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Government
of South Australia

Report

of the

Auditor-General

Annual Report

for the

year ended 30 June 2012

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Second Session, Fifty-Second Parliament

Part B: Agency audit reports

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General enquiries regarding this report should be directed to:

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

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

Website: www.audit.sa.gov.au

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Part B

References to matters of significance

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

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

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

Motor Accident Commission

Functional responsibility

Establishment

The Motor Accident Commission (the Commission) is a statutory authority established pursuant to the *Motor Accident Commission Act 1992* (MAC Act).

Functions

The main function of the Commission is to provide compulsory third party (CTP) insurance to motor vehicle users in South Australia.

The principal objectives of the Commission in providing CTP insurance are to:

- achieve and maintain a sufficient level of solvency in the Compulsory Third Party Fund (the CTP Fund)
- minimise premium charges having regard to the Commission's objective of achieving and maintaining a sufficient level of solvency in the CTP Fund
- deal with claims for compensation in accordance with law as expeditiously as possible.

Pursuant to section 18 of the MAC Act, the Minister must prepare, in consultation with the Commission, a Charter, which may limit the functions or powers of the Commission.

The Commission's Charter specifies that the Commission is empowered to undertake the following classes of insurance:

- CTP insurance (in accordance with the *Motor Vehicles Act 1959*)
- financial risk insurance.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 28(3) of the MAC Act and section 31(1)(b) of the PFAA provide for the Auditor-General to audit the accounts and financial report of the Commission in respect of 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 Commission in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

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

Scope of audit

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

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

- investment assets
- investment income
- claim payments
- outstanding claim liabilities
- premiums.

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 Motor Accident Commission as at 30 June 2012, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Motor Accident Commission 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 Motor Accident Commission have been conducted properly and in accordance with law.

Communication of audit matters

The review of the auditable areas (including financial report verification) indicated that the financial controls of the Commission were satisfactory. No matters arose during the audit that required management letter communication to the Commission.

Interpretation and analysis of the financial report

Highlights of the Commission's financial report

	2012 $'million	2011 $'million
Underwriting result		
Net premium	543	517
Net claims	(608)	(446)
Underwriting expenses	(122)	(100)
Underwriting loss	(187)	(29)
Investment result		
Net investment revenue	79	91
Investment market value movements	74	131
Revenue from investment activities	153	222
Total comprehensive result	(34)	193

Highlights of the Commission's financial report continued	2012 $'million	2011 $'million
Net cash inflows (outflows) from operating activities	153	114
Assets		
Current assets	527	253
Non-current assets	2 427	2 428
Total assets	2 954	2 681
Liabilities		
Current liabilities	683	632
Non-current liabilities	1 874	1 618
Total liabilities	2 557	2 250
Equity	397	431

The Commission's financial performance is significantly influenced by two interrelated aspects of its business as outlined below:

- Underwriting result – underwriting operations are influenced by premium income, the number of claims and the estimated costs of settling those claims. The underwriting result is determined as premium revenue less claims expense (after the cost and recoveries associated with reinsuring a portion of the insurance portfolio's risk with third parties) and other underwriting costs.

  AASB 1023 requires the estimated costs of settling claims to be discounted for the time value of money using risk-free discount rates. Typically government bond rates are used as the risk-free discount rates. The Commission has adopted this typical approach. Likewise AASB 1023 requires the estimated costs of settling claims to be adjusted for inflationary factors likely to occur during the period of settlement. The smaller the gap between the discount rate and wage inflation rate the larger the impact on the outstanding claims liability. This gap shrunk significantly in 2012 mainly due to a drop in the discount rate from 5.1% to 2.8%. A 1% drop in the discount rate can cause a $79 million increase in the outstanding claims liability. Note 16 to the financial statements provides an analysis of the sensitivity of the outstanding claims liability to changes in discount and inflation rates. The inflation rates are a combination of the wage inflation rate and a superimposed inflation rate. The wage inflation rate dropped from 4% to 3.25%.

- Investment result – investment operations are an integral part of any insurance business as the estimated return on invested funds is a significant component of the pricing strategy employed by the business.

