediately. The vested superannuation liability is estimated at \$214.8 million (\$214.2 million) as at 30 June 2014.

	2014 \$'000	2013 \$'000
Vested benefits - PSS1 and PSS2 division	202 524	204 805
Vested benefits - PSS3 division	12 267	9 355
	214 791	214 160

The liability for benefits from the Scheme is met partly by the SA Government and partly by member contributions.

**9. Reconciliation of operating result to net cash provided by (used in) operating activities**

Operating result	20 729	(1 810)
Benefit expenses	12 878	20 196
Benefits paid/payable	(12 932)	(11 010)
Investment revenue	(30 281)	(31 470)
Direct investment expenses	1 417	1 173
Movements in assets/liabilities:		
Receivables	(8)	11
Contributions receivable	(15)	27
Payables	15	89
Benefits payable	35	26
Net cash provided by (used in) operating activities	(8 162)	(22 768)

**10. Reconciliation of cash**

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and deposits with DTF. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related item in the Statement of Financial Position as follows:

	2014 \$'000	2013 \$'000
Cash and cash equivalents per Statement of Financial Position	331	369
Cash and cash equivalents per Statement of Cash Flows	331	369

**11. Financial instruments**

The Scheme's investments are managed by Funds SA predominantly by the appointment of investment managers as determined by the Funds SA Board. Each investment manager is required to invest the assets in accordance with the terms of a written mandate. The Funds SA Board has determined that the appointment of these managers is appropriate for the Scheme and is in accordance with the Scheme's investment strategy. The Funds SA Board obtains regular reports from each manager on the nature of the investments made on its behalf and the associated risks.

The allocation of assets between the various types of financial instruments is determined by the Funds SA Board. Divergence from target asset allocations and the composition of the portfolio is monitored by the Funds SA Board on a regular basis.

The Scheme's investing activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk.

The nature and extent of the financial instruments employed by the Scheme are discussed below. This note presents information about the Scheme's exposure to each of the above risks, the Scheme's objectives, policies and processes for measuring and managing risk.

The Funds SA Board has overall responsibility for the establishment and oversight of the Scheme's investment risk management framework.

The Scheme's investment risk management policies are established to identify and analyse the risks faced by the Scheme, including those risks managed by the Scheme's investment managers, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Scheme's activities.

Funds SA makes available performance reports which are provided to the Board at least annually.

**(a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Scheme's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

**(i) Currency risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates.

The Scheme's currency risk is managed by Funds SA who has invested in assets denominated in foreign currencies.

Funds SA strategic policy for the management of its foreign currency exposure is as follows:

- foreign currency exposures in the diversified strategies (growth), diversified strategies (income) and fixed interest asset sectors are fully hedged to Australian dollars
- foreign currency exposures over the developed markets component of the international equities asset sector are 50% hedged to Australian dollars.

For the purpose of managing foreign currency risk, within defined constraints, the exposure to foreign currency can be varied from the strategic policy stated above, by Funds SA.

*(ii) Interest rate risk*

Interest rate risk is the risk that a movement in interest rates will cause the value of fixed interest securities to deviate from expectations.

Funds SA manages interest rate risk through:

- ensuring asset allocations of different investment products are consistent with the time horizon of each
- the use of specialist external investment managers to manage Funds SA's cash and fixed income portfolios.

*(iii) Other market price risk*

Other market price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the Scheme's financial instruments are valued at net market value (fair value) with changes in net market value recognised in the Operating Statement, all changes in market conditions will directly affect investment revenue.

Funds SA manages the risk of financial market volatility through the adherence to two principles:

- ensuring a diversity of exposures to different financial markets and submarkets
- ensuring asset allocations for different investment products are consistent with the time horizon of each.

*(iv) Sensitivity analysis*

The Funds SA Board has determined that the forecast risk/return profile provides a reasonable estimate of the change in the value of the investments in each investment option in the year ahead. These standard deviations provide the risk variable to be applied to each option. The following table illustrates the effect on change in investments assets from possible changes in market price risk.

Investment option	Sensitivity variable	Standard deviation %	Changes in investment assets \$'000
<b>2014</b>			
High growth	Nominal standard deviation	12.1	232
Growth	Nominal standard deviation	9.9	20 433
Balanced	Nominal standard deviation	8.6	698
Moderate	Nominal standard deviation	6.6	7
Capital defensive	Nominal standard deviation	3.0	22
Cash	Nominal standard deviation	1.5	1
Socially responsible	Nominal standard deviation	10.6	40
Total			<u>21 433</u>
<b>2013</b>			
High growth	Nominal standard deviation	12.9	199
Growth	Nominal standard deviation	10.5	19 753
Balanced	Nominal standard deviation	9.1	602
Capital defensive	Nominal standard deviation	3.0	9
Cash	Nominal standard deviation	1.2	2
Socially responsible	Nominal standard deviation	11.1	27
Total			<u>20 592</u>

A positive or negative rate of return equal to the standard deviations above would have an equal but opposite effect on the Scheme's investment revenue, on the basis that all other variables remain constant.

Standard deviation is a useful historical measure of the variability of return earned by an investment portfolio. The standard deviations above provide a reasonable sensitivity variable to estimate each investment options' expected return in future years.

(iv) *Sensitivity analysis (continued)*

Actual movements in returns may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the underlying trusts invest. As a result, historic variations in rates of return are not a definitive indicator of future variations in rates of return.

(b) **Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme.

The net market value of financial assets included in the Statement of Financial Position represents the Scheme's maximum exposure to credit risk in relation to those assets. The Scheme does not have any significant exposure to any individual counterparty or industry. The credit risk is monitored by Funds SA through ongoing reviews of the investment managers.

The Scheme does not have any assets which are past due or impaired.

(c) **Liquidity risk**

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Scheme's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its payment of benefits to members and liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Scheme's reputation.

The Scheme's liquidity position is monitored on a daily basis. The Scheme's cash and liquidity policy is to have sufficient cash balances to meet anticipated weekly benefit payments, expenses and investing activities.

Funds SA manages liquidity risk as follows:

- by giving careful consideration to the expected net cash redemptions requirements of Funds SA's clients. The allocation to cash in the strategic asset allocation of each investment product is set at a level sufficient to manage expected cash redemptions
- a large proportion of each investment product is invested in highly liquid investments such as actively traded equities, unit trusts or securities with short-term maturities.

The following table summarise the expected maturity profile of the Scheme's financial liabilities based on the earliest date on which the Scheme can be required to pay. The amounts in the table are the contractual undiscounted cash flows.

	Less than three months \$'000	Total contractual cash flows \$'000	Carrying amount liabilities \$'000
<b>2014</b>			
Benefits payable	84	84	84
Payables	120	120	120
Vested benefits	214 791	214 791	214 791
Total	214 995	214 995	214 995
<b>2013</b>			
Benefits payable	50	50	50
Payables	105	105	105
Vested benefits	214 160	214 160	214 160
Total	214 315	214 315	214 315

Vested benefits have been included in the 'less than three months' column, as this is the amount that members could call upon as at balance date. This is the earliest date on which the Scheme can be required to pay members vested benefits, however, members may not necessarily call upon amounts vested to them during this time.

(d) **Fair value**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (ie derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).



<i>Financial assets at fair value through profit or loss</i> (Level 1 and level 3 are not relevant to the Scheme)	Level 2 \$'000	Total \$'000
<b>2014</b>		
Unlisted managed investments schemes:		
Funds SA	217 699	217 699
	<hr/>	<hr/>
	217 699	217 699
<b>2013</b>		
Unlisted managed investments schemes:		
Funds SA	196 960	196 960
	<hr/>	<hr/>
	196 960	196 960

**(e) Derivative financial instruments**

Derivatives can be defined as financial contracts whose value depend on, or are derived from, assets, liabilities, reference rates or indices. Funds SA uses derivatives to manage portfolio risk and to facilitate the implementation of investment strategies efficiently and cost effectively. Funds SA uses a variety of derivative instruments, such as over-the-counter swap agreements, forward rate agreements, futures and options.

Derivatives are an authorised investment within certain mandates managed by Funds SA's external investment managers for the purposes described above.

**12. Related parties****(a) Board members**

The following are members of the Board who served during the course of the 2013-14 financial year, along with the period served:

John Gazzola	Chairman	1 July 2013 - 5 May 2014
Russell Wortley	Chairman	6 May 2014 - 30 June 2014
Michael Atkinson	Member	1 July 2013 - 30 June 2014
Robert Schwarz	Member	1 July 2013 - 18 September 2013
Tammie Pribanic	Member	19 September 2013 - 30 June 2014

**(b) Board members' remuneration**

Board members do not receive fees for their board membership.

# Department of Planning, Transport and Infrastructure

## Functional responsibility

### Establishment

The Department of Planning, Transport and Infrastructure (the Department) is an administrative unit established pursuant to the PSA.

### Functions

The Department has diverse responsibilities in relation to transport systems and services, infrastructure planning and provision, sporting infrastructure and strategic land use for South Australia. Its functions include:

- providing leadership in the development of transport options by providing policy, planning and investment advice to assist the Government to achieve its strategic objectives
- delivering and supporting safe, sustainable and secure transport that underpins the economic and social growth of South Australia
- providing improved passenger transport to meet the social inclusion, environmental, efficiency and safety objectives of the Government by improving mobility and accessibility to enhance the quality of life of all South Australians
- identifying strategic infrastructure priorities for the State, coordinating infrastructure planning and development across government and facilitating timely delivery of key projects that support the economic and social development of the State
- providing project risk management, building asset management, procurement and contract services
- delivering capital building works and major projects and the provision of building maintenance services for government agencies
- regulating the access, behaviour and security of transport system users
- providing land valuation, survey and registration
- providing leadership in managing the State's land use and development planning, and assessing applications for land use and development
- providing strategic policy, programs, services, sports infrastructure and elite sport pathways.

For more information about the Department's objectives refer note 1 to the financial statements.

## Audit mandate and coverage

### Audit authority

#### *Audit of the financial report*

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

### **Assessment of controls**

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

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

### **Scope of the audit**

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

During 2013-14, specific areas of audit attention included:

- accounts payable
- management of purchase cards
- payroll
- bus contract payments
- grants and subsidies
- registration and licence fees
- Metrocard revenue
- other revenue
- accounts receivable
- bank reconciliations
- risk management
- Commonwealth certificates
- management of machinery of government changes
- fixed assets including:
  - network assets
  - land, buildings and facilities
  - plant and equipment
  - capital works
  - other and rental properties.

In addition an understanding of internal audit activities was obtained in order to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures.

### **Audit findings and comments**

#### **Auditor's report on the financial report**

In my opinion, the financial report gives a true and fair view of the financial position of the Department of Planning, Transport and Infrastructure as at 30 June 2014, 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 Planning, Transport and Infrastructure in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to risk management, accounts payable, management of purchase cards, payroll, bus contract payments, Metrocard system and revenue,

revenue and accounts receivable, bank account reconciliations, building management - project services, building management - commercial properties, building management - facilities management, Commonwealth certificates, outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Department of Planning, Transport and Infrastructure 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. Major matters raised with the Department and the related responses are detailed below.

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

### ***Risk management***

The Department manages a wide range of complex operations and is required to manage the risks associated with those activities.

TI 2 and the State Government's risk management policy statement require chief executives to develop and implement risk management frameworks that reflect the principles and processes outlined in the updated international risk management standard, AS/NZS ISO 31000.

Prior year Reports described non-compliance with key aspects of the Department's risk management policy. The 2013-14 audit indicated the Department established the Risk Management Process Development project, which included updating the Department's risk management policy in September 2013 and developing a new risk management system, OrgRisk, which became available to staff for use in October 2013.

Consistent with prior years, key elements of management practices were not effective and did not comply with departmental policy. The more significant matters identified included:

- information recorded in the Department's risk management system was incomplete
- risks assessments and treatment strategies were not formally reported to the Departmental Executive Group and the Audit and Governance Committee
- risks entered into the Department's risk management system had risk level assessments that were not recorded in the system
- instances where management provided insufficient details to support their acceptance of assessed risk levels and consequential exposures
- instances where identified risks did not have documented treatment strategies
- inconsistent classification of risk profiles in the Department's risk management system and business group risk management documents.

Further, Audit noted that Internal Audit was unable to provide senior management and the Audit and Governance Committee with an overall view of the Department's organisational risk as the risk register was incomplete.

The Department indicated the recent departmental structure changes will require a review of the policy and the risk management system. Further, the Department advised that the oversight requirements of the risk management system, completeness of data and senior management reporting will be determined as part of the review.

### **Accounts payable**

#### *Shared Services SA – accounts payable and electronic payment control environments*

SSSA operates an accounts payable function that 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.

In 2013-14 the accounts payable control environment was subject to change. In particular, a new banking process using CommBiz for the disbursement of accounts payable payments was implemented and became operational.

While the overall control environment was considered satisfactory for 2013-14, some issues identified for EFT payment processing required resolution.

#### *Department – payment control environment*

The review of the Department's payment control environment found a number of areas where internal controls were considered ineffective. A number of matters were raised in prior years and are yet to be adequately addressed by the Department. The more significant audit findings were:

- the Department had not implemented procedures (including system reports) to minimise the risk of duplicate payments and there were a significant number of duplicate payments processed during the year
- the review of the vendor masterfile was not effective
- manual payments were not effectively monitored and there were a significant number of manual payments (including urgent payments) processed directly through the Department's online banking facility rather than the Basware system
- the Department did not monitor the review of user details reports provided to the Department by SSSA to check that system access levels for employees were valid and consistent with their job requirements
- the Department's review of transactions approved by super delegates was not effective for the entire financial year
- the Department's review of Basware user access still required improvement
- the Basware unprocessed payables general ledger reconciliation continues to contain a large number of long outstanding reconciling items
- biannual reviews of access to the Department's corporate online banking facility were not performed as required by departmental policy

- an instance where an invoice was split circumventing Basware automated authorisation system controls
- weaknesses in controls relating to granting access to Masterpiece.

The Department responded to the findings detailing actions taken to address the matters raised by Audit. For duplicate payments the Department advised that SSSA had developed duplicate invoice reports and advised that it would work with SSSA to implement a regular review of the reports.

For processing of manual payments, the Department advised it would develop, maintain and enforce guidelines for appropriate use of manual payments. Further, the Department advised that it would implement a review of an appropriate report to identify areas of high usage and, where appropriate, implement corrective action.

The Department will also continue to reinforce to staff that under no circumstances are they permitted to split transactions to bypass automated system controls.

### ***Management of purchase cards***

The Department has approximately 1100 purchase cards issued to staff and as a consequence a significant amount of expenditure is incurred by staff using purchase cards. While purchase cards can be a cost effective means of procuring a wide range of goods and services, their use also presents a number of inherent risks that need to be evaluated and appropriately managed. These risks include the potential use of purchase cards for non-work related expenses, poor procurement practices, inappropriate use of public funds, financial reporting errors and non-compliance with taxation legislation. The Department utilises the ProMaster system to manage the use and processing of purchase card transactions.

The 2013-14 audit included a focussed review of controls over the use of purchase cards. The review considered the requirements of TI 12 and departmental policy and procedures. Significant matters and control weaknesses were raised for management attention, notably:

- cardholders had not certified a significant number of purchase card charges for a considerable time period
- a significant number of transactions had not been independently reviewed and approved in accordance with departmental policy
- documentation to support expenditure charged to purchase cards was not always provided or was not maintained in accordance with TI 12 and departmental procedures
- there were a number of instances where the documentation attached to support the purchase card charges was insufficient to determine whether the payments were work related
- instances where former employees of the Department did not have their purchase card cancelled
- purchase card transaction limits recorded in the Department's delegations of authority were inconsistent with requirements of the Department's purchase card policy and TI 12
- the Department did not perform a formal review of user limits in accordance with the TIs
- a number of cardholders had been issued cards with transaction limits that breached the requirements of the TIs (ie limits that exceeded the lower of their delegated authority contract authorisation or \$10 000)

- the Department's purchase card register did not provide for the effective management of the use of purchase cards and instances were identified where the information included in the register was not accurate or current
- an instance of payment splitting to bypass automated authorisation card transaction limits was noted and transaction splitting reports were only produced and reviewed for the first two quarters of the year
- GST was incorrectly recorded in ProMaster for a number of purchase card transactions increasing the risk of financial reporting errors, non-compliance with taxation legislation and repayment of GST input tax credits
- purchase cards were used to purchase gift cards/vouchers and there was scope to improve and clarify departmental policy regarding the purchase of gift cards/vouchers
- there were a number of instances where purchase card transaction descriptions recorded in ProMaster were incorrect
- there was a lack of policy guidance on incurring entertainment expenses and there were instances where documentation provided to support entertainment expense charges did not describe the nature and purpose of the expenditure
- there were a number of instances where FBT forms had not been completed.

Audit considered it appropriate for Internal Audit to give ongoing focus to reviewing and reporting on the use of purchase cards.

In response, the Department advised that in the first half of 2014 it initiated work to identify improvements in the management of credit card expenditure. This included using specialised software to identify anomalies for further investigation and non-compliance with procedures. The Department advised that the results of the work are being reviewed by management with the view to developing and implementing a number of initiatives which will address issues raised in the audit.

Further, the Department advised the initiatives include rationalising the number of purchase cards used by departmental staff, identifying purchases that require further investigation to satisfy management that they are work related expenses, identifying cardholders who have not complied with policy and procedures, including non-provision of documentation, and non-expeditious processing of transactions. The response also considered the specific findings and provided details of the actions proposed or taken to address the matters raised.

#### ***Office for Recreation and Sport - grant expenditure***

The review of the grant payments function revealed certain areas where internal controls required improvement, notably:

- there was scope to improve the identification and management of potential conflicts of interest
- instances where grant recipients had not formally accepted the funding offer within required timeframes
- there was no mechanism to ensure grantees deposited grant funding into new bank accounts as required by grant agreements.

The Department responded to the audit findings with actions proposed to address the matters raised.

## **Payroll**

Prior audits have identified weaknesses in controls over payroll. The review for 2013-14 found matters raised in prior years were not adequately addressed.

### *Review of bona fide reports*

The audit of payroll considered the effectiveness of the review of bona fide reports to provide assurance that only bona fide employees are paid for work performed and at correct pay rates. The 2013-14 audit found the Department had not adequately addressed matters raised in prior years, including:

- a significant number of bona fide reports were not certified as reviewed by relevant managers within required timeframes
- bona fide review processes performed by some pay point managers were not effective
- procedures for the follow-up and resolution of queries arising from the review of bona fide reports did not provide assurance that all required action was taken
- procedures to ensure allowances paid to employees are valid and paid correctly were not effective.

The Department responded that it would finalise and distribute information and instructions to pay point managers to improve the understanding of departmental requirements and policy. The Department also advised it would investigate the feasibility of implementing regular formal reporting on the follow-up of exceptions identified by pay point managers.

### *Recording of leave and excessive leave balances*

Consistent with prior year audits, the review of controls over leave recording concluded that the Department's processes did not provide assurance that all leave taken was accurately recorded and instances were identified where leave recorded in attendance records was either not recorded or was incorrectly recorded in the payroll system.

In addition, there continues to be a significant number of employees with excessive leave balances (ie in excess of 300 hours).

The Department advised it would review instructions provided to employees regarding submission and variation of leave forms and review the certification and verification process for pay point managers. Further, it would continue to implement and monitor plans to address excessive leave balances.

### *Shared Services SA – CHRIS payroll control environment*

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.

The review of the process and control environment in previous years had identified SSSA key control weaknesses. This covered segregation of duties and user access, and certain security limitations of the CHRIS 5 application provided by the bureau service.



In 2013-14 the payroll control environment was significantly different from previous years. Firstly the key control weaknesses relating to segregation of duties and user access had been addressed by remedial action implemented in the latter part of 2012-13. In addition, a new banking process using CommBiz for the disbursement of payroll payments was implemented and became operational.

The remediation for segregation of duties and user access has led to a satisfactory control environment for CHRIS payroll processing for 2013-14. There are still, however, certain control limitations that will remain until the upgrade of the CHRIS 5 payroll system to CHRIS 21 is finalised. Some control issues identified for EFT payment processing also required resolution.

### ***Bus contract payments***

Metropolitan bus passenger services are provided by privately owned companies contracted by the Minister for Transport Services to operate those services. In July and August 2011 new contracts were entered into with bus service providers. Audit review in prior years identified areas where internal controls and documentation of management decisions and contract management activities could be improved. The review for 2013-14 evaluated the Department's actions to address the matters raised in prior years. The following summarises the major observations from the follow-up review.

#### *Contract management*

Metropolitan bus contracts are significant contracts in terms of their monetary value and the impact they have on the general public. The terms and conditions of the contracts are extensive and are relatively complex.

The last two Reports indicated the intention of the Department to finalise a contract management framework and plans for the bus contracts.

The absence of a contract management framework can result in the Department not identifying areas of non-compliance with key contract provisions, including performance obligations by the contractors.

Audit inquiry in 2013-14 indicated the Department released the contract management framework in February 2014. Further, the Department advised that the contract management plan for one of the three bus contractors was approved in July 2014 and has been implemented. Audit was advised the contract management plans for the other two bus contractors have been finalised and are awaiting final approval.

#### *Cabinet approval of contract variations*

Cabinet approved the contract variation transferring a number of bus routes from Transfield (Light City Buses) to Torrens Transit in April 2013, however the total value of the variations agreed and executed with the contractors was significantly higher than the value approved by Cabinet. Audit was advised that the difference reflected additional changes to services, and the amounts in the Cabinet approval were only estimates.

Last year's audit noted that the Department was in the process of reconciling the total value of the variations proposed in the April 2013 Cabinet approval to the value recorded in the executed budget variations. Audit recommended the Department finalise the reconciliation and inform Cabinet of the differences between the contract variation advised in April 2013 and the value of the variations actually implemented.

A follow-up of this matter revealed that the reconciliation process had not been finalised. In response the Department confirmed that the value of the contract variations executed was higher than the value approved by Cabinet for the transfer of bus routes between two contract areas, however, the broader

service changes were not part of the Cabinet approval process. The Department advised that preliminary calculations for the transfer of bus routes confirm that the contract variations were within the approval by Cabinet and the calculations will be finalised shortly and forwarded to Audit.

*Industrial dispute*

During 2013-14 two of the contracted bus operators were in dispute with unions representing staff employed by the operators, which resulted in them being unable to perform certain services required under the contract. For instance, it is understood that fee revenue was not collected from passengers for certain periods while the dispute was in progress.

Audit sought to gain an understanding of the actions taken by the Department for the non-performance of services under the contract due to the dispute.

The Department advised that to assist in resolving the industrial dispute between the bus contractors and their drivers, the SA Government agreed to amend the contracts to reflect that the contract indexation rate applied to the salaries and wages component of contract payments will be the indexation rate based on the National Wage Price Index as per the Australian Bureau of Statistics or 3%, whichever is higher. The Crown Solicitor's Office developed deeds of variation which were forwarded to the bus contractors in August 2014 for execution.

In relation to seeking compensation for trips not operated due to strike action, Audit was advised that contract variations were executed to adjust monthly contract payments for trips not operated on 21 February 2014 and 4 April 2014. The Department also advised that it was unable to be compensated for loss of revenue due to bus operators not enforcing validations of selling tickets, as it is not possible to accurately quantify the loss.

***Metrocard revenue***

The Department collects revenue from the sale of tickets for metropolitan train, tram and bus trips using the Metrocard public transport ticketing system implemented from 2011-12. Audit review in prior years identified weaknesses in processes and practices that required attention to ensure effective management and control over Metrocard revenue. Audit review for 2013-14 found the Department had made significant progress in addressing audit findings from previous years. The main area that required further improvement was reconciliation processes for Metrocard revenue. Specifically, Audit found that:

- supporting documentation for key reconciliation processes was not prepared and maintained as part of the reconciliation process
- Metrocard sale reconciliation discrepancies were not always correctly reported and explained.

In response the Department advised that the design of the Metrocard system and its controls reflects past audits of the previous ticketing system. The Department advised that corrective action recommended by Audit will be implemented to further strengthen enhanced financial management and data controls.

In addition, during the year Audit undertook an IT review of the Metrocard system, which is discussed below under the heading 'Information and communications technology and control – Metrocard system review'.

***Revenue and accounts receivable***

The audit of systems and processes for revenue and accounts receivable identified a number of areas within the Department and SSSA in which controls did not operate effectively. A number of these matters were raised in previous years.

Specifically, the audit found:

- not all outstanding debtors were followed up in accordance with departmental procedures
- the Department's record of action taken to follow up outstanding debts was incomplete
- debtor files were not maintained for all debtors
- instances where proof of debts was not lodged with the relevant administrators in accordance with the TIs
- debt collection policies and procedures need to be reviewed and updated to reflect current practices
- credit notes, reversals and other adjustments processed in Masterpiece accounts receivable were not independently reviewed to ensure they were valid
- the reconciliation of the accounts receivable subsidiary ledger to the general ledger included long outstanding reconciling items.

The Department and SSSA responded to the audit findings and provided details of actions implemented or proposed to address the matters raised.

#### ***Bank account reconciliations***

The Department's bank reconciliations are performed by SSSA on behalf of the Department in accordance with a service level determination. These reconciliations are:

- AR (accounts receivable) Collection bank account
- AP (accounts payable) Disbursement bank account
- Payroll Disbursement bank account.

Effective bank reconciliations represent a key control in providing assurance that transactions are accounted for and recorded in the general ledger. The effectiveness of the control is dependent on the timely investigation and resolution of discrepancies.

Prior year audits have identified shortcomings in reconciliation processes, which have been reported to SSSA and the Department. The 2013-14 audit found there remained some areas where they still need to work together to improve reconciliation processes. These include the following:

#### *Long outstanding reconciling items*

There were a number of long outstanding reconciling items that were not cleared and required the attention of the Department and SSSA.

The Department and SSSA advised they will continue to work together to investigate and resolve discrepancies.

#### *Unclaimed monies*

SSSA and the Department had yet to establish arrangements to review and action unclaimed monies balances. Further, Audit noted that SSSA was in the process of performing a whole-of-government review of the management of unclaimed monies.

In response, the Department indicated it had requested SSSA to fulfil its obligations under the service level agreements for the updating and maintenance of the unclaimed monies register. Further, SSSA advised that significant progress had been made to establish processes to follow up unrepresented cheques.

*Controls over the corporate online banking facility*

Audit identified instances where SSSA staff had access to the Department's banking facilities that appeared to be inconsistent with their job responsibilities.

In response, SSSA advised that the implementation of new banking arrangements (CommBiz) and the proposed closing of the bank accounts (Westpac) established as part of the previous arrangements will mitigate the risks.

*Bizgate terminals – passenger transport expiation fees*

Passenger transport expiation fees continue to be deposited into the incorrect bank account causing reconciling items.

The Department advised that a cost effective system solution was being considered. Further, in the interim the fees are reconciled and cleared on a more frequent basis.

***Fixed assets (excluding network assets)***

The 2013-14 audit included a review of fixed assets recorded in the Department's Masterpiece fixed asset register (MPFAR) and the Property Asset system. A number of matters were identified that required attention, including:

- there were a significant number of fixed assets that had been fully depreciated but were still in use, demonstrating the Department's review of asset useful lives was not effective
- there was no effective mechanism to ensure all losses or thefts of public property within the Department are monitored, and related control deficiencies are addressed
- there was no effective control to ensure changes to plant and equipment records in the Department's MPFAR were valid and properly authorised
- there were a number of projects recorded in the Department's job cost system for which their completion status was not reported to officers responsible for capitalising or expensing project expenditure
- the Department's work in progress reconciliation contained a number of unresolved long outstanding reconciling items
- the interface with the State's land titles system to ensure all additions and deletions of properties are recorded in the Department's MPFAR and financial statements had not been implemented
- there was no effective reconciliation between the Property Asset system database and the MPFAR.

The Department acknowledged the audit findings and detailed proposed corrective actions.

***Building management – project services***

The Project Services business unit of the Building Management Division is responsible for delivering major building construction projects for other government agencies and the Department. Audit review for 2013-14 found many of the matters raised in prior years had not been adequately addressed.

### *Project agreements*

Consistent with prior year audits, the review found that for the majority of projects, project agreements documenting key aspects of the arrangements specific to the project including the agreed budget, key milestones and timeframes for completion, project deliverables and sign-off procedures and variation approval processes were not always entered into between the Department and client agencies. Further, project start-up minutes for projects did not always record the abovementioned key information specific to the project.

In response, the Department advised it would undertake a preliminary assessment to determine whether it is appropriate to prepare a project agreement or whether the start-up agenda template is more appropriate. Further, the Department advised it would amend the start-up agenda template to include the agreed budget, key milestones and timeframes for completion, project deliverables, sign-off procedures and variation approval processes.

### *Review of excess expenditure*

The Building Management Division generates reports each month detailing projects with expenditure that is greater than the project funding approved by the client agency. The report is provided to project managers who are required to review the report, and provide comments and details of strategies to address the over-expenditure. Audit review in prior years found there were large numbers of projects with expenditure that exceeded project funding approved by the client agency, and project managers did not always document strategies to address projects with excess expenditure.

The 2013-14 audit identified progress in addressing the issues, however there were still a number of projects with expenditure that exceeded project funding approved by the client for stages of the project. Further, Audit noted:

- instances where expected resolution dates were not updated once the dates had passed
- projects with excess expenditure for over two years that have not been resolved.

The Department advised that it would reinforce to staff the importance of effectively reviewing excess expenditure. Audit was also advised that strategies to address excess expenditure are documented and reviewed by senior management and performance measures have been established that will be assessed as part of performance reviews.

### *Other matters*

The review also identified certain other weaknesses including the following:

- information regarding the percentage of completion, the value of non-salary costs required to complete the project and timesheet information were not input into the Fee and Resources Management system (FARMS) on a timely basis to calculate the value of year-to-date revenue earned for projects
- there were instances where formal instruments of agreement were not always executed on a timely basis
- the document used to perform the check that payments were appropriately authorised was not complete as some delegations of authority were not recorded on the document.

The Department responded to the specific audit findings and provided details of actions to address the matters raised.

**Building management – commercial and residential properties**

Consistent with the previous year, the 2013-14 audit considered the adequacy of the documentation of arrangements between the Department and agencies that occupied leased premises, the raising of rental income, payment of property and other expenses, and aspects of financial control.

Similar issues to those raised last year were again communicated to the Department, including:

- memoranda of understanding (MOUs) were not executed for all commercial property leases with government agencies
- the Department's delegations of authority did not specify who is authorised to execute MOUs for commercial properties
- the review of access to the system used to record and manage commercial properties (ProMIS) was not effective as the review did not assess whether access levels assigned to users were appropriate and consistent with their job responsibilities
- the process for checking access to ProMIS could be improved and the audit identified officers with inappropriate access
- checking procedures to ensure changes to asset information in ProMIS are valid and processed correctly were not effective
- invoices for lease payments were not approved by an officer with the appropriate delegation of authority
- outstanding debtors with balances less than \$5000 were not subject to debtor follow-up procedures
- there were a number of debtor accounts with negative balances dating back to 2005.

The Department's response provided details of proposed action that was consistent with audit recommendations to address the areas identified for improvement.

**Building management – facilities management**

The Department is responsible for the oversight of outsourced facilities management services, which provide government agencies with access to planned and unplanned maintenance, minor works and other services.

These services are either undertaken by an outsourced contractor or coordinated directly by the Department. A Facilities Management Client Review Board comprising officers from government agencies is responsible for managing overall arrangements and assessing contractor performance.

The facilities management audit included a review of management oversight, contract management and reporting for services provided by the outsourced contractor. Testing of specific maintenance and minor works activities, billing and recovery functions and agency certification of work was undertaken to evaluate compliance with established policies and control processes.

The 2013-14 audit confirmed that a number of matters identified in the previous year's audit were appropriately addressed. It was noted, however, that the certification of completed works prior to payment still requires management attention and remedial action. As reported last year, an unacceptably high percentage of facilities charges are auto-approved for payment without certification from agencies receiving the service. Audit review of system records of the extent of agencies' review of facilities charges for 2013-14 found 36 percent of facilities charges totalling \$64 million were not certified by requesting agencies prior to payment.

Further, Audit found that reports prepared by the Department for use by government agencies to assist with managing the certification of works were not issued for three months of the year (ie February 2014, March 2014, April 2014). Audit was advised that the reports were not produced due to system issues.

Audit recommended that the Department implement and develop further mechanisms to ensure agencies certify facility management works before processing payments to contractors.

In response the Department advised that the certification of claims was considered by the Board in February 2014 and agencies were reminded that:

- an auto-approval function was created to ensure prompt payment for services but must only be used as the exception
- they are required to review claims before they are approved for payment.

Audit was also advised that the current processes ensure private contractors are paid in a timely manner, the Department's facilities managers are reimbursed for payments per the contract and client agencies have sufficient time to approve or dispute claims.

In relation to the agency reports the Department advised they are investigating the development of an agency notification system when agency report system errors are experienced.

#### ***Commonwealth certificates***

The Auditor-General is required to audit a range of specific purpose financial statements (commonly referred to as Commonwealth certificates) prepared by the Department pursuant to the following legislation:

- *Nation Building Program (National Land Transport) Act 2009 (Cwlth)*
- *Interstate Road Transport Act 1985 (Cwlth).*

The audits of the Commonwealth certificates for the financial year ending 30 June 2013 identified a number of matters requiring management attention, which impacted on the timeliness and effectiveness of processes associated with the preparation and audit of Commonwealth certificates. Notable matters included:

- quality control processes applied in preparing the Commonwealth certificates were limited
- inadequate documentation was provided to support the information included in the Commonwealth certificates
- there were delays in preparing and providing Commonwealth certificates and supporting documentation
- significant reliance was placed on spreadsheets external to financial systems and other manual records in preparing the certificates
- there was a need to improve policy and procedural guidance for the preparation of the certificates.

The Department responded to the findings and advised actions proposed to address the matters, including developing a checklist of key documents and steps required to prepare draft certificates, and providing appropriate training to staff.

### ***Management of machinery of government transitional arrangements***

The Department was subject to several machinery of government (MOG) changes in 2011-12. These changes included the transfer of Service SA (SSA) and the Office of the Chief Information Officer (OCIO) to DPC effective 1 January 2012. The Department continued to record the financial transactions and account balances for SSA and OCIO in its general ledger and other financial systems on a fee-for-service basis.

In September 2013 the Department transferred the account balances and system processing responsibilities for SSA and OCIO to DPC. Audit review of the transfer found that there was scope to improve aspects of the MOG transition arrangements. The specific areas identified included:

- there was no formal written agreement regarding the method by which DPC would reimburse the Department for SSA/OCIO payments made on behalf of DPC during the transitional period
- there were unresolved system and reconciliation issues associated with unprocessed payables, which resulted in differing views regarding amounts to be reimbursed by DPC to the Department
- the transition of SSA and OCIO to DPC was not performed in a timely manner
- risk management processes associated with the SSA and OCIO transition to DPC could have been improved.

The Department's response acknowledged the basis and nature of the audit findings. In regard to the timeliness of implementing the MOG transition the Department advised that the receiving agency was not available to implement the transition for more than 12 months after the transfer occurred and it would have preferred an earlier transition date.

### **Information and communications technology and control**

#### ***Metrocard system review***

In November 2012 the Department completed the implementation of a new ticketing system for the public transport system in Adelaide, known as the Metrocard system. The system was implemented using a pilot process which commenced in October 2011. The system was considered to be fully implemented in late 2013.

In 2013-14 Audit completed a review of certain IT control aspects of the system relating to change management, application-level IT security, business continuity and backup and recovery. The review identified the following areas for improvement:

- The Metrocard change register needed to be improved in order to provide an effective management/audit trail of changes made to the system to facilitate effective ongoing management and maintenance of the system.
- A detailed documented understanding of the particular security profiles available to users of the Metrocard system had not been developed.
- Review of access to the Metrocard system revealed all users had administrative access to the system and there was no evidence that an appropriate protocol to control vendor access to the system was in place.
- A number of test transactions had been made in the production Metrocard environment. Audit was informed that this testing was required to test certain components of the system, including the EFTPOS transactions.



- While certain arrangements were in place for business continuity purposes, there was a need to formally conduct a business impact analysis of the system and develop an associated business continuity plan.
- Although a backup strategy existed for the Metrocard system servers, and on several occasions aspects of recovery and the reliability of the backups had been exercised, there had been no full restore test of the system conducted.

The Department responded positively to Audit's findings and recommendations. In particular, Audit was advised that a dedicated issue tracking system will be implemented in 2014-15 to support the Metrocard system. With regard to system access, the Department has since reviewed administrative access and it will document Metrocard security profiles. Further, protocols for improved controls of vendor access to the system will be considered. In addition, aspects of testing in the production environment will be further documented and recommendations relating to the development of business continuity plan and recovery testing will be adopted.

#### ***Land Services Business Reform (LSBR) program developments***

The LSBR program is a major initiative of government established for the replacement of the core legacy land administration system, implementation of electronic services and the planning for business process changes for land administration in South Australia.

#### *LSBR program update*

Last year's Report made comment on the progress of the Department's LSBR program.

Concurrent with the LSBR program is the preparation for South Australia's involvement in the National Electronic Conveyancing system (NECS) in accordance with Australia's Intergovernmental Agreement.

A further initiative that is closely aligned with the LSBR program is the ongoing development and implementation of the replacement DTF taxation system, RISTEC. It is expected that both systems will interface and exchange data once fully operational.

At 30 June 2014, expenditure for the LSBR program amounted to \$22.603 million and for the NECS initiative it was \$1.387 million.

A key component within the LSBR program is the Land Administration System Electronic Replacement (LASER) project. This includes the implementation of the new South Australian Integrated Land Information (SAILIS) system. The new SAILIS system has recently commenced user acceptance testing and this is expected to take a minimum of six months. This has placed pressure on the project and caused some slippage in the project's go-live date, which is expected to occur in the first quarter of 2015.

While the NECS initiative was aligned with the SAILIS development activities, delays at the national level will prevent this electronic conveyancing functionality being available when the SAILIS system is implemented in 2015.

#### *Status updates to Cabinet*

Whilst Cabinet is generally provided with a status update on an annual basis relating to the LSBR program, the last Cabinet note providing an update occurred in May 2013. The last report to Cabinet on the NECS initiative and its progress occurred in 2012.

At the time of preparation of this Report the Department advised Audit that an update to Cabinet was in progress for the LSBR program and the NECS initiative.

***Facilities Management Information System (FAMIS) IT controls***

Last year's Report included comment on a review of FAMIS.

The review raised a number of matters that the Department indicated would receive attention. This included the upgrading of IT policies and procedures, business continuity and disaster recovery plans and the performance of user access reviews of both the FAMIS and Maintenance and Construction (MAC) systems. The review also recommended the Department consider performing a post-implementation review of changes that had been implemented to the FAMIS environment.

Audit follow-up review in 2013-14 noted some previously raised issues were still to be addressed.

The Department advised that FAMIS system security policy and procedures are to be completed by December 2014. The FAMIS user access policy and procedures were to be endorsed in July 2014, while the finalisation of the FAMIS annual user access review was in progress. In addition, while the formal change management documentation and procedures have been finalised and endorsed, the review of the business continuity and disaster recovery plans was progressing with testing anticipated in August 2014.

**Other commentary**

***Adelaide Oval redevelopment***

On 29 September 2011 the *Adelaide Oval Redevelopment and Management Act 2011* (the Act) came into operation. The primary purpose of the Act is to facilitate the redevelopment of Adelaide Oval and to provide for the future care, control and management of Adelaide Oval. The Department has the principal construction management role and responsibility for the project development.

The Act also requires financial supervision of the project by the Auditor-General and provides for the Auditor-General to report to Parliament on specific financial matters associated with the redevelopment and the ongoing management of Adelaide Oval. Six Reports have been provided to the Parliament in discharge of the requirements of the Act. The first Report was provided to the Parliament on 29 February 2012, followed by Reports of:

- 31 August 2012
- 28 February 2013
- 31 August 2013
- 28 February 2014
- 29 August 2014.

In addition, the Act provides for the Auditor-General to audit the accounts of the Adelaide Oval SMA Limited each year. The financial statements and related commentary on this audit are included under 'Adelaide Oval SMA Limited' elsewhere in Part B of this Report.

***Gawler Line Modernisation project***

The Gawler commuter rail line joins the regional city of Gawler to the Adelaide CBD.

In May 2009 the Commonwealth Government committed funding of \$293.5 million to upgrade rail track and certain stations, and the electrification of the Gawler line.

In June 2012 the Commonwealth Government advised the Department to cease expenditure of Commonwealth funds on the project following the SA Government's decision in May 2012 to suspend the project. Further, in October 2012 the Commonwealth Government requested that unspent funds (\$41 million) be returned to the Commonwealth Government. The Commonwealth Government advised the Department that \$10 million of the unspent funds may be used for the Seaford rail extension and the remaining \$31 million plus interest was required to be repaid in accordance with the National Partnership Agreement.

The Department returned the unspent funds, including interest, to the Commonwealth Government in April 2013.

In June 2014 the State Government announced a restart of the project from Adelaide to Salisbury with the project planned to recommence in 2017-18.

In 2013-14 the Department assessed expenditure incurred to date on the project, which totalled \$50 million. The review identified a write-down of expenditure totalling \$46.6 million. The Department assessed that costs totalling \$28.6 million incurred for the project between Salisbury and Gawler were deemed to be obsolete or are not likely to provide any future economic benefit. Further, the Department determined that given that the project is planned to recommence in 2017-18, a considerable portion of the design, scoping, project supervision, tendering and mobilisation costs for the Adelaide to Salisbury section of the line totalling \$18 million were deemed to be obsolete and are likely to be in the most part reincurred when the project recommences.

Refer note 11 to the financial statements for further details.

## Interpretation and analysis of the financial report

### Highlights of the financial report

	2014 \$'million	2013 \$'million
<b>Expenses</b>		
Employee benefit expenses	246	220
Supplies and services	827	828
Depreciation and amortisation	336	320
Grants and subsidies	94	83
Other expenses	108	114
<b>Total expenses</b>	<b>1 611</b>	<b>1 565</b>
<b>Income</b>		
Fees and charges	580	565
Commonwealth revenues	78	112
Sale of goods and services	145	143
Rental income	212	214
Other income	118	107
<b>Total income</b>	<b>1 133</b>	<b>1 141</b>
<b>Net revenue from (cost of) providing services</b>	<b>(478)</b>	<b>(424)</b>
<b>Revenues from (Payments to) SA Government</b>		
Revenues from SA Government	336	428
Payments to SA Government	(7)	(4)
<b>Total revenues from (payments to) SA Government</b>	<b>329</b>	<b>424</b>
<b>Net result</b>	<b>(149)</b>	<b>-</b>

	2014 \$'million	2013 \$'million
<b>Other comprehensive income</b>		
Changes in revaluation surplus	341	712
<b>Total comprehensive result</b>	192	712
<b>Net cash provided by (used in) operating activities</b>	288	347
<b>Assets</b>		
Current assets	697	975
Non-current assets	24 050	23 179
<b>Total assets</b>	24 747	24 154
<b>Liabilities</b>		
Current liabilities	228	305
Non-current liabilities	155	148
<b>Total liabilities</b>	383	453
<b>Total equity</b>	24 364	23 701

#### Statement of Comprehensive Income

##### *Expenses*

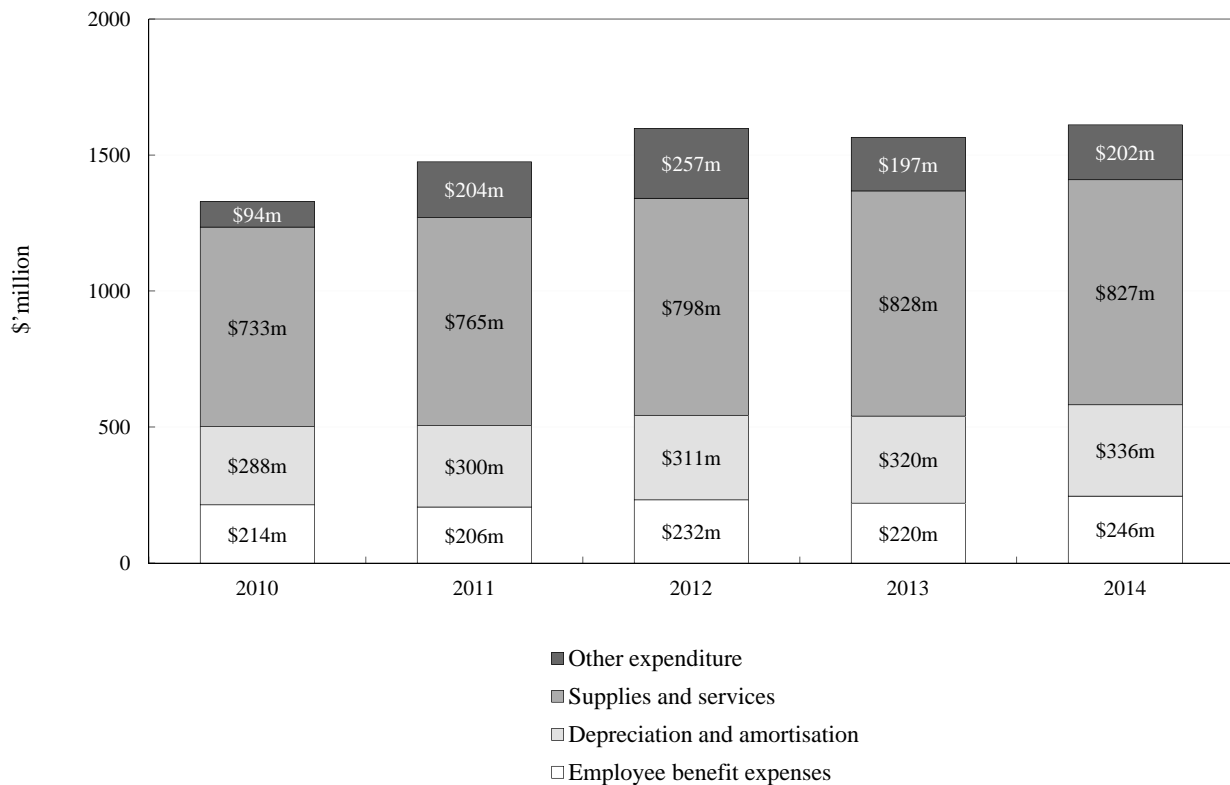
Total expenses for the year increased by \$46 million (3%). The increase mainly reflects a \$26 million increase in employee benefit expenses and a \$16 million increase in depreciation and amortisation expenses.

The increase in employee benefit expenses was due to a \$13 million increase in salaries and wages mainly reflecting enterprise bargaining increases, an increase in staff numbers associated with the extension of across-government facilities management arrangements and an \$8 million increase in TVSPs paid during the year. Total TVSP payments made in 2013-14 were \$11 million reflecting an increase (from 29 to 91) in the number of employees who received a TVSP during the year.

Expenses for the year totalled \$1611 million (\$1565 million) and are mainly attributable to:

- employee benefit expenses of \$246 million (15%)
- supplies and services expenses of \$827 million (51%), of which \$193 million (23%) relates to the bus and rail service contract payments, \$143 million (17%) relates to operating costs of major infrastructure maintenance and other service contracts and \$148 million (18%) relates to operating lease expenses
- depreciation and amortisation expense of \$336 million (21%), of which \$230 million (68%) relates to network asset depreciation and \$60 million (18%) relates to plant and equipment depreciation and amortisation.

For the five years to 2014, a structural analysis of the major expense items for the Department is shown in the following chart.



### Income

Total income (excluding revenues from the SA Government and changes in revaluation surpluses) for the year decreased by \$8 million (less than 1%). The decrease mainly reflects a \$34 million decrease in Commonwealth funding. The decrease was offset by a \$15 million increase in fees and charges reflecting increases in motor registration fees and Metroticket revenue.

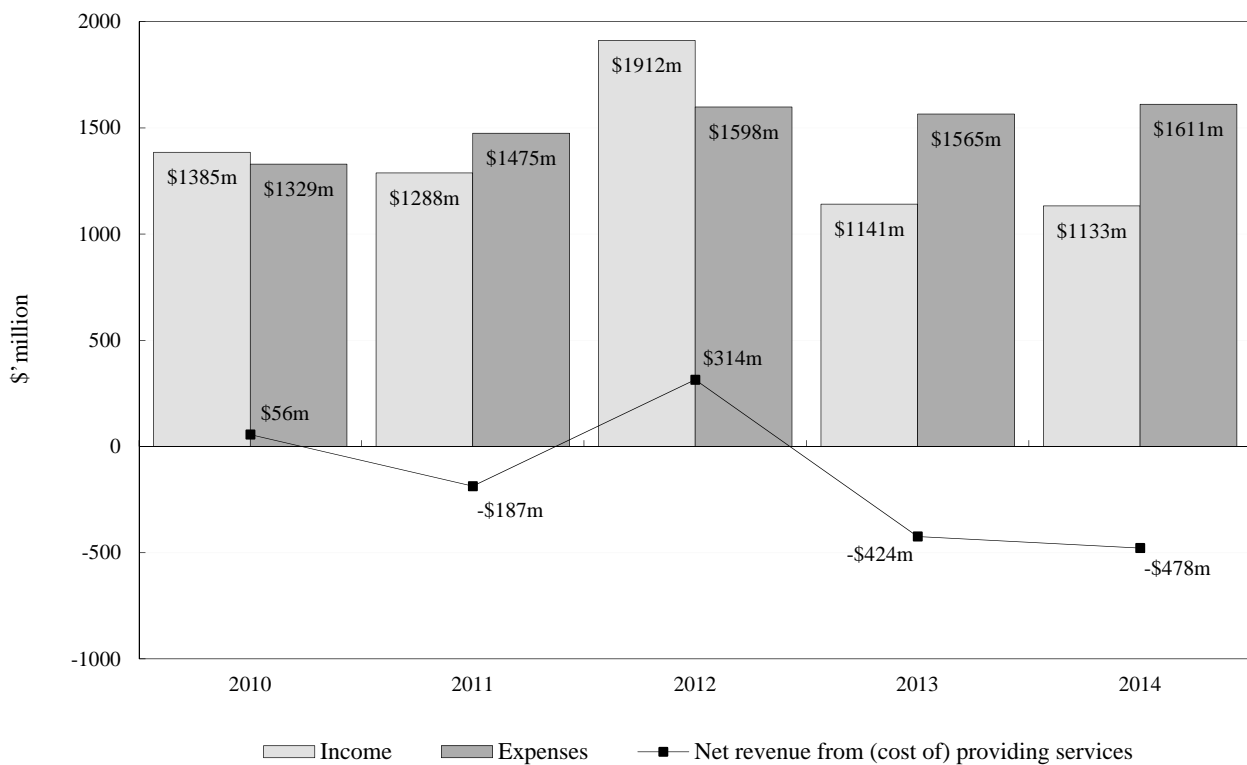
Income for the year totalled \$1133 million (\$1141 million) and represents:

- fees and charges of \$580 million (51%), of which \$433 million relates to driver and vehicle registration income and \$81 million relates to Metroticket income
- Commonwealth revenues of \$78 million (7%), including \$29 million for road maintenance programs, \$20 million for the South Road-Torrens to Torrens project, \$9 million received pursuant to the *Interstate Road Transport Act 1985* (Cwlth), \$7 million for the Dukes Highway project and \$5 million for the Seaford Rail Extension project
- sale of goods and services income of \$145 million (13%), of which \$100 million relates to facilities maintenance services provided to government agencies and \$45 million is attributable to sales of other goods and services
- rental income of \$212 million (19%), including \$183 million for office accommodation and \$26 million for residential accommodation.

### Net revenue from (cost of) providing services

The net cost of providing services for the year was a deficit of \$478 million compared to a deficit of \$424 million the previous year.

The following chart shows the income, expenses and net revenue from (cost of) providing services for the five years to 2014.



#### Revenues from (Payments to) SA Government

Revenues from SA Government decreased by \$92 million from \$428 million to \$336 million. The decrease mainly reflects an \$85 million decrease in appropriation received from the Governors' Appropriation Fund for 2013-14 and a \$7 million decrease in appropriation received pursuant to the Appropriation Act.

Payments to the SA Government totalled \$6.7 million (\$3.6 million) representing local government and income tax equivalent payments of \$410 000 (\$2.2 million) and other payments to Consolidated Account of \$6.3 million (\$1.4 million).

In addition, during the year the Department received an appropriation in the form of an equity contribution from the SA Government totalling \$484 million (\$683 million). As the appropriation represents an equity contribution it was not recognised in the Statement of Comprehensive Income but was recognised in the Statement of Changes in Equity.

#### Statement of Financial Position

Total assets of the Department as at 30 June 2014 were \$24.7 billion (\$24.2 billion), of which \$19.4 billion (\$17.6 billion) represents the written down value of the network assets. The increase in assets reflects mainly a \$1.871 billion increase in network assets and a \$605 million increase in land, building and facilities. The increase was offset by decreases in capital works in progress (\$1.62 billion) and current assets (\$277 million).

#### Network assets

Network assets represent 81% (76%) of total non-current assets. Network assets comprise roads with a written down value of \$15.2 billion (78%), structures with a written down value of \$2.1 billion (11%) and rail and bus track assets with a written down value of \$2.1 billion (11%).

The written down value of network assets increased by \$1.9 billion to \$19.4 billion. The increase is attributable mainly to:

- the capitalisation of a number of projects totalling \$1.8 billion, of which \$754 million relates to the South Road Superway project, \$289 million relates to the Seaford Rail Extension project, \$249 million relates to the Rail Electrification project, \$118 million relates to the Noarlunga Re-sleeper project, \$77 million relates to the Noarlunga Rail Line Signalling project, \$74 million relates to the Goodwood and Torrens Rail Upgrade project and \$39 million relates to the River Torrens Pedestrian Bridge project
- a revaluation of network asset components during the year resulting in a revaluation increment of \$313 million which reflects:
  - a revaluation increment of \$201 million for roads
  - a revaluation increment of \$4 million for rail and bus track assets
  - a revaluation increment of \$108 million for structures.

The revaluation increment reflects the indexing of roads and structures using the Australian Bureau of Statistics’ Road and Bridge Construction Price Index for South Australia. For further details of the valuation model and key assumptions for road network assets refer note 31.

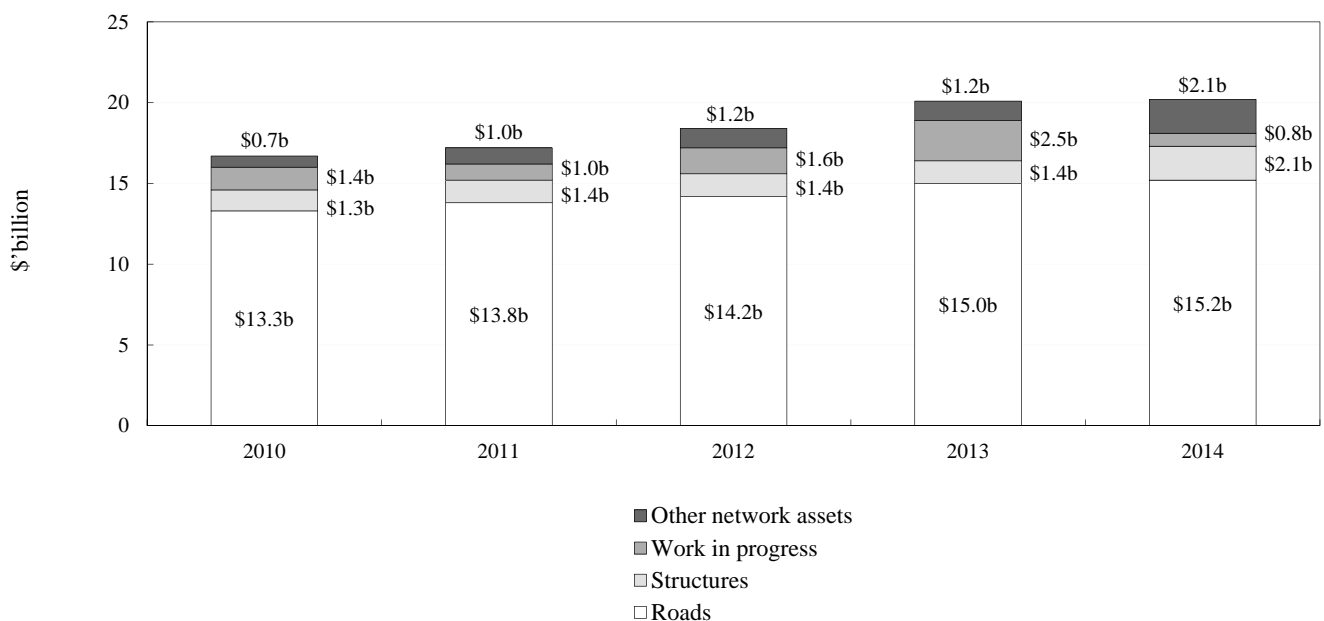
**Capital works in progress**

The value of capital works in progress decreased by \$1.6 billion (66%) to \$838 million.

The decrease reflects the transfer of completed projects totalling \$2.4 billion to the Department’s different asset categories, including network assets (\$1.8 billion), plant and equipment (\$69 million) and land, buildings and facilities (\$571 million). Refer to commentary under ‘Network assets’ and ‘Land, buildings, and facilities’ for details of the major projects capitalised during the year.

Major projects recorded in capital works in progress at balance date include the Southern Expressway Duplication project (\$367 million), the Railcar Replacement project (\$102 million), the Dukes Highway Safety Upgrade project (\$55 million), the South Road Upgrade-Torrens to Torrens project (\$51 million), and the Parks Community Centre Redevelopment project (\$24 million).

The following chart shows, for the five years to 30 June 2014, a structural analysis of the written down value of network assets and capital work in progress.



Consistent with previous years, sources of funding to maintain and develop network assets were from the annual collection of registration and licence fees of \$433 million (\$428 million), grants from the Commonwealth Government of \$78 million (\$112 million), appropriations and transfers from contingency provisions of \$336 million (\$428 million) and equity contributions of \$484 million (\$683 million). This regular source of funding explains the low level of borrowings.

#### **Land, buildings and facilities**

The value of land, buildings and facilities increased by \$605 million (25%) from \$2.4 billion to \$3 billion.

The increase relates mainly to the completion and capitalisation of building and facilities projects totalling \$571 million, including the practical completion and capitalisation of the Adelaide Oval redevelopment for \$539 million. The amount capitalised to date for the Adelaide Oval redevelopment includes the value of the land on which the redeveloped Adelaide Oval is constructed, the value of the Western Grandstand, which was transferred to the Minister as part of the arrangements with SACA to commence the project, and the cost of works to date from monies provided by the State Government and external sources.

In addition, the increase reflected asset additions totalling \$56 million made during the year.

The increase was offset by depreciation charges of \$39 million, the transfer of land and buildings to assets held for resale totalling \$10 million and the donating of assets with a book value of \$13 million to the Adelaide Oval SMA Limited.

#### **Statement of Cash Flows**

The following table summarises the net cash flows for the four years to 2014.

	2014 \$'million	2013 \$'million	2012 \$'million	2011 \$'million
<b>Net cash flows</b>				
Operating	288	347	909	399
Investing	(891)	(1 170)	(1 097)	(887)
Financing	470	660	471	413
Change in cash	(133)	(163)	283	(75)
Cash at 30 June	399	532	695	412

The analysis of cash flows shows a \$279 million decrease in net cash outflows from investing activities, reflecting a reduction in the Department's capital works program and resulting in a \$296 million decrease in payments for network assets.

The decrease in net cash flows from operating activities of \$59 million mainly reflects decreases in receipts from SA Government (\$92 million) and the Commonwealth Government (\$34 million), which were offset by increases in various operating cash outflows.

The net cash flows from financing activities for 2014 mainly reflect an equity contribution from the SA Government of \$484 million (\$683 million). This equity contribution was offset by a repayment of equity of \$10 million representing proceeds from land sales paid into the Consolidated Account.



## **Administered items**

### ***Collections on behalf of third parties***

The Service SA Division of DPC collects money on behalf of the Department relating to the registration and licensing function on behalf of third parties including:

- Compulsory Third Party (CTP) insurance on motor vehicles on behalf of the Motor Accident Commission
- stamp duty on behalf of DTF.

In 2013-14 amounts collected on behalf of third parties totalled \$808 million (\$904 million) and included \$524 million (\$631 million) paid to the Motor Accident Commission for compulsory third party insurance and \$157 million (\$150 million) paid to DTF for stamp duty. The decrease in the amounts collected for third party insurance receipts reflects a decrease in the CTP insurance premiums effective from 1 July 2013 resulting from reforms to the CTP Insurance Scheme.

Collections on behalf of third parties receipts represent 81% (84%) of revenues administered by the Department.

The amounts collected are disbursed to the relevant third parties as detailed in note A10 to the Department's administered financial statements.

## Statement of Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
<b>Expenses:</b>			
Employee benefit expenses	6	246 124	219 756
Supplies and services	7	826 495	827 676
Depreciation and amortisation expense	8	336 228	320 163
Grants and subsidies	9	94 226	83 026
Borrowing costs	10	1 290	1 361
Other expenses	11	107 007	113 459
<b>Total expenses</b>		1 611 370	1 565 441
<b>Income:</b>			
Fees and charges	13	580 437	565 220
Commonwealth revenues	14	77 632	112 453
Sale of goods and services	15	145 062	142 350
Rental income	16	212 322	213 777
Grants and subsidies	17	59 702	57 668
Interest	18	2 421	5 692
Commissions received	19	40	98
Net loss from the disposal of non-current assets	20	(7 107)	(5 734)
Resources received free of charge	21	3 342	546
Other income	22	59 135	48 995
<b>Total income</b>		1 132 986	1 141 065
<b>Net revenue from (cost of) providing services</b>		(478 384)	(424 376)
<b>Revenues from (Payments to) SA Government:</b>			
Revenues from SA Government	23	336 014	428 293
Payments to SA Government	23	(6 708)	(3 611)
<b>Net revenues from (payments to) SA Government</b>		329 306	424 682
<b>Net result</b>		(149 078)	306
<b>Other comprehensive income:</b>			
Items that will not be reclassified to net result:			
Changes in property, network assets and plant and equipment revaluation surplus		340 902	712 081
<b>Total comprehensive result</b>		191 824	712 387

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

## Statement of Financial Position as at 30 June 2014

	Note	2014 \$'000	2013 \$'000	2012 \$'000
<b>Current assets:</b>				
Cash and cash equivalents	24	398 911	532 232	694 978
Receivables	25	228 032	305 097	301 057
Inventories	26	13 883	13 077	10 981
Other assets	27	18 504	46 083	74 136
Non-current assets classified as held for sale	28	38 124	78 399	19 284
<b>Total current assets</b>		<b>697 454</b>	<b>974 888</b>	<b>1 100 436</b>
<b>Non-current assets:</b>				
Receivables	25	11 483	10 732	10 530
Other assets	27	23 471	23 700	26 697
Land, buildings and facilities	29	2 974 679	2 369 533	2 611 040
Plant and equipment	30	745 717	729 914	687 430
Network assets	31	19 436 052	17 565 517	16 790 309
Capital works in progress	32	838 117	2 458 383	1 580 834
Intangible assets	33	20 371	21 491	26 120
<b>Total non-current assets</b>		<b>24 049 890</b>	<b>23 179 270</b>	<b>21 732 960</b>
<b>Total assets</b>		<b>24 747 344</b>	<b>24 154 158</b>	<b>22 833 396</b>
<b>Current liabilities:</b>				
Payables	35	151 250	244 344	262 515
Borrowings	36	2 155	2 173	2 162
Employee benefits	37	30 955	29 333	27 184
Provisions	38	9 373	5 499	8 863
Other liabilities	39	34 790	23 629	35 466
<b>Total current liabilities</b>		<b>228 523</b>	<b>304 978</b>	<b>336 190</b>
<b>Non-current liabilities:</b>				
Payables	35	23 918	23 071	22 075
Borrowings	36	15 936	17 417	18 834
Employee benefits	37	71 602	69 609	72 081
Provisions	38	14 273	8 170	8 979
Other liabilities	39	29 367	30 413	33 838
<b>Total non-current liabilities</b>		<b>155 096</b>	<b>148 680</b>	<b>155 807</b>
<b>Total liabilities</b>		<b>383 619</b>	<b>453 658</b>	<b>491 997</b>
<b>Net assets</b>		<b>24 363 725</b>	<b>23 700 500</b>	<b>22 341 399</b>
<b>Equity:</b>				
Retained earnings		7 301 840	7 449 471	7 441 986
Revaluation surplus		14 413 073	14 075 469	13 387 869
Contributed capital		2 648 812	2 175 560	1 511 544
<b>Total equity</b>		<b>24 363 725</b>	<b>23 700 500</b>	<b>22 341 399</b>
Total equity is attributable to the SA Government as owner				
Unrecognised contractual commitments	43			
Contingent assets and liabilities	44			

## Statement of Changes in Equity for the year ended 30 June 2014

	Note	Contributed capital \$'000	Revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2012		1 511 544	13 387 414	7 450 848	22 349 806
Prior period - error correction identified in 2013-14	40	-	-	(5 970)	(5 970)
Prior period - error correction identified in 2012-13	40	-	455	(2 892)	(2 437)
Restated balance at 30 June 2012		1 511 544	13 387 869	7 441 986	22 341 399
Net result for 2012-13		-	-	306	306
Gain (Loss) on revaluation of property during 2012-13		-	(50 031)	-	(50 031)
Gain (Loss) on revaluation of network assets during 2012-13		-	772 830	-	772 830
Gain (Loss) on revaluation of plant and equipment during 2012-13		-	(10 718)	-	(10 718)
Total comprehensive result for 2012-13		-	712 081	306	712 387
Transfer between equity components:					
Equity transfer on asset disposals		-	(24 481)	24 481	-
Other		-	-	5	5
Transactions with SA Government as owner:					
Net assets transferred out as a result of an administrative restructure		-	-	(2 874)	(2 874)
Equity contribution received		683 249	-	-	683 249
Dividends paid		-	-	(1 706)	(1 706)
Equity contribution repaid		(19 233)	-	-	(19 233)
Balance at 30 June 2013		2 175 560	14 075 469	7 462 198	23 713 227
Prior period - error correction	40	-	-	(12 727)	(12 727)
Restated balance at 30 June 2013		2 175 560	14 075 469	7 449 471	23 700 500
Net result for 2013-14		-	-	(149 078)	(149 078)
Gain (Loss) on revaluation of property during 2013-14		-	37 694	-	37 694
Gain (Loss) on revaluation of network assets during 2013-14		-	312 527	-	312 527
Gain (Loss) on revaluation of plant and equipment during 2013-14		-	(9 319)	-	(9 319)
Total comprehensive result for 2013-14		-	340 902	(149 078)	191 824
Transfer between equity components:					
Equity transfer on asset disposals		-	(3 298)	3 298	-
Other		-	-	(1)	(1)
Transactions with SA Government as owner:					
Net assets transferred in as a result of an administrative restructure	42	-	-	(144)	(144)
Equity contribution received		483 627	-	-	483 627
Dividends paid		-	-	(1 706)	(1 706)
Equity contribution repaid		(10 375)	-	-	(10 375)
<b>Balance at 30 June 2014</b>		<b>2 648 812</b>	<b>14 413 073</b>	<b>7 301 840</b>	<b>24 363 725</b>

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

## Statement of Cash Flows for the year ended 30 June 2014

	Note	2014 Inflows (Outflows) \$'000	2013 Inflows (Outflows) \$'000
<b>Cash flows from operating activities:</b>			
Cash outflows:			
Employee benefit payments		(241 384)	(220 590)
Payments for supplies and services		(1 157 625)	(1 046 724)
Payments of grants and subsidies		(94 249)	(82 926)
Interest paid		(1 307)	(1 344)
Construction work payments		(768 052)	(819 266)
GST paid to the ATO		(120 358)	(115 850)
Lease incentives		(4 544)	(2 426)
Other payments		(37 118)	(47 381)
<b>Cash used in operations</b>		<u>(2 424 637)</u>	<u>(2 336 507)</u>
Cash inflows:			
Fees and charges		577 898	565 752
Receipts from Commonwealth		77 330	111 703
Rental income		329 441	275 501
Sale of goods and services		357 133	327 320
Grants and subsidies		59 314	58 227
Interest received		2 744	6 070
Commissions		40	98
Construction work reimbursements		650 970	593 189
GST received from the ATO		246 746	260 969
Lease incentives		4 876	1 158
Other receipts		76 820	63 198
<b>Cash generated from operations</b>		<u>2 383 312</u>	<u>2 263 185</u>
Cash flows from SA Government:			
Receipts from SA Government		336 014	428 293
Payments to SA Government		(7 007)	(7 863)
<b>Cash generated from SA Government</b>		<u>329 007</u>	<u>420 430</u>
<b>Net cash provided by (used in) operating activities</b>	45	<u>287 682</u>	<u>347 108</u>
<b>Cash flows from investing activities</b>			
Cash outflows:			
Purchase of property, plant and equipment		(375 534)	(339 453)
Purchase of network assets		(560 885)	(856 757)
<b>Cash used in investing activities</b>		<u>(936 419)</u>	<u>(1 196 210)</u>
Cash inflows:			
Proceeds from sale of property, plant and equipment		45 502	26 032
<b>Cash generated from investing activities</b>		<u>45 502</u>	<u>26 032</u>
<b>Net cash provided by (used in) investing activities</b>		<u>(890 917)</u>	<u>(1 170 178)</u>
<b>Cash flows from financing activities:</b>			
Cash outflows:			
Payment of dividend to SA Government		(1 706)	(1 706)
Residential housing loan advancements		(32)	(336)
Repayment of borrowings		(446)	(412)
Repayment of finance leases		(1 802)	(1 851)
Equity contribution repaid		(10 375)	(19 233)
<b>Cash used in financing activities</b>		<u>(14 361)</u>	<u>(23 538)</u>
Cash inflows:			
Equity contributions received		483 627	683 249
Principal repayments residential housing		648	613
<b>Cash generated from financing activities</b>		<u>484 275</u>	<u>683 862</u>
<b>Net cash provided by (used in) financing activities</b>		<u>469 914</u>	<u>660 324</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		<u>(133 321)</u>	<u>(162 746)</u>
<b>Cash and cash equivalents at 1 July</b>		532 232	694 978
<b>Cash and cash equivalents at 30 June</b>	24	<u>398 911</u>	<u>532 232</u>

## Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2014

(Activities - refer note 5)	1		2		3		4	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses:</b>								
Employee benefit expenses	18 779	15 168	137 985	123 003	26 565	24 875	6 937	7 474
Supplies and services	8 245	9 202	396 157	398 063	18 330	16 517	8 272	11 154
Depreciation and amortisation expense	5	2	232 644	221 321	846	1 281	1 292	1 308
Grants and subsidies	9 427	1 271	6 555	4 132	-	-	39 543	38 973
Borrowing costs	1	-	1 065	1 097	3	3	-	-
Other expenses	38	220	106 075	111 430	127	92	98	85
<b>Total expenses</b>	<b>36 495</b>	<b>25 863</b>	<b>880 481</b>	<b>859 046</b>	<b>45 871</b>	<b>42 768</b>	<b>56 142</b>	<b>58 994</b>
<b>Income:</b>								
Fees and charges	5 160	4 855	42 617	40 085	15 123	15 924	2 609	2 486
Commonwealth revenues	1 330	-	71 058	106 971	-	-	3 765	4 755
Sale of goods and services	924	993	121 483	110 665	14 117	12 881	-	-
Rental income	-	-	212 010	213 318	-	-	-	-
Grants and subsidies	1 000	1 000	46	1 058	-	-	-	-
Interest	-	25	1 965	5 101	-	-	318	354
Commissions received	-	-	40	44	-	-	-	-
Net gain (loss) from disposal of non-current assets	-	-	(5 862)	(3 468)	-	-	-	-
Resources received free of charge	-	-	10	546	-	-	-	-
Other income	6 924	2 652	27 249	35 098	24	50	-	-
<b>Total income</b>	<b>15 338</b>	<b>9 525</b>	<b>470 616</b>	<b>509 418</b>	<b>29 264</b>	<b>28 855</b>	<b>6 692</b>	<b>7 595</b>
<b>Net revenue from (cost of) providing services</b>	<b>(21 157)</b>	<b>(16 338)</b>	<b>(409 865)</b>	<b>(349 628)</b>	<b>(16 607)</b>	<b>(13 913)</b>	<b>(49 450)</b>	<b>(51 399)</b>

(Activities - refer note 5)	5		6		7		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses:</b>								
Employee benefit expenses	35 832	30 518	11 052	10 640	8 974	8 078	246 124	219 756
Supplies and services	346 599	348 069	43 712	35 782	5 180	8 889	826 495	827 676
Depreciation and amortisation expense	93 558	88 462	1 612	1 650	6 271	6 139	336 228	320 163
Grants and subsidies	15 174	14 881	34	33	23 493	23 736	94 226	83 026
Borrowing costs	20	-	1	-	200	261	1 290	1 361
Other expenses	461	1 394	43	55	165	183	107 007	113 459
<b>Total expenses</b>	<b>491 644</b>	<b>483 324</b>	<b>56 454</b>	<b>48 160</b>	<b>44 283</b>	<b>47 286</b>	<b>1 611 370</b>	<b>1 565 441</b>
<b>Income:</b>								
Fees and charges	84 130	75 807	430 789	426 058	9	5	580 437	565 220
Commonwealth revenues	1 000	233	-	-	479	494	77 632	112 453
Sale of goods and services	7 680	14 904	349	346	509	2 561	145 062	142 350
Rental income	219	312	-	-	93	147	212 322	213 777
Grants and subsidies	58 084	55 062	-	-	572	548	59 702	57 668
Interest	129	210	7	-	2	2	2 421	5 692
Commissions received	-	-	-	-	-	54	40	98
Net gain (loss) from disposal of non-current assets	(1 067)	(2 266)	(221)	-	43	-	(7 107)	(5 734)
Resources received free of charge	-	-	-	-	3 332	-	3 342	546
Other income	7 828	5 247	12 679	-	4 431	5 948	59 135	48 995
<b>Total income</b>	<b>158 003</b>	<b>149 509</b>	<b>443 603</b>	<b>426 404</b>	<b>9 470</b>	<b>9 759</b>	<b>1 132 986</b>	<b>1 141 065</b>
<b>Net revenue from (cost of) providing services</b>	<b>(333 641)</b>	<b>(333 815)</b>	<b>387 149</b>	<b>378 244</b>	<b>(34 813)</b>	<b>(37 527)</b>	<b>(478 384)</b>	<b>(424 376)</b>

## Disaggregated Disclosures - Assets and Liabilities as at 30 June 2014

	(Activities - refer note 5)		1		2		3	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Assets:</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	-	-	-	-	-	-	-	-
Receivables	-	581	186 700	271 724	762	437		
Inventories	-	-	5 142	5 777	1	1		
Other assets	18	-	40 347	68 386	233	171		
Non-current assets classified as								
held for sale	-	-	38 124	78 399	-	-		
Land, buildings and facilities	26	-	2 584 559	1 989 024	477	423		
Plant and equipment	189	229	534 977	516 073	167	359		
Network assets	-	-	19 436 052	17 565 517	-	-		
Capital works in progress	115	60	805 830	2 408 457	10 821	8 163		
Intangible assets	228	262	4 958	2 566	289	784		
<b>Total assets</b>	<b>576</b>	<b>1 132</b>	<b>23 636 689</b>	<b>22 905 923</b>	<b>12 750</b>	<b>10 338</b>		
<b>Liabilities:</b>								
Payables	1 219	687	151 317	234 311	2 833	3 678		
Borrowings	-	-	16 091	17 338	-	-		
Employee benefits	4 838	4 102	38 100	38 284	9 722	13 005		
Provisions	-	-	17 285	8 378	621	476		
Other liabilities	17	-	58 003	50 036	-	-		
<b>Total liabilities</b>	<b>6 074</b>	<b>4 789</b>	<b>280 796</b>	<b>348 347</b>	<b>13 176</b>	<b>17 159</b>		
	(Activities - refer note 5)		4		5		6	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Assets:</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	-	-	-	-	-	-	-	-
Receivables	-	-	12 394	4 866	37 861	35 819		
Inventories	-	-	8 739	7 292	1	1		
Other assets	5	-	1 268	1 063	19	-		
Non-current assets classified as								
held for sale	-	-	-	-	-	-		
Land, buildings and facilities	597	381	127 843	115 680	-	-		
Plant and equipment	2 699	3 437	206 237	208 288	-	-		
Network assets	-	-	-	-	-	-		
Capital works in progress	3 330	7 275	16 633	33 725	92	-		
Intangible assets	1 394	2 112	3 884	5 390	9 618	10 377		
<b>Total assets</b>	<b>8 025</b>	<b>13 205</b>	<b>376 998</b>	<b>376 304</b>	<b>47 591</b>	<b>46 197</b>		
<b>Liabilities:</b>								
Payables	236	172	17 381	26 247	409	320		
Borrowings	-	-	-	-	-	-		
Employee benefits	1 400	1 089	34 103	30 742	2 450	2 031		
Provisions	-	-	5 058	4 082	71	-		
Other liabilities	-	-	5 988	3 866	-	-		
<b>Total liabilities</b>	<b>1 636</b>	<b>1 261</b>	<b>62 530</b>	<b>64 937</b>	<b>2 930</b>	<b>2 351</b>		

## Disaggregated Disclosures - Assets and Liabilities as at 30 June 2014 (continued)

	(Activities - refer note 5)	7	General/		Total	
			Not attributable			
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets:</b>						
Cash and cash equivalents	-	-	398 911	532 232	398 911	532 232
Receivables	199	455	1 599	1 947	239 515	315 829
Inventories	-	6	-	-	13 883	13 077
Other assets	85	163	-	-	41 975	69 783
Non-current assets classified as						
held for sale	-	-	-	-	38 124	78 399
Land, buildings and facilities	261 177	264 025	-	-	2 974 679	2 369 533
Plant and equipment	1 448	1 528	-	-	745 717	729 914
Network assets	-	-	-	-	19 436 052	17 565 517
Capital works in progress	1 296	703	-	-	838 117	2 458 383
Intangible assets	-	-	-	-	20 371	21 491
<b>Total assets</b>	<b>264 205</b>	<b>266 880</b>	<b>400 510</b>	<b>534 179</b>	<b>24 747 344</b>	<b>24 154 158</b>
<b>Liabilities:</b>						
Payables	1 773	2 000	-	-	175 168	267 415
Borrowings	2 000	2 252	-	-	18 091	19 590
Employee benefits	1 859	1 918	10 085	7 771	102 557	98 942
Provisions	152	240	459	493	23 646	13 669
Other liabilities	78	109	71	31	64 157	54 042
<b>Total liabilities</b>	<b>5 862</b>	<b>6 519</b>	<b>10 615</b>	<b>8 295</b>	<b>383 619</b>	<b>453 658</b>

### Notes to and forming part of the financial statements

#### 1. Objectives of the Department of Planning, Transport and Infrastructure (the Department or DPTI)

DPTI has diverse responsibilities for transport systems and services, infrastructure planning and provision, sporting infrastructure, and strategic land use within South Australia.

The Department ensures that South Australia's needs for the movement of people and freight, and the delivery of services across the transport and infrastructure sectors, are met in a safe, efficient, cost effective and sustainable manner. The Department also plays a leadership role in the management of public sector building assets and infrastructure, elite sports pathways, administration of the State's lands title, and the State's land use and development planning for all South Australians.

#### 2. Departmental organisation

The structure of the Department has been established in a manner that provides clear accountabilities and responsibilities for all offices and divisions and enables an open and steady flow of information between these areas.

The offices and divisions of the Department as at 30 June 2014 are:

- Planning
- Public Transport Services
- Transport Services
- Corporate and Strategic Services
- Office for Recreation and Sport
- Building Management
- Infrastructure.



### 3. Summary of significant accounting policies

#### 3.1 *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.

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 2014 (refer note 4).

#### 3.2 *Basis of preparation*

The preparation of the financial statements requires:

- (a) the use of certain accounting estimates and the exercise of judgement in the process of applying the Department's accounting policies. Any areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- (b) accounting policies have been selected and applied to ensure 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
- (c) compliance with APSs issued pursuant to section 41 of the PFAA.

In the interest of public accountability and transparency the following note disclosures are included in this financial statement:

- (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within 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 the historical cost convention, except for certain assets that have been valued in accordance with specific applicable valuation policies described in notes 28 to 33. 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 with amounts presented in Australian currency.

The accounting policies set below have been applied in preparing the financial statements for the year ended 30 June 2014 and the comparative information presented.

#### 3.3 *Reporting entity*

DPTI 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 items are not recognised in this departmental financial statement.

**3.3 Reporting entity**

As administered items are significant in relation to the Department's overall financial performance and position, they are disclosed in the administered financial statements following the controlled departmental 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 transactions.

**3.4 Comparative information**

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

Where presentation or classification of items in the financial statements has been amended, comparative figures have been adjusted unless impracticable. Where retrospective application of changes to accounting policies and recognition of errors has occurred, relevant comparative amounts have also been amended.

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

**3.5 Rounding**

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

**3.6 Business overheads**

The Department adopts a full cost approach to the costing of its infrastructure capital and recurrent works. This methodology entails the allocation of a proportionate share of overheads to these activities based on a regime of cost drivers. Costs that are typically allocated using these cost drivers include general engineering and field related expenses, and goods or services that support the resources directly engaged in working on these activities.

Business overheads relating to those functions or areas responsible for the management and control of property, building and ICT assets are allocated across the Department. Business areas incurring these costs allocate the costs to specific activities and programs in line with the Department's full cost approach methodology.

Costs normally associated with the establishment and operation of governance frameworks designed to support the role of executive management are not attributed to individual specific works and are borne by the Department as a whole.

**3.7 Taxation**

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

With respect to GST, income, expenses and assets are recognised net of the amount of GST except:

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

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

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

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

With respect to tax equivalents, the Department is liable to pay income tax equivalents to the Consolidated Account in relation to the commercial operations of the Building Management Division.

**3.7 Taxation (continued)**

In determining its tax equivalent commitments, the Department utilises the accounting profits model. Under this model, income tax expense is calculated separately for each taxable entity by applying the companies' income tax rate (currently 30%) to the accounting profit for the year.

**3.8 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 and are material. 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.

**3.9 Transferred functions**

Assets, liabilities and contributed capital transferred to or from the Department under government restructuring arrangements are reported in accordance with APSs contained within APF II, AASB 1004 and Interpretation 1038.

Refer note 42 for details of the functions transferred to and from the Department during the year.

**3.10 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 classified 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 the levying of fees or charges set in accordance with various legislative acts (eg vehicle registration and drivers' licence fees) are recognised when the Department obtains control over the funds. Control is generally obtained upon receipt of those funds.

*Sale of goods and services*

Revenues are derived from the provision of goods and services to other SA Government agencies and to the public. These revenues are driven by consumer demand and are recognised upon the delivery of those goods and services to the customers or by reference to the stage of completion, where possible.

*Grants received*

Grant revenue is recognised as income at the time the Department obtains control over the grant funds or obtains the right to receive the grant funds. For grants with unconditional stipulations, control generally occurs when the Department has been formally advised that the grant has been approved, the agreement has been signed and the grant has been received. For grants with conditional stipulations, control passes at the time the stipulations are satisfied or met.

Commonwealth grant revenues are received directly from the Federal Government or via DTF. These grants are usually subject to terms and conditions as set out in the contract, correspondence or legislation governing the provision of the grant.

*Net gain on non-current assets*

Gains or losses from the disposal of non-current assets are recognised on a net basis on the face of the Statement of Comprehensive Income when control of the asset has passed to the buyer. When revalued assets are sold, the revaluation surplus in equity in respect of the assets is transferred to retained earnings.

*Resources received free of charge*

Resources received free of charge may include assets (ie land, buildings or other property) contributed to the Department at no value or minimal value. Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value when control has passed to the Department. Contributions of services are recognised only when a fair value can be determined reliably and the services would have been purchased if they had not been donated.

*Revenues from SA Government*

Revenues from SA Government include monies appropriated to the Department under the *Appropriation Act* or other Acts. These appropriations are recognised as revenues when the Department obtains control over the funds. Control is generally obtained upon receipt of those funds. Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Department and the appropriation is recorded as contributed equity.

**3.11 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 benefit expenses*

Employee benefit expenses include all costs related to employment of departmental staff. These costs are recognised when incurred and consist of wages and salaries, including amounts sacrificed, leave entitlements, employment on-costs such as payroll tax and superannuation, workers compensation payments, and other employee related expenses.

With respect to superannuation, the amount charged to the Statement of Comprehensive Income includes the contributions made by the Department to the superannuation plan in respect of current services provided by Departmental staff. DTF centrally recognises the superannuation liability in the whole-of-government financial statements.

*Depreciation and amortisation*

The useful life of an asset is generally determined on the basis of economic useful life to the Department. The useful lives of all major assets held by the Department are reassessed on an annual basis.

All non-current assets having a limited useful life are systematically depreciated/amortised over their estimated useful lives in a manner that reflects the consumption of their service potential. Land, unsealed roads (graded and formed), rail and road earthworks, non-current assets held for sale and works in progress are not depreciated.

The value of equipment assets under finance lease is amortised over the shorter of the lease term and the underlying asset's useful life. The value of building assets under finance lease is amortised over the asset's useful life. Capitalised software is amortised over the useful life of the intangible asset.

Depreciation/Amortisation for non-current assets are determined as follows:

<i>Asset class</i>	<i>Depreciation method</i>	<i>Estimated useful life (years)</i>
Leased assets:		
Computers and network printers	Straight-line	3-4
Buildings and facilities:		
Buildings and facilities	Straight-line	3-146
Plant and equipment:		
Plant and equipment	Straight-line	3-116
Buses	Diminishing value	25
Tram and train rolling stock	Straight-line	10-35
Information technology	Straight-line	3-10
Network assets:		
Roads (sealed surface)	Straight-line	19-29
Roads (sealed pavement)	Straight-line	40-58
Roads (sheeted)	Straight-line	15
Bridges and culverts	Straight-line	32-150
Metro rail lines track and structures	Straight-line	10-125
Bus track and structures	Straight-line	10-91
Other	Straight-line	4-100
Intangible assets:		
Software	Straight-line	3-14

*Grants and subsidies paid*

For contributions payable, the contribution will be recognised as a liability and expense when the Department has a present obligation to pay the contribution and the expense recognition criteria are met.

Grants provided by the Department to other entities are generally unconditional in nature and are recognised as expenses in the period in which they are paid.

*Borrowing costs*

In accordance with APF II, APS 3.6, borrowing costs are recognised as expenses in the period in which they are incurred.

*Resources provided free of charge*

Resources provided free of charge are recorded as expenditure in the Statement of Comprehensive Income at their fair value in the expense line items to which they relate. For example, assets contributed by the Department to other entities at no value or minimal consideration are disclosed separately under other expenses as donated assets.

*Payments to SA Government*

Payments to SA Government include payment for tax equivalents and regulatory fees received and paid to the Consolidated Account.

**3.12 Current and non-current classification**

Assets and liabilities are classified as either current or non-current in nature. Assets and liabilities that will be sold, consumed or realised as part of the 12 month operating cycle are classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

**3.13 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 and Statement of Cash flows include cash on hand and deposits at call that are readily converted to cash and are used in the day-to-day cash management function of the Department. Cash is measured at nominal value.

Administered cash is reported separately in the administered financial statements.

*Receivables*

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

- *Trade receivables*

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

If payment from a debtor has not been received within 90 days after the amount falls due, under the terms and conditions of the arrangement with the debtor, the Department may be able to charge interest at commercial rates until the whole amount of the debt is paid.

The collectability of receivables is reviewed on an ongoing basis. The Department determines an allowance for doubtful debts based on an annual review of the balance of trade receivables. The allowance for doubtful debts is calculated as that amount of specific trade receivables where there is objective evidence that the Department will not be able to collect the debt. Bad debts are written off when identified.

- *Loan receivables*

In accordance with the requirements of APF IV, the Department measures financial assets such as loan receivables at their historic cost, except interest free loans which are measured at the present value of expected repayments.