  AASB 1023 requires that 'market value accounting' be adopted in the accounting for and valuation of investments. This means that the investment result includes not only interest and related income received, but also changes in the market values of investments held at balance date. Changes in the market values of investments can be subject to wide fluctuations and it is important to emphasise that investment market value movements recognised in the Commission's financial statements are unrealised. That is, until such time as the investments are sold, no gain or loss is actually received or incurred by the Commission.

Statement of Comprehensive Income

Underwriting result

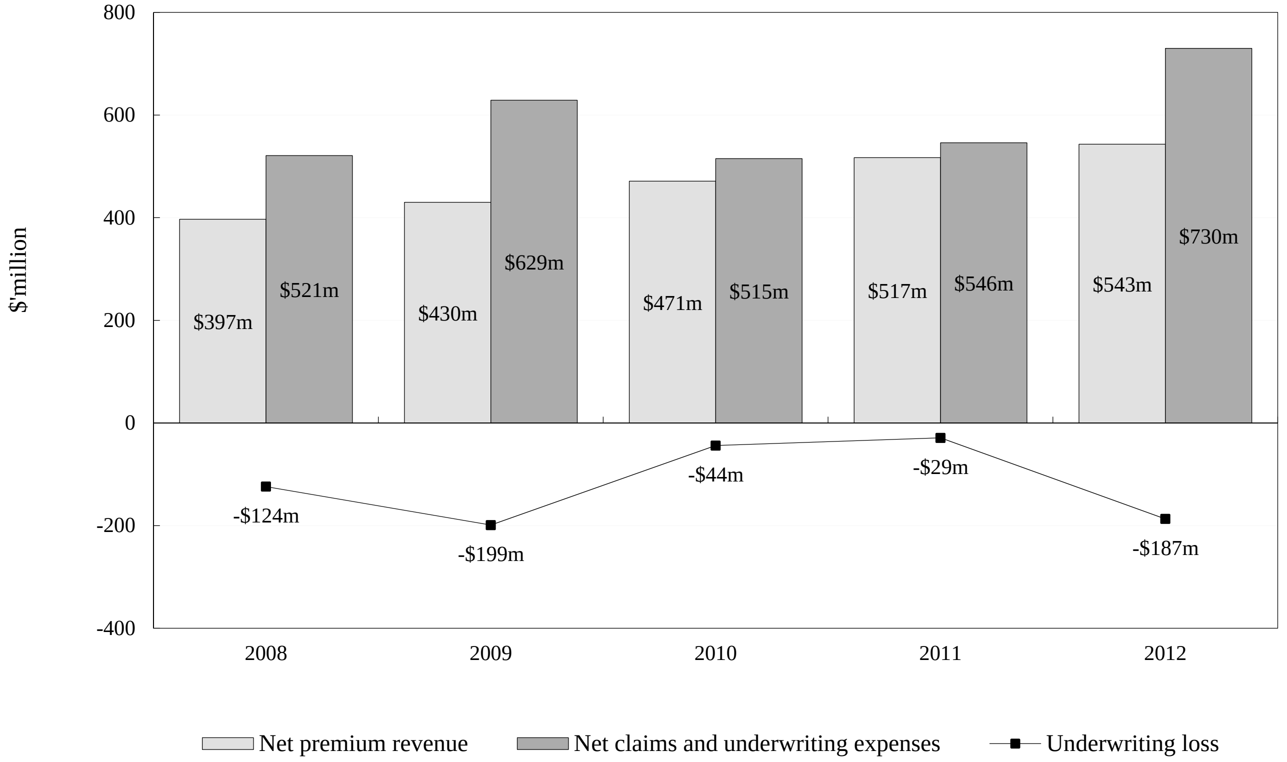
The underwriting loss increased by $158 million in 2012 to a loss of $187 million. The main components of this result are outlined below.

Net premium revenue increased by $27 million to $543 million. This reflects the approved average increase in premiums of 2.4% for the 2011-12 financial year. The steady increase in premiums each year has assisted the Commission to achieve its solvency requirements. Details of premium increases over the five years to 2012 are provided under the heading 'Solvency level'.

Claims expense is a combination of actual claim payments and the movement in the outstanding claims provision. The claims expense for 2012 was $615 million ($451 million) and comprised gross claim payments of $338 million ($361 million) coupled with the increase in the outstanding claims provision of $277 million ($89 million) which is explained further under the heading 'Outstanding claims'.

Other underwriting expenses (including unexpired risk expense) increased by $22 million primarily as a result of an increase in levies and charges paid to other SA Government entities, up $3 million, and management expenses, down $1 million, and an increase in the unexpired risk expense, up $20 million. Note 9 to the financial statements provides an explanation of unexpired risk expense.

An analysis of the underwriting result for the Commission for the five years to 2012 is presented in the following chart.

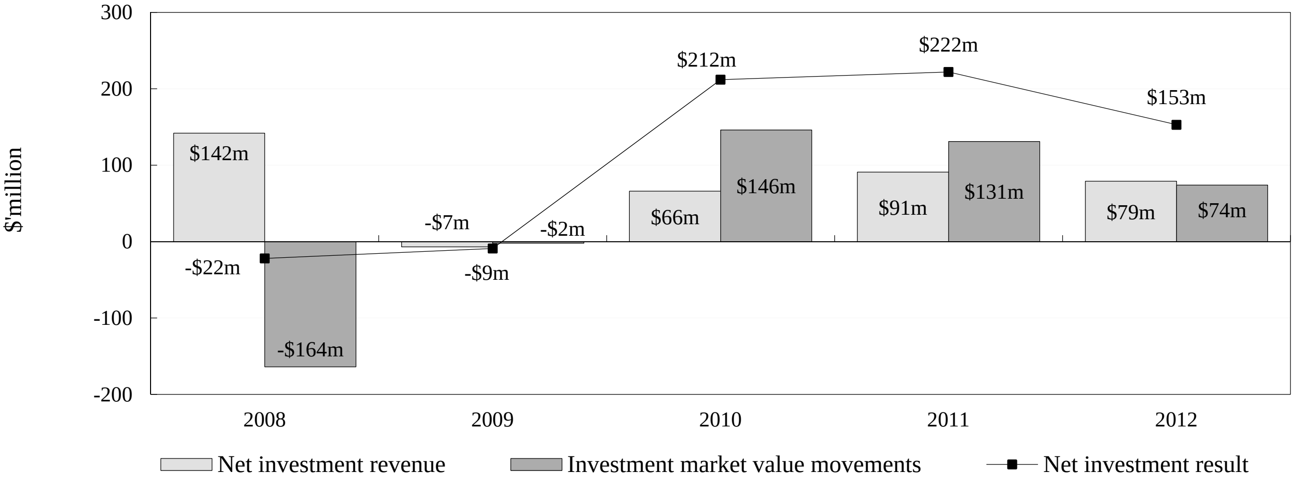


Investment result

The net investment result is a combination of net investment revenue and investment market value movements. The net investment result this financial year was a surplus of $153 million compared with $222 million the previous year. This reflected the deterioration in equity investment markets. Net investment revenue was a surplus of $79 million, down $12 million, and the market value movement was $74 million, down $57 million.

Since 2008-09 the Commission has used Superannuation Funds Management Corporation of South Australia (Funds SA), the State Government investment body, to manage the majority of its investment portfolio. The Commission holds investments in unit trusts within Funds SA where the majority of income is derived through movement in the value of unit holdings rather than through direct receipt of interest and dividend income. The change in investment income components can be seen in the following chart.

An analysis of the investment result for the Commission for the five years to 2012 is shown in the following chart.