- *Finance lease receivables*

The Department has entered into a number of finance lease arrangements as lessor for the purpose of providing housing and accommodation. Receivables to be derived from these lease arrangements have been brought to account in the Statement of Financial Position in accordance with the requirements of AASB 117.

*Inventories*

Inventories include goods and other property held either for sale, use or for distribution in the ordinary course of business and excludes depreciable assets.

Inventories held for distribution at no or nominal considerations, are measured at cost and are adjusted where applicable for any loss of service potential. The basis used in assessing loss of service potential includes current replacement cost and technological or functional obsolescence. Inventories (other than those held for distribution at no or nominal consideration) are measured at the lower of cost or their net realisable value.

Inventories of roadside materials are measured at historic cost and stores are measured on a weighted average historic cost basis. Inventories held for works performed for clients external to the Department are measured at cost.

*Contracts in progress*

The Department acts as project manager for major capital works in relation to government buildings or government accommodation and for a range of minor capital works and maintenance type activities associated with the role of facilities manager.

Profits on these contracts are brought to account on a percentage of completion basis as determined under current engineering estimates and in accordance with AASB 111. Where losses are foreseeable, such losses are provided in full based on current engineering estimates.

The expenses incurred in undertaking these capital works and/or maintenance activities and the revenue from charging the respective government departments are transacted within the Statement of Financial Position. The net of the expenditure incurred and the revenue recovered is accounted for as a receivable or payable.

*Non-current assets - acquisition and recognition*

The Department capitalises non-current physical assets with an individual or grouped value of \$10 000 or greater in accordance with policies that are consistent with APF III and the requirements of AASB 116. Exceptions to this policy are assets under construction, land and buildings which are capitalised irrespective of their value.

Assets under construction are capitalised from capital works in progress to the appropriate asset classes at the completion of the project. Project costs that do not meet the recognition criteria of an asset are expensed.

In accordance with APF III, APS 9.7 the Department has elected not to recognise in its Statement of Financial Position the value of land under water because of the inherent difficulty in the reliable measurement of all land within this category.

APS 9.6 specifies that land under roads acquired before 1 July 2008, is not to be recognised by the Department as an asset. However, any land under roads acquired after 1 July 2008 has been recognised by the Department in accordance with AASB 1051, when the asset recognition criteria are met.

Buildings or other structures residing on land acquired for current road projects are not separately recognised in the Statement of Financial Position. The costs incurred in acquiring the buildings in these instances are deemed to be part of the costs of acquiring the land.

The Department separately recognises the components of specific assets it owns or controls only when the fair value of the asset at the time of acquisition is greater than \$5 million for infrastructure assets and \$1 million for other assets.

Assets acquired and recognised by the Department are initially recorded at cost or at the value of any liabilities assumed, plus any incidental costs incurred with the acquisition.

*Non-current assets - acquisition and recognition (continued)*

Where the Department acquires assets at no cost, or minimal cost, these items are recorded at their fair value in the Statement of Financial Position. 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 entity prior to the transfer.

*Revaluation of non-current assets*

In accordance with APF III, APSs 3.1 and 3.13, the Department revalues all its non-current physical assets to their estimated fair value. Revaluations are performed only in instances where the fair value of the asset or asset group at the time of acquisition is greater than \$1 million and the estimated useful life is greater than three years.

The Department generally revalues its assets every three years and always within five years, depending on the nature or purpose for which that asset is held via appropriately qualified valuation professionals, or internal experts using external estimating organisations. All valuers are independent unless otherwise indicated. The Valuer-General is considered an independent valuer as the Valuer-General is independent of the other functions of the Department.

When depreciable non-current assets are revalued, the Department uses the gross method in accounting for most assets with the exception of land and buildings that are subject to commercial leases and held for provision of government agency accommodation and for provision of housing of government employees in remote areas.

If at any time the carrying amount of an asset materially differs from its fair value, the Department revalues the asset regardless of when the last valuation took place. Non-current physical assets that are acquired between revaluations are either held at cost until the next valuation, or revalued if the fair value is likely to be materially different from the acquisition value. The Department assesses material differences in fair value from notification from business units or changes in circumstances and environmental factors that the Department becomes aware of.

Revaluation increments are credited directly to the revaluation surplus. If within an asset class, an increment reverses a revaluation decrement previously recognised as an expense in the Statement of Comprehensive Income within that class, the increment is recognised as revenue but only to the extent of the decrement previously recognised in this financial statement.

Revaluation decrements are offset against any previous revaluation surplus increment for a particular class of asset and any remaining balance is expensed.

When assets are sold or otherwise disposed of, the revaluation increments relating to those assets are transferred to retained earnings.

The valuation methodology applied to specific classes of non-current assets under revaluations and the timing of asset valuations are disclosed in the notes applicable to those assets (refer notes 28 to 33).

- *Assets acquired under government restructures or other changes in administrative arrangements*  
Former Australian National Rail land, buildings and facilities continue to be progressively defined, valued and recorded in the Department's asset register as assets that are vested in or transferred to the Minister for Transport and Infrastructure.

*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. There were no impaired assets for 2013-14.

*Remediation of non-current assets*

Land remediation undertaken by the Department is primarily designed to restore the asset to its original state or condition and would not normally meet the criteria for asset recognition under AASB 116.

Where remedial work is to be performed in response to a present obligation, either under legislation or under a contractual arrangement to a third party, the Department recognises a provision for any future work in accordance with the requirements of AASB 137. Other land remediation costs are therefore expensed in the period in which the obligation is recognised.

*Fair value measurement*

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Department classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

- Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date. The Department does not have any level 1 assets, but for illustration purposes an example would be shares in companies listed on the Australian Stock Exchange.
- Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly. For example, the Department has domestic housing and commercial building assets that are valued by comparing the subject properties to similar properties in similar areas.
- Level 3: not traded in an active market and are derived from unobservable inputs. Examples in the Department include the rail and road networks.

*Non-financial assets*

In determining fair value, the Department has taken into account the characteristic of the asset (eg condition and location of the asset and any restrictions on the sale or use of the asset) and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Department's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Department did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years are deemed to approximate fair value.

Refer notes 28 to 34 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

*Financial assets and liabilities*

The Department does not recognise any financial assets or financial liabilities at fair value.

**3.14 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 event.

*Payables*

Payables include creditors, accrued expenses and employment on-costs. All payables are measured at their nominal amount and are unsecured.

- *Creditors*  
Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid where an invoice has been received. Creditors are normally settled within 30 days after the Department receives an invoice in accordance with TI 11.
- *Accrued expenses*  
Accrued expenses represent amounts owed by the Department for goods and services provided by other entities during the period that are unpaid at the end of the reporting period and where an invoice has not been received.
- *Employment on-costs*  
Employment on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, LSL, annual leave and SERL.

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



*Borrowings*

Borrowings consist of loans and finance leases.

Loans are recognised when issued at the full amount received and carried at this value less any repayments until the loan is settled.

Interest charges on loans and finance leases are expensed as borrowing costs in the Statement of Comprehensive Income.

*Leases*

The Department has entered into finance leases and operating leases both as lessor and lessee and has recognised assets, liabilities, revenues and expenses associated with these business dealings in accordance with AASB 117 and the Government leasing guidelines as issued by DTF.

*Finance leases*

Finance leases, which 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.

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.

*Finance leases - the Department as lessor*

- *Recreational jetties*

The Department has entered into leases as lessor, in regards to the Government's Recreational Jetties Divestment program where jetties have been leased to councils throughout the State. Peppercorn rentals of \$1 p.a. apply over the 25 or 99 year lease term for each lease.

Under the terms of the lease agreement, these leases have been categorised as finance leases due to the passing of risks and benefits incidental to ownership to the lessee. Since the leases provide no material revenue to the Department, the leases have nil value. The underlying assets have no value recorded in the financial statements.

- *Government employee housing*

The Department provides housing services on a leasehold basis to government employees based in remote areas of the State. As lessor, the Department recognises finance lease receivables in relation to these properties at an amount equal to the net investment in the lease.

Finance lease interest income is recognised based on the periodic rate of return on that net investment. Lease payments from the lessee are applied against the gross investment in the lease to reduce both the principal and the unearned interest income.

*Finance leases - the Department as lessee*

- *Government accommodation - Roma Mitchell Building*

The Department is responsible for the finance lease in relation to government office accommodation for Roma Mitchell House, North Terrace and has recognised assets and liabilities at the fair value of the leased property. Lease liabilities under these arrangements are classified as both current and non-current, with the minimum lease payments allocated between interest expense/borrowing costs and the reduction of lease liability for the period.

The 40 year lease on Roma Mitchell House commenced in July 1987. Ownership of the building will transfer to the Department on payment of a nominal sum at the end of the lease. Under the terms and conditions of the lease agreement, the Department is also liable to pay contingent rentals based on the Adelaide CPI.

- *Computer hardware and equipment*

The Department has entered into various lease arrangements as lessee with respect to the use of some of its computer hardware and equipment. Under the AASs and government leasing guidelines, such agreements are treated as finance 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.

- *Operating leases - the Department as lessor*  
The Department leases commercial properties to external parties through operating leases. Income derived from these leases is recognised as rental income in the Statement of Comprehensive Income in the period in which it is earned, and is representative of the patterns of benefits derived from the leased assets.
- *Operating leases - the Department as lessee*  
The Department has a number of operating lease agreements as lessee for land, motor vehicles, office equipment, other plant and commercial and residential accommodation. Operating lease payments are charged to the Statement of Comprehensive Income on a basis that 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 are recognised as a lease incentive liability. The aggregate benefits of the lease incentives received are recorded as a reduction of rental expense over the lease term on a straight-line basis. Incentives provided to sublessees are recognised as a lease incentive asset. This asset is amortized over the life of the lease and recognised as a reduction of rental revenue on a straight-line basis. Lease incentives in the form of leasehold improvements that are not subject to a sublease 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 to 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 and wages, annual leave and sick leave and SERL*  
The liability for salaries and wages is measured as the amount unpaid at reporting date at remuneration rates current at the reporting date.

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

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 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 leave pattern history of previous years.

- *Employee benefit on-costs*  
Related on-costs of payroll tax and superannuation are shown separately under the item payables in the Statement of Financial Position as employment on-costs.

### *Provisions*

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligations at reporting date.

Provisions have been reported to reflect workers compensation claims not settled, amounts provided for and payable under the tax equivalent regime and future remediation work required on land under the Ports Corp Business and Sale Agreement.

The workers compensation provision is an actuarial estimate of the outstanding liability as at the end of reporting date provided by a consulting actuary engaged 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. The Department is responsible for the payment of workers compensation claims.

The provision for tax equivalent regime payments is based on the income tax expense payable at the current companies' income tax rate of 30% (refer note 3.7).

The land remediation provision has been calculated on the basis of revised project manager estimates of the value of future remedial work required to meet agreed environmental standards. Given that the remaining work has been scheduled to be completed in 2016-17, these estimates are discounted at their net present value in accordance with the requirements of paragraph 45 of AASB 137.

### *Other liabilities*

The Department receives monies in advance in the form of conditional grants to undertake specific infrastructure works in future periods (eg Commonwealth funds for specific projects). As these works are completed the amounts received are recognised as revenues in the Statement of Comprehensive Income. The balance of any unspent grant monies as at 30 June is recognised as a liability in the Statement of Financial Position.

The Department receives incentives from building owners in relation to leased accommodation, including accommodation occupied by other government agencies. The value of these incentives is recognised as a liability at the time the incentive is received, and the liability is amortised over the life of the relevant lease on a straight-line basis.

### **3.15 Unrecognised contractual commitments and contingent assets and liabilities**

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are measured at their nominal amount (refer note 43).

Contingent assets and liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note, and if quantifiable, are measured at their nominal value (refer note 44).

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

## **4. New and revised accounting standards and policies**

### ***Changes to accounting policies***

In accordance with the new AASB 13 which became effective for the first time in 2013-14, the Department has:

- reviewed its fair value valuation techniques (both internal estimates and independent valuation appraisal) for non-financial assets to ensure they are consistent with the standard.

Previously, the Department has used the cost approach or the market approach to determine fair value. The Department will continue to measure its non-financial assets using either the cost or market approach. The application of AASB 13 has not had a material impact on the fair value measurements

- included additional disclosures where required to assist users in assessing the valuation techniques and inputs used to ascertain fair value measurements used for asset and liability measurements.

Fair value hierarchy and other information are provided in notes 28 to 34.

**Accounting standards issued or amended but not yet effective**

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 2014. The Department has assessed the impact of the new and amended standards and interpretations and considers that these amendments are not expected to have an impact on the Department's report.

**5. Activities of the Department**

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

**Activity 1: Land Use Planning**

Administering the South Australian Planning and Development System, leading and presenting South Australia's strategic land use and development planning, and assessing applications for land use and development.

**Activity 2: Infrastructure Planning, Policy and Operations**

Provision and planning of effective and efficient State infrastructure including building and transportation systems.

**Activity 3: Land Services**

Provision of statutory services and information to the community in relation to land titling, survey, valuation and advice on land administration issues, and the development of specialist land administration policy.

**Activity 4: Road Safety**

Provision of policy and investment advice, community information on road safety, and the provision of services on safe and sustainable road use and travel behaviour.

**Activity 5: Public Transport Services**

Provision of efficient, equitable and accessible public transport services in metropolitan Adelaide and assisting regional councils and communities to deliver diverse passenger transport services to meet local needs.

**Activity 6: Driver, Licensing and Vehicle Regulations, Standards and Inspections**

Contribute to the regulation of driver and vehicle access to the transport network.

**Activity 7: Recreation, Sport and Racing**

Provision of strategic policy, programs, services, sporting infrastructure and elite sport pathways aimed at increasing participation, developing a sustainable sport and recreation sector and ensuring that all South Australians are able to enjoy lives enriched through participation in active recreation and sport.

This program also includes the provision of strategic policy advice to the Minister for Recreation and Sport on matters relating to the South Australian racing industry.

The disaggregated disclosures schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2013 and 30 June 2014.

<b>6. Employee benefit expenses</b>	2014	2013
	\$'000	\$'000
Salaries and wages	168 488	155 337
Board and committee fees (refer below)	504	457
Employment on-costs <sup>(1)</sup>	32 971	31 057
Annual leave	18 876	16 960
LSL	7 218	5 276
Workers compensation expenses	4 286	2 950
TVSP payments (refer below)	10 929	3 271
SERL	1 129	1 706
Other employee related expenses	1 723	2 742
Total employee benefit expenses	246 124	219 756

<sup>(1)</sup> Employment on-costs are made up of superannuation of \$20.83 million (\$19.466 million) and payroll tax of \$12.141 million (\$11.591 million).

<b>TVSPs</b>	2014	2013
Amounts paid to these employees:	\$'000	\$'000
TVSPs	10 929	3 271
Annual leave and LSL paid during the reporting period	4 120	1 023
	<hr/>	<hr/>
	15 049	4 294
Recovery from DTF	(11 237)	(3 279)
Net cost to agency	<hr/>	<hr/>
	3 812	1 015

The number of employees who received a TVSP during the reporting period was 91 (29).

The Department has been overpaid \$232 000 in relation to TVSPs as at 30 June 2014.

In addition there was an executive termination payment of \$372 000 paid during the year.

<b>Remuneration of employees</b>	2014	2013
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
\$138 000 - \$141 499*	n/a	11
\$141 500 - \$151 499	23	28
\$151 500 - \$161 499	29	17
\$161 500 - \$171 499	7	13
\$171 500 - \$181 499	11	6
\$181 500 - \$191 499	7	10
\$191 500 - \$201 499	8	9
\$201 500 - \$211 499	4	6
\$211 500 - \$221 499	5	4
\$221 500 - \$231 499	2	1
\$231 500 - \$241 499	2	2
\$241 500 - \$251 499	1	1
\$251 500 - \$261 499	3	1
\$261 500 - \$271 499**	1	-
\$271 500 - \$281 499	1	1
\$281 500 - \$291 499***	2	-
\$291 500 - \$301 499***	4	1
\$311 500 - \$321 499***	2	1
\$321 500 - \$331 499***	4	2
\$331 500 - \$341 499***	2	1
\$341 500 - \$351 499**	2	-
\$351 500 - \$361 499**	1	-
\$381 500 - \$391 499**	1	1
\$411 500 - \$421 499***	2	-
\$431 500 - \$441 499	-	1
\$451 500 - \$461 499	-	1
\$851 500 - \$861 499****	1	-
Total	<hr/>	<hr/>
	125	118

\* This band has been included for the purposes 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, 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 \$25.8 million (\$21.5 million).

\*\* Includes TVSP for one employee.

\*\*\* Includes TVSP for two employees.

\*\*\*\* This band includes payment to a former employee of the Department who received an executive termination payment and leave entitlements.

**Remuneration of board and committee members**

Members that received remuneration for membership during the 2013-14 financial year were:

*Passenger Transport Standards Committee*

I G Bassham	K T Johnston	F W E Pearce
D M King	(retired 29 July 2013)	J Gould
J M Tiddy	J D B McKenzie	G R Burton
C P Birch	J Tideman	S A Hanlon
K Parry-Jones	M O'Dea	
B E Hemming	V Madan	
A L Opie	B King	

*Development Assessment Commission*

S M Fogarty**	A J Ford	C A Wigg**
E M Byrt	M J Llewellyn-Smith	D L Brown
G M Loveday	(appointed 20 July 2013)	M L Leydon

*Building Advisory Committee*

B P Corby	P J Harmer	R V Sands**
(retired 31 October 2013)	I Roccisano	(retired 31 October 2013)
B Fennell	(appointed 1 November 2013)	K L Rowland
(appointed 1 November 2013)		(appointed 1 November 2013)

*Boxing and Martial Arts Advisory Committee*

A Alexander	T Ferrauto	J Leondaris
M Leow	S F McDonald	R J Osborne
T L Robertson	Y L A Wong	

*Boundary Adjustment Facilitation Panel\**

G M Aldridge	J W Maitland	M Wagstaff
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*South Australian Boating Facility Advisory Committee*

R J Payze

*Building Rules Assessment Committee*

G Capetanakis	B Douflias	J A Mazzarolo
(appointed 18 November 2013)	(retired 31 August 2013)	(appointed 18 November 2013)
D P Poupoulas**	D A Robinson	R V Sands
A J Taylor		(appointed 18 November 2013)
(appointed 18 November 2013)		

*Development Policy Advisory Committee*

M Barone	M J Canny	S L S Ditter**
S M Filby	(appointed 11 August 2013)	(appointed 11 August 2013)
D Hough	R L Gagetti	S P Hooper
(appointed 11 August 2013)	M J Klobas	G R Mavrinac
C A Muzyk	D P Poupoulas**	(retired 10 August 2013)
(retired 10 August 2013)	(retired 10 August 2013)	C Vincent

*Kangaroo Island Futures Authority Advisory Board*

M J Jeffreys	J A Bates	C L Wickham
J M Harman		

*Expert Panel on Planning Reform*

B R M Hayes	T S Maras	S C Hains
N Boujenko	S M Fogarty**	

*Local Heritage Advisory Committee*

S L S Ditter	C A Wigg**	M A Keynes
(appointed 30 August 2013)	D B Harry	(appointed 30 August 2013)
P D Leadbeter	G J Leydon	J Schulz

**Remuneration of board and committee members (continued)**

The number of members whose remuneration received/receivable falls within the following bands:	2014 Number	2013 Number
\$1 - \$9 999	61	55
\$10 000 - \$19 999	1	8
\$20 000 - \$29 999	7	4
\$30 000 - \$39 999	1	2
\$40 000 - \$49 999	1	1
\$50 000 - \$59 999	2	-
<b>Total</b>	<b>73</b>	<b>70</b>

Remuneration of members reflects all costs of performing committee member duties including sitting fees, superannuation contributions, FBT and other salary sacrifice arrangements. The total remuneration received by members was \$582 000 (\$521 000).

Unless otherwise disclosed, transactions between committee members and the Department 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.

\* Effective from 1 August 2013 this board was transferred from DPC.

\*\* Member serves on more than one board or committee.

**7. Supplies and services**

	Note	2014 \$'000	2013 \$'000
Bus and rail service contracts		193 381	179 026
Rail Commissioner salary reimbursements		56 310	51 871
Major infrastructure maintenance contracts		53 556	51 727
Other service contracts		89 578	98 475
Consultants		336	986
Operating leases		147 932	147 559
Property expenses		113 590	102 152
Plant, equipment and vehicle expenses		9 173	13 264
IT		10 190	10 054
Materials and other purchases		31 065	31 823
Utilities		30 895	31 508
Insurance		5 763	6 173
Legal services		2 202	1 667
Commissions - transaction processing		2 545	2 678
Auditor's remuneration	12	984	883
Administrative costs		7 129	7 046
Payments to Service SA - registration and licensing collection		31 677	22 819
Other		40 189	67 965
<b>Total supplies and services</b>		<b>826 495</b>	<b>827 676</b>

**Consultancies**

The number and dollar amount of consultancies paid/payable that fell within the following bands:	2014		2013	
	Number	\$'000	Number	\$'000
Below \$10 000	7	29	3	21
\$10 000 - \$50 000	9	189	9	245
Above \$50 000	2	118	7	720
<b>Total paid/payable to the consultants engaged</b>	<b>18</b>	<b>336</b>	<b>19</b>	<b>986</b>

During 2013-14, the Department spent \$336 000 (\$986 000) on consultancies. Operating expenditure of \$336 000 (\$986 000) is reflected in the Statement of Comprehensive Income.

**8. Depreciation and amortisation expense**

	2014 \$'000	2013 \$'000
Depreciation:		
Network assets	229 984	213 222
Plant and equipment	60 293	62 733
Buildings and facilities	37 554	35 655
<b>Total depreciation</b>	<b>327 831</b>	<b>311 610</b>

<b>8. Depreciation and amortisation expense (continued)</b>	2014	2013
Amortisation:	\$'000	\$'000
Leased assets	1 771	1 695
Intangible assets	6 626	6 858
Total amortisation	8 397	8 553
Total depreciation and amortisation expense	336 228	320 163

***Change in depreciation due to a revision of accounting estimate***

In 2013-14 the Department reassessed the useful life of some of its assets. This review resulted in a decrease of \$5.919 million in depreciation expense for the 2013-14 year relative to the amount that would have been expensed based on the previous estimate of the useful life. The revision is expected to result in a decrease of \$6.191 million in depreciation expense for 2014-15.

<b>9. Grants and subsidies</b>	2014	2013
Recurrent grants:	\$'000	\$'000
Contribution for policing services	37 580	36 664
Transport subsidy scheme	10 535	10 281
Grants to local councils	11 474	6 988
Transport concessions	4 636	4 600
Grants by Office for Recreation and Sport	23 485	20 503
Other	4 864	3 849
Capital grants:		
Grants to local councils	1 652	141
Total grants and subsidies	94 226	83 026

<b>10. Borrowing costs</b>		
Interest paid/payable on borrowing costs:		
Interest and guarantee fees	-	19
Finance charges on finance leases	1 290	1 342
Total borrowing costs	1 290	1 361

<b>11. Other expenses</b>		
Rates, taxes and levies	10 614	12 897
Donated assets	16 308	87 212
Bad and doubtful debts expense	528	384
Write-off of an asset	37	497
Indentured ports payable to DTF	13 925	11 776
Site remediation*	9 183	(7)
Write-off of works in progress**	55 832	-
Other	580	700
Total other expenses	107 007	113 459

\* Relates to an increase in the provision for environmental remediation of commercial port land at Inner Harbour and Port Pirie, which were previously operated by the South Australian Ports Corporation.

\*\* Consistent with accounting standard requirements, changes in funding arrangements and project commencement dates have resulted in the write-off expenditure from capital projects. These amounts relate to the Gawler railway line and expenditures incurred under the Northern Expressway project.

<b>12. Auditor's remuneration</b>	2014	2013
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	\$'000	\$'000
Total audit fees	984	883
	984	883

***Other services***

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

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of supplies and services (refer note 7).



<b>13. Fees and charges</b>	2014	2013
	\$'000	\$'000
Driver's licence fees	44 553	62 993
Metrotickets	81 299	75 381
Motor registrations	388 392	365 045
Marine related fees and charges	25 491	23 228
Land services fees	15 123	15 924
Other fees and charges	25 579	22 649
Total fees and charges	<u>580 437</u>	<u>565 220</u>

**Road safety**

In accordance with the *Highways Act 1926*, \$7.426 million (\$10.499 million) being one-sixth of driver's licence collections and \$919 000 (\$877 000) being 1/100th of heavy vehicle registrations, was applied towards funding transport safety related initiatives under the road safety and driver licensing and vehicle registrations, standards and inspections activities.

<b>14. Commonwealth revenues</b>	2014	2013
	\$'000	\$'000
Commonwealth grants received via DTF*	71 936	108 198
<i>Nation Building Program (National Land Transport) Act 2009**</i>	3 844	3 375
Other Commonwealth revenues***	1 852	880
Total Commonwealth revenues	<u>77 632</u>	<u>112 453</u>

\* Commonwealth grants received from DTF represent mainly *Nation Building Program (National Land Transport) Act 2009* and *Interstate Road Transport Act 1985* funding.

Funding provided by the Commonwealth Government was reduced by \$9.8 million for cost savings relating to the Northern Expressway project which were due to be refunded to the Commonwealth.

\*\* *Nation Building Program (National Land Transport) Act 2009* represents the Sturt Highway advance and Roads to Recovery funding.

\*\*\* Other Commonwealth revenue includes the Australian Sports Commission and Indigenous Sports programs and the National Safety reform.

<b>15. Sale of goods and services</b>	2014	2013
	\$'000	\$'000
Maintenance services	99 687	89 458
Other sale of goods	9 290	15 748
Other sale of services	36 085	37 144
Total sale of goods and services	<u>145 062</u>	<u>142 350</u>

<b>16. Rental income</b>		
Government accommodation	203 286	204 156
Property rents and recoveries	3 345	3 733
Other lease income	5 691	5 888
Total rental income	<u>212 322</u>	<u>213 777</u>

<b>17. Grants and subsidies</b>		
Concessional passenger income	58 083	55 062
Specific purpose grants	-	1 031
Grants received by Office for Recreation and Sport	572	549
Other	1 047	1 026
Total grants and subsidies	<u>59 702</u>	<u>57 668</u>

**Concessional passenger income**

This represents fare concession receipts to fund concessional travel provided to pensioners, the unemployed and students on passenger transport in metropolitan and regional areas.

<b>18. Interest</b>		
Interest	2 421	5 692
Total interest	<u>2 421</u>	<u>5 692</u>

<b>19. Commissions received</b>	2014	2013
	\$'000	\$'000
Commissions received	40	98
Total commissions received	40	98
<b>20. Net gain (loss) from the disposal of non-current assets</b>		
Land, buildings and facilities:		
Proceeds from disposal	390	1 966
Net book value of assets disposed	(617)	(2 321)
Net gain (loss) from disposal of land, buildings and facilities	(227)	(355)
Plant and equipment:		
Proceeds from disposal	798	153
Net book value of assets disposed	(1 329)	(799)
Net gain (loss) from disposal of plant and equipment	(531)	(646)
Network assets:		
Proceeds from disposal	-	-
Net book value of assets disposed	(369)	(3 110)
Net gain (loss) from disposal of network assets	(369)	(3 110)
Non-current assets held for sale:		
Proceeds from disposal	44 314	23 913
Net book value of assets disposed	(49 937)	(24 984)
Costs incurred to facilitate disposal	(357)	(552)
Net gain (loss) from disposal of non-current assets held for sale	(5 980)	(1 623)
Total assets:		
Proceeds from disposal	45 502	26 032
Net book value of assets disposed	(52 252)	(31 214)
Costs incurred to facilitate disposal	(357)	(552)
Total net gain (loss) from disposal of non-current assets	(7 107)	(5 734)
<b>21. Resources received free of charge</b>		
Land, buildings and facilities	3 332	351
Plant and equipment	10	195
Total resources received free of charge	3 342	546
This represents assets received by the Department for no consideration and recognised at fair value.		
<b>22. Other income</b>		
Recoveries and contributions	9 577	9 961
Reimbursement works and external project contributions	24 095	22 694
Intra-government transfers	25 384	16 284
Sundry income	79	56
Total other income	59 135	48 995
<b>23. Revenues from (Payments to) SA Government</b>		
Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	263 768	271 260
Appropriations from the Governor's Appropriation Fund	50 165	135 216
Transfers from contingency provisions	22 081	21 817
Total revenues from SA Government	336 014	428 293
Payments to SA Government:		
Local government and income tax equivalent payments	410	2 245
Other payments to Consolidated Account	6 298	1 366
Total payments to SA Government	6 708	3 611

<b>24. Cash and cash equivalents</b>	2014	2013	2012
	\$'000	\$'000	\$'000
Deposits at call with the Treasurer	398 738	530 992	693 731
Deposits with the Treasurer (accrual appropriation)	-	1 061	1 061
Imprest account	101	110	108
Other	72	69	78
Total cash and cash equivalents	<u>398 911</u>	<u>532 232</u>	<u>694 978</u>

**Deposits with the Treasurer (accrual appropriation)**

Includes funds held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use, ie funds can only be used in accordance with the Treasurer's/Under Treasurer's approval. In 2014 the account balance was transferred to deposits at call as agreed with DTF.

**Other**

Includes petty cash floats, cashiers' floats and other cash on hand.

**Interest rate risk**

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

<b>25. Receivables</b>	2014	2013	2012
	\$'000	\$'000	\$'000
Current:			
Receivables	145 830	212 981	231 225
Allowance for doubtful debts	(2 680)	(2 573)	(2 051)
Finance lease receivables	659	647	605
GST input tax recoverable	8 383	9 751	8 898
Accrued revenues*	75 512	83 555	59 782
Lease incentives	328	736	2 562
Other	-	-	36
Total current receivables	<u>228 032</u>	<u>305 097</u>	<u>301 057</u>
Non-current:			
Receivables	2 305	685	202
Finance lease receivables	6 635	7 262	7 581
Loan receivables	2 476	2 040	1 900
Lease incentives	67	745	847
Total non-current receivables	<u>11 483</u>	<u>10 732</u>	<u>10 530</u>
Total receivables	<u>239 515</u>	<u>315 829</u>	<u>311 587</u>

\* This amount includes \$37.181 million (\$35.819 million) relating to TRUMPS collections yet to be received by the Department.

**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 an impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors where such evidence exists.

<b>Movement in the allowance for doubtful debts (impairment loss)</b>	2014	2013	2012
	\$'000	\$'000	\$'000
Carrying amount at 1 July	2 573	2 051	1 506
Provision acquired through restructure	-	-	39
Increase in the provision	528	781	891
Amounts written off	(421)	(259)	(385)
Carrying amount at 30 June	<u>2 680</u>	<u>2 573</u>	<u>2 051</u>

**Bad and doubtful debts**

The Department has recognised a bad and doubtful debts expense of \$528 000 (\$384 000) in the Statement of Comprehensive Income.

**Interest rate and credit risk**

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days or from when goods or services have been provided under a contractual agreement. Receivables and accrued revenues are non-interest bearing.

Other than as recognised in the allowance for doubtful debts, it is not anticipated that debtors will fail to discharge their obligations. The carrying amount of receivables approximates their fair value due to being receivable on demand. There is no concentration of credit risk.

- (a) Maturity analysis of receivables - refer note 41.
- (b) Categorisation of financial instruments and risk exposure information - refer note 41.

<b>26.</b>	<b>Inventories</b>	2014	2013	2012
	Current - held for distribution at no or nominal consideration:	\$'000	\$'000	\$'000
	Road making material and stores at cost	4 901	5 544	6 091
	Rail material and stores at cost	8 191	7 395	4 654
	Total inventories held for distribution at no or nominal consideration	13 092	12 939	10 745
	Current - other than those held for distribution at no or nominal consideration:			
	Metrotickets at cost	791	138	236
	Total inventories other than those held for distribution at no or nominal consideration	791	138	236
	Total current inventories	13 883	13 077	10 981
<b>27.</b>	<b>Other assets</b>			
	Current:			
	Prepayments	13 912	41 788	70 026
	Lease incentives	4 592	4 295	4 110
	Total current other assets	18 504	46 083	74 136
	Non-current assets:			
	Lease incentives	23 398	23 601	26 586
	Prepayments	73	99	111
	Total non-current other assets	23 471	23 700	26 697
	Total other assets	41 975	69 783	100 833
<b>28.</b>	<b>Non-current assets classified as held for sale</b>			
	Land, buildings and facilities	38 124	78 399	19 284
	Total non-current assets classified as held for sale	38 124	78 399	19 284

The Department has identified \$38.124 million (\$78.399 million) of land, buildings and facilities that are surplus to the Department's requirements. The land, buildings and facilities are expected to be sold within 12 months by public tender or auction.

**Valuation of non-current assets classified as held for sale**

Non-currents assets classified as held for sale generally consist of land and buildings that have been declared surplus to the needs of the Department for which a plan of sale has been determined, the sale is highly probable and is expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell in accordance with AASB 5. The assets in this category are revalued upon reclassification in line with the valuation techniques outlined in notes 29 to 31. They are presented separately from the other assets in the Statement of Financial Position and are not subject to depreciation.

<b>29.</b>	<b>Land, buildings and facilities</b>	2014	2013	2012
	Land:	\$'000	\$'000	\$'000
	Land at fair value	1 249 894	1 218 191	1 283 679
	Total land	1 249 894	1 218 191	1 283 679

29. Land, buildings and facilities (continued)	2014	2013	2012
	\$'000	\$'000	\$'000
Land under roads:			
Land under roads at fair value	17 817	14 879	186
Total land under roads	<u>17 817</u>	<u>14 879</u>	<u>186</u>
Land for current projects:			
Land for current projects at fair value	24 101	25 187	21 237
Land for current projects at cost	45 570	59 033	90 279
Total land for current projects	<u>69 671</u>	<u>84 220</u>	<u>111 516</u>
Buildings and facilities:			
Buildings and facilities at fair value	2 052 287	1 473 188	1 732 720
Accumulated depreciation at 30 June	441 715	446 905	546 173
Total buildings and facilities	<u>1 610 572</u>	<u>1 026 283</u>	<u>1 186 547</u>
Buildings and improvements under lease:			
Buildings and improvements under lease (deemed fair value)	27 626	27 346	29 798
Accumulated amortisation at 30 June	901	1 386	686
Total buildings and improvements under lease	<u>26 725</u>	<u>25 960</u>	<u>29 112</u>
Total land, buildings and facilities	<u>2 974 679</u>	<u>2 369 533</u>	<u>2 611 040</u>

#### Reconciliation of land, buildings and facilities

The following table shows the movement of land, buildings and facilities during 2013-14:

	Land at fair value \$'000	Land under roads at fair value \$'000	Land for current projects \$'000	Buildings and facilities \$'000	Buildings and imprvmnts under lease \$'000	Total \$'000
<b>2014</b>						
Carrying amount at 1 July	1 218 920	186	111 453	1 026 706	25 960	2 383 225
Prior period - error correction - 2011-12	77	-	-	(385)	-	(308)
Prior period - error correction - 2012-13	(806)	14 693	(27 233)	(38)	-	(13 384)
Adjusted opening balance	<u>1 218 191</u>	<u>14 879</u>	<u>84 220</u>	<u>1 026 283</u>	<u>25 960</u>	<u>2 369 533</u>
Reclassification to (from) assets held for sale	(3 984)	-	-	(5 678)	-	(9 662)
Additions	1 955	-	21 260	32 291	-	55 506
Transfers from work in progress	-	-	-	569 290	1 666	570 956
Disposals	(321)	-	-	(296)	-	(617)
Resources received free of charge	-	-	23	3 309	-	3 332
Revaluation increment	786	-	-	36 908	-	37 694
Depreciation and amortisation	-	-	-	(37 652)	(901)	(38 553)
Transfers due to reclassification of assets	33 284	2 937	(35 618)	(603)	-	-
Donated assets	(16)	-	(215)	(13 250)	-	(13 481)
Other movements	(1)	1	1	(30)	-	(29)
Carrying amount at 30 June	<u>1 249 894</u>	<u>17 817</u>	<u>69 671</u>	<u>1 610 572</u>	<u>26 725</u>	<u>2 974 679</u>

#### Depreciation of land, buildings and facilities

Total depreciation associated with land, buildings and facilities for 2013-14 was \$38.553 million (\$36.445 million). Of this amount, \$38.455 million (\$36.355 million) has been reported within the Statement of Comprehensive Income as operating expenditure of the Department. The remaining \$98 000 (\$90 000) relates to capital projects that have been reflected within the value of the Department's assets as at 30 June 2014.

#### Valuation of land, buildings and facilities

For non-specialised land, buildings and facilities the valuers arrived at fair value using the market approach. The valuation was based on recent market transactions for similar land, buildings and facilities in the area and includes adjustment for factors specific to the land, buildings and facilities being valued, such as size and location.

For specialised buildings and facilities the valuers used depreciated replacement cost due to there not being an active market for such buildings and facilities. The valuation was based on a combination of internal records, specialised knowledge and acquisition/transfer costs.

**Timing of land, buildings and facilities revaluations**

The following table shows when and by whom land, buildings and facilities were revalued:

<i>Asset class</i>	<i>Assets valued</i>	<i>Last valued/ revalued</i>	<i>By whom</i>	<i>Timing of revaluatns (Years)</i>	<i>Input level</i>	<i>Fair value approach</i>
Land:						
Land at fair value	Government employee housing	30 June 2014	Valuer-General	1	2	Market
	Government agency accommodation	30 June 2014	m3property strategists	2	2	Market
	Ex Australian National railways land	1 July 2012	Valuer-General	3	2	Market
	Metro rail stations, yards and corridors	1 July 2011	Propell National Valuers	3	2	Market
	Marine land	1 July 2011	Valuer-General	3	2	Market
	Bus depot land	1 July 2011	Propell National Valuers	3	2	Market
	Future road construction**	1 July 2011	Valuer-General	3	2	Market
	Recreation and sport land	1 July 2012	Liquid Pacific Holdings Pty Ltd	3	2	Market
	Other department land (bus interchanges)	1 July 2011	Valuer-General	3	2	Market
Land under roads	Land under roads	Not applicable	Not applicable	3	3	Historic cost
Land for current projects	Land for current projects	Not required under policy	Not applicable	-	3	Historic cost
Buildings and facilities:						
Buildings and facilities	Marine related	1 July 2013	Liquid Pacific Holdings Pty Ltd	3	3	Cost
	Metro rail stations and yards	1 July 2011	Propell National Valuers	3	3	Cost
	Ex Australian National railways	1 July 2013	Valuer-General	3	3	Cost
	Bus depots	1 July 2011	Propell National Valuers	3	3	Cost
	Tram depot	1 July 2011	Propell National Valuers	3	3	Cost
	Recreation and sport infrastructure	1 July 2012	Liquid Pacific Holdings Pty Ltd	3	3	Cost
	Residential buildings:					
	Government employee housing	30 June 2014	Valuer-General	1	2	Market
	Future road construction	1 July 2011	Valuer-General	3	2	Market
	Commercial buildings:					
	Government agency accommodation*	30 June 2014	m3property strategists	2	2	Market
	Future road construction	1 July 2013	Liquid Pacific Holdings Pty Ltd	3	3	Market
	Depots	30 June 2013	Valuer-General	3	2	Market
Buildings and improvements under lease	Buildings and improvements under lease	30 June 2013	McGees	2	2	Market

\* Conducted on a biannual rolling basis.

\*\* During the year some parcels of land categorised as land for current projects (input level 3) was transferred to land for future road construction.

<b>30. Plant and equipment</b>	2014	2013	2012
	\$'000	\$'000	\$'000
Plant and equipment:			
Plant and equipment (at fair value)	1 636 174	1 580 963	1 500 562
IT	19 113	19 040	11 204
IT under lease	5 258	4 795	4 921
	<u>1 660 545</u>	<u>1 604 798</u>	<u>1 516 687</u>
Accumulated depreciation:			
Plant and equipment	898 991	861 043	817 618
IT	12 288	10 877	8 699
IT under lease	3 549	2 964	2 940
	<u>914 828</u>	<u>874 884</u>	<u>829 257</u>
Total plant and equipment	<u>745 717</u>	<u>729 914</u>	<u>687 430</u>

**Reconciliation of plant and equipment**

The following table shows the movement of plant and equipment during 2013-14:

	Plant and equipment	IT	IT under lease	Total
	\$'000	\$'000	\$'000	\$'000
<b>2014</b>				
Carrying amount at 1 July	713 446	8 091	1 831	723 368
Prior period - error correction - 2011-12	-	(19)	-	(19)
Prior period - error correction - 2012-13	6 474	91	-	6 565
Adjusted opening balance	<u>719 920</u>	<u>8 163</u>	<u>1 831</u>	<u>729 914</u>
Additions	18 007	394	749	19 150
Transfer from works in progress	68 414	711	-	69 125
Disposals	(1 134)	-	-	(1 134)
Resources received free of charge	10	-	-	10
Write-offs	(37)	-	-	(37)
Revaluation decrement	(9 319)	-	-	(9 319)
Depreciation and amortisation	(58 190)	(2 443)	(870)	(61 503)
Transfers due to reclassification of assets	(409)	-	-	(409)
Donated assets	(79)	-	-	(79)
Other movements	-	-	(1)	(1)
Carrying amount at 30 June	<u>737 183</u>	<u>6 825</u>	<u>1 709</u>	<u>745 717</u>

**Depreciation of plant and equipment**

Total depreciation associated with plant and equipment for 2013-14 was \$61.503 million (\$64.064 million). Of this amount, \$61.163 million (\$63.728 million) has been reported within the Statement of Comprehensive Income as operating expenditure of the Department. The remaining \$340 000 (\$336 000) relates to capital projects that have been reflected within the value of the Department's assets as at 30 June 2014.

**Valuation of plant and equipment**

For non-specialised plant and equipment the valuers arrived at fair value using the market approach. The valuation was based on recent market transactions for similar plant and equipment and includes adjustment for factors specific to the plant and equipment being valued, such as size and location.

For specialised plant and equipment, the valuers used depreciated replacement cost due to there not being an active market for such plant and equipment. The valuation was based on a combination of internal records, specialised knowledge and acquisition/transfer costs.

**Timing of plant and equipment revaluations**

The following table shows when and by whom plant and equipment was revalued:

Asset class	Assets valued	Last valued/ Revalued	By whom	Timing of revaluations (Years)	Input level	Fair value approach
Plant and equipment:						
Plant and equipment	Buses	1 July 2012	Liquid Pacific Holdings Pty Ltd	3	3	Cost
	Tram and train rolling stock	1 July 2011	Propell National Valuers	3	3	Cost
	Bus depots	1 July 2011	Propell National Valuers	3	3	Cost
	Rail	1 July 2011	Propell National Valuers	3	2	Market

**Timing of plant and equipment revaluations (continued)**

<i>Asset class</i>	<i>Assets valued</i>	<i>Last valued/ revalued</i>	<i>By whom</i>	<i>Timing of revaluatns (Years)</i>	<i>Input level</i>	<i>Fair value approach</i>
Plant and equipment (continued)	Tall ships/patrol boats	1 July 2011	Artemis Marine/ Aquenta Consulting	3	3	Cost
	Ferries (including modules)	1 July 2013	Graysasset Services	3	2	Market
	Aids to navigation	1 July 2013	Liquid Pacific Holdings Pty Ltd	3	3	Cost
	Heavy plant	1 July 2013	Graysasset Services	3	2	Market
	Bus shelters	Not applicable	Applicable 2014-15	3	3	Cost
	Metroticket systems	Not applicable	Applicable 2015-16	3	3	Cost
	Recreation and sport	1 July 2012	Liquid Pacific Holdings Pty Ltd	3	3	Cost
	Other plant and equipment	Not required under policy	Not applicable	Not applicable	3	Cost
IT	Information technology	Not applicable	Not applicable	Not applicable	3	Cost
IT under lease	IT under lease	Not applicable	Not applicable	Not applicable	3	Cost

**31. Network assets**

	2014	2013	2012
	\$'000	\$'000	\$'000
Network assets:			
Network assets (deemed fair value)	23 318 348	21 933 489	20 929 810
Rail and bus track (deemed fair value)	2 682 442	1 764 926	1 725 363
	<u>26 000 790</u>	<u>23 698 415</u>	<u>22 655 173</u>
Accumulated depreciation:			
Network	5 965 091	5 570 323	5 327 003
Rail and bus track	599 647	562 575	537 861
	<u>6 564 738</u>	<u>6 132 898</u>	<u>5 864 864</u>
Total network assets	<u>19 436 052</u>	<u>17 565 517</u>	<u>16 790 309</u>

**Reconciliation of network assets**

The following table shows the movement of network assets during 2013-14:

	Roads	Structures	Rail and bus track	Total
	\$'000	\$'000	\$'000	\$'000
<b>2014</b>				
Carrying amount at 1 July	14 983 705	1 379 147	1 205 795	17 568 647
Prior period - error correction - 2011-12	(46)	-	(3 444)	(3 490)
Prior period - error correction - 2012-13	-	360	-	360
Adjusted opening balance	<u>14 983 659</u>	<u>1 379 507</u>	<u>1 202 351</u>	<u>17 565 517</u>
Transfers from works in progress	217 812	663 302	909 587	1 790 701
Disposals	-	(369)	-	(369)
Donated assets	(957)	(1 791)	-	(2 748)
Revaluation increment (decrement)	200 635	108 199	3 693	312 527
Other	(1)	-	-	(1)
Depreciation and amortisation	(161 857)	(34 882)	(33 245)	(229 984)
Transfers due to reclassification of assets	303	(303)	409	409
Carrying amount at 30 June	<u>15 239 594</u>	<u>2 113 663</u>	<u>2 082 795</u>	<u>19 436 052</u>

**Valuation of road network assets**

With the exception of earthworks which are not subject to depreciation, all road network assets are valued at written down replacement cost by senior professional engineers with the knowledge and expertise in that particular area and independent recognised industry experts are engaged to provide input with respect to key areas of the revaluation. As these assets have no active market they are measured at written down replacement cost which is considered to be their fair value.



**Valuation of road network assets (continued)**

Road network assets are revalued every three years with indexing applied during intervening years to roads and structures. Indexing is applied using the Australian Bureau of Statistics' Road and Bridge Construction Price Index for South Australia.

Approval has been granted by the Treasurer for a variation to the requirements of APF III clause 3.7, which requires an independent valuation appraisal be performed at least every 5 years. The variation enables the Department to value its road network assets using an internally developed revaluation methodology, with inputs for the key areas being provided by independent industry experts.

In the model used for valuation, the road network is segmented into sections that have similar engineering and functional characteristics. Each segment is then characterised by a representative stereotype. Replacement unit rates, useful lives and residual values are calculated for each of these stereotypes and then applied to the surfacing/pavement area of the segments.

**Valuation of rail and bus network assets**

For specialised rail and bus network assets, the valuers used depreciated replacement cost due to there not being an active market for such rail and bus network assets. The valuation was based on a combination of internal records, specialised knowledge and acquisition/transfer costs.

**Timing of network asset revaluations**

The following table shows when and by whom network assets were revalued:

<i>Asset class</i>	<i>Assets valued</i>	<i>Last valued/ revalued</i>	<i>By whom</i>	<i>Timing of revaluations (Years)</i>	<i>Input level</i>	<i>Fair value approach</i>
Network assets:						
Roads	Road pavements, road surface and ancillary items	1 July 2012	Mick Lorenz BE (Civil)*	3	3	Cost
	Earthworks	1 July 2012	Mick Lorenz BE (Civil)*	3	3	Cost
Structures			Tony Nobbs, BEng			
	Bridges/Culverts**	1 July 2012	(Civil) Meng Sc*	3	3	Cost
	Ferry landings	1 July 2012	(Civil) Meng Sc*	3	3	Cost
	Drainage	1 July 2011	Rushton Valuers Pty Ltd	3	3	Cost
	Weighbridges and weigh slabs	1 July 2011	Aquenta Consulting	3	3	Cost
Rail and bus track	Busway interchanges	1 July 2013	Aquenta Consulting	3	3	Cost
			Tony Nobbs, BEng			
	Busway track and structures	1 July 2012	(Civil) Meng Sc*	3	3	Cost
	Metro tram line	1 July 2011	Propell National valuers	3	3	Cost
	Metro rail lines and structures	1 July 2011	Propell National valuers	3	3	Cost

\* Valuation performed by suitability qualified officers of the Department.

\*\* Two Port River expressway bridges were revalued in 2013-14.

<b>32. Capital works in progress</b>	2014	2013	2012
	\$'000	\$'000	\$'000
Land, buildings and facilities	31 241	350 995	153 855
Road network	636 964	1 180 807	787 764
Plant, equipment and intangibles	126 331	138 750	142 629
Rail and bus track	43 581	787 831	496 586
Total capital works in progress	838 117	2 458 383	1 580 834

**Reconciliation of capital works in progress**

The following table shows the movement of capital works in progress during 2013-14:

	Road network \$'000	Plant and equipment/ intangibles \$'000	Land, building and facilities \$'000	Rail and bus track \$'000	Total \$'000
<b>2014</b>					
Carrying amount at 1 July	1 182 131	138 750	350 995	791 683	2 463 559
Prior period - error correction 2011-12	(1 073)	-	-	(3 852)	(4 925)
Prior period - error correction 2012-13	(251)	-	-	-	(251)
Adjusted opening balance	1 180 807	138 750	350 995	787 831	2 458 383
Additions	347 370	62 393	251 262	211 955	872 980
Transfer to capital	(881 114)	(74 205)	(570 956)	(909 587)	(2 435 862)
Transfer to operating	(10 099)	(606)	(60)	(46 618)	(57 383)
Other	-	(1)	-	-	(1)
Carrying amount at 30 June	636 964	126 331	31 241	43 581	838 117

**Valuation of works in progress**

Capital works in progress are not revalued and are recorded at historic cost in accordance with AASB 116.

**33. Intangible assets**

	2014 \$'000	2013 \$'000	2012 \$'000
Software:			
Computer software	73 410	68 221	66 176
Accumulated amortisation	53 039	46 730	40 056
Total intangible assets	20 371	21 491	26 120

**Reconciliation of intangible assets**

The following table shows the movement of intangible assets during 2013-14:

	2014 \$'000
Carrying amount at 1 July	28 188
Prior period - error correction - 2011-12	-
Prior period - error correction - 2012-13	(6 697)
Adjusted opening balance	21 491
Additions	697
Transfer from works in progress	5 080
Disposals	(195)
Amortisation	(6 702)
Carrying amount at 30 June	20 371

**Amortisation of intangibles**

Total amortisation associated with intangibles for 2013-14 was \$6.702 million. Of this amount, \$6.626 million has been reported within the Statement of Comprehensive Income as operating expenditure of the Department. The remaining \$76 000 relates to capital projects that have been reflected within the value of the Department's assets as at 30 June 2014.

**Valuation of intangible assets**

Intangible assets are measured at cost and following initial recognition, are carried at cost less any accumulated depreciation. The acquisition or internal development of software is only capitalised when the expenditure meets the definition criteria and can be reliably measured in accordance with AASB 138 and with the guidance provided in APF III and when the amount of expenditure is greater than or equal to \$10 000. Costs associated with the development or implementation of software applications that do not meet the criteria for asset recognition are expensed.

Intangible assets are not revalued and are recorded at historic cost in accordance with AASB 138.

**34. Fair value measurement**

**Fair value hierarchy**

In accordance with AASB 13 the fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Further detail regarding the fair value hierarchy and specific examples are included in note 3.13 under 'Fair value measurement'.

**Fair value hierarchy (continued)**

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2014.

The Department had no recurring or non-recurring fair value measurements categorised into level 1.

<b>2014</b>		Level 2	Level 3	Total
	Note	\$'000	\$'000	\$'000
Recurring fair value measurements:				
Land	29	1 213 878	36 016	1 249 894
Land under roads	29	-	17 817	17 817
Land for current projects	29	-	69 671	69 671
Buildings and facilities	29	310 039	1 300 533	1 610 572
Buildings and improvements under lease	29	26 725	-	26 725
Plant and equipment	30	34 486	702 697	737 183
IT	30	-	6 825	6 825
IT under lease	30	-	1 709	1 709
Network assets	31	-	17 353 257	17 353 257
Rail and bus track	31	-	2 082 795	2 082 795
Intangibles	33	-	20 371	20 371
Total recurring fair value measurements		1 585 128	21 591 691	23 176 819
Non-recurring fair value measurements:				
Land, building and facilities held for sale	28	38 124	-	38 124
Total non-recurring fair value measurements		38 124	-	38 124
Total		1 623 252	21 591 691	23 214 943

Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new standard.

**Valuation techniques and inputs**

Valuation techniques used to derive level 2 and 3 fair values are detailed in notes 28 to 33. There were no changes in valuation techniques during 2014.

**Quantitative information about fair value measurement using significant unobservable inputs (level 3)**

The following table summarises the quantitative information about the significant unobservable inputs used in the most material level 3 fair value measurements.

<i>Description</i>	<i>Valuation technique</i>	<i>Unobservable inputs</i>	<i>Sensitivity of fair value measurement to changes in unobservable inputs</i>
Road network infrastructure	Cost approach (depreciated replacement cost)	Calculated unit rate per square metre for: <ul style="list-style-type: none"> <li>• earthworks</li> <li>• pavements</li> <li>• surfacing</li> </ul>	If the significant unobservable inputs (ie unit rates) were to change in value by 10%, the resulting changes to the fair value of the road network would be: <ul style="list-style-type: none"> <li>• earthworks \$885 million</li> <li>• pavement \$522 million</li> <li>• surfacing \$70 million</li> </ul>
<i>Range of inputs</i>	<i>Cost per square metre</i>		
Sealed network:			
Earthworks	\$72.14-\$148.74		
Pavements	\$47.76-\$211.95		
Surfacing	\$11.11-\$41.31		

The Department has a number of asset types that are valued using unobservable inputs as they are specialised assets which are not traded in a market and for which no other market information is available. Assets valued in this way are categorised as level 3.

Of the Department's level 3 assets the road network is highly significant and material. The road network is re-valued every three years with indexation using the South Australian road and bridge construction index being applied in the intervening years.

The valuation methodology is to calculate the current replacement costs of the three major road components: earthworks, pavement and surface. For the sealed roads the relevant unit rates are multiplied by the surfacing area. For the unsealed roads the relevant unit rates are multiplied by the carriageway area.

**Quantitative information about fair value measurement using significant unobservable inputs (level 3) (continued)**

Replacement cost is defined as the likely investment required to replace the existing asset with the most appropriate modern asset having an equivalent service potential. For the road network, service potential is represented by a number of key factors; capacity, safety, ride quality and environment.

In order to value the road network, a series of stereotypes have been developed to represent current replacement treatments with equivalent service potential to the in-service assets. The unit rates and their ranges relating to these stereotypes are shown in the table above.

To take account of the consumption of service potential the current replacement cost is written down based on age over useful life.

Variations in stereotypes, service potential and construction costs would change the inputs to the calculated unit rates and so result in a change to the fair value measurement.

**Reconciliation of fair value measurements - level 3**

	Land	Land under roads	Land for current projects	Buildings and facilities <sup>(1)</sup>	Plant and equipment <sup>(1)</sup>	IT
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2014</b>						
Opening balance at 1 July	-	186	111 453	715 026	668 615	8 091
Prior period - error correction - 2011-12	-	-	-	(384)	-	(19)
Prior period - error correction - 2012-13	-	14 693	(27 233)	(39)	6 474	91
Adjusted opening balance	-	14 879	84 220	714 603	675 089	8 163
Additions	-	-	21 260	28 385	16 778	394
Transfer from works in progress	-	-	-	565 345	65 361	711
Disposals <sup>(2)</sup>	-	-	-	(296)	(1 054)	-
Donated assets	-	-	(215)	(13 250)	(66)	-
Reduction in lease incentives payable	-	-	-	-	-	-
Resources received free of charge	-	-	23	3 309	10	-
Write-offs	-	-	-	-	(36)	-
Revaluation increment (decrement) <sup>(3)</sup>	-	-	-	31 209	754	-
Depreciation and amortisation	-	-	-	(28 169)	(53 730)	(2 443)
Transfers due to reclassification of assets at same fair value level	36 016	2 937	(35 619)	(603)	(409)	-
Transfer into level 3	-	-	-	-	-	-
Transfer out of level 3	-	-	-	-	-	-
Other movements	-	1	2	-	-	-
Closing balance at 30 June	36 016	17 817	69 671	1 300 533	702 697	6 825
Total gains (losses) for the period included in profit or loss under net gain (loss) from disposal of non-current assets	-	-	-	(296)	(838)	-

	IT under lease	Network assets	Rail and bus track	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July	1 831	16 362 852	1 205 795	28 188	19 102 037
Prior period - error correction - 2011-12	-	(46)	(3 444)	-	(3 893)
Prior period - error correction - 2012-13	-	360	-	(6 697)	(12 351)
Adjusted opening balance	1 831	16 363 166	1 202 351	21 491	19 085 793

**Reconciliation of fair value measurements - level 3 (continued)**

	IT under lease \$'000	Network assets \$'000	Rail and bus track \$'000	Intangibles \$'000	Total \$'000
<b>2014</b>					
Additions	749	-	-	697	68 263
Transfer from works in progress	-	881 114	909 587	5 080	2 427 198
Disposals <sup>(2)</sup>	-	(369)	-	(195)	(1 914)
Donated assets	-	(2 748)	-	-	(16 279)
Reduction in lease incentives payable	-	-	-	-	-
Resources received free of charge	-	-	-	-	3 342
Write-offs	-	-	-	-	(36)
Revaluation increment (decrement) <sup>(3)</sup>	-	308 834	3 693	-	344 490
Depreciation and amortisation	(870)	(196 739)	(33 245)	(6 702)	(321 898)
Transfers due to reclassification of assets at same fair value level	-	-	409	-	2 731
Transfer into level 3	-	-	-	-	-
Transfer out of level 3	-	-	-	-	-
Other movements	(1)	(1)	-	-	1
Closing balance at 30 June	1 709	17 353 257	2 082 795	20 371	21 591 691
Total gains (losses) for the period included in profit or loss under net gain (loss) from disposal of non-current assets	-	(369)	-	(195)	(1 698)

(1) Plant and equipment, and buildings and facilities have a combination of fair value levels 2 and 3.

(2) Net book value of assets disposed. Total gain/loss for period included in profit or loss disclosed separately.

(3) Revaluation increment (decrement) relates only to unrealised gains or losses recognised through other comprehensive income under changes to the revaluation surplus. No unrealised gains or losses were included in profit or loss.

<b>35. Payables</b>	2014 \$'000	2013 \$'000	2012 \$'000
<b>Current:</b>			
Creditors	23 243	57 030	75 293
Accrued expenses	111 502	171 724	170 897
Rail Commissioner - federally awarded employees	12 119	11 382	9 742
Employment on-costs	4 284	4 106	3 886
Lease incentives	43	47	2 654
Other	59	55	43
Total current payables	151 250	244 344	262 515
<b>Non-current:</b>			
Employment on-costs	6 637	6 427	7 662
Rail Commissioner - federally awarded employees	17 017	16 251	14 413
Lease incentives	264	393	-
Total non-current payables	23 918	23 071	22 075
Total payables	175 168	267 415	284 590

**Interest rate and credit risk**

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

**Employment on-costs**

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of LSL taken as leave has remained at the 2013 rate of 40% and the average factor for the calculation of employer superannuation on-cost has changed from the 2013 rate of 10.2% to 10.3%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$33 000. The estimated impact on 2015 and 2016 is not expected to be materially different to the impact in 2014.

- (a) Maturity analysis of payables - refer note 41.
- (b) Categorisation of financial instruments and risk exposure information - refer note 41.

<b>36. Borrowings</b>	2014	2013	2012
Current:	\$'000	\$'000	\$'000
Borrowings: <sup>(1)</sup>			
Balance as at 1 July	447	406	375
Transfers	36	41	31
Balance as at 30 June	483	447	406
Obligations under finance leases and plant hire contracts: <sup>(2)</sup>			
Balance as at 1 July	1 726	1 756	1 692
Prior period error	-	11	-
Adjusted balance as at 1 July	1 726	1 767	1 692
Net decrease in lease liabilities due to:			
New leases	251	267	365
Transfers	1 497	1 543	1 509
Repayments	(1 802)	(1 851)	(1 810)
Balance as at 30 June	1 672	1 726	1 756
Total current borrowings	2 155	2 173	2 162
Non-current:			
Borrowings: <sup>(1)</sup>			
Balance as at 1 July	1 806	2 259	2 532
Transfers	(36)	(41)	(31)
Repayments	(446)	(412)	(242)
Balance as at 30 June	1 324	1 806	2 259
Obligations under finance leases and plant hire contracts: <sup>(2)</sup>			
Balance as at 1 July	15 611	16 575	17 443
Net decrease in lease liabilities due to:			
New leases	498	579	641
Transfers	(1 497)	(1 543)	(1 509)
Balance as at 30 June	14 612	15 611	16 575
Total non-current borrowings	15 936	17 417	18 834
Total borrowings	18 091	19 590	20 996

(1) These borrowings represent loans relating to the Office for Recreation and Sport. The borrowings consist of two loans at fixed interest rates of 7.99% and 7.34% and have maturity dates of 2017 and 2018 respectively.

(2) Secured by the asset leased.

Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

<b>Assets pledged as security</b>		2014	2013	2012
The carrying amount of non-current assets pledged as security are:	Note	\$'000	\$'000	\$'000
Leased land and buildings:				
Buildings and improvements under lease	29	26 725	25 960	29 112
Leased plant and equipment:				
Computer and office equipment	30	1 709	1 831	1 981
Total assets pledged as security		28 434	27 791	31 093

- (a) Maturity analysis of borrowings - refer note 41.
- (b) Categorisation of financial instruments and risk exposure information - refer note 41.
- (c) Defaults and breaches - there were no defaults or breaches on any of the above liabilities throughout the year.

37. <b>Employee benefits</b>	2014	2013	2012
Current:	\$'000	\$'000	\$'000
Annual leave	21 278	20 601	20 424
LSL	7 160	7 163	6 739
SERL	1 690	1 472	-
Accrued salaries and wages	827	97	21
Total current employee benefits	30 955	29 333	27 184
Non-current:			
LSL	71 602	69 609	72 081
Total non-current employee benefits	71 602	69 609	72 081
Total employee benefits	102 557	98 942	99 265

The total current and non-current employee liability (ie aggregate employee benefit plus related on-costs) for 2014 is \$35.239 million (\$33.439 million) and \$78.239 million (\$76.036 million) respectively.

**Annual leave**

Annual leave is classified as a current liability as employees are expected to take all annual leave within the year of entitlement.

The applicable salary inflation rate of 4% is unchanged from the 2013 rate. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

**LSL**

AASB 119 describes the calculation methodology for LSL liability. The actuarial assessment performed by DTF has provided a set level of liability for the measurement of LSL.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 3.75% (2013) to 3.5% (2014).

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

The net financial effect of the changes in methodology and actuarial assumptions in the current financial year is an increase in the LSL liability of \$1.352 million and employee benefit on-cost expense of \$125 000. 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.

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.

38. <b>Provisions</b>	2014	2013	2012
Current:	\$'000	\$'000	\$'000
Provision for workers compensation	1 572	1 399	1 383
Site remediation	7 801	3 801	2 929
Provision for indentured ports payment to the Treasurer	-	-	4 249
Other provisions - SA Government	-	299	302
Total current provisions	9 373	5 499	8 863
Non-current:			
Site remediation	8 002	2 851	3 791
Provision for workers compensation	6 271	5 319	5 188
Total non-current provisions	14 273	8 170	8 979
Total provisions	23 646	13 669	17 842

**Reconciliation of workers compensation**

The following table shows the movement of the workers compensation provision:

Carrying amount at 1 July	6 718	6 571	6 418
Provision acquired on restructure	-	-	849
Provision relinquished on restructure	-	-	(717)
Increase (Decrease) in provision due to revision of estimates	4 286	2 850	1 106
Reductions resulting from payments	(3 161)	(2 703)	(1 085)
Carrying amount at 30 June	7 843	6 718	6 571

<b>Reconciliation of site remediation</b>	2014	2013	2012
	\$'000	\$'000	\$'000
The following table shows the movement of the site remediation provision:			
Carrying amount at 1 July	6 652	6 720	5 511
Increase (Decrease) in provision due to revision of estimates	9 183	(7)	1 434
Reductions resulting from payments	(32)	(61)	(225)
Carrying amount at 30 June	15 803	6 652	6 720

**Reconciliation of indentured ports**

The following table shows the movement of the indentured ports provision:			
Carrying amount at 1 July	-	4 249	23 517
Reductions resulting from payments	-	(4 249)	(19 268)
Carrying amount at 30 June	-	-	4 249

**Reconciliation of other provisions**

The following table shows the movement of other provisions:			
Carrying amount at 1 July	299	302	157
Increase (Decrease) in provision due to revision of estimates	154	1 643	482
Reductions resulting from payments	(453)	(1 646)	(337)
Carrying amount at 30 June	-	299	302

**39. Other liabilities**

Current:

Deferred income	29 176	18 535	30 555
Other	180	152	46
Lease incentives	5 434	4 942	4 865
Total current other liabilities	34 790	23 629	35 466

Non-current:

Lease incentives	29 367	30 413	33 834
Other	-	-	4
Total non-current other liabilities	29 367	30 413	33 838
Total other liabilities	64 157	54 042	69 304

Deferred income (SA Government) in 2013-14 primarily consists of revenue received in advance on capital works performed by Building Management on behalf of government agencies.

Commonwealth funding received for specific projects (formerly Auslink Advance Account for Specific Projects Fund) includes Commonwealth grants received in relation to the Accelerated Sturt Highway Package and the Auslink Strategic Regional Roads program. On 30 June 2006, the Department received a conditional, interest bearing, Commonwealth grant of \$100 million, which has been disclosed as deferred income in accordance with APF V and APS 4.12. As at reporting date, the remaining balance is \$470 000 (\$694 000).

<b>40. Prior period adjustments - adjustments to equity</b>	2014	2013	2012
	\$'000	\$'000	\$'000
<b>Reinstatement of opening balances</b>			
Adjustments against retained earnings:			
Work in progress adjustment - error correction	(5 176)	(876)	(6 152)
Asset recognition - error correction	(16 973)	5 755	21 304
Debtor derecognition - error correction	-	-	(7 312)
Other adjustment - error correction	3 452	(2 185)	(612)
Total adjustments against retained earnings	(18 697)	2 694	7 228
Adjustments against revaluation surplus:			
Asset revaluation - error correction	-	455	4 269
Total adjustments against revaluation surplus	-	455	4 269
Total adjustments to equity	(18 697)	3 149	11 497

The table above represents total adjustments to equity identified in each year. Adjustments totalling \$18.697 million (\$3.149 million) were identified in 2013-14 which affect 2012-13 and prior years.



*Adjustments against retained earnings*

Work in progress adjustment - error correction

A review of completed projects by the Department in 2013-14 identified costs of \$5.176 million that were recognised within the capital works in progress asset balance at 30 June 2013 which did not meet the Department's asset recognition criteria. Recognising these costs within the balance of capital works in progress instead of as expenses in the year ended 30 June 2013 or a prior period is an error, which was corrected in 2013-14 by an adjustment to the retained earnings. The impact on the financial statements for 2012-13 is summarised below:

	2013 \$'000	2012 \$'000	Total \$'000
Network assets - work in progress	(251)	(4 925)	(5 176)
Total work in progress adjustment	(251)	(4 925)	(5 176)

Asset recognition - error correction

Asset reconciliation and stocktake procedures in 2013-14 identified assets totalling \$16.973 million which were not recognised or incorrectly recognised in prior years. The value of assets not recognised as at 30 June 2013 by asset class were:

	2013 \$'000	2012 \$'000	Total \$'000
Network assets	360	(3 490)	(3 130)
Land, buildings and facilities	(13 384)	(308)	(13 692)
Plant and equipment	6 565	(19)	6 546
Intangible assets	(6 697)	-	(6 697)
Total asset recognition - error correction adjustment	(13 156)	(3 817)	(16 973)

Other adjustments - error correction

Inventories	(242)	-	(242)
Payables	4 242	1 588	5 830
Cash	(6 745)	-	(6 745)
Other assets	6 667	-	6 667
Borrowings	(11)	-	(11)
Receivables	(3 231)	1 184	(2 047)
Total other adjustments - error correction	680	2 772	3 452

#### 41. Financial instruments

##### 41.1 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 3.

	Note	Total carrying amount/fair value 2014 \$'000	Total carrying amount/fair value 2013 \$'000
<b>Financial assets</b>			
Cash and cash equivalents:			
Cash and cash equivalents	24	398 911	532 232
Loans and receivables:			
Receivables <sup>(1)</sup>	25	223 443	296 688
Finance lease receivable	25,43	7 294	7 909
Total financial assets		629 648	836 829
<b>Financial liabilities</b>			
Payables <sup>(1)</sup>	35	163 940	256 442
Borrowings	36	1 807	2 253
Finance lease payable	36,43	16 284	17 337
Total financial liabilities		182 031	276 032

<sup>(1)</sup> Receivable and payable amounts disclosed exclude amounts relating to statutory receivables and payables.

**41.1a Fair value**

The Department does not recognise any financial assets or financial liabilities at fair value.

The carrying amount of cash and cash equivalents represents fair value. Cash is available at call and is recorded at cost.

The carrying amount less impairment provisions of receivables and payables is a reasonable approximation of fair value due to the short-term nature of these.

Finance leases are recorded at amounts equal to the lower of the fair value of the leased asset or the present value of the minimum lease payments using a government borrowing rate. Lease payments are made in accordance with the schedules determined at the inception of each lease.

Borrowings (excluding finance leases) are recognised at cost. The borrowings consist of two loans at fixed interest rates of 7.99% and 7.34% and have maturity dates of 2017 and 2018 respectively.

**Credit risk**

Credit risk arises when there is the possibility of the Department's debtors defaulting on their contractual obligations resulting in a financial loss to the Department. The Department has credit management policies and procedures in place to ensure business transactions continue to occur with customers with appropriate credit history.

**41.2 Ageing analysis of financial assets**

The following table discloses the ageing of financial assets that are 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	
<b>2014</b>				
Not impaired:				
Receivables <sup>(1)</sup>	17 611	1 934	9 931	29 476
<b>2013</b>				
Not impaired:				
Receivables <sup>(1)</sup>	28 316	2 742	11 196	42 254

<sup>(1)</sup> Receivable and payable amounts disclosed exclude amounts relating to statutory receivables and payables.

**41.3 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
<b>2014</b>				
Financial assets:				
Cash and cash equivalents	398 911	398 911	-	-
Receivables <sup>(1)</sup>	223 443	218 662	2 741	2 040
Finance lease receivable	8 401	837	3 101	4 463
Total financial assets	630 755	618 410	5 842	6 503
Financial liabilities:				
Payables <sup>(1)</sup>	163 940	146 923	17 017	-
Borrowings	1 807	483	1 324	-
Finance lease payable	22 386	2 685	7 888	11 813
Total financial liabilities	188 133	150 091	26 229	11 813
<b>2013</b>				
Financial assets:				
Cash and cash equivalents	532 232	532 232	-	-
Receivables <sup>(1)</sup>	296 688	293 218	1 430	2 040
Finance lease receivable	9 371	865	3 241	5 265
Total financial assets	838 291	826 315	4 671	7 305

**41.3 Maturity analysis of financial assets and liabilities (continued)**

2013	Carrying amount \$'000	Contractual maturities		
		Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial liabilities:				
Payables <sup>(1)</sup>	256 442	239 576	16 866	-
Borrowings	2 253	447	1 806	-
Finance lease payable	24 296	2 800	7 878	13 618
Total financial liabilities	282 991	242 823	26 550	13 618

<sup>(1)</sup> Receivable and payable amounts disclosed exclude amounts relating to statutory receivables and payables.

**Liquidity risk**

Liquidity risk arises where the Department is unable to meet its financial obligations as they are due to be settled. In relation to this risk, the Department's exposure is considered to be minimal. The continued existence of the Department in its present form and with its present programs is dependent on government policy, the operation of current fee and charges structures, and continuing appropriations from various acts.

**Fair value (market) risk**

The Department's exposure to fair value (market) risk is considered minimal. Financial instruments are disclosed at a carrying amount that approximates their net fair value.

The amount for financial assets approximates the net fair value due to the short-term to maturity of the items, or due to the assets being receivable on demand. The carrying amount of financial liabilities is considered to be a reasonable estimate of net fair value.

**Foreign currency risk**

The Department enters into business transactions that require the payment of goods or services in a foreign currency. Foreign currency risk associated with significant payments is minimised using a strategy of forward cover contract through SAFA. The forward cover aims to hedge against losses arising from any foreign currency price fluctuations at the date of settlement.

**Interest rate risk**

The Department's exposure to interest rate risk is measured with reference to the level of interest and non-interest bearing assets and liabilities held at reporting date.

Interest revenue from interest bearing assets is calculated using the Common Public Sector Interest Rate and/or other rates as determined by the Treasurer.

The interest expense implicit in any finance lease payment is fixed at the inception of the lease and is calculated using prevailing government borrowing rates as advised by SAFA. The Department's revenue base is sufficient for the purpose of servicing its interest and loan repayment commitments.

**42. Transferred functions**

**Transferred in**

**Department for Health and Ageing (SA Health)**

The Public Sector (Reorganisation of Public Sector Operations) Notice 2013 effective 4 November 2013, assigned employees of SA Health, referred to in Schedule 1 of The South Australian Government Gazette notice dated 31 October 2013, to the Department.

Total income and expenses attributable to SA Health for 2013-14 were:

	SA Health 01.07.13 to 03.11.13 \$'000	DPTI 04.11.13 to 30.06.14 \$'000	Total \$'000
Appropriation	-	-	-
Revenue from services	-	-	-
Other income	-	-	-
Total income	-	-	-

**Transferred in  
Department for Health and Ageing (SA Health) (continued)**

	SA Health 01.07.13 to 03.11.13 \$'000	DPTI 04.11.13 to 30.06.14 \$'000	Total \$'000
Employee benefit expenses	226	443	669
Supplies and services	-	-	-
Depreciation and amortisation	-	-	-
Other expenses	-	-	-
Total expenses	226	443	669
Net result	(226)	(443)	(669)

On transfer of SA Health, the Department recognised the following assets and liabilities:

	SA Health \$'000
Cash	-
Receivables	-
Plant and equipment	-
Land, buildings and facilities	-
Other assets	-
Total assets	-
Payables	9
Provisions	-
Employee benefit expenses	135
Other liabilities	-
Total liabilities	144
Total net assets transferred	(144)

**43. Unrecognised contractual commitments**

<b>Capital commitments</b>	2014 \$'000	2013 \$'000
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:		
Within one year	474 596	1 139 506
Later than one year but no later than five years	131 618	347 778
Later than five years	-	-
Total capital commitments	606 214	1 487 284

The Department's capital commitments are predominantly for aggregate capital expenditure on construction projects relating to road networks, the purchase of new public transport vehicles and the construction and upgrade of government buildings and facilities. Where this construction work is being done on behalf of other agencies the cost is recovered accordingly.

<b>Remuneration commitments</b>	2014 \$'000	2013 \$'000
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	24 200	27 045
Later than one year but no later than five years	28 899	37 294
Total remuneration commitments	53 099	64 339

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

<b>Other commitments</b>	2014 \$'000	2013 \$'000
Within one year	286 371	254 054
Later than one year but no later than five years	992 528	923 637
Later than five years	81 035	229 150
Total other commitments	1 359 934	1 406 841

The Department's other commitments include major service and supply contracts for road maintenance, ferry operations and bus and rail transport services. It also includes the outsourced facilities management contract which it manages on behalf of government. These costs are reimbursable from other agencies.

<b><i>Operating lease commitments as lessee</i></b>	2014	2013
Commitments under operating leases at the reporting date but not recognised as liabilities in the financial report, are payable as follows:	\$'000	\$'000
Within one year	150 528	149 293
Later than one year but no later than five years	418 262	432 697
Later than five years	270 598	329 236
Total operating lease commitments as lessee	<u>839 388</u>	<u>911 226</u>
Representing:		
Cancellable operating leases	13 507	13 502
Non-cancellable operating leases	825 881	897 724
Total operating lease commitments as lessee	<u>839 388</u>	<u>911 226</u>
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	142 804	141 484
Later than one year but no later than five years	412 782	427 542
Later than five years	270 295	328 698
Total non-cancellable operating lease commitments as lessee	<u>825 881</u>	<u>897 724</u>

The Department's operating lease commitments as lessee are for land, motor vehicles, office equipment, other plant and equipment and commercial and residential accommodation.

Commercial accommodation leases are non-cancellable with terms ranging from one to 15 years. Rental is payable in advance with no contingent rental provisions. Residential accommodation leases are cancellable with varying terms and have no option to renew.

Motor vehicle leases are cancellable, rentals are paid monthly in arrears and no contingent rental provisions exist within the agreement. Motor vehicle lease terms may be for three years (or 60 000 km whichever comes first) or five years (or 100 000 km whichever comes first).

Photocopier leases are non-cancellable with terms of four years, with rentals paid monthly.

<b><i>Operating lease commitments as sublessor</i></b>	2014	2013
Commitments under operating subleases at the reporting date but not recognised as receivable in the financial report, as follows:	\$'000	\$'000
Within one year	126 999	124 639
Later than one year but no later than five years	356 797	354 036
Later than five years	238 948	259 999
Total operating lease commitments as sublessor	<u>722 744</u>	<u>738 674</u>

The Department leases a number of properties from private landlords and sublets these properties to various tenants. The Department is therefore a sublessor of these properties.

<b><i>Operating lease commitments as lessor</i></b>	2014	2013
Commitments under operating leases at the reporting date but not recognised as receivable in the financial report, are as follows:		
Within one year	28 539	29 773
Later than one year but no later than five years	34 444	63 125
Later than five years	47 594	64 773
Total operating lease commitments as lessor	<u>110 577</u>	<u>157 671</u>

The Department's operating lease commitments as lessor are for commercial properties and access rights to State owned land sites. Commercial accommodation leases are non-cancellable with terms ranging from one to 15 years. Rental is receivable in advance.

Leases as lessor from the Office for Recreation and Sport are non-cancellable leases of sporting venues and office accommodation leased to various sporting organisations. The leases have terms ranging from one to 25 years with some having a right of renewal.

<b>Finance lease commitments as lessee</b>	2014	2013
Future minimum lease payments under finance leases and hire purchase contracts	\$'000	\$'000
together with the present value of net minimum lease payments are as follows:		
Within one year	2 685	2 800
Later than one year but no longer than five years	7 888	7 878
Later than five years	11 813	13 618
Minimum lease payments	22 386	24 296
Future finance leases lease charges	(6 102)	(6 959)
Total finance lease commitments as lessee (recognised as a liability)	16 284	17 337
The present value of finance lease payable is as follows:		
Within one year	1 672	1 726
Later than one year but no longer than five years	5 029	4 813
Later than five years	9 583	10 798
Present value of finance lease	16 284	17 337
Representing:		
Current	1 672	1 726
Non-current	14 612	15 611
Total included in borrowings	16 284	17 337

The Department's finance leases as lessee relate to government accommodation and computer hardware and software.

The Department's computer and network printer equipment leases are non-cancellable with terms of three to four years. Each lease contains three options at the conclusion of the current term being: return equipment, extend the lease at fair market value or purchase the equipment at fair market value. In all cases the Department chooses to exercise its right to return the equipment. The weighted average interest rate implicit in the lease is 13.33% (12.02%).

The lease for Roma Mitchell House is non-cancellable, for a term of 40 years. At the end of the lease term, the building becomes part of the Department's owned portfolio. Rent is payable monthly, in advance. A contingent rental provision exists, in which an amount is expensed after taking into account the principal reduction and interest expense from the monthly lease payment. This contingent rental expense was \$2.401 million in 2013-14 (\$2.285 million).

The lease payment changes each year in accordance with CPI. The weighted average interest rate implicit in the lease in 2013-14 is 5.52% (5.52%).

<b>Finance lease commitments as lessor</b>	2014	2013
Finance lease receivables contracted for at the reporting date are as follows:	\$'000	\$'000
Within one year	837	865
Later than one year but no longer than five years	3 101	3 241
Later than five years	4 463	5 265
Minimum lease payments	8 401	9 371
Unearned finance income	(1 107)	(1 462)
Total finance lease commitments as lessor (recognised as an asset)	7 294	7 909
The present value of finance lease receivable is as follows:		
Within one year	659	647
Later than one year but no longer than five years	2 553	2 554
Later than five years	4 082	4 708
Present value of finance lease	7 294	7 909
Representing:		
Current	659	647
Non-current	6 635	7 262
Total included in receivables	7 294	7 909

The Department's finance leases as lessor represents recreational jetties and residential properties (ie government employee housing). As the finance leases for recreational jetties provide no material revenues, amounts associated with these leases have not been recognised (refer note 3.14).

Residential property finance leases where the Department is the lessor are non-cancellable, for a term of 20 years. At the end of the lease term, the asset belongs to the lessee. Rent is paid one month in advance and there are no contingent rental provisions. The interest rate for the June 2014 quarter implicit in the lease is 2.55% (2.86%).

**44. Contingent assets and liabilities**

At 30 June 2014, the Department had:

- possible material exposures resulting from litigation (or pending litigation) in respect of claims for property damage or personal injury
- received notification of other cases not yet subject to court action or formal claim, which may result in subsequent litigation or arbitration in the future
- possible material exposure resulting from the ongoing monitoring and treatment of contaminated land assets to bring the land into a position for future use or sale
- a number of in principle agreements with various property owners to purchase their property. If the property owners purchase a replacement investment property within 24 months with the same ownership, the Department is obligated to pay additional compensation.

In addition, the Department is awaiting the outcome of formal and informal proceedings which may result in possible material liabilities.

The Department believes that the extent of these contingent liabilities cannot be reliably measured at balance date.

The Department may be awarded the reimbursements of costs for some cases which are still subject to litigation.

The Department is not aware of any contingent assets.

**45. Cash flow reconciliation**

Reconciliation of cash and cash equivalents - cash at 30 June as per:	2014	2013
Statement of Cash Flows	\$'000	\$'000
Statement of Financial Position	398 911	532 232
	<u>398 911</u>	<u>532 232</u>

**Reconciliation of net cash provided by (used in) operating activities to net revenue from (cost of) providing services**

Net cash provided by operating activities	287 682	347 108
Revenues from SA Government	(336 014)	(428 293)
Payments to SA Government	6 708	3 611
Non-cash items:		
Net gain (loss) on sale or disposal of non-current assets	(7 107)	(5 734)
Depreciation/Amortisation expense of non-current assets	(336 228)	(320 163)
Assets written-off	(37)	(497)
Assets donated	(16 308)	(87 212)
Resources received free of charge	3 342	546
Write-offs of works in progress	(55 832)	-
Movements in assets/liabilities:		
Receivables	(78 062)	4 549
Inventories	806	2 338
Other assets	94	(2 800)
Payables and provisions	66 302	46 586
Employee benefits	(3 615)	323
Other liabilities	(10 115)	15 262
Net revenue from (cost of) providing services	<u>(478 384)</u>	<u>(424 376)</u>

**46. Transactions with SA Government**

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature:

	Note	SA Government		Non-SA Government		Total	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Expenses</b>							
Employee benefit expenses	6	12 141	11 591	233 983	208 165	246 124	219 756
Supplies and services:	7						
Bus and rail service contracts		-	-	193 381	179 026	193 381	179 026
Rail Commissioner salary reimbursements		56 310	51 214	-	657	56 310	51 871
Major infrastructure maintenance contracts		-	-	53 556	51 727	53 556	51 727
Other service contracts		3 541	4 354	86 037	94 121	89 578	98 475
Consultants		-	-	336	986	336	986

46. Transactions with SA Government (continued)	SA Government	SA Government	Non-SA Government		Total		
			2014	2013	2014	2013	
Supplies and services: (continued)	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating leases		5 419	10 427	142 513	137 132	147 932	147 559
Property expenses		4 932	3 545	108 658	98 607	113 590	102 152
Plant, equipment and vehicle expenses		4 685	6 017	4 488	7 247	9 173	13 264
IT		2 657	1 514	7 533	8 540	10 190	10 054
Materials and other purchases		-	-	31 065	31 823	31 065	31 823
Utilities		3 866	3 786	27 029	27 722	30 895	31 508
Insurance		5 763	6 170	-	3	5 763	6 173
Legal services		2 067	1 564	135	103	2 202	1 667
Commissions - transaction processing		-	72	2 545	2 606	2 545	2 678
Auditor's remuneration		984	883	-	-	984	883
Administrative costs		-	3	7 129	7 043	7 129	7 046
Payments to Service SA - registration and licensing collection		31 677	22 819	-	-	31 677	22 819
Other		18 518	15 072	21 671	52 893	40 189	67 965
Depreciation and amortisation expense	8	-	-	336 228	320 163	336 228	320 163
Grants and subsidies:	9						
Recurrent grants:							
Contribution for policing services		37 580	36 664	-	-	37 580	36 664
Transport subsidy scheme		-	-	10 535	10 281	10 535	10 281
Grants to local councils		-	-	11 474	6 988	11 474	6 988
Transport concessions		-	-	4 636	4 600	4 636	4 600
Grants by Office for Recreation and Sport		-	-	23 485	20 503	23 485	20 503
Other		1 117	1 962	3 747	1 887	4 864	3 849
Capital grants:							
Grants to local councils		-	-	1 652	141	1 652	141
Borrowing costs	10	1 290	1 361	-	-	1 290	1 361
Other expenses:	11						
Rates, taxes and levies		6 992	9 257	3 622	3 640	10 614	12 897
Donated assets		2 748	85 343	13 560	1 869	16 308	87 212
Bad and doubtful debts expense		-	-	528	384	528	384
Write-off of an asset		-	-	37	497	37	497
Indentured ports payable to DTF		13 925	11 776	-	-	13 925	11 776
Site remediation		-	-	9 183	(7)	9 183	(7)
Write-off of works in progress		-	-	55 832	-	55 832	-
Other		-	2	580	698	580	700
Payments to SA Government	23	6 708	3 611	-	-	6 708	3 611
<b>Total expenses</b>		<b>222 920</b>	<b>289 007</b>	<b>1 395 158</b>	<b>1 280 045</b>	<b>1 618 078</b>	<b>1 569 052</b>
<b>Income</b>							
Fees and charges:	13						
Drivers licence fees		-	-	44 553	62 993	44 553	62 993
Metrotickets		-	-	81 299	75 381	81 299	75 381
Motor registration		2 754	2 772	385 638	362 273	388 392	365 045
Marine related fees and charges		-	-	25 491	23 228	25 491	23 228
Land services fees		9 187	9 677	5 936	6 247	15 123	15 924
Other fees and charges		95	595	25 484	22 054	25 579	22 649
Commonwealth revenues:	14						
Commonwealth grants received via DTF		71 936	108 198	-	-	71 936	108 198
<i>Nation Building Program (National Land Transport Act 2009)</i>		-	-	3 844	3 375	3 844	3 375
Other Commonwealth revenues		-	-	1 852	880	1 852	880
Sales of goods and services:	15						
Maintenance services		99 687	89 458	-	-	99 687	89 458
Other sale of goods		956	1 194	8 334	14 554	9 290	15 748
Other sale of services		12 873	12 780	23 212	24 364	36 085	37 144



46. <b>Transactions with SA Government</b> <b>(continued)</b>	SA Government	SA Government		Non-SA Government		Total	
		2014	2013	2014	2013	2014	2013
<b>Income (continued)</b>	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Rental income:	16						
Government accommodation		203 286	204 156	-	-	203 286	204 156
Property rents and recoveries		-	485	3 345	3 248	3 345	3 733
Other lease income		290	630	5 401	5 258	5 691	5 888
Grants and subsidies income:	17						
Concessional passenger income		57 745	54 821	338	241	58 083	55 062
Specific purpose grants		-	-	-	1 031	-	1 031
Grants received by Office for Recreation and Sport		-	-	572	549	572	549
Other		1 047	1 026	-	-	1 047	1 026
Interest	18	2 421	5 689	-	3	2 421	5 692
Commissions received	19	40	98	-	-	40	98
Net gain (loss) from disposal of non-current assets	20	527	-	(7 634)	(5 734)	(7 107)	(5 734)
Resources received free of charge:	21						
Land, buildings and facilities		-	-	3 332	351	3 332	351
Plant and equipment		-	-	10	195	10	195
Other income:	22						
Recoveries and contributions		1 338	788	8 239	9 173	9 577	9 961
Reimbursement works and external project contributions		12 657	7 068	11 438	15 626	24 095	22 694
Intra-government transfers		25 384	16 284	-	-	25 384	16 284
Sundry income		-	-	79	56	79	56
Revenues from SA Government	23	336 014	428 293	-	-	336 014	428 293
Total income		<u>838 237</u>	<u>944 012</u>	<u>630 763</u>	<u>625 346</u>	<u>1 469 000</u>	<u>1 569 358</u>
<b>Financial assets</b>							
Receivables:	25						
Receivables		105 842	166 483	42 293	47 183	148 135	213 666
Allowances for doubtful debts		(59)	(59)	(2 621)	(2 514)	(2 680)	(2 573)
Finance lease receivables		6 442	7 363	852	546	7 294	7 909
GST input tax recoverable		-	-	8 383	9 751	8 383	9 751
Accrued revenues		66 931	63 482	8 581	20 073	75 512	83 555
Lease incentives		-	-	395	1 481	395	1 481
Loan receivables		-	-	2 476	2 040	2 476	2 040
Other assets:	27						
Prepayments		1 076	1 064	12 909	40 823	13 985	41 887
Lease incentives		27 990	27 896	-	-	27 990	27 896
Total financial assets		<u>208 222</u>	<u>266 229</u>	<u>73 268</u>	<u>119 383</u>	<u>281 490</u>	<u>385 612</u>
<b>Financial liabilities</b>							
Payables:	35						
Creditors		650	10 146	22 593	46 884	23 243	57 030
Accrued expenses		57 575	42 368	53 927	129 356	111 502	171 724
Rail Commissioner (Federal awarded employees)		29 136	27 633	-	-	29 136	27 633
Employment on-costs		10 921	10 533	-	-	10 921	10 533
Lease incentives		307	440	-	-	307	440
Other		-	-	59	55	59	55
Borrowings:	36						
Borrowings		-	247	1 807	2 006	1 807	2 253
Obligations under finance leases		14 401	15 284	1 883	2 053	16 284	17 337
Other liabilities:	39						
Deferred income		18 674	13 272	10 502	5 263	29 176	18 535
Other		25	25	155	127	180	152
Lease incentives		-	-	34 801	35 355	34 801	35 355
Total financial liabilities		<u>131 689</u>	<u>119 948</u>	<u>125 727</u>	<u>221 099</u>	<u>257 416</u>	<u>341 047</u>

**47. Indentured ports**

Funds for cargo services and harbour services are allocated to the Department and applied to the maintenance of indentured ports. Any remaining funds are returned to the Consolidated Account. Assets associated with these ports include land and facilities at Port Bonython, Ardrossan and Whyalla.