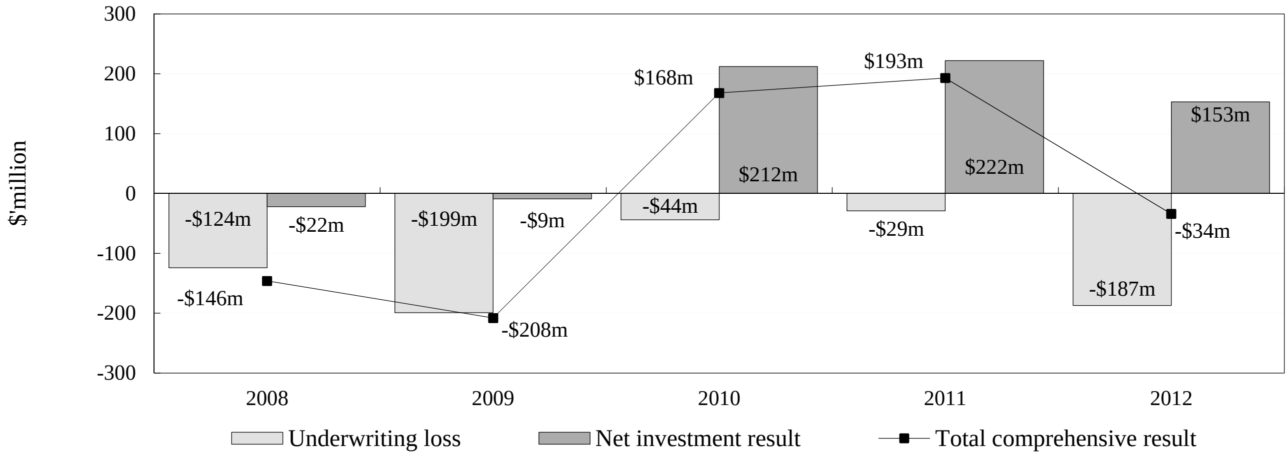


It can be seen from the chart that the positive net investment results for the years 2010 to 2012 far outweighed the losses incurred in 2008 and 2009. Equally, the chart highlights the volatility of investment markets in recent years. Note 19(6) to the financial statements explains market risk and illustrates the effect of market movements.

Total comprehensive result

The Commission's total comprehensive result was a loss of $34 million compared to a $193 million profit in the previous year. This result highlights the importance of changes in discount rates and investment markets to the overall operating result.

The importance of changes in discount rates and investment markets to the Commission's operating result can be seen from the following chart.

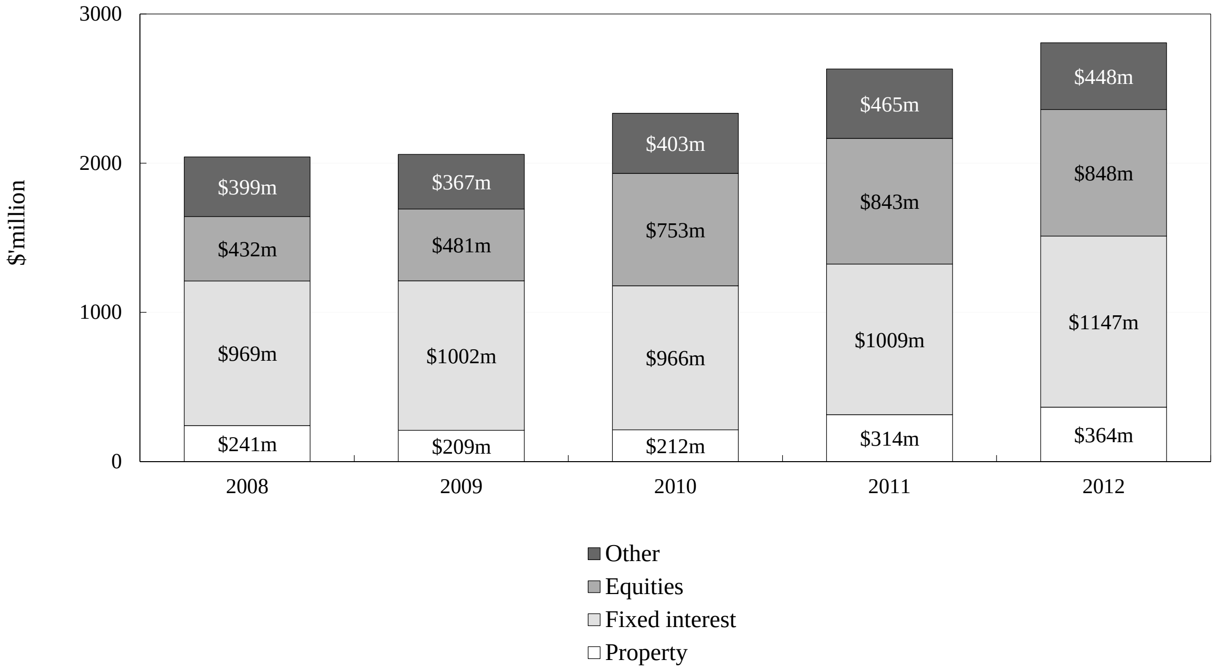


Statement of Financial Position

Investments

The total value of investment assets increased by $766 million over the five years to 2012 with investments totalling $2.8 billion as at 30 June 2012. The Commission does not directly hold investments such as equities but rather has interests in Funds SA's pooled investment portfolios. The Commission is responsible for setting the investment objectives and strategic asset allocation for the various investment sectors. Funds SA is responsible for managing the investment portfolios in accordance with the agreed asset allocations and reporting investment performance to the Commission on a monthly basis.

For the five years to 2012 a structural analysis of investment assets is shown in the following chart.



Outstanding claims

The primary liability of the Commission is for outstanding claims. The liability covers claims reported but not yet paid, incurred but not yet reported, the anticipated direct and indirect costs of settling those claims and estimated reinsurance and other insurance costs.

Calculation of the liability is an estimation process and a range of factors, including economic assumptions, affect the calculation. There is therefore a need for professional actuaries to undertake the calculation and for reporting purposes detailed disclosure of a range of the assumptions made in the calculation to be included in the notes to the financial statements.

The liability calculation is reviewed by independent actuaries for the Commission. Detail of the calculation is provided in notes 2(e) and 16 to the Commission's financial statements.

The provision for outstanding claims has increased by $666 million over the last five years. In 2012 the provision increased by $277 million to $2.3 billion. The movement in the provision is a combination of the estimated cost of settling claims incurred in 2011-12, any changes in the estimated cost of settling claims incurred in previous years, together with any payments made to settle claims.

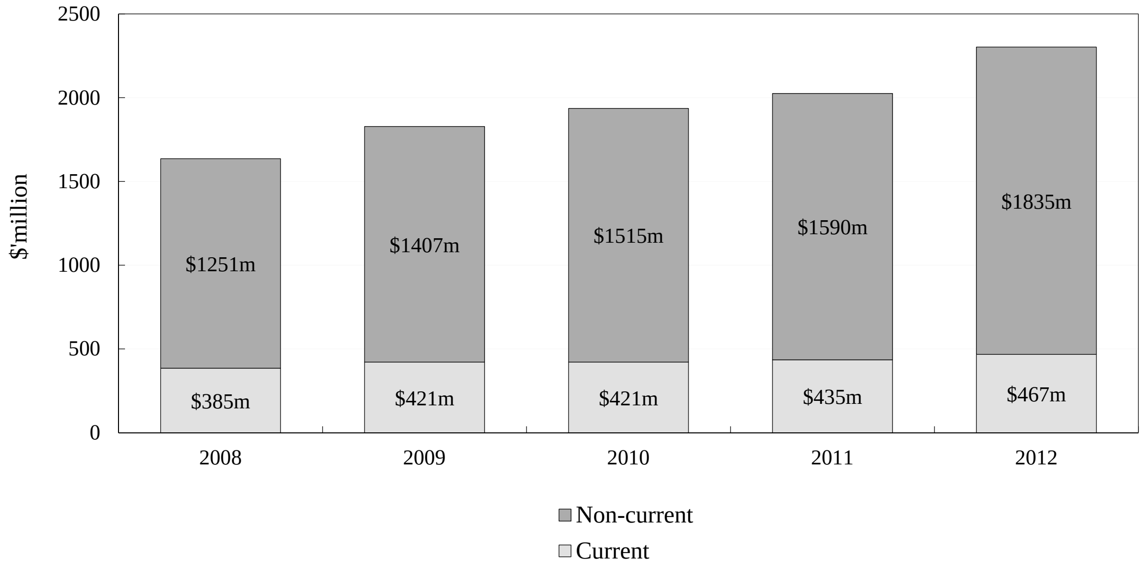
Factors considered by the Actuary that impact the estimate of amounts required to settle claims include the:

- number of claims incurred
- length of time taken to settle the claim
- average amount of claim payments
- inflation and discount rates used.