**47. Indentured ports (continued)**

The amount paid to the Consolidated Account in 2013-14 totalled \$9.857 million representing cargo and harbour service charges collected in 2012-13 but not paid to DTF as at 30 June 2013.

A further \$13.925 million remains payable to the consolidated account representing outstanding cargo and harbour service charges received during 2013-14 but not paid to DTF as at 30 June 2014.

**48. Rail Transport Facilitation Fund**

The *Rail Transport Facilitation Fund Act 2001*, which established the Rail Transport Facilitation Fund, was proclaimed in December 2001. Approval was given for the creation of the Rail Transport Facilitation Fund on 20 September 2002. Net income derived from the sale or leasing of railway assets and net income derived by the State from rail facilitation projects is to be paid into the Fund.

	2014	2013
	\$'000	\$'000
Inflows:		
Receipts into the Fund	6 972	6 755
Total inflows	<u>6 972</u>	<u>6 755</u>
Outflows:		
Payments from the Fund	(3 519)	(4 000)
Total outflows	<u>(3 519)</u>	<u>(4 000)</u>
Net surplus (deficit)	<u>3 453</u>	<u>2 755</u>
Fund balance:		
Balance at 1 July	47 717	44 962
Net surplus (deficit)	3 453	2 755
Balance at 30 June	<u>51 170</u>	<u>47 717</u>

***Receipts into the Fund***

The receipts into the Fund in 2013-14 result predominantly from interest \$1.2 million (\$1.3 million), rental and property income \$5 million (\$5 million) and appropriation from DTF for the Port River Expressway - Stage 3 (Rail) \$700 000 (\$700 000).

***Payments from the Fund***

The payments from the Fund in 2013-14 result predominantly from money being spent on non-metropolitan passenger rail services projects.

**49. Community Road Safety Fund**

The Community Road Safety Fund has been operative since 1 July 2003, and is currently funded by an appropriation from DTF. These funds are utilised for the purposes of road safety initiatives, including a payment to South Australia Police of \$37.4 million (\$36.5 million) for safety related policing expenditure. The appropriation for 2013-14 was \$81.021 million (\$81.021 million).

	2014	2013
	\$'000	\$'000
Inflows:		
Receipts into the Fund	81 339	81 451
Total inflows	<u>81 339</u>	<u>81 451</u>
Outflows:		
Payments from the Fund	(81 555)	(83 448)
Total outflows	<u>(81 555)</u>	<u>(83 448)</u>
Net surplus (deficit)	<u>(216)</u>	<u>(1 997)</u>
Fund balance:		
Balance at 1 July	3 608	5 605
Net surplus (deficit)	(216)	(1 997)
Balance at 30 June	<u>3 392</u>	<u>3 608</u>

**50. Commonwealth funding received for specific projects (formerly Auslink Advance Account for Special Projects)**

The Commonwealth funding received for the Specific Projects Account includes Commonwealth grants received in relation to specific projects including the Accelerated Sturt Highway Package.

**Receipts into the account**

In 2013-14 the account includes Sturt Highway interest \$15 000, South Road Superway interest \$43 000 and Gawler modernisation interest \$2000.

**Payments from the account**

In 2013-14 \$235 000 was expended on the Sturt Highway.

In 2012-13 \$154.491 million related to expenditure associated with the South Road Superway. During the year the Gawler Modernisation project was deferred and as a consequence \$10 million was agreed to be transferred to Seaford Rail Extension project and \$31.95 million (including interest) was paid back to the Federal Government for unspent funds. \$819 000 related to expenditure associated with the Sturt Highway.

	2014	2013
	\$'000	\$'000
Inflows:		
Receipts into the account	60	2 607
Total inflows	<u>60</u>	<u>2 607</u>
Outflows:		
Payments from the account	(235)	(197 261)
Total outflows	<u>(235)</u>	<u>(197 261)</u>
Net surplus (deficit)	<u>(175)</u>	<u>(194 654)</u>
Account balance:		
Balance at 1 July	2 560	197 214
Net surplus (deficit)	<u>(175)</u>	<u>(194 654)</u>
Balance at 30 June	<u>2 385</u>	<u>2 560</u>

**51. After balance date events**

The Department is not aware of any events occurring after balance date.

**Statement of Administered Comprehensive Income  
for the year ended 30 June 2014**

	Note	2014 \$'000	2013 \$'000
<b>Expenses:</b>			
Employee benefit expenses	A7	913	910
Supplies and services	A8	5 955	5 868
Grants and subsidies	A9	28 710	25 170
Disbursements on behalf of third parties	A10	819 804	914 791
Borrowing costs		95	110
Payments to Consolidated Account	A11	155 415	134 619
Other expenses		157	131
<b>Total expenses</b>		<b>1 011 049</b>	<b>1 081 599</b>
<b>Income:</b>			
Net revenues from SA Government	A13	4 197	4 685
Fees and charges	A14	172 923	154 145
Collections on behalf of third parties	A15	808 423	903 673
Grants and subsidies	A16	3 634	3 744
Interest revenue	A17	597	877
Other income		11 627	11 502
<b>Total income</b>		<b>1 001 401</b>	<b>1 078 626</b>
<b>Net result</b>		<b>(9 648)</b>	<b>(2 973)</b>
<b>Other comprehensive income:</b>			
Items that will not be reclassified to net result:			
Change in revaluation surplus	A21	-	3 106
<b>Total comprehensive result</b>		<b>(9 648)</b>	<b>133</b>

**Statement of Administered Financial Position  
as at 30 June 2014**

	Note	2014 \$'000	2013 \$'000
<b>Current assets:</b>			
Cash and cash equivalents	A18	81 410	110 273
Receivables	A19	2 915	5 802
<b>Total current assets</b>		<u>84 325</u>	<u>116 075</u>
<b>Non-current assets:</b>			
Receivables	A19	953	1 224
Land, buildings and facilities	A20	11 235	11 315
<b>Total non-current assets</b>		<u>12 188</u>	<u>12 539</u>
<b>Total assets</b>		<u>96 513</u>	<u>128 614</u>
<b>Current liabilities:</b>			
Payables	A22	66 485	88 683
Borrowings	A23	271	255
<b>Total current liabilities</b>		<u>66 756</u>	<u>88 938</u>
<b>Non-current liabilities:</b>			
Borrowings	A23	953	1 224
<b>Total non-current liabilities</b>		<u>953</u>	<u>1 224</u>
<b>Total liabilities</b>		<u>67 709</u>	<u>90 162</u>
<b>Net assets</b>		<u>28 804</u>	<u>38 452</u>
<b>Equity:</b>			
Equity	A24	28 804	38 452
<b>Total equity</b>		<u>28 804</u>	<u>38 452</u>
Contingent assets and liabilities	A33		
Unrecognised contractual commitments	A34		

**Statement of Administered Changes in Equity  
for the year ended 30 June 2014**

	Note	Revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2012		-	38 267	38 267
Prior period - error corrections identified in 2013-14		-	2	2
Restated balance at 30 June 2012		-	38 269	38 269
Net result for 2012-13		-	(2 973)	(2 973)
Gain on revaluation of land during 2012-13		3 106	-	3 106
Total comprehensive result for 2012-13		3 106	(2 973)	133
Balance at 30 June 2013		3 106	35 296	38 402
Prior period - error correction		(30)	80	50
Restated balance at 30 June 2013	A24	3 076	35 376	38 452
Net result for 2013-14		-	(9 648)	(9 648)
Total comprehensive result for 2013-14		-	(9 648)	(9 648)
<b>Balance at 30 June 2014</b>	A24	<b>3 076</b>	<b>25 728</b>	<b>28 804</b>

**Statement of Administered Cash Flows  
for the year ended 30 June 2014**

		2014	2013
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
<b>Cash flows from operating activities:</b>			
Cash outflows:			
Employee benefit costs		(913)	(848)
Supplies and services		(5 922)	(9 147)
Grants and subsidies		(39 394)	(12 186)
Disbursements on behalf of third parties		(831 508)	(902 102)
Payments to Consolidated Account		(155 415)	(132 281)
<b>Total cash outflows</b>		<u>(1 033 152)</u>	<u>(1 056 564)</u>
Cash inflows:			
Receipts from SA Government		4 197	4 685
Receipts from fees and charges		175 830	153 072
Collections on behalf of third parties		808 419	903 673
Grants and subsidies		3 622	3 757
Interest		609	913
Other income		11 627	11 502
<b>Total cash inflows</b>		<u>1 004 304</u>	<u>1 077 602</u>
<b>Net cash inflows (outflows) from operating activities</b>	A26	<u>(28 848)</u>	<u>21 038</u>
<b>Cash flows from investing activities:</b>			
Cash inflows:			
Proceeds from sale of land		80	-
<b>Total cash inflows</b>		<u>80</u>	<u>-</u>
<b>Net cash inflows from investing activities</b>		<u>80</u>	<u>-</u>
<b>Cash flows from financing activities:</b>			
Cash outflows:			
Repayment of loans - SA Government		(350)	(700)
<b>Total cash outflows</b>		<u>(350)</u>	<u>(700)</u>
Cash inflows:			
Repayment of loans - local government		255	240
<b>Total cash inflows</b>		<u>255</u>	<u>240</u>
<b>Net cash inflows (outflows) from financing activities</b>		<u>(95)</u>	<u>(460)</u>
<b>Net increase (decrease) in cash held</b>		(28 863)	20 578
<b>Cash and cash equivalents at 1 July</b>		110 273	89 695
<b>Cash and cash equivalents at 30 June</b>	A18	<u>81 410</u>	<u>110 273</u>

**Schedule of Expenses and Income  
attributable to Administered Activities  
for the year ended 30 June 2014**

(Activities - refer note A5)	Land Use Planning		Infrastructure Planning, Policy and Operations		Land Services		Recreation, Sport and Racing	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses:</b>								
Employee benefit expenses	-	-	285	274	168	230	217	124
Supplies and services	2 445	2 411	3 093	2 648	401	629	-	-
Grants and subsidies	22 505	19 005	2 485	2 445	-	-	3 720	3 720
Disbursements on behalf of third parties	-	-	-	-	-	-	-	-
Borrowing costs	-	-	95	110	-	-	-	-
Payments to Consolidated Account	-	-	4 191	-	151 224	134 619	-	-
Other expenses	157	131	-	-	-	-	-	-
<b>Total expenses</b>	<b>25 107</b>	<b>21 547</b>	<b>10 149</b>	<b>5 477</b>	<b>151 793</b>	<b>135 478</b>	<b>3 937</b>	<b>3 844</b>
<b>Income:</b>								
Net revenues from SA Government	942	1 268	2 635	2 858	116	167	239	101
Fees and charges	19 034	16 559	2 358	2 324	151 531	135 262	-	-
Collections on behalf of third parties	-	-	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	-	3 634	3 744
Interest revenue	317	566	95	110	185	199	-	-
Other income	40	4	207	199	-	3	-	-
<b>Total income</b>	<b>20 333</b>	<b>18 397</b>	<b>5 295</b>	<b>5 491</b>	<b>151 832</b>	<b>135 631</b>	<b>3 873</b>	<b>3 845</b>
<b>Net result</b>	<b>(4 774)</b>	<b>(3 150)</b>	<b>(4 854)</b>	<b>14</b>	<b>39</b>	<b>153</b>	<b>(64)</b>	<b>1</b>

	Public Transport Services		Driver, Licensing and Vehicle Regulations, Standards and Inspections		Total	
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses:</b>						
Employee benefit expenses	243	282	-	-	913	910
Supplies and services	16	180	-	-	5 955	5 868
Grants and subsidies	-	-	-	-	28 710	25 170
Disbursements on behalf of third parties	-	-	819 804	914 791	819 804	914 791
Borrowing costs	-	-	-	-	95	110
Payments to Consolidated Account	-	-	-	-	155 415	134 619
Other expenses	-	-	-	-	157	131
<b>Total expenses</b>	<b>259</b>	<b>462</b>	<b>819 804</b>	<b>914 791</b>	<b>1 011 049</b>	<b>1 081 599</b>
<b>Income:</b>						
Net revenues from SA Government	265	291	-	-	4 197	4 685
Fees and charges	-	-	-	-	172 923	154 145
Collections on behalf of third parties	-	-	808 423	903 673	808 423	903 673
Grants and subsidies	-	-	-	-	3 634	3 744
Interest revenue	-	2	-	-	597	877
Other income	-	180	11 380	11 116	11 627	11 502
<b>Total income</b>	<b>265</b>	<b>473</b>	<b>819 803</b>	<b>914 789</b>	<b>1 001 401</b>	<b>1 078 626</b>
<b>Net result</b>	<b>6</b>	<b>11</b>	<b>(1)</b>	<b>(2)</b>	<b>(9 648)</b>	<b>(2 973)</b>



## Notes to and forming part of the administered financial statements

The administered financial statements include income, expenses, assets and liabilities that the Department of Planning, Transport and Infrastructure (the Department) administers on behalf of the SA Government but does not control.

### A1. Objectives of the Department

The objectives of the Department, outlined in note 1 for controlled items, apply equally to the administered financial statements.

### A2. Department organisation

The organisational structure of the Department outlined in note 2 for controlled items, applies to both the departmental and the administered financial statements.

### A3. Summary of significant accounting policies

The policies of the Department outlined in note 3 for controlled items, apply equally to the administered financial statements.

The amount of GST payable/receivable incurred by the Department in relation to administered functions is recognised in the Statement of Financial Position for controlled items.

### A4. Changes in accounting policies

The changes in accounting policies outlined in note 4 for controlled items, apply equally to the administered financial statements. With respect to specific policies no changes have been noted for administered functions.

### A5. Activities of the Department

The activities of the Department are outlined in note 5 for controlled items, apply equally to the administered financial statements.

### A6. Administered items of the Department

The administered items of the Department as at 30 June 2014 comprised the following:

- asbestos and heritage
- contractors' deposits
- development application fees
- Emergency Services levy receipts
- expiation receipts including the Victims of Crime levy
- Hospital Fund - contribution
- Land Services regulatory fees
- Land Services Group Trust funds
- land tax equivalent - Flinders Ports
- Lifetime Support Scheme
- Lincoln Cove Marina
- Local Government Grants Commission
- major administered projects
- Metropolitan (Woodville, Henley and Grange) Drainage Scheme
- Ministers' salaries
- Motor Accident Commission receipts
- Passenger Transport Research and Development Fund
- Planning and Development Fund
- planning fees
- racing services
- Real Property Act Assurance Fund
- Real Property Act Trust Accounts
- Recreation and Sport Fund
- Registrar-General and Surveyor-General Statutory Act revenues
- registration and licensing collections and disbursements
- South-Western Suburbs Drainage Scheme
- Sport and Recreation Fund
- stamp duties
- unclaimed salaries and wages
- Valuer-General (Special Act salaries)
- West Beach Trust (trading as Adelaide Shores) - tax equivalent regime
- Workers Liens Trust Account

<b>A7. Employee benefit expenses</b>	2014	2013
	\$'000	\$'000
Ministers' and Valuer-General salaries*	913	910
Total employee benefit expenses	913	910

\* Employee benefit expenses are specific to the Minister for Transport and Infrastructure, the former Minister for Transport Services, the Minister for Recreation and Sport and the Valuer-General.

<b>A8. Supplies and services</b>		
Supplies and services:		
Project expenditure	3 414	3 377
Professional and technical services	891	869
Planning fees	1 175	1 018
Other <sup>(1)</sup>	475	604
Total supplies and services	5 955	5 868

<sup>(1)</sup> Includes audit fees paid/payable to the Auditor-General (refer note A12).

<b>A9. Grants and subsidies</b>		
Grants and subsidies:		
Office for Recreation and Sport grants	3 720	3 720
Planning and Development Fund grant payments	21 710	18 558
West Beach Trust tax equivalent reimbursements	800	448
Lincoln Cove Marina (transfer to DTF)	122	120
Land tax equivalent - Flinders Ports (transfer to DTF)	2 358	2 324
Total grants and subsidies	28 710	25 170

<b>A10. Disbursements on behalf of third parties</b>		
Disbursements on behalf of third parties:		
Stamp duties - DTF	156 871	149 922
Hospital Fund - DTF	67 242	64 535
Emergency Services levy - South Australian Fire and Emergency Services Commission	44 412	42 798
Expiation notices - Fines Enforcement Unit	309	236
Third party insurance - Motor Accident Commission	523 755	630 615
Refunds	14 847	16 700
Federal registrations	9 369	9 395
Lifetime Support Scheme fund levy - Lifetime Support Authority	2 263	-
Other	736	590
Total disbursements on behalf of third parties	819 804	914 791

<b>A11. Payments to Consolidated Account</b>		
Payments to Consolidated Account*	155 415	134 619
Total payments to Consolidated Account	155 415	134 619

\* Payments made into the Consolidated Account pursuant to the *Real Property Act 1886*.

<b>A12. Auditor's remuneration</b>		
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the Planning and Development Fund	29	17
Total auditor's remuneration	29	17

**Other services**

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

<b>A13. Net revenues from SA Government</b>		
Revenues from SA Government:		
Appropriations from the Consolidated Account pursuant to the <i>Appropriation Act</i>	3 290	3 837
Special Acts	907	848
Total revenues from SA Government	4 197	4 685

<b>A14. Fees and charges</b>	2014	2013
Fees and charges:	\$'000	\$'000
Regulatory fees - land services	151 531	135 262
Regulatory fees - planning	19 034	16 559
Land tax equivalent - Flinders Ports	2 358	2 324
Total fees and charges	<u>172 923</u>	<u>154 145</u>

<b>A15. Collections on behalf of third parties</b>		
Collections on behalf of third parties:		
Stamp duties - DTF	156 871	149 922
Hospital Fund - DTF	67 242	64 535
Emergency Services levy - South Australian Fire and Emergency Services Commission*	33 031	31 682
Expiation notices - Fines Enforcement Unit	309	236
Third party insurance - Motor Accident Commission	523 755	630 615
Refunds	14 847	16 698
Federal registrations	9 369	9 395
Lifetime Support Scheme fund levy - Lifetime Support Authority	2 263	-
Other	736	590
Total collections on behalf of third parties	<u>808 423</u>	<u>903 673</u>

\* Emergency Services levy payment received from DPC is included in other revenue.

<b>A16. Grants and subsidies</b>		
Grants and subsidies:		
Office for Recreation and Sport grants received	3 634	3 744
Total grants and subsidies	<u>3 634</u>	<u>3 744</u>

<b>A17. Interest revenue</b>		
Interest revenue	597	877
Total interest revenue	<u>597</u>	<u>877</u>

<b>A18. Cash and cash equivalents</b>		
Deposits at call*	81 410	110 273
Total cash and cash equivalents	<u>81 410</u>	<u>110 273</u>

\* The Department of Planning, Transport and Infrastructure administered cash includes cash collected by DPC on behalf of the Department through various payment channels managed by DPC including Bizgate and Australia Post.

<b>A19. Receivables</b>	2014	2013
Current:	\$'000	\$'000
Receivables	2 617	2 644
Accrued revenues	298	3 158
Total current receivables	<u>2 915</u>	<u>5 802</u>
Non-current:		
Receivables	953	1 224
Total non-current receivables	<u>953</u>	<u>1 224</u>
Total receivables	<u>3 868</u>	<u>7 026</u>

(a) Maturity analysis of receivables - refer note A25.

(b) Categorisation of financial instruments and risk exposure information - refer note A25.

<b>A20. Land, buildings and facilities</b>		
Land, buildings and facilities:		
Land at fair value	11 235	11 315
Total land, buildings and facilities	<u>11 235</u>	<u>11 315</u>

**Reconciliation of land, buildings and facilities**

	2014
The following table shows the movement of land, buildings and facilities during 2013-14:	\$'000
Carrying amount at 1 July	11 265
Prior period - error correction 2012-13	50
Adjusted opening balance	11 315
Disposals	(80)
Carrying amount at 30 June	<u>11 235</u>

**Valuation of land, buildings and facilities**

Land was reviewed and revalued to fair value at 1 July 2012 in accordance with AASB 116. The valuation of land was performed by the Valuer-General. The valuer arrived at fair value based on recent market transactions for similar land in the area taking into account zoning and restricted use.

The valuers arrived at fair value for land, buildings and facilities using the market approach. The valuation was based on recent market transactions for similar land, buildings and facilities in the area and includes adjustment for factors specific to the land, buildings and facilities being valued, such as size, location and current use.

The next valuation is due to be carried out in 2015-16.

Refer note A24 for a description of the prior period error corrections.

**A21. Fair value measurement**

**Fair value hierarchy**

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2014:

The Department had no reoccurring or non-reoccurring fair value measurements categorised into level 1 or level 3.

**Fair value measurements**

2014	Note	Level 2 \$'000	Total \$'000
Recurring fair value measurements:			
Land	A20	11 235	11 235
Total recurring fair value measurements		<u>11 235</u>	<u>11 235</u>

Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of AASB 13.

**Valuation techniques and inputs**

Valuation techniques used to derive level 2 fair values are detailed in note A20. There were no changes in valuation techniques during 2013-14.

**A22. Payables**

	2014	2013
Current:	\$'000	\$'000
Creditors	48 402	69 091
Accrued expenses	18 083	19 592
Total current payables	<u>66 485</u>	<u>88 683</u>
Total payables	<u>66 485</u>	<u>88 683</u>

The Department of Planning, Transport and Infrastructure administered creditors include \$62 000 of employment on-costs.

- (a) Maturity analysis of payables - refer note A25.
- (b) Categorisation of financial instruments and risk exposure information - refer note A25.

<b>A23. Borrowings</b>	2014	2013
	\$'000	\$'000
Balance at 1 July	1 479	2 069
Increases in debt due to interest	95	110
Repayments:		
Woodville, Henley and Grange Drainage Scheme	(36)	(73)
South West Suburbs Drainage Scheme	(314)	(627)
Balance as at 30 June	1 224	1 479
Current	271	255
Non-current	953	1 224
Total borrowings	1 224	1 479

- (a) Maturity analysis of borrowings - refer note A25.  
 (b) Categorisation of financial instruments and risk exposure information - refer note A25.  
 (c) Defaults and breaches - there were no defaults or breaches on any of the above liabilities throughout the year.

<b>A24. Equity</b>	2014	2013
Equity	28 804	38 452
Total equity	28 804	38 452

**Equity**

Balance at 1 July	38 452	38 267
Prior period error correction	-	52
Restated balance at 30 June	38 452	38 319
Net result	(9 648)	(2 973)
Gain on revaluation of land during 2012-13	-	3 106
Balance at 30 June	28 804	38 452

**Prior period error correction**

A prior period correction of \$80 000 has been made to the opening balance of land. An allotment of land at Dalkeith Road, Munno Para was not previously recognised in the administered statements. The land has been recognised in 2013-14 as a prior period error correction.

A prior period correction of (\$30 000) has been made to the opening balance of land. A change to the revaluation to a parcel of land on Summit Road has been adjusted. This revaluation correction has been recognised in 2013-14 as a prior period error correction.

A prior period correction of \$2000 has been made to the opening balance of creditors. This adjustment has been recognised in 2013-14 as a prior period error correction.

**A25. Financial instruments**

**A25.1 Categorisation of financial instruments**

The financial instruments/financial risk management terms, conditions and accounting policies of the Department, outlined in note 41 for controlled items, apply equally to the administered financial statements.

		Carrying amount/ Fair value	
		2014	2013
		\$'000	\$'000
<b>Financial assets</b>	Note		
Cash and cash equivalents:			
Cash and cash equivalents	A18	81 140	110 273
Loans and receivables:			
Receivables	A19	3 868	7 026
Total financial assets - at cost		85 278	117 299
<b>Financial liabilities</b>			
Payables	A22	66 485	88 683
Borrowings	A23	1 224	1 479
Total financial liabilities - at cost		67 709	90 162

**Credit risk**

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

The Department has minimal concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

**A25.2 Maturity analysis of financial assets and liabilities**

	Carrying amount	Contractual maturities		
		Less than 1 year	1-5 years	More than 5 years
<b>2014</b>				
Financial assets:	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	81 410	81 410		
Receivables	2 644	2 644	-	-
Receivables - interest bearing	1 224	271	953	-
Total financial assets	85 278	84 325	953	-
Financial liabilities:				
Payables	66 485	66 485	-	-
Borrowings	1 224	271	953	-
Total financial liabilities	67 709	66 756	953	-
<b>2013</b>				
Financial assets:				
Cash and cash equivalents	110 273	110 273	-	-
Receivables	5 547	5 547	-	-
Receivables - interest bearing	1 479	255	1 224	-
Total financial assets	117 299	116 075	1 224	-
Financial liabilities:				
Payables	88 683	88 683	-	-
Borrowings	1 479	255	1 224	-
Total financial liabilities	90 162	88 938	1 224	-

**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 continuing appropriations by Parliament for the Department's administration and programs. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

The carrying amount of financial liabilities represents the Department's maximum exposure to liquidity risk.

**Market risk**

Market risk for the Department is primarily through interest rate risk. Exposure to interest rate risk will not arise on the administered interest bearing liabilities and interest bearing assets as the interest rate is fixed over the term of the loan.

**A26. Cash flow reconciliation**

	2014	2013
	\$'000	\$'000
Reconciliation of cash - cash at 30 June:		
Statement of Cash Flows	81 410	110 273
Statement of Financial Position	81 410	110 273

**Reconciliation of net cash inflows (outflows) from operating activities to net result:**

Net cash inflows (outflows) from operating activities	(28 848)	21 038
Non-cash items:		
Capitalised interest	(95)	(110)
Movements in assets/liabilities:		
Receivables	(3 158)	432
Payables/Borrowings	22 453	(24 333)
Net result	(9 648)	(2 973)

**A27. Transactions with SA Government**

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as the reporting date, classified according to their nature:

	Note	SA Government		Non-SA Government		Total	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Expenses</b>							
Employee benefit expenses	A7	-	-	913	910	913	910
Supplies and services:	A8						
Project expenditure		2 781	2 783	633	594	3 414	3 377
Professional and technical services		891	869	-	-	891	869
Planning fees		-	-	1 175	1 018	1 175	1 018
Other (excludes auditor's remuneration)		24	49	422	538	446	587
Grants and subsidies:	A9						
Office for Recreation and Sport		3 720	3 720	-	-	3 720	3 720
Planning and Development Fund		10 912	8 699	10 798	9 859	21 710	18 558
West Beach Trust							
tax equivalent reimbursements		800	448	-	-	800	448
Lincoln Cove Marina							
(transfer to DTF)		122	120	-	-	122	120
Land tax equivalent - Flinders Ports							
(transfer to DTF)		2 358	2 324	-	-	2 358	2 324
Disbursements on behalf of third parties:	A10						
Stamp duties - DTF		156 871	149 922	-	-	156 871	149 922
Hospital Fund - DTF		67 242	64 535	-	-	67 242	64 535
Emergency Services levy -							
South Australian Fire and							
Emergency Services Commission		44 412	42 798	-	-	44 412	42 798
Expiation notices -							
Fines Enforcement Unit		309	236	-	-	309	236
Third party insurance - Motor							
Accident Commission		523 755	630 615	-	-	523 755	630 615
Refunds		-	-	14 847	16 700	14 847	16 700
Federal registrations		-	-	9 369	9 395	9 369	9 395
Lifetime Support Scheme fund levy -							
Lifetime Support Authority		2 263	-	-	-	2 263	-
Other		736	590	-	-	736	590
Borrowing costs	n/a	95	110	-	-	95	110
Payments to Consolidated Account	A11	155 415	134 619	-	-	155 415	134 619
Other expenses	n/a	-	-	157	131	157	131
Auditors remuneration	A12	29	17	-	-	29	17
Total expenses		<u>972 735</u>	<u>1 042 454</u>	<u>38 314</u>	<u>39 145</u>	<u>1 011 049</u>	<u>1 081 599</u>
<b>Income</b>							
Net revenues from SA Government	A13	4 197	4 685	-	-	4 197	4 685
Fees and charges:	A14						
Regulatory fees - Land Services		-	-	151 531	135 262	151 531	135 262
Regulatory fees - planning		-	-	19 034	16 559	19 034	16 559
Land tax equivalent - Flinders Ports		-	-	2 358	2 324	2 358	2 324
Collection on behalf of third parties	A15						
Stamp duties - DTF		156 871	149 922	-	-	156 871	149 922
Hospital Fund - DTF		67 242	64 535	-	-	67 242	64 535
Emergency Services levy -							
South Australian Fire and							
Emergency Services Commission		33 031	31 682	-	-	33 031	31 682
Expiation notices -							
Fines Enforcement Unit		309	236	-	-	309	236
Third party insurance - Motor							
Accident Commission		523 755	630 615	-	-	523 755	630 615
Refunds		-	-	14 847	16 698	14 847	16 698
Federal registrations		-	-	9 369	9 395	9 369	9 395
Lifetime Support Scheme fund levy -							
Lifetime Support Authority		2 263	-	-	-	2 263	-
Other		736	590	-	-	736	590
Grants and subsidies:	A16						
Office for Recreation and Sport grants		-	-	3 634	3 744	3 634	3 744
Interest revenue	A17	597	877	-	-	597	877
Other income	n/a	11 627	11 502	-	-	11 627	11 502
Total income		<u>800 628</u>	<u>894 644</u>	<u>200 773</u>	<u>183 982</u>	<u>1 001 401</u>	<u>1 078 626</u>

**A27. Transactions with SA Government (continued)**

	Note	SA Government		Non-SA Government		Total	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Financial assets</b>							
Receivables:	A19						
Receivables		48	52	3 522	3 816	3 570	3 868
Accrued revenues		262	3 158	36	-	298	3 158
Total financial assets		<u>310</u>	<u>3 210</u>	<u>3 558</u>	<u>3 816</u>	<u>3 868</u>	<u>7 026</u>
<b>Financial liabilities</b>							
Payables:	A22						
Creditors		45 839	61 764	2 563	7 327	48 402	69 091
Accrued expenses		45	7 139	18 038	12 453	18 083	19 592
Borrowings	A23	<u>1 224</u>	<u>1 479</u>	<u>-</u>	<u>-</u>	<u>1 224</u>	<u>1 479</u>
Total financial liabilities		<u>47 108</u>	<u>70 382</u>	<u>20 601</u>	<u>19 780</u>	<u>67 709</u>	<u>90 162</u>

**A28. Victims of Crime levies**

In accordance with the *Expiation of Offences Act 1996*, and on behalf of the Attorney-General's Department, the Public Transport Division of the Department collects Victims of Crime levies from expiation notices issued.

	2014 \$'000	2013 \$'000
Balance at 1 July	17	17
Levies collected during the year	140	105
Amount paid to Attorney-General's Department	(140)	(105)
Amount payable to Attorney-General's Department	<u>17</u>	<u>17</u>

**A29. Passenger Transport Research and Development Fund**

Pursuant to section 62 of the *Passenger Transport Act 1994*, the Public Transport Division of the Department administers, on behalf of the Minister for Transport and Infrastructure (the Minister), the Passenger Transport Research and Development Fund (an interest bearing deposit account).

The fund may be applied by the Minister for:

- the purpose of carrying out research into the taxi industry
- the purpose of promoting the taxi industry
- any other purpose considered by the Minister to be beneficial to the travelling public, in the interests of the passengers transport industry, and an appropriate application of money standing to the credit of the Fund.

	2014 \$'000	2013 \$'000
<b>Inflows:</b>		
Receipts into the Fund	-	2
Total inflows	<u>-</u>	<u>2</u>
<b>Outflows:</b>		
Payments from the Fund	2	-
Total outflows	<u>2</u>	<u>-</u>
Net surplus (deficit)	<u>(2)</u>	<u>2</u>
<b>Fund balance:</b>		
Balance at 1 July	13	11
Net surplus (deficit)	(2)	2
Balance at 30 June	<u>11</u>	<u>13</u>

**A30. West Beach Trust (tax equivalent regime)**

Pursuant to the *West Beach Recreation Reserve Act 1987*, the Department reimburses West Beach Trust for payments it makes under the tax equivalent regime in recognition of non-profit making activities undertaken on behalf of the Government. Conversely, the Department receives government appropriation to fund these payments. This fund is administered on behalf of the Minister for Planning.



**A30. West Beach Trust (tax equivalent regime) (continued)**

	2014	2013
	\$'000	\$'000
Inflows:		
Receipts into the Fund	656	1 268
Total inflows	<u>656</u>	<u>1 268</u>
Outflows:		
Payments from the Fund	800	759
Total outflows	<u>800</u>	<u>759</u>
Net surplus (deficit)	<u>(144)</u>	<u>509</u>
Fund balance:		
Balance at 1 July (1 January for 2011-12)	1 039	530
Net surplus (deficit)	<u>(144)</u>	<u>509</u>
Balance at 30 June	<u>895</u>	<u>1 039</u>

**A31. Recreation and Sport Fund**

The Recreation and Sport Fund was established by section 17 of the *Soccer Football Pools Act 1981*. The Act has since been repealed. The continued existence of the fund is attributable to section 16A of the *State Lotteries Act 1966*. The use of the funds is governed by the above legislation which states that the funds may be used for recreation and sport purposes. This fund is administered on behalf of the Minister for Recreation and Sport.

	2014	2013
	\$'000	\$'000
Inflows:		
Receipts into the Fund	145	257
Total inflows	<u>145</u>	<u>257</u>
Outflows:		
Payments from the Fund	220	220
Total outflows	<u>220</u>	<u>220</u>
Net surplus (deficit)	<u>(75)</u>	<u>37</u>
Fund balance:		
Balance at 1 July	1 633	1 596
Net surplus (deficit)	<u>(75)</u>	<u>37</u>
Balance at 30 June	<u>1 558</u>	<u>1 633</u>

**A32. Sport and Recreation Fund**

The Office for Recreation and Sport has the responsibility for the Sport and Recreation Fund. The Sport and Recreation Fund was established by section 73A of the *Gaming Machines Act 1992*. The funding is used to fund the Active Club and Move It! grants programs, the State Facilities Fund and grant administration costs. The use of these funds is governed by the above legislation which states that they may be used for recreation and sport purposes. This fund is administered on behalf of the Minister for Recreation and Sport.

	2014	2013
	\$'000	\$'000
Inflows:		
Receipts into the Fund	3 500	3 500
Total inflows	<u>3 500</u>	<u>3 500</u>
Outflows:		
Payments from the Fund	(3 500)	(3 500)
Total outflows	<u>(3 500)</u>	<u>(3 500)</u>
Net surplus (deficit)	<u>-</u>	<u>-</u>
Fund balance:		
Balance at 1 July	3 322	3 322
Net surplus (deficit)	<u>-</u>	<u>-</u>
Balance at 30 June	<u>3 322</u>	<u>3 322</u>

**A33. Contingent assets and liabilities**

The Department is not aware of any administered contingent assets or liabilities.

<b>A34. Unrecognised contractual commitments</b>	2014	2013
Grant commitments:	\$'000	\$'000
Within one year	241	6 397
Later than one year but not later than five years	-	-
Later than five years	-	-
Total unrecognised contractual commitments	<u>241</u>	<u>6 397</u>
<b>A35. Transfer payments</b>		
Transfer payments to SA Government entities:		
DTF	382 008	351 520
South Australian Fire and Emergency Services Commission	44 412	42 798
Fines Enforcement Unit	309	236
Lifetime Support Authority	2 263	-
Motor Accident Commission	523 755	630 615
Other	21 903	18 665
Transfer payment to Federal Government entities:		
Department of Infrastructure and Transport	9 369	9 395
Transfer payment to local government:		
Councils	10 856	10 453
Transfer payment to non-SA Government entities:		
Other	15 166	16 897
Total transfer payments	<u>1 010 041</u>	<u>1 080 579</u>

**A36. After balance date events**

Pursuant to the Public Sector (Reorganisation of Public Sector Operations) Notice 2014 under section 9(1) of the PSA effective 1 July 2014, 11 employees from the Department of Primary Industries and Regions transferred employment to the Department of Planning, Transport and Infrastructure administered.

# Police Superannuation Scheme

## Functional responsibility

### Establishment

The Police Superannuation Scheme (the Scheme) and the Police Superannuation Board (the Board) were established under the *Police Superannuation Act 1990*. The Board is responsible to the Minister for Finance.

### Functions

The Board is responsible for administering the Scheme which provides for benefit payments to police officers who commenced employment before 1 June 1990. The Scheme comprises a Pension Division.

Police officers who commenced employment after 1 June 1990 are now members of the Southern State Superannuation (Triple S) Scheme which is administered by the South Australian Superannuation Board.

The main financial administration arrangements of the Scheme involve:

- the Police Superannuation Fund, established under the *Police Superannuation Act 1990*, which records receipts (members' contributions and revenue earned from investment of those monies) and payments (the employee share of benefit payments and administration costs)
- the Police Superannuation Scheme Employer Contribution Account (the Police Employer Account), established under the PFAA, which records employer contributions on behalf of the members and payments of the employer share of benefits paid and administration costs.

The Superannuation Funds Management Corporation of South Australia is responsible for the investment and management of the Police Superannuation Fund and the Police Employer Account.

Note 1 to the financial statements provides further details of the Scheme's administration and funding arrangements.

## 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 Scheme 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 over the Scheme 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 2013-14 areas of review included:

- receipting and banking of contributions
- benefit payments
- administration expenses
- cash
- liability for accrued benefits.

The audit of the investment and management of the Scheme's assets is reviewed as part of the Superannuation Funds Management Corporation of South Australia audit.

## 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 net assets of the Police Superannuation Scheme as at 30 June 2014 and changes in the net assets for the year ended 30 June 2014 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 Police Superannuation Scheme in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Police Superannuation Scheme have been conducted properly and in accordance with law.

### Communication of audit matters

The audit did not identify any notable matters requiring formal communication to the Board.

## Interpretation and analysis of the financial report

### Highlights of the financial report

In accordance with AAS 25, the Board has elected to present its financial report in the format of a Statement of Net Assets and a Statement of Changes in Net Assets. Consequently, a Statement of Cash Flows has not been prepared and benefit related liabilities are disclosed in the notes to the financial statements.

	2014 \$'million	2013 \$'million
<b>Revenue</b>		
Contribution revenue	100	103
Investment revenue	173	158
<b>Total revenue</b>	<b>273</b>	<b>261</b>

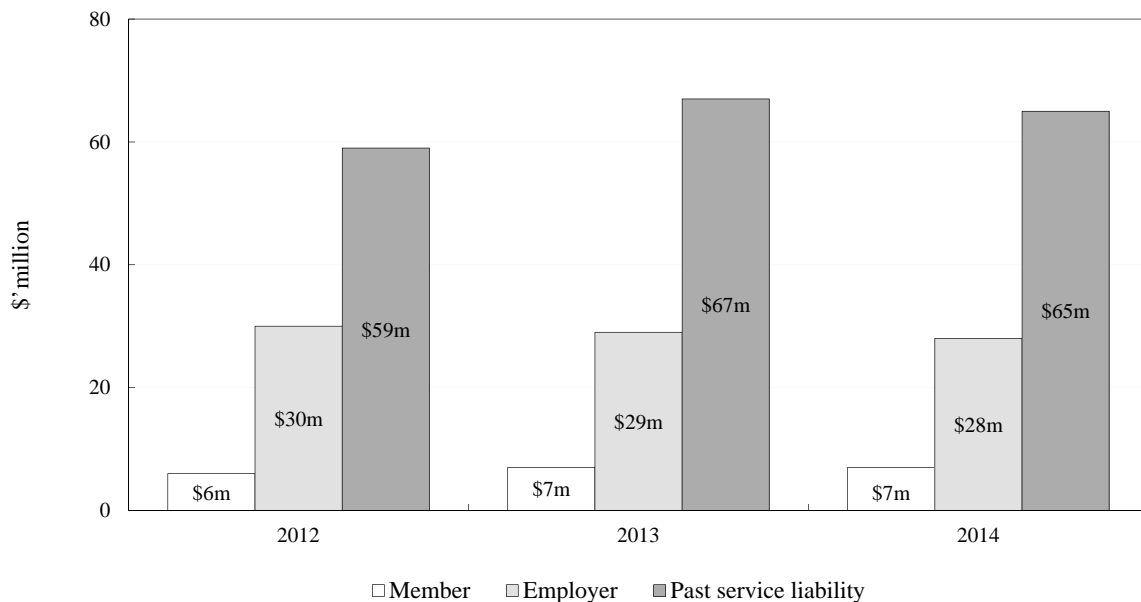
	2014 \$'million	2013 \$'million
<b>Expenses</b>		
Benefits paid	78	68
Other expenses	8	7
<b>Total expenses</b>	<b>86</b>	<b>75</b>
<b>Net increase (decrease) in funds</b>	<b>187</b>	<b>186</b>
<b>Assets</b>		
Investments	1 277	1 091
Other assets	1	1
<b>Total assets</b>	<b>1 278</b>	<b>1 092</b>
<b>Total liabilities</b>	<b>1</b>	<b>2</b>
<b>Net assets available to pay benefits</b>	<b>1 277</b>	<b>1 090</b>

### Statement of Changes in Net Assets

#### Revenues

Investment activity for the year resulted in a positive return of \$173 million (\$158 million). The increase in investment revenue is due to higher returns for funds under management during 2013-14. This mainly reflects improving economic conditions. Investment returns are discussed in the commentary under 'Superannuation Funds Management Corporation of South Australia' elsewhere in Part B of this Report.

The following chart shows an analysis of contribution revenue for the three years to 2014.



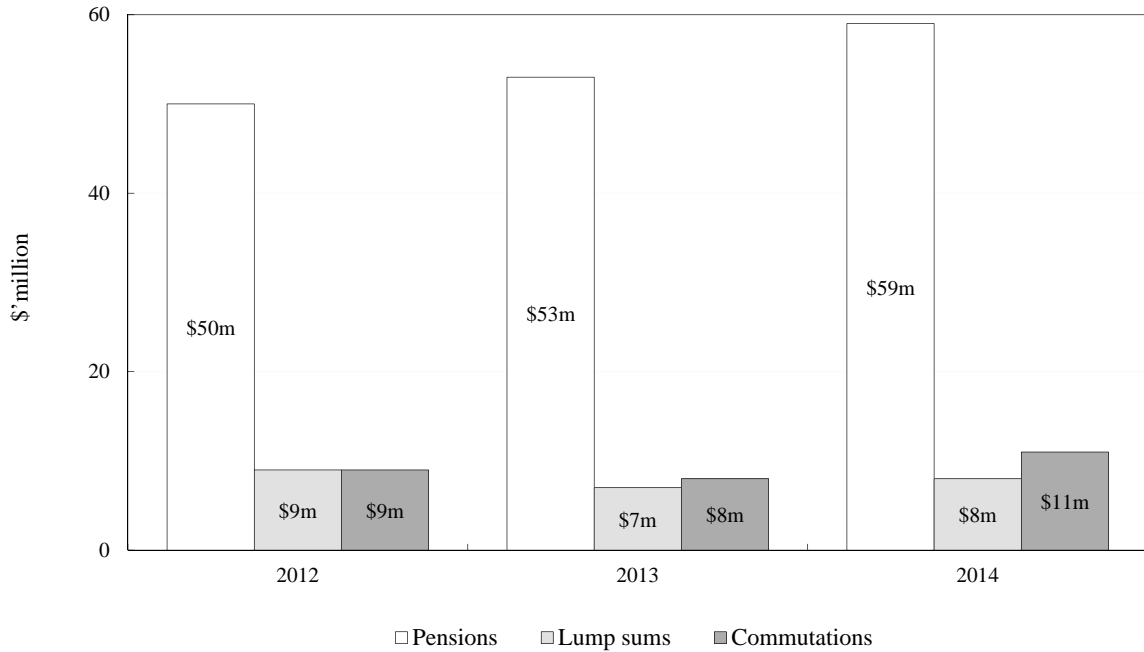
The chart shows that member and employer contributions have remained steady over the past three years.

Past service liability payments represent funding from the Government to meet accrued superannuation liabilities. The Government expects to fully fund liabilities by 30 June 2034.

**Expenses**

Benefits paid totalled \$78 million (\$68 million). Of this amount, \$59 million (\$53 million) was taken as pensions and \$19 million (\$15 million) as lump sum and commutation payments.

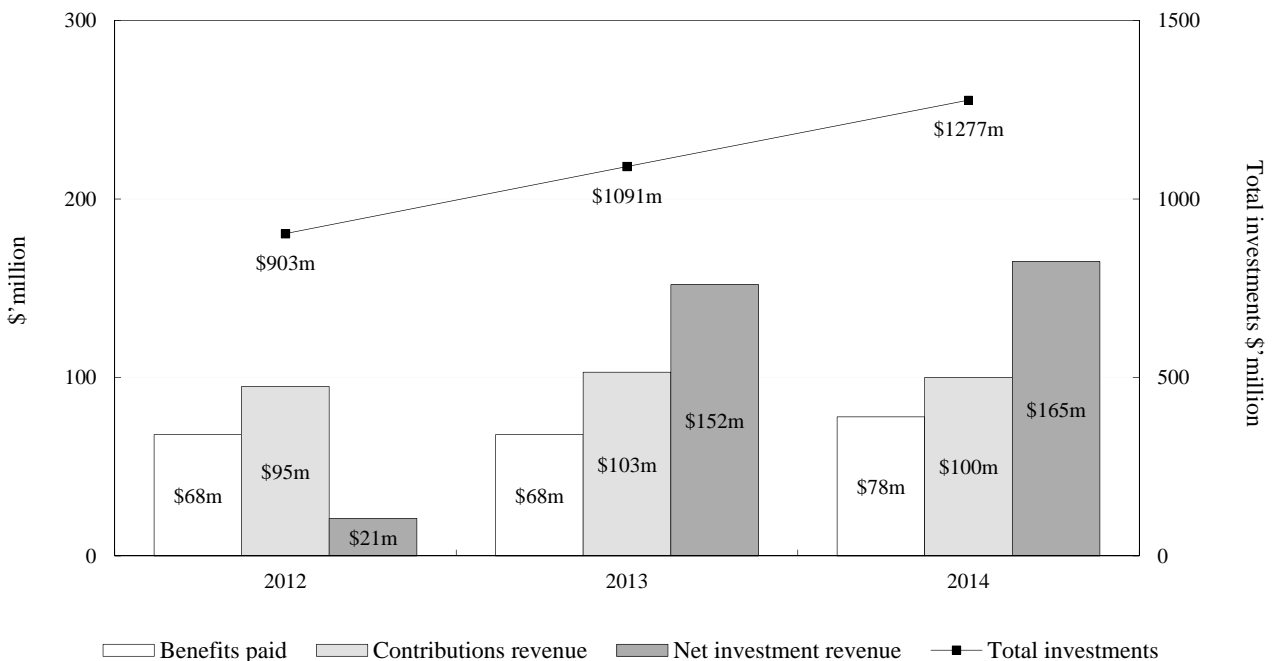
For the three years to 2014, the following chart shows an analysis of benefits paid.



Since 2011 there has been a steady increase in pensions. This is expected as the pensions paid are affected by increases in the number of pensioners, final salary and inflation adjustments. Note 11 to the financial statements provides a breakdown of benefits paid.

**Statement of Net Assets**

Investments increased by \$186 million to \$1277 million.



The change in investments is the result of investment revenue, benefits paid and contributions revenue. While benefits and contributions trend consistently from year to year, investment revenue can fluctuate significantly depending on prevailing market conditions. This can significantly impact on the level of total investments held.

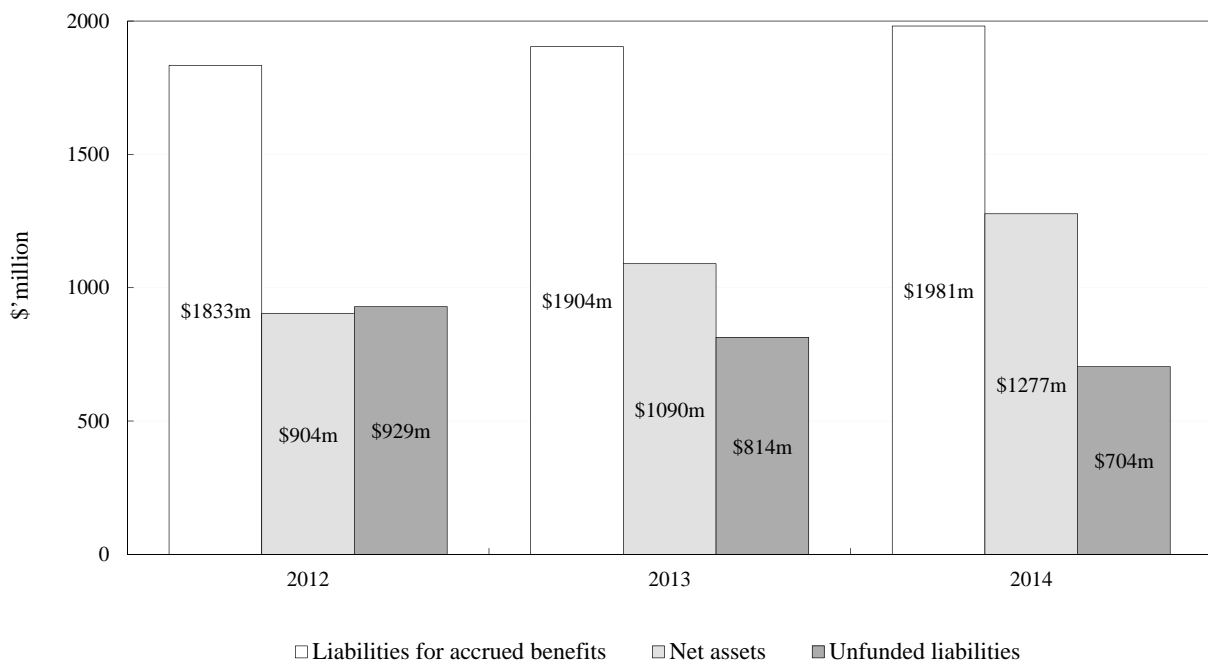
Investment returns are discussed in the commentary under 'Superannuation Funds Management Corporation of South Australia' elsewhere in Part B of this Report.

## Further commentary on operations

### Liability for accrued benefits

The estimated liability for accrued benefits increased by \$77 million to \$1981 million for which net assets of \$1277 million (\$1090 million) were available to pay benefits. This has resulted in an excess of liabilities over net assets of \$704 million (\$814 million), which represents the unfunded liability at 30 June 2014.

For the three years to 2014, the following chart shows an analysis of the liabilities for accrued benefits.



An actuarial review is undertaken every three years with assumptions from this review used to calculate the accrued liability in years between reviews. The 2011 triennial actuarial review resulted in revised demographic assumptions including a reduction in pensioner mortality rates and lower rates of age retirement, resulting in a further increase in the liability for accrued benefits. Note 3 to the financial statements provides further details.

### Net assets available to pay benefits

At 30 June 2014 the unfunded liability of the Scheme was \$704 million.

Analysis of the Police Employer Account revealed net assets available to pay benefits of \$833 million compared to an accrued liability of \$1603 million. This represents a shortfall of net assets over accrued liabilities of \$770 million. The Government transferred \$65 million to the Police Employer Account as funding for the accrued past service liability.

Analysis of the Police Superannuation Fund revealed net assets available to pay benefits of \$444 million compared to an accrued liability of \$378 million.

**Pensioners**

The number of pensioners and pensions paid for the past three years were:

	2014	2013	2012
Pensioners	1 566	1 498	1 443
Pensions paid (\$'000)	58 863	53 351	49 576

**Contributions by members**

The number of contributors and contributions received from Pension Division members for the past three years were:

	2014	2013	2012
Contributors (excludes preserved members)	1 339	1 429	1 506
Contributions received (\$'000)	6 648	6 785	6 488



**Statement of Changes in Net Assets  
for the year ended 30 June 2014**

	Note	2014 \$'000	2013 \$'000
<b>Net assets available to pay benefits at 1 July</b>		1 090 041	903 823
<b>Revenue:</b>			
Investment revenue		173 420	157 970
Other income		31	32
Contributions revenue:	10		
Past service liability		64 700	67 100
Employer contributions		28 553	29 276
Member contributions		6 648	6 785
Government co-contributions		3	26
<b>Total contribution revenue</b>		99 904	103 187
<b>Total revenue</b>		273 355	261 189
<b>Expenses:</b>			
Direct investment expense	6	(8 217)	(5 974)
Administrative expense	6	(630)	(579)
Benefits paid:	11		
Pensions		(58 863)	(53 351)
Commutations		(11 054)	(7 725)
Lump sums		(7 878)	(7 316)
Government co-contributions		(3)	(26)
<b>Total benefits paid</b>		(77 798)	(68 418)
<b>Total expenses</b>		(86 645)	(74 971)
<b>Net increase (decrease) in funds</b>		186 710	186 218
<b>Net assets available to pay benefits at 30 June</b>		1 276 751	1 090 041

**Statement of Net Assets  
as at 30 June 2014**

	Note	2014 \$'000	2013 \$'000
<b>Investments:</b>			
Inflation linked securities A		96 480	83 097
Property A		180 657	161 954
Australian equities A		305 176	272 105
International equities A		349 683	296 867
Long-term fixed interest		20 354	18 623
Short-term fixed interest		6 892	8 993
Diversified strategies growth A		109 273	92 892
Diversified strategies income		178 258	144 789
Cash		29 704	11 404
<b>Total investments</b>	9	1 276 477	1 090 724
<b>Other assets:</b>			
Cash and cash equivalents		640	536
Contributions receivable		504	417
Sundry debtors		5	10
<b>Total other assets</b>		1 149	963
<b>Total assets</b>		1 277 626	1 091 687
<b>Current liabilities:</b>			
Benefits payable		729	1 519
Sundry creditors		146	127
<b>Total liabilities</b>		875	1 646
<b>Net assets available to pay benefits</b>		1 276 751	1 090 041

**Notes to and forming part of the financial statements**

**1. Objectives and funding**

**(a) Police Superannuation Scheme (the Scheme)**

The Scheme was created pursuant to the *Police Superannuation Act 1990* (the Act). The Act provides for superannuation benefits for police officers who are contributors to the Scheme.

Contributors to the Scheme are members of the Pension Division who are entitled to a pension based benefit. The Pension Division was closed to new members in May 1990.

Pursuant to the Act, contributors make contributions to the Scheme based on a percentage of their salary, with the standard contribution rate being between 5% and 6%. A contribution account is maintained for each contributor. There are no provisions under the Act for contributing members to purchase additional benefits.

The Act requires that contributions to the Scheme are paid to the Treasurer, who in turn deposits those contributions into the Scheme. The Scheme is managed and invested by the Superannuation Funds Management Corporation of South Australia (Funds SA).

The Scheme is made up of one division, being the Pension Division. The division consists of the Fund Old Scheme Account (the Fund) and the Police Employer Account and the contributions paid to each account and the accretions arising from the investment of those contributions.

**(b) Police Superannuation Board (the Board)**

The Board, established under the Act, is responsible for the administration of the Scheme. The Act also provides the Board with the necessary powers to administer the Scheme. The Board, with the approval of the relevant Minister, has contracted the South Australia Police to provide administrative services.

Pursuant to the Act, the Board is required to determine a rate of return which is credited to each contribution account within the Fund at the end of the financial year. In determining the rate to be applied, the Act requires that the Board have regard to the net rate of return achieved by investment of the Fund.

**(c) Funds SA**

Funds SA is established under the *Superannuation Funds Management Corporation of South Australia Act 1995*. Funds SA is responsible for the investment and management of the Scheme's funds pursuant to strategies formulated by Funds SA.

For further information on the investment of the Fund and the Police Employer Account, reference should be made to the annual report of Funds SA. The investment assets, liabilities, income and expenses contained in these financial statements are related to the investment activities of Funds SA, an SA Government entity.

**(d) Funding arrangements**

Pursuant to section 14 of the Act, all benefit payments are met from the Consolidated Account or a special deposit account established for that purpose which is then reimbursed from the Fund and the Police Employer Account within the Pension Division. The Fund proportion is that amount charged against the contributor's contribution account. The prescribed proportion is determined by the Board, in accordance with section 14(3) of the Act, taking into account the most recent actuarial assessment.

The Treasurer may also seek reimbursement of the employer portion of the benefit payment from the employer contributions made by South Australia Police which are deposited into the Police Employer Account. Employer contributions are based on a percentage of salary at rates based on actuarial valuations. The rate for 2013-14 was 20.5%.

For 2013-14 the Police Employer Account's and Fund's prescribed proportion of benefit payments for members of the Scheme were 81% and 19% respectively.

The rate of employer contribution and the Police Employer Account's and Fund's prescribed proportion of benefit payments are in accordance with the recommendations of Mr G Keen FIAA and Mr L Brett FIAA of Brett & Watson Pty Ltd in the most recent triennial actuarial report as at 30 June 2011.

For the year ended 30 June 2014 \$28.6 million (\$29.3 million) was deposited into the Police Employer Account in relation to employer contributions on behalf of members.

Since 30 June 1994 the Government adopted a policy of fully funding its superannuation liabilities with a target of achieving full funding by 2034. This will require contributions at levels higher than the current employer contributions to meet the accruing liability for current employees. For the year ended 30 June 2014 the Government transferred a further \$64.7 million (\$67.1 million) to the Police Employer Account to meet liabilities in respect of the Scheme.

**2. Summary of significant accounting policies**

**(a) Basis of accounting**

The financial report is a general purpose financial report prepared in accordance with relevant AASs and TIs and APSs promulgated under the provisions of the PFAA, except as provided below.

AAS 25 is the principal standard applied in preparing this financial report. Other accounting standards are also applied where necessary except to the extent that they differ from AAS 25. A number of AASs and interpretations that have recently been issued or amended, but are not yet effective, have not been adopted for the reporting period ending 30 June 2014.

AASB 1056 was recently issued and becomes mandatory for the Board's financial statements in 2016-17. The Board does not plan to adopt this standard early and the extent of the impact has not yet been determined.

The financial report has been prepared on an accrual basis and in accordance with the historical cost convention, except for the valuation of investments, which are measured at net market value.

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

**(b) Basis of valuations of assets and liabilities**

The basis for the valuation of assets and liabilities is provided below. Assets of the Scheme have been measured at net market values, which are provided by Funds SA.

**(i) Inflation linked securities A**

The inflation linked securities A portfolio comprises two subsectors:

- *Externally managed inflation linked securities*  
Externally managed inflation linked securities are invested and managed by external managers. The custodian appointed to hold the assets has valued the portfolio using market prices applicable at the balance date.
- *Internally managed inflation linked securities*  
Internally managed inflation linked securities, the returns of which are linked to movements in either the CPI or average weekly earnings, have been valued using the discounted cash flow method. The valuation as at the balance date was performed by an independent valuer.

**(ii) Property A**

The property A portfolio comprises two subsectors:

- *Listed property trusts*  
The listed property trust portfolio is invested and managed by external managers. The custodian appointed to hold the assets has valued the portfolios using market prices applicable at the balance date.
- *Unlisted property vehicles*  
The unlisted property vehicles portfolio is invested and managed by external managers. Investments in this subsector have been valued in accordance with the valuations supplied by the managers.

**(iii) Australian equities A**

The Australian equities A portfolio comprises investments in listed Australian equities, and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at the balance date. Investments in pooled listed Australian equities funds have been valued in accordance with the valuations supplied by the managers.

**(iv) International equities A**

The international equities A portfolio comprises investments in equities listed on international share markets and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at the balance date. Investments in pooled international vehicles have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at the balance date where applicable.

**(v) Long-term and short-term fixed interest**

The long-term and short-term fixed interest portfolios are invested and managed by external managers. The custodian appointed to hold the assets has valued the portfolio using market prices applicable at the balance date.

**(vi) Diversified strategies growth A**

The diversified strategies growth A portfolio comprises investments in domestic (Australian) and overseas private equity funds and domestic (Australian) and overseas pooled funds, which are invested and managed by external managers. Valuations of private equity funds are based on the most recently available valuations by the relevant managers. Both domestic and international funds valuations are generally in accordance with the International Private Equity Venture Capital Valuation Guidelines (December 2012). Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at the balance date where applicable.

**(vii) Diversified strategies income**

The diversified strategies income portfolio comprises investments in both domestic (Australian) and overseas pooled funds, and is invested and managed by external managers. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at the balance date where applicable.

(viii) *Cash*

Investments in externally managed pooled cash funds have been valued in accordance with the valuations supplied by the managers. Deposits at call have been valued on the basis of principal plus accrued interest.

(c) *Taxation*

The Scheme is a constitutionally protected superannuation fund in terms of section 295-15 of the ITAA, Regulation 995-1.04 (Schedule 4) and is exempt from income tax. Therefore no income tax has been brought to account in this financial report.

(d) *Revenue*

Superannuation contributions and other revenue are brought to account on an accrual basis.

Investment revenue represents the change in market value due to the movement in the value of funds invested with Funds SA.

(e) *Operation of investment portfolio*

Funds SA operates a multi-layered notional unitisation structure to facilitate the administration of different investment strategies applying to the various public sector superannuation funds. For the year ending 30 June 2014, funds of the Scheme were invested in the growth option.

Reference should be made to Funds SA's annual report for the strategic asset allocations applying to the investment option.

(f) *Receivables and payables*

Contributions receivable are contributions relating to the 2013-14 financial year received by the Scheme after 30 June 2014.

Other receivables are carried at nominal amounts due which approximate fair value. Payables are recognised when the Scheme is obligated to make future payments for services received and are carried at the amount payable on demand.

Benefits payable relate to members who have ceased employment and provided the Scheme with appropriate notification prior to 30 June 2014 but who had not been paid until after 30 June 2014.

(g) *GST*

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Statement of Net Assets are shown inclusive of GST.

(h) *Comparative information*

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

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

**3. Liability for accrued benefits**

The present value of the accrued benefit liabilities of the Scheme has been determined by Mr G Keen FIAA and Mr L Brett FIAA of Brett & Watson Pty Ltd and is shown below.

The accrued benefit liabilities are the present values of expected future benefit payments arising from membership of the Scheme up to 30 June 2014 and were based on membership data as at 30 June 2014.

The expected future benefit payments have been determined using the 2011 triennial review assumptions relating to mortality, disability, withdrawal, preservation and retirement. The review's salary promotion scale has also been used, while general salary increases of 1.5% p.a. above the level of increase in the CPI have been allowed for. In accordance with AAS 25, the expected future benefit payments have then been discounted to present values by a market-based, risk-adjusted discount rate. A discount rate of 4.5% p.a. above CPI has been applied.

<b>3. Liability for accrued benefits (continued)</b>	2014	2013
	Pension Division \$'million	Pension Division \$'million
Changes in the liability for accrued benefits:		
Liability for accrued benefits at 1 July	1 903.7	1 833.3
Benefits expense	155.6	139.5
Benefits paid	(77.8)	(68.4)
Administrative expense	(0.6)	(0.6)
Liability for accrued benefits at 30 June	1 980.9	1 903.8
Represented by:		
Fund Old Scheme Account	377.6	362.9
Police Employer Account	1 603.3	1 540.9
Total	1 980.9	1 903.8

Pursuant to the Act, actuarial reviews of the Scheme must be conducted every three years to address the cost of the Scheme to Government and the proportion of future benefits that can be met from the Fund.

The last actuarial review as at 30 June 2011 was carried out by Mr G Keen FIAA and Mr L Brett FIAA of Brett & Watson Pty Ltd. The report dated 19 March 2012 was tabled in Parliament on 1 May 2012. The following recommendations were made in the report:

- (a) the funding proportion for the Fund to be increased from 17.5% to 19%
- (b) the Government contribution for future service liabilities for the Pension Division remains at the current level of 20.5%.

In line with the above recommendations the funding proportion for the Fund during 2013-14 was 19% and the Government contribution for future service liabilities for 2013-14 was 20.5%.

The actuarial reviews take account of assets held, future contributions to be received from members and future benefits to be paid by the Fund. In contrast, the purpose of the accrued liability calculations, which are made annually, is to estimate the value of future payments that can be attributed to service up to the date of the calculation.

#### **4. Vested benefits**

Vested benefits are benefits which are not conditional upon continued membership of the Scheme and include benefits which members would be entitled to receive on termination of membership of the Scheme.

When members resign from the Scheme, they have two options. Firstly, they can elect to take cash refunds of their own contributions, accumulated with interest, together with preserved employer benefits as required by Commonwealth Superannuation Guarantee legislation. Alternatively, they can elect to take fully vested, preserved benefits which will be based on their full accrued entitlements at the date of resignation and will be increased during preservation in line with increases in the CPI.

The vested benefits shown below have been determined by Mr G Keen FIAA and Mr L Brett FIAA of Brett & Watson Pty Ltd based on the assumption that all resignation benefits will be taken in the form of fully preserved benefits. The value of vested benefits has then been calculated using the same actuarial and economic assumptions as for the calculation of accrued benefits.

<b><i>Vested liabilities</i></b>	2014	2013
	Pension Division \$'million	Pension Division \$'million
Fund Old Scheme Account	379.2	361.4
Police Employer Account	1 607.9	1 533.8
Total	1 987.1	1 895.2

#### **5. Guaranteed benefits**

Contributors' benefit entitlements are set out in the Act.

#### **6. Administration and direct investment expenses**

Administration expenses incurred by the Board are financed in the first instance from the Police Employer Account through a special deposit account. Pursuant to section 10(7) of the Act, the Fund is required to meet a prescribed proportion, currently 30%, of the administration expenses incurred by the Scheme.

**6. Administration and direct investment expenses (continued)**

Administration expenses incurred by the Scheme for 2013-14 amounted to \$630 000 (\$579 000) of which the Fund is required to reimburse \$190 000 (\$173 000) to the Scheme through the Police Employer Account. Of the \$630 000, \$553 000 (\$508 000) was paid to SA Government entities.

Direct investment expenses comprise fees paid to Funds SA. Funds SA advises the amount based on the Scheme's proportionate investment.

**7. Remuneration of board members**

The following are members of the Board who served during 2013-14, along with the period served:

<i>Board member</i>	<i>Period served during 2013-14</i>
Michael Ramm	1 July 2013 to 30 June 2014
Keryl Howie*	1 July 2013 to 30 June 2014
Kingsley Oakley	1 July 2013 to 30 June 2014
Bernadette Zimmermann*	1 July 2013 to 30 June 2014
David Reynolds*	17 October 2013 to 30 June 2014
<i>Deputy member</i>	
Garry Powell*	1 July 2013 to 30 June 2014
Ferdi Pit	1 July 2013 to 30 June 2014
Linda Fellows*	1 July 2013 to 30 June 2014
David Reynolds*	1 July 2013 to 16 October 2013
Allan Cannon*	17 October 2013 to 30 June 2014
Trevor Milne*	17 October 2013 to 30 June 2014

Board and deputy members' remuneration is set according to State Government guidelines for statutory authorities.

\* In accordance with DPC Circular 16, board and deputy members who are government employees do not receive remuneration for their board membership. Board and deputy members who are contributors of the Scheme contribute on the same terms as other contributors.

Total remuneration received or due and receivable by board and deputy members of the Board in 2013-14 was \$10 000 (\$9000). Total remuneration included superannuation of \$600 (\$600).

The number of board and deputy members whose remuneration was within the following band is as follows:	2014 Number	2013 Number
\$1 - \$10 000	3	2

**8. Remuneration of auditors**

Amounts paid or payable to the Auditor-General's Department for auditing the accounts of the Board in 2013-14 total \$20 000 (\$20 000).

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

**9. Summary of investment holdings**

	Fund Old Scheme Account \$'000	Police Employer Account \$'000	2014 Total Pension Division \$'000	2013 Total Pension Division \$'000
Investments:				
Inflation linked securities A	33 565	62 915	96 480	83 097
Property A	62 850	117 807	180 657	161 954
Australian equities A	106 170	199 006	305 176	272 105
International equities A	121 654	228 029	349 683	296 867
Long-term fixed interest	7 081	13 273	20 354	18 623
Short-term fixed interest	2 398	4 494	6 892	8 993
Diversified strategies growth A	38 016	71 257	109 273	92 892
Diversified strategies income	62 015	116 243	178 258	144 789
Cash	10 334	19 370	29 704	11 404
Total investments	444 083	832 394	1 276 477	1 090 724

**10. Changes in net assets**

Transactions within each division are summarised below:

**10. Changes in net assets (continued)**

	Fund Old Scheme Account	Police Employer Account	2014 Total Pension Division	Fund Old Scheme Account	Police Employer Account	2013 Total Pension Division
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net assets available to pay benefits at 1 July	394 290	695 751	1 090 041	344 514	559 309	903 823
Revenue:						
Investment revenue	61 003	112 417	173 420	58 394	99 576	157 970
Other income	6	25	31	6	26	32
Contribution revenue:						
Past service liability	-	64 700	64 700	-	67 100	67 100
Employer contributions	-	28 553	28 553	-	29 276	29 276
Member contributions	6 648	-	6 648	6 785	-	6 785
Government co-contributions	-	3	3	-	26	26
Total contribution revenue	6 648	93 256	99 904	6 785	96 402	103 187
Total revenue	67 657	205 698	273 355	65 185	196 004	261 189
Expenses:						
Direct investment expense	(2 865)	(5 352)	(8 217)	(2 181)	(3 793)	(5 974)
Administration expense	(190)	(440)	(630)	(173)	(406)	(579)
Benefits paid:						
Pensions	(11 184)	(47 679)	(58 863)	(10 137)	(43 214)	(53 351)
Commutation lump sums	(2 100)	(8 954)	(11 054)	(1 468)	(6 257)	(7 725)
Lump sums	(1 497)	(6 381)	(7 878)	(1 450)	(5 866)	(7 316)
Government co-contributions	-	(3)	(3)	-	(26)	(26)
Total benefits paid	(14 781)	(63 017)	(77 798)	(13 055)	(55 363)	(68 418)
Total expenses	(17 836)	(68 809)	(86 645)	(15 409)	(59 562)	(74 971)
Net increase (decrease) in funds	49 821	136 889	186 710	49 776	136 442	186 218
Net assets available to pay benefits at 30 June	444 111	832 640	1 276 751	394 290	695 751	1 090 041

**11. Benefits paid**

All benefit payments were met in the first instance from the special deposit account. The Treasurer, in turn, recouped the value of the employee share of benefits paid from the Fund and the employer share from the Police Employer Account.

	2014 Pension Division	2013 Pension Division
	\$'000	\$'000
<b>Pensions:</b>		
Funded from:		
Fund Old Scheme Account	11 184	10 137
Police Employer Account	47 679	43 214
Gross Scheme costs	58 863	53 351
<b>Commutation lump sums:</b>		
Funded from:		
Fund Old Scheme Account	2 100	1 468
Police Employer Account	8 954	6 257
Gross Scheme costs	11 054	7 725
<b>Lump sums:</b>		
Funded from:		
Fund Old Scheme Account	1 497	1 450
Police Employer Account	6 381	5 866
Gross Scheme costs	7 878	7 316
<b>Government co-contributions:</b>		
Funded from:		
Police Employer Account	3	26
Gross Scheme costs	3	26
<b>Total benefits paid:</b>		
Funded from:		
Fund Old Scheme Account	14 781	13 055
Police Employer Account	63 017	55 363
Gross Scheme costs	77 798	68 418



## 12. Financial instruments

The Scheme's investments are managed by Funds SA predominantly by the appointment of investment managers as determined by the Funds SA Board. Each investment manager is required to invest the assets in accordance with the terms of a written mandate. The Funds SA Board has determined that the appointment of these managers is appropriate for the Scheme and is in accordance with the Scheme's investment strategy. The Funds SA Board obtains regular reports from each manager on the nature of the investments made on its behalf and the associated risks.

The allocation of assets between the various types of financial instruments is determined by the Funds SA Board. Divergence from target asset allocations and the composition of the portfolio is monitored by the Funds SA Board on a regular basis.

The Scheme's investing activities expose it to the following risks from its use of financial instruments:

- market risk.
- credit risk.
- liquidity risk.

The nature and extent of the financial instruments employed by the Scheme are discussed below. This note presents information about the Scheme's exposure to each of the above risks, the Scheme's objectives, policies and processes for measuring and managing risk.

The Funds SA Board has overall responsibility for the establishment and oversight of the Scheme's investment risk management framework. The investment risk management policies are established to identify and analyse the risks faced by the Scheme, including those risks managed by the Scheme's investment managers, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Scheme's activities.

The Board receives regular reports from Funds SA concerning compliance with the Scheme's investment objectives.

### (a) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Scheme's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

#### (i) *Currency risk*

Currency risk is a risk that the fair value of future cash flows of a financial instrument will fluctuate because of a change in foreign exchange rates.

The Scheme's currency risk is managed by Funds SA who has invested in assets denominated in foreign currencies.

Funds SA strategic policy for the management of its foreign currency exposure is as follows:

- foreign currency exposures in the diversified strategies (growth), diversified strategies (income), and fixed interest asset sectors are fully hedged to Australian dollars
- foreign currency exposures in the international equities asset sector are hedged to Australian dollars.

For the purpose of managing foreign currency risk, within defined constraints, the exposure to foreign currency can be varied from the strategic policy stated above.

#### (ii) *Interest rate risk*

Interest rate risk is the risk that a movement in interest rates will cause the value of fixed interest securities to deviate from expectations.

Funds SA manages interest rate risk through:

- ensuring asset allocations of different investment products are consistent with the time horizon of each
- the use of specialist external investment managers to manage Funds SA's cash and fixed income portfolios.

(iii) *Other market price risk*

Other market price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the Scheme’s financial instruments are valued at net market value (fair value) with changes in net market value recognised in the Statement of Changes in Net Assets, all changes in market conditions will directly affect investment revenue.

Funds SA manages the risk of financial market volatility through the adherence to two principles:

- ensuring a diversity of exposures to different financial markets and submarkets
- ensuring asset allocations for different investment products are consistent with the time horizon of each.

(iv) *Sensitivity analysis*

The Funds SA Board has determined that the forecast risk/return profile provide a reasonably possible change in the value of the investments in each investment option. These standard deviations provide the risk variable to be applied to each option in the year ahead. The following table illustrates the effect on change in investment assets from possible changes in market price risk.

Investment option	Sensitivity variable	Standard deviation	Changes in investment assets
		%	\$'000
<b>2014</b>			
Growth	Nominal standard deviation	9.9	126 371
Total			<u>126 371</u>
<b>2013</b>			
Growth	Nominal standard deviation	10.5	114 526
Total			<u>114 526</u>

A positive or negative rate of return equal to the standard deviations above would have an equal but opposite effect on the Scheme’s investment revenue, on the basis that all other variables remain constant.

Standard deviation is a useful historical measure of the variability of return earned by an investment portfolio. The standard deviations above provide a reasonable sensitivity variable to estimate each investment options’ expected return in future years.

Actual movements in returns may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the underlying trusts invest. As a result, historic variations in rates of return are not a definitive indicator of future variations in rates of return.

(b) *Credit risk*

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme.

The net market value of financial assets included in the Statement of Net Assets represents the Scheme’s maximum exposure to credit risk in relation to those assets. The Scheme does not have any significant exposure to any individual counterparty or industry. The credit risk is monitored by Funds SA through ongoing reviews of the investment managers.

The Scheme does not have any assets which are past due or impaired.

(c) *Liquidity risk*

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Scheme’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its payment of benefits to members and liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Scheme’s reputation.

The Scheme’s liquidity position is monitored on a daily basis. The Scheme’s cash and liquidity policy is to have sufficient cash balances to meet anticipated weekly benefit payments, expenses and investing activities.

**(c) Liquidity risk (continued)**

Funds SA manages liquidity risk as follows:

- by giving careful consideration to the expected net cash redemption requirements of Funds SA's clients. The allocation to cash in the strategic asset allocation of each investment product is set at a level sufficient to manage expected cash redemptions
- a large proportion of each investment product is invested in highly liquid investments such as actively traded equities, unit trusts or securities with short-term maturities.

The following tables summarise the expected maturity profile of the Scheme's financial liabilities based on the earliest date on which the Scheme can be required to pay. The amounts in the table are the contractual undiscounted cash flows.

	Less than three months \$'000	Total contractual cash flows \$'000	Carrying amount liabilities \$'000
<b>2014</b>			
Benefits payable	729	729	729
Sundry creditors	146	146	146
Vested benefits <sup>(i)</sup>	1 987 096	1 987 096	1 987 096
Total	1 987 971	1 987 971	1 987 971
<b>2013</b>			
Benefits payable	1 519	1 519	1 519
Sundry creditors	127	127	127
Vested benefits <sup>(i)</sup>	1 895 160	1 895 160	1 895 160
Total	1 896 806	1 896 806	1 896 806

- (i) Vested benefits have been included in the 'less than three months' column, as this is the amount that members could call upon as at balance date. This is the earliest date on which the Scheme can be required to pay members vested benefits, however, members may not necessarily call upon amounts vested to them during this time.

**(d) Fair value estimation**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (ie derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

*Financial assets at fair value through profit or loss* Level 2  
(Level 1 and level 3 are not relevant to the Scheme) \$'000

**2014**

Unlisted managed investments schemes:

Funds SA	1 276 477
	1 276 477

**2013**

Unlisted managed investments schemes:

Funds SA	1 090 724
	1 090 724

**(e) Derivative financial instruments**

Derivatives can be defined as financial contracts whose value depend on, or are derived from, assets, liabilities reference rates or indices. Funds SA uses derivatives to manage portfolio risk and to facilitate the implementation of investment strategies efficiently and cost effectively. Funds SA uses a variety of derivative instruments, such as over the counter swap agreements, forward rate agreements, futures and options.

Derivatives are an authorised investment within certain mandates managed by Funds SA's external investment managers for the purposes described above.

# Department of the Premier and Cabinet

## Functional responsibility

### Establishment

The Department of the Premier and Cabinet (the Department) is an administrative unit established pursuant to the PSA. For details of the Department's objectives refer note 1 to the financial statements.

### Changes in organisational arrangements

During the year the following organisational changes occurred:

- the Population and Migration Policy business unit transferred from the Department to the Department for Manufacturing, Innovation, Trade, Resources and Energy (effective 1 December 2013)
- the Invest in South Australia business unit transferred to the Department from the Department for Manufacturing, Innovation, Trade, Resources and Energy (effective 5 September 2013)
- the Corporate Services business unit transferred from DTF to the Department (effective 10 February 2014)
- management responsibility for the Ministerial chauffeurs and the Members of Parliament fleet transferred from DTF to the Department (effective 1 April 2014).

Refer note 30 to the financial statements for further details.

Also during the year the Department relinquished administrative responsibility for the Outback Communities Authority and the South Australian Local Government Grants Commission (SALGGC) to the Department of Primary Industries and Regions. The transfers were effective 1 August 2013. Refer to note A20 to the administered financial statements for further details.

## Audit mandate and coverage

### Audit authority

#### *Audit of the financial report*

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

#### *Assessment of controls*

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

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

## Scope of 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 2013-14, specific areas of audit attention included:

- accounts payable
- payroll
- grants and subsidies
- revenue
- bank reconciliations
- financial accounting
- financial management compliance
- fixed assets
- SSSA and Service SA.

The audit also considered the nature of the review work undertaken by internal audit.

## 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 the Premier and Cabinet as at 30 June 2014, 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 the Premier and Cabinet 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 the Premier and Cabinet 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 significant matters raised with the Chief Executive and the related responses are detailed below.

#### **Corporate**

##### *Accounts payable*

A review of the Department's payment control environment found areas where internal controls were considered ineffective. The review found that the quarterly Basware user access review was not performed in a timely manner and that there was a need to develop a policy for this matter. The audit also identified that a number of policies and procedures had not been recently reviewed and did not reflect current practice.

In response the Department indicated that it will develop a documented procedure for completing the Basware user access review in a timely manner. The Department also advised that all corporate policies will be reviewed.

*Payroll*

Audit review of the Department's payroll control environment identified weaknesses, most notably:

- a number of bona fide reports were not certified as reviewed by relevant pay point managers within required timeframes
- the follow-up and resolution of queries arising from the review of bona fide reports by pay point managers did not provide assurance that all required action was taken
- controls over leave recording were not effective and instances were identified where leave recorded in attendance records was not recorded in the payroll system.

The Department responded to the audit findings detailing actions taken to address the matters raised.

*Overseas travel*

A review of overseas travel found that the Department had not prepared any monthly returns for the Minister detailing overseas travel undertaken, as required by Commissioner's Determination 3.2.

In response the Department advised that it would establish a process to prepare the monthly returns as required by Commissioner's Determination 3.2 for the 2014-15 financial year.

**SafeWork SA**

The audit of revenue processing activities through the issuing of licences by SafeWork SA revealed the following issues:

- review of the bank reconciliation was not performed in a timely manner
- a long outstanding reconciling item in the bank reconciliation
- adjustments to the Infonet licensing system were not processed in a timely manner
- no policy and procedure document for a key reconciliation.

In response the Department advised that action would be taken to address all the issues raised.

**Service SA**

*Audit review*

Audit review found that user access management processes over the T-Recs (financial transaction reconciliation) and GRL (receipting) systems needed to be improved.

The Department responded that they would adopt Audit improvement recommendations.

*Internal audit review of Service SA centres*

Last year's Report contained commentary that the Department would complete a follow-up review of Service SA centres concerning aspects of controls over cash and transaction management, and source and auditable document management. In February 2014 the Department completed the review and a report was issued.

The report noted that cash management processes at the customer service centres (CSCs) sampled were assessed as satisfactory. The report did note however, that the management, signing and transfer processes for both cash floats and cash takings needed to be reinforced to CSCs to ensure compliance with internal policy and procedures.

The report also noted that although evidence of identity compliance has improved, this is still an area of concern. Further, the management of auditable documents varied across CSCs sampled.

### ***Shared Services SA – financial systems and transaction processing environments***

SSSA processes financial transactions on behalf of a large number of government agencies under service level determinations. The main systems and control environments include accounts payable, accounts receivable, payroll and general ledger financial functions.

Last year's Report made specific comment on the progress being taken by SSSA to remediate key control weaknesses raised in prior years for the systems and control environments, in order to achieve a satisfactory ongoing standard of control operation over financial transaction processing.

Audit review and evaluation of controls for the SSSA main accounts payable and payroll systems and environments concluded that controls met a generally satisfactory standard for 2013-14. Notwithstanding this overall conclusion, there were some specific matters that were raised with SSSA for corrective action and review for process and procedural improvement.

The specific matters relating to the control environments are outlined in more detail below.

### ***Shared Services SA - accounts payable control environments***

#### *Introduction*

The SSSA accounts payable 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 the overall control environment was considered satisfactory for 2013-14, the Audit review identified issues requiring resolution.

#### *Audit review*

The review of the accounts payable functions raised the following matters with the Department:

- consistent with previous years findings, there were no duplicate payments reports prepared for the Department of Planning, Transport and Infrastructure (DPTI) and the Department of Environment, Water and Natural Resources (DEWNR)
- the need to improve the checking processes for manual payments that bypass the electronic approval system
- a number of policies and procedures did not reflect current practice
- the need to improve the security of feeder files prior to importing them into Masterpiece

- the intention of SSSA to revisit segregation of duties and user access at a system transaction level in 2013-14 to improve the strength of the control environment has yet to occur.

The Department responded advising the following actions to address the matters raised:

- SSSA has arranged further follow-up meetings to assist DPTI and DEWNR with development and implementation of the new duplicate payment reports
- staff have been reminded of the need to undertake appropriate checks on manual payments
- SSSA is currently undertaking a review of all procedures and appropriate changes will be made
- SSSA is working with ICT to ensure the transfer of files is secured.

In relation to the intended revisit of segregation of duties and user access, Audit will review this matter in the 2014-15 audit of this control environment.

### ***Shared Services SA - payroll control environments***

#### *Introduction*

SSSA processes payroll transactions specific to the CHRIS HRMS system on behalf of a large number of government agencies in accordance with service level determinations 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.

The review of the process and control environment in previous years had identified SSSA key control weaknesses. This covered segregation of duties and user access and certain security limitations of the CHRIS 5 application provided by the bureau service.

In 2013-14 the payroll control environment was significantly different from previous years. The key control weaknesses relating to segregation of duties and user access had been addressed by important remedial action implemented in the latter part of 2012-13.

The remediation for segregation of duties and user access has led to a satisfactory control environment for CHRIS payroll processing for 2013-14. There still are, however, certain control limitations that will remain until the upgrade of the CHRIS 5 payroll system to CHRIS 21 is finalised. Some control issues identified for EFT payment processing also required resolution.

#### *Audit review*

The review of the payroll functions raised the following matters with the Department:

- incorrect award allowance rates for an agency were updated to the CHRIS payroll system
- guidance for sample selection by quality assurance (QA) officers for independent checking of data input was not documented in a procedure
- independent checking of daily leave reports by QA officers was not performed in a timely manner



- the signed hard copy of the user acceptance testing of the new payroll user access profiles by SSSA staff to acknowledge testing undertaken was not retained and archived.

The Department responded advising that it would take the following action:

- additional checks for award allowance rates updates have been included in the checklists used for updates to the CHRIS payroll system
- the procedure will be updated to provide guidelines on the sampling approach by QA officers
- a schedule of QA checking cut-offs for each pay run has been developed and rolled out to inform all functions of the key timing of activities per pay run
- formal test plans have been updated to ensure that all testing evidence is appropriately archived for all future user acceptance testing exercises.

### ***Shared Services SA – CommBiz banking environment***

#### *Introduction*

From 2012-13 most agencies transitioned from the Westpac Corporate Online to the CommBiz external banking application used for EFT payment processing. This was a major system changeover that impacted on the prevailing control environments within which the accounts payable, payroll and electronic payment functions operate.

#### *Internal audit*

In late 2013 SSSA Internal Audit performed a review over selected CommBiz system and manual based controls for accounts payable and payroll processing. The final report titled 'Banking Transition Project Review', completed in 2013, raised the following accounts payable and payroll related issues, which were also noted and confirmed during the course of Audit's review:

- as the user request form and associated procedures were still being finalised, the creation of new users in CommBiz was not following a formal and documented process
- when requesting the creation of a new user for accounts payable processing, the Process Master was also required to advise the maximum amount that the user can transact. If this amount was not advised, the team responsible for creating users did not apply a capped amount
- although there were reconciliation processes, there was the potential for certain users to maliciously create or modify EFT files, which could then be processed by the bank.

An SSSA remediation management response to each of the above issues was included in the internal audit report. Most issues have either been addressed or will be addressed by September 2014.

#### *Audit review*

Audit review of the CommBiz banking environment identified the following control weaknesses:

- no accounts payable payment cap limits were applied at the bank account level
- process documentation for the quarterly reviews of access had not been completed
- a number of CommBiz reporting deficiencies.

The Department responded advising of the following action taken:

- the process master will review and allocate a limit per bank account
- user access procedures have been completed.

The CommBiz reporting deficiencies have been communicated to DTF for consideration and will be followed up by Audit in 2014-15.

***Shared Services SA – whole-of-government strategic contracts***

SSSA Strategic Contracts establishes and manages across-government and lead agency contracts for the provision of certain goods and services on behalf of the SA Government.

One particular contract managed by Strategic Contracts is the across-government stationery contract (the AGSC). This contract was established as a result of a recommendation by the Procurement Working Group, established by the Minister for Finance in November 2011 following allegations of inappropriate purchases of computer consumables raised by the Budget and Finance Committee of Parliament.

In early 2013-14 Audit completed a review of the AGSC. The review focussed on the detailed processes and controls over the procurement arrangements for the AGSC, specifically:

- procurement initiation and strategy
- procurement and financial approvals
- project management, including risk management and probity
- acquisition plan development and approval
- request for proposal
- proposal evaluation
- purchase recommendation and approval.

The overall integrity of the procurement process was assessed as satisfactory. The review did identify some matters of procurement procedure and practice that need to be addressed to achieve improvement in future procurements undertaken. These include compliance with the requirements stated in the approved procurement policy guidance and approved procurement strategy documents (relating to risk management, evaluation plan and purchase recommendation).

In response the Department indicated that a review of certain procurement strategy documents and templates would be undertaken and audit recommendations would be actioned for future procurements.

More recently Audit has commenced an examination of the contract management arrangements relating to the AGSC, in particular arrangements and controls concerning the modified acquisition exemption process for the metropolitan Department for Education and Child Development (DECD) schools and preschools from the AGSC contract mandate. This exemption was approved by Cabinet in May 2013.

In addition, Audit has commenced reviews over the procurement arrangements of a number of other whole-of-government contracts managed by SSSA Strategic Contracts.

The outcomes of these reviews will be reported to Parliament.

## Information and communications technology and control

### Glenside Hosting Facility

The Glenside Hosting Facility (the facility) is used by a number of government agencies for the hosting of their systems. In particular, the Department for Health and Ageing, SSSA and DECD currently lease rack space within this facility.

In January 2012 the Office of the Chief Information Officer (OCIO) assumed the responsibility of the management of the facility from Building Management, DPTI. Building Management remains the building landlord with OCIO responsible for the power, cooling and change control process of the facility and physical security of the site. In addition, OCIO uses external security and maintenance service providers to help maintain the site under the across-government facilities management agreement (the AGFMA), including responsibility for keys to buildings, racks and physical security and monitoring of CCTV and building management systems.

In 2013-14 Audit completed a review of aspects of security and service arrangements of the facility.

The review noted certain positive controls, including sign-in approval process for all persons requiring access to the facility, adequate physical controls and an implemented preventative maintenance program.

The review identified however, certain matters that required attention by OCIO, notably:

- the need for facility staff to have a formal understanding of the AGFMA requirements
- the requirement to establish a formal agreement between OCIO and agencies for the hosting of agency equipment in the facility
- the need for a formal process for identifying the priority of unplanned breakdown maintenance
- the requirement to obtain formal endorsement of the capacity management plan
- the requirement to implement formal documentation of quarterly user access reviews by the security service provider.

OCIO responded positively to the audit findings with proposed actions. Remediation for the majority of issues is expected to be finalised by the end of December 2014.

## Interpretation and analysis of the financial report

### Highlights of the financial report - controlled

	2014 \$'million	2013 \$'million
<b>Expenses</b>		
Employee benefits	187	175
Supplies and services	144	123
Grants and subsidies	131	141
Other expenses	20	18
<b>Total expenses</b>	<b>482</b>	<b>457</b>

	2014 \$'million	2013 \$'million
<b>Income</b>		
Fees and charges	222	191
Grants	13	12
Other	6	8
<b>Total income</b>	<b>241</b>	<b>211</b>
<b>Net cost of providing services</b>	<b>241</b>	<b>246</b>
<b>Revenues from (Payments to) SA Government</b>		
Revenues from SA Government	257	245
Payments to SA Government	-	(9)
<b>Total revenues from (payments to) SA Government</b>	<b>257</b>	<b>236</b>
<b>Net result</b>	<b>16</b>	<b>(10)</b>
Changes in revaluation surplus	6	19
<b>Total comprehensive result</b>	<b>22</b>	<b>9</b>
<b>Net cash provided by (used in) operating activities</b>	<b>27</b>	<b>6</b>
<b>Net cash provided by (used in) investing activities</b>	<b>(15)</b>	<b>(8)</b>
<b>Assets</b>		
Current assets	97	82
Non-current assets	216	221
<b>Total assets</b>	<b>313</b>	<b>303</b>
<b>Liabilities</b>		
Current liabilities	45	53
Non-current liabilities	42	40
<b>Total liabilities</b>	<b>87</b>	<b>93</b>
<b>Total equity</b>	<b>226</b>	<b>210</b>

### Statement of Comprehensive Income

#### *Expenses*

Total expenses for the year increased by \$25 million (5%). The increase mainly reflects a \$21 million increase in supplies and services and a \$12 million increase in employee benefits expense. The increases were offset by a decrease in grants of \$10 million.

The increase in supplies and services mainly relate to increased IT and computing charges of \$18 million as a result of the purchase of software licences by the Department on behalf of government agencies. There was also an increase in intra-government transfers of \$11 million due to payments to DPTI for Service SA commissions. The increases were offset by a decrease in contractors and temporary staff of \$4 million.

The increase in employee benefits expense primarily reflects the increase in TVSPs of \$9 million.

#### *Income*

Total income (excluding revenues from the SA Government) for the year increased by \$30 million (13%). The increase is primarily due to an increase in fees and charges of \$31 million as a result of \$8 million additional income from Service SA, additional fees for services of \$12 million and additional service provision of \$8 million.

**Highlights of the financial report - administered**

	2014 \$' million	2013 \$' million
<b>Expenses</b>		
Disbursements on behalf of third parties	436	479
Intra-government transfers	7	22
Grants and subsidies	-	169
Other expenses	3	7
<b>Total expenses</b>	<b>446</b>	<b>677</b>
<b>Income</b>		
Collections on behalf of third parties	436	479
Advances and grants	-	169
Revenues from SA Government	8	21
Other	1	4
<b>Total income</b>	<b>445</b>	<b>673</b>
<b>Net result</b>	<b>(1)</b>	<b>(4)</b>
Changes in revaluation surplus	-	3
<b>Total comprehensive result</b>	<b>(1)</b>	<b>(1)</b>
<b>Net cash provided by (used in) operating activities</b>	<b>(2)</b>	<b>-</b>
<b>Net cash provided by (used in) investing activities</b>	<b>-</b>	<b>(1)</b>
<b>Net cash provided by (used in) financing activities</b>	<b>(2)</b>	<b>-</b>
<b>Assets</b>		
Current assets	45	51
Non-current assets	-	7
<b>Total assets</b>	<b>45</b>	<b>58</b>
<b>Liabilities</b>		
Current liabilities	4	9
<b>Total liabilities</b>	<b>4</b>	<b>9</b>
<b>Total equity</b>	<b>41</b>	<b>49</b>

**Statement of Administered Comprehensive Income*****Disbursements and collections on behalf of third parties***

The Department, through Service SA, collects various fees on behalf of third parties and then disburses those amounts collected to the responsible recipient agency. The main amounts collected and disbursed related to registrations, licences and other fees collected on behalf of DPTI (\$376 million) and expiation notices and firearms licences on behalf of South Australia Police (\$56 million).

***Advances and grants***

In previous years the Department received grants from the Commonwealth which were paid to the SALGGC. The SALGGC then facilitated the payment of these monies to local government agencies. During 2013-14 responsibility for the SALGGC transferred from the Department to the Department of Primary Industries and Regions. Refer note A20 to the administered financial statements for further details.

## Statement of Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
<b>Expenses:</b>			
Employee benefits	6	187 237	174 733
Supplies and services	7	143 566	123 486
Grants and subsidies	8	131 416	140 997
Depreciation and amortisation	9	18 048	16 917
Net loss from disposal of non-current assets	10	400	245
Other expenses	11	347	748
Resources provided free of charge	12	556	-
<b>Total expenses</b>		481 570	457 126
<b>Income:</b>			
Fees and charges	14	221 640	191 068
Commonwealth revenues	15	510	3 642
Grants	16	12 672	12 123
Interest		23	663
Resources received free of charge	17	1 750	22
Community Development Fund		900	900
Recoveries from administered items		1 857	1 184
Other income	18	1 198	1 869
<b>Total income</b>		240 550	211 471
<b>Net cost of providing services</b>		241 020	245 655
<b>Revenues from (Payments to) SA Government:</b>			
Revenues from SA Government	19	257 432	245 038
Payments to SA Government	19	-	(9 709)
<b>Net revenues from (payments to) SA Government</b>		257 432	235 329
<b>Net result</b>		16 412	(10 326)
<b>Other comprehensive income:</b>			
Items that will not be reclassified to net result:			
Changes in revaluation surplus		5 460	19 378
<b>Total other comprehensive income</b>		5 460	19 378
<b>Total comprehensive result</b>		21 872	9 052

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

## Statement of Financial Position as at 30 June 2014

	Note	2014 \$'000	2013 \$'000
<b>Current assets:</b>			
Cash and cash equivalents	20	63 349	51 168
Receivables	21	28 752	31 270
Inventories		92	35
Non-current assets classified as held for sale	22	4 242	-
<b>Total current assets</b>		<u>96 435</u>	<u>82 473</u>
<b>Non-current assets:</b>			
Receivables	21	228	125
Property, plant and equipment	23	206 402	209 542
Works of art	23	5 110	5 180
Intangible assets	24	4 542	6 051
<b>Total non-current assets</b>		<u>216 282</u>	<u>220 898</u>
<b>Total assets</b>		<u>312 717</u>	<u>303 371</u>
<b>Current liabilities:</b>			
Payables	26	18 324	28 795
Employee benefits	27	21 637	21 349
Provisions	28	3 505	2 865
Other liabilities	29	1 815	379
<b>Total current liabilities</b>		<u>45 281</u>	<u>53 388</u>
<b>Non-current liabilities:</b>			
Payables	26	3 072	2 960
Employee benefits	27	33 128	31 559
Provisions	28	3 474	3 252
Other liabilities	29	1 620	1 980
<b>Total non-current liabilities</b>		<u>41 294</u>	<u>39 751</u>
<b>Total liabilities</b>		<u>86 575</u>	<u>93 139</u>
<b>Net assets</b>		<u>226 142</u>	<u>210 232</u>
<b>Equity:</b>			
Contributed capital		45 221	45 221
Revaluation surplus		39 382	33 922
Retained earnings		141 539	131 089
<b>Total equity</b>		<u>226 142</u>	<u>210 232</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 2014

	Contributed equity \$'000	Revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2012	45 221	14 544	140 998	200 763
Net result for 2012-13	-	-	(10 326)	(10 326)
Gain on revaluation of land and buildings	-	18 833	-	18 833
Gain on revaluation of artwork	-	545	-	545
Total comprehensive result for 2012-13	-	19 378	(10 326)	9 052
Transactions with SA Government as owner:				
Net assets transferred out as a result of administrative restructures	-	-	132	132
Prior period adjustment	-	-	278	278
Post-restructure equity adjustments	-	-	7	7
Balance at 30 June 2013	45 221	33 922	131 089	210 232
Net result for 2013-14	-	-	16 412	16 412
Gain on revaluation of land and buildings	-	5 460	-	5 460
Total comprehensive result for 2013-14	-	5 460	16 412	21 872
Transactions with SA Government as owner:				
Net assets transferred in as a result of administrative restructures	-	-	(3 369)	(3 369)
Prior period adjustment	-	-	(2 593)	(2 593)
<b>Balance at 30 June 2014</b>	<b>45 221</b>	<b>39 382</b>	<b>141 539</b>	<b>226 142</b>

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



## Statement of Cash Flows for the year ended 30 June 2014

	2014	2013
	Inflows (Outflows)	Inflows (Outflows)
	\$'000	\$'000
<b>Cash flows from operating activities:</b>		
Cash outflows:		
Employee benefits	(189 597)	(174 071)
Supplies and services	(170 698)	(143 304)
Grants and subsidies	(146 656)	(147 997)
Other payments	(689)	(297)
<b>Cash used in operations</b>	<b>(507 640)</b>	<b>(465 669)</b>
Cash inflows:		
Fees and charges	254 992	213 753
Commonwealth revenues	510	3 642
Grants	12 888	12 124
Interest received	23	663
Community Development Fund	900	900
Recoveries from administered items	1 857	1 184
GST recovered from the ATO	4 194	2 430
Other receipts	1 620	1 869
<b>Cash generated from operations</b>	<b>276 984</b>	<b>236 565</b>
Cash flows from SA Government:		
Receipts from SA Government	257 432	245 038
Payments to SA Government	-	(9 709)
<b>Cash generated from SA Government</b>	<b>257 432</b>	<b>235 329</b>
<b>Net cash provided by (used in) operating activities</b>	<b>26 776</b>	<b>6 225</b>
	33	
<b>Cash flows from investing activities:</b>		
Cash outflows:		
Purchase of property, plant and equipment	(13 777)	(7 895)
Purchase of intangible assets	(848)	(32)
<b>Cash used in investing activities</b>	<b>(14 625)</b>	<b>(7 927)</b>
Cash inflows:		
Proceeds from sale of property, plant and equipment	30	-
<b>Cash generated from investing activities</b>	<b>30</b>	<b>-</b>
<b>Net cash provided by (used in) investing activities</b>	<b>(14 595)</b>	<b>(7 927)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>12 181</b>	<b>(1 702)</b>
<b>Cash and cash equivalents at 1 July</b>	<b>51 168</b>	<b>52 870</b>
<b>Cash and cash equivalents at 30 June</b>	<b>63 349</b>	<b>51 168</b>
	20	

## Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2014

(Activities - refer note 5)	1		2		3		4	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses:</b>								
Employee benefits	6 699	5 805	3 862	4 098	484	621	882	791
Supplies and services	2 775	1 759	1 979	7 416	90	97	837	749
Grants and subsidies	-	4	333	1 934	-	-	-	-
Depreciation and amortisation	54	20	13	13	3	3	51	130
Net loss from disposal of non-current assets	5	-	-	-	-	-	-	-
Other expenses	16	-	-	1	-	-	62	92
Resources provided free of charge	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>9 549</b>	<b>7 588</b>	<b>6 187</b>	<b>13 462</b>	<b>577</b>	<b>721</b>	<b>1 832</b>	<b>1 762</b>
<b>Income:</b>								
Fees and charges	30	249	26	1 852	-	-	204	98
Commonwealth revenues	-	-	-	-	-	-	-	-
Grants	168	-	180	152	283	275	-	-
Interest	-	-	-	-	-	-	1	-
Resources received free of charge	-	-	-	-	-	-	-	-
Community Development Fund	-	-	-	-	-	-	-	-
Recoveries from administered items	-	-	250	-	-	-	-	-
Other income	1	-	22	321	-	(24)	165	1
<b>Total income</b>	<b>199</b>	<b>249</b>	<b>478</b>	<b>2 325</b>	<b>283</b>	<b>251</b>	<b>370</b>	<b>99</b>
<b>Net cost of providing services</b>	<b>9 350</b>	<b>7 339</b>	<b>5 709</b>	<b>11 137</b>	<b>294</b>	<b>470</b>	<b>1 462</b>	<b>1 663</b>
<b>Revenues from (Payments to)</b>								
<b>SA Government:</b>								
Revenues from SA Government	-	-	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-	-	-
<b>Net revenues from (payments to)</b>								
<b>SA Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net result</b>	<b>(9 350)</b>	<b>(7 339)</b>	<b>(5 709)</b>	<b>(11 137)</b>	<b>(294)</b>	<b>(470)</b>	<b>(1 462)</b>	<b>(1 663)</b>

(Activities - refer note 5)	5		6		7		8	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses:</b>								
Employee benefits	24 776	20 087	3 645	3 460	16 206	14 171	505	499
Supplies and services	12 944	12 732	2 707	1 339	48 951	32 975	591	709
Grants and subsidies	2 555	4 755	50	-	220	5 492	32 880	34 171
Depreciation and amortisation	391	335	11	11	6 187	6 188	11	20
Net loss from disposal of non-current assets	(2)	103	-	-	122	20	-	-
Other expenses	(7)	236	11	-	37	172	-	-
Resources provided free of charge	-	-	-	-	-	-	71	-
<b>Total expenses</b>	<b>40 657</b>	<b>38 248</b>	<b>6 424</b>	<b>4 810</b>	<b>71 723</b>	<b>59 018</b>	<b>34 058</b>	<b>35 399</b>
<b>Income:</b>								
Fees and charges	4 846	1 699	1 031	856	56 373	44 620	66	150
Commonwealth revenues	-	-	-	-	-	-	-	-
Grants	460	-	5	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Resources received free of charge	-	-	-	-	-	-	-	-
Community Development Fund	-	-	-	-	-	-	-	-
Recoveries from administered items	988	-	38	-	-	-	-	-
Other income	386	542	2	-	19	481	108	1
<b>Total income</b>	<b>6 680</b>	<b>2 241</b>	<b>1 076</b>	<b>856</b>	<b>56 392</b>	<b>45 101</b>	<b>174</b>	<b>151</b>
<b>Net cost of providing services</b>	<b>33 977</b>	<b>36 007</b>	<b>5 348</b>	<b>3 954</b>	<b>15 331</b>	<b>13 917</b>	<b>33 884</b>	<b>35 248</b>
<b>Revenues from (Payments to)</b>								
<b>SA Government:</b>								
Revenues from SA Government	102 925	102 499	-	-	15 067	6 842	22 605	22 123
Payments to SA Government	-	(9 709)	-	-	-	-	-	-
<b>Net revenues from (payments to)</b>								
<b>SA Government</b>	<b>102 925</b>	<b>92 790</b>	<b>-</b>	<b>-</b>	<b>15 067</b>	<b>6 842</b>	<b>22 605</b>	<b>22 123</b>
<b>Net result</b>	<b>68 948</b>	<b>56 783</b>	<b>(5 348)</b>	<b>(3 954)</b>	<b>(264)</b>	<b>(7 075)</b>	<b>(11 279)</b>	<b>(13 125)</b>

## Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2014 (continued)

	(Activities - refer note 5)		9		10		11		12	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses:</b>										
Employee benefits	3 241	3 001	2 562	2 618	5 269	4 558	30 956	27 897		
Supplies and services	1 357	1 513	1 875	1 791	4 816	4 576	10 842	12 300		
Grants and subsidies	29 423	36 436	60 567	61 816	-	-	2 984	3 711		
Depreciation and amortisation	208	213	6 035	5 349	878	258	893	777		
Net loss from disposal of non-current assets	1	-	88	85	-	-	-	7		
Other expenses	-	-	1	-	5	20	228	190		
Resources provided free of charge	116	-	228	-	-	-	-	-		
<b>Total expenses</b>	<b>34 346</b>	<b>41 163</b>	<b>71 356</b>	<b>71 659</b>	<b>10 968</b>	<b>9 412</b>	<b>45 903</b>	<b>44 882</b>		
<b>Income:</b>										
Fees and charges	859	881	6 453	8 520	1 882	2 030	19 217	17 131		
Commonwealth revenues	-	-	510	500	-	-	-	2 999		
Grants	-	-	-	-	-	-	11 396	11 282		
Interest	-	-	-	-	-	-	-	-		
Resources received free of charge	-	22	1 750	-	-	-	-	-		
Community Development Fund	-	-	900	900	-	-	-	-		
Recoveries from administered items	-	-	-	-	-	-	53	139		
Other income	206	1	263	465	26	-	143	2		
<b>Total income</b>	<b>1 065</b>	<b>904</b>	<b>9 876</b>	<b>10 385</b>	<b>1 908</b>	<b>2 030</b>	<b>30 809</b>	<b>31 553</b>		
<b>Net cost of providing services</b>	<b>33 281</b>	<b>40 259</b>	<b>61 480</b>	<b>61 274</b>	<b>9 060</b>	<b>7 382</b>	<b>15 094</b>	<b>13 329</b>		
<b>Revenues from (Payments to)</b>										
<b>SA Government:</b>										
Revenues from SA Government	39 336	38 477	73 133	71 571	-	-	-	-		
Payments to SA Government	-	-	-	-	-	-	-	-		
<b>Net revenues from (payments to)</b>										
<b>SA Government</b>	<b>39 336</b>	<b>38 477</b>	<b>73 133</b>	<b>71 571</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Net result</b>	<b>6 055</b>	<b>(1 782)</b>	<b>11 653</b>	<b>10 297</b>	<b>(9 060)</b>	<b>(7 382)</b>	<b>(15 094)</b>	<b>(13 329)</b>		

	(Activities - refer note 5)		13		14		15		16	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses:</b>										
Employee benefits	49	1 756	81 271	77 850	940	246	5 977	6 383		
Supplies and services	91	502	66 037	55 607	398	108	2 549	3 808		
Grants and subsidies	-	153	-	1 438	72	-	4 508	3 860		
Depreciation and amortisation	-	-	3 172	3 468	-	-	141	129		
Net loss from disposal of non-current assets	-	-	186	30	-	-	-	-		
Other expenses	-	-	321	52	-	-	15	-		
Resources provided free of charge	-	-	141	-	-	-	-	-		
<b>Total expenses</b>	<b>140</b>	<b>2 411</b>	<b>151 128</b>	<b>138 445</b>	<b>1 410</b>	<b>354</b>	<b>13 190</b>	<b>14 180</b>		
<b>Income:</b>										
Fees and charges	-	153	145 783	138 486	(1)	44	5	41		
Commonwealth revenues	-	136	-	-	-	-	-	7		
Grants	-	-	216	-	-	-	180	214		
Interest	-	-	-	637	-	-	22	26		
Resources received free of charge	-	-	-	-	-	-	-	-		
Community Development Fund	-	-	-	-	-	-	-	-		
Recoveries from administered items	-	-	-	-	-	-	779	1 199		
Other income	-	-	4	185	-	-	25	61		
<b>Total income</b>	<b>-</b>	<b>289</b>	<b>146 003</b>	<b>139 308</b>	<b>(1)</b>	<b>44</b>	<b>1 011</b>	<b>1 548</b>		
<b>Net cost of providing services</b>	<b>140</b>	<b>2 122</b>	<b>5 125</b>	<b>(863)</b>	<b>1 411</b>	<b>310</b>	<b>12 179</b>	<b>12 632</b>		
<b>Revenues from (Payments to)</b>										
<b>SA Government:</b>										
Revenues from SA Government	-	-	6 471	5 567	-	-	-	-		
Payments to SA Government	-	-	-	-	-	-	-	-		
<b>Net revenues from (payments to)</b>										
<b>SA Government</b>	<b>-</b>	<b>-</b>	<b>6 471</b>	<b>5 567</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Net result</b>	<b>(140)</b>	<b>(2 122)</b>	<b>1 346</b>	<b>6 430</b>	<b>(1 411)</b>	<b>(310)</b>	<b>(12 179)</b>	<b>(12 632)</b>		

**Disaggregated Disclosures - Expenses and Income  
for the year ended 30 June 2014 (continued)**

	(Activities - refer note 5)		General/		Total	
	2014	17 2013	Not attributable 2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses:</b>						
Employee benefits	-	961	(87)	(69)	187 237	174 733
Supplies and services	-	706	(15 273)	(15 201)	143 566	123 486
Grants and subsidies	-	-	(2 176)	(12 773)	131 416	140 997
Depreciation and amortisation	-	3	-	-	18 048	16 917
Net loss from disposal of non-current assets	-	-	-	-	400	245
Other expenses	-	-	(342)	(15)	347	748
Resources provided free of charge	-	-	-	-	556	-
<b>Total expenses</b>	-	1 670	(17 878)	(28 058)	481 570	457 126
<b>Income:</b>						
Fees and charges	-	3	(15 134)	(25 745)	221 640	191 068
Commonwealth revenues	-	-	-	-	510	3 642
Grants	-	200	(216)	-	12 672	12 123
Interest	-	-	-	-	23	663
Resources received free of charge	-	-	-	-	1 750	22
Community Development Fund	-	-	-	-	900	900
Recoveries from administered items	-	-	(251)	(154)	1 857	1 184
Other income	-	2	(172)	(169)	1 198	1 869
<b>Total income</b>	-	205	(15 773)	(26 068)	240 550	211 471
<b>Net cost of providing services</b>	-	1 465	(2 105)	(1 990)	241 020	245 655
<b>Revenues from (Payments to)</b>						
<b>SA Government:</b>						
Revenues from SA Government	-	-	(2 105)	(2 041)	257 432	245 038
Payments to SA Government	-	-	-	-	-	(9 709)
<b>Net revenues from (payments to)</b>						
<b>SA Government</b>	-	-	(2 105)	(2 041)	257 432	235 329
<b>Net result</b>	-	(1 465)	-	(51)	16 412	(10 326)

## Disaggregated Disclosures - Assets and Liabilities for the year ended 30 June 2014

	(Activities - refer note 5)		1		2		3		4	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets:</b>										
Cash and cash equivalents	-	-	-	-	-	-	-	-	416	-
Receivables	29	-	10	-	6	-	8	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-	-	-	-	-	4 242	-
Property, plant and equipment	37	73	25	39	4	7	545	5 185	-	-
Works of art	-	-	-	-	-	-	27	27	-	-
Intangible assets	69	49	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>135</b>	<b>122</b>	<b>35</b>	<b>39</b>	<b>10</b>	<b>7</b>	<b>5 238</b>	<b>5 212</b>		
<b>Liabilities:</b>										
Payables	-	-	27	-	-	-	9	-	-	-
Employee benefits	-	-	109	-	-	-	25	21	-	-
Provisions	-	-	1	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>137</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34</b>	<b>21</b>		
	(Activities - refer note 5)		5		6		7		8	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets:</b>										
Cash and cash equivalents	51 626	40 537	1	-	-	5 480	994	687	-	-
Receivables	5 716	7 942	5	-	6 337	6 929	802	277	-	-
Inventories	23	20	-	-	54	-	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	1 510	8 143	4	15	26 213	26 113	3 494	3 340	-	-
Works of art	-	-	-	-	-	-	7	7	-	-
Intangible assets	45	153	-	-	1 973	1 580	-	-	-	-
<b>Total assets</b>	<b>58 920</b>	<b>56 795</b>	<b>10</b>	<b>15</b>	<b>34 577</b>	<b>40 102</b>	<b>5 297</b>	<b>4 311</b>		
<b>Liabilities:</b>										
Payables	8 235	16 302	-	-	3 414	8 391	554	550	-	-
Employee benefits	16 357	15 491	-	-	4 577	4 037	191	218	-	-
Provisions	5 745	5 492	-	-	232	-	8	6	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>30 337</b>	<b>37 285</b>	<b>-</b>	<b>-</b>	<b>8 223</b>	<b>12 428</b>	<b>753</b>	<b>774</b>		
	(Activities - refer note 5)		9		10		11		12	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets:</b>										
Cash and cash equivalents	1 866	1 434	3 217	2 224	1	-	2 128	-	-	-
Receivables	1 459	572	2 190	849	11	-	208	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	7 247	7 014	144 498	137 259	3 260	2 391	12 969	9 014	-	-
Works of art	33	33	5 043	5 113	-	-	-	-	-	-
Intangible assets	-	-	370	407	146	173	-	-	-	-
<b>Total assets</b>	<b>10 605</b>	<b>9 053</b>	<b>155 318</b>	<b>145 852</b>	<b>3 418</b>	<b>2 564</b>	<b>15 305</b>	<b>9 014</b>		
<b>Liabilities:</b>										
Payables	994	1 005	1 166	1 778	-	-	1 205	873	-	-
Employee benefits	965	976	619	704	-	-	6 064	6 857	-	-
Provisions	86	85	27	20	-	-	43	514	-	-
Other liabilities	17	14	1 410	-	28	5	-	-	-	-
<b>Total liabilities</b>	<b>2 062</b>	<b>2 080</b>	<b>3 222</b>	<b>2 502</b>	<b>28</b>	<b>5</b>	<b>7 312</b>	<b>8 244</b>		

## Disaggregated Disclosures - Assets and Liabilities for the year ended 30 June 2014 (continued)

	(Activities - refer note 5)		13		14		15		16	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets:</b>										
Cash and cash equivalents	-	-	3 099	806	-	-	1	-	-	-
Receivables	-	11	13 749	19 998	-	-	126	2	-	-
Inventories	-	-	15	15	-	-	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	-	5	4 523	6 205	-	-	2 073	4 763	-	-
Works of art	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	1 939	3 716	-	-	-	-	-	-
<b>Total assets</b>	-	16	23 325	30 740	-	-	2 200	4 765	-	-
<b>Liabilities:</b>										
Payables	-	249	6 272	7 994	-	-	1 196	-	-	-
Employee benefits	-	510	24 255	24 094	-	-	1 603	-	-	-
Provisions	-	-	827	-	-	-	10	-	-	-
Other liabilities	-	-	1 980	2 340	-	-	-	-	-	-
<b>Total liabilities</b>	-	759	33 334	34 428	-	-	2 809	-	-	-

	(Activities - refer note 5)		17		General/ Not attributable		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets:</b>								
Cash and cash equivalents	-	-	-	-	-	-	63 349	51 168
Receivables	-	-	(1 676)	(5 185)	28 980	31 395	-	-
Inventories	-	-	-	-	92	35	-	-
Non-current assets classified as held for sale	-	-	-	-	4 242	-	-	-
Property, plant and equipment	-	-	-	(24)	206 402	209 542	-	-
Works of art	-	-	-	-	5 110	5 180	-	-
Intangible assets	-	-	-	(27)	4 542	6 051	-	-
<b>Total assets</b>	-	-	(1 676)	(5 236)	312 717	303 371	-	-
<b>Liabilities:</b>								
Payables	-	-	(1 676)	(5 387)	21 396	31 755	-	-
Employee benefits	-	-	-	-	54 765	52 908	-	-
Provisions	-	-	-	-	6 979	6 117	-	-
Other liabilities	-	-	-	-	3 435	2 359	-	-
<b>Total liabilities</b>	-	-	(1 676)	(5 387)	86 575	93 139	-	-

### Notes to and forming part of the financial statements

#### 1. Objectives of the Department of the Premier and Cabinet (the Department)

The Department delivers specialist policy advice to the Premier and Ministers, supports the Cabinet process and provides direction and leadership to the South Australian public sector, with a particular focus on the Government's seven strategic priorities, namely:

- creating a vibrant city
- safe communities, healthy neighbourhoods
- an affordable place to live
- every chance for every child
- growing advanced manufacturing
- realising the benefits of the mining boom for all South Australians
- premium food and wine from our clean environment.

## 1. Objectives of the Department of the Premier and Cabinet (the Department) (continued)

The Department leads the implementation of South Australia's Strategic Plan and the Government's strategic priorities, has overarching responsibility for Commonwealth-State relations and drives key government initiatives across a range of services benefiting other government agencies and the community. The Department works with these groups to develop policies and to deliver programs in areas including Aboriginal wellbeing, economic and international coordination, the arts and cultural development, industrial relations, welfare health and safety, shared services, services to the community through information communication technologies, public sector management and government records access and preservation.

## 2. Summary of significant accounting policies

### 2.1 Statement of compliance

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

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

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

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ended 30 June 2014 (refer note 4).

### 2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Department's accounting policies. The areas involving a higher degree of judgement 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 that 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 the financial statements:
  - (a) income, 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
  - (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 operating cycle and are presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014 and comparative information presented for the year ended 30 June 2013.

### 2.3 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 encompass all the controlled activities of the Department.

*Administered resources*

The Department administers, but does not control, certain resources on behalf of the SA Government. It is accountable for the transactions involving those administered resources, but does not have the discretion to deploy the resources for achievement of the Department's objectives. For these resources, the Department acts only on behalf of the Commonwealth and SA Governments.

Transactions and balances relating to these administered resources are not recognised as departmental income, expenses, 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 attached to the general purpose financial statements. Except as otherwise disclosed, administered items are recognised on the same basis and using the same accounting policies as for the departmental items.

**2.4 Comparative information**

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or APSs 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 to do so.

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

**2.5 Rounding**

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

**2.6 Taxation**

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

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 as part of an item of expense
- 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.

The Department prepares a business activity statement on behalf of clients to which it provides business services, under the grouping provisions of the GST legislation. Under the grouping provisions, the Department 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 the Department's Statement of Financial Position and the GST cash flows recorded in the Statement of Cash Flows.

**2.7 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*

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

#### *Grants*

Grants are recognised as income when the Department obtains control of the income or when the agreement or contract has been approved and executed or income received. Grants received by the Department with unconditional stipulations attached have been recognised as an asset and income upon receipt.

#### *Community Development Fund*

Income is received on an annual basis from the State Government's Community Development Fund. The Community Development Fund was established under the *Gaming Machines Act 1992*. Money paid into this fund is to be applied towards financial assistance for community development and the provision of government health, welfare or education services.

#### *Resources received free of charge*

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

#### *Revenues from SA Government*

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

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

In relation to liquidity/funding risk, the continued existence of the Department in its present form, and with its present activities, is dependent on government policy and on continuing appropriations for the Department's administration and activities.

#### *Other income*

Other income consists of refunds and other recoveries.

## **2.8 Expenses**

Expenses are recognised when and only when the flow or consumption or loss of future economic benefits has occurred and can be reliably measured.

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

#### *Employee benefits expenses*

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

#### *Superannuation*

The amount charged to the Statement of Comprehensive Income represents contributions made by the Department to the superannuation plan in respect of current services of current departmental staff. DTF centrally recognises the superannuation liability for schemes operated by the State Government in the whole-of-government financial statements.

#### *Grants and subsidies*

Grants and subsidies that the Department pays to other entities 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 or subsidy. These entities may be other SA Government agencies, non-government organisations or the public. The grants and subsidies given are usually subject to terms and conditions set out in the contract or correspondence, or by legislation. For contributions payable, the contribution will be recognised as a liability and expense when the Department has a present obligation to pay the contribution.

Grants and subsidies paid by the Department generally have conditional stipulations attached.

*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, while 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 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:

<i>Class of asset</i>	<i>Useful life (years)</i>
Buildings and improvements	5-100
Transportable accommodation	10-20
Furniture and fittings	5-10
Plant and equipment	3-20
Office equipment	3-30
IT equipment	3-10
PABX equipment	3-7
Transmission equipment	5-40
Water, sewerage and drainage	20-80
StateNet core	5
Motor vehicles	4
Intangibles - computer software	1-15

Works of art controlled by the Department are anticipated to have very long and indeterminate useful lives. Their service potential has not, in any material sense, been consumed during the reporting period. Consequently, no amount for depreciation has been recognised for this class of asset.

*Net loss on disposal of non-current assets*

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

*Resources provided free of charge*

Resources provided free of charge to external parties are recognised as expenditure in the Statement of Comprehensive Income at their fair value and in the expense line to which they relate.

*Payments to SA Government*

Payments to the SA Government include the return of surplus cash pursuant to the Government's cash alignment policy, paid directly to the Consolidated Account.

**2.9 Current and non-current classification**

Assets and liabilities are characterised as either current or non-current in nature. The Department has a clearly identifiable operating cycle of 12 months. Therefore, assets and liabilities that will be sold, consumed or 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.

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.

**2.10 Assets**

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

*Cash and cash equivalents*

Cash and cash equivalents as reported in the Statement of Financial Position include cash on hand and deposits held at call. Cash and cash equivalents in the Statement of Cash Flows comprise cash and cash equivalents as defined above. Cash is measured at nominal value.

*Receivables*

Receivables include amounts receivable from goods and services, prepayments and other accruals.

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

Other debtors arise outside the normal course of selling goods and services to other government agencies and to the public. If payment has not been received within 90 days after the amount falls due, under the terms and conditions of the arrangement with the debtor, the Department is able to charge interest at commercial rates until the whole amount of the debt is paid.

The Department determines the allowance for doubtful debts based on a review of balances within receivables that are unlikely to be collected. These are generally receivables that are 90 days or more overdue. Bad debts are written off when identified.

*Inventories*

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

*Non-current assets held for sale*

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less cost to sell if their carrying amount will be recovered principally through sale rather than continuing use. 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 not depreciated or amortised.

*Non-current asset acquisition and recognition*

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

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

In accordance with APF III, APS 2.15:

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

*Revaluation of non-current assets*

All non-current tangible assets are valued at fair value. Revaluation of non-current assets or groups of assets is performed when their 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 Department revalues its land, buildings and artwork via a Certified Practising Valuer. If at any time management considers that the carrying amount of the asset materially differs from the fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

An independent valuation of the land, buildings and artwork was conducted as at 30 June 2014 by Valcorp Australia Pty Ltd. The valuation of land and buildings as at 30 June 2014 was prepared on a fair value basis in accordance with AASB 116 and AASB 13.

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

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

#### *Impairment of assets*

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 class in the 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 in the financial records, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed. Subsequent expenditure on intangible assets has not been capitalised.

#### *Fair value measurement*

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Department classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used making the measurements, based on the data and assumptions used in the most recent revaluation.

- Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3: not traded in an active market and are derived from unobservable inputs.

#### *Non-financial assets*

In determining fair value, the Department has taken into account the characteristics of the asset (eg condition and location of the asset and any restrictions on the sale or use of the asset) and the asset's highest and best use (that is physically possible, legally permissible and financial feasible).

The Department's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Department did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

Refer notes 23, 24 and 25 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

### **2.11 Liabilities**

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

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

#### *Payables*

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

Creditors represent the amounts owing for goods and services received before 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.

*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 processed.

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 and are normally settled within 30 days after the Department receives an invoice.

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

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

*Employee benefits*

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

*(i) Salaries and wages*

Liabilities for salaries and wages are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

*(ii) Annual leave*

A liability for annual leave is calculated by determining the amount unpaid at the reporting date and estimating the nominal amount that is expected to be paid when the obligation is settled. In the unusual event where annual leave is payable later than 12 months, the liability will be measured at present value.

*(iii) Employment on-costs*

Employment on-costs (payroll tax, superannuation and workers compensation) are recognised separately under payables and provisions.

*(iv) 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 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.

*(v) SERL*

A liability for SERL is calculated by determining the amount unpaid at the reporting date at remuneration rates current at reporting date. The liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

*(vi) Sick leave*

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

*Workers compensation provision*

The Department is an exempt employer under the WRCA. Under a scheme arrangement, the Department is responsible for the management of workers rehabilitation and compensation.

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an annual actuarial assessment as at 30 June 2014 performed by the consulting actuaries to the Public Sector Workforce Relations Division of the Department.

The workers compensation provision liability recognised for the employees of the Department is based on an apportionment of an actuarial assessment of the whole-of-government workers compensation liability conducted by Taylor Fry Consulting Actuaries.

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.

*Copyright provision*

The *Commonwealth Copyright Act 1968* allows governments to copy copyrighted material for the services of government without infringing the Act if it pays equitable remuneration to a declared collecting society. State Records of South Australia (State Records) has responsibility for negotiating the amount payable for the State's copying of printed and electronic publications. The provision represents copyright licensing fees for print and electronic publications for the SA Government.

**2.12 Contributed/Distributed capital**

Where the investing activities of the Department are not funded through appropriations, operating receipts, proceeds of assets sales or grants, government funding is provided via a capital contribution.

Capital distributed includes the return of surplus cash pursuant to the Government's cash alignment policy, paid directly to the Consolidated Account. Where agencies have equity contributions from the Treasurer, part or all transfers of cash may be deemed a return of equity.

**2.13 Leases**

*Department as lessee*

The Department has entered into a number of operating lease agreements for buildings, motor vehicles and office equipment where the lessors effectively retain all of the risks and benefits incidental to ownership of the items held under the operating leases. Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the Statement of Comprehensive Income in the periods in which they are incurred.

*Department as lessor*

The Department leases the Adelaide Festival Centre and Her Majesty's Theatre to the Adelaide Festival Centre Trust through an operating lease.

Income from operating leases is recognised as rental income in the period incurred, and is representative of the pattern of benefits derived from the leased assets.

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

**3. Hedging arrangements**

In accordance with government policy, the Department enters into hedges for all contracted expenditure in a foreign currency over A\$250 000. SAFA manages the foreign currency hedges on the Department's behalf.

The Department did not have any outstanding hedges at 30 June 2014.

#### 4. **New and revised accounting standards**

AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the period ending 30 June 2014. 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.

In accordance with the new AASB 13 which comes into effect for the first time for the year ending 30 June 2014, the Department has:

- reviewed its fair value valuation techniques (both internal estimates and independent valuation appraisal) for non-financial assets to ensure they are consistent with the standard. Previously, the Department has used the cost approach or the market approach to determine fair value. The Department will continue to measure its non-financial assets using either the cost or market approach. The application of AASB 13 has not had a material impact on the fair value measurements
- included additional disclosures where required to assist users in assessing the valuation techniques and inputs used to ascertain fair value measurements used for asset and liability measurements.

Fair value hierarchy and other information is provided in notes 23, 24 and 25.

#### 5. **Activities of the Department**

The Department has identified 17 major classes of activities that it delivers to the community and the Premier. The identity and description of each major activity class for the Department during the year ended 30 June 2014 are summarised below (refer to the Department's disaggregated disclosures):

##### **Activity 1: *Cabinet Office***

Coordination and leadership of across-government policy proposals for the consideration of the Premier and Cabinet; leadership in relation to South Australia's Strategic Plan and strategic priorities in government and the wider community; support to the Premier in intergovernmental relations; and provision of support to Cabinet and Cabinet committees.

##### **Activity 2: *State Development***

Central agency leadership on key issues that affect South Australia's future prosperity, including the provision of quality economic and policy advice to support the Government's strategic priorities, maximising the value and outcomes from the State's international relationships, and through identifying international best practice and policy approaches that can be applied in South Australia.

As a result of restructuring of administrative arrangements outlined in The South Australian Government Gazette (the Government Gazette) on 26 June 2014, the Department relinquished responsibility for Invest in South Australia and the Office of the Economic Development Board. Assets and liabilities relating to this business unit will be transferred to the Department of State Development effective 1 July 2014 (refer note 36).

##### **Activity 3: *Capital City***

Support the Capital City Committee, a legislated partnership between the Adelaide City Council and the SA Government, by providing executive and strategic support to the committee and ensuring coordination between the strategic objectives of the State and the Adelaide City Council to identify opportunities for the City of Adelaide.

##### **Activity 4: *Agent-General's Office***

The Agent-General's Office represents the Premier and Government of South Australia in the United Kingdom and Europe to advance the State's development objectives as expressed in South Australia's Strategic Plan. The office aims to increase awareness of Adelaide and drive preference for all the State has to offer, principally as a destination for foreign investment, migrants, students, tourists and as a producer of premium wine.

##### **Activity 5: *Support Services and Community Programs***

Provision of support services including commercial advice and the management and monitoring of corporately administered grant programs.

##### **Activity 6: *Public Sector Performance***

Provision of leadership to the revitalisation and reform of the public sector.

##### **Activity 7: *ICT Services***

Provision of specialised ICT services, support and information to government and industry.

**Activity 8: Library and Information Services**

Provision of information from library and resource centres to the public, industry and government agencies, and funding of services provided by Public Library Services to public libraries.

As a result of restructuring of administrative arrangements outlined in the Government Gazette on 26 June 2014, the Department relinquished responsibility for Arts SA. Assets and liabilities relating to this business unit will be transferred to the Department of State Development effective 1 July 2014 (refer note 36).

**Activity 9 Access to Art, Museum and Heritage Services and Preservation of State Collections**

Provision of museum, visual arts and preservation services that enable the State's cultural, heritage and arts assets to be maintained and kept accessible to the community.

As a result of restructuring of administrative arrangements outlined in the Government Gazette on 26 June 2014, the Department relinquished responsibility for Arts SA. Assets and liabilities relating to this business unit will be transferred to the Department of State Development effective 1 July 2014 (refer note 36).

**Activity 10: Arts Industry Development and Access to Artistic Product**

Provision of services that enhance opportunities for artists, cultural tourism, festivals and events and provide for productions, exhibitions, tours and events to the community.

As a result of restructuring of administrative arrangements outlined in the Government Gazette on 26 June 2014, the Department relinquished responsibility for Arts SA. Assets and liabilities relating to this business unit will be transferred to the Department of State Development effective 1 July 2014 (refer note 36).

**Activity 11: Community Services**

Provision of specialised services, support, information and policy to the community, government, industry and the Minister in the areas of records management, archives and government publishing.

**Activity 12: Industrial Relations**

Provision of workplace industrial relations, safety advisory and regulatory services to the general community and the public sector.

As a result of restructuring of administrative arrangements outlined in the Government Gazette on 26 June 2014, the Department relinquished responsibility for SafeWork SA. Assets and liabilities relating to this business unit will be transferred to the Attorney-General's Department effective 1 July 2014 (refer note 36).

**Activity 13: State/Local Government Relations**

The Office for State/Local Government Relations is responsible for providing policy and other advice to the Minister for State/Local Government Relations on:

- the constitution and operations of the local government system, in particular the legislative framework for councils' operation, including the statutory authorities for which the Minister is responsible - the Outback Communities Authority, the South Australian Local Government Grants Commission, the Adelaide Cemeteries Authority and the Boundary Adjustment Facilitation Panel
- whole-of-government policy and legislative frameworks as they affect local government
- the constructive relationship between the State Government and councils and other associated representative groups.

As a result of restructuring of administrative arrangements outlined in the Government Gazette on 1 August 2013, the Department relinquished administrative responsibility for the Outback Communities Authority and the South Australian Local Government Grants Commission. Assets and liabilities relating to these business units transferred to the Department of Primary Industries and Regions on 1 August 2013.

As a result of restructuring of administrative arrangements outlined in the Government Gazette on 1 August 2013, the Department relinquished administrative responsibility for the Local Government Taxation Equivalents Fund. Assets and liabilities relating to these business units transferred to DTF on 1 August 2013.

Effective as from 1 August 2013, a number of Office for State/Local Government Relations employees transferred from the Department to the Attorney-General's Department, the Department for Planning, Transport and Infrastructure (DPTI) and the Department of Primary Industries and Regions.



**Activity 14: Government Services**

Provision of a comprehensive range of services to various government agencies and the community.

**Activity 15: Industry Participation Advocate**

The role of the Industry Participation Advocate is to increase the number and diversity of local businesses securing economic benefit from government contracts.

**Activity 16: Aboriginal Affairs and Reconciliation**

The Aboriginal Affairs and Reconciliation division provides leadership in Aboriginal policy and program development, drives coordination and implementation of policies for Aboriginal affairs across government; develops strategies to improve service outcomes for Aboriginal people in urban, regional and remote areas of South Australia; facilitates the protection and preservation of Aboriginal heritage and culture; and supports the State's Aboriginal land holding authorities.

As a result of restructuring of administrative arrangements outlined in the Government Gazette on 26 June 2014, the Department relinquished responsibility for Aboriginal Affairs and Reconciliation Division. Assets and liabilities relating to this business unit will be transferred to the Department of State Development effective 1 July 2014 (refer note 36).

**Activity 17: Office of Design and Architecture SA**

As a result of restructuring of administrative arrangements outlined in the Government Gazette on 31 January 2013, the Department relinquished responsibility for the Office for Design and Architecture SA. Assets and liabilities relating to this business unit were transferred to DPTI effective 1 March 2013. This program is included for comparative purposes.

**General/Not attributable**

General/Not attributable reflects internal transactions undertaken within the Department.

<b>6. Employee benefits</b>	2014	2013
	\$'000	\$'000
Salaries and wages	130 191	129 500
LSL	4 999	4 650
Annual leave	11 848	11 731
SERL	576	736
Employment on-costs - superannuation	16 417	15 926
Employment on-costs - other	8 307	8 129
TVSPs (refer below)	10 546	1 226
Board and committee fees	859	912
Other employment related expenses	3 494	1 923
Total employee benefits	187 237	174 733
<b>TVSPs</b>		
Amounts paid to these employees:		
TVSPs	10 546	1 226
Annual leave, SERL and LSL paid during 2013-14	3 643	382
	14 189	1 608
Recovery from DTF	9 460	1 787
Net cost to the Department	4 729	(179)

Number of employees who received a TVSP during the reporting period was 88 (10).

**Remuneration of employees**

The table below includes employees who received remuneration of \$141 500 (\$138 000) or more during the year paid by the Department. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. Termination payments have been included if employees meet the \$141 500 threshold.

The total remuneration received by employees listed in the table below for the year was \$16.2 million (\$15.7 million).

**Remuneration of employees (continued)**

The table includes the TVSP component paid where the employee meets the \$141 500 threshold on normal remuneration.

In 2013-14, one employee included in the table received a TVSP.

The number of employees who received remuneration of \$141 500 or more during the year, falls within the following bands:	2014 Number	2013 Number
\$138 000 - \$141 499*	-	3
\$141 500 - \$151 499	8	14
\$151 500 - \$161 499	9	9
\$161 500 - \$171 499	11	5
\$171 500 - \$181 499	2	11
\$181 500 - \$191 499	11	12
\$191 500 - \$201 499	9	2
\$201 500 - \$211 499	2	2
\$211 500 - \$221 499	4	3
\$221 500 - \$231 499	3	3
\$231 500 - \$241 499	2	1
\$241 500 - \$251 499	1	3
\$251 500 - \$261 499	3	3
\$261 500 - \$271 499	2	-
\$271 500 - \$281 499	2	1
\$281 500 - \$291 499	1	1
\$291 500 - \$301 499	3	1
\$301 500 - \$311 499	1	1
\$321 500 - \$331 499	1	1
\$331 500 - \$341 499	1	1
\$341 500 - \$351 499	-	1
\$351 500 - \$361 499	-	1
\$421 500 - \$431 499	-	1
\$431 500 - \$441 499	1	-
\$531 500 - \$541 499**	1	-
<b>Total</b>	<b>78</b>	<b>80</b>

\* This band has been included for the purpose of reporting the comparative figures based on the executive base level remuneration rate for 2012-13.

\*\* This band includes an employee who received a termination payment.

<b>7. Supplies and services</b>	2014 \$'000	2013 \$'000
Accommodation	26 210	27 286
Telecommunication	5 945	6 100
Staff development and recruitment	1 608	1 934
General administration and consumables	11 891	11 967
Promotion and marketing	4 093	4 307
Sponsorships	567	158
External contributions	379	704
Repairs, maintenance and minor equipment purchases	2 178	2 470
IT and computing charges	44 392	26 688
Managed network services	5 967	4 867
Outsourced contracts	2 719	3 075
Contractors and temporary staff	17 749	21 430
Consultants	1 550	2 950
Cost of goods sold	309	552
Community infrastructure	314	219
Projects	328	1 404
Intra-government transfers	13 609	2 248
Other supplies and services	3 758	5 127
<b>Total supplies and services</b>	<b>143 566</b>	<b>123 486</b>

<b>7. Supplies and services (continued)</b>	2014	2013
Supplies and services provided by entities within the SA Government:	\$'000	\$'000
Accommodation	23 272	24 730
Telecommunication	78	608
Staff development and recruitment	95	135
General administration and consumables	2 754	1 368
Promotion and marketing	129	92
External contributions	80	-
Repairs, maintenance and minor equipment purchases	1 447	1 408
IT and computing charges	1 130	1 608
Community infrastructure	184	13
Intra-government transfers	13 336	2 248
Other supplies and services	2 412	1 809
Total supplies and services provided by entities within the SA Government	44 917	34 019

<b>Payments to consultants</b>	2014		2013	
The number and dollar amount of consultants paid/payable (included in supplies and services) that fell within the following bands:	Number	\$'000	Number	\$'000
Below \$10 000	17	74	14	54
Between \$10 000 and \$50 000	17	504	22	465
Above \$50 000	9	972	18	2 431
Total	43	1 550	54	2 950

<b>8. Grants and subsidies</b>	2014	2013
	\$'000	\$'000
Grants and subsidies	131 416	140 997
Total grants and subsidies	131 416	140 997
Grants and subsidies paid to entities within the SA Government	101 349	109 536
Total grants and subsidies paid to entities within SA Government	101 349	109 536

Grants and subsidies consists of the following:		
Libraries Board of South Australia	32 600	33 940
Adelaide Festival Centre Trust	16 836	16 720
Museum Board	11 156	13 278
Art Gallery Board	9 644	14 877
Adelaide Festival Corporation	8 298	8 251
History Trust of South Australia	5 722	5 843
Country Arts SA	5 310	5 785
South Australian Film Corporation	5 179	5 127
Arts Project assistance	4 151	1 691
Arts Industry assistance	4 110	5 855
Aboriginal Land Rights	3 788	2 346
State Theatre Company of South Australia	2 448	2 388
South Australian Youth Arts Board	2 387	2 351
Adelaide Symphony Orchestra	2 396	1 868
Adelaide Fringe	1 597	1 629
State Opera of South Australia	1 551	1 533
Brand South Australia	1 427	-
Australian Dance Theatre	1 178	1 115
Adelaide Film Festival	1 205	1 075
Tandanya	1 040	771
Australian Children's Performing Arts Company (Windmill Theatre)	1 035	1 007
Jam Factory Contemporary Craft and Design	1 019	970
Carrick Hill Trust	912	1 440
Aboriginal Community assistance	708	1 508
University College London	-	1 292
Workplace Partnership program	-	985
Premier's Community Initiatives	819	525
Safe Work Australia	710	703
Work, health and safety grants	1 103	581

<b>8. Grants and subsidies (continued)</b>	2014	2013
Grants and subsidies consists of the following: (continued)	\$'000	\$'000
WorkCoverSA in kind funding support	683	788
Flinders University of South Australia	227	320
Working Women's Centre SA Inc	331	371
Australian Festival for Young People	88	643
Other grants and subsidies	1 758	3 421
Total grants and subsidies	<u>131 416</u>	<u>140 997</u>
<b>9. Depreciation and amortisation</b>		
Depreciation:		
Buildings and improvements	8 478	7 060
Plant and equipment	7 090	7 568
Total depreciation	<u>15 568</u>	<u>14 628</u>
Amortisation:		
Intangible assets	2 480	2 289
Total amortisation	<u>2 480</u>	<u>2 289</u>
Total depreciation and amortisation	<u>18 048</u>	<u>16 917</u>
<b>10. Net loss from disposal of non-current assets</b>		
Net book value of non-current assets disposed:		
Land, buildings and improvements	90	101
Plant and equipment	165	51
ICT infrastructure	20	-
Intangible assets	55	7
Works of art	70	86
Total net loss from disposal of non-current assets	<u>400</u>	<u>245</u>
No proceeds were received on disposal of these assets.		
<b>11. Other expenses</b>		
Bad and doubtful debts	(251)	173
Revaluation decrement	-	148
Derecognition of assets	340	-
Other	258	427
Total other expenses	<u>347</u>	<u>748</u>
Other expenses paid/payable to entities within the SA Government:		
Other	100	95
Total other expenses - SA Government entities	<u>100</u>	<u>95</u>
<b>12. Resources provided free of charge</b>		
Donated assets	556	-
Total resources provided free of charge	<u>556</u>	<u>-</u>
<b>13. Auditor's remuneration</b>		
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	707	661
Total audit fees	<u>707</u>	<u>661</u>
<b>Other services</b>		
No other services were provided by the Auditor-General's Department.		
<b>14. Fees and charges</b>		
SSSA	85 318	83 687
Service SA	43 426	35 112
Regulatory fees	15 461	13 983
Fees for services	46 827	35 109
Rental income	6 316	6 008
Service provision	14 507	6 200
Arts industry related fees	650	1 011
Sale of goods	1 910	1 950
Other	7 225	8 008
Total fees and charges	<u>221 640</u>	<u>191 068</u>

<b>14. Fees and charges (continued)</b>	2014	2013
Fees and charges received/receivable from entities within the SA Government:	\$'000	\$'000
SSSA	85 318	83 687
Service SA	43 426	23 417
Fees for services	40 222	33 298
Rental income	6 074	5 940
Service provision	15	2 307
Arts industry related fees	49	903
Regulatory fees	7 357	7 068
Other	5 925	3 401
Total fees and charges from entities within SA Government	<u>188 386</u>	<u>160 021</u>
<b>15. Commonwealth revenues</b>		
Commonwealth revenues	510	3 642
Total Commonwealth revenues	<u>510</u>	<u>3 642</u>
<b>16. Grants</b>		
Recurrent grant	11 989	11 335
In-kind revenue	683	788
Total grants	<u>12 672</u>	<u>12 123</u>
Grants received/receivable from entities within the SA Government:		
Recurrent grant	11 571	10 894
In-kind revenue	683	788
Total grants - SA Government entities	<u>12 254</u>	<u>11 682</u>
<b>17. Resources received free of charge</b>		
Donated assets	1 750	22
Total resources received free of charge	<u>1 750</u>	<u>22</u>
<b>18. Other income</b>		
Sponsorship	366	52
Other	832	1 817
Total other income	<u>1 198</u>	<u>1 869</u>
Other income received/receivable from entities within the SA Government:		
Sponsorship	13	40
Other	81	411
Total other income - SA Government entities	<u>94</u>	<u>451</u>
<b>19. Revenues from (Payments to) SA Government</b>		
Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	247 129	238 373
Transfers from contingency provisions	10 303	6 665
Total revenues from SA Government	<u>257 432</u>	<u>245 038</u>
Payments to SA Government:		
Return of surplus cash pursuant to cash alignment policy (refer note 2.12)	-	9 709
Total payments to SA Government	<u>-</u>	<u>9 709</u>
The original amount appropriated to the Department under the annual <i>Appropriation Act</i> was not varied, however an additional advance of \$18.7 million was received from the Treasurer via the Governor's Appropriation Fund.		
There were no material variations between the amounts appropriated and the expenditure associated with this appropriation.		
<b>20. Cash and cash equivalents</b>	2014	2013
	\$'000	\$'000
Deposits at call	49 214	45 773
Deposits with the Treasurer	10 577	5 248
Other short-term deposits	3 558	147
Total cash and cash equivalents	<u>63 349</u>	<u>51 168</u>

**Deposits with the Treasurer**

Includes 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 once the Treasurer's/Under Treasurer's approval is received.

**Interest rate risk**

Deposits at call includes funds held for the Aboriginal Heritage Fund which earns a floating interest rate based on daily bank deposit rates. All other deposits at call are non-interest bearing.

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

<b>21. Receivables</b>	2014	2013
Current:	\$'000	\$'000
Receivables	26 498	22 430
Allowance for doubtful debts	(17)	(317)
Prepayments	1 925	1 785
Accrued income	76	6 308
GST receivable	270	1 064
Total current receivables	<u>28 752</u>	<u>31 270</u>
Non-current:		
Receivables	103	125
Prepayments	125	-
Total non-current receivables	<u>228</u>	<u>125</u>
Total receivables	<u>28 980</u>	<u>31 395</u>
Receivables from entities within the SA Government:		
Receivables	21 770	18 296
Prepayments	24	10
Accrued income	69	5 373
Total receivables - SA Government entities	<u>21 863</u>	<u>23 679</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 income are non-interest bearing. Other than recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition, there is no concentration of credit risk.

Note 34 contains information regarding:

- (a) categorisation of financial instruments - refer note 34(a)
- (b) ageing analysis of receivables - refer note 34(b)
- (c) maturity analysis of receivables - refer note 34(c).

**Allowance for doubtful debts**

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

Movements in the allowance for doubtful debts (impairment loss) are as follows:	2014	2013
	\$'000	\$'000
Carrying amount at 1 July	317	361
Increase (Decrease) in the allowance	(251)	173
Amounts written off	(49)	(217)
Carrying amount at 30 June	<u>17</u>	<u>317</u>
<b>22. Non-current assets classified as held for sale</b>		
Buildings and improvement	4 242	-
Total assets held for sale	<u>4 242</u>	<u>-</u>

**Assets held for sale**

The Agent-General's residence in London, United Kingdom is available for immediate sale as at 30 June 2014.

**23. Property, plant and equipment*****Valuations of land and buildings***

An independent valuation of land and buildings was conducted as at 30 June 2014 by Valcorp Australia Pty Ltd. The valuation of land and buildings at 30 June 2014 was prepared on a fair value basis in accordance with AASB 116 and AASB 113.

Fair value of unrestricted land was determined using a market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustments for factors specific to the land such as size and location. Fair value of the land classified as restricted in use was determined using an adjusted market price of surrounding unrestricted land.

The valuer used depreciated replacement cost for buildings, due to there not being an active market. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

All other non-current assets controlled by the Department have been deemed to be held at fair value.

***Impairment***

There were no indications of impairment of property, plant and equipment, and intangible assets held at 30 June 2014.

	2014	2013
	\$'000	\$'000
Land, buildings and improvements:		
Land at fair value	36 418	33 083
Buildings and improvements at fair value	392 524	360 647
Accumulated depreciation	(256 258)	(220 433)
Total land, buildings and improvements	<u>172 684</u>	<u>173 297</u>
Plant and equipment:		
Plant and equipment at fair value	69 356	73 709
Accumulated depreciation	(45 606)	(46 853)
Total plant and equipment	<u>23 750</u>	<u>26 856</u>
Work in progress:		
Work in progress at cost	9 968	9 389
Total work in progress	<u>9 968</u>	<u>9 389</u>
Total property, plant and equipment	<u>206 402</u>	<u>209 542</u>
Works of art:		
Works of art at fair value	5 110	5 180
Total works of art	<u>5 110</u>	<u>5 180</u>
<b>24. Intangible assets</b>		
Computer software	9 967	10 980
Accumulated amortisation	(8 778)	(8 236)
Other intangibles	5 903	7 355
Accumulated amortisation	(2 935)	(4 146)
Total computer software and other intangibles	<u>4 157</u>	<u>5 953</u>
Work in progress:		
Work in progress at cost	385	98
Total work in progress	<u>385</u>	<u>98</u>
Total intangible assets	<u>4 542</u>	<u>6 051</u>

***Reconciliation of non-current assets***

The following table shows the movement of non-current assets during 2013-14:

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

<b>2014</b>	Land, buildings and imprvmnts \$'000	Plant and equipment \$'000	Work in progress \$'000	Works of art \$'000	Total tangible assets \$'000	Computer software \$'000	Other intangibles \$'000	Work in progress intangible assets \$'000	Total intangible assets \$'000
Book value at 1 July	393 730	73 709	9 389	5 180	482 008	10 980	7 355	98	18 433
Additions	278	298	13 399	-	13 975	79	-	769	848
Transfers to (from) WIP	2 725	5 857	(8 535)	-	47	421	214	(682)	(47)
Other (includes reclassifications, disposals and retirements)	5 791	(9 000)	-	(70)	(3 279)	(1 540)	(1 666)	-	(3 206)
Revaluation increment (decrement)	28 406	(60)	-	-	28 346	-	-	-	-
Resources provided free of charge	-	(1 426)	(414)	-	(1 840)	-	-	-	-
Resources received free of charge	1 750	-	-	-	1 750	-	-	-	-
Transfers to held for sale	(4 242)	-	-	-	(4 242)	-	-	-	-
Prior period adjustment	482	-	(3 373)	-	(2 891)	-	-	-	-
Other changes	22	(22)	(498)	-	(498)	27	-	200	227
Balance at 30 June	428 942	69 356	9 968	5 110	513 376	9 967	5 903	385	16 255
Accumulated depreciation/ amortisation balance as at 1 July	(220 433)	(46 853)	-	-	(267 286)	(8 236)	(4 146)	-	(12 382)
Other (includes reclassifications, disposals and retirements)	(4 077)	6 981	-	-	2 904	1 483	1 666	-	3 149
Revaluation increment (decrement)	(22 886)	-	-	-	(22 886)	-	-	-	-
Depreciation/Amortisation	(8 478)	(7 090)	-	-	(15 568)	(2 025)	(455)	-	(2 480)
Resources provided free of charge	-	1 284	-	-	1 284	-	-	-	-
Prior period adjustment	(413)	23	-	-	(390)	-	-	-	-
Other changes	29	49	-	-	78	-	-	-	-
Balance at 30 June	(256 258)	(45 606)	-	-	(301 864)	(8 778)	(2 935)	-	(11 713)
Net book value at 30 June	172 684	23 750	9 968	5 110	211 512	1 189	2 968	385	4 542
<b>2013</b>									
Book value at 1 July	283 759	66 718	12 092	4 698	367 267	10 912	6 693	880	18 485
Additions	199	301	7 775	22	8 297	32	14	163	209
Transfers to (from) WIP	1 843	8 030	(9 610)	-	263	33	648	(945)	(264)
Other (includes reclassifications, disposals and retirements)	(557)	(1 126)	-	(85)	(1 768)	(481)	-	-	(481)
Revaluation increment (decrement)	108 369	(311)	-	545	108 603	-	-	-	-
Transfer out as a result of administrative restructure	-	(25)	-	-	(25)	-	-	-	-
Prior period adjustment	152	122	(869)	-	(595)	511	-	-	511
Other changes	(35)	-	1	-	(34)	(27)	-	-	(27)
Balance at 30 June	393 730	73 709	9 389	5 180	482 008	10 980	7 355	98	18 433
Accumulated depreciation/ amortisation balance as at 1 July	(124 245)	(40 537)	-	-	(164 782)	(6 592)	(3 713)	-	(10 305)
Other (includes reclassifications, disposals and retirements)	457	1 075	-	-	1 532	474	-	-	474
Revaluation increment (decrement)	(89 536)	163	-	-	(89 373)	-	-	-	-
Depreciation/Amortisation	(7 060)	(7 568)	-	-	(14 628)	(1 856)	(433)	-	(2 289)
Transfer out as a result of administrative restructure	-	8	-	-	8	-	-	-	-
Prior period adjustment	(49)	(5)	-	-	(54)	(255)	-	-	(255)
Other changes	-	11	-	-	11	(7)	-	-	(7)
Balance at 30 June	(220 433)	(46 853)	-	-	(267 286)	(8 236)	(4 146)	-	(12 382)
Net book value at 30 June	173 297	26 856	9 389	5 180	214 722	2 744	3 209	98	6 051



**25. Fair value measurement*****Fair value hierarchy***

The fair value of non-financial assets must be estimated for recognition and measurement for disclosure purposes. The Department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels as at 30 June 2014:

<b>Fair value measurements as at 30 June 2014</b>		Level 2	Level 3	2014
		\$'000	\$'000	\$'000
Recurring fair value measurements:	Note			
Land	23	25 700	10 718	36 418
Buildings	23	1 670	123 579	125 249
Leasehold improvements	23	-	11 017	11 017
Plant and equipment	23	-	23 750	23 750
Works of art	23	5 110	-	5 110
Total recurring fair value measurements		32 480	169 064	201 544
Non-recurring fair value measurements:				
Buildings classified as held for sale	22	4 242	-	4 242
Total non-recurring fair value measurements		4 242	-	4 242
Total fair value measurements		36 722	169 064	205 786

The Department had no valuations categorised into level 1.

There were no transfers of assets between level 1 and level 2 fair value hierarchy levels in 2014. The Department's policy is to recognise transfers into and out of fair value hierarchy levels as at end of the reporting period.

Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new standard.

***Valuation techniques and inputs***

Valuation techniques used to derive level 2 and 3 fair values are at note 23 and below. There were no changes in valuation techniques during 2014.

***Quantitative information about fair value measurement using significant unobservable inputs for level 3 category***

<i>Description</i>	<i>Fair value</i>		<i>Unobservable inputs</i>	<i>Range</i>
	<i>\$'000</i>	<i>Valuation technique</i>		
Land	10 718	Active and liquid market	Adjustment to market price	73.60%
Buildings - specialised	106 413	Depreciated replacement cost	Useful life	40-100 years
Buildings - unspecialised	17 166	Depreciated replacement cost	Useful life	8-100 years
Leasehold improvements	11 017	Depreciated replacement cost	Replacement cost	\$220/m <sup>2</sup> -\$1550/m <sup>2</sup>
		Depreciated replacement cost	Useful life	6-20 years
Plant and equipment	23 750	Depreciated cost	Useful life	3-40 years

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3):

**Reconciliation of fair value measurement - level 3**

	Land	Buildings	Leasehold improvements	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2014</b>					
Balance as at 1 July	9 818	126 625	7 676	26 856	170 975
Additions	-	252	26	298	576
Transfers to (from) WIP	-	240	2 485	5 857	8 582
Resources received free of charge	-	1 750	-	-	1 750
Resources provided free of charge	-	-	-	(141)	(141)
Prior period adjustments	-	69	-	20	89
Reclassification of assets	-	-	1 804	(1 804)	-
Other	-	50	-	28	78
Disposals	-	(90)	-	(214)	(304)
Total movement recognised in Statement of Financial Position	9 818	128 896	11 991	30 900	181 605
Losses for the period recognised in net result:					
Depreciation	-	(6 521)	(1 955)	(7 090)	(15 566)
Total losses recognised in net result*	-	(6 521)	(1 955)	(7 090)	(15 566)
Gains for the period recognised in other comprehensive income:					
Revaluation increment	900	1 204	981	(60)	3 025
Total gains recognised in other comprehensive income	900	1 204	981	(60)	3 025
Balance at 30 June	10 718	123 579	11 017	23 750	169 064

\* Of these gains and losses, \$15.3 million is attributable to the change in unrealised gains or losses for assets held at the end of the reporting period. This is included in note 9.

<b>26. Payables</b>	2014	2013
Current:	\$'000	\$'000
Creditors	14 776	25 378
Accrued expenses	649	580
Employment on-costs	2 899	2 837
Total current payables	18 324	28 795
Non-current:		
Employment on-costs	3 072	2 960
Total non-current payables	3 072	2 960
Total payables	21 396	31 755
Payables to entities within the SA Government:		
Creditors	6 591	9 067
Accrued expenses	649	580
Employment on-costs	1 157	2 752
Total current payables - SA Government entities	8 397	12 399
Non-current:		
Employment on-costs	1 707	1 626
Total non-current payables - SA Government entities	1 707	1 626
Total payables - SA Government entities	10 104	14 025

**Employment on-costs**

DTF has performed an actuarial assessment of LSL as at 30 June 2014. The percentage of the proportion of LSL taken as leave remains unchanged from the 30 June 2013 percentage rate of 40% and the average factor for the calculation of employer superannuation on-cost is 10.3% (10.2%). These rates are used in the employment on-cost calculation. The financial effect of the change in the superannuation on-cost rate on employment on-costs and employee benefit expense is immaterial.

**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 to the amounts being payable on demand.

**Interest rate and credit risk (continued)**

Note 34 contains information regarding:

- (a) categorisation of financial instruments - refer note 34(a)  
 (b) maturity analysis of payables - refer note 34(c).

<b>27. Employee benefits</b>	2014	2013
Current:	\$'000	\$'000
Accrued salaries and wages	566	-
Annual leave	12 316	12 673
LSL	7 948	7 940
SERL	807	736
Total current employee benefits	<u>21 637</u>	<u>21 349</u>
Non-current:		
LSL	33 128	31 559
Total non-current employee benefits	<u>33 128</u>	<u>31 559</u>
Total employee benefits	<u>54 765</u>	<u>52 908</u>

AASB 119 contains the calculation methodology for LSL liability. The actuarial assessment performed by DTF has provided a set level of liability.

AASB 119 requires the use of the yield on long-term Commonwealth bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased in 2014 to 3.5% (3.75%). The resulting effect is immaterial.

The salary inflation rate remained unchanged at 4%. As a result there is no net financial effect resulting from changes in the salary inflation rate.

<b>28. Provisions</b>	2014	2013
Current:	\$'000	\$'000
Provision for workers compensation	903	921
Provision for copyright	2 602	1 944
Total current provisions	<u>3 505</u>	<u>2 865</u>
Non-current:		
Provision for workers compensation	3 474	3 252
Total non-current provisions	<u>3 474</u>	<u>3 252</u>
Total provisions	<u>6 979</u>	<u>6 117</u>
Provision for workers compensation movement:		
Carrying amount at 1 July	4 173	4 900
Increase (Decrease) in provision recognised	204	(727)
Carrying amount at 30 June	<u>4 377</u>	<u>4 173</u>
Provision for copyright movement:		
Carrying amount at 1 July	1 944	4 161
Reduction due to copyright payments	-	(2 597)
Increase in provision recognised	658	380
Carrying amount at 30 June	<u>2 602</u>	<u>1 944</u>
Total carrying amount at 30 June	<u>6 979</u>	<u>6 117</u>
<b>29. Other liabilities</b>		
Current:		
Unearned income	1 455	19
Lease incentive	360	360
Total current other liabilities	<u>1 815</u>	<u>379</u>
Non-current:		
Lease incentive	1 620	1 980
Total non-current other liabilities	<u>1 620</u>	<u>1 980</u>
Total other liabilities	<u>3 435</u>	<u>2 359</u>

**30. Transferred functions**

2013-14 transferred out

**Population and Migration Policy**

As a result of administrative arrangements outlined in the Government Gazette on 21 November 2013, the Department relinquished responsibility for Population and Migration Policy, a business unit of the Department. Assets and liabilities relating to this business unit were transferred to the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) effective 1 December 2013.

<i>Net assets transferred out</i>	Population & Migration Policy 30.11.13 \$'000	Total \$'000
Current assets:		
Cash and cash equivalents	-	-
Receivables	-	-
Non-current assets:		
Receivables	-	-
Property, plant and equipment	-	-
Total assets	<u>-</u>	<u>-</u>
Current liabilities:		
Payables	5	5
Employee benefits	43	43
Non-current liabilities:		
Payables	5	5
Employee benefits	51	51
Total liabilities	<u>104</u>	<u>104</u>
Net assets transferred out	<u>(104)</u>	<u>(104)</u>

2013-14 transferred in

***Invest in South Australia***

As a result of administrative arrangements outlined in the Government Gazette on 5 September 2013, the Department took on responsibility for Invest in South Australia, a business unit of the Department. Assets and liabilities relating to this business unit were transferred from DMITRE effective 5 September 2013.

*Net result for year ending 30 June 2014*

	DMITRE 01.07.13 to 04.09.13 \$'000	DPC 05.09.13 to 30.06.14 \$'000	Total \$'000
Expenses:			
Employee benefits	251	721	972
Supplies and services	32	175	207
Total expenses	<u>283</u>	<u>896</u>	<u>1 179</u>
Revenue:			
Fees and charges	-	6	6
Total income	<u>-</u>	<u>6</u>	<u>6</u>
Net result	<u>(283)</u>	<u>(890)</u>	<u>(1 173)</u>

***DTF Corporate Services, Ministerial chauffeurs and Members of Parliament fleet (MP fleet)***

As a result of an interdepartmental chief executive agreement and pursuant to section 9(3) of the PSA, the assets and liabilities of two business units of DTF transferred to the Department in two tranches.

DTF Corporate Services transferred to the Department effective 10 February 2014. The second tranche resulted in the transfer of the management responsibility for the Ministerial chauffeurs and the MP fleet to the Department effective 1 April 2014.

*Net result for year ending 30 June 2014*

	DTF		DPC		Total
	Corporate Services 01.07.13 to 9.02.14 \$'000	Ministerial chauffeurs & MP fleet 01.07.13 to 31.03.14 \$'000	Corporate Services 10.02.14 to 30.06.14 \$'000	Ministerial chauffeurs & MP fleet 01.04.14 to 30.06.14 \$'000	\$'000
Expenses:					
Employee benefits	5 439	2 316	3 129	626	11 510
Supplies and services	-	-	261	641	902
Total expenses	<u>5 439</u>	<u>2 316</u>	<u>3 390</u>	<u>1 267</u>	<u>12 412</u>
Revenue:					
Fees and charges	-	-	3 157	-	3 157
Other income	-	-	-	92	92
Total income	<u>-</u>	<u>-</u>	<u>3 157</u>	<u>92</u>	<u>3 249</u>
Net result	<u>(5 439)</u>	<u>(2 316)</u>	<u>(233)</u>	<u>(1 175)</u>	<u>(9 163)</u>

<i>Net assets transferred in</i>	DMITRE		DTF		Total \$'000
	Invest in SA 5.09.13 \$'000	Corporate Services 10.02.14 \$'000	Ministerial chauffeurs & MP fleet 1.04.14 \$'000		
Current assets:					
Cash and cash equivalents	-	-	-	-	-
Receivables	-	-	-	-	-
Non-current assets:					
Receivables	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-
Total assets	-	-	-	-	-
Current liabilities:					
Payables	10	123	18	151	
Employee benefits	72	953	227	1 252	
Non-current liabilities:					
Payables	4	140	15	159	
Employee benefits	45	1 512	354	1 911	
Total liabilities	131	2 728	614	3 473	
Net assets transferred in	(131)	(2 728)	(614)	(3 473)	

## 2012-13 transferred out

As a result of restructuring of administrative arrangements outlined in the Government Gazette on 31 January 2013, the Department relinquished responsibility for the Office for Design and Architecture SA (ODASA). Assets and liabilities relating to this business unit were transferred to DPTI effective 1 March 2013.

<i>Net assets transferred out</i>	ODASA		Total \$'000
	28.02.13 \$'000		
Current assets:			
Cash and cash equivalents	-	-	-
Receivables	-	-	-
Non-current assets:			
Receivables	-	-	-
Property, plant and equipment	14	14	14
Total assets	14	14	14
Current liabilities:			
Payables	35	35	35
Employee benefits	47	47	47
Non-current liabilities:			
Payables	5	5	5
Employee benefits	59	59	59
Total liabilities	146	146	146
Net assets transferred out	(132)	(132)	(132)

**31. Unrecognised contractual commitments**

	2014 \$'000	2013 \$'000
<b>Remuneration commitments</b>		
Commitments for the payment of salaries and other remuneration under employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	12 341	12 298
Later than one year but no later than five years	17 714	21 389
Total remuneration commitments	30 055	33 687

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

<b>Operating lease commitments</b>	2014	2013
<i>Department as lessee</i>	\$'000	\$'000
Commitments in relation to operating leases contracted at the reporting date which are not recognised as liabilities, are payable as follows:		
Within one year	19 502	20 779
Later than one year but no later than five years	45 987	53 242
Later than five years	9 856	17 551
Total operating lease commitments	<u>75 345</u>	<u>91 572</u>

Representing:

Non-cancellable operating leases	75 345	91 572
Total operating lease commitments	<u>75 345</u>	<u>91 572</u>

At the reporting date, the Department's operating leases are for the lease of office accommodation and motor vehicles.

- Office accommodation is leased from the Real Estate Management business unit of DPTI. The leases are non-cancellable with terms ranging from two to 15 years, with some leases having right of renewal. The rental amount is based on floor space and the time period of the lease, with the rental rate reviewed taking into account movements in market rental values or CPI. Rental is payable in advance.
- Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.

For the current financial year, the total amount of rental expense for minimum lease payments for operating leases was \$20.5 million (\$24.7 million).

<i>Department as lessor</i>	2014	2013
Lease receivable contracted for at the reporting date but not recognised as assets:	\$'000	\$'000
Within one year	5 645	6 065
Later than one year but no later than five years	24 027	25 816
Later than five years	63 577	76 881
Total operating lease commitments due as lessor	<u>93 249</u>	<u>108 762</u>

Representing:

Non-cancellable operating leases	93 249	108 762
Total operating lease commitments due as lessor	<u>93 249</u>	<u>108 762</u>

The Department's lease as lessor relates to the Adelaide Festival Centre and Her Majesty's Theatre leased to the Adelaide Festival Centre Trust. The lease is non-cancellable for 20 years with the right of renewal.

<b>Capital commitments</b>	2014	2013
	\$'000	\$'000
Within one year	1 578	343
Later than one year but no later than five years	-	86
Total capital commitments	<u>1 578</u>	<u>429</u>

**Other commitments**

Within one year	27 757	27 287
Later than one year but no later than five years	20 657	40 677
Total other commitments	<u>48 414</u>	<u>67 964</u>

The Department's other commitments include:

- support for Brand SA
- Microsoft Enterprise Agreement regarding a three year instalment payment agreement
- Microsoft Enterprise Agreement regarding a three year across-government software assurance
- provision of security services.

## 32. Contingent assets and liabilities

### Contingent assets

#### South Australian Government Salary Sacrifice Agreement (Public Sector Workforce Relations)

In 2012, the Government entered into a salary sacrificing agreement with Maxxia Pty Ltd. The agreement allows the Minister or his delegate to withdraw up to a total of \$10 million when an unconditional financial undertaking is present to fund any interim measures to avoid disruption to the salary sacrifice arrangements provided to employees. The financial undertaking is in place until 30 June 2019.

*Telecommunications charges (OCIO)*

A review of telecommunications invoicing has identified a number of over-charges relating to prior periods. OCIO and the vendor are currently involved in negotiations and therefore the amount receivable cannot be measured as at 30 June 2014.

**Contingent liabilities***Legal proceedings (SafeWork SA)*

The Department is involved in prosecuting breaches under the *Work Health Safety and Welfare Act 2012*, *Fair Work Act 1994*, *Explosives Act 1936* and *Dangerous Substances Act 1979*. At balance date there were an average of 14 matters before the Industrial Relations Court that are yet to be resolved. In the event decisions are not awarded in favour of the Department, the contingent liability is estimated to be \$600 000 for the court and prosecution costs.

*Copyright payments (State Records)*

The *Commonwealth Copyright Act 1968* allows governments to copy copyrighted material for the services of government without infringing the Act if it pays equitable remuneration to a declared collecting society.

State Records has responsibility for negotiating the amount payable for the State's copying of printed and electronic publications. Negotiations between State Records and the copyright agency are still in progress and therefore the amount payable cannot be reliably measured as at 30 June 2014.

*Software licences (SSSA)*

A review of software licences has identified a possible liability for a shortfall in allocated licences for a particular software. SSSA and the vendor are currently involved in negotiations and therefore the amount payable cannot be measured as at 30 June 2014.

*Glenthorne Farm (commercial advice)*

Glenthorne Farm, at O'Halloran Hill, was purchased by the University of Adelaide from the Commonwealth Scientific and Industrial Research Organisation, with the assistance of a grant from the SA Government in May 2001. A contract signed by the SA Government and the University of Adelaide resulted in the former assuming liability for any possible third party claims resulting from any contamination which may be discovered on the property.

The SA and Commonwealth Governments agreed by exchange of letters that, in the event of such a claim, the State Government reserves its right to seek a contribution from the Commonwealth based on the Commonwealth's previous ownership of the land.

**33. Cash flow reconciliation*****Reconciliation of cash and cash equivalents***

	2014	2013
	\$'000	\$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	63 349	51 168
Cash and cash equivalents disclosed in the Statement of Cash Flows	<u>63 349</u>	<u>51 168</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	26 776	6 225
Revenues from SA Government	(257 432)	(245 038)
Payments to SA Government	-	9 709
Non-cash items:		
Depreciation and amortisation of property, plant and equipment and intangibles	(18 048)	(16 917)
Resources provided free of charge	(556)	-
Resources received free of charge	1 750	22
Bad and doubtful debts expense	300	44
Net gain (loss) on disposal of assets	(400)	(244)
Prior period adjustments	(686)	-
Net transfers from administrative restructures	3 369	-
Other non-cash items	(300)	(834)
Movements in assets/liabilities:		
Receivables	(2 415)	(3 472)
Inventories	57	(11)
Payables	10 358	3 168
Employee benefits	(1 856)	(1 116)
Provisions	(861)	2 943
Other liabilities	(1 076)	(134)
Net cost of providing services	<u>(241 020)</u>	<u>(245 655)</u>

**34. Financial instruments****(a) Categorisation of financial instruments**

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

	Note	2014		2013	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<b>Financial assets</b>					
Cash and cash equivalents:					
Cash and cash equivalents	20	63 349	63 349	51 168	51 168
Loans and receivables:					
Receivables <sup>(1)</sup>	21	26 766	26 766	28 382	28 382
<b>Financial liabilities</b>					
Financial liabilities at cost:					
Payables <sup>(1)</sup>	26	11 823	11 823	25 378	25 378
Other liabilities	29	3 435	3 435	2 359	2 359

<sup>(1)</sup> 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 accounting standards define 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 the possibility of the Department's debtors defaulting on their contractual obligations resulting in financial loss to the Department. The Department measures credit risk on a fair value basis and monitors risk on a regular basis.

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

Allowances for impairment of financial assets 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 no evidence to indicate that financial assets are impaired. Refer note 21 for information on the allowance for impairment in relation to receivables.

**(b) Ageing analysis of financial assets**

The following table discloses the ageing of financial assets and the ageing of 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	
<b>2014</b>				
Receivables	1 276	742	890	2 908
<b>2013</b>				
Receivables	21 297	315	462	22 074





***Literature Peer Assessment Panel***

C Kenneally	P Graham	S Franzway
P Butters	B Chandler	R Starke
S Sheridan		

***Disability Arts Peer Assessment Panel***

L Beasley	S Lush*	C Pickering
P Hoban	R Maurovic	C Wainwright

***Visual Arts, Craft and Design Peer Assessment Panel***

J Barwick	N Folland	P Kruger
D But-Husain	H Freeman	M Nikou
A Hughes	B French	C Orchard
J Fanning	D Paauwe	L Slade*
J Dodd		

***South Australian Aboriginal Advisory Council***

S Miller	V Bucksin	N Scott
P Kinnear*	T Larkin	S Waters
T Ritchie*	C Rigney	S Williams
A Stuart		

***State Records Council***

M Anderson*	S Marsden	S Vreugdenburg*
P Crush	M Moore	J Fetherstonhaugh
S Froude*	G Thompson	J Browne
H Onopko	I Sutherland	J Burgess*

***Asbestos Advisory Committee***

A Amorosi	J Giles	J Barkla*
C Brown	D Roberts	B Adams*
C Jones*	S Mangas*	J Flavel
T Miller	J Quarton	M Boland*
P Jamieson	K Mitchell*	J Szakacs
A Harris	T Altman	

***Privacy Committee of South Australia***

B Quirke*	T Ryan*	A Mills*
N Rogers*	A Stanley	D Billich
P Fowler*	K Slowinski*	

***Art for Public Places Committee***

D O'Connor*	L Simeoni	R Ananda
L Torr	D Ferretti*	F Mantelli*
B Parkes		

***Contemporary Music Peer Assessment Panel***

A Dundon	A Fraser	T Boakes
N Bates	A Tripodi	L Godson
R Kradolfer	A Poulton	D Rankine
M Mayo	G Shaw	

***Invest in South Australia Advisory Board***

K Osborn	G Roos	J Hallion*
D Klingberg	G Knight*	D Thomas
C Namblard	R Garrand*	L Worrall*
B Carter	S Ashby*	

***SafeWork SA Advisory Council***

D Blairs	M Heylen	C Vincent
J Cavanough	M O'Malley	B Russell*
J Giles	T Phillips	A Cartledge
B Grant	J Quarton	D Thompson

**Performing Arts Peer Assessment Panel**

M Hill	S Bleby	T Crawford*
N English	C Anderson	M Gray
S Emery	R Seidel	P Sheedy
A Currie	N Bloom	D Vacirca
C Broad		

**Industries Relations Advisory Committee**

D Blairs	S Hills	R Cairney
T Evans	A Moeller	W Campana
D Gray	B Russell*	J Rau*
J Hanson	C Starr	A Purdy
J McMahon	A Story	

**Mining and Quarrying Occupational Health and Safety Committee**

W Hanson	M Howard	J Quarton
E McInerney	G Sauer*	K Tolotta*
M O'Malley	B Wilson	A Jarrett
S Rowett*	G Murray	N Long
M Sexton	H O'Neil	H McDonald
A Cartledge	M Hanson	E Munchenberg

**State Aboriginal Heritage Committee**

S Sparrow	L Wright	K Telfer
C Smith	Y Agius	Q Agius
H Smith	V Sumner	H Richards
A Stuart	C Waye	

**Aboriginal & Torres Strait Islander Arts Development Program Peer Assessment Panel**

S Dodd	F Blanch	P Herzlich
D Siwes	A Cobby-Eckermann	S Meagher
M Blackman	M Collard	H Shearer

**Organisations Assessment Panel**

L Kroetsch	J Sweeney	R Myers
E Pak-Poy	A Beare	C Reid
L Newton	R Hervey	

**Arts Organisations Community Peer Assessment Panel**

G Anderson	F Mantelli	M Sawtell
G Davill*	M Rankin	S Tooth
S Grey-Gardner		

**Economic Development Board**

G Belchamber	K Osborn	B Pocock
R Chapman	G R Knight*	N Roos
I Gould	T M Monro	D Garrard
J Hallion*	L Read	L Jacobs
R Hawke	R Spencer	R Kerin
M Hickinbotham	D Thomas	D Lloyd
M Keating	C Namblard	D Russell

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

	2014 Number	2013 Number
\$0 - \$9 999	200	146
\$10 000 - \$19 999	9	73
\$20 000 - \$29 999	1	2
\$30 000 - \$39 999	1	1
\$40 000 - \$49 999	10	9
\$70 000 - \$79 999	-	2
\$80 000 - \$89 999	2	1
Total	223	234

**35. Remuneration of board and committee members (continued)**

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$955 000 (\$980 000).

For the year ending 30 June 2014, the Department's disclosure regarding boards and committee's remuneration only applies to those boards and committees who were paid by the Department. Boards and committees that did not receive remuneration from the Department have been excluded from the note disclosure and comparatives adjusted where applicable.

Amounts paid to a superannuation plan for board/committee members was \$80 000 (\$68 000).

\* 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 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. Events after balance date**

Adjustments would be 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 at balance date.

Note disclosure is made about events between 30 June 2014 and the date the financial statements are authorised for issue where the event relates to a condition which arose after 30 June 2014 and which may have a material impact on the results of subsequent years.

As a result of restructuring of administrative arrangements outlined in the Government Gazette on 26 June 2014, the Department relinquished administrative responsibility for SafeWork SA to the Attorney-General's Department effective 1 July 2014.

As a result of restructuring of administrative arrangements outlined in the Government Gazette on 26 June 2014, the Department relinquished administrative responsibility for the following operational units to the Department of State Development, effective 1 July 2014:

- Arts SA
- Artlab
- Aboriginal Affairs and Reconciliation Division
- Invest in South Australia
- Office of the Economic Development Board.

**Statement of Administered Comprehensive Income  
for the year ended 30 June 2014**

	Note	2014 \$'000	2013 \$'000
<b>Expenses:</b>			
Employee benefits	A2	501	1 512
Grants and subsidies	A3	557	169 453
Intra-government transfers	A4	7 093	22 347
Supplies and services	A5	2 336	4 730
Disbursements on behalf of third parties	A6	435 647	479 081
Depreciation	A7	37	276
Net loss on disposal of assets	A8	4	5
Other		-	9
<b>Total expenses</b>		<u>446 175</u>	<u>677 413</u>
<b>Income:</b>			
Revenues from Commonwealth Government	A9	-	1 811
Advances and grants	A10	254	169 368
Collections on behalf of third parties	A11	435 647	479 081
Revenues from SA Government	A12	8 494	20 609
Interest		887	1 335
Fees and charges		317	1 120
<b>Total income</b>		<u>445 599</u>	<u>673 324</u>
<b>Net result</b>		<u>(576)</u>	<u>(4 089)</u>
<b>Other comprehensive income:</b>			
Items that will not be reclassified to net result:			
Changes in revaluation surplus		-	2 927
<b>Total other comprehensive income</b>		<u>-</u>	<u>2 927</u>
<b>Total comprehensive result</b>		<u>(576)</u>	<u>(1 162)</u>

## Statement of Administered Financial Position as at 30 June 2014

	Note	2014 \$'000	2013 \$'000
<b>Current assets:</b>			
Cash and cash equivalents	A13	45 276	48 896
Receivables	A14	136	1 758
<b>Total current assets</b>		<u>45 412</u>	<u>50 654</u>
<b>Non-Current Assets:</b>			
Property, plant and equipment	A15	-	7 345
<b>Total non-current assets</b>		<u>-</u>	<u>7 345</u>
<b>Total assets</b>		<u>45 412</u>	<u>57 999</u>
<b>Current liabilities:</b>			
Payables	A17	4 564	7 721
Employee benefits	A18	1	158
Other liabilities		-	741
<b>Total current liabilities</b>		<u>4 565</u>	<u>8 620</u>
<b>Non-current liabilities:</b>			
Payables	A17	-	25
Employee benefits	A18	-	266
Provisions	A19	-	1
<b>Total non-current liabilities</b>		<u>-</u>	<u>292</u>
<b>Total liabilities</b>		<u>4 565</u>	<u>8 912</u>
<b>Net assets</b>		<u>40 847</u>	<u>49 087</u>
<b>Equity:</b>			
Retained earnings		40 847	46 160
Revaluation surplus		-	2 927
<b>Total equity</b>		<u>40 847</u>	<u>49 087</u>
Unrecognised contractual commitments	A21		
Contingent assets and liabilities	A22		

**Statement of Administered Changes in Equity  
for the year ended 30 June 2014**

	Retained earnings \$'000	Revaluation Surplus \$'000	Total \$'000
Balance at 30 June 2012	50 337	-	50 337
Net result for 2012-13	(4 089)	-	(4 089)
Revaluation of assets	-	2 927	2 927
Total comprehensive result for 2012-13	(4 089)	2 927	(1 162)
Prior period correction	(88)	-	(88)
Balance at 30 June 2013	46 160	2 927	49 087
Net result for 2013-14	(576)	-	(576)
Total comprehensive result for 2013-14	(576)	-	(576)
Prior period correction	337	-	337
Net assets transferred out as a result of administrative restructures	(5 074)	(2 927)	(8 001)
<b>Balance at 30 June 2014</b>	<b>40 847</b>	<b>-</b>	<b>40 847</b>

## Statement of Administered Cash Flows for the year ended 30 June 2014

		2014	2013
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
<b>Cash flows from operating activities:</b>			
Cash outflows:			
Employee benefits		(523)	(1 301)
Grants and subsidies		(557)	(169 453)
Intra-government transfers		(7 093)	(22 347)
Supplies and services		(7 658)	(345)
Disbursements on behalf of third parties		(433 354)	(479 081)
Other payments		-	(1 074)
<b>Cash used in operations</b>		<u>(449 185)</u>	<u>(673 601)</u>
Cash inflows:			
Revenues from SA Government		8 494	20 609
Revenues from Commonwealth Government		-	1 811
Fees and charges		1 928	1 120
Advances and grants		254	169 368
Collections on behalf of third parties		435 647	479 081
Interest		887	1 335
Other receipts		1	-
<b>Cash generated from operations</b>		<u>447 211</u>	<u>673 324</u>
<b>Net cash provided by (used in) operating activities</b>	A23	<u>(1 974)</u>	<u>(277)</u>
<b>Cash flows from investing activities:</b>			
Cash outflows:			
Purchase of property, plant and equipment		(120)	(699)
<b>Cash used in investing activities</b>		<u>(120)</u>	<u>(699)</u>
Cash inflows:			
Proceeds from sale of property, plant and equipment		102	103
<b>Cash generated from investing activities</b>	A8	<u>102</u>	<u>103</u>
<b>Net cash provided by (used in) investing activities</b>		<u>(18)</u>	<u>(596)</u>
<b>Cash flows from financing activities:</b>			
Cash outflows:			
Cash paid on restructuring activities		(1 628)	-
<b>Cash generated from financing activities</b>		<u>(1 628)</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		<u>(3 620)</u>	<u>(873)</u>
<b>Cash and cash equivalents at 1 July</b>		<u>48 896</u>	<u>49 769</u>
<b>Cash and cash equivalents at 30 June</b>	A13	<u>45 276</u>	<u>48 896</u>



**Schedule of Expenses and Income  
attributable to Administered Activities  
for the year ended 30 June 2014**

(Activities - refer note A1)	Special Act salary and allowances		Bank of Tokyo cultural and social exchange		SA Okayama account		Promotion of the State	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses:</b>								
Employee benefits	427	420	-	-	-	-	-	-
Grants and subsidies	-	-	12	-	-	-	-	-
Intra-government transfers	-	-	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-	1 811	1 937
Disbursements on behalf of third parties	-	-	-	-	-	-	-	-
Depreciation and amortisation expense	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-
Net loss from the disposal of assets	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>427</b>	<b>420</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 811</b>	<b>1 937</b>
<b>Income:</b>								
Revenues from Commonwealth								
Government	-	-	-	-	-	-	-	-
Advances and grants	-	-	-	12	-	-	-	-
Collections on behalf of third parties	-	-	-	-	-	-	-	-
Revenues from SA Government	442	776	-	-	-	-	2 029	1 748
Interest revenue	-	-	2	2	-	-	-	-
Fees and charges	-	-	-	-	-	-	39	249
<b>Total income</b>	<b>442</b>	<b>776</b>	<b>2</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>2 068</b>	<b>1 997</b>
<b>Net result</b>	<b>15</b>	<b>356</b>	<b>(10)</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>257</b>	<b>60</b>

(Activities - refer note A1)	APY Lands		Aboriginal Affairs administered		Government Workers Compensation Fund		Service SA	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses:</b>								
Employee benefits	-	-	-	-	-	(147)	-	-
Grants and subsidies	532	56	-	53	-	-	-	-
Intra-government transfers	6 839	9 281	254	1 950	-	-	-	11 116
Supplies and services	1	26	173	641	-	-	159	226
Disbursements on behalf of third parties	-	-	-	-	-	-	435 647	479 081
Depreciation and amortisation	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-
Net loss from the disposal of assets	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>7 372</b>	<b>9 363</b>	<b>427</b>	<b>2 644</b>	<b>-</b>	<b>(147)</b>	<b>435 806</b>	<b>490 423</b>
<b>Income:</b>								
Revenues from Commonwealth								
Government	-	-	-	1 640	-	-	-	-
Advances and grants	-	-	254	-	-	-	-	-
Collections on behalf of third parties	-	-	-	-	-	-	435 647	479 081
Revenues from SA Government	6 023	5 876	-	-	-	-	-	11 116
Interest revenue	499	703	388	510	-	-	-	-
Fees and charges	83	-	-	-	-	2	192	495
<b>Total income</b>	<b>6 605</b>	<b>6 579</b>	<b>642</b>	<b>2 150</b>	<b>-</b>	<b>2</b>	<b>435 839</b>	<b>490 692</b>
<b>Net result</b>	<b>(767)</b>	<b>(2 784)</b>	<b>215</b>	<b>(494)</b>	<b>-</b>	<b>149</b>	<b>33</b>	<b>269</b>

**Schedule of Expenses and Income  
attributable to Administered Activities  
for the year ended 30 June 2014 (continued)**

(Activities - refer note A1)	Local Government				South Australian		Total	
	taxation equivalents		Outback Communities		Local Governments			
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses:</b>								
Employee benefits	-	-	66	880	8	359	501	1 512
Grants and subsidies	-	1 020	13	895	-	167 429	557	169 453
Intra-government transfers	-	-	-	-	-	-	7 093	22 347
Supplies and services	-	-	183	1 574	9	326	2 336	4 730
Disbursements on behalf of third parties	-	-	-	-	-	-	435 647	479 081
Depreciation and amortisation	-	-	37	276	-	-	37	276
Other expenses	-	-	-	9	-	-	-	9
Net loss from the disposal of assets	-	-	4	5	-	-	4	5
<b>Total expenses</b>	-	1 020	303	3 639	17	168 114	446 175	677 413
<b>Income:</b>								
Revenues from Commonwealth Government	-	-	-	171	-	-	-	1 811
Advances and grants	-	995	-	1 048	-	167 313	254	169 368
Collections on behalf of third parties	-	-	-	-	-	-	435 647	479 081
Revenues from SA Government	-	-	-	608	-	485	8 494	20 609
Interest revenue	-	13	(4)	53	2	54	887	1 335
Fees and charges	-	-	3	368	-	6	317	1 120
<b>Total income</b>	-	1 008	(1)	2 248	2	167 858	445 599	673 324
<b>Net result</b>	-	(12)	(304)	(1 391)	(15)	(256)	(576)	(4 089)

**Schedule of Assets and Liabilities  
attributable to Administered Activities  
as at 30 June 2014**

(Activities - refer note A1)	Special Act salary and allowances		Bank of Tokyo cultural and social exchange		SA Okayama account		Promotion of the State	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets:</b>								
Cash and cash equivalents	997	1 021	80	90	48	48	2 549	2 292
Receivables	-	-	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>997</b>	<b>1 021</b>	<b>80</b>	<b>90</b>	<b>48</b>	<b>48</b>	<b>2 549</b>	<b>2 292</b>
<b>Liabilities:</b>								
Payables	-	40	-	-	-	-	-	-
Employee benefits	1	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>1</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Activities - refer note A1)	APY Lands		Aboriginal Affairs administered		Government Workers Compensation Fund		Service SA	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets:</b>								
Cash and cash equivalents	19 972	23 123	16 568	16 948	2 527	2 527	2 533	285
Receivables	39	54	32	1 684	-	-	65	-
Property, plant and equipment	-	444	-	-	-	-	-	-
<b>Total assets</b>	<b>20 011</b>	<b>23 621</b>	<b>16 600</b>	<b>18 632</b>	<b>2 527</b>	<b>2 527</b>	<b>2 598</b>	<b>285</b>
<b>Liabilities:</b>								
Payables	2 125	4 522	143	2 390	-	-	2 296	16
Employee benefits	-	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>2 125</b>	<b>4 522</b>	<b>143</b>	<b>2 390</b>	<b>-</b>	<b>-</b>	<b>2 296</b>	<b>16</b>

(Activities - refer note A1)	Local Government taxation equivalents funds		Outback Communities Authority		South Australian Local Governments Grants Commission		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets:</b>								
Cash and cash equivalents	-	6	2	1 749	-	807	45 276	48 896
Receivables	-	1	-	17	-	2	136	1 758
Property, plant and equipment	-	-	-	6 901	-	-	-	7 345
<b>Total assets</b>	<b>-</b>	<b>7</b>	<b>2</b>	<b>8 667</b>	<b>-</b>	<b>809</b>	<b>45 412</b>	<b>57 999</b>
<b>Liabilities:</b>								
Payables	-	-	-	699	-	79	4 564	7 746
Employee benefits	-	-	-	309	-	115	1	424
Provisions	-	-	-	1	-	-	-	1
Other	-	-	-	741	-	-	-	741
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 750</b>	<b>-</b>	<b>194</b>	<b>4 565</b>	<b>8 912</b>

## Notes to and forming part of the administered financial statements

**A1. Summary of significant accounting policies**

All Department's accounting policies are contained in note 2. The policies outlined in note 2 apply to both the Department's and administered financial statements.

**Administered items**

The following funds and financial transactions were administered by the Department as at 30 June 2014. They do not represent controlled transactions of the Department. As such, they are not recognised in the financial statements of the Department:

- Special Act payments
- Bank of Tokyo cultural and social exchange
- SA Okayama account
- Promotion of the State
- APY Lands
- Aboriginal Affairs administered
- Government Workers Compensation Fund
- Service SA collections and disbursements.

**A2. Employee benefits**

	2014	2013
	\$'000	\$'000
Salaries and wages	481	1 127
LSL	(10)	162
Annual leave	5	81
SERL	-	6
Employment on-costs - superannuation	5	94
Employment on-costs - other	3	57
Board and committee fees	4	102
Other employment related expenses	13	(117)
Total employee benefits	501	1 512

**Remuneration of employees**

The number of employees who received remuneration falls within the following bands:

	2014	2013
	Number	Number
\$411 500 - \$421 499	-	1
\$481 500 - \$491 499	1	-
Total	1	1

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs including salaries and wages, payments in lieu of leave, superannuation contributions, FBT and other salary sacrifice benefits. The total remuneration received by the staff member for the year was \$491 000 (\$415 000).

**A3. Grants and subsidies**

	2014	2013
	\$'000	\$'000
Grants and subsidies	557	169 453
Total grants and subsidies	557	169 453

Grants and subsidies consist of the following:

South Australian Local Government Grants Commission	-	167 429
Outback Communities Authority	12	895
Other grants and subsidies	545	1 129
Total grants and subsidies	557	169 453

**A4. Intra-government transfers**

Other intra-government transfers	7 093	22 347
Total intra-government transfers	7 093	22 347

**A5. Supplies and services**

Accommodation	38	331
Telecommunications	1	38
Staff development and recruitment	1	10

<b>A5. Supplies and services (continued)</b>	2014 \$'000	2013 \$'000
Marketing	1 820	2 001
Administration	8	75
IT services and computing charges	5	43
Repairs and maintenance	41	252
Community infrastructure	81	869
Service level agreements	-	87
Contractors and consultants	185	568
Temporary and casual staff	-	38
Other supplies and services	156	418
Total supplies and services	2 336	4 730
 Supplies and services provided by entities within the SA Government:		
Accommodation	7	80
Telecommunications	1	28
Marketing	1 387	1 438
Administration	4	4
IT services and computing charges	-	6
Repairs and maintenance	-	1
Community infrastructure	-	346
Service level agreements	-	87
Contractors and consultants	2	2
Other supplies and services	-	93
Total supplies and services - SA Government entities	1 401	2 085
 <b>A6. Disbursements on behalf of third parties</b>		
Registrations, licences and other fees - Department of Planning, Transport and Infrastructure (DPTI)	376 461	424 537
Firearms licences - South Australia Police	2 533	2 431
Expiation notices - South Australia Police	53 235	48 695
Office of Business and Consumer Affairs	1 261	1 397
South Australian Water Corporation	1 223	1 198
Emergency Services levy - South Australian Fire and Emergency Services Commission	227	178
Other	707	645
Total disbursements on behalf of third parties	435 647	479 081
 Disbursements paid to entities within the SA Government:		
Registrations, licences and other fees - DPTI	376 461	424 537
Firearms licences - South Australia Police	2 533	2 431
Expiation notices - South Australia Police	53 235	48 695
Office of Business and Consumer Affairs	1 261	1 397
South Australian Water Corporation	1 223	1 198
Emergency Services levy - South Australian Fire and Emergency Services Commission	227	178
Other	562	501
Total disbursements on behalf of third parties - SA Government entities	435 502	478 937
 <b>A7. Depreciation</b>		
Plant and equipment	5	69
Buildings and infrastructure	27	142
Water, sewerage and drainage	5	65
Total depreciation	37	276
 <b>A8. Net gain (loss) from disposal of assets</b>		
Plant and equipment:		
Proceeds from disposal	102	103
Net book value of assets disposed	(106)	(108)
Net gain (loss) from disposal of plant and equipment	(4)	(5)
Total net gain (loss) from disposal of assets	(4)	(5)

<b>A9. Revenues from Commonwealth Government</b>	2014 \$'000	2013 \$'000
Commonwealth revenues	-	1 811
Total revenues from Commonwealth Government	-	1 811
<b>A10. Advances and grants</b>		
Commonwealth grants	-	167 649
Other grants	254	1 719
Total advances and grants	254	169 368
<b>A11. Collections on behalf of third parties</b>		
Registrations, licences and other fees - DPTI	376 461	424 537
Expiation notices - South Australia Police	53 235	48 695
Firearms licences - South Australia Police	2 533	2 431
Office of Business and Consumer Affairs	1 261	1 397
South Australian Water Corporation	1 223	1 198
Emergency Services levy - South Australian Fire and Emergency Services Commission	227	178
Other	707	645
Total collections on behalf of third parties	435 647	479 081
Collections on behalf of entities within the SA Government:		
Registrations, licences and other fees - DPTI	376 461	424 537
Expiation notices - South Australia Police	53 235	48 695
Firearms licences - South Australia Police	2 533	2 431
Office of Business and Consumer Affairs	1 261	1 397
South Australian Water Corporation	1 223	1 198
Emergency Services levy - South Australian Fire and Emergency Services Commission	227	178
Other	562	501
Total collections on behalf of third parties - SA Government entities	435 502	478 937
<b>A12. Revenues from SA Government</b>		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	8 494	20 609
Total revenues from SA Government	8 494	20 609
The original amount appropriated to the department under the annual <i>Appropriation Act</i> was not varied, however an additional advance of \$1.159 million was received from the Treasurer via the Governor's Appropriation Fund.		
There were no material variations between the amount appropriated and the expenditure associated with this appropriation.		
<b>A13. Cash and cash equivalents</b>	2014 \$'000	2013 \$'000
Deposits with the Treasurer	42 983	48 896
Cash on hand and at call	2 293	-
Total cash and cash equivalents	45 276	48 896
<b>A14. Receivables</b>		
Current:		
Receivables	65	1 666
Allowance for doubtful debts	-	(9)
Accrued revenue	71	101
Total current receivables	136	1 758
Total receivables	136	1 758
Receivables from SA Government entities:		
Receivables	-	423
Accrued revenue	71	101
Total receivables - SA Government entities	71	524

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. The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition, there is no concentration of credit risk.

<b>A15. Property, plant and equipment</b>	2014	2013
Land, buildings and infrastructure:	\$'000	\$'000
Land at fair value	-	17
Buildings and infrastructure at fair value	-	7 393
Accumulated depreciation	-	(2 101)
Total land, buildings and infrastructure	-	5 309
Water, sewerage and drainage:		
Water, sewerage and drainage assets at fair value	-	2 294
Accumulated depreciation	-	(1 000)
Total water, sewerage and drainage	-	1 294
Plant and equipment:		
Plant and equipment at fair value	-	395
Accumulated depreciation	-	(194)
Total plant and equipment	-	201
Work in progress:		
Work in progress	-	541
Total work in progress	-	541
Total property, plant and equipment	-	7 345

**Reconciliation of property, plant and equipment**

The following table shows the movement of property, plant and equipment during 2013-14:

	Land	Buildings & infra- structure	Water, sewerage & drainage	Plant & equipment	WIP	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2014</b>						
Carrying amount at 1 July	17	5 292	1 294	201	541	7 345
Additions	-	-	-	122	-	122
Other adjustments	-	-	-	-	(444)	(444)
Disposals	-	-	-	(106)	-	(106)
Transfer out on restructure	(17)	(5 265)	(1 289)	(212)	(97)	(6 880)
Depreciation	-	(27)	(5)	(5)	-	(37)
Carrying amount at 30 June	-	-	-	-	-	-
<b>2013</b>						
Carrying amount at 1 July	15	2 419	1 360	352	47	4 193
Additions	-	35	-	-	541	576
Transfers from work in progress	-	47	-	-	(47)	-
Other adjustments	-	8	(1)	26	-	33
Revaluation increment (decrement)	2	2 925	-	-	-	2 927
Disposals	-	-	-	(108)	-	(108)
Depreciation	-	(142)	(65)	(69)	-	(276)
Carrying amount at 30 June	17	5 292	1 294	201	541	7 345

**Valuation of land, buildings and infrastructure, and water, sewerage and drainage assets**

A valuation of land, buildings and infrastructure was performed by independent valuers from Valcorp Pty Ltd as at 30 June 2013 and water, sewerage and drainage was performed by independent valuers from Liquid Pacific Pty Ltd and Maloney Field Services as at 30 June 2008. The valuers arrived at fair value based on recent market transactions for similar land, buildings and infrastructure in the area taking into account zoning and restricted use.

**Impairment**

There were no indications of impairment of property, plant and equipment or infrastructure at 30 June 2014.

<b>A16. Auditor's remuneration</b>	2014	2013
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	\$'000	\$'000
	-	80
Total audit fees	-	80
<b>A17. Payables</b>		
Current:		
Creditors	2 271	7 699
Employment on-costs	-	22
Registration and licensing creditors	2 293	-
Total current payables	4 564	7 721

	2014	2013
<b>A17. Payables (continued)</b>		
Non-current:	\$'000	\$'000
Employment on-costs	-	25
Total non-current payables	-	25
Total payables	4 564	7 746
Payables to entities within SA Government:		
Creditors	2 025	7 342
Employment on-costs	-	9
Registration and licensing creditors	2 293	-
Total current payables - SA Government entities	4 318	7 351
Non-current:		
Employment on-costs	-	14
Total non-current payables to entities within SA Government	-	14
Total payables - SA Government entities	4 318	7 365
<b>A18. Employee benefits</b>		
Current:		
Accrued salaries and wages	1	-
LSL	-	68
SERL	-	6
Annual leave	-	84
Total current employee benefits	1	158
Non-current:		
LSL	-	266
Total non-current employee benefits	-	266
Total employee benefits	1	424
<b>A19. Provisions</b>		
Non-current:		
Provisions for workers compensation	-	1
Total non-current provisions	-	1
Total provisions	-	1

**A20. Transferred functions****Transferred out**

As a result of restructuring of administrative arrangements outlined in The South Australian Government Gazette on 1 August 2013, the Department relinquished administrative responsibility for the Outback Communities Authority and the South Australian Local Government Grants Commission. Assets and liabilities relating to these business units transferred to the Department of Primary Industries and Regions on 1 August 2013.

As the transition occurred during the year, it is a requirement of the AASs that the income and expenses attributable to DPC administered items are disclosed.

	DPC 01.07.13 to 31 07.13			
	Local Government taxation equivalents funds \$'000	Outback Communities Authority \$'000	SA Local Government Grants Commission \$'000	Total \$'000
Other income	-	(1)	2	1
Total income	-	(1)	2	1
Employee benefits	-	65	8	73
Supplies and services	-	183	9	192
Grants and subsidies	-	13	-	13
Depreciation and amortisation	-	37	-	37
Other expenses	-	4	-	4
Total expenses	-	302	17	319
Net result	-	(303)	(15)	(318)



**Transferred out (continued)**

On transfer the Department recognised the following assets and liabilities:

	Local Government taxation equivalents funds \$'000	Outback Communities Authority \$'000	SA Local Government Grants Commission \$'000	Total \$'000
Assets:				
Cash	6	894	728	1 628
Receivables	1	6	4	11
Property, plant and equipment	-	6 880	-	6 880
Total assets	7	7 780	732	8 519
Liabilities:				
Payables	-	78	30	108
Employee benefits	-	316	93	409
Provisions	-	1	-	1
Total liabilities	-	395	123	518
Net assets transferred	7	7 385	609	8 001

Net assets transferred by the Department as a result of the administrative restructure were at the carrying amount.

<b>A21. Unrecognised contractual commitments</b>	2014	2013
<i>Operating lease commitments</i>	\$'000	\$'000
Commitments in relation to operating leases contracted at reporting date but not recognised as liabilities are payable as follows:		
Within one year	-	52
Later than one year but no later than five years	-	174
Total operating lease commitments	-	226
Representing:		
Non-cancellable operating leases	-	226
Total operating lease commitments	-	226
<i>Other commitments</i>		
Within one year	-	446
Later than one year but no later than five years	-	28
Total other commitments	-	474

**A22. Contingent assets and liabilities**

The Department is not aware of any contingent assets or liabilities affecting the administered activities of the Department as at 30 June 2014.

**A23. Cash flow reconciliation**

Reconciliation of cash and cash equivalents:

Cash and cash equivalents disclosed in the Statement of Financial Position	45 276	48 896
Cash and cash equivalents disclosed in the Statement of Cash Flows	45 276	48 896

**Reconciliation of net cash provided by (used in) operating activities to net result of administered items:**

Net cash provided by (used in) operating activities	(1 974)	(277)
Non-cash items:		
Depreciation and amortisation of property, plant and equipment and intangibles	(37)	(276)
Bad and doubtful debts expense	-	9
Net loss on disposal of assets	(4)	(5)
Net transfers from administrative restructures	(507)	-
Other non-cash items:	(779)	(8)
Movements in assets/liabilities:		
Receivables	(1 622)	1 324
Payables	3 182	(4 406)
Employee benefits	423	(191)
Provisions	1	147
Other liabilities	741	(406)
Net result of administered items	(576)	(4 089)

**A24. Events after the reporting date**

Adjustments would be 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 at balance date.

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

As a result of restructuring of administrative arrangements outlined in The South Australian Government Gazette on 26 June 2014, the Department relinquished administrative responsibility for the following funds to the Department of State Development, effective 1 July 2014:

- APY Lands
- Aboriginal Affairs administered.

**A25. Remuneration of board and committee members**

Members that were entitled to receive remuneration during the year are listed in the following summary table:	2014 \$'000	2013 \$'000
\$0 - \$9 999	-	10
\$10 000 - \$19 999	-	3
\$20 000 - \$29 999	-	1
Total	<hr/>	<hr/>
	-	14

Remuneration of members reflects all costs of performing board/committee members duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$0 (\$112 000).

Amounts paid to a superannuation plan for board/committee members was \$0 (\$10 000).

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

# Department of Primary Industries and Regions

## Functional responsibility

### Establishment

The Department of Primary Industries and Regions (the Department or PIRSA) is an administrative unit established under the PSA.

### Functions

The Department's main responsibilities include ensuring the sustainable development of the State's regions and primary industries in accordance with South Australia's Strategic Plan.

For more information about the Department's role and objectives 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 to obtain sufficient evidence to form an opinion on the financial report and internal controls.

During 2013-14, specific areas of audit attention included:

- financial accounting and reporting
- fixed assets
- expenditure:
  - goods and services procurement
  - purchasing and processing
  - payroll
  - grants and subsidies including the buy-back of fishing licences
- cash at bank
- financial management compliance program including a review of corporate governance

- revenue:
  - Masterpiece accounts receivable debtor management system and cash receipting
  - Grants and advances – the South Australian Research and Development Institute (SARDI), Rural Solutions SA and South Australian River Murray Sustainability Program (SARMS)
  - fisheries licensing income.

The audit included consideration of control arrangements implemented by the Department and SSSA.

## **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 Primary Industries and Regions as at 30 June 2014, 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 Primary Industries and Regions 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 Primary Industries and Regions 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 and the Executive Director, SSSA. Major matters raised with the Department and SSSA and the related responses are detailed below.

### ***Expenditure***

The 2013-14 audit review of the systems used by the Department and SSSA to process departmental expenditure incorporated:

- review of the control arrangements implemented by the Department and SSSA
- detailed testing of transactions processed through the accounts payable module
- a review of purchase card controls and transactions processed through the e-Crow system
- testing of transactions processed through Basware.

The audit identified that:

- changes to Basware access levels were only being approved by managers in instances where there was a change in financial delegation, with other changes being approved by the Procurement Advisory Unit prior to being sent to SSSA. This practice was not consistent with the established requirement for approval of all changes by managers
- at the time of the audit, in February 2014, PIRSA's e-Crow cardholder and supervisor procedures had not been reviewed since 2009, prior to the transfer of this function to SSSA.

The Department advised that these procedures had been revised and updated following the audit in June and April 2014 respectively. The Department further advised they would investigate and implement a process for the review of policies and procedures to ensure they are reviewed and endorsed in line with existing agency requirements.

### **Payroll**

The 2013-14 audit included a review of control arrangements implemented by the Department and the testing of transactions processed through the CHRIS system. Specific areas of focus included:

- recording, hiring and terminating personnel
- time and attendance recording
- payroll calculation and disbursement
- maintenance of employee data within the CHRIS system
- reconciliations between CHRIS and the general ledger
- review of prior year findings.

Review of the Department's control environment in 2013-14 considered the effectiveness of management's review of bona fide certificates and leave returns and noted there were inconsistent practices in the review of bona fide certificates and leave returns. These audit findings were consistent with findings in previous years.

PIRSA has previously advised that online training of pay point managers in the application of bona fide guidelines, leave return guidelines and human resource delegations, which was intended to address previous audit findings, would be provided to pay point managers. Audit review in 2013-14 identified that, while the majority of pay point managers had completed this training, 15 of the 119 pay point managers had yet to undertake the training.

This review highlighted that the Department did not have a process in place to identify new pay point managers and ensure they had completed the online training prior to approving bona fide certificates, leave returns or exercising human resource delegations.

The Department responded that they would communicate directly with the pay point managers who have not yet undertaken online training and that it is expected they will have completed the training by the end of August 2014. A full review of the listing of pay point managers will be undertaken and a list of pay point managers who have not yet undertaken training will be provided to the Chief Executive by 30 September 2014. Additionally, a report will be distributed every six weeks to divisional business managers to verify the ongoing accuracy of the pay point manager listing to ensure training records are complete.

The audit also noted that the review of bona fide certificates and leave returns were not always undertaken within PIRSA's established timeframes. In addition, the procedures regarding the review of the certificates and reports did not specifically require the date of the review to be recorded. In response, the Department advised that the procedures would be updated to require the review of the certificates and reports within seven days, or within seven days after returning from leave if there was no acting arrangements whilst the manager was on leave, and to require the date of review to be recorded on the documents to evidence compliance with this requirement.

The Department has been implementing the Timewise time and attendance system progressively to manage time and attendance recording. Audit review of this area in 2013-14 identified that the implementation of Timewise had continued through 2013-14, and that a time and attendance policy was approved during the year. The audit identified instances where manager certification of time and attendance records was not evidenced, timesheets had not been certified by managers and where leave applications had not been approved.

In response to the audit findings for time and attendance recording PIRSA advised that:

- all ongoing and temporary PIRSA staff, including Fisheries and Aquaculture staff, were using Timewise by the end of June 2014, with the exception of casual and shift workers who are not able to be accommodated in the Timewise system due to the complex nature of the payments to these employees. Casual staff will continue to use manual timesheets and a plan of action has been developed to implement an appropriate timesheet system for shift workers by March 2015
- a whole-of-agency communication will be used to remind employees and managers of their responsibilities and obligations regarding accurate time recording
- a quarterly reconciliation process between Timewise and CHRIS is now undertaken with all identified discrepancies investigated and reported to SSSA, where appropriate, for correction. From the end of June 2014, all ongoing and temporary staff will be captured as part of this process
- changes to relevant policies and procedures have been or are being undertaken. It is expected the process of updating policies and procedures will be completed by November 2014.

#### ***Fisheries licensing revenue***

In 2013-14 the audit of the revenue collected by the Fisheries and Aquaculture division of the Department included:

- review of the governing legislation
- review of policies and procedures
- review of the calculation of licence fee invoices and adjustments processed against invoices
- cash receipting
- review of the reconciliation of the Primary Industries Information Management System (PIIMS) revenue system and Masterpiece accounts receivable.

The audit identified the following:

- PIRSA Fisheries debt management policy and guidelines were last updated and approved by the Executive Officer Fisheries in 2009. At the time of the audit, the division was in the process of reviewing and updating the policy.
- A large number of PIRSA staff, either fisheries licensing officers or systems and information officers, held administration level access to PIIMS. This access allows changes to licence fees and licence holder details. It was identified that the reason for the relatively high number of users with administration access was that this access level was required for the entry of demerit points. Audit recommended that PIRSA review the business need for officers to have administration access in order to enter demerit points and consider system or process changes to allow a reduction in the number of officers with this access.
- Changes to licence details are supported by a manual licence checklist which is completed by the officer processing the change and a reviewing officer. There is currently no system generated report from PIIMS, which lists all changes made to licence holder details. It was recommended that PIRSA develop a report that lists all changes to licence holder details made within PIIMS and ensure this report is reviewed on a regular basis.

The Department responded that they:

- would finalise the Fisheries debt management policy and guidelines for endorsement by the Executive Director, once they have completed a review of the fish processor registration renewal process
- would investigate the possibility of removing the need for administration level access to enter demerit points within PIIMS, which would allow a reduction in the number of users requiring administration level access
- had investigated the possibility of developing a report to list all licence holder changes within PIIMS and determined that, as a result of a database restructure of PIIMS, the cost of such a modification would be prohibitively high. PIRSA would therefore look to strengthen other controls around the processing of changes to licence holder details.

#### ***Financial accounting***

The 2013-14 audit considered the control arrangements implemented by the Department and SSSA to provide assurance that:

- access to cash is restricted
- cash is completely and accurately reconciled on a regular basis
- transactions recorded in subsidiary systems are completely and accurately recognised in the general ledger
- transactions recorded in the general ledger suspense and clearing accounts are reviewed and resolved promptly
- journals are appropriately authorised and accurately processed to the general ledger
- access to the general ledger is appropriate.

The audit identified:

- SSSA had updated the PIRSA bank reconciliation procedure to reflect new banking arrangements with the Commonwealth Bank of Australia, but the procedure had not yet been approved, and were still in the process of updating the monthly advice of ledger balances to DTF procedure for the new banking arrangements
- the PIRSA general ledger journals for actuals policy had not been reviewed in line with a review date of November 2012. It was noted that the policy had been updated on 30 April 2014 after the finalisation of the audit.

SSSA advised that the PIRSA bank reconciliation and monthly advice of ledger balances to DTF procedures were being reviewed for completeness and consistency with other reconciliations within SSSA's financial services area. Once finalised, the procedures would be issued to staff.

The Department advised that they would investigate and implement a process for the review of policies and procedures to ensure that they are reviewed and endorsed in line with existing agency requirements.

#### ***Grants and advances revenue – Rural Solutions SA (RSSA)***

The audit of control arrangements implemented by RSSA and the testing of transactions processed through the Standard Invoicing System (SIS) considered the adequacy of policies and procedures,

segregation of duties, user access and maintenance of the SIS database, the maintenance of customer masterfiles and reconciliations between SIS and Masterpiece accounts receivable. Consideration was also given to arrangements for revenue raising associated with contracts for provision of services including:

- establishment and approval of revenue contracts
- raising and approval of invoices and adjustments or credit notes
- review of milestones due and overdue
- follow-up of debtors.

Audit has previously identified the absence of a policy or procedure governing changes to user access for SIS. PIRSA has previously advised this issue would be addressed at a Department level, as SIS is used across the Department. Audit review in 2013-14 identified that although RSSA had performed a quarterly review of SIS user access, the review process was not supported by an approved procedure outlining the responsible officers, frequency of review and processes required for the review. The Department responded that the procedures will be formally documented and endorsed as part of the broader PIRSA SIS Administrator role and responsibilities.

#### ***Grants and advances revenue – SARDI***

The audit of SARDI revenue for 2013-14 considered control arrangements implemented by the Department and the testing of transactions processed through the SIS system. Specific areas of focus included whether policies and procedures for managing funding were up-to-date, arrangements for initiating grant programs and processes for establishing and approving new grant agreements, arrangements for monitoring and evaluating grant programs and for the raising and receipting of revenue.

Review of arrangements for monitoring project performance noted that SARDI had not issued project by milestone details reports for November and December 2013, for divisional review, due to unplanned staff absences. Further, Audit review of the project by milestone details report, as at 21 May 2014, noted 66 milestones totalling about \$2 million where no explanation was provided regarding why the milestones were overdue. Of these 66, there were 32 milestones, totalling about \$1.3 million, that were overdue more than 30 days.

The Department advised that an additional staff member would be trained in the generation and distribution of the milestone reports and that existing written procedures regarding the production of the reports had been reviewed and updated. It was also noted that, in the absence of a distributed report, SARDI staff have access to the online system to review milestones. The Department acknowledged the importance of tracking outstanding milestones and identified that strategies to ensure the recording of follow-up actions taken to manage milestone delivery in a timely and consistent manner, have been developed and reinforced to relevant administrative staff.

The audit also identified an instance where documentation supporting an adjustment to an invoice was unable to be located to support the valid approval of the adjustment and the need to document the procedures regarding the biannual review of SIS user access.

The Department advised that an electronic records management system would be used to store a copy of all future adjustments to invoices and that the procedures regarding the review of SIS user access would be addressed as part of the broader PIRSA SIS Administrator role and responsibilities.

#### ***Corporate governance***

The governance arrangements implemented by the Department to enable the Chief Executive to demonstrate compliance with obligations imposed by key legislation, including the PSA and PFAA, were considered as part of the PIRSA audit.



In response to the 2012-13 audit recommendations for PIRSA to update the legal compliance procedure to reflect current roles and responsibilities, and to update the register of key legislation to reflect only legislation relevant to PIRSA's operations, the Department had:

- updated the legal compliance policy and legal compliance procedure and it was to go out for staff consultation prior to its approval by the Chief Executive
- updated the register of key legislation and the register was to go out for staff consultation to ensure it has captured all legislation relevant to PIRSA operations. Once finalised the register will be forwarded to the Chief Executive for approval.

In addition compliance with key legislation for PIRSA's operations will be included in the 2014-15 internal audit plan as part of the annual risk assessment and assurance map.

#### **Shared Services SA – financial systems and transaction processing environments**

SSSA processes financial transactions on behalf of the Department under service level determinations. The main systems and control environments include accounts payable, payroll and general ledger financial functions.

Last year's Report made specific comment on the progress being taken by SSSA to remediate key control weaknesses raised in prior years for the systems and control environments, in order to achieve a satisfactory ongoing standard of control operation over financial transaction processing.

As discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report, Audit review and evaluation of controls for the SSSA main accounts payable and payroll systems and environments concluded that controls met a generally satisfactory standard for 2013-14. Notwithstanding this overall conclusion, there were some specific matters that were raised with SSSA for corrective action and review for process and procedural improvement. The matters did not relate to PIRSA transaction processing.

### **Interpretation and analysis of the financial report**

#### **Highlights of the financial report - controlled items**

	2014 \$'million	2013 \$'million
<b>Expenses</b>		
Employee benefit expenses	89	90
Supplies and services	51	53
Grants and subsidies	31	22
Other expenses	7	7
<b>Total expenses</b>	<b>178</b>	<b>172</b>
<b>Income</b>		
Fees and charges	18	21
Advances and grants	52	45
Commonwealth revenues	24	1
Other income	10	12
<b>Total income</b>	<b>104</b>	<b>79</b>
<b>Net cost of providing services</b>	<b>74</b>	<b>93</b>

	2014 \$'million	2013 \$'million
<b>Revenues from (Payments to) SA Government</b>		
Revenues from SA Government	98	95
Payments to SA Government	-	(4)
<b>Net result</b>	<b>24</b>	<b>(2)</b>
<b>Net cash provided by (used in) operating activities</b>		
	23	-
<b>Assets</b>		
Current assets	140	117
Non-current assets	122	114
<b>Total assets</b>	<b>262</b>	<b>231</b>
<b>Liabilities</b>		
Current liabilities	46	47
Non-current liabilities	33	25
<b>Total liabilities</b>	<b>79</b>	<b>72</b>
<b>Total equity</b>	<b>183</b>	<b>159</b>

### Statement of Comprehensive Income

#### *Employee benefit expenses*

Employee benefit expenses reduced from \$90 million to \$89 million in 2013-14 mainly due to a reduction in staff numbers as a result of TVSPs taken in 2013-14 and 2012-13.

#### *Supplies and services*

Supplies and services reduced by \$2 million to \$51 million due to decreases in administrative and operating costs of \$1.2 million, \$485 000 in staff development and safety costs, \$449 000 in computing and communication costs, \$713 000 in operating lease costs for accommodation offset by a \$685 000 increase in professional and technical services.

#### *Grants and subsidies expense*

Total grants and subsidies increased by \$9 million to \$31 million in 2013-14 mainly due to \$15.7 million paid to licence holders for the Marine Parks Commercial Fisheries Voluntary Catch Effort Reduction program. This increase was offset by decreases in payments from the Riverland Sustainable Futures Fund of \$2.2 million, the Upper Spencer Gulf and Outback Enterprise Zone Fund of \$1.5 million and the Regional Development Australia program of \$4 million.

#### *Revenues from fees and charges*

Fees and charges decreased by \$3 million to \$18 million in 2013-14, mainly attributable to the decrease in consultancies and service fees from Rural Solutions SA.

#### *Commonwealth grants*

Commonwealth revenue increased by \$23 million principally due to \$23.5 million received for SARMS. In August 2013 a National Partnership Agreement between the South Australian and

Commonwealth Governments was signed, allocating \$265 million to SARMS over six years, with the aim of returning 40 gigalitres of water to the River Murray. Of the \$265 million program, \$240 million has been allocated to the Irrigation Industry Improvement program and \$25 million has been allocated to regional economic development. These components are designed to combine in order to provide a comprehensive set of programs supporting regional research, economic diversification and development.

### Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2014.

	2014 \$'million	2013 \$'million	2012 \$'million	2011 \$'million
<b>Net cash flows</b>				
Operating	23	-	(1)	24
Investing	1	(2)	(17)	(8)
Financing	6	(1)	8	4
Change in cash	30	(3)	(10)	20
Cash at 30 June	115	85	88	98

### Highlights of the financial report - administered items

	2014 \$'million	2013 \$'million
<b>Expenses</b>		
Grants and subsidies	130	25
Other expenses	6	4
<b>Total expenses</b>	136	29
<b>Income</b>		
Fees and charges	27	24
Advances and grants	101	1
Levies collections	1	2
Other income	1	-
<b>Total income</b>	130	27
<b>Net cost of providing services</b>	(6)	(2)
<b>Revenues from (Payments to) SA Government</b>	5	4
<b>Net result</b>	(1)	2
<b>Net cash provided by (used in) operating activities</b>	(5)	(18)
<b>Assets</b>		
Current assets	24	28
Non-current assets	7	-
<b>Total assets</b>	31	28
<b>Liabilities</b>		
Current liabilities	2	6
<b>Total liabilities</b>	2	6
<b>Total equity</b>	29	22

## **Statement of Administered Comprehensive Income**

### ***Income from fees and charges/Payment of grants and subsidies***

Fees and charges principally reflect licence fees and contributions from members of different industry groups. Funds collected are disbursed as grants and subsidies to support promotion, research and development and other activities to benefit the different industries.

During 2013-14, grants totalling \$99 million were received from the Commonwealth Government and paid to the South Australian Local Government Grants Commission.

Levies collected pursuant to the *Wheat Marketing Act 1989*, to support grain research and development in South Australia, decreased by \$1.7 million. As from 8 August 2013 these levies are now collected through the Grain Industry Research and Development Fund with the amount being reported in fees and charges.

Additional employee benefit expenses of \$1.1 million and supplies and services costs of \$1.5 million were paid during 2013-14 due to the inclusion of the Outback Communities Authority and the South Australian Local Government Grants Commission from 1 August 2013.

## **Statement of Administered Financial Position**

Total assets increased by \$2.3 million due to the inclusion of \$7.8 million of assets relating to the Outback Communities Authority. This increase was offset by a decrease in cash of \$4 million. \$4.4 million was paid to the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) for mining and petroleum application fees, rental and licences collected by PIRSA during 2012-13 on behalf of DMITRE.

Decreased payables are principally due to a decrease in funds payable to DMITRE of \$4.4 million as at 30 June 2014. Mining and petroleum application fees, rental and licences were collected by PIRSA on behalf of DMITRE and then remitted to DMITRE at the end of each month. PIRSA continued to collect these fees on behalf of DMITRE up until the transition of banking arrangements from Westpac to the Commonwealth Bank of Australia.

## Statement of Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
<b>Expenses:</b>			
Employee benefit expenses	6	89 047	89 508
Supplies and services	7	50 689	53 474
Depreciation and amortisation expense	8	5 740	5 408
Grants and subsidies	9	31 172	22 070
Borrowing costs	10	652	790
Net loss from disposal of non-current assets	11	43	95
Net loss from the disposal of other assets	12	15	-
Other expenses	13	954	700
<b>Total expenses</b>		178 312	172 045
<b>Income:</b>			
Revenues from fees and charges	15	18 200	21 224
Advances and grants	16	52 369	45 224
Commonwealth revenues (National Partnership payments)	17	23 725	780
Interest revenues	18	2 218	2 722
Sale of goods	19	2 963	3 062
Net gain from disposal of other assets	12	-	1
Other income	20	4 947	5 586
<b>Total income</b>		104 422	78 599
<b>Net cost of providing services</b>		73 890	93 446
<b>Revenues from (Payments to) SA Government:</b>			
Revenues from SA Government	21	97 582	95 263
Payments to SA Government	21	-	(4 100)
<b>Net revenues from (payments to) SA Government</b>		97 582	91 163
<b>Net result</b>		23 692	(2 283)
<b>Other comprehensive income:</b>			
Items that will not be reclassified to the net result:			
Changes in property, plant and equipment revaluation surplus		-	2 558
<b>Total other comprehensive income</b>		-	2 558
<b>Total comprehensive result</b>		23 692	275

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

## Statement of Financial Position as at 30 June 2014

	Note	2014 \$'000	2013 \$'000
<b>Current assets:</b>			
Cash	22	114 537	84 761
Receivables	23	23 802	30 379
Inventories	24	1 938	2 086
<b>Total current assets</b>		140 277	117 226
<b>Non-current assets:</b>			
Receivables	23	9 394	231
Inventories	24	161	161
Other financial assets	25	4 501	4 501
Property, plant and equipment	26	103 865	106 148
Intangible assets	27	3 544	2 539
<b>Total non-current assets</b>		121 465	113 580
<b>Total assets</b>		261 742	230 806
<b>Current liabilities:</b>			
Payables	29	8 777	9 036
Borrowings/Financial liabilities	30	14 156	17 103
Employee benefits	31	7 793	8 007
Provisions	32	495	544
Other liabilities	33	14 723	12 401
<b>Total current liabilities</b>		45 944	47 091
<b>Non-current liabilities:</b>			
Payables	29	1 875	1 953
Borrowings/Financial liabilities	30	9 303	-
Employee benefits	31	19 811	20 416
Provisions	32	1 781	1 897
Other liabilities	33	160	273
<b>Total non-current liabilities</b>		32 930	24 539
<b>Total liabilities</b>		78 874	71 630
<b>Net assets</b>		182 868	159 176
<b>Equity:</b>			
Retained earnings	34	144 913	121 221
Revaluation surplus	34	37 955	37 955
<b>Total equity</b>		182 868	159 176
Total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	35		
Contingent assets and liabilities	36		

## Statement of Changes in Equity for the year ended 30 June 2014

		Revaluation surplus \$'000	Retained earnings \$'000	Committed grants reserve \$'000	Total \$'000
Balance at 30 June 2012	Note	37 082	123 514	176	160 772
Prior period correction		-	8	(176)	(168)
Restated balance at 30 June 2012		37 082	123 522	-	160 604
Net result for 2012-13		-	(2 283)	-	(2 283)
Gain on revaluation of land during 2012-13		1 261	-	-	1 261
Gain on revaluation of buildings and infrastructure during 2012-13		1 297	-	-	1 297
Total comprehensive result for 2012-13		2 558	(2 283)	-	275
Balance at 30 June 2013		39 640	121 239	-	160 879
Prior period adjustment - transfer from reserves		(1 860)	1 860	-	-
Prior period adjustment		175	(1 878)	-	(1 703)
Restated balance at 30 June 2013	34	37 955	121 221	-	159 176
Net result for 2013-14		-	23 692	-	23 692
Total comprehensive result for 2013-14		-	23 692	-	23 692
<b>Balance at 30 June 2014</b>	34	<b>37 955</b>	<b>144 913</b>	<b>-</b>	<b>182 868</b>

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

## Statement of Cash Flows for the year ended 30 June 2014

		2014 Inflows (Outflows) \$'000	2013 Inflows (Outflows) \$'000
<b>Cash flows from operating activities:</b>	Note		
Cash outflows:			
Employee benefit payments		(89 495)	(90 216)
Supplies and services		(51 203)	(52 105)
Grants and subsidies		(29 643)	(21 319)
Interest paid		(651)	(745)
GST payments to the ATO		(259)	(44)
GST paid to suppliers		(9 491)	(8 552)
Payments for Paid Parental Leave Scheme		(262)	(243)
Other payments		(418)	(584)
<b>Cash used in operations</b>		<u>(181 422)</u>	<u>(173 808)</u>
Cash inflows:			
Fees and charges		19 299	20 504
Sale of goods		2 452	1 136
Commonwealth revenues (National Partnership payments)		15 510	803
Advances and grants		55 356	46 668
Interest received		1 479	1 717
GST receipts from customers		6 028	5 129
GST recovered from the ATO		3 029	2 956
Receipts for Paid Parental Leave Scheme		269	234
Other receipts		3 301	3 370
<b>Cash generated from operations</b>		<u>106 723</u>	<u>82 517</u>
Cash flows from SA Government:			
Receipts from SA Government		97 582	95 263
Payments to SA Government		-	(4 100)
<b>Cash generated from SA Government</b>		<u>97 582</u>	<u>91 163</u>
<b>Net cash provided by (used in) operating activities</b>	40	<u>22 883</u>	<u>(128)</u>
<b>Cash flows from investing activities:</b>			
Cash outflows:			
Purchase of property, plant and equipment		(3 790)	(4 457)
Loans advanced to rural sector and industry		(2 147)	(1 846)
Purchase of inventories		(305)	(434)
Purchase of intangibles		(1 487)	(776)
<b>Cash used in investing activities</b>		<u>(7 729)</u>	<u>(7 513)</u>
Cash inflows:			
Loans repaid by the rural sector and industry		6 642	3 672
Proceeds from the sale of property, plant and equipment		214	274
Proceeds from the disposal of investments		-	79
Sale of inventories		1 408	1 412
Lease incentive received		2	139
<b>Cash generated from investing activities</b>		<u>8 266</u>	<u>5 576</u>
<b>Net cash provided by (used in) investing activities</b>		<u>537</u>	<u>(1 937)</u>
<b>Cash flows from financing activities:</b>			
Cash outflows:			
Repayment of borrowings	30	(5 790)	(2 591)
<b>Cash used in financing activities</b>		<u>(5 790)</u>	<u>(2 591)</u>
Cash inflows:			
Proceeds from borrowings	30	12 146	1 846
<b>Cash generated from financing activities</b>		<u>12 146</u>	<u>1 846</u>
<b>Net cash provided by (used in) financing activities</b>		<u>6 356</u>	<u>(745)</u>
<b>Net increase (decrease) in cash</b>		<u>29 776</u>	<u>(2 810)</u>
<b>Cash at 1 July</b>		84 761	87 571
<b>Cash at 30 June</b>	22	<u>114 537</u>	<u>84 761</u>



## Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2014

(Activities - refer note 5)	1		2		3		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses:</b>								
Employee benefit expenses	86 786	87 390	501	1 255	1 760	863	89 047	89 508
Supplies and services	50 069	52 862	159	304	461	308	50 689	53 474
Depreciation and amortisation expense	5 740	5 398	-	-	-	10	5 740	5 408
Grants and subsidies	25 430	8 722	-	-	5 742	13 348	31 172	22 070
Borrowing costs	652	790	-	-	-	-	652	790
Net loss from disposal of assets	58	95	-	-	-	-	58	95
Other expenses	954	700	-	-	-	-	954	700
<b>Total expenses</b>	<b>169 689</b>	<b>155 957</b>	<b>660</b>	<b>1 559</b>	<b>7 963</b>	<b>14 529</b>	<b>178 312</b>	<b>172 045</b>
<b>Income:</b>								
Revenues from fees and charges	18 200	21 224	-	-	-	-	18 200	21 224
Advances and grants	52 369	45 224	-	-	-	-	52 369	45 224
Commonwealth revenues	23 725	780	-	-	-	-	23 725	780
Interest revenues	2 218	2 722	-	-	-	-	2 218	2 722
Sale of goods	2 963	3 062	-	-	-	-	2 963	3 062
Net gain from disposal of other assets	-	1	-	-	-	-	-	1
Other income	4 947	5 586	-	-	-	-	4 947	5 586
<b>Total income</b>	<b>104 422</b>	<b>78 599</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104 422</b>	<b>78 599</b>
<b>Net cost of providing services</b>	<b>65 267</b>	<b>77 358</b>	<b>660</b>	<b>1 559</b>	<b>7 963</b>	<b>14 529</b>	<b>73 890</b>	<b>93 446</b>
<b>Revenues from (payments to)</b>								
<b>SA Government:</b>								
Revenues from SA Government	88 959	79 175	660	1 559	7 963	14 529	97 582	95 263
Payments to SA Government	-	(4 100)	-	-	-	-	-	(4 100)
<b>Net revenues from SA Government</b>	<b>88 959</b>	<b>75 075</b>	<b>660</b>	<b>1 559</b>	<b>7 963</b>	<b>14 529</b>	<b>97 582</b>	<b>91 163</b>
<b>Net result</b>	<b>23 692</b>	<b>(2 283)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23 692</b>	<b>(2 283)</b>

Comparatives for 2013 have been restated to include prior period adjustments.

## Disaggregated Disclosures - Assets and Liabilities as at 30 June 2014

(Activities refer note 5)	1		2		3	
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current assets:</b>						
Cash	96 296	66 492	-	-	-	-
Receivables	23 134	29 586	-	-	4	3
Inventories	1 938	2 086	-	-	-	-
<b>Total current assets</b>	<b>121 368</b>	<b>98 164</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>3</b>
<b>Non-current assets:</b>						
Receivables	9 383	214	-	-	-	-
Inventories	161	161	-	-	-	-
Other financial assets	4 501	4 501	-	-	-	-
Property, plant and equipment	84 153	94 432	-	-	-	-
Intangible assets	213	2	-	-	-	-
<b>Total non-current assets</b>	<b>98 411</b>	<b>99 310</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>219 779</b>	<b>197 474</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>3</b>
<b>Current liabilities:</b>						
Payables	6 507	5 294	50	425	36	46
Borrowings/Financial liabilities	14 156	17 103	-	-	-	-
Employee benefits	5 993	6 558	85	130	152	70
Provisions	406	447	-	1	-	-
Other liabilities	14 602	12 279	-	-	-	-
<b>Total current liabilities</b>	<b>41 664</b>	<b>41 681</b>	<b>135</b>	<b>556</b>	<b>188</b>	<b>116</b>
<b>Non-current liabilities:</b>						
Payables	1 413	1 537	27	41	38	20
Borrowings/Financial liabilities	9 303	-	-	-	-	-
Employee benefits	14 928	16 070	283	429	402	210
Provisions	1 460	1 560	-	3	-	1
Other liabilities	-	-	-	-	-	-
<b>Total non-current liabilities</b>	<b>27 104</b>	<b>19 167</b>	<b>310</b>	<b>473</b>	<b>440</b>	<b>231</b>
<b>Total liabilities</b>	<b>68 768</b>	<b>60 848</b>	<b>445</b>	<b>1 029</b>	<b>628</b>	<b>347</b>
<b>Net assets</b>	<b>151 011</b>	<b>136 626</b>	<b>(445)</b>	<b>(1 029)</b>	<b>(624)</b>	<b>(344)</b>

## Disaggregated Disclosures - Assets and Liabilities as at 30 June 2014 (continued)

(Activities refer note 5)	General/ Not attributable		Total	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<b>Current assets:</b>				
Cash	18 241	18 269	114 537	84 761
Receivables	664	790	23 802	30 379
Inventories	-	-	1 938	2 086
<b>Total current assets</b>	18 905	19 059	140 277	117 226
<b>Non-current assets:</b>				
Receivables	11	17	9 394	231
Inventories	-	-	161	161
Other financial assets	-	-	4 501	4 501
Property, plant and equipment	19 712	11 716	103 865	106 148
Intangible assets	3 331	2 537	3 544	2 539
<b>Total non-current assets</b>	23 054	14 270	121 465	113 580
<b>Total assets</b>	41 959	33 329	261 742	230 806
<b>Current liabilities:</b>				
Payables	2 184	3 271	8 777	9 036
Borrowings/Financial liabilities	-	-	14 156	17 103
Employee benefits	1 563	1 249	7 793	8 007
Provisions	89	96	495	544
Other liabilities	121	122	14 723	12 401
<b>Total current liabilities</b>	3 957	4 738	45 944	47 091
<b>Non-current liabilities:</b>				
Payables	397	355	1 875	1 953
Borrowings/Financial liabilities	-	-	9 303	-
Employee benefits	4 198	3 707	19 811	20 416
Provisions	321	333	1 781	1 897
Other liabilities	160	273	160	273
<b>Total non-current liabilities</b>	5 076	4 668	32 930	24 539
<b>Total liabilities</b>	9 033	9 406	78 874	71 630
<b>Net assets</b>	32 926	23 923	182 868	159 176

The 2013 comparatives have been restated for prior years adjustments.

Note: Assets and liabilities are only attributed to activities where this can be done reliably.

Certain amounts like cash and taxation amounts receivable and due from operating transitions are not allocated.

Property, plant and equipment assets are only allocated where there is exclusive custody, control and regulation of the use of the asset, by that activity. Where this criteria is not met the asset value is unallocated.

In the construction of this report a negative net assets position may result for a program from the allocation method used and/or non-attribution of assets and liabilities to programs. However, total net assets reconciles to the Statement of Financial Position.

## Notes to and forming part of the financial statements

### 1. Objectives of the Department of Primary Industries and Regions (PIRSA or the Department)

PIRSA has the lead role for implementing and coordinating the Government's strategic priority of 'premium food and wine from our clean environment' and to grow sustainable, competitive regions. These objectives reflect targets in South Australia's Strategic Plan, including growing the contribution made by the South Australian food industry to \$20 billion by 2020.

To assist in achieving these aims, PIRSA has the additional objectives of:

- securing sustainable access to resources such as land, water and stock
- enhancing and growing the efficiency and value of production
- ensuring and expanding access to markets
- working with South Australia's regional communities to enhance sustainable economic prosperity
- attracting investment into agribusiness.

PIRSA contributes to the productivity growth of our agriculture, food and fisheries by: enforcing strict biosecurity measures to keep our crops and farm animals free of many pests and diseases (eg South Australia is fruit fly and phylloxera free); preparing food safety standards which make our produce some of the safest in the world, and providing strong research and innovation capabilities. PIRSA develops and implements policies and programs that ensure South Australia remains competitive, profitable and sustainable.

PIRSA is working with regional communities to identify opportunities to expand economic growth and propose strategies and projects to deliver these benefits.

### 2. Summary of significant accounting policies

#### (a) *Statement of compliance*

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

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

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

#### (b) *Basis of preparation*

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Department's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in this financial report:
  - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies
  - (b) 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, inclusive of any TVSPs paid, 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

**(b) Basis of preparation (continued)**

- (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 the historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014 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.

In the process of reporting on the Department as a single unit, all internal transactions have been eliminated in full.

**(d) Transferred functions**

In 2013-14:

The Public Sector (Reorganisation of Public Sector Operations) Notice 2013 (dated 30 July 2013) declared that effective 1 August 2013 some local government functions would transfer from DPC to PIRSA (refer note 37).

*Administered transfers*

The Public Sector (Reorganisation of Public Sector Operations) Notice 2013 (dated 30 July 2013) declared that effective 1 August 2013 the Outback Communities Authority and the South Australian Local Government Grants Commission would transfer from DPC to PIRSA's administered items (refer note A30).

*Transfer of Ministerial offices*

As part of the Ministerial portfolio changes that occurred on 26 March 2014, and pursuant to PSA sections 9(3) and 9(4) employees of the following ministerial offices were transferred between agencies:

- *Transfers to:*  
Department of Further Education, Employment, Science and Technology (Minister Gago's staff).
- *Transfers from:*  
Department of Planning, Transport and Infrastructure (Minister Bignell's staff).

**(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 and classification of items in the financial statements has been amended, comparative figures have been adjusted to conform to changes in presentation in these financial statements unless impracticable.

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

**(f) Rounding**

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

**(g) Taxation**

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

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

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

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

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

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

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

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

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 and expenses**

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

Income and expenses have been classified according to their nature 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:

*Revenues from (Payments to) SA Government*

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

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy.

Amounts appropriated to the Department for transfer to eligible beneficiaries in accordance with legislation or other authoritative requirements are not available to the Department for use in achieving its objectives and therefore are not recognised as revenues, but are reported as administered revenues in the administered financial statements. Similarly, the amounts transferred are not recognised as expenses, but are reported as administered expenses in the administered financial statements schedule.

*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/paid*

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.

For contributions payable, the contribution will be recognised as a liability and expense when the entity has a present obligation to pay the contribution and the expense recognition criteria are met.

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

#### *Resources received/provided free of charge*

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

Resources provided free of charge (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. These are recorded in the expense line items to which they relate.

#### *Administered - contributions received from industry*

Under the *Primary Industry Funding Schemes Act 1998* certain administered industry funds may impose a levy on industry participants to raise funds for the conduct of approved projects to advance research or development in the industry sector. For each industry fund, regulations under the Act specify the amount and nature of levies payable. Revenue from this source is recognised as income when received.

#### *Administered - licence fee revenue*

Revenue is recognised at the date of grant of a new licence and on any subsequent renewal, at the date of commencement of the new licence period. The operations of Fisheries and Aquaculture are largely cost recovered and annual licence fee revenue collections fund legislative compliance, research and other industry specific projects, in accordance with strategic plans developed by the industry.

#### *Net gain (loss) 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.

#### *Employee benefit expenses*

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

#### *Superannuation*

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

#### *Depreciation and amortisation 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.

*Depreciation and amortisation of non-current assets (continued)*

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, heritage assets and assets held for sale are not depreciated.

Depreciation/Amortisation is calculated on a straight-line basis either over the estimated useful life of the asset, where this can be reasonably determined, or a class rate taken from the table below:

<i>Class of asset</i>	<i>Useful life (years)</i>
Buildings and infrastructure	20-70
Leasehold improvements	10
Plant and equipment	3-20
Intangibles	1-4

*Borrowing costs*

All borrowing costs are recognised as expenses.

**(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 foreign currencies.

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

Cash is measured at nominal value.

*Receivables*

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

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

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

*Other financial assets*

The Department measures financial assets at historical cost.

*Inventories*

Biological assets and agricultural produce

Biological assets are livestock, vines and fruit trees and are valued at fair value less estimated costs to sell. Agricultural produce, including wool, fruit and harvested crops, is valued at fair value less estimated costs to sell using level 2 inputs. Gains and losses resulting from measurement at fair value, and from changes in fair value, are recognised in the Statement of Comprehensive Income.



Biological assets and agricultural produce (continued)

Fair value for biological assets and agricultural produce has been determined by reference to quoted prices in the markets in which the produce is ordinarily sold, reduced by estimated point of sale costs that include commissions, packing and handling, brokerage selling charges and levies from regulatory bodies.

Other inventories

Other inventories are measured at the lower of cost or their net realisable value.

Inventories include chemicals, seed stocks and other goods and property held either for sale or distribution at no or nominal cost in the ordinary course of business. It excludes depreciating assets.

Inventories held for distribution, for no or nominal consideration, are measured at cost and adjusted when applicable for any loss of service potential.

Cost 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 as an expense in the Statement of Comprehensive Income in the period the write-down or loss occurred. Any write-down reversals are also recognised in the Statement of Comprehensive Income as expense reductions.

*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 within 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 presented separately from other liabilities in the Statement of Financial Position.

*Non-current asset acquisition and recognition*

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

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

All non-current tangible assets with a value of \$10 000 or greater are capitalised.

Componentisation of complex assets is only performed when the asset's fair value at the time of acquisition is greater than \$5 million for infrastructure assets and \$1 million for other assets.

*Revaluation of non-current assets*

All non-current tangible assets are valued at fair value; and revaluation of non-current assets or group of assets is only performed when it's 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 Department revalues its land, buildings, and leasehold improvements via a valuation appraisal by an independent Certified Practising Valuer.

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.

*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 an expense, in which case the increase is recognised as income in the Statement of Comprehensive Income.

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

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

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

(i) *Land and buildings*

Land, buildings and infrastructure were independently reviewed to fair value as at 30 June 2013. Valuations comprised independent valuations received from Liquid Pacific Pty Ltd who valued the Department's assets located in the metropolitan and near country areas. Valuation increments/decrements were recorded where applicable for land, buildings and infrastructure, which represents roads, fencing, signage etc.

(ii) *Leasehold improvements*

Leasehold improvements are brought to account at cost and are revalued in accordance with the valuation processes outlined above.

(iii) *Plant and equipment*

In accordance with APF III all plant and equipment below the revaluation threshold are deemed to have been revalued to their fair values immediately following recognition at cost.

*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 an 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 for that class of asset.

*Constructions and works in progress*

Works in progress relate to costs associated with systems development, purchases of plant and equipment and other developments.

*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.

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 in AASB 138 are expensed.

Water rights are valued at cost determined from an infrastructure levy payable in instalments to the water provider. The right grants access to a contracted fixed annual supply of water while PIRSA maintains a supply agreement and shares with the provider. Where water use restrictions apply within the year the value of the resource is diminished, an impairment allowance is recognised.

*Fair value measurement*

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Department classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the Department's measurements, based on the data and assumptions used in the most recent revaluation:

- Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3: not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed by the Department at each reporting date.

*Non-financial assets*

In determining fair value, the Department has taken into account the characteristic of the asset (eg condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Department's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Department did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years are deemed to approximate fair value.

Refer notes 26 and 28 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

*Financial assets/liabilities*

The Department does not recognise any financial assets or financial liabilities at fair value.

**(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, employment on-costs and Paid Parental Leave Scheme payables.

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.

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 SERL.

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 balance date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

Paid Parental Leave Scheme payables represent 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.

*Borrowings/Financial liabilities*

The Department measures 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 assessed whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The Department has entered into operating leases.

- *Operating leases*

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

- *Lease incentives*

All incentives for the agreement of new or renewed operating leases are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received to enter into operating leases are recognised as a liability.

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

Lease incentives that provide benefits up to a stipulated maximum amount in a mixed form are first recognised as a convertible lease right. These incentives generally provide for certain agreed capital improvement works to be undertaken within a specified time, after commencement of the lease agreement, with an option to take any remainder of the benefit as a cash payout or a rent free period.

As capital projects are completed the value of the right is reduced and a leasehold improvement asset is recognised and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

*Financial guarantees*

The Department may accept bank guarantees or other forms of securities such as mortgages over land as security for loans advanced.

These financial guarantees are recognised as contingent assets (refer note 36) as the Department only has claim to the funds in the event that a borrower defaults on the conditions of a loan agreement.

*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, SERL 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 SERL 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 annual leave and SERL liabilities 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 current portion of LSL reflects the amount of LSL expected to be taken in the next 12 months, based on historical data.

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

*Provisions*

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the 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 2014 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) Unrecognised contractual commitments and contingent assets and liabilities*

Commitments include 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 (refer note 36).

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.

*(n) Reserves*

The Committed Grants Reserve for Prudential and Rural Financial Services was established to provide for grant commitments which are committed but not advanced as at the end of the financial year.

*(o) Trust funds*

The Department has received monies in a trustee capacity for trusts as set out in note 38.

As the Department performs only a custodial role in respect of these monies, and because the monies cannot be used for achievement of the Department's objectives, the revenues and expenditures are only disclosed by way of note and are not brought to account in the Department's financial statements.

**3. Financial instruments/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 (deposits with DTF and loans to the rural sector) and liabilities (borrowings from the SA Government).

*Credit risk*

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

The Department has minimal concentration of credit risk. The Department has policies and procedures in place to ensure transactions occur with customers with appropriate credit history.

**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 continuing appropriations by Parliament for the Department's administration and programs. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

The carrying amount of financial liabilities recorded in note 42 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.

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.

**4. New and revised accounting standards and policies**

The Department did not voluntarily change any of its accounting policies during 2013-14.

In accordance with the new AASB 13, which became effective for the first time in 2013-14, the Department has:

- reviewed its fair value valuation techniques (both internal estimates and independent valuation appraisal) for non-financial assets to ensure they are consistent with the standard. Previously, the Department has used the cost approach or the market approach to determine fair value. The Department will continue to measure its non-financial assets using either the cost or market approach. The application of AASB 13 has not had a material impact on the fair value measurements
- included additional disclosures where required to assist users in assessing the valuation techniques and inputs used to ascertain fair value measurements used for asset and liability measurements.

Fair value hierarchy and other information is provided in notes 26 and 28.

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 2014. 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.

**5. Activities of the Department**

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

**Activity 1: Agriculture, Food and Fisheries**

Leading in the development and delivery of the Government's key priority of 'premium food and wine from our clean environment' to drive growth and sustainable development of the State's primary industry resources.

**Activity 2: Forestry Policy**

Support the sustainable development of an internationally competitive forest industry, regional development and the provision of services from State Government forest estate.

**Activity 3: Regional Development**

Grow sustainable, competitive regions and work with South Australia's regional communities, industries and the three levels of government, to enhance economic outcomes. Facilitate economic activity, job creation, infrastructure investment, regional capacity building and identify, promote and support economic development initiatives throughout regional South Australia.

**Activity 3: Regional Development (continued)**

The Regional Development program's key outcome is to facilitate strong, vibrant and sustainable regional industries and communities. It supports regional economic development by facilitating the creation of new regional employment and the attraction of new investment; facilitating cross sector and cross government activities that are strategically important for the State, our regions, and major industry sectors; facilitating activities that directly support the Government in delivering its seven key priorities, particularly premium food and wine from our clean environment; growing advanced manufacturing; and realising the benefits of mining for all.

The Disaggregated Disclosure Schedule presents expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2013 and 30 June 2014.

Certain items of the Department's Statement of Financial Position are not allocated to activities and are reported as general/not attributable.

Assets and liabilities are only attributed to activities where this can be done reliably. Property, plant and equipment assets are only allocated where there is exclusive custody, control and regulation of the use of the asset, by a specific activity. Where this criteria is not met the asset value is classified as general/not attributable.

<b>6. Employee benefit expenses</b>	2014	2013
	\$'000	\$'000
Salaries and wages	63 145	64 972
TVSPs (refer below)	5 359	4 074
Annual leave	5 676	5 736
LSL	2 360	1 376
SERL	292	436
Employment on-costs - superannuation	7 229	7 424
Employment on-costs - other	3 988	4 007
Board and committee fees	247	204
Workers compensation	282	711
Other employee related expenses	469	568
Total employee benefit expenses	89 047	89 508
<b>TVSPs</b>		
Amount paid during the reporting period to separated employees:		
TVSPs	5 359	4 074
Leave paid to those employees	1 596	1 398
Total amount paid	6 955	5 472
Recovery from DTF <sup>(1)</sup>	(3 930)	(3 890)
Net cost to Department	3 025	1 582

The number of employees who received a TVSP during the reporting period was 40 (38).

<sup>(1)</sup> Reimbursement for expenditure incurred by government agencies for payment of TVSPs is paid in arrears on an acquittal basis, and is recognised as revenue when received. At 30 June 2014 the Department had submitted to DTF acquittals for \$1.754 million (\$284 000). The outstanding amount will be recognised as revenue in 2014-15.

<b>Remuneration of employees</b>	2014	2013
The number of employees whose total remuneration received or receivable falls within the following bands:	Number	Number
\$138 000 - \$141 499*	n/a	6
\$141 500 - \$151 499	6	6
\$151 500 - \$161 499	12	5
\$161 500 - \$171 499	3	3
\$171 500 - \$181 499	2	3
\$181 500 - \$191 499	1	1
\$191 500 - \$201 499	3	4
\$201 500 - \$211 499	2	2
\$211 500 - \$221 499	1	1
\$221 500 - \$231 499	1	2
\$231 500 - \$241 499	2	1

**Remuneration of employees (continued)**

	2014 Number	2013 Number
\$241 500 - \$251 499	-	2
\$251 500 - \$261 499	3	4
\$261 500 - \$271 499	2	1
\$291 500 - \$301 499	1	-
\$301 500 - \$311 499	-	1
\$331 500 - \$341 499	1	1
\$341 500 - \$351 499	1	-
\$371 500 - \$381 499	-	1
\$381 500 - \$391 499	1	1
\$401 500 - \$411 499	1	1
\$421 500 - \$431 499	-	1
Total number of employees	43	47

\* This band has been included for the purposes 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, 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 \$8.799 million (\$9.876 million).

Analysis of the above table of remuneration of employees categorised by the number of executive and non-executive employees is provided below:

	2014 Number	2013 Number
Executives	24	22
Non-executives	19	25
Total	43	47

**7. Supplies and services**

	2014 \$'000	2013 \$'000
Professional and technical services <sup>(1)</sup>	14 033	13 348
Administrative and operating costs	8 681	9 920
Utility and property costs	7 640	7 822
Computing and communications costs	6 876	7 325
Travel	3 192	3 210
Shared Services costs	2 267	2 205
Staff development and safety	985	1 470
Operating lease costs - accommodation costs	3 177	3 890
Operating lease costs	106	132
Vehicle lease and operating costs <sup>(2)</sup>	2 322	2 679
Other vehicle and equipment operating costs	988	1 063
Property and risk insurance	422	410
Total supplies and services	50 689	53 474

<sup>(1)</sup> Includes consultancies costs which are further broken down below and audit fees payable to the Auditor-General's Department (refer note 14).

<sup>(2)</sup> Includes all payments to LeasePlan Australia for leasing, operating and maintaining vehicles under short and long-term hire agreements.

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	2014		2013	
	Number	\$'000	Number	\$'000
Below \$10 000	-	-	6	29
Between \$10 000 - \$50 000	-	-	7	155
Above \$50 000	-	-	2	163
Total paid/payable to the consultants engaged	-	-	15	347



<b>8. Depreciation and amortisation expense</b>	2014	2013
Depreciation:	\$'000	\$'000
Plant and equipment	2 472	2 273
Buildings and infrastructure	2 410	2 228
Total depreciation	4 882	4 501
Amortisation:		
Leasehold improvements	449	449
Intangibles	409	458
Total amortisation	858	907
Total depreciation and amortisation expense	5 740	5 408
<b>9. Grants and subsidies</b>		
Recurrent grants	30 424	21 296
Intra-government transfers	748	774
Total grants and subsidies	31 172	22 070
The major grant programs and subsidies paid/payable during the year were:		
Marine Parks Commercial Fisheries Voluntary Catch/Effort Reduction program	15 659	-
Riverland Sustainable Futures Fund	4 653	6 890
South Australia's contribution to national eradication programs	628	616
Upper Spencer Gulf and Outback Enterprise Zone Fund	980	2 475
Regional Development Australia	-	3 983
Improved Oat Variety for Hay Production	543	-
Dog fence State contribution	507	509
Food innovation business capability	670	702
Exceptional circumstances (interest rate subsidies)	-	390
Marketing development management	-	58
All other payments individually valued at less than \$500 000	7 532	6 447
Total grants and subsidies	31 172	22 070
<b>10. Borrowing costs</b>		
Interest paid/payable on borrowings	585	705
Guarantee fees	67	85
Total borrowing costs	652	790
<b>11. Net (gain) loss from disposal of non-current assets</b>		
Land and buildings:		
Proceeds from disposal	12	19
Disposal and demolition costs	-	(12)
Net book value of assets disposed	(150)	(262)
Net (gain) loss from disposal of land and buildings	(138)	(255)
Plant and equipment:		
Proceeds from disposal	204	255
Net book value of assets disposed	(109)	(95)
Net gain (loss) from disposal of plant and equipment	95	160
Total assets:		
Total proceeds from disposal	216	274
Disposal and demolition costs	-	(12)
Total value of assets disposed	(259)	(357)
Total net gain (loss) from disposal of total non-current assets	(43)	(95)
<b>12. Net gain (loss) from the disposal of other assets</b>		
Proceeds from disposal	-	79
Net book value of assets disposed	(15)	(78)
Net gain (loss) from disposal of other assets	(15)	1

<b>13. Other expenses</b>	2014	2013
	\$'000	\$'000
Publications, seed and miscellaneous stocks - cost of sales	103	93
Deemed cost of produce consumed <sup>(1)</sup>	524	349
Property, plant and equipment derecognised	56	13
Bad debts and allowances for doubtful debts	216	-
Royalty payments	170	110
Workers compensation provision movement	368	208
Workers compensation liability revaluation	(538)	(85)
Assumption of liabilities (recognition) <sup>(2)</sup>	35	-
Other	20	12
Total other expenses	954	700

<sup>(1)</sup> Publications, seed and other miscellaneous stocks are disclosed separately from the cost of sales of agricultural and livestock. This line predominantly represents the value of the inventory movement within the year and excludes the cost of crop harvesting from the use of internal resources. These amounts are included within the financial statements under the notes for employee benefit expenses and supplies and services.

<sup>(2)</sup> Pursuant to the PSA a public sector agency may by agreement with another public sector agency, under section 9(3) transfer an employee or groups of employees of the agency to other employment within the public sector on conditions that maintain the substantive remuneration level of the employee or are agreed to by the employee. This may result in the recognition/derecognition of employee leave entitlements between respective agencies and can occur as a cash settlement or as an assumption of liabilities. Where the transfer is within the same government sector, adjustment of employee entitlements generally occurs as an assumption of liabilities. These transactions fall outside of machinery of government transfers.

<b>14. Auditor's remuneration</b>	2014	2013
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	311	303
Total auditor's remuneration	311	303

**Other services**

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

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of supplies and services - professional and technical services (refer note 7).

<b>15. Revenues from fees and charges</b>	2014	2013
Agriculture and Fisheries - consultancies and services	3 490	3 402
Rural Solutions SA - consultancies and services	6 980	10 236
South Australian Research and Development Institute - consultancies and services	4 959	5 013
Other	2 771	2 573
Total revenues from fees and charges	18 200	21 224

User fees and charges are categorised to reflect the nature of the income received and the division delivering the services sought.

<b>16. Advances and grants</b>	2014	2013
State grants	20 404	18 859
Commonwealth grants	3 529	3 106
Industry grants	28 436	23 259
Total advances and grants revenue	52 369	45 224

The above advances and grants are allocated to a large range of projects involving the Commonwealth, other State Government departments and industry groups.

<b>16. Advances and grants (continued)</b>	2014	2013
Advances and grants were applied to the following business sectors:	\$'000	\$'000
South Australian Research and Development Institute <sup>(1)</sup>	36 503	30 474
Fisheries <sup>(1)</sup>	7 317	7 438
Biosecurity	5 175	5 333
Aquaculture <sup>(1)</sup>	1 717	1 811
Prudential and Rural Financial Services <sup>(2)</sup>	1 250	-
Agribusiness and regions	167	20
Rural Solutions SA	195	75
Other	45	73
Total advances and grants revenue	52 369	45 224

<sup>(1)</sup> Costs recovered from the Fisheries Research and Development Fund and the Aquaculture Resource Management Fund for the administration of licences and registration are applied to the delivery of projects in compliance, research and fishing industry development in the divisions of Fisheries, South Australian Research and Development Institute and Aquaculture. In 2013-14 the amount received from the Fisheries Research and Development Fund and the Aquaculture Resource Management Fund was \$13.264 million (\$13.187 million).

<sup>(2)</sup> Funding received from the Commonwealth for administering the Farm Finance Concessional Loan Scheme.

The major contributions received during 2013-14, with a value exceeding \$500 000, were for the following projects and programs:	2014	2013
	\$'000	\$'000
Fishwatch Management	5 701	5 650
Improved Oat Varieties for Hay Production	2 210	-
Aquaculture Program Management	1 460	1 486
Ovine Johne's Disease Program	1 314	767
Farm Finance Concessional Loan Scheme administration	1 250	-
SA Abalone Fishery	1 166	1 124
Rock Lobster Fishery	1 066	1 052
Marine Scale Fishery	804	798
National Livestock Identification Scheme	713	504
Integrated catchment water planning support for Adelaide Lofty Ranges		
Water Allocation Planning	670	-
Improvement and sustainability of sweet potato-pig production systems to support livelihoods in highland Papua, West Papua and Indonesia	632	-
Victorian Rock Lobster Fishery and Giant Crab Fishery Stock Assessments	618	-
Spencer Gulf Prawn Fishery	544	529
Ovine Footrot Control	534	-
National Variety Trials	528	761
Implementing Feral Camel National Action Plan	-	1 356
Sustain Energy Second Generation Biofuel	-	609
SA Integrated Marine Observing System - Education Investment Fund	-	547
Molecular Diagnostics Centre	-	510
All other projects with an individual value of less than \$500 000	33 159	29 531
Total advances and grants revenue	52 369	45 224

## 17. Commonwealth revenues (National Partnership payments)

Commonwealth revenue:		
South Australian River Murray Sustainability Program (SARMS) <sup>(1)</sup>	23 500	-
Branched Broomrape Eradication Program	225	300
Exceptional circumstances/Drought assistance	-	457
Exotic pest diseases preparedness	-	23
Total Commonwealth revenues <sup>(2)</sup>	23 725	780

<sup>(1)</sup> The SARMS is a non-recourse grant that has been recognised upon receipt. The program will support the sustainability of South Australian River Murray communities through investment in irrigation efficiencies, water returns, irrigation industry assistance and regional economic development.

<sup>(2)</sup> Commonwealth funding for specific projects and to facilitate and/or reward States that deliver on nationally significant reforms are classified as National Partnership payments. These payments are received by the Department through DTF.

	2014	2013
	\$'000	\$'000
<b>18. Interest revenues</b>		
Interest	1 493	1 660
Loans to the rural sector	723	1 054
Other	2	8
Total interest revenues	2 218	2 722
<b>19. Sale of goods</b>		
Publications, books, maps and compact discs	4	17
Livestock	1 407	1 412
Agriculture produce	1 059	1 130
Other	493	503
Total sale of goods	2 963	3 062
<b>20. Other income</b>		
Reimbursement/Recoveries	2 706	1 905
Seed and other royalties	1 130	1 147
Gain (Loss) from changes in fair value of biological assets <sup>(1)</sup>	344	(174)
Assumption of liabilities (derecognition) <sup>(2)</sup>	249	-
Diesel fuel rebates	82	87
Sponsorship contributions	80	112
Assets recognised on revaluation <sup>(3)</sup>	-	2 171
Dividends	-	1
Reduction in allowance for doubtful debts	-	85
Other	356	252
Total other income	4 947	5 586

<sup>(1)</sup> The changes in fair values of livestock is reconciled along with the movement in inventory in note 24.

<sup>(2)</sup> Pursuant to the PSA a public sector agency may by agreement with another public sector agency, under section 9(3) transfer an employee or groups of employees of the agency to other employment within the public sector on conditions that maintain the substantive remuneration level of the employee or are agreed to by the employee. This may result in the recognition/derecognition of employee leave entitlements between respective agencies and can occur as a cash settlement or as an assumption of liabilities. Where the transfer is within the same government sector adjustment of employee entitlements generally occurs as an assumption of liabilities. These transactions fall outside of machinery of government transfers.

<sup>(3)</sup> Consists of building and infrastructure assets identified by the valuer during site inspections and land at Monarto recognised under the title of the Minister for Primary Industries.

	2014	2013
	\$'000	\$'000
<b>21. Revenues from (Payments to) SA Government</b>		
Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	77 136	88 713
Appropriations received from the Treasurer's Contingency Fund (TVSPs) <sup>(1)</sup>	3 930	3 890
Appropriation received from the Treasurer's Contingency Fund (other)	16 516	2 660
Total revenues from SA Government	97 582	95 263
Payments to SA Government:		
Return of surplus cash pursuant to cash alignment policy	-	(4 100)
Total payments to SA Government	-	(4 100)
Net revenues from (payments to) SA Government	97 582	91 163

Total revenue from Government for operational and capital funding consisted of \$77.136 million (\$88.713 million), net of appropriation transferred under administrative restructures, appropriated to the Department under the *Appropriation Act*. In 2013-14, the original amount appropriated to the Department under the *Appropriation Act* was not varied however, an additional advance of \$0 (\$55 000) was received from the Treasurer via the Governor's Appropriation Fund. Additional amounts were also received during the year from the Treasurer's Contingency Fund. At the end of the year \$0 (\$4.1 million) was returned to DTF from the surplus cash working account.

<sup>(1)</sup> Reimbursement for expenditure incurred by government agencies for payment of TVSPs is paid in arrears on an acquittal basis, and is recognised as revenue when received. At 30 June 2014 the Department had an outstanding acquittal with DTF of \$1.754 million (\$284 000). The outstanding amount will be recognised as revenue in 2014-15.

<b>22. Cash</b>	2014	2013
	\$'000	\$'000
Deposits with the Treasurer	114 526	84 751
Imprest account and cash on hand	11	10
Total cash	<u>114 537</u>	<u>84 761</u>

Deposits with the Treasurer include the following fund balances that have restricted conditions:

Funds held in the accrual appropriation excess funds account. The balance of these funds is not available for general use (ie the funds can only be used in accordance with the Treasurer's/Under Treasurer's approval)	10 879	8 591
Funds held pursuant to the <i>Rural Industry Adjustment and Development Act 1985</i> and other State and Commonwealth schemes for rural financial assistance	57 430	55 847
External funds held in the nature of grants or under cooperative agreements where unspent funds may be returned to the funder	16 400	10 645
Commonwealth funds held for the SARMS program (refer note 17)	12 446	-
Commonwealth funds held pursuant to the Farm Finance Concessional Loan Scheme	10 020	-
Deposits with the Treasurer held as working capital, but subject to DTF budget and cash alignment policies	7 351	9 668
Total deposits with the Treasurer	<u>114 526</u>	<u>84 751</u>

#### **Interest rate risk**

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

<b>23. Receivables</b>	2014	2013
Current:	\$'000	\$'000
Receivables	17 055	9 533
Allowance for doubtful debts	(223)	(42)
	<u>16 832</u>	<u>9 491</u>
Loans receivable	4 205	17 103
Workers compensation recoveries	18	22
Accrued interest on loans and deposits	390	429
Other accrued revenue	1 248	2 418
GST receivable	936	773
Prepayments	173	143
	<u>2 765</u>	<u>3 785</u>
Total current receivables	<u>23 802</u>	<u>30 379</u>
Expected to be recovered more than 12 months after reporting date:		
Loans receivable	9 336	153
Workers compensation recoveries	58	78
Total expected to be recovered more than 12 months after reporting date	<u>9 394</u>	<u>231</u>
Total receivables	<u>33 196</u>	<u>30 610</u>

#### **Interest rate and credit risk**

Receivables are raised for all goods and services provided for, 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 42.
- Categorisation of financial instruments and risk exposure information - refer note 42.

**Loans receivable**

Loans receivable consist of loans to cooperatives and loans in relation to the South East Confined Aquifer Well Rehabilitation Scheme (closed to new applicants).

Loans to cooperatives are back-to-back agreements between the Treasurer, PIRSA and an approved loan applicant, whereby the principal borrowed by PIRSA from the Treasurer is on-lent to an approved loan applicant (refer note 30).

Similarly, repayments of principal made by an approved loan applicant are returned to the Treasurer to reduce the level of borrowing made by PIRSA.

These loans are recognised at cost. The legal agreement with the loan recipient provides for a set loan term, and that the client can set interest rate structures within that period from time to time. At the end of each negotiated interest period the client can elect to repay the principal in full or part, or roll the entire balance for another interest period. The interest rate is determined by the Treasurer through SAFA at the time of settling the loan approval and remains fixed over the current negotiated interest period. Interest periods can range between 30 days to 7 years subject to agreement through SAFA. A lending margin is added to the interest rate incurred by cooperatives to cover guarantee fees and administrative costs.

South East Confined Aquifer Well Rehabilitation Scheme is administered on behalf of the Department of Environment, Water and Natural Resources. The scheme is closed to new applicants and the last loan drawdowns were in 2010-11. Outstanding loan amounts are recorded at historical cost.

Where there is objective evidence that a loan is impaired, a provision equal to the difference between the carrying value and the present value of expected future repayments is made.

**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 income (other expenses) in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

<b>Movement in the allowance for doubtful debts (impairment loss)</b>	2014	2013
	\$'000	\$'000
Carrying amount at 1 July	42	211
Increase (Decrease) in the allowance	216	(85)
Amounts written off	(35)	(84)
Carrying amount at 30 June	<u>223</u>	<u>42</u>

**24. Inventories**

Current inventories:

Biological assets:

Livestock (at fair value less estimated costs to sell)	1 533	1 461
Agricultural produce (at fair value less estimated costs to sell)	224	252
Total biological assets	<u>1 757</u>	<u>1 713</u>

Other inventories:

Chemicals and other (at the lower of cost and realisable value)	101	244
Fuel and related items (at the lower of cost and realisable value)	42	62
Wool (at the lower of cost and realisable value)	38	67
Total other inventories	<u>181</u>	<u>373</u>
Total current inventories	<u>1 938</u>	<u>2 086</u>

Non-current inventories:

Orchards and vineyards (at fair value less estimated costs to sell)	161	161
Total non-current inventories	<u>161</u>	<u>161</u>
Total inventories	<u>2 099</u>	<u>2 247</u>

**24. Inventories (continued)**

	Orchards, vineyards and agricultural produce \$'000	Livestock \$'000
<b>2014</b>		
Balance at 1 July	252	1 461
Increase due to acquisitions	104	305
Decrease due to sales	(1 022)	(1 002)
Used as feed stock	(252)	-
Harvests transferred to inventories	1 142	-
Increase (Decrease) due to natural accretion	-	441
Inventory changes (biological growth)	-	(16)
Change in fair value less estimated costs to sell	-	344
Balance at 30 June	224	1 533
	2014	2013
	\$'000	\$'000
Current	224	1 533
Non-current	161	-
	385	1 533

Agricultural activities are carried on to assist with research, but are conducted on a commercial basis. At 30 June 2014 inventory included 9284 sheep, 1297 cattle, 1267 tonnes of crops and grain and 41.04 hectares of vines and fruit trees.

Production for the year included 434 tonnes of grapes and fruit, 5904 lambs, 210 calves, 49 tonnes of wool and 3947 tonnes of other grain crops.

**25. Other financial assets**

	2014	2013
	\$'000	\$'000
Non-current:		
Investments in shares	4 501	4 501
Total other financial assets	4 501	4 501

Investments are primarily held to secure long-term benefits from research partnerships and access to resources (water entitlements). The Department's investments include:

- ordinary shares in Australian Grain Technologies Pty Ltd, a joint venture entity involved in research to assist wheat breeding programs. The purchase consideration for these shares consisted of a mixture of cash and leased facilities. The Department holds joint control along with the University of Adelaide, Grains Research and Development Corporation and Vilmorin & CIE SA. The Department's 14.8% (14.8%) shareholding has been recognised at cost
- an allocation of shares in Barossa Infrastructure Limited (\$12 500), acquired in 2000-01, to secure a water entitlement for the Department's research farm located at Nuriootpa. The investment has an associated 15 year water infrastructure levy payable (\$81 750) under a fixed schedule until 2014-15, calculated on the megalitres of water allocated under the scheme. The remaining commitment under the schedule is reflected under note 35.

Impairment of financial assets is assessed by reviewing external or internal evidence for indicators of changes that occurred in the period, or are expected to occur in the near future, in the technological, market, economic or legal environment of the investee.

**Movement in financial assets**

	2014	2013
	\$'000	\$'000
Carrying amount at 1 July	4 501	4 579
Investment disposed of <sup>(1)</sup>	-	(78)
Carrying amount at 30 June	4 501	4 501

<sup>(1)</sup> Common stock in Viterra Inc (incorporated in Canada), originated from tolls/shares to farmers based on the volume (tonnes) of grain sold. The value of the shareholding was previously revalued to its listed market price at the end of the reporting period and gains and losses in value were recognised through the Statement of Comprehensive Income. During 2012-13 under a plan of consideration arrangement between Viterra Inc and Glencore International effective 17 December 2012 Viterra shares were revoked and a consideration payment was made to security holders.

- (a) Maturity analysis of financial assets - refer note 42.  
(b) Categorisation of financial instruments and risk exposure information - refer note 42.

26. Property, plant and equipment	2014	2013
Land and buildings:	\$'000	\$'000
Land at cost	40	40
Land at fair value	25 889	25 889
Buildings and infrastructure at cost	2 741	2 095
Buildings and infrastructure at fair value	63 157	61 575
Accumulated depreciation	(2 555)	(150)
Construction and work in progress at cost	-	666
Total land and buildings	89 272	90 115
Leasehold improvements:		
Leasehold improvements at cost (deemed at fair value)	4 323	4 323
Accumulated amortisation	(2 233)	(1 784)
Total leasehold improvements	2 090	2 539
Plant and equipment:		
Plant and equipment at cost (deemed fair value)	35 547	35 042
Accumulated depreciation - plant and equipment	(23 348)	(21 950)
Constructions and works in progress at cost	304	353
Total plant and equipment	12 503	13 445
Heritage assets:		
Heritage assets at fair value	-	49
Total heritage assets	-	49
Total property, plant and equipment	103 865	106 148

#### **Reconciliation of property, plant and equipment**

The following table shows the movement of property, plant and equipment during 2013-14.

	Land \$'000	Buildings and infra- structure \$'000	Leasehold imprvnmnts \$'000	Plant and equipment \$'000	Construc- tions and works in progress \$'000	Heritage assets \$'000	Total \$'000
Carrying amount at 1 July	25 929	63 280	2 556	14 517	1 010	49	107 341
Prior period adjustment <sup>(1)</sup>	-	240	(17)	(1 425)	9	-	(1 193)
Carrying amount after prior period correction	25 929	63 520	2 539	13 092	1 019	49	106 148
Acquisitions	-	646	-	1 446	1 337	-	3 429
Disposals	-	(150)	-	(109)	-	-	(259)
Depreciation/Amortisation expense	-	(2 410)	(449)	(2 472)	-	-	(5 331)
Transfer between asset classes	-	1 737	-	315	(2 052)	-	-
Transfers to other entities	-	-	-	(7)	-	(49)	(56)
Other movements	-	-	-	(66)	-	-	(66)
Carrying amount at 30 June	25 929	63 343	2 090	12 199	304	-	103 865

(1) A prior period adjustment has been applied to ensure categorisation of assets into correct classes and to correct former revaluation adjustments.

#### **Valuation of land, buildings and infrastructure**

Land, buildings and infrastructure were independently reviewed and revalued to fair value as at 30 June 2013, by Liquid Pacific Pty Ltd, in accordance with AASB 116. The valuer arrived at fair value using the market approach based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

The valuer used depreciated replacement cost for specialised buildings, due to there not being an active market for such buildings. The depreciated replacement cost considered the need for ongoing provision of government services, specialised nature of the assets, including the restricted use of the assets; the size, condition, location. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

A desktop review of the movement in property, building and infrastructure values was also undertaken by Liquid Pacific Pty Ltd as at 30 June 2014. Land and building and improvement values were estimated to have changed by +1.92% and -1.71% respectively on aggregate 2012-13 values. The movement from the last formal valuation appraisal is not considered material and has not been reflected in the financial statements.



**Valuation of land, buildings and infrastructure (continued)**

Land, buildings and improvements and plant and equipment acquired since the last formal revaluation are deemed to be at fair value. These assets are classified at level 3 as there has been no subsequent adjustment to their value, except for management adjustments about the assets condition and remaining effective life.

**Carrying amount of plant and equipment**

All items of plant and equipment had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value. These asset are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the assets condition and remaining useful life.

**Heritage assets**

Heritage assets in the ministerial office of the former Minister for Agriculture, Food and Fisheries were derecognised by the Department during 2013-14, following ministerial and portfolio changes on 26 March 2014.

**Impairment**

There were no indications of impairment of property, plant and equipment, infrastructure and intangible assets at 30 June 2014.

<b>27. Intangible assets</b>	2014	2013
Software:	\$'000	\$'000
Computer software	11 931	9 553
Accumulated amortisation	(8 852)	(8 468)
Total software	3 079	1 085
Computer software development (works in progress)	378	1 365
Water and convertible accommodation lease rights at fair value <sup>(1)</sup>	87	89
Total water and convertible accommodation lease rights at fair value	87	89
Total intangible assets	3 544	2 539

**Reconciliation of intangibles**

The following table shows the movement of intangibles during 2013-14.

	Computer software \$'000	Computer software development \$'000	Water and convertible accommodation lease rights \$'000	Total \$'000
Carrying amount at 1 July	1 033	1 365	748	3 146
Prior period adjustment <sup>(2)</sup>	52	-	(659)	(607)
Carrying amount after prior period correction	1 085	1 365	89	2 539
Additions	72	1 359	-	1 431
Disposals	(15)	-	-	(15)
Reduction in lease rights	-	-	(2)	(2)
Transfers in	2 346	-	-	2 346
Transfers out	-	(2 346)	-	(2 346)
Amortisation expense	(409)	-	-	(409)
Carrying amount at 30 June	3 079	378	87	3 544

<sup>(1)</sup> An agreement secures access to water resources for the research farm operated by the South Australian Research and Development Institute at Nuriootpa. This provides a perpetual right to an annual water allocation. This right is valued at cost determined from an infrastructure levy payable in instalments to the water provider over a 15 year period from 2000-01. Where water use restrictions apply within the year the value of the resource is diminished and an impairment allowance is recognised, conversely where there are no restrictions the impairment is removed. Water allowances are now at 100% (100%), with no rationing.

<sup>(2)</sup> A prior period adjustment has been applied to recognise software that was previously classified as plant and equipment in 2012-13, and to adjust the value of water rights back to cost.

The Department has no contractual commitments for the acquisition of intangible assets.

**28. Fair value measurement**

**Fair value hierarchy**

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes.

The Department categorises non-financial assets measured at fair value into a hierarchy based on the level of inputs used in measurement. The most relevant observable inputs are classified as level 1 inputs and the least relevant as level 3 inputs. Input levels reflect the dependence on market based evidence used to establish the fair value.

Fair value measurements recognised in the Statement of Financial Position were categorised into the following levels at 30 June 2014:

- Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2: not traded in active markets and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3: not traded in an active market and are derived from unobservable inputs.

The Department had no valuations categorised into level 1.

**Fair value measurements**

**2014**

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements:				
Land	26	25 929	-	25 929
Buildings and infrastructure/deemed at fair value		-	60 628	60 628
Buildings non-specialised		2 715	-	2 715
Leasehold improvements		-	2 090	2 090
Plant and equipment		-	12 199	12 199
Constructions and works in progress		-	304	304
<b>Total recurring fair value measurements</b>		<b>28 644</b>	<b>75 221</b>	<b>103 865</b>

Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new standard.

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2014. The Department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

**Valuation techniques and inputs**

Valuation techniques used to derive level 3 fair values were:

**Qualitative information about fair value measurements level 3**

Input level	Description and fair value at 30.06.14	Valuation techniques	Valuation method	Primary categories of the asset class	Unobservable inputs	Relationship of input data to fair value
3	Buildings and infrastructure	Depreciated replacement cost (DRC)	DRC is a valuation method which provides the current cost of replacing an asset with a modern equivalent asset that would provide equal utility. Where the asset being valued is less attractive than the cost of the modern equivalent because of age and obsolescence, a depreciation adjustment is made to the replacement cost to reflect this. Under this method, unless undue time, inconvenience and risk are involved, the price that a buyer would pay for the asset being valued would not be more than the cost of the modern equivalent.	Buildings primarily consist of: <ul style="list-style-type: none"> <li>• research centres that include office blocks, laboratories and workshops</li> <li>• farms</li> <li>• road blocks</li> <li>• depot sites</li> </ul> Infrastructure and site improvements include: <ul style="list-style-type: none"> <li>• fencing</li> <li>• water reticulation and irrigation systems</li> <li>• sealed and unsealed roads, paved areas</li> <li>• dams, bores and storage tanks</li> </ul>	Replacement costs are derived by reference to PIRSA's internal records that provide the actual construction and acquisition cost of project work, subscriber databases and published industry materials. The primary reference sources that underpin the valuations for level 3 assets are recognised in the accompanying table.	Increased consumption of economic benefit or increased obsolescence lowers fair value.

**Qualitative information about fair value measurements level 3 (continued)**

<b>Input level</b>	<b>Description and fair value at 30.06.14</b>	<b>Valuation techniques</b>	<b>Valuation method</b>	<b>Primary categories of the asset class</b>	<b>Unobservable inputs</b>	<b>Relationship of input data to fair value</b>
3	Plant and equipment	Deemed fair value	Actual costs	Plant and equipment primarily consist of: <ul style="list-style-type: none"> <li>• vehicles</li> <li>• farm machinery</li> <li>• research vessels</li> <li>• laboratory and office equipment</li> </ul>	Costs are derived by reference to PIRSA's internal records that provide the actual construction and acquisition cost of project work.	Increased consumption of economic benefit or increased obsolescence lowers fair value.
3	Leasehold improvements	Deemed fair value	Actual costs	Leasehold improvement primarily consists of: <ul style="list-style-type: none"> <li>• building fitouts</li> </ul>	Costs are derived by reference to PIRSA's internal records that provide the actual construction and acquisition cost of project work.	Consumption of economic benefits available under the right lowers fair value.
3	Constructions and works in progress	Deemed fair value	Actual costs	Constructions and works in progress primarily consists of assets under construction.	Costs are derived by reference to PIRSA's internal records that provide the actual construction and acquisition cost of project work.	Increased consumption of economic benefit or increased obsolescence lowers fair value.

Reference sources used in fair value measurement of level 3 assets.

<b>Source</b>	<b>Agency</b>	<b>Information</b>
SA Government	Land Services Group	Valuer-General's property information records Title information
	Planning Transport and Infrastructure	<i>Development Act 1993</i> - Development Plans
	Environment, Water Natural Resources	Environmental Protection Authority South Australia Heritage Places Database
Commonwealth Government	Australian Bureau of Statistics	Australian Bureau of Statistics - Residential Property Price Index (ABS 4616) Producer Price Indexes (ABS 6427)
	Environment	Australian Heritage Places Inventory
Local Government	Councils	Zoning data
Independent	Australian Construction Industry Forum	Forecasts for non-residential building (11-2013)
	Builders/Architects	Various construction projects
	Published materials	Rawlinson's Australian Construction Handbook 2014 (edition 32) Cordell's - HIA Industry Update and Outlook Report

There were no changes in valuation techniques during 2013-14. The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

**Reconciliation of fair value measurements - level 3**

	Buildings and infrastructure	Plant and equipment	Leasehold imprvmnts	Constructions and works in progress
<b>2014</b>	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July	60 327	14 517	2 556	1 010
Acquisitions	646	1 446	-	1 337
Transfer between asset classes	1 737	315	-	(2 052)
Transfers out	-	(7)	-	-
Disposals	(150)	(109)	-	-
Other movements	-	(66)	-	-
Prior period adjustment	240	(1 425)	(17)	9
	<b>62 800</b>	<b>14 671</b>	<b>2 539</b>	<b>304</b>
Gains (Losses) for the period recognised in net result:				
Depreciation	(2 172)	(2 472)	(449)	-
Closing balance at 30 June	<b>60 628</b>	<b>12 199</b>	<b>2 090</b>	<b>304</b>

**29. Payables**

	2014	2013
	\$'000	\$'000
Creditors	6	3
Accrued expenses	7 395	7 627
Accrued interest on borrowings	194	193
Paid Parental Leave Scheme	21	14
Employment on-costs	1 161	1 199
Total current payables	<u>8 777</u>	<u>9 036</u>
Expected to be settled more than 12 months after reporting date:		
Employment on-costs	1 875	1 953
Total payables	<u>10 652</u>	<u>10 989</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 2013 rate of 40%. These rates are used in the employment oncost calculation.

The employer superannuation on-cost rate has decreased from the 2013 rate of 11% to 10.75%, reflecting the superannuation mix of the Department's employee profile at 30 June 2014.

**Interest rate 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) Maturity analysis of payables - refer note 42.
- (b) Categorisation of financial instruments and risk exposure information - refer note 42.

**30. Borrowings/Financial liabilities**

	2014	2013
	\$'000	\$'000
Current:		
Indebtedness to the Treasurer	14 156	17 103
Total current borrowings	<u>14 156</u>	<u>17 103</u>
Non-current:		
Indebtedness to the Treasurer	9 303	-
Total non-current borrowings	<u>9 303</u>	<u>-</u>
Total borrowings	<u>23 459</u>	<u>17 103</u>

Borrowing consist of funds received from the Treasurer for loans to cooperatives and from the Commonwealth Government with respect to the Farm Finance Concessional Loan Scheme.

Borrowings for loans to cooperatives are back-to-back agreements between the Treasurer, PIRSA and an approved loan applicant, whereby the loan principal borrowed by PIRSA from the Treasurer is on-lent to an approved loan applicant (refer note 23).

Similarly, repayments of principal made by an approved loan applicant are returned to the Treasurer to reduce the level of borrowings made by PIRSA. Borrowings incurred on behalf of cooperatives are recognised at cost. The legal agreement with the loan recipient provides for a set loan term, and that the client can set interest rate structures within that period from time to time. At the end of each negotiated interest period the client can elect to repay the principal in full or part, or roll the entire balance for another interest period. The interest rate is determined by the Treasurer through SAFA at the time of settling the loan approval and remains fixed over the current negotiated interest period. Interest periods can range between 30 days to 7 years subject to agreement through SAFA.

Borrowings by PIRSA under the Farm Finance Concessional Loan Scheme are receivable from the Commonwealth where applicants for financial assistance meet the eligibility criteria of the scheme. The Commonwealth pays the funds in advance in agreed tranches, which are held in a special deposit account pending drawdown (refer note 22). At 30 June 2014, PIRSA had received \$10 million from the Commonwealth for expected Farm Finance concessional loan payments. Concessional loan payments are made by PIRSA to commercial lenders for the direct reduction of a loan recipients approved eligible debt as specified in the Concessional Loan agreement. For approved loan recipients, a variable concessional interest rate applies for the first five years of each concessional loan. The initial concessional interest rate set by the Commonwealth is reviewed on a six monthly basis in accordance with material changes to the Commonwealth five year bond rate. A default rate may apply in certain circumstances.

**30. Borrowings/Financial liabilities (continued)**

No loans were made during 2013-14. Under the agreement with the Commonwealth any uncommitted (borrowing) amount within the year is to be returned to the Commonwealth in the following year. A new allotment is receivable in 2014-15 for expected Farm Finance concessional loan payments from eligible applicants.

- (a) Maturity analysis of borrowings - refer note 42.
- (b) Categorisation of financial instruments and risk exposure information - refer note 42.
- (c) Defaults and breaches - there were no defaults or breaches on any of the above liabilities throughout the year.

<i>Movement in financial liabilities/borrowings</i>	2014	2013
	\$'000	\$'000
Carrying amount at 1 July	17 103	17 848
Additional borrowings during the year	12 146	1 846
Repayments of borrowings	(5 790)	(2 591)
Carrying amount at 30 June	<u>23 459</u>	<u>17 103</u>

**31. Employee benefits**

Current:

Annual leave	5 236	5 654
LSL	1 782	1 916
Accrued salaries and wages	290	1
SERL	485	436
Total current employee benefits	<u>7 793</u>	<u>8 007</u>

Non-current:

LSL	19 811	20 416
Total non-current employee benefits	<u>19 811</u>	<u>20 416</u>
Total employee benefits	<u>27 604</u>	<u>28 423</u>

AASB 119 contains the calculation methodology for LSL liability. The actuarial assessment performed by DTF has provided a set level of liability for the measurement of LSL.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 2013 (3.75%) to 2014 (3.5%).

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

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 annual leave liability was historically reviewed to assess PIRSA's profile of entitlement payments. Where balances could be expected to be paid after 12 months these are measured at the present value of the future cash outflows using as a discount rate the yield on Commonwealth bonds of a term similar to the average term of the liability.

**32. Provisions**

	2014	2013
	\$'000	\$'000
Current:		
Provision for workers compensation	495	544
Total current provisions	<u>495</u>	<u>544</u>
Non-current:		
Provision for workers compensation	1 781	1 897
Total non-current provisions	<u>1 781</u>	<u>1 897</u>
Total provisions	<u>2 276</u>	<u>2 441</u>
Carrying amount at 1 July	2 441	2 318
Reductions arising from payments	(335)	(753)
Revaluation of liability	538	(85)
Additional provisions recognised	(368)	961
Carrying amount at 30 June	<u>2 276</u>	<u>2 441</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.

<b>33. Other liabilities</b>	2014	2013
Current:	\$'000	\$'000
Lease incentive	122	122
Unearned revenue	14 601	12 279
Total current other liabilities	<u>14 723</u>	<u>12 401</u>
Non-current:		
Lease incentive	77	199
Other liabilities	83	74
Total non-current other liabilities	<u>160</u>	<u>273</u>
Total other liabilities	<u>14 883</u>	<u>12 674</u>

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

<b>34. Equity</b>		
Retained earnings	144 913	121 221
Revaluation surplus	37 955	37 955
Total equity	<u>182 868</u>	<u>159 176</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 derecognised.

<b>35. Unrecognised contractual commitments</b>		
<i>Capital commitments</i>	2014	2013
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:	\$'000	\$'000
Within one year	-	28
Total capital commitments	<u>-</u>	<u>28</u>

Capital commitments relate to current contractual agreements for the development and supply of plant and equipment.

***Expenditure commitments - remuneration***

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

Within one year	4 827	6 169
Later than one year but not longer than five years	9 464	10 893
Total remuneration commitments	<u>14 291</u>	<u>17 062</u>

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

***Expenditure commitments - other***

Within one year	1 380	2 359
Later than one year but not longer than five years	816	998
Total other commitments	<u>2 196</u>	<u>3 357</u>

The Department's other commitments include agreements with LeasePlan Australia for long-term hire of light vehicles and other amounts owing under fixed price contracts outstanding at 30 June 2014.

***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	3 192	3 208
Later than one year but not longer than five years	3 859	7 134
Later than five years	592	1 047
Total operating lease commitments	<u>7 643</u>	<u>11 389</u>

Representing:

Non-cancellable operating leases	7 643	11 389
Total operating lease commitments	<u>7 643</u>	<u>11 389</u>

**Operating lease commitments (continued)**

The Department's non-cancellable operating leases are for office accommodation and equipment. Office accommodation is leased from the Department of Planning, Transport and Infrastructure. Contingent rental provisions, within the lease agreements, allow for the review of lease payments every two years. Any changes in lease payments are based on market rates. Options exist to renew the leases at the end of their terms. Rent is payable monthly in advance.

Non-cancellable operating leases have also been entered into for plant and office equipment. The rental period may continue beyond the expiry date expressed in the initial agreement, in which case, the agreement extends until either party gives written notice of their intention to terminate the agreement. Rent for plant and office equipment is generally payable in advance.

**36. Contingent assets and contingent liabilities****Contingent assets**

The Department owns intangible assets consisting of intellectual property from its core research activities. These assets are not recognised in the financial statements due to difficulties in determining reliable fair values.

The Department may also accept bank guarantees or other forms of securities like mortgages over land as security for loans advanced. Bank guarantees held at 30 June 2014, have a potential realisable value of \$13.5 million (\$17.2 million). The Department may claim on these funds if the borrower defaults on the conditions of the loan agreement.

**Contingent liabilities**

The nature of activities that the Department is involved in can create potential exposure to environmental matters, which the Department may be required to remedy in the future.

The Department has some potential outstanding litigation in a number of these areas.

Certain matters associated with contaminants such as contaminated land and hazardous materials have been identified and are managed in accordance with recognised standards, minimising the likelihood of future environmental risks to Government. Work is progressing to determine any liabilities that may be associated with this role. At this time, the financial impact cannot be reliably estimated.

**37. Transferred functions**

Transferred in

**2013-14**

Office for the State and Local Government Relations - two employees - Boundary Adjustment Facilitation Panel.

The Public Sector (Reorganisation of Public Sector Operations) Notice 2013 (dated 30 July 2013) proclaimed that effective 1 August 2013 employees of the Boundary Adjustment Facilitation Panel transferred from DPC to PIRSA.

**2012-13**

There were no transferred functions during the 2012-13 financial year.

**38. Trust funds****Pleuro Pneumonia Fund**

This fund consists of monies belonging to all State Governments and the Federal Government. The Fund is controlled by the Standing Committee of Agriculture and all expenditure is subject to the approval of the Chairman. Funds are to be used principally for publication of the history of the Pleuro Pneumonia Eradication Campaign and are held in a Section 21 Deposit Account.

	2014 \$'000	2013 \$'000
Operations:		
Revenue	2	3
Net operating surplus	<u>2</u>	<u>3</u>
Net assets:		
Cash at bank	95	93
Net assets	<u>95</u>	<u>93</u>
Funds:		
Balance of funds at 1 July	93	90
Net receipts	2	3
Fund balance at 30 June	<u>95</u>	<u>93</u>

**39. Remuneration of board and committee members**

Members of boards/committees relating to the ongoing activities of PIRSA who were entitled to receive remuneration during the 2013-14 financial year are listed below in the following summary table:

The number of members whose remuneration received or receivable falls within the following bands:	2014 Number	2013 Number
\$0	101	107
\$1 - \$9 999	81	83
\$10 000 - \$19 999	4	6
\$20 000 - \$29 999	-	2
\$30 000 - \$39 999	-	1
\$50 000 - \$59 999	1	-
<b>Total</b>	<b>187</b>	<b>199</b>

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 \$268 750 (\$221 440).

Amounts paid to a superannuation plan for members was \$17 814 (\$15 790).

In accordance with DPC Circular 16, government employees do 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.

\* Government employees                      DM Deputy member

Members during the 2013-14 financial year were:

***Aquaculture Advisory Committee***

Abbott K A	Fulcher H M (DM)	Payne S G
Coates J L	Grady M A	Rosenberg L F (DM)
Cooper C S	Healy R (DM)	Rusby T C*
Dolan P*	Ingerson T* (DM)	Sloan E* (DM)
Doroudi M*	Jeffries B C	Stehr H H
Dyer A M	Lawrie R A (DM)	Stehr M A (DM)
Ellis D (DM)	Luckens T (DM)	Walters A (DM)

***Aquaculture Tenure Allocation Board***

Braxton-Smith P A	Day B M	Treize M G (DM)
Cooper C S	Healy R C	White M (DM)
Davis G S	Rigg C L	

***Eyre Peninsula Farming System Board***

Bates A	James C R	Stanley M
Dunn M	Mayfield S	Tillbrook A*
Fitzgerald M	McDonald G	
Guerin S	Smith B	

***Fisheries Council of South Australia***

Barnett C J	Ferguson D L	Sen S
Brooks K J	Grady M A	Sherriff R J (retired)
Cooper C S (retired)	McEwen R J	Smith A D M
Doroudi M*	Schahinger B M	Stevens R A
Dyson M F N	Schnierer S B	Tapley A E

***Genetically Modified Crops Advisory Committee***

Ankeny R A	Hannon A M	Ophel Keller K M*
Annison G	Hughes J E	Pontifex N
Baldock H L*	Levy J A W	Rhodes C L (retired)
Bowden M S	McMullen G P (retired)	Way R J



**Meat Food Safety Advisory Committee**

Ackland T M	Koumi S	Rock M S
Bourne S L	Lloyd B R (DM)	Sandercock P
Dunn E T	Martin G* (DM)	Sexton M E* (DM)
Fell L A	Martin G L	Smith G R
Hindson L D (DM)	Nirmalaraja B (DM)	Wedd R
Jenkins F*	Penhall M K	Zammit L O
Knoll F P	Raven G D*	

**PIRSA Animal Ethics Committee**

Anderson C M	Jones D W	McNicholl J E
Baird S L	Kennedy E J	Rayner J*
Cooper J G	Maddocks S* (retired)	Rudiger S
Glatz P*	McGrath K	Tillbrook A*
Hocking-Edwards J*	Mitchell A B	

**PIRSA Risk and Audit Committee**

Camburn S* (retired)	Harvey A E	Payne B*
Casement D*	Mader T*	Sneddon Y
Gramola B* (retired)	Mooney P A*	

**Regional Communities Consultative Council**

Agnew D J* (retired)	Boehm W J (retired)	Matthias K (retired)
Beltchev G (retired)	Duffy K L (retired)	Woodberry M M (retired)
Blacker P D (retired)	Herraman A J (retired)	

**Rock Lobster Fish Management Advisory Board**

Bailey, N	Gurney A	Redman J R
Dichmont C	Jones A*	Rowe E A
Fistr A*	Kimber N	Rowe S R
Green J A (retired)	Lawrence A	Stevens R A
Gregory T C	Moran T J	

**Rural Assistance Appeals Committee**

Hollands D J	Hylton-Keele E J* (retired)	Long J A
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**SA Forest Industry Advisory Board**

Calvert J	Fargher J D	Pidcock C
Carmichael A W	Lloyd P G	Smith R P
Dunstone A S	McDonnell I	Smith T W

**SA River Murray Sustainability Program Expert Assessment Panel**

Cole P	Davidson D	Mutton D
Cutting M*	Jachmann N	

**SA River Murray Sustainability Program Steering Committee**

Akeroyd M	Martinson N T	Starick S
Grant J*	McHugh K	Stefanovic T
Johnson A*	Parish J W	
Kerin R	Sincock N*	

**South Australian Alpaca Advisory Group**

Crocker R	Mossop J W*	Schmaal B
Duncker B M	Sadler L J	Wheeler J

**South Australian Deer Advisory Group**

Cox A R*	Kasprzak N	Tuckwell C D
DeLaine M J	Schulz J	Varcoe J R
Gottfried E J	Stevens M S	

**South Australian Goat Advisory Group**

Crawford P M	Falkenhagen J T	Kuhl G A
Evans C L	Gillen A J* (nee Bartlett)	Lauterbach P C

**South Australian Horse Industry Advisory Group**

Carr M R*	Holland-Clarke E A	Miller D* (DM)
Cavanagh D R	Horridge P S	Milton J K
Fieldler J (DM)	Hunt W A	
Hale S G	Lewis H A	

<b>40. Cash flow reconciliation</b>	2014	2013
Reconciliation of cash at 30 June:	\$'000	\$'000
Statement of Cash Flows	114 537	84 761
Statement of Financial Position	114 537	84 761
<b>Reconciliation of net cash provided by (used in) operating activities to net cost of providing services</b>		
Net cash provided by (used in) operating activities	22 883	(128)
Revenue from SA Government	(97 582)	(95 263)
Return to Consolidated Account	-	4 100
Non-cash items:		
Depreciation and amortisation	(5 740)	(5 408)
Gain (Loss) on disposal of investments	-	1
Gain (Loss) on disposal of assets	(58)	(95)
Gain (Loss) on inventories	405	253
Gain on foreign exchange	-	3
Recognition and derecognition of assets	(55)	2 157
Lease incentives	122	134
Doubtful debts recognised	(216)	85
Other non-cash items	984	(46)
Movements in assets/liabilities:		
Receivables	6 670	818
Inventories	(220)	352
Payables and provisions	(2 147)	(1 601)
Employee benefits	1 074	1 193
Other liabilities	(10)	(1)
Net cost of providing services	(73 890)	(93 446)

**41. Transactions with SA Government**

The following tables discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. Transactions with SA Government entities below the threshold of \$100 000 have been included with the non-government transactions, classified according to their nature.

	Note	SA Government		Non-SA Government		Total	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Expenses</b>							
Employee benefit expenses	6	11 499	12 142	77 548	77 366	89 047	89 508
Supplies and services:	7						
Professional and technical services		1 174	1 005	12 859	12 343	14 033	13 348
Administrative and operating costs		-	559	8 681	9 361	8 681	9 920
Utility and property costs		3 956	3 476	3 684	4 346	7 640	7 822
Computing and communications costs		1 838	1 583	5 038	5 742	6 876	7 325
Travel		-	-	3 192	3 210	3 192	3 210
Shared Services costs		2 267	2 205	-	-	2 267	2 205
Staff development and safety		-	-	985	1 470	985	1 470
Operating lease costs - accommodation costs		3 177	3 890	-	-	3 177	3 890
Operating lease costs		-	-	106	132	106	132
Vehicle lease and operating costs		2 322	2 679	-	-	2 322	2 679
Other vehicle and equipment operating costs		93	143	895	920	988	1 063
Property and risk insurance		422	410	-	-	422	410
Total supplies and services		15 249	15 950	35 440	37 524	50 689	53 474

## 41. Transactions with SA Government (continued)

Expenses (continued)	Note	SA Government		Non-SA Government		Total	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Depreciation and amortisation expense	8	-	-	5 740	5 408	5 740	5 408
Grants and subsidies:	9						
Recurrent grants		-	-	30 424	21 296	30 424	21 296
Intra-government transfers		748	774	-	-	748	774
Total grants and subsidies		748	774	30 424	21 296	31 172	22 070
Borrowing costs	10	463	705	189	85	652	790
Net loss from disposal of non-current assets	11	-	-	43	95	43	95
Net loss from disposal of other assets	12	-	-	15	(1)	15	(1)
Other expenses:	13						
Publications, seed and miscellaneous stocks - cost of sales		-	-	103	93	103	93
Deemed cost of produce consumed		-	-	524	349	524	349
Property, plant and equipment derecognised		-	-	56	13	56	13
Bad debts and allowances for doubtful debts		-	-	216	-	216	-
Royalties payments		-	-	170	110	170	110
Workers compensation provision movement		368	208	-	-	368	208
Workers compensation liability revaluation		(538)	(85)	-	-	(538)	(85)
Assumption of liabilities (recognition)		-	-	35	-	35	-
Other		-	-	20	12	20	12
Total other expenses		(170)	123	1 124	577	954	700
Payments to SA Government	21	-	4 100	-	-	-	4 100
Total expenses		27 789	33 794	150 523	142 350	178 312	176 144
<b>Income</b>							
Revenues from fees and charges:	15						
Agriculture and Fisheries consultancies and services		19	4	3 471	3 398	3 490	3 402
Rural Solutions SA, consultancies and services		1 313	3 215	5 667	7 021	6 980	10 236
South Australian Research and Development Institute consultancies and services		23	31	4 936	4 982	4 959	5 013
Other		2 737	2 521	34	52	2 771	2 573
Total revenues from fees and charges		4 092	5 771	14 108	15 453	18 200	21 224
Advances and grants:	16						
South Australian Research and Development Institute		5 095	5 722	31 408	24 752	36 503	30 474
Fisheries		7 284	7 253	33	185	7 317	7 438
Biosecurity		4 051	2 464	1 124	2 869	5 175	5 333
Aquaculture		1 460	1 485	257	326	1 717	1 811
Prudential and Rural Financial Services		-	-	1 250	-	1 250	-
Agribusiness and Regions		102	-	65	20	167	20
Rural Solutions SA		195	75	-	-	195	75
Other		40	3	5	70	45	73
Total advances and grants		18 227	17 002	34 142	28 222	52 369	45 224
Commonwealth revenues (National Partnership payments)	17	-	-	23 725	780	23 725	780
Interest revenues	18	1 493	1 660	725	1 062	2 218	2 722
Sale of goods	19	-	-	2 963	3 062	2 963	3 062

**41. Transactions with SA Government (continued)**

	Note	SA Government		Non-SA Government		Total	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Income (continued)</b>							
Other income:	20						
Reimbursements/Recoveries		737	344	1969	1 561	2 706	1 905
Seed and other royalties		-	-	1 130	1 147	1 130	1 147
Gains (Losses) from changes in fair value of biological assets		-	-	344	(174)	344	(174)
Assumption of liabilities (derecognition)		-	-	249	-	249	-
Diesel fuel rebates		-	-	82	87	82	87
Sponsorship contributions		-	-	80	112	80	112
Assets recognised on revaluation		-	-	-	2 171	-	2 171
Reduction in allowance for doubtful debts		-	-	-	85	-	85
Dividends		-	-	-	1	-	1
Other		-	-	356	252	356	252
<b>Total other income</b>		<b>737</b>	<b>344</b>	<b>4 210</b>	<b>5 242</b>	<b>4 947</b>	<b>5 586</b>
<b>Revenues from (Payments to) SA Government</b>							
Revenues from SA Government	21	97 582	95 263	-	-	97 582	95 263
Net result		122 131	120 040	79 873	53 821	202 004	173 861
<b>Financial assets</b>							
Receivables:	23						
Receivables		1 667	1 128	15 165	8 363	16 832	9 491
Loan receivables		-	-	13 541	17 256	13 541	17 256
Workers compensation recoveries		-	-	76	100	76	100
Accrued interest on loans and deposits		142	128	248	301	390	429
Other accrued revenue		614	125	634	2 293	1 248	2 418
GST receivables		-	-	936	773	936	773
Prepayments		-	-	173	143	173	143
<b>Total receivables</b>		<b>2 423</b>	<b>1 381</b>	<b>30 773</b>	<b>29 229</b>	<b>33 196</b>	<b>30 610</b>
Other financial assets	25	-	-	4 501	4 501	4 501	4 501
<b>Total financial assets</b>		<b>2 423</b>	<b>1 381</b>	<b>35 274</b>	<b>33 730</b>	<b>37 697</b>	<b>35 111</b>
<b>Financial liabilities</b>							
Payables:	29						
Creditors		-	-	6	3	6	3
Accrued expenses		2 261	2 436	5 134	5 191	7 395	7 627
Accrued interest on borrowings		194	193	-	-	194	193
Paid Parental Leave Scheme		-	-	21	14	21	14
Employment on-costs		1 582	1 658	1 454	1 494	3 036	3 152
<b>Total payables</b>		<b>4 037</b>	<b>4 287</b>	<b>6 615</b>	<b>6 702</b>	<b>10 652</b>	<b>10 989</b>
Borrowings/Financial liabilities	30	23 459	17 103	-	-	23 459	17 103
Other liabilities	33	979	1 389	13 904	11 285	14 883	12 674
<b>Total financial liabilities</b>		<b>28 475</b>	<b>22 779</b>	<b>20 519</b>	<b>17 987</b>	<b>48 994</b>	<b>40 766</b>

## 42. Financial instruments/Financial risk management

### 42.1 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 3.

	Note	2014		2013	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<b>Financial assets</b>					
Cash:					
Cash	22	114 537	114 537	84 761	84 761
Loans and receivables (at cost):					
Receivables <sup>(1)(2)</sup>	23	28 706	28 706	25 619	25 619
Investments (at cost):					
Other financial assets	25	4 501	4 501	4 501	4 501
Total financial assets at cost		147 744	147 744	114 881	114 881
<b>Financial liabilities</b>					
Financial liabilities (at cost):					
Payables <sup>(1)</sup>	29	6	6	3	3
Borrowings	30	23 459	23 459	17 103	17 103
Total financial liabilities at cost		23 465	23 465	17 106	17 106

(1) Receivables and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (eg Commonwealth, State and local government taxes, fees and charges; audit fees payable to Auditor-General's Department etc). 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 disclosure. All amounts recorded are carried at cost.

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 23 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.

#### (a) Fair value

PIRSA does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- the carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 2, 23 and 29).
- borrowings are recognised at cost which approximates fair value (refer notes 2 and 30)
- held-to-maturity investments are initially recognised at cost which approximates fair value (refer notes 2 and 25).

The recognised fair values of financial assets and liabilities are classified according to the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of financial assets or liabilities traded in active markets is based on quoted market prices for identical assets or liabilities at Statement of Financial Position data (level 1). The quoted market price used for assets held by the Department is the most representative of fair value in the circumstances.

The fair value of assets or liabilities that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. All significant inputs required to fair value financial assets and liabilities are observable, and accordingly included in level 2.

The Department has no valuations for financial assets or liabilities categorised into level 3 (ie fair values derived from data not observable in a market).

(b) *Credit risk*

Credit risk arises when there is the possibility of the Department's debtors defaulting on their contractual obligations resulting in financial loss to the Department. The Department measures credit risk on a fair value basis and monitors risk on a regular basis. The carrying amount of financial assets as detailed in note 42.1 represents the Department's maximum exposure to credit risk. No collateral is held as security and no credit enhancements relate to financial assets held by 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. 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 23 for information on the allowance for impairment in relation to receivables.

In addition, the Department holds bank guarantees or other forms of security, like mortgages over land as securities for loan advances (refer note 36). The Department may draw on these securities if the borrower defaults or the conditions of their loan agreement.

**42.2 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	
<b>2014</b>				
Not impaired:				
Receivables	203	363	747	1 313
Impaired:				
Receivables	-	-	223	223
<b>2013</b>				
Not impaired:				
Receivables	545	207	624	1 376
Impaired:				
Receivables	-	-	42	42

**42.3 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
<b>2014</b>				
Financial assets:				
Cash and cash equivalents	114 537	114 537	-	-
Loans and receivables	28 706	19 312	9 394	-
Other financial assets	4 501	4 501	-	-
Total financial assets	147 744	138 350	9 394	-
Financial liabilities:				
Payables	6	6	-	-
Borrowings	23 459	14 156	9 303	-
Total financial liabilities	23 465	14 162	9 303	-
<b>2013</b>				
Financial assets:				
Cash and cash equivalents	84 761	84 761	-	-
Loans and receivables	25 617	25 464	153	-
Other financial assets	4 501	4 501	-	-
Total financial assets	114 879	114 726	153	-
Financial liabilities:				
Payables	3	3	-	-
Borrowings	17 103	17 103	-	-
Total financial liabilities	17 106	17 106	-	-

(a) *Liquidity risk*

Liquidity risk arises where the Department is unable to meet its financial obligations as they are due to be settled. The Department is funded principally from appropriation by the SA Government. The Department works with DTF to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. PIRSA 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.

PIRSA'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 42.1 represent the Department's maximum exposure to financial liabilities.

(b) *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. PIRSA'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.

(c) *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.

**43. *Events after balance date***

The Public Sector (Reorganisation of Public Sector Operations) Notice 2014 (dated 26 June 2013) proclaimed that effective 1 July 2014, two employees from PIRSA, assigned to work in related local government functions, will transfer to the Department of Planning, Transport and Infrastructure.

## Statement of Administered Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
<b>Expenses:</b>			
Employee benefit expenses	A4	1 501	398
Supplies and services	A5	3 383	1 841
Depreciation expense	A6	411	1
Grants and subsidies	A7	129 725	24 880
Levies payments	A8	573	2 237
Net loss from disposal of assets	A9	12	-
Other expenses	A10	6	120
<b>Total expenses</b>		135 611	29 477
<b>Income:</b>			
Revenue from fees and charges	A12	27 503	23 913
Advances and grants	A13	100 522	718
Interest revenue	A14	587	550
Levies collection	A15	539	2 213
Other income	A16	254	61
<b>Total income</b>		129 405	27 455
<b>Net cost of providing services</b>		6 206	2 022
<b>Revenues from (Payments to) SA Government:</b>			
Revenues from SA Government	A17	4 918	3 772
<b>Net revenues from (payments to) SA Government</b>		4 918	3 772
<b>Net result</b>		(1 288)	1 750
<b>Other comprehensive income:</b>			
Items that will not be reclassified to the net result:			
Changes in property, plant and equipment revaluation surplus		-	10
<b>Total other comprehensive income</b>		-	10
<b>Total comprehensive result</b>		(1 288)	1 760



## Statement of Administered Financial Position as at 30 June 2014

	Note	2014 \$'000	2013 \$'000
<b>Current assets:</b>			
Cash	A18	23 611	27 571
Receivables	A19	312	664
Inventories	A20	193	149
<b>Total current assets</b>		24 116	28 384
<b>Non-current assets:</b>			
Property, plant and equipment	A21	6 675	70
<b>Total non-current assets</b>		6 675	70
<b>Total assets</b>		30 791	28 454
<b>Current liabilities:</b>			
Payables	A23	738	5 588
Employee benefits	A24	127	-
Provisions	A25	1	-
Other current liabilities	A26	862	911
<b>Total current liabilities</b>		1 728	6 499
<b>Non-Current liabilities:</b>			
Payables	A23	35	-
Employee benefits	A24	365	-
Provisions	A25	2	-
<b>Total non-current liabilities</b>		402	-
<b>Total liabilities</b>		2 130	6 499
<b>Net assets</b>		28 661	21 955
<b>Equity:</b>			
Retained earnings	A27	27 219	21 945
Revaluation surplus	A27	1 442	10
<b>Total equity</b>		28 661	21 955
Unrecognised contractual commitments	A28		
Contingent assets and liabilities	A29		

**Statement of Administered Changes in Equity  
for the year ended 30 June 2014**

	Note	Revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2012		-	20 106	20 106
Prior period correction		-	111	111
Restated balance at 30 June 2012		-	20 217	20 217
Net result for 2012-13		-	1 750	1 750
Gain on revaluation of buildings during 2012-13		10	-	10
Total comprehensive result for 2012-13		10	1 750	1 760
Balance at 30 June 2013		10	21 967	21 977
Prior period correction		-	(22)	(22)
Restated balance at 30 June 2013	A27	10	21 945	21 955
Net result for 2013-14		-	(1 288)	(1 288)
Total comprehensive result for 2013-14		-	(1 288)	(1 288)
Transactions with SA Government as owner:				
Net assets received as a result of administrative restructure	A30	1 432	6 562	7 994
<b>Balance at 30 June 2014</b>	A27	<b>1 442</b>	<b>27 219</b>	<b>28 661</b>

## Statement of Administered Cash Flows for the year ended 30 June 2014

		2014	2013
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
<b>Cash flows from operating activities:</b>			
Cash outflows:			
Employee benefit payments		(1 417)	(399)
Supplies and services		(3 696)	(1 872)
Grants and subsidies		(129 999)	(25 175)
Levy payments		(461)	(3 045)
Other payments		(61)	(106)
Payments of royalties to Department of Manufacturing, Innovation, Trade, Resources and Energy		(4 436)	(22 586)
<b>Cash used in operations</b>		<u>(140 070)</u>	<u>(53 183)</u>
Cash inflows:			
User fees and charges		27 504	23 914
Advances and grants		100 830	718
Interest received		591	564
Levy collections		539	2 042
Other receipts		254	53
Collections (net) held on behalf of Department of Manufacturing, Innovation, Trade, Resources and Energy at 30 June		-	4 436
<b>Cash generated from operations</b>		<u>129 718</u>	<u>31 727</u>
Cash flows from SA Government:			
Receipts from SA Government		4 918	3 772
<b>Cash generated from SA Government</b>		<u>4 918</u>	<u>3 772</u>
<b>Net cash provided by (used in) operating activities</b>	A32	<u>(5 434)</u>	<u>(17 684)</u>
<b>Cash flows from investing activities:</b>			
Cash outflows:			
Purchase of property, plant and equipment		(148)	(22)
<b>Cash used in investing activities</b>		<u>(148)</u>	<u>(22)</u>
<b>Net cash provided by (used in) investing activities</b>		<u>(148)</u>	<u>(22)</u>
<b>Cash flows from financing activities:</b>			
Cash inflows:			
Cash transferred from restructuring activities		1 622	-
<b>Cash generated from financing activities</b>		<u>1 622</u>	<u>-</u>
<b>Net cash provided by (used in) financing activities</b>		<u>1 622</u>	<u>-</u>
<b>Net increase (decrease) in cash</b>		<u>(3 960)</u>	<u>(17 706)</u>
<b>Cash at 1 July</b>		<u>27 571</u>	<u>45 277</u>
<b>Cash at 30 June</b>	A18	<u>23 611</u>	<u>27 571</u>

**Schedule of Expenses and Income  
attributable to Administered Activities  
for the year ended 30 June 2014**

(Activities refer note A3)	1	2	3	4	5
<b>Expenses:</b>	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses	-	-	-	-	-
Supplies and services	21	1	117	22	10
Depreciation	-	-	-	-	-
Grants and subsidies	300	2327	750	170	50
Levies payments	-	-	-	-	-
Net loss from disposal of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
<b>Total expenses</b>	<b>321</b>	<b>2328</b>	<b>867</b>	<b>192</b>	<b>60</b>
<b>Income:</b>					
Revenues from fees and charges	386	2298	564	174	44
Advances and grants	-	-	-	-	-
Interest revenue	3	24	7	3	1
Levies collection	-	-	-	-	-
Other income	-	-	-	-	-
<b>Total income</b>	<b>389</b>	<b>2 322</b>	<b>571</b>	<b>177</b>	<b>45</b>
<b>Net cost of providing services</b>	<b>(68)</b>	<b>6</b>	<b>296</b>	<b>15</b>	<b>15</b>
<b>Revenues from SA Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net result</b>	<b>68</b>	<b>(6)</b>	<b>(296)</b>	<b>(15)</b>	<b>(15)</b>
Changes in property, plant and equipment revaluation surplus	-	-	-	-	-
<b>Total comprehensive result</b>	<b>68</b>	<b>(6)</b>	<b>(296)</b>	<b>(15)</b>	<b>(15)</b>
(Activities refer note A3)	6	7	8	9	10
<b>Expenses:</b>	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses	14	-	13	-	-
Supplies and services	221	6	1 038	-	19
Depreciation	2	-	-	-	-
Grants and subsidies	867	219	12 471	3 528	810
Levies payments	-	-	-	-	-
Net loss from disposal of assets	-	-	-	-	-
Other expenses	-	-	(3)	-	-
<b>Total expenses</b>	<b>1 104</b>	<b>225</b>	<b>13 519</b>	<b>3 528</b>	<b>829</b>
<b>Income:</b>					
Revenues from fees and charges	305	-	13 651	-	1 594
Advances and grants	720	-	-	-	-
Interest revenue	11	12	-	-	29
Levies collection	-	-	-	-	-
Other income	1	-	58	-	-
<b>Total income</b>	<b>1 037</b>	<b>12</b>	<b>13 709</b>	<b>-</b>	<b>1 623</b>
<b>Net cost of providing services</b>	<b>67</b>	<b>213</b>	<b>(190)</b>	<b>3 528</b>	<b>(794)</b>
<b>Revenues from SA Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 516</b>	<b>-</b>
<b>Net result</b>	<b>(67)</b>	<b>(213)</b>	<b>190</b>	<b>(12)</b>	<b>794</b>
Changes in property, plant and equipment revaluation surplus	-	-	-	-	-
<b>Total comprehensive result</b>	<b>(67)</b>	<b>(213)</b>	<b>190</b>	<b>(12)</b>	<b>794</b>

**Schedule of Expenses and Income  
attributable to Administered Activities  
for the year ended 30 June 2014 (continued)**

(Activities refer note A3)	11	12	13	14	15
<b>Expenses:</b>	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses	-	-	-	-	-
Supplies and services	14	-	9	35	5
Depreciation	-	-	-	-	-
Grants and subsidies	1991	-	140	500	8
Levies payments	-	364	-	-	-
Net loss from disposal of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
<b>Total expenses</b>	<b>2005</b>	<b>364</b>	<b>149</b>	<b>535</b>	<b>13</b>
<b>Income:</b>					
Revenues from fees and charges	2069	-	341	723	-
Advances and grants	-	-	-	-	-
Interest revenue	6	2	2	5	-
Levies collection	-	315	-	-	-
Other income	-	-	-	-	-
<b>Total income</b>	<b>2075</b>	<b>317</b>	<b>343</b>	<b>728</b>	<b>-</b>
<b>Net cost of providing services</b>	<b>(70)</b>	<b>47</b>	<b>(194)</b>	<b>(193)</b>	<b>13</b>
<b>Revenues from SA Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net result</b>	<b>70</b>	<b>(47)</b>	<b>194</b>	<b>193</b>	<b>(13)</b>
Changes in property, plant and equipment revaluation surplus	-	-	-	-	-
<b>Total comprehensive result</b>	<b>70</b>	<b>(47)</b>	<b>194</b>	<b>193</b>	<b>(13)</b>
(Activities refer note A3)		16	17	18	19
<b>Expenses:</b>		\$'000	\$'000	\$'000	\$'000
Employee benefit expenses		759	-	-	2
Supplies and services		1 339	105	43	10
Depreciation		409	-	-	-
Grants and subsidies		288	980	147	19
Levies payments		-	-	-	-
Net loss from disposal of assets		12	-	-	-
Other expenses		9	-	-	-
<b>Total expenses</b>		<b>2 816</b>	<b>1085</b>	<b>190</b>	<b>31</b>
<b>Income:</b>					
Revenues from fees and charges		184	1173	185	48
Advances and grants		846	-	-	-
Interest revenue		17	12	4	6
Levies collection		-	-	-	-
Other income		194	-	-	-
<b>Total income</b>		<b>1 241</b>	<b>1 185</b>	<b>189</b>	<b>54</b>
<b>Net cost of providing services</b>		<b>1 575</b>	<b>(100)</b>	<b>1</b>	<b>(23)</b>
<b>Revenues from SA Government</b>		<b>618</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net result</b>		<b>(957)</b>	<b>100</b>	<b>(1)</b>	<b>23</b>
Changes in property, plant and equipment revaluation surplus		-	-	-	-
<b>Total comprehensive result</b>		<b>(957)</b>	<b>100</b>	<b>(1)</b>	<b>23</b>

**Schedule of Expenses and Income  
attributable to Administered Activities  
for the year ended 30 June 2014 (continued)**

(Activities refer note A3)	20	21	22	23
<b>Expenses:</b>	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses	5	-	-	285
Supplies and services	61	6	96	56
Depreciation	-	-	-	-
Grants and subsidies	837	15	525	98 956
Levies payments	-	-	-	-
Net loss from disposal of assets	-	-	-	-
Other expenses	-	-	-	-
<b>Total expenses</b>	<b>903</b>	<b>21</b>	<b>621</b>	<b>99 297</b>
<b>Income:</b>				
Revenues from fees and charges	509	1	714	-
Advances and grants	-	-	-	98 956
Interest revenue	34	3	6	133
Levies collection	-	-	-	-
Other income	-	-	-	1
<b>Total income</b>	<b>543</b>	<b>4</b>	<b>720</b>	<b>99 090</b>
<b>Net cost of providing services</b>	<b>360</b>	<b>17</b>	<b>(99)</b>	<b>207</b>
<b>Revenues from SA Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>419</b>
<b>Net result</b>	<b>(360)</b>	<b>(17)</b>	<b>99</b>	<b>212</b>
Changes in property, plant and equipment revaluation surplus	-	-	-	-
<b>Total comprehensive result</b>	<b>(360)</b>	<b>(17)</b>	<b>99</b>	<b>212</b>
(Activities refer note A3)	24	25	26	Total
<b>Expenses:</b>	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses	9	26	388	1 501
Supplies and services	8	110	31	3 383
Depreciation	-	-	-	411
Grants and subsidies	103	3 724	-	129 725
Levies payments	-	-	209	573
Net loss from disposal of assets	-	-	-	12
Other expenses	-	-	-	6
<b>Total expenses</b>	<b>120</b>	<b>3 860</b>	<b>628</b>	<b>135 611</b>
<b>Income:</b>				
Revenues from fees and charges	216	2 324	-	27 503
Advances and grants	-	-	-	100 522
Interest revenue	86	181	-	587
Levies collection	-	-	224	539
Other income	-	-	-	254
<b>Total income</b>	<b>302</b>	<b>2 505</b>	<b>224</b>	<b>129 405</b>
<b>Net cost of providing services</b>	<b>(182)</b>	<b>1 355</b>	<b>404</b>	<b>6 206</b>
<b>Revenues from SA Government</b>	<b>-</b>	<b>-</b>	<b>365</b>	<b>4 918</b>
<b>Net result</b>	<b>182</b>	<b>(1 355)</b>	<b>(39)</b>	<b>(1 288)</b>
Changes in property, plant and equipment revaluation surplus	-	-	-	-
<b>Total comprehensive result</b>	<b>182</b>	<b>(1 355)</b>	<b>(39)</b>	<b>(1 288)</b>

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

(Activities refer note A3)	1	2	3	4	5
<b>Expenses:</b>	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses	-	-	-	-	-
Supplies and services	18	33	77	37	10
Depreciation	-	-	-	-	-
Grants and subsidies	185	2 445	754	8	90
Levies payments	-	-	-	-	-
Net loss from disposal of assets	-	-	-	-	-
Other expenses	-	75	-	-	-
<b>Total expenses</b>	<b>203</b>	<b>2 553</b>	<b>831</b>	<b>45</b>	<b>100</b>
<b>Income:</b>					
Revenues from fees and charges	295	2 455	733	110	66
Advances and grants	-	-	-	-	-
Interest revenue	4	27	14	2	3
Levies collection	-	-	-	-	-
Other income	-	1	-	-	-
<b>Total income</b>	<b>299</b>	<b>2 483</b>	<b>747</b>	<b>112</b>	<b>69</b>
<b>Net cost of providing services</b>	<b>(96)</b>	<b>70</b>	<b>84</b>	<b>(67)</b>	<b>31</b>
<b>Revenues from SA Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net result</b>	<b>96</b>	<b>(70)</b>	<b>(84)</b>	<b>67</b>	<b>(31)</b>
Changes in property, plant and equipment revaluation surplus	-	-	-	-	-
<b>Total comprehensive result</b>	<b>96</b>	<b>(70)</b>	<b>(84)</b>	<b>67</b>	<b>(31)</b>
(Activities refer note A3)	6	7	8	9	10
<b>Expenses:</b>	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses	11	-	12	-	-
Supplies and services	328	13	947	-	17
Depreciation	1	-	-	-	-
Grants and subsidies	599	4	12 323	3 446	-
Levies payments	-	-	-	-	-
Net loss from disposal of assets	-	-	-	-	-
Other expenses	-	-	42	-	-
<b>Total expenses</b>	<b>939</b>	<b>17</b>	<b>13 324</b>	<b>3 446</b>	<b>17</b>
<b>Income:</b>					
Revenues from fees and charges	294	1	13 541	-	967
Advances and grants	718	-	-	-	-
Interest revenue	15	16	-	-	10
Levies collection	-	-	-	-	-
Other income	9	-	21	-	-
<b>Total income</b>	<b>1 036</b>	<b>17</b>	<b>13 562</b>	<b>-</b>	<b>977</b>
<b>Net cost of providing services</b>	<b>(97)</b>	<b>-</b>	<b>(238)</b>	<b>3 446</b>	<b>(960)</b>
<b>Revenues from SA Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 471</b>	<b>-</b>
<b>Net result</b>	<b>97</b>	<b>-</b>	<b>238</b>	<b>25</b>	<b>960</b>
Changes in property, plant and equipment revaluation surplus	10	-	-	-	-
<b>Total comprehensive result</b>	<b>107</b>	<b>-</b>	<b>238</b>	<b>25</b>	<b>960</b>

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

(Activities refer note A3)	11	12	13	14	15
<b>Expenses:</b>	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses	-	-	-	-	-
Supplies and services	-	9	9	32	15
Depreciation	-	-	-	-	-
Grants and subsidies	-	-	155	450	-
Levies payments	-	2 025	-	-	-
Net loss from disposal of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
<b>Total expenses</b>	<b>-</b>	<b>2 034</b>	<b>164</b>	<b>482</b>	<b>15</b>
<b>Income:</b>					
Revenues from fees and charges	-	-	160	618	21
Advances and grants	-	-	-	-	-
Interest revenue	-	6	2	6	1
Levies collection	-	1 995	-	-	-
Other income	-	-	-	-	2
<b>Total income</b>	<b>-</b>	<b>2 001</b>	<b>162</b>	<b>624</b>	<b>24</b>
<b>Net cost of providing services</b>	<b>-</b>	<b>33</b>	<b>2</b>	<b>(142)</b>	<b>(9)</b>
<b>Revenues from SA Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net result</b>	<b>-</b>	<b>(33)</b>	<b>(2)</b>	<b>142</b>	<b>9</b>
Changes in property, plant and equipment revaluation surplus	-	-	-	-	-
<b>Total comprehensive result</b>	<b>-</b>	<b>(33)</b>	<b>(2)</b>	<b>142</b>	<b>9</b>
(Activities refer note A3)		16	17	18	19
<b>Expenses:</b>		\$'000	\$'000	\$'000	\$'000
Employee benefit expenses		-	-	-	1
Supplies and services		-	92	50	4
Depreciation		-	-	-	-
Grants and subsidies		-	600	200	4
Levies payments		-	-	-	-
Net loss from disposal of assets		-	-	-	-
Other expenses		-	-	-	-
<b>Total expenses</b>		<b>-</b>	<b>692</b>	<b>250</b>	<b>9</b>
<b>Income:</b>					
Revenues from fees and charges		-	1 086	117	45
Advances and grants		-	-	-	-
Interest revenue		-	15	8	6
Levies collection		-	-	-	-
Other income		-	-	3	-
<b>Total income</b>		<b>-</b>	<b>1 101</b>	<b>128</b>	<b>51</b>
<b>Net cost of providing services</b>		<b>-</b>	<b>(409)</b>	<b>122</b>	<b>(42)</b>
<b>Revenues from SA Government</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net result</b>		<b>-</b>	<b>409</b>	<b>(122)</b>	<b>42</b>
Changes in property, plant and equipment revaluation surplus		-	-	-	-
<b>Total comprehensive result</b>		<b>-</b>	<b>409</b>	<b>(122)</b>	<b>42</b>



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

(Activities refer note A3)	20	21	22	23
<b>Expenses:</b>	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses	13	2	-	-
Supplies and services	12	6	62	-
Depreciation	-	-	-	-
Grants and subsidies	424	-	500	-
Levies payments	-	-	-	-
Net loss from disposal of assets	-	-	-	-
Other expenses	-	3	-	-
<b>Total expenses</b>	<b>449</b>	<b>11</b>	<b>562</b>	<b>-</b>
<b>Income:</b>				
Revenues from fees and charges	443	1	424	-
Advances and grants	-	-	-	-
Interest revenue	47	4	9	-
Levies collection	-	-	-	-
Other income	2	-	-	-
<b>Total income</b>	<b>492</b>	<b>5</b>	<b>433</b>	<b>-</b>
<b>Net cost of providing services</b>	<b>(43)</b>	<b>6</b>	<b>129</b>	<b>-</b>
<b>Revenues from SA Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net result</b>	<b>43</b>	<b>(6)</b>	<b>(129)</b>	<b>-</b>
Changes in property, plant and equipment revaluation surplus	-	-	-	-
<b>Total comprehensive result</b>	<b>43</b>	<b>(6)</b>	<b>(129)</b>	<b>-</b>
(Activities refer note A3)	24	25	26	Total
<b>Expenses:</b>	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses	6	49	304	398
Supplies and services	7	63	-	1 841
Depreciation	-	-	-	1
Grants and subsidies	115	2 578	-	24 880
Levies payments	-	-	212	2 237
Net loss from disposal of assets	-	-	-	-
Other expenses	-	-	-	120
<b>Total expenses</b>	<b>128</b>	<b>2 690</b>	<b>516</b>	<b>29 477</b>
<b>Income:</b>				
Revenues from fees and charges	191	2 345	-	23 913
Advances and grants	-	-	-	718
Interest revenue	104	251	-	550
Levies collection	-	-	218	2 213
Other income	-	23	-	61
<b>Total income</b>	<b>295</b>	<b>2 619</b>	<b>218</b>	<b>27 455</b>
<b>Net cost of providing services</b>	<b>(167)</b>	<b>71</b>	<b>298</b>	<b>2 022</b>
<b>Revenues from SA Government</b>	<b>-</b>	<b>-</b>	<b>301</b>	<b>3 772</b>
<b>Net result</b>	<b>167</b>	<b>(71)</b>	<b>3</b>	<b>1 750</b>
Changes in property, plant and equipment revaluation surplus	-	-	-	10
<b>Total comprehensive result</b>	<b>167</b>	<b>(71)</b>	<b>3</b>	<b>1 760</b>

## Notes to and forming part of the administered financial statements

### A1. Summary of significant accounting policies

The Department of Primary Industries and Regions (PIRSA or the Department) accounting policies are contained in note 2 in PIRSA's controlled financial statements.

### A2. Effect of changes in accounting policies, changes in accounting estimates and errors

During 2013-14 there were no prior period adjustments recognised in the Statement of Comprehensive Income.

### A3. Administered funds of the Department

The activity schedule provides details of expenses and revenues applicable to the administered funds of the Department.

Information about the Department's administered funds is set out below:

#### **Activity 1: Adelaide Hills Wine Industry Fund**

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 8 August 2003. The primary purposes of the fund are to promote the Adelaide Hills wine industry, undertake research and development and encourage communication and cooperation between participants in the Adelaide Hills wine industry.

#### **Activity 2: Aquaculture Resource Management Fund**

This fund, established under the *Aquaculture Act 2001*, came into operation on 11 November 2002. Under the Act, fees are paid into the fund and are to be utilised primarily for the purposes of any investigation or other projects relating to the management of aquaculture resources.

#### **Activity 3: Barossa Wine Industry Fund**

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 29 November 2007. The primary purposes of the fund are to promote the Barossa wine industry, undertake research and development and encourage communication and cooperation between participants in the Barossa wine industry.

#### **Activity 4: Citrus Growers Fund**

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 20 October 2005. The primary purposes of the fund are to collect industry funds for use by industry organisations to undertake or facilitate research and development and encourage communication and cooperation between participants in the citrus industry.

#### **Activity 5: Clare Valley Wine Industry Fund**

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 21 February 2008. The primary purposes of the fund are to promote the Clare Valley wine industry, undertake research and development and encourage communication and cooperation between participants in the Clare Valley wine industry.

#### **Activity 6: Dog Fence Board**

This Board was established by Regulations under the *Dog Fence Act 1946* on 17 June 1947. The Board is responsible for the establishment and maintenance of particular dog fences in South Australia in order to prevent the entry of wild dogs into pastoral areas and for incidental purposes and may collect levies for that purpose.

#### **Activity 7: Eyre Peninsula Grain Growers Rail Fund**

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 7 September 2006. The primary purpose of the fund is to collect \$2 million towards the cost of improving the Eyre Peninsula grain railway line and associated equipment or infrastructure. The purpose of the fund has been met and the prescribed contribution rate has been reduced to zero.

#### **Activity 8: Fisheries Research and Development Fund**

Under the *Fisheries Management Act 2007*, all commercial licence fees received by PIRSA are required to be paid into this fund. The primary purposes of the fund are to carry out research, exploration, experiments, works or operations for the conservation, management or enhancement of living resources found in waters to which the Act applies or promotion of any fishing, fish farming or fish processing activity.

- Activity 9: ForestrySA Community Service Obligations**  
 PIRSA receives appropriation to make payments to ForestrySA representing community service obligations for the provision of: management of native forests for biodiversity conservation; community use of forest reserves; forest research programs; and provision of community fire protection services near forest reserves.
- Activity 10: Grain Industry Fund**  
 This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 1 March 2012. The primary purposes of the fund are to promote the grain industry, through industry field days, conferences and other events; represent grain growers in regional, State or national grain or agriculture industry forums; collect and disseminate to grain growers information relevant to the grain industry; and undertake programs designed to encourage communication and cooperation between grain growers and other persons associated with the grain industry.
- Activity 11: Grain Industry Research and Development Fund**  
 This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 8 August 2013. The primary purposes of the fund are to collect industry funds and make payments to the South Australian Grain Industry Trust Fund (SAGIT) and others; to undertake or facilitate research and development into the growing, harvesting, storage, processing and marketing of grain and encourage communication and cooperation between participants in the grain industry.
- Activity 12: Grain Industry Levy Fund**  
 Voluntary levies were collected from grain producers under the *Wheat Marketing Act 1989*, to support grains research and development in South Australia and the activities of the South Australian Farmers Federation (SAFF) Grains Industry Committee. The requirement for grain processors to make deductions in relation to the SAFF Grains Industry Committee was removed effective 1 March 2012. This was replaced by the Grain Industry Fund (refer Activity 10). The *Wheat Marketing Act 1989*, was repealed on 8 August 2013 and the collection of contributions for research and development is now through the Grain Industry Research and Development Fund (refer Activity 11).
- Activity 13: Langhorne Creek Wine Industry Fund**  
 This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 14 June 2001. The primary purposes of the fund are to promote the Langhorne Creek wine industry, undertake research and development and encourage communication and cooperation between participants in the Langhorne Creek wine industry.
- Activity 14: McLaren Vale Wine Industry Fund**  
 This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 5 June 2003. The primary purposes of the fund are to promote the McLaren Vale wine industry, undertake research and development and encourage communication and cooperation between participants in the McLaren Vale wine industry.
- Activity 15: Olive Industry Fund**  
 This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 26 February 2009. The primary purposes of the fund were to collect industry funds for use by industry organisations to undertake market development, branding and promotion activities, to facilitate research and development, and to promote the South Australian olive industry or olive products. The requirement for olive processors to make deductions in relation to this fund was removed effective 1 May 2013. The Primary Industry Fund Schemes (Olive Industry Fund) Regulations 2009 were revoked on 26 June 2014, with the Fund now closed.
- Activity 16: Outback Communities Authority**  
 The Authority operates under the *Outback Communities (Administration and Management) Act 2009*. The functions of the Authority are to manage and to promote improvements in the provision of public services and facilities to outback communities; and to articulate the views, interests and aspirations of outback communities. The Authority is recognised as a local government authority by the South Australian Local Government Grants Commission and, as such, receives an annual grant allocation from the Commission.
- Activity 17: Riverland Wine Industry Fund**  
 This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 14 June 2001. The primary purposes of the fund are to promote the Riverland wine industry, undertake research and development and encourage communication and cooperation between participants in the Riverland wine industry.

**Activity 18: Rock Lobster Fishing Industry Fund**

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 19 June 2008. The primary purposes of the fund are to collect industry funds for use by industry organisations to implement or facilitate research projects, industry development and management projects, marketing projects and other projects for the benefit of the rock lobster fishing industry, in accordance with the strategic plan developed by the South Australian Rock Lobster Advisory Council Incorporated.

**Activity 19: South Australian Apiary Industry Fund**

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 31 January 2001. The primary purpose of the fund is to undertake programs relating to the apiary industry or apiary products or any other aspect of the apiary industry recommended by the Apiary Industry Advisory Group.

**Activity 20: South Australian Cattle Industry Fund**

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 1 July 2000. The primary purposes of the fund are to undertake programs relating to cattle, cattle products or any other aspect of the cattle industry, and payment of compensation and other amounts in line with Regulations.

**Activity 21: South Australian Deer Industry Fund**

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 1 September 2002. The primary purposes of the fund are to undertake programs relating to deer, deer products or any other aspect of the deer industry, and payment of compensation and other amounts in line with Regulations.

**Activity 22: South Australian Grape Growers Industry Fund**

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 29 November 2007. The primary purposes of the fund are to promote the SA grape growers industry, undertake research and development and encourage communication and cooperation between participants in the SA grape growers industry.

**Activity 23: South Australian Local Government Grants Commission**

The Commission operates under the *South Australian Local Government Grants Commission Act 1992*. The primary purpose of the Commission is to distribute untied Commonwealth financial assistance grants to South Australian local government authorities.

**Activity 24: South Australian Pig Industry Fund**

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 1 October 2001. The primary purposes of the fund are to undertake research, investigations or other programs relating to pigs, pig products or any other aspect of the pig industry and payment of compensation in line with Regulations.

**Activity 25: South Australian Sheep Industry Fund**

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 28 October 1999. The purposes of the fund are to make financial assistance or ex gratia payments to farmers in line with the Regulations, undertake projects as recommended by the South Australian Sheep Advisory Group and provide contributions to the Dog Fence Board towards the maintenance or improvement of the dog proof fence.

**Activity 26: Other Funds**

This is the total of all other administered funds including the payment of Ministerial salaries and allowances, and seed levies collected and remitted pursuant to the *Pasture Seed Levy Collection Act 1989* (Cwlth) and amending Act *Primary Industries Levies and charges collection (Consequential Provisions) Act 1991* No. 26, 1991.

	2014 \$'000	2013 \$'000
<b>A4. Employee benefit expenses</b>		
Salaries and wages	1 096	347
Annual leave	54	-
SERL	3	-
LSL	74	-
Employment on-costs - superannuation	89	2
Employment on-costs - other	55	2
Board fees	130	47
Total employee benefit expenses	<u>1 501</u>	<u>398</u>
<b>A5. Supplies and services</b>		
Professional and technical services <sup>(1)</sup>	1 553	994
Administrative and operating costs	920	735
Utility and property costs	439	10
Computing and communications costs	116	35
Travel	68	36
Vehicle and equipment operating costs	182	1
Staff development and safety	16	4
Operating lease costs	89	26
Total supplies and services	<u>3 383</u>	<u>1 841</u>
<sup>(1)</sup> Includes audit fees paid/payable to the Auditor-General's Department (refer note A11).		
<b>A6. Depreciation expense</b>		
Depreciation:		
Plant and equipment	54	-
Buildings and infrastructure	298	1
Water, sewerage and drainage	59	-
Total depreciation expense	<u>411</u>	<u>1</u>
<b>A7. Grants and subsidies</b>		
Recurrent grants	129 630	24 816
Intra-government transfers	95	64
Total grants and subsidies	<u>129 725</u>	<u>24 880</u>
The major grant programs and subsidies paid/payable during the year were:		
South Australian Local Government Grants Commission	98 956	-
Fisheries Research and Development Fund	12 471	12 320
South Australian Sheep Industry Fund	3 724	2 578
ForestrySA - community service obligations	3 528	3 446
Aquaculture Resource Management Fund	2 327	2 446
Grain Industry Research and Development Fund	1 991	-
Riverland Wine Industry Fund	980	600
Dog Fence Board	867	598
South Australian Cattle Industry Fund	837	424
Grain Industry Fund	810	-
Barossa Wine Industry Fund	750	754
South Australian Grape Growers Industry Fund	525	500
McLaren Vale Wine Industry Fund	500	450
Adelaide Hills Wine Industry Fund	300	185
Outback Communities Authority	288	-
Eyre Peninsula Grain Growers Rail Fund	219	4
Citrus Growers Fund	170	8
Rock Lobster Fishing Industry Fund	147	200
Langhorne Creek Wine Industry Fund	140	155
South Australian Pig Industry Fund	103	115
Clare Valley Wine Industry Fund	50	90
South Australian Apiary Industry Fund	19	4
South Australian Deer Industry Fund	15	3
Olive Industry Fund	8	-
Total grants and subsidies	<u>129 725</u>	<u>24 880</u>

<b>A8. Levies payments</b>	2014	2013
	\$'000	\$'000
Grain levies <sup>(1)</sup>	364	2 025
Seed levies <sup>(2)</sup>	209	212
Total levies payments	<u>573</u>	<u>2 237</u>
(1) Grain levies collected pursuant to the <i>Wheat Marketing Act 1989</i> were paid to SAGIT and SAFF Grains Section (Grains Industry Committee). The requirement for grain processors to make deductions in relation to the SAFF Grains Industry Committee was removed effective 1 March 2012. The <i>Wheat Marketing Act 1989</i> was repealed on 8 August 2013 and payments to SAGIT are now through the Grain Industry Research and Development Fund.		
(2) Seed levies collected pursuant to the <i>Pasture Seed Levy Collection Act 1989</i> (Cwlth) are paid to the Commonwealth Department of Agriculture, Fisheries and Forestry. Fees charged by Australian Seed Authority Ltd (ASA) are, by an agreement with PIRSA, collected and remitted to ASA.		
Income is recognised under note A15.		
<b>A9. Net loss from the disposal of assets</b>	2014	2013
	\$'000	\$'000
Land and buildings:		
Proceeds from disposal	-	-
Net book value of assets disposed	(11)	-
Net loss from disposal of land and buildings	<u>(11)</u>	<u>-</u>
Plant and equipment:		
Proceeds from disposal	-	-
Net book value of assets disposed	(1)	-
Net loss from disposal of plant and equipment	<u>(1)</u>	<u>-</u>
Total assets:		
Proceeds from disposal	-	-
Total value of assets disposed	(12)	-
Total net loss from disposal of assets	<u>(12)</u>	<u>-</u>
<b>A10. Other expenses</b>		
Doubtful debt expense	6	120
Total other expenses	<u>6</u>	<u>120</u>
<b>A11. Auditor's remuneration</b>		
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements (including individual financial statements for industry funds)	182	110
Total auditor's remuneration	<u>182</u>	<u>110</u>
<b>Other services</b>		
No other services were provided by the Auditor-General's Department.		
<b>A12. Revenue from fees and charges</b>		
Aquaculture and fishing licences	12 807	12 729
Industry contributions	11 886	8 643
Penalties and fines	43	53
Other fees and levies	2 767	2 488
Total revenue from fees and charges	<u>27 503</u>	<u>23 913</u>
<b>A13. Advances and grants</b>		
State grants	909	209
Commonwealth grants	98 956	-
Industry grants	18	-
Local government grants	76	-
Intra-government transfer	563	509
Total advances and grants	<u>100 522</u>	<u>718</u>

<b>A14. Interest revenue</b>	2014	2013
	\$'000	\$'000
Interest received	587	550
Total interest revenue	<u>587</u>	<u>550</u>

<b>A15. Levies collection</b>		
Grain levies <sup>(1)</sup>	315	1 995
Seed levies <sup>(2)</sup>	224	218
Total levies collection	<u>539</u>	<u>2 213</u>

<sup>(1)</sup> Grain levies were collected pursuant to the *Wheat Marketing Act 1989* to support grains research and development in South Australia and the activities of the SAFF Grains Industry Committee. The *Wheat Marketing Act 1989* was repealed on 8 August 2013 and the collection of contributions is now through the Grain Industry Research and Development Fund and the Grain Industry Fund, established by Regulations under the *Primary Industry Funding Schemes Act 1998*. These contributions are now reflected under note A12.

<sup>(2)</sup> Seed levies comprise amounts collected pursuant to the *Pasture Seed Levy Collection Act 1989* (Cwlth) and amending Act *Primary Industries Levies and Charges Collection (Consequential Provisions) Act 1991* (Cwlth) No. 26 1991 for certification of pasture seed by the State and fees charged by ASA under licence by the Commonwealth Department of Agriculture, Fisheries and Forestry. ASA undertake the role of the National Designated Authority for the Organisation for Economic Cooperation and Development (OECD) seed schemes, and, at the request of the Australian seed industry, operates the Australian Seed Certification Scheme which is used principally for seed not destined for export. PIRSA has an agreement with ASA to collect and remit the levy on their behalf.

Payments are recognised under note A8.

<b>A16. Other income</b>	2014	2013
	\$'000	\$'000
Reimbursements/Recoveries	186	43
Other	68	18
Total other income	<u>254</u>	<u>61</u>

<b>A17. Revenues from SA Government</b>		
Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i> <sup>(1)</sup>	4 553	3 471
Reimbursements received for Parliamentary salaries and expense allowances	365	301
Total revenues from SA Government	<u>4 918</u>	<u>3 772</u>
Net revenues from Government	<u>4 918</u>	<u>3 772</u>

<sup>(1)</sup> The Department receives appropriation for its administered funds in accordance with the *Appropriation Act* for the financial year. Appropriation is received for forestry related community service obligations that are delivered by ForestrySA, Parliamentary salaries and electorate expense allowances and for the South Australian Local Government Grants Commission and Outback Communities Authority. Additional appropriation funding was received during the year as a result of the transfer into PIRSA of the Outback Communities Authority (\$680 000) and the South Australian Local Government Grants Commission (\$419 000) - refer note A30.

<b>A18. Cash</b>	2014	2013
Deposits with the Treasurer:	\$'000	\$'000
Section 21 Deposit Accounts	23 564	23 071
Cash held on behalf of Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) <sup>(1)</sup>	-	4 436
Imprest account and cash on hand	47	64
Total cash	<u>23 611</u>	<u>27 571</u>

<sup>(1)</sup> Amounts received by PIRSA and payable to DMITRE for Royalty and Native Title receipts administered by the former Minerals and Energy Resources Division, that was transferred to DMITRE effective 1 January 2012.

#### **Interest rate risk**

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

<b>A19. Receivables</b>	2014	2013
Current:	\$'000	\$'000
Receivables	422	754
Allowance for doubtful debts	(148)	(133)
	<u>274</u>	<u>621</u>
Accrued interest on deposits	37	41
Other accrued revenue	1	2
	<u>38</u>	<u>43</u>
Total current receivables	312	664
Total receivables	<u>312</u>	<u>664</u>

**Interest rate and credit risk**

Receivables are raised for all goods and services provided for, 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.

- (a) Maturity analysis of receivables - refer note A34.
- (b) Categorisation of financial instruments and risk exposure information - refer note A34.

**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 income (other expenses) in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2014	2013
	\$'000	\$'000
Carrying amount at 1 July	133	56
Increase (Decrease) in the allowance	6	120
Amounts written off	-	(43)
Increase in the allowance due to restructure activities	9	-
Carrying amount at 30 June	<u>148</u>	<u>133</u>

**A20. Inventories**

Raw materials and stores (at the lower of cost and realisable value) <sup>(1)</sup>	185	141
Publications (at lower of cost and realisable value)	8	8
Total inventories	<u>193</u>	<u>149</u>

- (1) Raw material inventories consist of fencing materials for the establishment and maintenance of dog proof fences, managed by the Dog Fence Board.

**A21. Property, plant and equipment**

Land and buildings:		
Land at fair value	21	3
Buildings and infrastructure at fair value	6 705	54
Accumulated depreciation	(1 667)	-
Total land and buildings	<u>5 059</u>	<u>57</u>
Water, sewerage and drainage:		
Water, sewerage and drainage at fair value	2 294	-
Accumulated depreciation	(1 065)	-
Total water, sewerage and drainage	<u>1 229</u>	<u>-</u>
Plant and equipment:		
Plant and equipment at fair value	411	24
Accumulated depreciation	(238)	(11)
Total plant and equipment	<u>173</u>	<u>13</u>
Work in progress:		
Work in progress	214	-
Total work in progress	<u>214</u>	<u>-</u>
Total property, plant and equipment	<u>6 675</u>	<u>70</u>



**Reconciliation of property, plant and equipment**

The following table shows the movement of property, plant and equipment during 2013-14.

	Land \$'000	Buildings and infra- structure \$'000	Water, sewerage and drainage \$'000	Plant and equipment \$'000	Work in progress \$'000	Total \$'000
Carrying amount at 1 July	3	54	-	13	-	70
Disposals	-	(11)	-	(1)	-	(12)
Acquisition (disposal) through restructuring	18	5 265	1 288	212	97	6 880
Acquisitions	-	28	-	3	117	148
Depreciation expense	-	(298)	(59)	(54)	-	(411)
Carrying amount at 30 June	21	5 038	1 229	173	214	6 675

**Impairment**

There were no indications of impairment of property, plant and equipment and infrastructure assets at 30 June 2014.

**Valuation of land and buildings - Dog Fence Board**

The valuation of land and buildings was performed by Liquid Pacific Pty Ltd, an independent valuer, as at 30 June 2013. The valuer arrived at fair value based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

**Valuation of Land, buildings, water, sewerage and drainage assets - Outback Communities Authority**

A valuation of certain land, buildings and infrastructure was performed by independent valuers from Valcorp Pty Ltd as at 30 June 2013. All assets were revalued at fair value apart from repeater towers which were valued at depreciated replacement cost as a proxy for fair value. The buildings and infrastructure class includes many assets in isolated locations, including amenities and toilet blocks.

The valuation of water, sewerage and drainage assets was last performed by Maloney Field Services, an independent valuer as at 30 June 2008.

**A22. Fair value measurement****Fair value hierarchy**

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes.

The Department categorises non-financial assets measured at fair value into a hierarchy based on the level of inputs used in measurement. The most relevant observable inputs are classified as level 1 inputs and the least relevant as level 3 inputs. Input levels reflect the dependence on market based evidence used to establish the fair value.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2014:

- Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2: not traded in active markets and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3: not traded in an active market and are derived from unobservable inputs.

The Department had no valuations categorised into level 1.

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>2014</b>				
Recurring fair value measurements:	A21			
Land		21	-	21
Buildings and infrastructure/deemed at fair value		-	5 038	5 038
Plant and equipment		-	173	173
Water, sewerage and drainage assets		-	1 229	1 229
Work in progress		-	214	214
Total recurring fair value measurements		21	6 654	6 675

**Fair value hierarchy (continued)**

Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new standard.

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2014. The Department’s policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

**Valuation techniques and inputs**

Valuation techniques used to derive level 3 fair values are at note A21.

**Qualitative information about fair value measurement (level 3)**

<b>Input level</b>	<b>Description and fair value at 30.06.14</b>	<b>Valuation techniques</b>	<b>Valuation method</b>	<b>Primary categories of the asset class</b>	<b>Unobservable inputs</b>	<b>Relationship of input data to fair value</b>
3	Buildings and infrastructure	Depreciated replacement cost (DRC)	DRC is a valuation method which provides the current cost of replacing an asset with a modern equivalent asset that would provide equal utility.  Where the asset being valued is less attractive than the cost of the modern equivalent because of age and obsolescence, a depreciation adjustment is made to the replacement cost to reflect this.  Under this method, unless undue time, inconvenience and risk are involved, the price that a buyer would pay for the asset being valued would not be more than the cost of the modern equivalent.	Buildings and infrastructure primarily consist of: <ul style="list-style-type: none"> <li>• communication towers</li> <li>• airstrips and aerodrome facilities</li> <li>• public conveniences</li> <li>• depot sites</li> </ul>	Replacement costs are derived by reference to PIRSA’s internal records that provide the actual construction and acquisition cost of project work, subscriber databases and published industry materials.  The primary reference sources that underpin the valuations for level 3 assets are recognised in the accompanying table.	Increased consumption of economic benefit or increased obsolescence lowers fair value.
3	Vehicles and office equipment	Deemed fair value	Actual costs	Plant and equipment primarily consist of: <ul style="list-style-type: none"> <li>• vehicles</li> <li>• office equipment</li> </ul>	Costs are derived by reference to PIRSA’s internal records that provide the actual construction and acquisition cost of project work.	Increased consumption of economic benefit or increased obsolescence lowers fair value.
3	Water, sewerage and drainage assets	Deemed fair value	Actual costs	Water sewerage and drainage assets primarily consist of: <ul style="list-style-type: none"> <li>• water and sewer mains</li> <li>• water reticulation and irrigation systems</li> <li>• township water pipelines</li> </ul>	Costs are derived by reference to PIRSA’s internal records that provide the actual construction and acquisition cost of project work.	Increased consumption of economic benefit or increased obsolescence lowers fair value.
3	Constructions and works in progress	Deemed fair value	Actual costs	Constructions and works in progress primarily consists of assets under construction.	Costs are derived by reference to PIRSA’s internal records that provide the actual construction and acquisition cost of project work.	Increased consumption of economic benefit or increased obsolescence lowers fair value.

**Qualitative information about fair value measurement (level 3) (continued)**

Reference sources used in fair value measurement of level 3 assets.

<i>Source</i>	<i>Agency</i>	<i>Information</i>
SA Government	Land Services Group	Valuer-General's property information records Title information
	Planning Transport and Infrastructure	<i>Development Act 1993</i> - Development Plans
	Environment, Water Natural Resources	Environmental Protection Authority South Australia Heritage Places Database
Commonwealth Government	Australian Bureau of Statistics	Australian Bureau of Statistics - Residential Property Price Index (ABS 4616) Producer Price Index (ABS 6427)
	Environment	Australian Heritage Places Inventory
Local Government	Councils	Zoning data
Independent	Australian Construction Industry Forum	Forecasts for non-residential building (11-2013)
	Builders/Architects	Various construction projects
	Published materials	Rawlinson's Australian Construction Handbook 2014 (edition 32) Cordell's - HIA Industry Update and Outlook Report

There were no changes in valuation techniques during 2013-14. The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

**Reconciliation of fair value measurements - level 3**

	Buildings and infra- structure \$'000	Plant and equipment \$'000	Water, sewerage and drainage assets \$'000	Work in progress \$'000
<b>2014</b>				
Opening balance at 1 July	54	13	-	-
Acquisitions	28	3	-	117
Acquisitions (disposal) through administrative restructure	5 265	212	1 288	97
Disposals	(11)	(1)	-	-
	<u>5 336</u>	<u>227</u>	<u>1 288</u>	<u>214</u>
Gains (Losses) for period recognised in net result:				
Depreciation	(298)	(54)	(59)	-
	<u>(298)</u>	<u>(54)</u>	<u>(59)</u>	<u>-</u>
Closing balance at 30 June	<u>5 038</u>	<u>173</u>	<u>1 229</u>	<u>214</u>

<b>A23. Payables</b>	2014 \$'000	2013 \$'000
Current:		
Accrued expenses	639	1 087
Employment on-costs	21	-
Payables to DMITRE <sup>(1)</sup>	-	4 436
Other	78	65
Total current payables	<u>738</u>	<u>5 588</u>
Non-current:		
Employment on-costs	35	-
Total non-current payables	<u>35</u>	<u>-</u>
Total payables	<u>773</u>	<u>5 588</u>

<sup>(1)</sup> Amounts received by PIRSA and payable to DMITRE for Royalty and Native Title Receipts administered by the former Minerals and Energy Resources Division, that was transferred to DMITRE effective 1 January 2012.

<b>A24. Employee benefits</b>	2014	2013
Current:	\$'000	\$'000
Annual leave	77	-
SERL	9	-
LSL	33	-
Accrued salaries and wages	8	-
Total current employee benefits	<u>127</u>	<u>-</u>
Non-current:		
LSL	365	-
Total non-current employee benefits	<u>365</u>	<u>-</u>
Total employee benefits	<u>492</u>	<u>-</u>

AASB 119 contains the calculation methodology for LSL liability. The actuarial assessment performed by DTF has provided a set level of liability for the measurement of LSL.

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 was 3.5%.

The actuarial assessment performed by DTF included a salary inflation rate at 4%.

<b>A25. Provisions</b>	2014	2013
Current:	\$'000	\$'000
Provision for workers compensation	1	-
Total current provisions	<u>1</u>	<u>-</u>
Non-current:		
Provision for workers compensation	2	-
Total non-current provisions	<u>2</u>	<u>-</u>
Total provisions	<u>3</u>	<u>-</u>
Carrying amount at 1 July	-	-
Increase in the provision due to restructure activities	3	-
Carrying amount at 30 June	<u>3</u>	<u>-</u>

<b>A26. Other liabilities</b>		
Current:		
Unearned revenue	620	911
Other liabilities	242	-
Total current other liabilities	<u>862</u>	<u>911</u>
Total other liabilities	<u>862</u>	<u>911</u>

<b>A27. Equity</b>		
Retained earnings	27 219	21 945
Revaluation surplus	1 442	10
Total equity	<u>28 661</u>	<u>21 955</u>

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

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

<b>A28. Unrecognised contractual commitments</b>		
<i>Operating lease commitments</i>	2014	2013
Commitments under operating leases contracted for at the reporting date but not recognised as liabilities, are payable as follows:	\$'000	\$'000
Within one year	51	52
Later than one year but no later than five years	153	174
Total operating lease commitments	<u>204</u>	<u>226</u>

<b>Operating lease commitments (continued)</b>	2014	2013
Representing:	\$'000	\$'000
Non-cancellable operating leases	204	-
Total operating lease commitments	204	-

Operating leases relate to property, which are non-cancellable leases, with rental payable monthly in advance. Contingent rental provisions within the lease agreements allow for the review of lease payments every two years. Any changes in lease payments would be based on market rates. Options exist to renew the leases at the end of their terms.

<b>Capital commitments</b>	2014	2013
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:	\$'000	\$'000
Within one year	13	-
Total capital commitments	13	-

Capital commitments relate to the purchase of water tanks for the Outback Communities Authority.

<b>Other commitments</b>		
Within one year	230	4
Later than one year but no later than five years	174	-
Total other commitments	404	4

The Department's other commitments include agreements with LeasePlan Australia for long-term hire of light vehicles and other amounts owing under fixed price contracts relating to cancellable commitments arising from maintenance and other service contracts.

#### A29. Contingent assets and contingent liabilities

The Department is not aware of any contingent assets affecting the administered entities comprising the consolidated financial report as at 30 June 2014.

#### **Contingent liabilities - refunds of contributions**

Funds established by Regulations under the *Primary Industry Funding Schemes Act 1998* may enable contributors to claim a refund for contributions made in relation to a prescribed period. At the reporting date the possible emergence of valid refund requests within each fund is present. However, as uncertainty exists as to the number of refund requests that will be received, and their timing and amount, these potential obligations cannot be reliably estimated and therefore represent a contingent liability for the Fund. Once a valid refund request has been received from a past contributor and it is approved by the Minister or delegate, a present obligation to pay the refund arises. The refund amount is then recognised as a liability and expense of the Fund.

#### A30. Transferred functions

Transferred in  
**2013-14**

As a result of the Public Sector (Reorganisation of Public Sector Operations) Notice 2013 (dated 30 July 2013), effective 1 August 2013, eight employees from DPC - Outback Communities Authority and three employees from DPC - South Australian Local Government Grants Commission transferred to PIRSA's administered items.

Total income and expense attributable to these functions for 2013-14 were:

	01.07.13 to 31.07.13		01.08.13 to 30.06.14		Total
	DPC		PIRSA		
	SA Local Govt Grants Commission \$'000	Outback Communities Authority \$'000	SA Local Govt Grants Commission \$'000	Outback Communities Authority \$'000	\$'000
Employee benefits	8	65	285	759	1 117
Supplies and services	9	183	56	1 339	1 587
Grants and subsidies	-	13	98 956	288	99 257
Depreciation	-	37	-	409	446
Other expense	-	-	-	9	9
Net loss on disposal of assets	-	4	-	12	16
Total expenses	17	302	99 297	2 816	102 432

**2013-14 (continued)**

	01.07.13 to 31.07.13		01.08.13 to 30.06.14		Total \$'000
	DPC		PIRSA		
	SA Local Govt Grants Commission \$'000	Outback Communities Authority \$'000	SA Local Govt Grants Commission \$'000	Outback Communities Authority \$'000	
Revenues from fees and charges	-	-	-	184	184
Advances and grants	-	-	98 956	846	99 802
Interest revenue	-	-	133	17	150
Other income	2	(1)	1	194	196
<b>Total income</b>	<b>2</b>	<b>(1)</b>	<b>99 090</b>	<b>1 241</b>	<b>100 332</b>
Net cost of providing services	(15)	(303)	(207)	(1 575)	(2 100)
Revenues from SA Government	-	-	419	618	1 037
<b>Net result</b>	<b>(15)</b>	<b>(303)</b>	<b>212</b>	<b>(957)</b>	<b>(1 063)</b>

On transfer of the South Australian Local Government Grants Commission and Outback Communities Authority, PIRSA recognised the following assets and liabilities:

	DPC		Total \$'000
	SA Local Govt Grants Commission \$'000	Outback Communities Authority \$'000	
<b>Current assets:</b>			
Cash	728	894	1 622
Receivables	4	6	10
<b>Total current assets</b>	<b>732</b>	<b>900</b>	<b>1 632</b>
<b>Non-current assets:</b>			
Property, plant and equipment	-	6 880	6 880
<b>Total non-current assets</b>	<b>-</b>	<b>6 880</b>	<b>6 880</b>
<b>Total assets</b>	<b>732</b>	<b>7 780</b>	<b>8 512</b>
<b>Current liabilities:</b>			
Payables	23	60	83
Employee benefits	22	121	143
<b>Total current liabilities</b>	<b>45</b>	<b>181</b>	<b>226</b>
<b>Non-current liabilities:</b>			
Payables	7	18	25
Employee benefits	71	195	266
Provisions	-	1	1
<b>Total non-current liabilities</b>	<b>78</b>	<b>214</b>	<b>292</b>
<b>Total liabilities</b>	<b>123</b>	<b>395</b>	<b>518</b>
<b>Total net assets transferred</b>	<b>609</b>	<b>7 385</b>	<b>7 994</b>

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 SA Government as owner.

**2012-13**

There were no transferred functions during the 2012-13 financial year.

**A31. Remuneration of board and committee members**

Members that were entitled to receive remuneration for membership during the year are listed below in the following summary table:

The number of members whose remuneration received or receivable falls within the following bands:	2014 Number	2013 Number
\$0	25	15
\$1 - \$9 999	47	43
\$10 000 - \$19 999	2	-
\$20 000 - \$29 999	1	-
<b>Total</b>	<b>75</b>	<b>58</b>

**A31. Remuneration of board and committee members (continued)**

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$134 551 (\$46 220).

Amounts paid to a superannuation plan for board and committee members was \$8892 (\$1734).

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

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

***Andamooka Town Management Committee***

Hancock R D	Musolino B	Sutton M*
McFarlane E		

***Dog Fence Board***

Fargher K J	Irwin J A	MacLachlan J H
Ireland C	Lawrie J P	

***Outback Communities Authority***

Allen P A	Frahn F L W	Turner M
Beltchev G	Heylen M	Woolford C
Booth J M		

***South Australian Apiary Advisory Group***

Charlton-Fatchen L N (retired)	Haslett J M (retired)	Petrenas E* (retired)
Ferris A (retired)	Hooper B A (retired)	Rahaley R S* (retired)
Frisby-Smith R (retired)	Le Feuvre D W W	Secombe N* (retired)

***South Australian Cattle Advisory Board***

Bartlett K (DM)	Dickason C* (DM)	Pacitti A S
Basham D K B	Honner T J	Schulz P (DM)
Clegett L F	Mann N A M	Van Wijk J*
Dennis K I	Oldfield A S	Withers I A S

***South Australian Local Government Grants Commission***

Gascoigne C J	Ross J (retired)	Vickery J
Patetsos M		

***South Australian Ovine Johne's Disease Committee***

Altschwager P R	Heinrich A S	Osborne M
Cooper L T	Mills L J	Trengrove C L
Dennis K I	Norsworthy P*	Van Wijk J*
Gogel L D		

***South Australian Pig Industry Advisory Group***

Bissett G A (retired)	McLean L N	Sapwell C M
Flight K M	McMahon J	Schmidt P J
Hamann R K	Moore M*	Starick M J
Lloyd B R		

***South Australian Sheep Advisory Group***

Bateman B	Mills L J	Schulz P J (DM)
Dennis K I (DM)	Petrenas E*	Symons J B
Halliday R D	Piggott A M	Westbrook K D
Kellock J	Robinson R N	Whittlesea M (DM)
MacLachlan A (DM)	Rowett I H	

\* Government employees                      DM Deputy Member

<b>A32. Cash flow reconciliation</b>	2014	2013
Reconciliation of cash at 30 June as per:	\$'000	\$'000
Statement of Administered Cash Flows	23 611	27 571
Statement of Administered Financial Position	<u>23 611</u>	<u>27 571</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	(5 434)	(17 684)
Revenue from SA Government	(4 918)	(3 772)
Non-cash items:		
Depreciation and amortisation	(411)	(1)
Gain (Loss) on disposal of non-current assets	(12)	-
Gain (Loss) on restructure	508	-
Movements in assets/liabilities (net of restructure transfer):		
Inventories	44	(63)
Receivables	(352)	79
Payables and provisions	4 812	17 884
Employee benefits	(492)	-
Other liabilities	49	1 535
Net cost of providing services	<u>(6 206)</u>	<u>(2 022)</u>

**A33. Transactions with SA Government**

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. Transactions with SA Government entities below the threshold of \$100 000 have been included with the non-government transactions, classified according to their nature.

	Note	SA Government		Non-SA Government		Total	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Expenses</b>							
Employee benefit expenses	A4	55	2	1 446	396	1 501	398
Supplies and services:	A5						
Professional and technical services		347	333	1 206	661	1 553	994
Administrative and operating costs		5	5	915	730	920	735
Utility and property costs		16	-	423	10	439	10
Computing and communications costs		8	-	108	35	116	35
Travel		-	-	68	36	68	36
Vehicle and equipment operating costs		162	1	20	-	182	1
Staff development and safety		-	-	16	4	16	4
Operating lease costs		85	26	4	-	89	26
Total supplies and services		<u>623</u>	<u>365</u>	<u>2 760</u>	<u>1 476</u>	<u>3 383</u>	<u>1 841</u>
Depreciation and amortisation expense	A6	-	-	411	1	411	1
Grants and subsidies:	A7						
Recurrent grants		374	369	129 256	24 447	129 630	24 816
Intra-government transfers		95	64	-	-	95	64
Total grants and subsidies		<u>469</u>	<u>433</u>	<u>129 256</u>	<u>24 447</u>	<u>129 725</u>	<u>24 880</u>
Levies payments	A8	-	-	573	2 237	573	2 237
Net loss from disposal of assets	A9	-	-	12	-	12	-
Other expenses	A10	-	-	6	120	6	120
Total expenses		<u>1 147</u>	<u>800</u>	<u>134 464</u>	<u>28 677</u>	<u>135 611</u>	<u>29 477</u>



**A33. Transactions with SA Government (continued)**

	Note	SA Government		Non-SA Government		Total	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Income</b>							
Revenue from fees and charges:	A12						
Aquaculture and fishing licences		-	-	12 807	12 729	12 807	12 729
Industry contributions		-	-	11 886	8 643	11 886	8 643
Penalties and fines		-	-	43	53	43	53
Other fees and levies		-	-	2 767	2 488	2 767	2 488
Total revenue from fees and charges		-	-	27 503	23 913	27 503	23 913
Advances and grants:	A13						
State grants		909	209	-	-	909	209
Commonwealth grants		70 617	-	28 339	-	98 956	-
Industry grants		-	-	18	-	18	-
Local government grants		-	-	76	-	76	-
Intra-government grants		563	509	-	-	563	509
Total advances and grants		72 089	718	28 433	-	100 522	718
Interest revenue	A14	587	550	-	-	587	550
Levies collection	A15	-	-	539	2 213	539	2 213
Other income:	A16						
Reimbursements/recoveries		-	-	186	43	186	43
Other		-	-	68	18	68	18
Total other income		-	-	254	61	254	61
<b>Revenues from (Payments to) SA Government</b>							
Revenues from SA Government	A17	4 918	3 772	-	-	4 918	3 772
Total income		77 594	5 040	56 729	26 187	134 323	31 227
<b>Financial assets</b>							
Receivables:	A19						
Receivables		-	-	274	621	274	621
Accrued interest on deposits		37	41	-	-	37	41
Other accrued revenue		-	-	1	2	1	2
Total receivables		37	41	275	623	312	664
Total financial assets		37	41	275	623	312	664
<b>Financial liabilities</b>							
Payables:	A23						
Accrued expenses		-	139	639	948	639	1 087
Employment on-costs		56	-	-	-	56	-
Payables to DMITRE		-	4 436	-	-	-	4 436
Other		78	65	-	-	78	65
Total payables		134	4 640	639	948	773	5 588
Other liabilities	A26	242	-	620	911	862	911
Total financial liabilities		376	4 640	1 259	1 859	1 635	6 499

**A34. Financial instruments/Financial risk management****34.1 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 A1.

	Note	2014		2013	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<b>Financial assets</b>					
Cash:					
Cash	A18	23 611	23 611	27 571	27 571
Loans and receivables (at cost):					
Receivables <sup>(1)(2)</sup>	A19	312	312	664	664
Total financial assets (at cost)		23 923	23 923	28 235	28 235

**34.1 Categorisation of financial instruments**  
(continued)

	Note	2014		2013	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<b>Financial liabilities</b>					
Financial liabilities (at cost):					
Payables <sup>(1)</sup>	A23	639	639	948	948
Total financial liabilities (at cost)		639	639	948	948

(1) Receivables and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (eg Commonwealth, State and local government taxes, fees and charges; audit fees payable to Auditor-General's Department etc). 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 disclosure. All amounts recorded are carried at cost.

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note A19 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.

(a) *Fair value*

PIRSA does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these. Refer notes A1, A19 and A23.

The recognised fair values of financial assets and liabilities are classified according to the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of financial assets or liabilities traded in active markets is based on quoted market prices for identical assets or liabilities at Statement of Financial Position data (level 1). The quoted market price used for assets held by the Department is the most representative of fair value in the circumstances.

The fair value of assets or liabilities that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. All significant inputs required to fair value financial assets and liabilities are observable, and accordingly included in level 2.

The Department has no valuations for financial assets or liabilities categorised into level 3 (ie fair values derived from data not observable in a market).

**A35. Events after balance date**

The Public Sector (Reorganisation of Public Sector Operations) Notice 2014 (dated 26 June 2013) proclaimed that effective 1 July 2014 eight employees from Department of Primary Industries and Regions - Outback Communities Authority and three employees from Department of Primary Industries and Regions - South Australian Local Government Grants Commission will transfer to the Department of Planning, Transport and Infrastructure. Note 30 provides an indication of the financial impact of these functions being transferred out.

# South Australia Police

## Functional responsibility

### Establishment

South Australia Police (SAPOL) is an administrative unit established under the PSA. SAPOL is responsible to the Minister for Police.

### Functions

The functions of SAPOL are to:

- uphold the law
- preserve the peace
- prevent crime
- assist the public in emergency situations
- coordinate and manage responses to emergencies
- regulate road use and prevent vehicle collisions.

## 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 SAPOL 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 SAPOL 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 2013-14, areas of review included:

- expiation revenue
- expenditure
- payroll
- revenue and receipting
- workers compensation
- procurement/contract management
- financial accounting.

In addition, areas subject to special review included:

- the Police Records Management System - Shield Business Transformation Program
- road safety cameras
- Firearms Branch.

The audit also considered the nature of the review work undertaken by internal audit.

## **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 South Australia Police as at 30 June 2014, 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 South Australia Police 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 South Australia Police 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 Commissioner of Police. The main matters raised with SAPOL and the responses are detailed below.

### ***Expiation revenue***

The following key issues were raised with SAPOL for attention:

- In 2012-13, Audit noted that reports that are generated following the daily update of the Vehicle Licensing System with information provided by the Department of Planning, Transport and Infrastructure (DPTI), had not been reviewed to ensure that all data records had been completely and accurately updated. SAPOL advised that a process would be set up to ensure that the daily update process is complete and accurate.

During the 2013-14 audit there was no evidence of an adequate review process in operation.

- In 2013-14, as a result of a review of the Expiation Notice System, Audit recommended that:
  - all requests for access to the Expiation Notice System be approved by the relevant branch manager and the Manager of the Expiation Notice Branch. This is a requirement of SAPOL's documented policy
  - the Expiation Notice Branch receive advice from the Information Systems and Technology Branch that the Branch's requests for user system access removal, arising from quarterly reviews, have been actioned
  - the quarterly review process also includes external users to the Branch who have access to modify data

- a more rigorous process be adopted to ensure that legislative changes that have rate implications are detected and actioned promptly
- when expiation notices are withdrawn, appropriate supporting documentation be obtained and be matched to the offending vehicle.

SAPOL responded that:

- in relation to the Vehicle Licensing System, a control has been established to ensure that the daily update process is complete and accurate
- all requests for access to the Expiation Notice System will be approved by the relevant branch manager/supervisor and the Manager of the Expiation Notice Branch
- a list of all system users is reviewed to ensure that only appropriate officers have access. The Information Systems and Technology Branch provide advice of officers denied access
- systems are in place to mitigate the risk that legislative changes are detected and advised accordingly
- in relation to expiation notice withdrawals, supporting documentation is obtained and is reviewed by senior officers.

#### ***Procurement/Contract management***

Certain matters were raised with SAPOL as a result of a review of procurement and contract management processes:

- For a particular procurement, a request for quotation was released to the Government's eProjects Panel and a number of responses were received. Subsequent to the receipt of responses, the project was broadened and the estimated contract value increased significantly mainly due to an increase in the term of the contract. The respondents to the request for quotation were asked to respond to the amended project conditions.

SAPOL's General Order requires procurements above a certain amount to be an open market approach and this was not followed when the project scope was broadened.

- In 2012-13, Audit recommended that a formalised training and development plan would benefit key staff involved in contract management. In 2012-13, Audit also noted that there were no contract management policies and procedures in place. They were to be incorporated as part of a new contract management framework, which was expected to be operational by June 2014.

In response, SAPOL advised:

- for the particular procurement, the primary increase in contract value was due to an increase in the term of the contract and had no impact on the technical requirement. The additional requirements were requested of all parties, therefore no respondent was disadvantaged. Previous market research had identified that the significant organisations in the market were on the eProjects Panel
- a contract adviser will be assigned as part of the procurement project team to assist ongoing contract management. A formalised contract management framework was also being implemented and an internal training package has been developed and implementation is scheduled from October 2014.

### ***Workers compensation***

A review of this area of operations raises the following matters:

- Income maintenance payments are determined by a calculator developed by an external party. It had been the practice to engage the external party to review the calculator on a quarterly basis to ensure the accuracy of claims paid. In recent years, SAPOL has not engaged the external party to conduct regular reviews.
- Some material incorrect payments were paid to health service providers on the basis of approval by an independent senior officer. The incorrect payments were returned by the providers. Also certain other payments were noted as incorrectly authorised.
- There was a need to update and regularly review a number of policies and procedures as they were not consistent with current business practices.

In response, SAPOL advised that a fixed review period for the calculator is to be determined. In addition, a number of amendments are being considered to address authorisation issues and the update of policies and procedures is being addressed and a three year review schedule will be introduced.

### ***Expenditure***

The review of expenditure noted issues relating to the recording of financial authorisations delegated by the Minister, some invoice payments to the incorrect vendor and lack of adequate review of invoices for lease of vehicles.

In relation to bank account access, Audit noted issues relating to authorisation of user access changes, review of access and payment limits.

There were also instances of a lack of compliance with the Commissioner for Public Sector Employment's Determination on overseas travel arrangements. These related to a lack of reports being prepared at the conclusion of trips and a monthly return on overseas travel not being forwarded to the Minister. This issue was also raised in 2012-13.

SAPOL has advised that it has addressed the issues relating to financial authorisations, review and payment of invoices and controls over bank account access and payment limits. In relation to overseas travel, compliance with the Commissioner for Public Sector Employment's Determination has been actioned.

### ***Payroll***

The 2013-14 audit noted a lack of consistency in approach for checking leave taken to the Human Resource Management System (HRMS). The approach varied between spot and complete checking of leave taken by employees. Documented guidelines are not clear as to the extent of checking required. Audit recommended that all leave be checked due to the significance of employee leave entitlements.

SAPOL has advised that the guidelines will be amended to require all employee absences to be checked for correct recording in HRMS.

### ***Revenue***

The revenue audit identified certain issues for attention. These included proper approval being provided for access to the internet receipting facility (Bizgate), shift close-off not being performed in accordance with the General Order and relevant forms not being used for close-off. There was also a need to ensure that invoices are raised on a timely basis and that policies and procedures are documented.

SAPOL advised that all the issues raised have been addressed through acceptance of the audit recommendations.

### ***Firearms Branch review***

A review of the Firearms Branch was undertaken. A number of significant issues were identified and included:

- non-compliance with the *Firearms Act 1977* (the Act) and the Firearms Regulations
- lack of current and adequate policies and procedures
- incorrect and untimely performance of processes
- the Firearms Control System (FCS) not always reflecting the current status for firearms control.

Specific matters identified included:

- the Act provides for certain stipulations in relation to an interim licence. In considering the stipulations, Audit tested whether firearm licence renewals were approved in a timely manner and found that this was not the case
- firearms licence holders are required to gain approval prior to acquiring a new firearm. The Act prescribes a 28 day waiting period unless other conditions are satisfied. A number of permits were approved within 28 days without the specified conditions being met
- firearm licence holders are required to register each firearm they own. Firearm details are not always being recorded in the FCS on a timely basis
- the Firearms Regulations require firearms dealers to provide a monthly return of all firearms purchased and sold. As a register of dealer returns is not maintained, there is no assurance that the required returns have been received
- monthly returns provided by dealers are not being processed in a timely manner. As a result, the FCS may not accurately reflect details concerning possession of firearms
- compliance audits are conducted to ensure that licensed firearms holders comply with the Act and Regulations. The outcome of the audits is not always updated correctly in the FCS
- investigations are not conducted in a timely manner when licences expire and are not renewed. It is possible that former licence holders may still possess firearms.

In addition, Audit observed that Firearms Branch staff were processing large volumes of manual returns. This, to some extent, seems to have impacted on timeframes not being met and important data not being updated. Providing the opportunity for firearms applications, renewals and returns to be lodged electronically may offer more efficient processes and improved outcomes.

SAPOL responded that:

- firearm licence renewal workflow processes have been changed and the Firearms Branch will conduct all probity checks prior to the issue of the renewal notice
- new firearm approval work flow processes have been modified and a policy will reinforce the process and timelines
- workflow and volume analysis has been undertaken with a view to develop a management proposal for business issues and needs
- a register to record the receipt of dealer returns has been established
- the manner in which firearm dealer returns are received and processed is being reviewed
- processes and procedures have changed for recording of information in the FCS

- a new position has been created and will have responsibility for active monitoring of investigations into expired licences.

### **Road safety camera review**

In 2012-13, Audit sought SAPOL's view on other State-based camera programs reported on by the respective Auditors-General of New South Wales and Victoria. In particular, Audit sought an understanding of the relevance of the recommendations in the reports of the Auditors-General regarding the camera operating environment and the technical reliability of their operations in the South Australian context. SAPOL's comments on this matter are outlined in last year's Report.

In South Australia, the road safety camera system is an integral part of an overall road safety program to ensure South Australia's roads are safe for all users. In addition to the safety aspects of the camera system, this system collects revenue from road users who are detected illegally exceeding the speed limit or failing to stop at a red light. Expiation notices can also be issued for driving an unregistered vehicle or not having current third party insurance.

In 2013-14, Audit undertook a review of the processes performed by the Radio and Technology Unit and the Traffic Camera Unit, with particular reference to fixed red light cameras, and the controls environment of the Enterprise Asset Management System (EAMS). EAMS is a web application that is used to record information for a number of different types of assets including storing safety camera asset information.

The Radio and Technology Unit is responsible for the initial user acceptance testing and maintenance of the fixed red light camera while the Traffic Camera Unit is responsible for calibration testing of the camera on a regular basis.

In relation to the review of the operational aspects of the Radio and Technology Unit and the Traffic Camera Unit, a number of issues were noted and raised with SAPOL:

- For fixed red light cameras, user acceptance testing is conducted over four weeks and statistical data collected from the camera is analysed before approval for 'go live' mode is given. Audit sought SAPOL's view as to whether the process used for acceptance testing could be strengthened as the test camera is not validated against an independent source (for example, a second previously calibrated camera for comparison of results).
- While SAPOL is accredited by the National Association of Testing Authorities to calibrate speed detection devices in accordance with Australian Standards, there is no Australian Standard for fixed red light cameras. Audit requested SAPOL's view as to whether more rigour could be attached to the calibration process by use of a peer review until a national standard can be developed. Audit envisaged that a camera operator from an interstate jurisdiction could conduct peer reviews.
- Photographs used to corroborate the test results of the annual calibration of fixed red light cameras are not kept.
- For the EAMS database used by both the Radio and Technology Unit and the Traffic Camera Unit:
  - there is a lack of manuals and procedures to support staff task performance responsibilities
  - a large number of outstanding jobs were in the database and the completion status of the jobs was unclear
  - some safety camera and maintenance history has not been transferred to EAMS from an earlier database



- it was unclear whether all calibration and repair work was entered into the database
- scheduling of calibration testing is prepared manually instead of using the database features.

In response, SAPOL advised that:

- fixed red light cameras are calibrated for speed measurement accuracy by the manufacturer. The user acceptance testing includes tests with different vehicles that have been accurately speedometer tested. Another level of independent testing would add significant cost without tangible benefit
- SAPOL calibrate fixed red light cameras to the requirements of the manufacturer who has received pattern approval to manufacture and sell the cameras as speed detection devices within the Australian market. Other agencies may not be equipped to provide the skills and rigour to facilitate a peer review system
- all test data including photographs will be retained
- manuals are available to staff and jobs in EAMS are monitored on a daily basis. The audit recommendations are being considered as part of a program of work to address identified shortcomings and provide additional EAMS functionality to better meet business needs.

Audit also undertook a review of aspects of the general information technology control environment for EAMS. Notable shortcomings requiring attention were:

- weaknesses relating to an alternate method of access to the application
- lack of monitoring of sensitive data changes
- lack of formalised user access management process at EAMS application level
- no role access reviews performed at the application level
- no formally approved application change management process applied to EAMS.

To strengthen the EAMS control environment, Audit recommended that SAPOL consider the risk and requirement of maintaining an alternative method of access to the system. SAPOL also needed to implement a formal process to review data changes in EAMS and consult with the system vendor to potentially configure certain fields as read only.

Audit also advised that a draft user access management procedure be formalised for user access management and to regularly perform user access reviews of the application. The latter may require SAPOL approaching the vendor to provide a reporting mechanism to extract EAMS user listings.

Finally, Audit recommended that a change management policy and procedure be formally documented and approved for making system changes to EAMS. This should consider including the requirement for an oversight committee in the change process to provide formal authorisation to investigate application enhancement requests.

SAPOL responded to the IT related matters. Key initiatives taken involve removing the alternate method of system access and engaging the EAMS vendor to address monitoring and reporting requirements. SAPOL will also formalise the user access management procedure, perform a user access review, explore the requirements for performing this review on an ongoing periodic basis and ensure that the standard change management practices applicable to SAPOL production systems is applied to EAMS. Remediation for the majority of issues is expected to be finalised by February 2015, with the remaining item due for completion by June 2015.

#### **Shared Services SA - financial systems and transaction processing environments**

SSSA processes financial transactions on behalf of SAPOL under service level determinations. The main systems and control environments include accounts payable, payroll and general ledger financial functions.

Last year’s Report made specific comment on the progress being taken by SSSA to remediate key control weaknesses raised in prior years for the systems and control environments, in order to achieve a satisfactory ongoing standard of control operation over financial transaction processing.

As discussed in the commentary under ‘Department of the Premier and Cabinet’ elsewhere in Part B of this Report, Audit review and evaluation of controls for the SSSA main accounts payable and payroll systems and environments concluded that controls met a generally satisfactory standard for 2013-14. Notwithstanding this overall conclusion, there were some specific matters that were raised with SSSA for corrective action and review for process and procedural improvement. The matters did not relate to SAPOL transaction processing.

**Information and communications technology and control**

***Police Records Management System – Shield Business Transformation program***

In September 2009, Cabinet approved a submission in relation to a Police Records Management System (Niche RMS), now referred to as the Shield Business Transformation program (Project Shield). The submission approved implementation of stage 1 (custody management and criminal associations) at an approved budget of \$13.3 million.

Cabinet approved a further submission in November 2013 for the implementation of stages 2-4 of Project Shield. These stages are to be implemented over 2013-14 to 2019-20 at a total program cost of \$44.8 million, and involve further implementation of the Niche RMS to replace the majority of mainframe legacy systems.

The Niche RMS, when fully implemented, is expected to provide SAPOL with a contemporary, fully integrated operational policing system to increase efficiencies, improved resource deployment and provide a more comprehensive information/intelligence picture.

In 2013-14 Audit obtained an understanding of the implementation status of stage 1 and the planning status of stages 2-4 of Project Shield. For stage 1 SAPOL implemented custody management in October 2013 and criminal associations in July 2014. Planning was underway for stage 2.

In undertaking Audit inquiry and obtaining an understanding of the progress of Project Shield, Audit raised certain matters for consideration by SAPOL. These covered the formalisation of a post-implementation review relating to stage 1, the updating of the overall program plan to reflect current project status, and some observations relating to system user access controls.

SAPOL responded indicating completion of a documented post-implementation review of stage 1, including an action plan to remediate any shortcomings by October 2014. In addition, SAPOL will complete by October 2014 an update of the stages 2-4 program plan. Further, SAPOL considered the user access observations that were raised by Audit.

**Interpretation and analysis of the financial report**

**Highlights of the financial report**

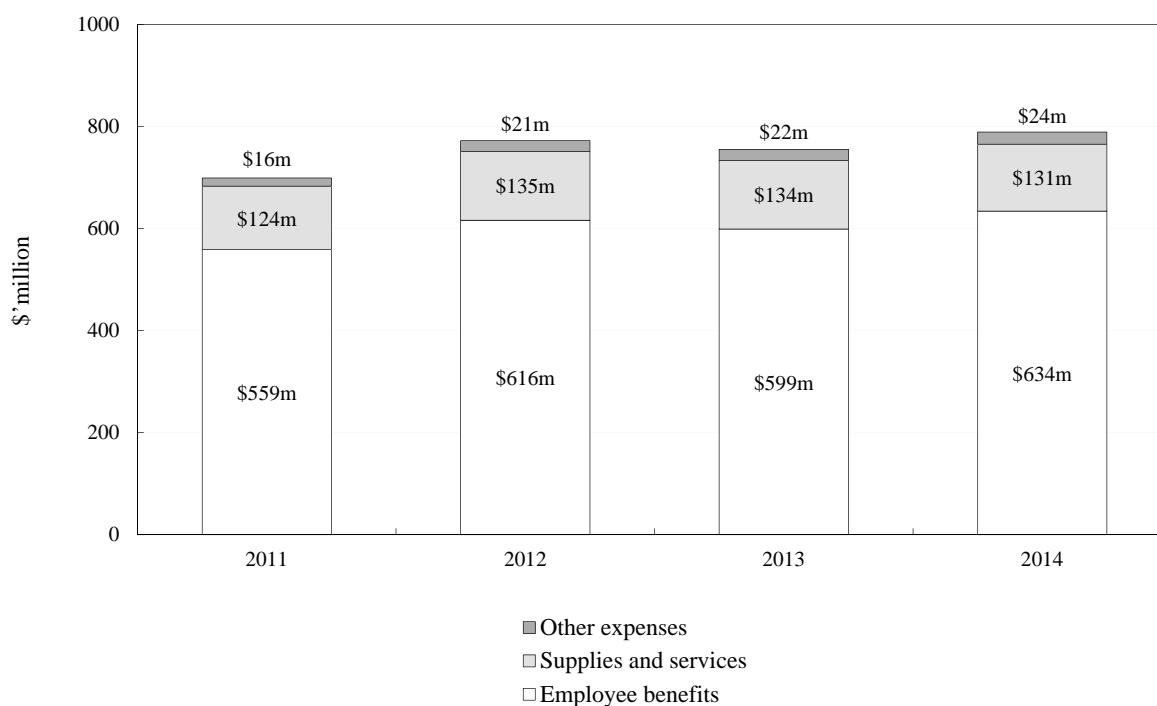
	2014 \$'million	2013 \$'million
<b>Expenses</b>		
Employee benefits	634	599
Supplies and services	131	134
Other expenses	24	22
<b>Total expenses</b>	<b>789</b>	<b>755</b>

	2014 \$'million	2013 \$'million
<b>Income</b>		
Fees and charges	27	25
Other revenues	7	7
<b>Total income</b>	34	32
<b>Net cost of providing services</b>	755	723
<b>Revenues from (Payments to) SA Government</b>	750	732
<b>Net result</b>	(5)	9
<b>Other comprehensive income</b>	16	6
<b>Total comprehensive result</b>	11	15
<b>Net cash provided by (used in) operating activities</b>	13	40
<b>Assets</b>		
Current assets	98	80
Non-current assets	386	376
<b>Total assets</b>	484	456
<b>Liabilities</b>		
Current liabilities	94	90
Non-current liabilities	276	264
<b>Total liabilities</b>	370	354
<b>Total equity</b>	114	102

### Statement of Comprehensive Income

#### Expenses

The following chart shows a structural analysis of the main expense items for the four years to 2014.



Employee benefits account for 80% of total expenses and increased by \$35 million during 2013-14. The main components of the increase were salaries and wages of \$16 million and workers compensation of \$21 million. These increases were offset by a reduction in LSL expense of \$4 million. The increase in salaries and wages related mainly to the police enterprise bargaining agreement. Workers compensation has increased mainly as a result of an actuarial assessment of the provision required as at 30 June 2014.

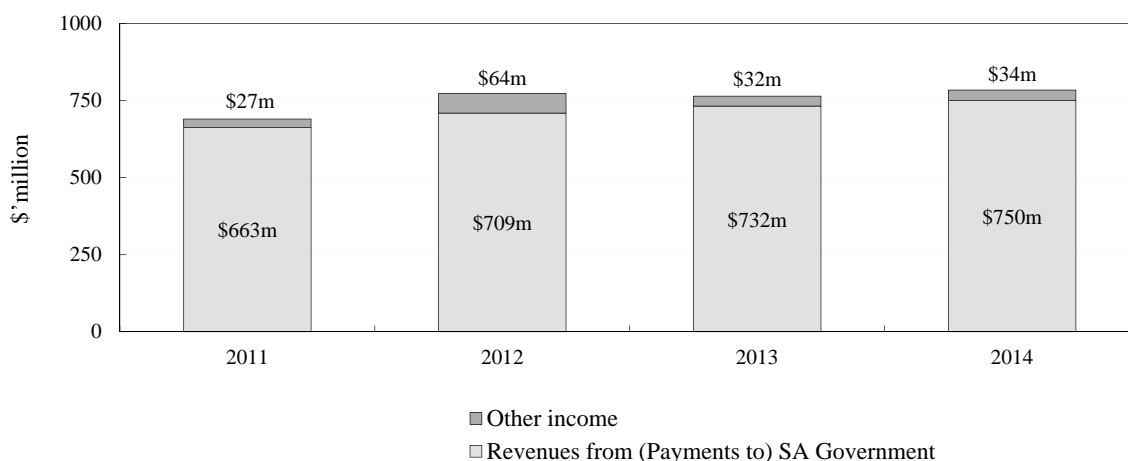
Supplies and services account for 17% of total expenses and include:

- \$30 million for accommodation and property related expenses
- \$24 million for communication and computing expenses
- \$24 million for motor vehicle related expenses.

Supplies and services expenses decreased by \$3 million in 2013-14.

**Income**

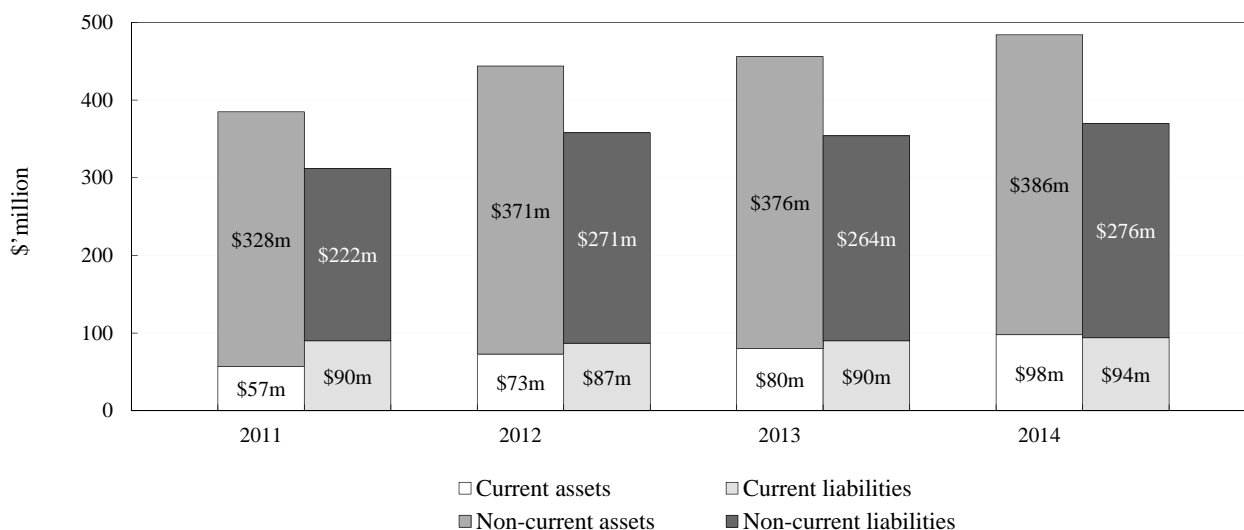
The following chart shows a structural analysis of the main income items for the four years to 2014.



SAPOL receives government funding based on annual budgeted expenditure, less estimated revenues from fees and charges and other sources. Revenues from (Payments to) the SA government increased by \$18 million (2%) to \$750 million. The increase mainly reflects funding for the enterprise bargaining agreement.

**Statement of Financial Position**

For the four years to 2014, a structural analysis of assets and liabilities is shown in the following chart.

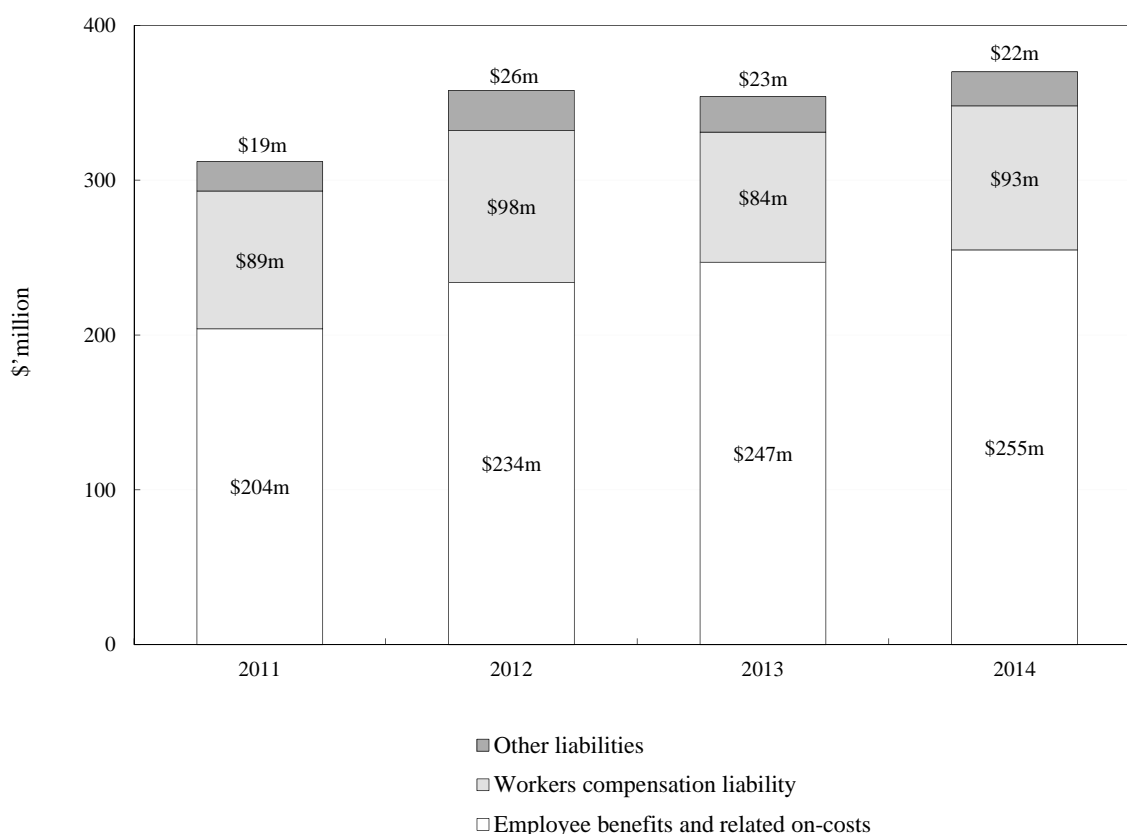


### Assets and liabilities

The increase in current receivables of \$20.5 million reflects an outstanding invoice for \$20.3 million for SAPOL's Community Emergency Service Fund payment (refer note 15 to the financial statements).

In 2013-14 there were no significant movements in assets and liabilities other than receivables.

The significance of employee related liabilities compared to total liabilities is shown in the following chart.



### Total equity

Total equity and net assets increased by \$11 million principally due to a \$16 million gain on the revaluation of property, plant and equipment, offset by a net deficit of \$5 million.

### Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2014.

	2014 \$'million	2013 \$'million	2012 \$'million	2011 \$'million
<b>Net cash flows</b>				
Operating	13	40	16	43
Investing	(14)	(23)	(29)	(60)
Financing	-	-	12	59
Change in cash	(1)	17	(1)	42
Cash at 30 June	61	62	45	46

## **Administered items**

### ***Expiation fees***

Expiation fees are collected by SAPOL on behalf of the Government. SAPOL treats the collection of expiation revenue pursuant to the requirements of the *Expiation of Offences Act 1996* as an administered item and pays the revenue to the Consolidated Account. Expiation fees collected increased by \$3 million to \$70 million in 2014.

### ***Victims of Crime levy***

SAPOL collects monies associated with the *Victims of Crime Act 2001* from the expiation of offences included on expiation notices issued by police officers and other authorised officers. The *Victims of Crime Act 2001* provides for payment of compensation to persons who suffer injury as a result of criminal acts and recovery of monies from offenders.

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

During 2013-14, Victims of Crime levy receipts paid to the Attorney-General's Department totalled \$13 million.

## Statement of Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
<b>Expenses:</b>			
Employee benefits	5	634 417	599 215
Supplies and services	6	130 509	133 955
Depreciation and amortisation	7	23 430	21 998
Write-down of non-current assets		167	409
Net loss from the disposal of non-current and other assets	11	-	3
Impairment loss	16, 19	621	-
<b>Total expenses</b>		<u>789 144</u>	<u>755 580</u>
<b>Income:</b>			
Fees and charges	8	26 857	24 745
Interest	9	14	29
Commonwealth revenues	10	1 187	1 291
Net gain from the disposal of non-current and other assets	11	155	-
Other income	12	5 796	6 205
<b>Total income</b>		<u>34 009</u>	<u>32 270</u>
<b>Net cost of providing services</b>		<u>755 135</u>	<u>723 310</u>
<b>Revenues from (Payments to) SA Government:</b>			
Revenues from SA Government	13	706 608	688 601
Contributions from the Community Emergency Services Fund	13	20 259	19 781
Contributions from the Community Road Safety Fund	13	37 382	36 470
Payments to SA Government	13	(14 312)	(12 301)
<b>Net revenues from (payments to) SA Government</b>		<u>749 937</u>	<u>732 551</u>
<b>Net result</b>		<u>(5 198)</u>	<u>9 241</u>
<b>Other comprehensive income:</b>			
Items that will not be reclassified to net result:			
Changes in revaluation surplus		15 796	6 468
<b>Total comprehensive result</b>		<u>10 598</u>	<u>15 709</u>

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

**Statement of Financial Position  
as at 30 June 2014**

	Note	2014 \$'000	2013 \$'000
<b>Current assets:</b>			
Cash and cash equivalents	14	60 632	62 385
Receivables	15	27 287	6 784
Inventories		265	267
		<u>88 184</u>	<u>69 436</u>
Non-current assets held for sale	16	10 217	10 987
<b>Total current assets</b>		<u>98 401</u>	<u>80 423</u>
<b>Non-current assets:</b>			
Receivables	15	1 094	230
Property, plant and equipment	17	357 812	348 278
Capital works in progress	17	12 748	14 029
Intangible assets	18	12 936	11 809
Investment properties	19	1 259	1 390
		<u>385 849</u>	<u>375 736</u>
<b>Total non-current assets</b>		<u>484 250</u>	<u>456 159</u>
<b>Total assets</b>		<u>484 250</u>	<u>456 159</u>
<b>Current liabilities:</b>			
Payables	21	24 369	22 747
Other liabilities	22	499	499
Employee benefits	23	54 169	50 967
Provisions	24	15 178	15 473
		<u>94 215</u>	<u>89 686</u>
<b>Total current liabilities</b>		<u>94 215</u>	<u>89 686</u>
<b>Non-current liabilities:</b>			
Payables	21	24 864	24 558
Other liabilities	22	5 576	6 075
Employee benefits	23	166 253	162 297
Provisions	24	79 422	70 953
		<u>276 115</u>	<u>263 883</u>
<b>Total non-current liabilities</b>		<u>276 115</u>	<u>263 883</u>
<b>Total liabilities</b>		<u>370 330</u>	<u>353 569</u>
<b>Net assets</b>		<u>113 920</u>	<u>102 590</u>
<b>Equity:</b>			
Contributed capital	25	85 220	85 220
Revaluation surplus	25	129 879	114 338
Retained earnings	25	(101 179)	(96 968)
		<u>113 920</u>	<u>102 590</u>
<b>Total equity</b>		<u>113 920</u>	<u>102 590</u>
Total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	28		
Contingent liabilities	29		



**Statement of Changes in Equity  
for the year ended 30 June 2014**

	Contributed capital \$'000	Revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2012	85 220	107 870	(107 407)	85 683
Net result for 2012-13	-	-	9 241	9 241
Gain on revaluation of property, plant and equipment 2012-13	-	6 468	-	6 468
Total comprehensive result for 2012-13	-	6 468	9 241	15 709
Adjustment to equity	-	-	1 198	1 198
Balance at 30 June 2013	85 220	114 338	(96 968)	102 590
Net result for 2013-14	-	-	(5 198)	(5 198)
Gain on revaluation of property, plant and equipment	-	15 796	-	15 796
Total comprehensive result for 2013-14	-	15 796	(5 198)	10 598
Transfer to retained earnings from revaluation surplus - net increments realised on sale	-	(255)	255	-
Adjustment to equity	-	-	732	732
<b>Balance at 30 June 2014</b>	<b>85 220</b>	<b>129 879</b>	<b>(101 179)</b>	<b>113 920</b>

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

**Statement of Cash Flows  
for the year ended 30 June 2014**

		2014	2013
		Inflows (Outflows)	Inflows (Outflows)
		\$'000	\$'000
<b>Cash flows from operating activities:</b>	Note		
Cash outflows:			
Employee benefits		(619 154)	(586 102)
Supplies and services		(144 845)	(162 150)
GST paid to the ATO		(2 169)	(2 274)
<b>Cash provided by (used in) operations</b>		<u>(766 168)</u>	<u>(750 526)</u>
Cash inflows:			
Fees and charges		28 600	28 341
Interest		14	29
GST recovered from the ATO		15 548	14 791
Other receipts		4 658	5 784
<b>Cash generated from operations</b>		<u>48 820</u>	<u>48 945</u>
Cash flows from SA Government:			
Receipts from SA Government		744 491	753 747
Payments to SA Government		(14 312)	(12 301)
<b>Cash generated from SA Government</b>		<u>730 179</u>	<u>741 446</u>
<b>Net cash provided by (used in) operating activities</b>	26	<u>12 831</u>	<u>39 865</u>
<b>Cash flows from investing activities:</b>			
Cash outflows:			
Purchase of property, plant and equipment		(15 141)	(23 425)
Proceeds from the sale of property, plant and equipment		557	390
<b>Net cash provided by (used in) investing activities</b>		<u>(14 584)</u>	<u>(23 035)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		(1 753)	16 830
<b>Cash and cash equivalents at 1 July</b>		<u>62 385</u>	<u>45 555</u>
<b>Cash and cash equivalents at 30 June</b>	14	<u>60 632</u>	<u>62 385</u>

## Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2014

	(Activities - refer note 4)		2	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<b>Expenses:</b>				
Employee benefits	277 650	260 050	275 936	262 546
Supplies and services	53 081	56 094	55 388	58 654
Depreciation and amortisation	10 171	9 830	9 285	8 908
Write-down of non-current assets	65	166	71	178
Net loss from disposal of non-current assets	-	2	-	1
Impairment loss	270	-	246	-
<b>Total expenses</b>	<b>341 237</b>	<b>326 142</b>	<b>340 926</b>	<b>330 287</b>
<b>Income:</b>				
Fees and charges	16 300	15 507	5 530	4 633
Interest	6	11	6	14
Commonwealth revenues	466	508	549	602
Other income	2 271	2 468	2 662	2 834
Net gain from disposal of non-current assets	60	-	67	-
<b>Total income</b>	<b>19 103</b>	<b>18 494</b>	<b>8 814</b>	<b>8 083</b>
<b>Net cost of providing services</b>	<b>322 134</b>	<b>307 648</b>	<b>332 112</b>	<b>322 204</b>
<b>Revenues from (Payments to) SA Government:</b>				
Revenues from SA Government	329 445	316 478	333 496	331 981
Payments to SA Government	(9 573)	(4 839)	(3 607)	(5 739)
<b>Net revenues from (payments to) SA Government</b>	<b>319 872</b>	<b>311 639</b>	<b>329 889</b>	<b>326 242</b>
<b>Net result</b>	<b>(2 262)</b>	<b>3 991</b>	<b>(2 223)</b>	<b>4 038</b>
	(Activities - refer note 4)		3	
	2014	2013	2014	Total
	\$'000	\$'000	\$'000	\$'000
<b>Expenses:</b>				
Employee benefits	80 831	76 619	634 417	599 215
Supplies and services	22 040	19 207	130 509	133 955
Depreciation and amortisation	3 974	3 260	23 430	21 998
Write-down of non-current assets	31	65	167	409
Net loss from disposal of non-current assets	-	-	-	3
Impairment loss	105	-	621	-
<b>Total expenses</b>	<b>106 981</b>	<b>99 151</b>	<b>789 144</b>	<b>755 580</b>
<b>Income:</b>				
Fees and charges	5 027	4 605	26 857	24 745
Interest	2	4	14	29
Commonwealth revenues	172	181	1 187	1 291
Other income	863	903	5 796	6 205
Net gain from disposal of non-current assets	28	-	155	-
<b>Total income</b>	<b>6 092</b>	<b>5 693</b>	<b>34 009</b>	<b>32 270</b>
<b>Net cost of providing services</b>	<b>100 889</b>	<b>93 458</b>	<b>755 135</b>	<b>723 310</b>
<b>Revenues from (Payments to) SA Government:</b>				
Revenues from SA Government	101 308	96 393	764 249	744 852
Payments to SA Government	(1 132)	(1 723)	(14 312)	(12 301)
<b>Net revenues from (payments to) SA Government</b>	<b>100 176</b>	<b>94 670</b>	<b>749 937</b>	<b>732 551</b>
<b>Net result</b>	<b>(713)</b>	<b>1 212</b>	<b>(5 198)</b>	<b>9 241</b>

## Notes to and forming part of the financial statements

### 1. Objectives of South Australia Police (SAPOL)

SAPOL operates within the *Police Act 1998*, the Police Regulations 1999 and the PSA.

The mission statement of SAPOL as set out in SAPOL's Strategic Direction 2012-2015 is 'working together to reassure and protect the community from crime and disorder.' This mission statement is reflected in the following core functions:

- upholding the law
- preserving the peace
- preventing crime
- assisting the public in emergency situations
- coordinating and managing responses to emergency situations
- regulating road use and prevent vehicle collisions.

### 2. Summary of significant accounting policies

#### (a) *Statement of compliance*

SAPOL 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 AASs and comply with TIs and APSs promulgated under the provisions of the PFAA.

SAPOL has applied AASs that are applicable to not-for-profit entities, as SAPOL 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 SAPOL for the reporting period ending 30 June 2014 (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 judgement in the process of applying SAPOL's accounting policies. The areas involving a higher degree of judgement 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 and 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.

SAPOL'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.

**(b) Basis of preparation (continued)**

The continued existence of SAPOL in its present form and with its present activities is dependent on government policy and on continuing appropriations by Parliament for SAPOL's administration and outputs.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014 and the comparative information presented.

**(c) Reporting entity**

SAPOL is a government department of the State of South Australia and operates within the *Police Act 1998*, the *Police Regulations 1999* and the *PSA*. SAPOL is an administrative unit acting on behalf of the Crown.

The financial statements and accompanying notes include all the controlled activities of SAPOL. 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 SAPOL's overall financial performance and position, they are disclosed in the administered financial statements attached to 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 controlled items.

**(d) Transferred functions**

No functions were transferred during the 2013-14 financial year.

**(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 adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

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

**(f) Rounding**

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

**(g) Taxation**

SAPOL is not subject to income tax. SAPOL 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 that:

- where 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 (with the exception of prepayments) 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. GST amounts are separately disclosed in note 28.

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.

GST recoverable from, or payable to, the ATO associated with administered items transactions is included in the SAPOL statements.

**(h) 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 provide information about conditions that existed at 30 June.

There are no events for the reporting period after 30 June 2014.

**(i) Income**

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

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

The following are specific recognition criteria:

*Fees and charges*

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

Fees and charges controlled by SAPOL are recognised as income in the SAPOL financial statements. Fees and charges are deemed to be controlled where they can be deployed for the achievement of SAPOL objectives. Such amounts are not required to be paid to the Consolidated Account or other funds not controlled by SAPOL.

Fees and charges collected by SAPOL but not controlled are not recognised as income in the SAPOL financial statements but are reported as administered income in the administered financial statements. Such amounts are required to be paid to the Consolidated Account or other funds not controlled by SAPOL (refer note A5).

*Contributions received*

Contributions are recognised as an asset and income when SAPOL 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, SAPOL 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 SAPOL 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 SAPOL have been contributions with unconditional stipulations attached and have been recognised as an asset and income on receipt.

*Resources received free of charge*

Resources received free of charge are recorded as income 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 (loss) from 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.

Any gain (loss) on disposal is recognised at the date control of the asset passed to the buyer and is determined after the deduction from proceeds of the asset at that time.

*Revenues from SA Government*

Appropriations for program funding are recognised as income when SAPOL obtains control over the funding. Control over appropriations is normally obtained upon their receipt.

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

*Other income*

Other income consists of donations, recoveries of employee benefits (ie where employees are seconded to Commonwealth programs and SAPOL continues to provide the ongoing salary for the employees) and goods and services (ie where SAPOL incurs expenditure on goods and services and later recovers the expenditure).

**(j) Expenses**

Expenses are recognised to the extent that it is probable that the flow of economic benefits from SAPOL 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*

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 SAPOL to superannuation plans in respect of current services of current departmental staff. DTF centrally recognises the superannuation liability in the whole-of-government general purpose 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 computer 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/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	20-60
Vehicles and transport vessels	3-10
Aircraft	10-35
Computers and communications	2-10
Subclass:	
Radio masts	2-60
Other	2-20
Subclass:	
Generators	2-38
Leasehold improvements	Life of lease
Intangible assets	2-10

*Payments to SA Government*

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy which is paid directly to the Consolidated Account. Expiation fees received on behalf of the Government are an administered item and paid directly to the Consolidated Account. This payment is recognised in the administered items financial statements.

**(k) Current and non-current classification**

Assets and liabilities are characterised as either current or non-current in nature. SAPOL has a clearly identifiable operating cycle of 12 months. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

**(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.

*Cash and cash equivalents*

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand, and deposits at call that are readily converted to cash, used in the cash management function on a day-to-day basis 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.

Administered cash is shown in the administered items financial schedules.

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. Bad debts are written off when identified.

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

*Inventories*

SAPOL holds inventories generally for internal distribution. Inventories held for distribution are measured at lower of cost and replacement value.

Inventories include stationery, capsicum sprays and police horses.

*Non-current assets held for sale*

Non-current assets classified as held for sale are 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.

Non-current assets held for sale are tested for impairment at reporting date. Where there is an indication of impairment, the recoverable amount is established. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

*Non-current assets*

• *Acquisition and recognition*

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

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

All non-current tangible assets with a value of \$10 000 or greater are capitalised.

All other plant and equipment purchases are expensed in the year of purchase.



- *Revaluation of non-current assets*

All non-current tangible assets are valued at fair value. Revaluation of a non-current asset, 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.

SAPOL has a policy of revaluing its land, buildings, leasehold improvements, investment properties and aircraft every six years via a Certified Practising Valuer. 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.

Land, buildings and leasehold improvements controlled by SAPOL were revalued as at 30 June 2014 following an independent valuation prepared by Liquid Pacific using the fair value methodology. Aircraft controlled by SAPOL were revalued as at 30 June 2014 following an independent valuation prepared by Liquid Pacific using the fair value methodology. Other non-current assets have been valued at their written down historic cost.

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 an 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.

- *Impairment*

All significant 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 revaluation surplus.

For revalued non-current assets held for sale, an impairment loss is recognised as an expense.

*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. SAPOL 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 outlined in AASB 138 (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.

*Investment properties*

Investment properties represent properties held to earn rental income and for capital appreciation.

Investment properties are revalued to fair value with changes in the fair value recognised as income or expense in the period that they arise. The properties are not depreciated and are not tested for impairment.

Rental income from the leasing of investment properties is recognised in the Statement of Comprehensive Income as part of other income, on a straight-line basis over the lease term.

*Fair value measurement*

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

SAPOL classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

- Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3: not traded in an active market and are derived from unobservable inputs.

- *Non-financial assets*

In determining fair value, SAPOL has taken into account the characteristic of the asset (eg condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

As SAPOL did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years is deemed to approximate fair value.

Refer notes 17, 19 and 20 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

- *Financial assets/liabilities*

SAPOL does not recognise any financial assets or financial liabilities at fair value.

**(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.

*Payables*

Payables include creditors, accrued expenses, GST payable and employee benefit on-costs and paid parental leave 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 SAPOL.

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 SAPOL has received from the Commonwealth Government to forward onto eligible employees via SAPOL's standard payroll processes. That is, SAPOL 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 superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, LSL, annual leave and SERL.

SAPOL 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 the Police Superannuation Board and the South Australian Superannuation Board and externally managed superannuation schemes have assumed this liability. The only liability outstanding at balance date relates to any contributions due but not yet paid to Police Superannuation Board and 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.

SAPOL has entered into a number of operating lease agreements for buildings and vehicles where the lessors effectively retain all of the risks and benefits incidental to ownership of the items. Operating lease payments are representative of the pattern of benefits to be derived from the leased items and accordingly are charged to the Statement of Comprehensive Income in the period in which they are incurred.

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

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

*Public Private Partnership (PPP)*

In May 2005 Cabinet approved the execution of a 25 year service contract with Plenary Justice Pty Ltd (Plenary) for regional police stations for SAPOL and courts for the Courts Administration Authority (CAA).

In June 2005 the Minister of Infrastructure signed a project agreement.

The PPP includes police stations at Mount Barker and Gawler, police stations and court facilities at Port Lincoln, Victor Harbor and Berri, and court facilities at Port Pirie.

For accounting purposes the leases are operating leases.

Under the PPP agreement SAPOL is responsible for paying lease payments to Plenary for sites occupied by both SAPOL and CAA. SAPOL invoices CAA for the sites they occupy.

Lease expenditure and payables related to the facilities occupied by SAPOL are recognised in the SAPOL controlled financial statements. Lease expenditure, revenue and associated payables and receivables related to the facilities occupied by CAA are recognised in the administered financial statements.

*Employee benefits*

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

- *Wages, salaries, annual leave, SERL 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 SERL is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. Liabilities for annual leave are recognised and are measured as the amount unpaid at the reporting date at the rate of pay expected to be paid when the leave is taken in respect of employees' services up to that date.

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

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

*Provisions*

Provisions are recognised when SAPOL 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 SAPOL 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.

- *Workers compensation*  
A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2014 provided by a consulting actuary through the Public Sector Workforce Relations Division of DPC (refer note 24). The workers compensation provision is for the estimated cost of ongoing payments to employees as required under current legislation.

SAPOL, as a self-insurer, is responsible for the payment of workers compensation claims.

- *Civil actions against police*  
A liability has been reported to reflect unsettled actions against SAPOL.
- *Claims for death events out of or in the course of employment*  
A liability has been reported to recognise those claims where an employee has died out of or in the course of employment. SAPOL is still to conduct an investigation into some of these claims and by recognising a provision, SAPOL is not accepting liability to these claims until a full investigation has been completed.

**(n) Professional indemnity and general public liability insurance**

SAPOL is a participant in the SA Government's insurance program. SAPOL pays an insurance premium through SAICORP, a division of SAFA. SAPOL is responsible for the payment of claim amounts up to an agreed amount (the deductible). SAICORP provides the balance of the funding for claims in excess of the deductible.

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

Commitments include 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.

**3. New and revised accounting standards and policies**

SAPOL did not voluntarily change any of its accounting policies during 2013-14.

In accordance with the new AASB 13, which became effective for the first time in 2013-14, SAPOL has:

- reviewed its fair value valuation techniques (both internal estimated and independent valuation appraisal) for non-financial assets to ensure they are consistent with the standard. Previously, SAPOL has used the cost approach or the market approach to determine fair value. SAPOL will continue to measure its non-financial assets using either the cost or market approach. The application of AASB 13 has not had a material impact on the fair value measurements
- included additional disclosures where required to assist users in assessing the valuation techniques and inputs used to ascertain fair value measurements used for asset and liability measurement.

### 3. New and revised accounting standards and policies (continued)

Fair value hierarchy and other information is provided in note 20.

The AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by SAPOL for the period ending 30 June 2014. SAPOL 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 SAPOL.

### 4. Activities of SAPOL

SAPOL has identified three activities that it delivers to the community and the Minister for Police. The identity and description of each SAPOL activity during the year ended 30 June 2014 is summarised below. Financial information relating to each activity is reported in the Disaggregated Disclosures - Expenses and Income. Assets and liabilities have not been presented as they cannot be reliably determined at a disaggregated level.

#### Activity 1: *Public Safety*

Visible and available police services, and working in partnerships with the community and other agencies to support the achievement of South Australia's seven strategic priorities and strategic plan. SAPOL helps make South Australia a safer place to live, visit and do business with police response and assistance, management of major events, and emergency response, management and coordination across the State.

#### Activity 2: *Crime Prevention and Criminal Justice Services*

SAPOL's crime prevention and reduction, and support of the criminal justice system contribute to the achievement of South Australia's seven strategic priorities and strategic plan. To prevent crime and reduce offending SAPOL also works in partnership with the community and other agencies, to ensure public confidence in the criminal justice system is maintained.

#### Activity 3: *Road Safety*

Policing for safer roads and road use across the State supports the achievement of South Australia's seven strategic priorities and strategic plan. SAPOL road safety services include the regulation of road use, education and vehicle collision prevention. Police work in partnership with the community and other agencies to achieve better road safety outcomes for all South Australians and those visiting the State.

### 5. Employee benefits

	2014	2013
	\$'000	\$'000
Salaries and wages	443 639	427 488
Annual leave	57 767	56 897
LSL	16 746	20 924
SERL	65	279
Employment on-costs - superannuation	64 458	63 609
Employment on-costs - other	28 927	28 277
TVSPs	74	171
Other employment related expenses	521	817
Workers compensation	22 220	753
Total employee benefits	634 417	599 215

#### TVSPs

Amount paid during the reporting period to separated employees:

TVSPs	74	171
Leave paid to those employees	9	126
	83	297

The number of employees who received a TVSP during the reporting period was 1 (2).

#### Employee remuneration

The table below includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. The table does not include administered employees. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$64.5 million (\$57.7 million).

Excluding the first bandwidth, the total number of employees for 2013 is 269. This increase of 130 employees in 2014 relates to the increase in sworn salaries.

<b>Remuneration of employees</b>	2014	2013
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
\$138 000 - \$141 499*	n/a	95
\$141 500 - \$151 499	202	114
\$151 500 - \$161 499	57	51
\$161 500 - \$171 499	52	43
\$171 500 - \$181 499	35	31
\$181 500 - \$191 499	31	8
\$191 500 - \$201 499	7	7
\$201 500 - \$211 499	3	-
\$211 500 - \$221 499	1	-
\$221 500 - \$231 499	1	1
\$231 500 - \$241 499	-	1
\$241 500 - \$251 499	1	2
\$251 500 - \$261 499	1	2
\$261 500 - \$271 499	2	2
\$271 500 - \$281 499	3	3
\$281 500 - \$291 499	2	-
\$291 500 - \$301 499	-	2
\$311 500 - \$321 499	-	1
\$341 500 - \$351 499	1	-
\$371 500 - \$381 499	-	1
<b>Total</b>	<b>399</b>	<b>364</b>

\* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2013-14.

<b>Remuneration of employees by category</b>		
Executive	10	12
Non-executive	389	352
<b>Total</b>	<b>399</b>	<b>364</b>
Police	390	355
Public servant	9	9
<b>Total</b>	<b>399</b>	<b>364</b>

<b>6. Supplies and services</b>	2014	2013
	\$'000	\$'000
Accommodation and property related	30 148	29 627
Administration	15 991	15 731
Communication and computing	23 967	25 130
Consultants	158	268
Employee related	10 609	10 572
Insurance	1 314	1 106
Legal	3 145	3 900
Minor equipment	3 283	3 614
Motor vehicle related	24 176	25 445
SSSA	3 072	3 084
Uniforms	3 366	4 376
Utilities	5 112	4 825
Other	6 168	6 277
<b>Total supplies and services</b>	<b>130 509</b>	<b>133 955</b>

Pursuant to the contract arrangements with Plenary, the PPP partner, SAPOL pays lease charges to Plenary for sites occupied by both SAPOL and the CAA. SAPOL on-charges CAA for lease costs associated with CAA sites. The income and expenditure associated with the sites occupied by CAA are recognised as administration items. The resulting revenue is not offset against expenditure.

<b>Consultants</b>	2014	2014	2013	2013
The number and dollar amount of consultancies paid/payable (included in consultants expense shown above) fell within the following bands:	Number	\$'000	Number	\$'000
Below \$10 000	14	15	16	43
Between \$10 000 and \$50 000	4	79	4	105
Above \$50 000	1	64	1	120
Total paid/payable to consultants engaged	19	158	21	268

#### **External auditor's remuneration**

External auditor's remuneration represents amounts paid/payable to the Auditor-General's Department relating to the audit of the financial statements. No other services were provided by the Auditor-General's Department.

	2014	2013
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	\$'000	\$'000
	285	224
Total external auditor's remuneration	285	224

#### **7. Depreciation and amortisation**

Depreciation:

Buildings and improvements	6 421	6 313
Computing and communications equipment	3 544	2 885
Vehicles and transport vessels	1 400	1 070
Aircraft	115	106
Other	4 401	4 386
Total depreciation	15 881	14 760

Amortisation:

Leasehold improvements	4 326	4 397
Internally generated computer software	2 292	1 782
Other computer software	931	1 059
Total amortisation	7 549	7 238
Total depreciation and amortisation expense	23 430	21 998

#### **8. Fees and charges**

Escorts - wide load/other	3 029	2 861
Firearms licence and registration fees	4 848	4 348
Hoon legislation recoveries	3 772	3 437
Police information requests	2 994	3 074
Police security services	9 154	8 765
Prosecution and other court fees	2 070	1 307
Other fees	990	953
Total fees and charges	26 857	24 745

#### **9. Interest**

Interest on deposit accounts	14	29
Total interest	14	29

#### **10. Commonwealth revenues**

Commonwealth revenues	1 187	1 291
Total Commonwealth revenues	1 187	1 291

During 2013-14 SAPOL recovered costs associated with resources provided at the request of the Commonwealth Government in relation to:

- Crim-Trac – jurisdictional criminal history referrals
- Substance Abuse Information Desk – targeting alcohol and illicit drug use
- Home and Community Care.

<b>11. Net gain (loss) from disposal of non-current assets</b>	2014	2013
Land and buildings:	\$'000	\$'000
Proceeds from disposal	27	31
Net book value of assets disposed	(336)	(393)
Net gain (loss) from disposal of land and buildings	<u>(309)</u>	<u>(362)</u>
Plant and equipment:		
Proceeds from disposal	530	359
Net book value of assets disposed	(66)	-
Net gain (loss) from disposal of plant and equipment	<u>464</u>	<u>359</u>
Total assets:		
Proceeds from disposal	557	390
Net book value of assets disposed	(402)	(393)
Net gain (loss) from disposal of total assets	<u>155</u>	<u>(3)</u>
<b>12. Other income</b>		
Contributed (donated) asset revenue	575	1 849
Employee benefits recoveries	2 392	1 495
Goods and services recoveries	837	576
Intra-government transfers	742	1 076
Rent revenue	326	232
Sundry receipts	476	445
Other sundry revenues	448	532
Total other income	<u>5 796</u>	<u>6 205</u>

During 2013-14 SAPOL recognised contributed assets related to road safety (fixed red light/speed cameras) of \$575 000 received from the Department of Planning, Transport and Infrastructure (DPTI).

In 2013-14 the intra-government transfer comprises:

- \$497 000 for a traffic training and promotion program from the Motor Accident Commission
- \$15 000 for Home and Community Care from the Department for Communities and Social Inclusion
- \$165 000 for the Rural Highways Saturation program from DPTI
- \$65 000 for the National Motor Vehicle Theft Reduction program from DPTI and the Attorney-General's Department.

During 2012-13 SAPOL recognised contributed assets related to the land at Fort Largs of \$250 000 from DPTI, new police headquarters of \$269 000 from DPTI and road safety (fixed red light/speed cameras) of \$1.3 million received from DPTI.

In 2012-13 the intra-government transfer comprises:

- \$480 000 for a traffic training and promotion program from the Motor Accident Commission
- \$354 000 to promote SAPOL's drug and alcohol policies and programs from SA Health
- \$15 000 for Home and Community Care from the Department for Communities and Social Inclusion
- \$161 000 for the Rural Highways Saturation program from DPTI
- \$65 000 for the National Motor Vehicle Theft Reduction program from DPTI and the Attorney-General's Department.



<b>13. Revenues from (Payments to) SA Government</b>	2014	2013
Revenues from SA Government:	\$'000	\$'000
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	706 274	686 713
Transfers from contingencies	334	1 888
Contributions from the Community Emergency Services Fund	20 259	19 781
Contributions from the Community Road Safety Fund	37 382	36 470
Total revenues from SA Government	<u>764 249</u>	<u>744 852</u>
Payments to SA Government:		
Other payments to the Consolidated Account*	14 312	12 301
Total payments to SA Government	<u>14 312</u>	<u>12 301</u>

\* During 2013-14 SAPOL returned \$14.3 million to DTF in accordance with the cash alignment policy.

<b>14. Cash and cash equivalents</b>		
Deposits with the Treasurer	60 306	61 993
Cash held in imprest accounts and petty cash	326	392
Total cash and cash equivalents	<u>60 632</u>	<u>62 385</u>

#### ***Deposits with the Treasurer***

Includes deposits at call and Accrual Appropriation Excess Funds Account.

#### ***Interest rate risk***

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

<b>15. Receivables</b>	2014	2013
Current receivables:	\$'000	\$'000
Receivables	21 999	1 834
Allowance for doubtful debts	-	(73)
	<u>21 999</u>	<u>1 761</u>
Accrued revenues	67	-
Prepayments	2 465	2 177
GST input tax recoverable	2 486	2 781
Workers compensation recoveries	270	55
Lease incentive current	-	10
Total current receivables	<u>27 287</u>	<u>6 784</u>
Non-current receivables:		
Workers compensation recoveries	1 094	230
Total non-current receivables	<u>1 094</u>	<u>230</u>
Allowance for doubtful debts:		
Carrying amount at 1 July	(73)	-
Increase in allowance	-	(73)
Amounts written off	73	-
Carrying amount at 30 June	<u>-</u>	<u>(73)</u>

The increase in receivables from 2012-13 to 2013-14 mainly relates to one invoice for \$20.3 million raised to South Australian Fire and Emergency Services Commission for the Community Emergency Services Fund.

#### ***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 provision for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Ageing analysis of receivables - refer note 31.2.

<b>16. Non-current assets held for sale</b>	2014	2013
	\$'000	\$'000
Buildings and improvements	548	809
Less impairment loss	490	-
Land	10 159	10 178
Total non-current assets held for sale	10 217	10 987
 <i>Reconciliation of non-current assets held for sale movements</i>		
Carrying amount at 1 July	10 987	10 737
Disposals	(311)	-
Impairment loss	(490)	-
Transfers from property, plant and equipment	31	250
Total non-current assets held for sale	10 217	10 987
 During 2013-14 SAPOL:		
<ul style="list-style-type: none"> <li>• sold nine of the assets held for sale at Poochera and Kalangadoo</li> <li>• transferred four assets at Poochera from property, plant and equipment</li> <li>• incurred impairment loss of \$490 000 due to revaluation of the assets held for sale at the Police Academy.</li> </ul>		
 During 2012-13 SAPOL:		
<ul style="list-style-type: none"> <li>• sold none of the assets held for sale</li> <li>• received a small parcel of land at Fort Largs from DPTI.</li> </ul>		
 <b>17. Property, plant and equipment</b>		
Land <sup>(1)</sup>		
Land at fair value	60 010	56 490
Total land	60 010	56 490
 Buildings and improvements <sup>(1)</sup>		
Buildings at fair value	212 414	217 536
Accumulated depreciation	(84)	(11 548)
Total buildings and improvements	212 330	205 988
 Leasehold improvements <sup>(1)</sup>		
Leasehold improvements at fair value	45 107	56 404
Accumulated depreciation	(2)	(8 069)
Total leasehold improvements	45 105	48 335
 Computing and communications equipment:		
Computing and communications equipment at cost (deemed fair value) <sup>(2)</sup>	51 088	45 156
Accumulated depreciation	(36 842)	(33 686)
Total computing and communications equipment	14 246	11 470
 Vehicles and transport vessels:		
Vehicles and transport vessels at cost (deemed fair value)	9 967	9 205
Accumulated depreciation	(4 683)	(5 847)
Total vehicles and transport vessels	5 284	3 358
 Other:		
Other - at cost (deemed fair value)	39 866	38 047
Accumulated depreciation	(21 405)	(17 773)
Total other	18 461	20 274
 Aircraft:		
Aircraft at fair value	2 384	2 575
Accumulated depreciation	(8)	(212)
Total aircraft	2 376	2 363
Total property, plant and equipment	357 812	348 278

(1) Land, buildings and improvements, leasehold improvements and aircraft were revalued as at 30 June 2014 by Liquid Pacific.

(2) Intangible assets - computer software has been separately identified (refer note 18).

**Movement reconciliation of non-current assets**

	Land	Buildings & imprvmnts	Leasehold imprvmnts	Computer & commnctn equipment	Transport vessels	Other
<b>2014</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	56 490	205 988	48 335	11 470	3 358	20 274
Prior period adjustments*	10	305	12	34	-	371
Additions	-	-	-	-	-	-
Transfers to (from) capital works in progress	-	723	68	5 965	3 617	2 331
Depreciation and amortisation expense	-	(6 421)	(4 326)	(3 544)	(1 400)	(4 401)
Net revaluation increment (decrement)	3 532	7 321	5 163	-	(213)	-
Donated assets	-	-	-	-	-	575
Transfer between classes	-	4 451	(4 137)	388	-	(702)
Disposals	(20)	(5)	-	(8)	(58)	-
Assets written off	-	(3)	(10)	(59)	(20)	(56)
Transfers to assets held for sale	(2)	(29)	-	-	-	-
Other	-	-	-	-	-	69
Carrying amount at 30 June	60 010	212 330	45 105	14 246	5 284	18 461

	Aircraft	Total property, plant & equipment	Work in progress	Intangible assets (internally generated)	Intangible assets (other compt software)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	2 363	348 278	14 029	8 739	3 070	374 116
Prior period adjustments*	-	732	-	37	10	779
Additions	-	-	15 833	-	-	15 833
Transfers to (from) capital works in progress	135	12 839	(17 161)	3 265	1 057	-
Depreciation and amortisation expense	(115)	(20 207)	-	(2 292)	(931)	(23 430)
Net revaluation increment (decrement)	(7)	15 796	-	-	-	15 796
Donated assets	-	575	-	-	-	575
Transfer between classes	-	-	-	2	(2)	-
Disposals	-	(91)	-	-	-	(91)
Assets written off	-	(148)	-	-	(19)	(167)
Transfers to assets held for sale	-	(31)	-	-	-	(31)
Other	-	69	47	-	-	116
Carrying amount at 30 June	2 376	357 812	12 748	9 751	3 185	383 496

\* A prior period adjustment has been recognised to reflect assets identified during stocktake and valuation and not previously reported. These assets were either donated or expensed in prior years.

	Land	Buildings & imprvmnts	Leasehold imprvmnts	Computer & commnctn equipment	Vehicles & transport vessels	Other
<b>2013</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	56 869	192 123	52 495	10 833	3 495	21 844
Prior period adjustments	-	(323)	-	70	-	401
Additions	-	-	-	-	-	-
Transfers to (from) capital works in progress	-	14 069	-	3 465	933	1 380
Depreciation and amortisation expense	-	(6 313)	(4 397)	(2 885)	(1 070)	(4 386)
Net revaluation increment (decrement)	-	6 468	-	-	-	-
Donated assets	250	-	269	-	-	1 330
Disposals	(379)	(14)	-	-	-	-
Assets written off	-	(22)	(32)	(13)	-	(342)
Transfers to assets held for sale	(250)	-	-	-	-	-
Other	-	-	-	-	-	47
Carrying amount at 30 June	56 490	205 988	48 335	11 470	3 358	20 274

**Movement reconciliation of non-current assets  
(continued)**

	Aircraft	Total property, plant & equipment	Work in progress	Intangible assets (internally generated)	Intangible assets (other compt software)	Total
<b>2013 (continued)</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	2 469	340 128	19 358	6 191	3 434	369 111
Prior period adjustments	-	148	-	-	-	148
Additions	-	-	19 541	-	-	19 541
Transfers to (from) capital works in progress	-	19 847	(24 872)	4 330	695	-
Depreciation and amortisation expense	(106)	(19 157)	-	(1 782)	(1 059)	(21 998)
Net revaluation increment (decrement)	-	6 468	-	-	-	6 468
Donated assets	-	1 849	-	-	-	1 849
Disposals	-	(393)	-	-	-	(393)
Assets written off	-	(409)	-	-	-	(409)
Transfers to assets held for sale	-	(250)	-	-	-	(250)
Other	-	47	2	-	-	49
Carrying amount at 30 June	2 363	348 278	14 029	8 739	3 070	374 116

**18. Intangible assets**

	2014	2013
	\$'000	\$'000
Computer software:		
Internally developed computer software - at cost (deemed fair value)	26 373	23 196
Accumulated amortisation	(16 622)	(14 457)
Total internally generated computer software	9 751	8 739
Other computer software:		
Other computer software	10 616	9 774
Accumulated amortisation	(7 431)	(6 704)
Total other computer software	3 185	3 070
Total intangible assets	12 936	11 809

**19. Investment properties**

Investment building	759	820
Investment land	500	570
Total investment properties	1 259	1 390
Movement reconciliation of investment properties:		
Carrying amount at 1 July 2013	1 390	1 390
Impairment loss	(131)	-
<b>Carrying amount at 30 June 2014</b>	<b>1 259</b>	<b>1 390</b>

Investment properties are measured at fair value being the amounts for which the properties could be exchanged between willing parties in arm's length transaction, based on current prices in an active market for similar properties.

**20. Fair value measurement**

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. SAPOL categorises non-financial assets measured at fair value into hierarchy based on the level of inputs use in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2014:

SAPOL had no valuations categorised into level 1.

**Fair value measurements**

<b>2014</b>	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements:			
Land	60 010	-	60 010
Buildings and improvements	-	212 330	212 330
Leasehold improvements	-	45 105	45 105
Computer and communication equipment	-	14 246	14 246
Transport vessels	2 443	2 841	5 284
Other	-	18 461	18 461
Aircraft	2 376	-	2 376
Investment properties	1 259	-	1 259
Total recurring fair value measurements	66 088	292 983	359 071

<i>Fair value measurements (continued)</i>	Level 2	Level 3	Total
<b>2014 (continued)</b>	\$'000	\$'000	\$'000
Non-recurring fair value measurements:			
Land held for sale	10 159	-	10 159
Buildings held for sale	-	58	58
Total non-recurring fair value measurements	10 159	58	10 217
Total fair value measurements	76 247	293 041	369 288

Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new standard.

There were no transfers of assets between levels 1 and 2 fair value hierarchy levels in 2014. SAPOL's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

#### *Valuation techniques and inputs*

Valuation techniques to derive levels 2 and 3 fair values are at note 17. Level 2 assets are valued with reference to market transactions. There were no changes in valuation techniques during 2014.

<i>Description</i>	<i>Valuation approach</i>	<i>Valuation technique</i>	<i>Unobservable inputs</i>	<i>Range (weighted avg)</i>
Buildings and improvements	Cost approach	Depreciated replacement cost (DRC)	Cost (per sqm) Effective life (yrs)	\$1-\$10 500 20-60 years
Leasehold improvements	Cost approach	DRC	Cost (per sqm) Effective life (yrs)	\$500-\$1200 Term of lease- 25 years
Computing and communication equipment*	Cost approach	DRC		
Transport vessels*	Cost approach	DRC		
Other*	Cost approach	DRC		

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3):

#### *Reconciliation of fair value measurements - level 3*

	Buildings & imprvmnts	Leasehold imprvmnts	Computer & commnctn equipment	Transport vessels	Other
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2014</b>					
Opening balance at 1 July	205 988	48 335	11 470	3 161	20 274
Prior year adjustments	11	12	34	-	371
Revaluation additions	294	-	-	-	-
Transfers from capital works in progress	723	68	5 965	904	2 331
Classified as held for sale and/or disposals	(29)	-	-	-	-
Donated assets	-	-	-	-	575
Transfer between classes	4 451	(4 137)	388	-	(702)
Other	-	-	-	-	69
Disposals/Written off	(8)	(10)	(67)	(78)	(56)
	211 430	44 268	17 790	3 987	22 862
Gains (Losses) for the period recognised in net result:					
Revaluation increment (decrement)	7 321	5 163	-	-	-
Depreciation	(6 421)	(4 326)	(3 544)	(1 146)	(4 401)
	900	837	(3 544)	(1 146)	(4 401)
Closing balance at 30 June	212 330	45 105	14 246	2 841	18 461

\* Other items such as motor vehicles, weapons and other plant and equipment have not been revalued as they do not meet the revaluation criteria in APF III (ie fair value at the time of acquisition is less than \$1 million). The carrying amount of these assets is deemed to be fair value.

<b>21. Payables</b>	2014	2013
Current payables:	\$'000	\$'000
Employment on-costs	9 388	8 834
Creditors	14 888	13 801
Paid Parental Leave Scheme	93	37
Unearned revenue	-	75
Total current payables	<u>24 369</u>	<u>22 747</u>
Non-current payables:		
Employment on-costs	24 864	24 558
Total non-current payables	<u>24 864</u>	<u>24 558</u>

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.

<b>22. Other liabilities</b>	2014	2013
Current other liabilities:	\$'000	\$'000
Lease incentive	499	499
Total current other liabilities	<u>499</u>	<u>499</u>
Non-current other liabilities:		
Lease incentive	5 576	6 075
Total non-current other liabilities	<u>5 576</u>	<u>6 075</u>

In 2011-12, SAPOL received two lease incentives (\$5 million in leasehold improvements and three months rent free) as a part of leasing the new police headquarters on Angas Street. The aggregate benefits of these lease incentives received have been recorded as a reduction of rental expense over the lease term, on a straight-line basis.

<b>23. Employee benefits</b>	2014	2013
Current employee benefits:	\$'000	\$'000
Accrued salaries and wages	11 414	9 460
Annual leave	32 337	30 756
LSL	10 075	10 472
SERL	343	279
Total current employee benefits	<u>54 169</u>	<u>50 967</u>
Non-current employee benefits:		
Annual leave	351	541
LSL	165 902	161 756
Total non-current employee benefits	<u>166 253</u>	<u>162 297</u>
Total employee benefits	<u>220 422</u>	<u>213 264</u>

AASB 119 contains the calculation methodology for LSL liability. The actuarial assessment performed by DTF has provided a set level of liability for the measurement of LSL.

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 is unchanged from 3.5% (2013) to 3.5% (2014).

The net financial impact 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.

<b>24. Provisions</b>	2014	2013
Current provisions:	\$'000	\$'000
Workers compensation	13 854	13 146
Death in course of employment	950	1 890
Civil actions against police	374	437
Total current provisions	<u>15 178</u>	<u>15 473</u>
Non-current provisions:		
Workers compensation	79 422	70 953
Total non-current provisions	<u>79 422</u>	<u>70 953</u>
Workers compensation:		
Carrying amount at 1 July	84 099	98 441
Increase (Reduction) resulting from remeasurement	23 090	(1 137)
Reduction due to payments	(13 913)	(13 205)
Carrying amount at 30 June	<u>93 276</u>	<u>84 099</u>
Death in course of employment:		
Carrying amount at 1 July	1 890	-
Increase (Decrease) in the provision due to revision of estimates	(940)	1 890
Carrying amount at 30 June	<u>950</u>	<u>1 890</u>
Civil actions against police:		
Carrying amount at 1 July	437	468
Increase (Decrease) in the provision due to revision of estimates	397	200
Reduction due to payments	(460)	(231)
Carrying amount at 30 June	<u>374</u>	<u>437</u>
<b>25. Equity</b>		
Contributed capital	85 220	85 220
Revaluation surplus	129 879	114 338
Retained earnings	(101 179)	(96 968)
Total equity	<u>113 920</u>	<u>102 590</u>
The retained earnings represent the residual interest in SAPOL's net assets. The SA Government holds the accumulated deficit interest in SAPOL on behalf of the community.		
<b>26. Cash flows reconciliation</b>		
Reconciliation of cash and cash equivalents:		
Cash at year end as per:		
Cash and cash equivalents disclosed in the Statement of Financial Position	60 632	62 385
Cash and cash equivalents disclosed in the Statement of Cash Flows	<u>60 632</u>	<u>62 385</u>
<b>Reconciliation of net cash provided by (used in) operating activities to net cost of providing services</b>		
Net cash provided by (used in) operating activities	12 831	39 865
Revenues from SA Government	(706 608)	(688 601)
Contribution from the Community Emergency Services Fund	(20 259)	(19 781)
Contribution from the Community Road Safety Fund	(37 382)	(45 365)
Payments to SA Government	14 312	12 301
Non-cash items:		
Depreciation and amortisation	(23 430)	(21 998)
Donated assets	575	1 849
Net gain (loss) from disposal of non-current assets	155	(3)
Write-off of non-current assets	(167)	(409)
Capital works in progress expensed	116	2
Capital accruals	149	(3 836)
Lease incentive equity adjustment	-	(1 051)
Movements in assets/liabilities:		
Receivables	21 367	(1 049)
Inventories	(2)	(61)
Payables	(1 928)	1 882
Other liabilities	499	1 552
Employee benefits	(7 189)	(11 090)
Provisions	(8 174)	12 483
Net cost of providing services	<u>(755 135)</u>	<u>(723 310)</u>

**27. Transactions with SA Government**

	Note	SA Government		Non-SA Government		Total	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Expenses</b>							
Employee benefits expenses	5	28 926	28 277	605 491	570 938	634 417	599 215
Supplies and services:	6						
Accommodation and property related		23 774	22 020	6 374	7 607	30 148	29 627
Administration		1 417	883	14 574	14 848	15 991	15 731
Communication and computing		9 533	9 302	14 434	15 828	23 967	25 130
Consultants		1	-	157	268	158	268
Employee related		6 489	6 563	4 120	4 009	10 609	10 572
Insurance		1 314	1 106	-	-	1 314	1 106
Legal		2 935	3 730	210	170	3 145	3 900
Minor equipment		92	41	3 191	3 573	3 283	3 614
Motor vehicle related		326	6 022	23 850	19 423	24 176	25 445
SSSA		3 072	3 084	-	-	3 072	3 084
Uniforms		-	-	3 366	4 376	3 366	4 376
Utilities		1 242	1 666	3 870	3 159	5 112	4 825
Other		2 078	1 922	4 090	4 355	6 168	6 277
Depreciation and amortisation	7	23 430	21 998	-	-	23 430	21 998
Write-down of non-current assets		167	409	-	-	167	409
Net gain (loss) from the disposal of non-current assets	11	-	-	-	3	-	3
Impairment loss	16, 19	-	-	621	-	621	-
Payments to SA Government	13	14 312	12 301	-	-	14 312	12 301
Total expenses		<u>119 108</u>	<u>119 324</u>	<u>684 348</u>	<u>648 557</u>	<u>803 456</u>	<u>767 881</u>
<b>Income</b>							
Fees and charges:	8						
Escorts - wide load/other		-	5	3 029	2 856	3 029	2 861
Firearms licence and registration fees		-	-	4 848	4 348	4 848	4 348
Hoon legislation recoveries		-	-	3 772	3 437	3 772	3 437
Police information requests		55	62	2 939	3 012	2 994	3 074
Police security services		9 082	8 706	72	59	9 154	8 765
Prosecution and other court fees		-	-	2 070	1 307	2 070	1 307
Other fees		-	-	990	953	990	953
Interest	9	-	-	14	29	14	29
Commonwealth revenues	10	-	-	1 187	1 291	1 187	1 291
Net gain from the disposal of non-current assets		-	-	155	-	155	-
Other income:	12						
Contributed (donated) asset revenue		575	1 849	-	-	575	1 849
Employee benefits recoveries		1 986	1 209	406	286	2 392	1 495
Goods and services recoveries		282	397	555	179	837	576
Intra-government transfers		742	1 076	-	-	742	1 076
Rent revenue		34	-	292	232	326	232
Sundry receipts		79	46	397	399	476	445
Other sundry revenues		-	-	448	532	448	532
Revenues from SA Government	13	764 249	744 852	-	-	764 249	744 852
Total income		<u>777 084</u>	<u>758 202</u>	<u>21 174</u>	<u>18 920</u>	<u>798 258</u>	<u>777 122</u>
<b>Financial assets</b>							
Receivables:	15						
Receivables		21 022	998	977	763	21 999	1 761
Accrued income		62	-	5	-	67	-
Prepayments		-	38	2 465	2 139	2 465	2 177
GST input tax recoverable		-	-	2 486	2 781	2 486	2 781
Workers compensation recoveries		1 364	285	-	-	1 364	285
Lease incentive		-	-	-	10	-	10
Total financial assets		<u>22 448</u>	<u>1 321</u>	<u>5 933</u>	<u>5 693</u>	<u>28 381</u>	<u>7 014</u>



**27. Transactions with SA Government (continued)**

	Note	SA Government		Non-SA Government		Total	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Financial liabilities</b>							
<b>Payables:</b>							
	21						
Employment on-costs		12 010	11 626	22 242	21 767	34 252	33 393
Creditors		4 577	4 759	10 311	9 042	14 888	13 800
Paid Parental Leave							
Scheme payable		-	-	93	37	93	37
Unearned revenue		-	75	-	-	-	75
Other liabilities	22	6 075	6 574	-	-	6 075	6 574
<b>Total financial liabilities</b>		<b>22 662</b>	<b>23 034</b>	<b>32 646</b>	<b>30 846</b>	<b>55 308</b>	<b>53 879</b>

**28. Unrecognised contractual commitments****Capital commitments**

The total value, net of GST, of capital commitments not provided for as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.

	2014 \$'000	2013 \$'000
No later than one year	956	3 158
Later than one year but not later than five years	630	1 393
<b>Total capital commitments</b>	<b>1 586</b>	<b>4 551</b>
GST on capital commitments	159	455

Major capital commitments for 2013-14 include Project Shield, protective clothing, body armour, and hand-held lasers (2012-13: Project Shield, audio management system, body armour, mobile radars, hand-held lasers and alcometers).

**Other commitments**

The total value, net of GST, of other commitments not provided for as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.

	2014 \$'000	2013 \$'000
No later than one year	12 087	12 286
Later than one year but not later than five years	29 879	23 326
Later than five years	-	3 028
<b>Total other commitments</b>	<b>41 966</b>	<b>38 640</b>
GST on other commitments	4 197	3 864

Major other expenditure commitments for 2013-14 include cleaning, towing, vehicle servicing and repairs, vehicle commissioning and decommissioning, uniforms and drug screening kits (2012-13: cleaning, towing, vehicle servicing and repairs, vehicle commissioning and decommissioning, uniforms and drug screening kits).

**Operating lease commitments**

The total value, net of GST, of future non-cancellable operating lease commitments not provided for as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.

	2014 \$'000	2013 \$'000
No later than one year	30 078	29 210
Later than one year but not later than five years	77 108	75 436
Later than five years	150 430	132 939
<b>Total operating lease commitments</b>	<b>257 616</b>	<b>237 585</b>
GST on operating lease commitments	25 762	23 758

The property leases are non-cancellable with rental payable in advance. Contingent rental provisions within the lease agreements require minimum lease payments to be increased periodically and generally in line with CPI movements and market conditions. Options exist to renew property leases at the end of the term of the leases. Operating lease commitments include commitments for PPP leases related to SAPOL occupancies only. From 2012 commitments also include the lease for the new police headquarters on Angas Street.

**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 as follows:

	2014 \$'000	2013 \$'000
No later than one year	3 676	3 858
Later than one year but not later than five years	7 370	9 150
Total remuneration commitments	11 046	13 008

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

**29. Contingent liabilities****Rewards**

As at 30 June 2014 the value of outstanding rewards for unsolved murders was \$22.7 million (\$11.3 million). No provision has been made in the financial statements for this amount as considerable doubt exists as to the amount and timing of rewards that will actually be paid. The amount is not recognised in the Statement of Financial Position.

**30. Remuneration of tribunal and committee members**

Members of the tribunal and committee during the 2013-14 financial year were:

**Police Review Tribunal**

D Swain

**Firearms Review Committee**

R Hamdorf	Y Hill	E Kosmala
R Maine*	O Bevan*	R Warwick
J Basheer*	I Wangel*	R Manley
G Hyde	H Dodd	J Katsaras

All members of the Firearms Review Committee were appointed until 30 June 2015.

The number of members whose remuneration received/receivable falls within the following bands:	2014 Number	2013 Number
\$0 - \$9 999	12	12
\$10 000 - \$19 999	1	1
Total	13	13

Remuneration of members reflects all costs of performing tribunal/committee member duties including sitting fees, superannuation contributions, FBT and salary sacrifice arrangements. The total remuneration received or receivable by members was \$23 000 (\$25 000).

Amounts paid to a superannuation plan for tribunal/committee members were \$800 (\$900).

Unless otherwise disclosed, transactions between members and SAPOL 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.

For the purposes of this note, 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.

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

**31. Financial instruments/Financial risk management****(1) Categorisation of financial instruments**

For 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 refer note 2.

(1) <i>Categorisation of financial instruments (continued)</i>	Note	2014		2013	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<b>Financial assets</b>					
Cash and cash equivalents:					
Cash and cash equivalents	14	60 632	60 632	62 385	62 385
Loans and receivables:					
Receivables <sup>(1)(2)</sup>	15	21 999	21 999	1 834	1 834
<b>Financial liabilities</b>					
Financial liabilities at cost:					
Payables <sup>(1)</sup>	21	7 231	7 231	6 488	6 488

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government certain rights to receive or pay cash may not be contractual and therefore in these situations the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax, etc they would be excluded from 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 15 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 the possibility of SAPOL's debtors defaulting on their contractual obligations resulting in financial loss to SAPOL. SAPOL measures credit risk on a fair value basis and monitors risk on a regular basis.

SAPOL has minimal credit risk. SAPOL has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. SAPOL 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 SAPOL does not hold any collateral as security for any of its financial assets. There is no evidence to indicate that financial assets are impaired.

#### (2) *Ageing analysis of financial assets*

The following table discloses the ageing of financial assets and the ageing of impaired assets:

	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	
<b>2014</b>					
Not impaired:					
Receivables	21 620	265	3	111	21 999
Impaired:					
Receivables	-	-	-	-	-
<b>2013</b>					
Not impaired:					
Receivables	1 151	330	98	182	1 761
Impaired:					
Receivables	-	-	-	73	73

#### *Maturity analysis of financial assets and liabilities*

SAPOL has assessed the maturity of its financial assets and liabilities as being less than one year. Receivables and payables with a contractual obligation are settled within 30 days.

*Liquidity risk*

Liquidity risk arises where SAPOL is unable to meet its financial obligations as they are due to be settled. SAPOL is funded principally from appropriations by the SA Government. SAPOL 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. SAPOL 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.

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

*Market risk*

SAPOL occasionally has exposure to foreign currency risks. Where the exposure to foreign currency risk is greater than \$100 000 SAPOL enters in to a hedging arrangement with SAFA.

*Sensitivity analysis disclosure*

A sensitivity analysis of SAPOL's interest rate risk has not been undertaken as it has been determined that the possible impact on net result, total comprehensive result and equity from fluctuations in interest rates is immaterial.

**Statement of Administered Comprehensive Income  
for the year ended 30 June 2014**

	Note	2014 \$'000	2013 \$'000
<b>Expenses:</b>			
Employee benefits	A3	498	1 007
Supplies and services	A4	2 373	2 343
Intra-government transfers		13 138	12 753
<b>Total expenses</b>		<u>16 009</u>	<u>16 103</u>
<b>Income:</b>			
Fees, fines and charges	A5	85 440	82 108
<b>Total income</b>		<u>85 440</u>	<u>82 108</u>
<b>Revenues from (Payments to) SA Government:</b>			
Revenues from SA Government	A6	649	1 158
Payments to SA Government	A6	(70 112)	(67 214)
<b>Net revenues from (payments to) SA Government</b>		<u>(69 463)</u>	<u>(66 056)</u>
<b>Net result</b>		<u>(32)</u>	<u>(51)</u>
<b>Total comprehensive result</b>		<u>(32)</u>	<u>(51)</u>

## Statement of Administered Financial Position as at 30 June 2014

	Note	2014 \$'000	2013 \$'000
<b>Current assets:</b>			
Cash and cash equivalents	A7	12 876	11 052
Receivables		892	1 060
<b>Total current assets</b>		13 768	12 112
<b>Total assets</b>		13 768	12 112
<b>Current liabilities:</b>			
Payables		6	3
Other liabilities	A8	12 586	10 982
Employee benefits	A9	77	52
<b>Total current liabilities</b>		12 669	11 037
<b>Non-current liabilities:</b>			
Payables		28	25
Employee benefits	A9	560	507
<b>Total non-current liabilities</b>		588	532
<b>Total liabilities</b>		13 257	11 569
<b>Net assets</b>		511	543
<b>Equity:</b>			
Equity		511	543
<b>Total equity</b>		511	543
Unrecognised contractual commitments	A12		

## Statement of Administered Changes in Equity for the year ended 30 June 2014

	Retained earnings \$'000
Balance at 30 June 2012	356
Net result for 2012-13	(51)
Total comprehensive result for 2012-13	(51)
Balance at 30 June 2013	305
Prior period adjustment	238
Adjusted balance at 30 June 2013	543
Net result for 2013-14	(32)
Total comprehensive result for 2013-14	(32)
<b>Balance at 30 June 2014</b>	<b>511</b>

**Statement of Administered Cash Flows  
for the year ended 30 June 2014**

		2014	2013
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
<b>Cash flows from operating activities:</b>			
Cash outflows:			
Employee benefits		(414)	(638)
Supplies and services		(2 367)	(2 333)
Intra-government transfers		(13 087)	(12 621)
Exhibit monies		-	(1 416)
Unclaimed property		-	(297)
<b>Cash used in operations</b>		<u>(15 868)</u>	<u>(17 305)</u>
Cash inflows:			
Fees, fines and charges		85 434	82 098
Exhibit monies		1 404	-
Unclaimed property		18	-
<b>Cash generated from operations</b>		<u>86 856</u>	<u>82 098</u>
Cash flows from SA Government:			
Receipts from SA Government		823	648
Payments to SA Government		(69 987)	(66 761)
<b>Net cash provided by (paid to) SA Government</b>		<u>(69 164)</u>	<u>(66 113)</u>
<b>Net cash provided by (used in) operating activities</b>	A10	<u>1 824</u>	<u>(1 320)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		1 824	(1 320)
<b>Cash and cash equivalents at 1 July</b>		<u>11 052</u>	<u>12 372</u>
<b>Cash and cash equivalents at 30 June</b>	A7	<u>12 876</u>	<u>11 052</u>

**Schedule of Expenses and Income  
attributable to Administered Activities  
for the year ended 30 June 2014**

(Activities - refer below)	1		2		3		4	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses:</b>								
Employee benefits	-	-	-	-	498	1 007	-	-
Supplies and services	-	-	-	-	-	-	2 199	2 144
Intra-government transfers	-	-	12 960	12 567	-	-	-	-
<b>Total expenses</b>	-	-	12 960	12 567	498	1 007	2 199	2 144
<b>Income:</b>								
Fees, fines and charges	70 112	67 214	12 960	12 567	-	-	2 199	2 144
<b>Total income</b>	70 112	67 214	12 960	12 567	-	-	2 199	2 144
<b>Revenues from (Payments to)</b>								
<b>SA Government:</b>								
Revenues from SA Government	-	-	-	-	476	985	-	-
Payments to SA Government	(70 112)	(67 214)	-	-	-	-	-	-
<b>Net revenues from</b>								
<b>(payments to) SA Government</b>	(70 112)	(67 214)	-	-	476	985	-	-
<b>Net result</b>	-	-	-	-	(22)	(22)	-	-

(Activities - refer below)	5		6		Total	
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses:</b>						
Employee benefits	-	-	-	-	498	1 007
Supplies and services	-	-	174	199	2 373	2 343
Intra-government transfers	120	128	58	58	13 138	12 753
<b>Total expenses</b>	120	128	232	257	16 009	16 103
<b>Income:</b>						
Fees, fines and charges	120	128	49	55	85 440	82 108
<b>Total income</b>	120	128	49	55	85 440	82 108
<b>Revenues from (Payments to)</b>						
<b>SA Government:</b>						
Revenues from SA Government	-	-	173	173	649	1 158
Payments to SA Government	-	-	-	-	(70 112)	(67 214)
<b>Net revenues from</b>						
<b>(payments to) SA Government</b>	-	-	173	173	(69 463)	(66 056)
<b>Net result</b>	-	-	(10)	(29)	(32)	(51)

1. Expiation fees
2. Victims of Crime levy
3. Special Acts
4. Public Private Partnership
5. Firearms Safety Training levy
6. Other



**Schedule of Assets and Liabilities  
attributable to Administered Activities  
as at 30 June 2014**

(Activities - refer below)	1		2		3		4		5	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current assets:</b>										
Cash and cash equivalents	115	97	6 886	5 482	4 237	4 153	1 092	1 041	(67)	(303)
Receivables	-	-	-	-	-	-	-	-	687	861
<b>Total current assets</b>	<b>115</b>	<b>97</b>	<b>6 886</b>	<b>5 482</b>	<b>4 237</b>	<b>4 153</b>	<b>1 092</b>	<b>1 041</b>	<b>620</b>	<b>558</b>
<b>Current liabilities:</b>										
Payables	-	-	-	-	-	-	-	-	6	3
Other liabilities	115	97	6 886	5 482	4 237	4 153	1 092	1 041	-	-
Employee benefits	-	-	-	-	-	-	-	-	77	52
<b>Total current liabilities</b>	<b>115</b>	<b>97</b>	<b>6 886</b>	<b>5 482</b>	<b>4 237</b>	<b>4 153</b>	<b>1 092</b>	<b>1 041</b>	<b>83</b>	<b>55</b>
<b>Non-current liabilities:</b>										
Payables	-	-	-	-	-	-	-	-	28	25
Employee benefits	-	-	-	-	-	-	-	-	560	507
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>588</b>	<b>532</b>
<b>Total liabilities</b>	<b>115</b>	<b>97</b>	<b>6 886</b>	<b>5 482</b>	<b>4 237</b>	<b>4 153</b>	<b>1 092</b>	<b>1 041</b>	<b>671</b>	<b>587</b>
<b>Net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(51)</b>	<b>(29)</b>

(Activities - refer below)	6		7		8		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current assets:</b>								
Cash and cash equivalents	-	-	51	10	562	572	12 876	11 052
Receivables	205	199	-	-	-	-	892	1 060
<b>Total current assets</b>	<b>205</b>	<b>199</b>	<b>51</b>	<b>10</b>	<b>562</b>	<b>572</b>	<b>13 768</b>	<b>12 112</b>
<b>Current liabilities:</b>								
Payables	-	-	-	-	-	-	6	3
Other liabilities	205	199	51	10	-	-	12 586	10 982
Employee benefits	-	-	-	-	-	-	77	52
<b>Total current liabilities</b>	<b>205</b>	<b>199</b>	<b>51</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>12 669</b>	<b>11 037</b>
<b>Non-current liabilities:</b>								
Payables	-	-	-	-	-	-	28	25
Employee benefits	-	-	-	-	-	-	560	507
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>588</b>	<b>532</b>
<b>Total liabilities</b>	<b>205</b>	<b>199</b>	<b>51</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>13 257</b>	<b>11 569</b>
<b>Net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>562</b>	<b>572</b>	<b>511</b>	<b>543</b>

1. Unclaimed property
2. Exhibit monies
3. Expiation fees
4. Victims of Crime levy

5. Special Acts
6. Public Private Partnership
7. Firearms Safety Training levy
8. Other

## Notes to and forming part of the administered items financial statements

### A1. Summary of significant accounting policies

All accounting policies for South Australia Police (SAPOL) are contained in note 2. The policies outlined in note 2 apply to both SAPOL and the administered items financial statements except as noted below.

#### A1.1 *Departures from SAPOL 'Summary of significant accounting policies'*

##### *Basis of accounting*

Income from expiation fees and Victims of Crime levy fees is recognised on a cash basis. All other elements of SAPOL's Statement of Administered Comprehensive Income, Statement of Administered Financial Position and Statement of Administered Changes in Equity have been prepared on an accrual basis.

### A2. Administered items

The following financial transactions are administered by SAPOL as at 30 June 2014. They do not represent controlled transactions of SAPOL. As such they are not recognised in the financial statements of SAPOL.

#### A2.1 *Unclaimed property*

SAPOL holds unclaimed monies and proceeds from disposal of found properties. These monies are held for a period of six months and are then passed to the Government. SAPOL treats these items in accordance with Police Regulations 1999.

#### A2.2 *Exhibit monies*

SAPOL holds exhibit property being items confiscated at the time of an offence, ie items found at a crime scene or which were part of a theft. These items are held as an exhibit which may be presented to the Court as evidence at the time the offence is heard. The Court may decide that the items are returned or confiscated and passed to the Government.

#### A2.3 *Expiation fees*

SAPOL as a central processing agency of expiation notices collects expiation revenue arising from expiation notices issued by police officers and other authorised officers. SAPOL treats the collected expiation revenue pursuant to the requirements of the *Expiation of Offences Act 1996*. Monies collected are paid into the Consolidated Account.

#### A2.4 *Victims of Crime levy*

SAPOL as a central processing agency of expiation notices collects Victims of Crime expiation revenues arising from the expiation of offences included on expiation notices issued by police officers and other authorised officers. SAPOL treats the collected Victims of Crime levy revenue 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. These are shown as intra-government transfers in the Statement of Administered Comprehensive Income.

#### A2.5 *Special Acts*

SAPOL receives separate appropriation for the payment of salaries in relation to the Commissioner of Police. Funding is provided under 'Recurrent Expenditure - Special Acts'.

#### A2.6 *Public Private Partnership (PPP)*

In May 2005 Cabinet approved the execution of a 25 year service contract with Plenary Justice Pty Ltd (Plenary) for regional police stations for SAPOL and courts for the Courts Administration Authority (CAA). In June 2005 the Minister of Infrastructure signed a project agreement.

The PPP includes court facilities at Port Lincoln, Victor Harbor, Berri and Port Pirie.

For accounting purposes the lease is an operating lease.

Under the PPP agreement SAPOL is responsible for paying lease payments to Plenary for sites occupied by both SAPOL and CAA. SAPOL invoices CAA for the sites that they occupy.

#### A2.7 *Firearms Safety Training levy*

SAPOL collects the Firearms Safety Training levy as part of the firearms licence fees. The Firearms Safety Training levy is transferred to TAFE SA. The levy subsidises compulsory firearms safety training, run by TAFE SA, that all applicants for firearms licences must undertake before being issued with their firearms licence.

**A2.8 Other**

SAPOL receives appropriation with respect to grant payments to Safer Communities Australia Inc and the Australian Crime Prevention Council, activities for the Police and Emergency Service Games and a community service obligation payment to the South Australian Water Corporation.

SAPOL has no control over the use of the funds listed above.

<b>A3. Employee benefits</b>	2014	2013
	\$'000	\$'000
Salaries and wages	498	1 007
Total employee benefit	<u>498</u>	<u>1 007</u>

The decrease in 2013-14 relates to the establishment of the current Commissioner's leave entitlements in 2012-13 (previously recognised in the controlled financial statements).

<b>Remuneration of employees</b>	2014	2013
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
\$241 500 - \$251 499	-	1
\$381 500 - \$391 499	-	1
\$401 500 - \$411 499	1	-
Total	<u>1</u>	<u>2</u>

**Remuneration of employees by category**

Executive	1	2
Total	<u>1</u>	<u>2</u>
Police	1	2
Total	<u>1</u>	<u>2</u>

**A4. Supplies and services**

PPP lease payments*	2 199	2 144
Other	174	199
Total supplies and services	<u>2 373</u>	<u>2 343</u>

\* This relates to PPP lease payments on behalf of CAA (refer note A2.6). The expenditure is offset by cost recovery from CAA.

**A5. Fees, fines and charges**

Expiation revenue <sup>#</sup>	70 112	67 214
PPP cost recovery*	2 199	2 144
Victims of Crime levy	12 960	12 567
Sundries	49	55
Firearms Safety Training levy	120	128
Total fees, fines and charges	<u>85 440</u>	<u>82 108</u>

<sup>#</sup> Expiation revenue is net of \$661 000 repaid to businesses who had incorrectly been levied the corporate fee for unregistered/uninsured offences since 1 July 2011. A legislative change removed this fee.

\* This amount includes cost recovery from the CAA for PPP lease payments (refer note A2.6).

**A6. Revenues from (Payments to) SA Government**

Revenues from SA Government:	2014	2013
	\$'000	\$'000
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	173	173
Appropriations from Consolidated Account pursuant to the <i>Police Act 1998</i>	476	985
Total revenues from SA Government	<u>649</u>	<u>1 158</u>
Payments to SA Government:		
Other payments to Consolidated Account*	<u>(70 112)</u>	<u>(67 214)</u>
Total payments to SA Government	<u>(70 112)</u>	<u>(67 214)</u>

\* This amount does not include a dividend/distribution to the SA Government as owner.

<b>A7. Cash and cash equivalents</b>	2014	2013
	\$'000	\$'000
Deposits with the Treasurer	12 876	11 052
Total cash and cash equivalents	<u>12 876</u>	<u>11 052</u>
<b>A8. Other liabilities</b>		
Current other liabilities:		
Funds payable to SA Government	5 380	5 204
Exhibit monies held	6 886	5 482
Unclaimed property held for SA Government	115	97
Other payable to non-SA Government	205	199
Total other liabilities	<u>12 586</u>	<u>10 982</u>

All payable amounts disclosed above are expected to be paid within 12 months after reporting date.

<b>A9. Employee benefits</b>		
Current employee benefits:		
Annual leave	77	52
Total current employee benefits	<u>77</u>	<u>52</u>
Non-current employee benefits:		
LSL	560	507
Total non-current employee benefits	<u>560</u>	<u>507</u>

<b>A10. Cash flows reconciliation</b>		
Reconciliation of cash and cash equivalents:		
Cash at year end as per:		
Cash and cash equivalents disclosed in the Statement of Administered Financial Position	12 876	11 052
Cash and cash equivalents disclosed in the Statement of Administered Cash Flows	<u>12 876</u>	<u>11 052</u>
<b>Reconciliation of net cash provided by (used in) operating activities to net result</b>		
Net cash provided by (used in) operating activities	1 824	(1 320)
Prior period adjustment	-	(238)
Movements in assets/liabilities:		
Receivables	(168)	758
Payables and employee benefits	(84)	(369)
Other liabilities	(1 604)	1 118
Net result	<u>(32)</u>	<u>(51)</u>

#### A11. Transactions with SA Government

	Note	SA Government		Non-SA Government		Total	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Expenses</b>							
Employee benefits	A3	-	-	498	1 007	498	1 007
Supplies and services:	A4						
PPP lease payments		-	-	2 199	2 144	2 199	2 144
Other		-	-	174	199	174	199
Intra-government expenses	A4	13 138	12 753	-	-	13 138	12 753
Payments to SA Government	A6	70 112	67 214	-	-	70 112	67 214
Total expenses		<u>83 250</u>	<u>79 967</u>	<u>2 871</u>	<u>3 350</u>	<u>86 121</u>	<u>83 317</u>
<b>Income</b>							
Fees, fines and charges:	A5						
Expiation revenue		-	-	70 112	67 214	70 112	67 214
PPP cost recovery		2 199	2 144	-	-	2 199	2 144
Victims of Crime levy		-	-	12 960	12 567	12 960	12 567
Sundries		-	-	49	55	49	55
Firearms Safety Training levy		-	-	120	128	120	128
Revenues from Government	A6	649	1 158	-	-	649	1 158
Total income		<u>2 848</u>	<u>3 302</u>	<u>83 241</u>	<u>79 964</u>	<u>86 089</u>	<u>83 266</u>

**A11. Transactions with SA Government (continued)**

	Note	SA Government		Non-SA Government		Total	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Financial assets</b>							
Receivables:	A7	892	1 060	-	-	892	1 060
Total financial assets		892	1 060	-	-	892	1 060
<b>Financial liabilities</b>							
Other liabilities:	A8						
Funds payable to							
SA Government		5 380	5 204	-	-	5 380	5 204
Exhibit monies held		6 886	5 482	-	-	6 886	5 482
Unclaimed property held							
for SA Government		115	97	-	-	115	97
Other payable to							
non-SA Government		-	-	205	199	205	199
Employee benefits	A9	-	-	77	52	77	52
Payables	A9	6	3	-	-	6	3
Total financial liabilities		12 387	10 786	282	251	12 669	11 037

**A12. Unrecognised contractual commitments*****Operating lease commitments***

The total value, net of GST, of future non-cancellable operating lease commitments not provided for as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.

	2014 \$'000	2013 \$'000
Not later than one year	2 267	2 135
Later than one year but not later than five years	9 715	8 992
Later than five years	33 198	31 549
Total operating lease commitments	45 180	42 676
GST on operating lease commitments	4 518	4 268

The property leases are non-cancellable with rental payable in advance. Contingent rental provisions within the lease agreements require minimum lease payments to be increased periodically and generally in line with CPI movements and market conditions.

Options exist to renew property leases at the end of the term of the leases.

Operating lease commitments include commitments for PPP leases related to CAA occupancies only.

***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 as follows:

	2014 \$'000	2013 \$'000
Not later than one year	397	387
Later than one year but not later than five years	23	407
Total remuneration commitments	420	794

Amounts disclosed include commitments arising from executive and other service contracts. SAPOL does not offer fixed-term remuneration contracts greater than five years. Amounts disclosed include commitments arising from the Commissioner of Police employment contract.

# South Australian Country Fire Service

## Functional responsibility

### Establishment

The *Fire and Emergency Services Act 2005* (FES Act) provides for the South Australian Country Fire Service (the SACFS) as a body corporate and also establishes the South Australian Fire and Emergency Services Commission (SAFECOM). The SACFS and SAFECOM are responsible to the Minister for Emergency Services.

The FES Act also defines the emergency services sector as consisting of the:

- South Australian Fire and Emergency Services Commission
- South Australian Country Fire Service
- South Australian State Emergency Service
- South Australian Metropolitan Fire Service.

SAFECOM is responsible for developing and maintaining a strategic and policy framework as well as sound corporate governance across the emergency services sector.

### Functions and funding

The primary function of the SACFS is the prevention of fires, and provision of fire and emergency response services to regional and peri-urban areas of South Australia.

SAFECOM provides various services in support of the SACFS's primary functions including corporate, strategic and compliance services. Also, the operations of the SACFS are financed by the Community Emergency Services Fund (the Fund), established by the *Emergency Services Funding Act 1998*.

For more information about the SACFS's objectives 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 100(2) of the FES Act provide for the Auditor-General to audit the accounts of the SACFS 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 SACFS 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 the major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial report and internal controls.

The audit included access to systems and information maintained by SAFECOM and the SACFS to conduct relevant financial transaction and control compliance tests of those systems and information.

The audit included a review of the overall internal control environment covering compliance with TIs and verification of transactions on a test basis. The scope of the audit included:

- expenditure
- payroll and employee entitlements
- revenue, including grants and contributions
- cash and receivables
- non-current assets including works in progress
- liabilities, including workers compensation
- financial accounting
- business continuity planning
- legislative compliance
- financial management compliance program
- banking arrangements and reporting
- creditor account payment performance.

## 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 South Australian Country Fire Service as at 30 June 2014, 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 South Australian Country Fire Service in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for all matters outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the South Australian Country Fire Service have been conducted properly and in accordance with law.

### Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive, SAFECOM and the Chief Officer, SACFS who are responsible for the governance of the SACFS.

Matters raised with SAFECOM and the SACFS and the related responses are provided in detail under 'Communication of audit matters' in the section of Part B of this Report titled 'South Australian Fire and Emergency Services Commission'.

## Interpretation and analysis of the financial report

### Highlights of the financial report

	2014 \$'million	2013 \$'million
<b>Expenses</b>		
Employee benefits expenses	15	14
Supplies and services and other expenses	50	45
Depreciation and amortisation	10	11
<b>Total expenses</b>	<b>75</b>	<b>70</b>
<b>Total income</b>	<b>4</b>	<b>4</b>
<b>Net cost of providing services</b>	<b>71</b>	<b>66</b>
<b>Revenues from (Payments to) SA Government</b>	<b>75</b>	<b>67</b>
<b>Net result</b>	<b>4</b>	<b>1</b>
<b>Other comprehensive income</b>	<b>(4)</b>	<b>-</b>
<b>Total comprehensive result</b>	<b>-</b>	<b>1</b>
<b>Net cash provided by (used in) operating activities</b>	<b>13</b>	<b>12</b>
<b>Assets</b>		
Current assets	16	13
Non-current assets	154	157
<b>Total assets</b>	<b>170</b>	<b>170</b>
<b>Liabilities</b>		
Current liabilities	6	6
Non-current liabilities	5	5
<b>Total liabilities</b>	<b>11</b>	<b>11</b>
<b>Total equity</b>	<b>159</b>	<b>159</b>

### Statement of Comprehensive Income

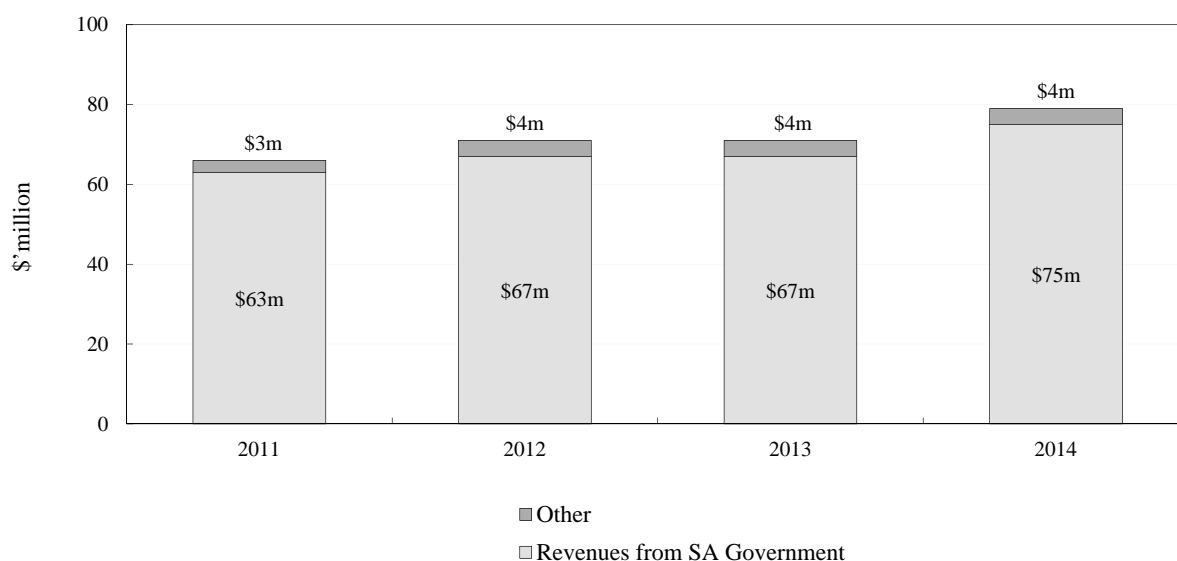
#### *Revenues from SA Government*

The main source of funds for the SACFS is contributions from the Fund which account for 85% of total income (refer note 17 to the financial statements). The contributions from the Fund to the SACFS of \$67.6 million during 2013-14 were \$1.3 million up from the previous year.

Other revenue from the SA Government increased by \$7 million to \$7.3 million due to additional funding for extraordinary bushfire response costs.



A structural analysis of income for the four years to 2014 is presented in the following chart.



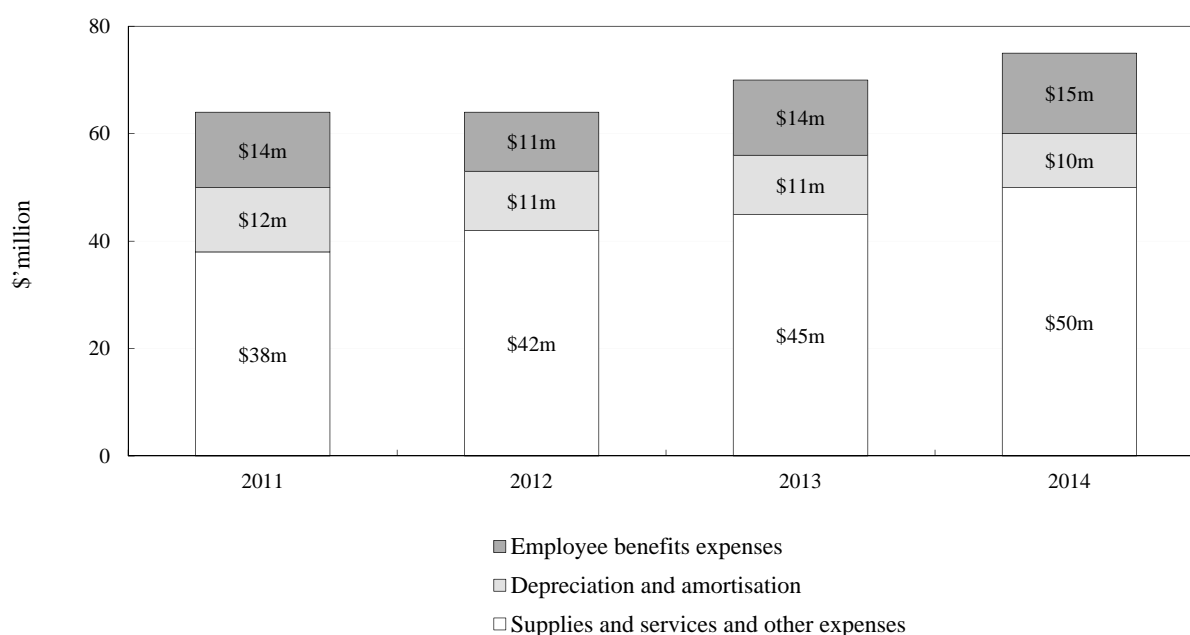
### Expenses

Employee benefits expenses of \$15 million account for only 20% of the total expenses of the SACFS due to the extensive use of volunteer firefighters.

During 2013-14 supplies and services expenditure increased by \$4 million to \$48 million mainly due to the following movements:

- an increase in aerial firefighting expenditure of \$1.5 million, travel and training expenditure of \$1.1 million and other operational costs of \$965 000 as a result of significant bushfires during the year
- a reduction in computing expenditure of \$731 000 compared to the prior year associated with the development of the E-mergency Connect project.

For the four years to 2014, a structural analysis of the main expense items for the SACFS is shown in the following chart.



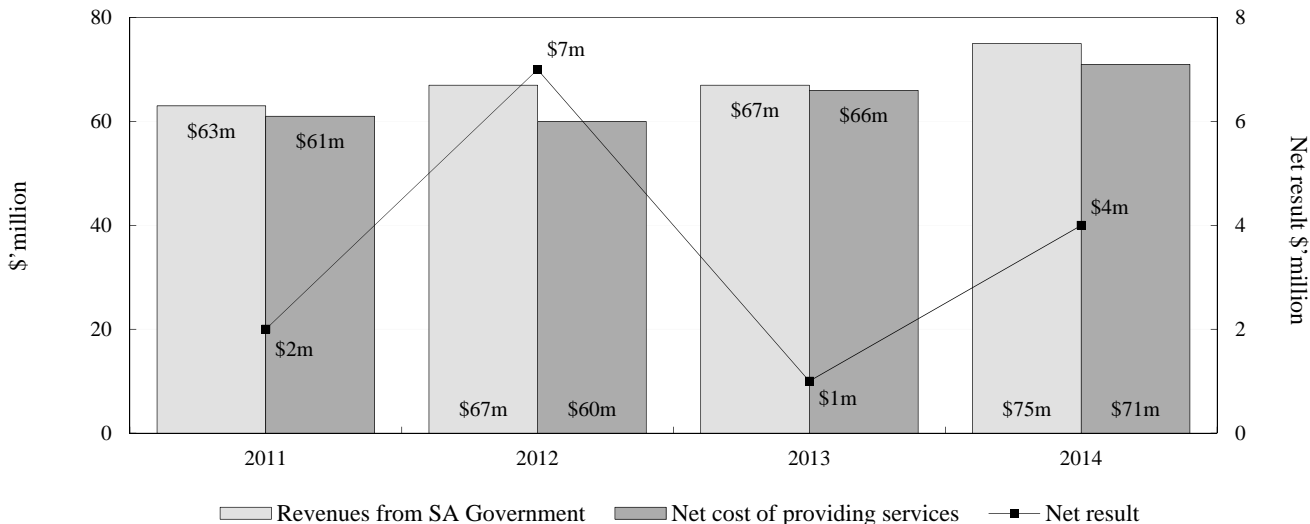
Over the four years, expenses have increased by \$11 million (17%) to \$75 million.

**Net result**

An increase in total income of \$8 million to \$79 million compared to an increase in total expenditure of \$5 million to \$75 million in 2013-14 resulted in a net surplus for the year of \$4 million. This is an increase of \$3 million compared to the 2012-13 net result of \$1 million.

Funding provided to the SACFS includes money for capital purposes. The net result has fluctuated in recent years but does not take into account asset revaluations and other comprehensive income movements. The net result can be impacted by capital expenditure timing and approvals.

The following chart shows the funding received by the SACFS from the SA Government (predominately from the Fund), the net cost of services and net result for the past four years.

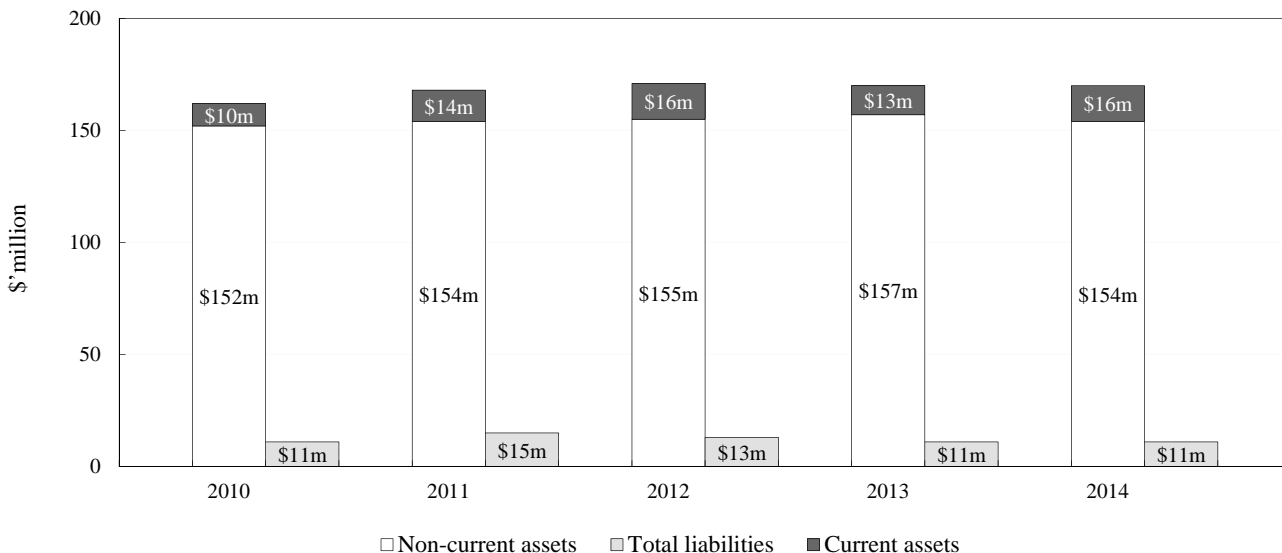


**Statement of Financial Position**

The Statement of Financial Position is dominated by the non-current asset property, plant and equipment which accounts for 90% of total assets. Property, plant and equipment decreased by \$3 million to \$154 million.

The fair values of the main asset classes held by the SACFS were land (\$13 million), buildings (\$42 million) and vehicles (\$85 million). Refer note 22 to the financial statements for more information.

For the five years to 2014, a structural analysis of assets and liabilities is shown in the following chart.



## **Further commentary on operations**

Amendments to the WRCA came into effect during 2013-14 that provided presumptive coverage to firefighters for a range of cancers. These changes will provide additional workers compensation coverage for eligible employees and volunteers subject to certain criteria.

The workers compensation provision as at 30 June 2014 is based on a valuation prepared by an actuary that assesses all known claims relating to the revised workers compensation legislation (refer note 27 to the financial statements).

Whilst further employees may be eligible to make a claim, a reliable estimate of further liabilities cannot be presently made to satisfy the conditions for recognition of liabilities under accounting standards. A contingent liability disclosure has been made at note 31 to the financial statements.

Consequently, there may be a significant increase in the workers compensation provision in future years as further claims are received and assessed.

## Statement of Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
<b>Expenses:</b>			
Employee benefits expenses	5	14 803	14 142
Supplies and services	6	48 142	44 146
Depreciation and amortisation	7	10 288	10 647
Grants and subsidies	8	387	700
Net loss from disposal of non-current assets	9	56	39
Other expenses	10	1 647	-
<b>Total expenses</b>		75 323	69 674
<b>Income:</b>			
Revenues from fees and charges	11	1 317	1 032
Commonwealth revenues	12	2 090	2 031
Interest revenues	13	150	181
Resources received free of charge	14	1	21
Groups/Brigades revenues	15	726	460
Other income	16	386	320
<b>Total income</b>		4 670	4 045
<b>Net cost of providing services</b>		70 653	65 629
<b>Revenues from (Payments to) SA Government:</b>			
Items that will not be reclassified to net result:			
Revenues from SA Government	17	74 944	66 603
<b>Total revenues from (payments to) SA Government</b>		74 944	66 603
<b>Net result</b>		4 291	974
<b>Other comprehensive income:</b>			
Items that will not be reclassified to net result:			
Changes in revaluation surplus	22	(4 017)	-
<b>Total other comprehensive income</b>		(4 017)	-
<b>Total comprehensive result</b>		274	974

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

## Statement of Financial Position as at 30 June 2014

	Note	2014 \$'000	2013 \$'000
<b>Current assets:</b>			
Cash and cash equivalents	18	10 250	9 190
Receivables	19	3 189	968
Other financial assets	20	1 847	1 916
Non-current assets held for sale	21	991	991
<b>Total current assets</b>		<u>16 277</u>	<u>13 065</u>
<b>Non-current assets:</b>			
Property, plant and equipment	22	154 076	157 095
Intangible assets	23	9	-
<b>Total non-current assets</b>		<u>154 085</u>	<u>157 095</u>
<b>Total assets</b>		<u>170 362</u>	<u>170 160</u>
<b>Current liabilities:</b>			
Payables	25	3 092	3 755
Employee benefits	26	2 080	1 809
Provisions	27	706	466
<b>Total current liabilities</b>		<u>5 878</u>	<u>6 030</u>
<b>Non-current liabilities:</b>			
Payables	25	257	239
Employee benefits	26	2 718	2 550
Provisions	27	2 457	2 563
<b>Total non-current liabilities</b>		<u>5 432</u>	<u>5 352</u>
<b>Total liabilities</b>		<u>11 310</u>	<u>11 382</u>
<b>Net assets</b>		<u>159 052</u>	<u>158 778</u>
<b>Equity:</b>			
Revaluation surplus	28	45 836	49 853
Retained earnings	28	113 216	108 925
<b>Total equity</b>		<u>159 052</u>	<u>158 778</u>
Total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	30		
Contingent assets and liabilities	31		

## Statement of Changes in Equity for the year ended 30 June 2014

	Note	Revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2012		49 853	107 951	157 804
Net result for 2012-13		-	974	974
Total comprehensive result for 2012-13		-	974	974
Balance at 30 June 2013	28	49 853	108 925	158 778
Net result for 2013-14		-	4 291	4 291
Loss on revaluation of property, plant and equipment during 2013-14	22	(4 017)	-	(4 017)
Total comprehensive result for 2013-14		(4 017)	4 291	274
<b>Balance at 30 June 2014</b>	28	<b>45 836</b>	<b>113 216</b>	<b>159 052</b>

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

## Statement of Cash Flows for the year ended 30 June 2014

		2014	2013
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
<b>Cash flows from operating activities:</b>			
Cash outflows:			
Employee benefit payments		(14 179)	(13 598)
Supplies and services payments		(55 316)	(50 607)
Grants and subsidies payments		(387)	(700)
Payments for Paid Parental Leave Scheme		-	(30)
<b>Cash used in operations</b>		(69 882)	(64 935)
Cash inflows:			
Fees and charges		1 732	1 399
Receipts from grants and contributions		23	2 031
Interest received		142	194
GST recovered from the ATO		5 430	5 281
Receipts for Paid Parental Leave Scheme		-	28
Other receipts		864	964
<b>Cash generated from operating activities</b>		8 191	9 897
Cash flows from SA Government:			
Contributions from Community Emergency Services Fund	17	67 617	66 351
Other receipts from SA Government	17	7 327	252
<b>Cash generated from SA Government</b>		74 944	66 603
<b>Net cash provided by (used in) operating activities</b>	29	13 253	11 565
<b>Cash flows from investing activities:</b>			
Cash outflows:			
Purchase of investments		68	220
Purchase of property, plant and equipment		(12 513)	(14 670)
Purchase of intangibles		(10)	-
<b>Cash used in investing activities</b>		(12 455)	(14 450)
Cash inflows:			
Proceeds from sale of property, plant and equipment		262	309
<b>Cash generated from investing activities</b>		262	309
<b>Net cash provided by (used in) investing activities</b>		(12 193)	(14 141)
<b>Net increase (decrease) in cash and cash equivalents</b>		1 060	(2 576)
<b>Cash and cash equivalents at 1 July</b>		9 190	11 766
<b>Cash and cash equivalents at 30 June</b>	18	10 250	9 190

### Notes to and forming part of the financial statements

#### 1. Objectives and funding

##### *Objectives*

The South Australian Country Fire Service (the CFS) is established under the *Fire and Emergency Services Act 2005* (the Act) and is responsible under the Act for the following functions:

- to provide services with a view to preventing the outbreak of fires, or reducing the impact of fires, in the country

**Objectives (continued)**

- to provide efficient and responsive services in the country for the purpose of fighting fires, dealing with other emergencies or undertaking any rescue
- to protect life, property and environmental assets from fire and other emergencies occurring in the country
- to develop and maintain plans to cope with the effects of fire or emergencies in the country
- to provide services or support to assist with recovery in the event of a fire or other emergency in the country
- to perform any other function assigned to the CFS by or under this or any other Act.

**Funding arrangements**

Funding of the CFS is primarily derived from the Community Emergency Services Fund (the Fund), in accordance with the *Emergency Services Funding Act 1998*.

Funds generated by groups and brigades through fundraising activities are held locally for expenditure on the CFS activities in the local community. These funds are recognised in the CFS's financial statements.

**2. Summary of significant accounting policies**

**(a) Statement of compliance**

The CFS 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 CFS has applied AASs that are applicable to not-for-profit entities as the CFS 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 CFS for the reporting period ending 30 June 2014 (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 judgement in the process of applying the CFS's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in this financial report:
  - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items may be utilised. The CFS has elected not to utilise this threshold, ie all revenue, expense, financial assets and liabilities relating to SA Government have been separately disclosed
  - (b) expenses incurred as a result of engaging consultants
  - (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 CFS'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 2014 and the comparative information presented.



(c) **Reporting entity**

The CFS is established under the Act. Under the Act, the CFS is a separate body corporate acting on behalf of the Crown and part of the consolidated emergency services sector.

The financial statements include all the controlled activities of the CFS.

(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 accounting policy statements 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.

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

(e) **Rounding**

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

(f) **Taxation**

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

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

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

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

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

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

(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 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 CFS 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:

*Revenues from SA Government*

Contributions from the Fund and other receipts from the SA Government are recognised as income when the CFS obtains control over the funding. Control over funding is normally obtained upon receipt.

*Grants and contributions*

Grants and contributions revenues are recognised as an asset and income when the CFS obtains control of revenues or obtains the right to receive the revenues and income recognition criteria are met (ie the amount can be reliably measured and the flow of resources is probable).

Generally, the CFS 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 CFS 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.

*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.

*Other income*

Other income consists of rental income, donations received, insurance recoveries and other minor revenues.

(i) ***Expenses***

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the CFS 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 CFS to the superannuation plan in respect of current services of current the CFS staff. DTF centrally recognises the superannuation liability in the whole-of-government financial statements for all government managed funds.

*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.

*Net loss on non-current assets*

Expenses from the disposal of non-current assets are 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.

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

*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.

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>Class of asset</i>	<i>Useful life (years)</i>
Buildings	40
Vehicles	20
Communications equipment	10
Computer equipment	5
Plant and equipment	10
Intangibles	5

*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.

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

**(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 CFS 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 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.

*Receivables (continued)*

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

*Other financial assets*

The CFS measures other financial assets at cost. All assets in this category are either short or medium-term cash deposits.

*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.

*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.

In accordance with APF III, APS 2.15 all non-current tangible assets with a value of \$10 000 or greater are capitalised.

*Revaluation of non-current assets*

All non-current tangible assets are valued at fair value. On an ongoing basis, revaluations are made in accordance with related policies whereby independent valuations are obtained every six years and carrying amounts are adjusted accordingly.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, the asset is revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluations 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 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 CFS only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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

*Intangible assets (continued)*

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 CFS has been unable to attribute this expenditure to the intangible asset rather than to the CFS as a whole.

*Fair value measurement*

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The CFS classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

- Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2: not traded in active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3: not traded in active market and are derived from unobservable inputs.

*Non-financial assets*

In determining fair value, CFS has taken into account the characteristic of the asset (eg condition and location of the asset and any restrictions on the sale or use of the asset) and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The CFS current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the CFS did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

Refer notes 22 and 24 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

*Financial assets*

The CFS does not recognise any financial assets at fair value.

**(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 and employment on-costs.

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

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

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

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

The CFS 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.

*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 and wages, annual leave, SERL 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 SERL liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salaries and wages, annual leave and SERL 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 wages levels, experience of employee departure and periods of service. These assumptions are based on employee data over the police and emergency services 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.

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

*Provisions*

Provisions are recognised when the CFS 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 CFS 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 2014 provided by a consulting actuary engaged through DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. As of 28 November 2013 amendments of the WRCA introduced presumptive recognition of certain cancers for eligible South Australian firefighters. This has resulted in minor impact to employee expenses in the Statement of Comprehensive Income and provisions in the Statement of Financial Position.

The CFS 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.

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 CFS did not voluntarily change any of its accounting policies during 2013-14.

In accordance with the new AASB 13 which became effective for the first time in 2013-14 the CFS has:

- reviewed its fair value valuation techniques (both internal estimates and independent appraisal) for non-financial assets to ensure they are consistent with the standard. Previously, the CFS has used the cost approach or the market approach to determine fair value. The CFS will continue to measure its non-financial assets using either the cost or market approach. The application of AASB 13 has not had a material impact on the fair value measurements
- included additional disclosures where required to assist users in assessing the valuation techniques and inputs used to ascertain fair value measurements used for asset and liability measurements.

Fair value hierarchy and other information is provided in notes 22 and 24.

AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the CFS for the period ending 30 June 2014. The CFS has assessed the impact of the new and amended standards and interpretations and considers there will be minimal impact on the accounting policies or the financial statements of the CFS.

### 4. Activities of the CFS

In achieving its objectives, the CFS provides services within two areas of activity: frontline service delivery and frontline service delivery support. These services are classified under one program titled 'South Australian Country Fire Service'.

### 5. Employee benefits expenses

	2014	2013
	\$'000	\$'000
Salaries and wages	10 709	9 898
Annual leave	960	908
SERL	44	51
LSL	328	208
Employment on-costs - superannuation	1 070	1 000
Payroll tax	653	586
Workers compensation costs	661	1 173
Other employment related expenses	378	318
Total employee benefits expenses	14 803	14 142

#### *Employee remuneration*

The number of employees whose remuneration received or receivable falls within the following bands:	2014	2013
	Number	Number
\$138 000 - \$141 499*	n/a	2
\$141 500 - \$151 499	2	3
\$151 500 - \$161 499	2	3
\$161 500 - \$171 499	2	1
\$181 500 - \$191 499	1	-
\$221 500 - \$231 499	-	1
\$231 500 - \$241 499	1	-
\$281 500 - \$291 499	-	1
\$291 500 - \$301 499	1	-
Total	9	11

\* This band has been included for the purposes of reporting comparative figures based on the executive base level 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, 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 \$1.659 million (\$1.859 million).

<b>6. Supplies and services</b>	2014	2013
	\$'000	\$'000
Accommodation	123	129
Aerial firefighting	9 921	8 465
Auditor's remuneration	28	27
Communications	972	1 057
Computing costs	1 554	2 285
Consultancy, contractor and legal fees	3 074	2 628
Consumables	2 523	2 029
Energy	818	739
Government Radio Network	10 296	10 147
Insurance premiums	228	212
Minor plant and equipment	1 420	1 489
Operating lease costs	2 369	2 417
Operational costs	3 018	2 053
Repairs and maintenance	5 237	5 112
SSSA payments	4	1
Travel and training	2 941	1 841
Uniforms and protective clothing	1 731	1 418
Other expenses	1 885	2 097
Total supplies and services	48 142	44 146

<b>Consultancies</b>	2014		2013	
The number and dollar amount of consultancies paid/payable (included in consultant expenses shown above) fell within the following band:	Number	\$'000	Number	\$'000
Below \$10 000	1	1	2	5
Total amount paid/payable to consultants engaged	1	1	2	5

<b>Auditor's remuneration</b>	2014	2013
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	\$'000	\$'000
Total audit fees	28	27

**Other services**

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

**Supplies and services provided by entities within the SA Government**

The following supplies and services (included in the supplies and services expense amounts shown above) were provided by entities within the SA Government:

Accommodation	78	86
Aerial firefighting	139	17
Auditor's remuneration	28	27
Communications	42	34
Computing costs	326	118
Consultancy, contractor and legal fees	434	604
Consumables	-	180
Energy	14	15
Government Radio Network	10 296	10 147
Insurance premiums	172	173
Minor plant and equipment	1	47
Operating lease costs	456	1 008
Operational costs	207	61
Repairs and maintenance	73	140
SSSA payments	4	1
Travel and training	16	157
Uniform and protective clothing	-	13
Other expenses	228	293
Total supplies and services provided by entities within the SA Government	12 514	13 121



<b>7. Depreciation and amortisation</b>	2014	2013
Depreciation:	\$'000	\$'000
Buildings	2 378	2 518
Vehicles	6 517	6 200
Computers	16	20
Plant	284	379
Communications	1 092	1 464
Total depreciation	<u>10 287</u>	<u>10 581</u>
Amortisation:		
Software	1	66
Total amortisation	<u>1</u>	<u>66</u>
Total depreciation and amortisation	<u>10 288</u>	<u>10 647</u>
<b>8. Grants and subsidies</b>		
Grants to individuals and community organisations	387	700
Total grants and subsidies	<u>387</u>	<u>700</u>
All grants and subsidies are provided to non-SA Government recipients.		
<b>9. Net loss from disposal of non-current assets</b>		
Land and buildings:		
Proceeds from disposal	-	-
Net book value of assets disposed	(1)	-
Net gain (loss) from disposal of land and buildings	<u>(1)</u>	<u>-</u>
Vehicles:		
Proceeds from disposal	262	309
Net book value of assets disposed	(317)	(348)
Net gain (loss) from disposal of vehicles	<u>(55)</u>	<u>(39)</u>
Total assets:		
Total proceeds from disposal	262	309
Total value of assets disposed	(318)	(348)
Net gain (loss) from disposal of non-current assets	<u>(56)</u>	<u>(39)</u>
<b>10. Other expenses</b>		
Asset revaluation decrement	1 647	-
Total other expenses	<u>1 647</u>	<u>-</u>
<b>11. Revenues from fees and charges</b>		
Fire alarm attendance fees	385	266
Fire safety fees	131	133
Fire alarm monitoring fees	203	193
Incident cost recoveries	164	-
Training and other recoveries	420	415
Other recoveries	14	25
Total revenues from fees and charges	<u>1 317</u>	<u>1 032</u>
<i>Fees and charges received/receivable from entities within the SA Government</i>		
Fire alarm attendance fees	127	88
Fire safety fees	3	8
Fire alarm monitoring fees	50	46
Training and other recoveries	116	79
Total fees and charges received/receivable from entities within the SA Government	<u>296</u>	<u>221</u>
<b>12. Grants and contributions</b>		
Grants and contributions	2 090	2 031
Total Commonwealth revenues	<u>2 090</u>	<u>2 031</u>

**12. Grants and contributions (continued)**

Commonwealth revenues include contributions towards aerial firefighting costs through the National Aerial Firefighting Centre Ltd, contributions towards the cost of providing fire and emergency services to Commonwealth property in the CFS areas and one-off project grants.

Contributions through the National Aerial Firefighting Centre Ltd can only be applied to aircraft leasing and positioning costs and must be matched by State Government funding on at least a dollar for dollar basis. Once-off project grants are subject to specific funding agreements.

**13. Interest revenues**

	2014 \$'000	2013 \$'000
Interest on deposit accounts - from entities within the SA Government	150	181
Total interest revenue	<u>150</u>	<u>181</u>

**14. Resources received free of charge**

Asset contributions from local government councils and other organisations	1	21
Total resources received free of charge	<u>1</u>	<u>21</u>

During 2012-13, two properties have been transferred into the control of the Minister (valued at fair value of \$21 000).

**15. Groups/Brigades revenues**

Groups/Brigades fundraising	726	460
Total groups/brigades revenues	<u>726</u>	<u>460</u>

**16. Other income**

Rent received	76	54
Donations	1	1
Insurance recoveries	-	16
Other	309	249
Total other income	<u>386</u>	<u>320</u>

***Other income received/receivable from entities within the SA Government***

The following other income (included in the other income revenues shown above) was received/receivable from entities within the SA Government:

Other	43	18
Total other income received from entities within the SA Government	<u>43</u>	<u>18</u>

**17. Revenues from SA Government**

Contributions from Community Emergency Service Fund	67 617	66 351
Other revenue from SA Government	7 327	252
Total revenues from SA Government	<u>74 944</u>	<u>66 603</u>

Total revenues from SA Government consist of \$59.752 million (\$53.096 million) for operational funding and \$15.192 million (\$13.507 million) for capital projects.

For details on the expenditure associated with the operational funding and capital funding refer notes 5, 6, 8, 22 and 23.

**18. Cash and cash equivalents**

	2014 \$'000	2013 \$'000
Cash on hand	5	4
Deposits with the Treasurer	5 855	5 487
Cash at bank (non-SA Government)	417	417
Cash at bank (non-SA Government) - groups/brigades	3 092	2 642
Short-term deposits (non-SA Government) - groups/brigades	881	640
Total cash and cash equivalents	<u>10 250</u>	<u>9 190</u>

***Short-term deposits***

Short-term deposits are made for varying periods of between one day and three months. The deposits are lodged with various financial institutions at their respective short-term deposit rates.

**Interest rate risk**

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

<b>19. Receivables</b>	2014	2013
Current:	\$'000	\$'000
Receivables	2 534	263
Allowance for doubtful debts	(12)	(5)
	<u>2 522</u>	<u>258</u>
Accrued revenues	67	15
GST input tax recoverable	600	695
Total current receivables	<u>3 189</u>	<u>968</u>

**Receivables from entities within the SA Government**

The following receivables (included in the receivables shown above) were receivable from entities within the SA Government:

Receivables	22	32
Accrued revenues	23	10
Total receivables - SA Government entities	<u>45</u>	<u>42</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.

<b>Movements in the allowance for doubtful debts (impairment loss)</b>	2014	2013
	\$'000	\$'000
Carrying amount at 1 July	(5)	(4)
Amounts written off	2	6
Decrease (Increase) in the allowance	(9)	(7)
Carrying amount at 30 June	<u>(12)</u>	<u>(5)</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.

**Maturity analysis of receivables and categorisation of financial instruments and risk exposure information**

Refer note 34.

<b>20. Other financial assets</b>	2014	2013
	\$'000	\$'000
Medium-term deposits - groups and brigades	1 847	1 916
Total other current financial assets	<u>1 847</u>	<u>1 916</u>

**Maturity analysis of receivables and categorisation of financial instruments and risk exposure information**

Refer note 34.

<b>21. Non-current assets held for sale</b>		
Building	4	4
Land	987	987
Total non-current assets held for sale	<u>991</u>	<u>991</u>

A tender to sell surplus land at Port Lincoln during 2010-11 failed to be realised, and as at 30 June 2013 the property continues to remain on the market for sale.

<b>22. Property, plant and equipment</b>	2014	2013
Land:	\$'000	\$'000
At valuation	12 649	11 294
At cost (deemed fair value)	-	679
Total land	12 649	11 973
Buildings:		
At valuation	42 192	47 641
At cost (deemed fair value)	444	4 144
Accumulated depreciation	(1 124)	(3 804)
Total buildings	41 512	47 981
Vehicles:		
At valuation	80 990	74 021
At cost (deemed fair value)	7 718	19 502
Accumulated depreciation	(3 285)	(9 094)
Total vehicles	85 423	84 429
Communication equipment:		
At valuation	4 849	6 273
At cost (deemed fair value)	-	2 621
Accumulated depreciation	(417)	(2 123)
Total communication equipment	4 432	6 771
Computer equipment:		
At valuation	30	-
At cost (deemed fair value)	80	98
Accumulated depreciation	(7)	(20)
Total computer equipment	103	78
Plant and equipment:		
At valuation	1 164	1 450
At cost (deemed fair value)	-	996
Accumulated depreciation	(98)	(526)
Total plant and equipment	1 066	1 920
Capital works in progress:		
At cost (deemed fair value)	8 891	3 943
Total capital works in progress	8 891	3 943
Total property, plant and equipment	154 076	157 095

**Valuation of assets**

At 1 January 2014 independent valuations for land, buildings, vehicles, communication, computer, plant and equipment assets were undertaken by Liquid Pacific's Mr M Burns, MRICS AAPI (CPV). The fair value of all vehicles, communications, computer and plant and equipment 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.

As at 30 June 2014 in accordance with South Australian Fire and Emergency Services Commission (SAFECOM) policy, a review of the valuations were undertaken by a suitability qualified officer of SAFECOM which indicated that there was no material difference between the fair value and carrying amount of the assets. Consequently it was determined no revaluation adjustment were required at this time.

**Impairment**

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

**Resources received free of charge**

Refer note 14.

**Movement reconciliation of property, plant and equipment**

	Land	Buildings	Vehicles	Communi- cation equipment	Computer equipment	Plant and equipment	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2014</b>								
Carrying amount at 1 July	11 973	47 981	84 429	6 771	78	1 920	3 943	157 095
Acquisitions	-	22	38	-	-	-	13 189	13 249
Transfers to (from) capital works in progress	-	481	7 679	-	81	-	(8 241)	-
Depreciation expense	-	(2 378)	(6 517)	(1 092)	(16)	(284)	-	(10 287)
Net revaluation increment (decrement)	676	(4 594)	111	1	(1)	(210)	-	(4 017)
Assets received for nil consideration	1	-	-	-	-	-	-	1
Disposals	(1)	-	(317)	-	-	-	-	(318)
Net revaluation decrement expensed	-	-	-	(1 248)	(39)	(360)	-	(1 647)
Carrying amount at 30 June	12 649	41 512	85 423	4 432	103	1 066	8 891	154 076
<b>2013</b>								
Carrying amount at 1 July	11 354	46 470	76 821	8 235	98	2 228	9 142	154 348
Acquisitions	-	-	-	-	-	-	13 655	13 655
Transfers to (from) capital works in progress	598	4 029	14 156	-	-	71	(18 854)	-
Depreciation expense	-	(2 518)	(6 200)	(1 464)	(20)	(379)	-	(10 581)
Assets received for nil consideration	21	-	-	-	-	-	-	21
Disposals	-	-	(348)	-	-	-	-	(348)
Carrying amount at 30 June	11 973	47 981	84 429	6 771	78	1 920	3 943	157 095

**23. Intangible assets**

	2014	2013
	\$'000	\$'000
Computer software	21	341
Accumulated amortisation	(12)	(341)
Total intangible assets	9	-

**Movement reconciliation of intangible assets**

Carrying amount at 1 July	-	66
Transfers to (from) capital works in progress	10	-
Amortisation expense	(1)	(66)
Carrying amount at 30 June	9	-

**Asset details and amortisation**

Intangible assets detailed above relate to computer software externally acquired. All computer software is amortised over a straight-line basis with a total useful life of five years.

**Impairment**

There were no indications of impairment of intangible assets at 30 June 2014.

**24. Fair value measurement****Fair value hierarchy**

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purpose. The CFS categorises non-financial assets measured at fair value into hierarchy bases on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2014:

The CFS had no valuations categorised into level 1.

2014		Level 2	Level 3	Total
	Note	\$'000	\$'000	\$'000
Recurring fair value measurements:				
Land	22	6 389	6 260	12 649
Buildings	22	8 440	33 072	41 512
Vehicles	22	7 595	77 828	85 423
Communication equipment	22	-	4 432	4 432
Computer equipment	22	79	24	103
Plant and equipment	22	-	1 066	1 066
Total recurring fair value measurements		22 503	122 682	145 185

**Fair value hierarchy (continued)**

<b>2014 (continued)</b>	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Non-recurring fair value measurements:				
Land held for sale	21	987	-	987
Buildings held for sale	21	4	-	4
Total non-recurring fair value measurements		991	-	991
Total fair value measurements		23 494	122 682	146 176

Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new standard.

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2014. The CFS's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

**Valuation techniques and inputs**

Valuation techniques used to derive level 2 and 3 fair values are at note 22. There were no changes in the valuation techniques during 2014.

Land with restricted use is considered within input level 3.

Buildings specialised are classified as input level 3.

As with all assets in this valuation, the market price has been estimated by the written down replacement cost of a modern equivalent or reproduced comparable asset, not the replacement cost of existing asset on a like with like material basis.

**Quantitative information about fair value measurement using significant unobservable inputs (level 3)**

Description	Fair value \$'000	Valuation technique	Unobservable inputs	Range		
				\$	\$/m <sup>2</sup>	years
Land	6 260	Market approach <sup>(1)</sup>	Adjusted market price	-	1-250	-
Buildings	33 072	Depreciated replacement cost <sup>(2)</sup>	Current market replacement cost	-	450-2100	40
Other plant and equipment	83 349	Depreciated replacement cost <sup>(3)</sup>	Current market replacement cost	1500-2 452 407	-	5-20

<sup>(1)</sup> Fair value of land with restricted use was determined using an adjusted market price of surrounding unrestricted land.

<sup>(2)</sup> Due to the highly specialised nature of the assets, fair value was determined using depreciated replacement cost approach. Key assumption were the use of the properties and specialised nature of the improvements either by virtue of the type of improvement, location or scale.

<sup>(3)</sup> Due to no quoted market price available for this asset class in an active and liquid market, fair value has been estimated by written down replacement cost.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3):

	Land \$'000	Buildings \$'000	Vehicles \$'000	Communi- cations \$'000	Computer equipment \$'000	Plant and equipment \$'000	Total \$'000
<b>2014</b>							
Opening balance at 1 July	5 707	38 939	84 428	6 771	79	1 919	137 843
Capitalised subsequent expenditure	-	58	-	-	-	-	58
Revaluation increment (decrement)	553	(3 960)	111	(1 247)	(40)	(570)	(5 153)
Depreciation	-	(1 965)	(6 394)	(1 092)	(15)	(283)	(9 749)
Disposals	-	-	(317)	-	-	-	(317)
Closing balance at 30 June	6 260	33 072	77 828	4 432	24	1 066	122 682

<b>25. Payables</b>	2014	2013
Current:	\$'000	\$'000
Accrued expenses	234	569
Creditors	2 428	2 803
FBT payable	92	81
Employment on-costs	338	302
Total current payables	<u>3 092</u>	<u>3 755</u>

**Current payables to entities within the SA Government**

The following payables (included in the payables shown above) were payable to entities within the SA Government:

Accrued expenses	33	30
Creditors	32	1 034
FBT payable	92	81
Employment on-costs	161	153
Total current payables to SA Government entities	<u>318</u>	<u>1 298</u>
Non-current liabilities:	3	-
Employment on-costs	254	239
Total non-current payables	<u>257</u>	<u>239</u>

**Non-current payables to entities within the SA Government**

The following payables (included in the payables shown above) were payable to entities within the SA Government:

Employment on-costs	142	135
Total non-current payables to entities within the SA Government	<u>142</u>	<u>135</u>

**Employment on-costs**

The actuarial assessment performed by DTF, has resulted in the percentage of the proportion of LSL taken as leave to remain at the 2013 rate of 40%, and the average factor for the calculation of employer superannuation cost on-cost has increased to 10.3% from 2013 (10.2%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a increase in the employment on-cost of \$51 000 and employee benefit expense of \$51 000. The estimated impact on future periods is not expected to be materially different to the effect on the current period as shown above.

**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 and categorisation of financial instruments and risk exposure information**

Refer note 34.

<b>26. Employee benefits</b>	2014	2013
Current:	\$'000	\$'000
Accrued salaries and wages	104	20
Annual leave	1 393	1 275
SERL	88	51
LSL	495	463
Total current employee benefits	<u>2 080</u>	<u>1 809</u>
Non-current:		
LSL	2 718	2 550
Total non-current employee benefits	<u>2 718</u>	<u>2 550</u>

AASB 119 contains the calculation methodology for LSL liability. The actuarial assessment performed by DTF has provided a set level of liability for the measurement of LSL.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 2013 (3.75%) to 2014 (3.5%).

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.

<b>27. Provisions</b>	2014	2013
Current:	\$'000	\$'000
Provisions for workers compensation	706	466
Total current provisions	<u>706</u>	<u>466</u>
Non-current:		
Provision for workers compensation	2 457	2 563
Total non-current provisions	<u>2 457</u>	<u>2 563</u>
Total provisions	<u>3 163</u>	<u>3 029</u>
<b><i>Provision movement</i></b>		
Carrying amount at 1 July	3 029	2 870
Additional provisions recognised (released)	664	1 173
Reductions arising from payments	(530)	(1 014)
Carrying amount at 30 June	<u>3 163</u>	<u>3 029</u>

Amendments to the WRCA came into effect during 2013-14 that provided presumptive coverage to firefighters for a range of cancers. These changes will provide additional workers compensation coverage for eligible firefighters subject to certain criteria.

The workers compensation provision as at 30 June 2014 is based on a valuation prepared by an actuary that assesses all known claims relating to the revised workers compensation legislation. While further firefighters may be eligible to make a claim, a reliable estimate of further liabilities cannot be presently made to satisfy the conditions for recognition of liabilities under accounting standards. A contingent liability disclosure has been made at note 31 to the financial statements.

Consequently, there may be a significant increase in workers compensation provision in future years as further claims are received and assessed.

<b>28. Equity</b>	2014	2013
	\$'000	\$'000
Accumulated surplus	113 216	108 925
Revaluation surplus	45 836	49 853
Total equity	<u>159 052</u>	<u>158 778</u>

The revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets. The revaluation surplus is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

<b>29. Cash flow reconciliation</b>	2014	2013
<b><i>Reconciliation of cash and cash equivalents at 30 June</i></b>	\$'000	\$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	10 250	9 190
Balance as per the Statement of Cash Flows	<u>10 250</u>	<u>9 190</u>
<b><i>Reconciliation of net cash provided by (used in) operating activities to net cost of providing services</i></b>		
Net cash provided by operating activities	13 253	11 565
Revenues from SA Government	(74 944)	(66 603)
Non-cash items:		
Depreciation and amortisation	(10 288)	(10 647)
Assets received free of charge	1	21
Asset revaluation decrement recognised in Statement of Comprehensive Income	(1 647)	-
Net loss from disposal of non-current assets held for sale	(56)	(39)
Movements in assets/liabilities:		
Receivables	2 221	(510)
Payables	1 380	1 105
Employee benefits	(439)	(362)
Provisions	(134)	(159)
Net cost of providing services	<u>(70 653)</u>	<u>(65 629)</u>



**30. Unrecognised contractual commitments*****Operating lease commitments***

The total value of future non-cancellable operating lease commitments not provided for and payable as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.

	2014 \$'000	2013 \$'000
Within one year	1 315	1 868
Later than one year but not later than five years	1 599	1 709
Later than five years	-	89
Total operating lease commitments	<u>2 914</u>	<u>3 666</u>

The above-mentioned operating lease payments are not recognised in the financial statements as liabilities. These non-cancellable leases relate to vehicle and property leases, with rental payable monthly. Contingent rental provisions within the lease agreements require the minimum lease payments to be increased annually based on CPI movement.

***Capital commitments***

Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:

	2014 \$'000	2013 \$'000
Within one year	3 177	7 177
Total capital commitments	<u>3 177</u>	<u>7 177</u>

These capital commitments are for building and appliance projects.

***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:

	2014 \$'000	2013 \$'000
Within one year	752	708
Later than one year but not later than five years	398	1 129
Total remuneration commitments	<u>1 150</u>	<u>1 837</u>

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

***Other commitments***

The total value of other commitments not provided for and payable as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.

	2014 \$'000	2013 \$'000
Within one year	5 537	1 163
Later than one year but not later than five years	17 326	1 773
Later than five years	-	975
Total other commitments	<u>22 863</u>	<u>3 911</u>

Contractual commitments relate to information technology and aerial firefighting contracts.

**31. Contingent assets and liabilities*****Contingent assets***

In 2009-10, the CFS made prepayments for capital works projects of \$855 800 for works that did not materialise. Recovery of the prepayments has been sought.

***Contingent liabilities***

Amendments to the WRCA came into effect during 2013-14 that provided presumptive coverage to firefighters for a range of cancers. These changes will provide additional workers compensation coverage for eligible firefighters subject to certain criteria.

The workers compensation provision as at 30 June 2014 recognises a liability for all known claims relating to the revised workers compensation legislation based on a valuation prepared by an actuary. Further firefighters may be eligible to make a claim, however, a reliable estimate of the liability relating to those potential claims cannot be presently made.

**Contingent liabilities (continued)**

The CFS has several other contingent liabilities in the form of resolved litigation. However, the outcome cannot be reliably determined at this stage. In each case the financial exposure to the CFS is limited to a \$10 000 excess under insurance arrangements.

**32. Board members' remuneration**

Members of the board and committees, during the 2014 financial year were:

**State Bushfire Coordination Committee**

Andrew Watson (retired 18 October 2013)	Gregory Saunder* James Crocker*	Michael Cornish* (retired 18 October 2013)
Ann De Piaz*	James Rishworth*	Peter White
Bruce Hull	Jayne Bates	Scott Thompson*
Bryan Fahy* (appointed 21 February 2014)	John Nairn (appointed 18 October 2013)	Stephen Pascale*
Dennis Mutton (retired 21 February 2014)	Joseph Keynes	Susan Filby
Donald Gilbertson	Justin Cook*	Suzanne Mickan
Donna Ferretti*	Katherine Stanley-Murray	Timothy Kelly (retired 20 December 2013))
Fiona Dunstan*	Katie Taylor*	Timothy Milne
Franco Crisci*	Kylie Egan	Tina Brew*
Glenn Benham*	Maurice Roche (appointed 21 February 2014)	Wayne Thorley
Graham Gates	Mark Sutton*	William McIntosh
Grant Pelton*	Meredith Jenner*	
Gregory Nettleton*	(retired 16 August 2013)	

The number of members whose remuneration received or receivable falls within the following bands:	2014 Number	2013 Number
\$0	33	31
\$1 - \$9 999	4	6
Total	<u>37</u>	<u>37</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 those benefits. The total remuneration received or receivable by members was \$2060 (\$3914).

\* 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 CFS are on conditions no more favourable than those that it is reasonable to expect the CFS would have adopted if dealing with a related party at arm's length in the same circumstances.

For the purposes of this note, 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 expenses incurred by relevant members.

**33. Events after the reporting date**

There were no events after the reporting period affecting the financial statements.

**34. Financial instruments/Financial risk management****34.1 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.

	Note	2014		2013	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>		\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	18	10 250	10 250	9 190	9 190
Receivables <sup>(1)(2)</sup>	19	2 564	2 564	278	278
Other financial assets	20	1 847	1 847	1 916	1 916

**34.1 Categorisation of financial instruments (continued)**

	Note	2014		2013	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<b>Financial liabilities</b>					
Payables	25	2 674	2 674	3 345	3 345

- (1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax, audit receivables/payables 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 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.

**Fair value**

The CFS does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the nature of these (refer notes 2, 19 and 25).

**Credit risk**

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

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

The carrying amount of financial assets as detailed in note 34.1 represents the CFS's maximum exposure to credit risk.

No collateral is held as security and no credit enhancements relate to financial assets held by the CFS.

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.

**34.2 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	
<b>2014</b>					
Not impaired:					
Receivables	2 390	16	35	111	2 552
Other financial assets	1 847	-	-	-	1 847
Impaired:					
Receivables	-	-	-	12	12
<b>2013</b>					
Not impaired:					
Receivables	89	32	22	130	273
Other financial assets	1 916	-	-	-	1 916
Impaired:					
Receivables	-	-	-	5	5

**34.3 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
<b>2014</b>			
Financial assets:			
Cash and cash equivalent	10 250	10 250	-
Receivables	2 564	2 564	-
Other financial assets	1 847	1 847	-
Total financial assets	14 661	14 661	-
Financial liabilities:			
Payables	2 674	2 634	3
Total financial liabilities	2 674	2 634	3
<b>2013</b>			
Financial assets:			
Cash and cash equivalent	9 190	9 190	-
Receivables	278	278	-
Other financial assets	1 916	1 916	-
Total financial assets	11 384	11 384	-
Financial liabilities:			
Payables	3 345	3 345	-
Total financial liabilities	3 345	3 345	-

The financial assets and liabilities of the CFS are all current with maturity within the next 12 months.

**Liquidity risk**

Liquidity risk arises where the CFS is unable to meet its financial obligations as they are due to be settled. The CFS is funded principally from contributions from the Community Emergency Services Fund. The CFS and SAFECOM work with the manager of the Community Emergency Services Fund to determine cash flows associated with its government approved program of work and with the DTF to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The CFS 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 CFS'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 categorisation of financial instruments table above represent the CFS's maximum exposure to financial liabilities.

**Market risk**

The CFS has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). The CFS's exposure to market risk and cash flow interest risk is minimal. There is minimal exposure to foreign currency or other price risks.

**Sensitivity disclosure analysis**

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

## Part B

### Acronyms used in this Report

#### 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 (NFP)
AASB 127	Separate Financial Statements (FP)
AASB 128	Investments in Associates (NFP)
AASB 128	Investments in Associates and Joint Ventures (FP)
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
AASB 1049	Whole of Government and General Government Sector Financial Reporting
AASB 1050	Administered Items
AASB 1051	Land Under Roads

## Australian Accounting Standards – AASB (continued)

Reference	Title
AASB 1052	Disaggregated Disclosures
AASB 1053	Application of Tiers of Australian Accounting Standards
AASB 1054	Australian Additional Disclosures
AASB 1055	Budgetary Reporting
AASB 1056	Superannuation Entities

## Australian Interpretations

Reference	Title
Interpretation 4	Determining whether an Arrangement contains a Lease
Interpretation 21	Levies
Interpretation 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
Interpretation 115	Operating Leases - Incentives
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 7	Corporate Governance
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 <sup>1</sup>
APF	Accounting Policy Framework
APS	Accounting Policy Statement
ATO	Australian Taxation Office
CHRIS	Complete Human Resource Information System

<sup>1</sup> '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)**

<b>Reference</b>	<b>Title</b>
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
FBT	Fringe benefits tax
GST	Goods and services tax
ICT	Information and communications technology ( <i>except in heading in write-up. In full for indexing purposes</i> )
LSL	Long service leave
SAFA	South Australian Government Financing Authority
SERL	Skills and experience retention leave
Service SA	Government Services Group - Service SA
SSSA	Government Services Group - Shared Services SA
TI	Treasurer's Instruction
TVSP	Targeted voluntary separation package



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