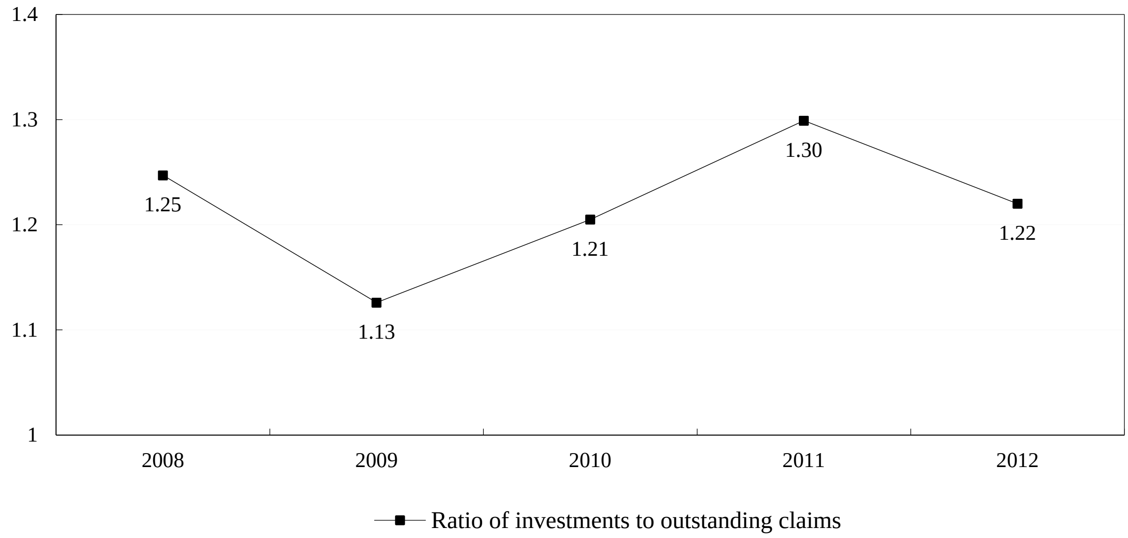
Also impacting on the calculation of the outstanding claims liability are the solvency requirements promulgated by the Treasurer pursuant to the MAC Act, which requires a risk margin to be included in the provision to achieve an 80% probability that the provision is adequate. This requirement exceeds the Australian Prudential Regulation Authority (APRA) nominated target of 75% probability of sufficiency, as set out in Prudential Standard GPS 310. Refer to further commentary provided in the next section 'Solvency level'.

The 2011-12 provision includes $315 million ($277 million) for the risk margin. There was also an increase in the provision of $122 million caused by drops in the discount rate from 5.1% to 2.8% and the wage inflation rate from 4% to 3.25%.

The following chart sets out details of the outstanding claims liability for the five years to 2012.



The ratio of investments to outstanding claims liability is shown in the following chart. The ratio shows that the value of the Commission's assets is sufficient to cover the value of its outstanding claims. The ratio decreased in 2012 which reflects the increased value of outstanding claims.



Solvency level

Section 14(3) of the MAC Act requires the Commission to seek to achieve and maintain a sufficient level of solvency for the CTP Fund in accordance with a formula determined by the Treasurer.

The primary aim of establishing a benchmark level of solvency is to ensure that the CTP Fund can reasonably be expected to meet all of its liabilities as they fall due, and essentially reflects the target level of reserves deemed by the Treasurer to be appropriate for the CTP Fund to provide comfort that the scheme will endure future market turbulence with minimal risk of falling into a negative net assets position.

The formula specifies that the CTP Fund will have a sufficient level of solvency if its assets exceed the sum of:

- the Fund's liabilities
- 10% of the outstanding claims liabilities provision
- 10% of the premium liabilities provision
- 10% of the investments in equities and property.

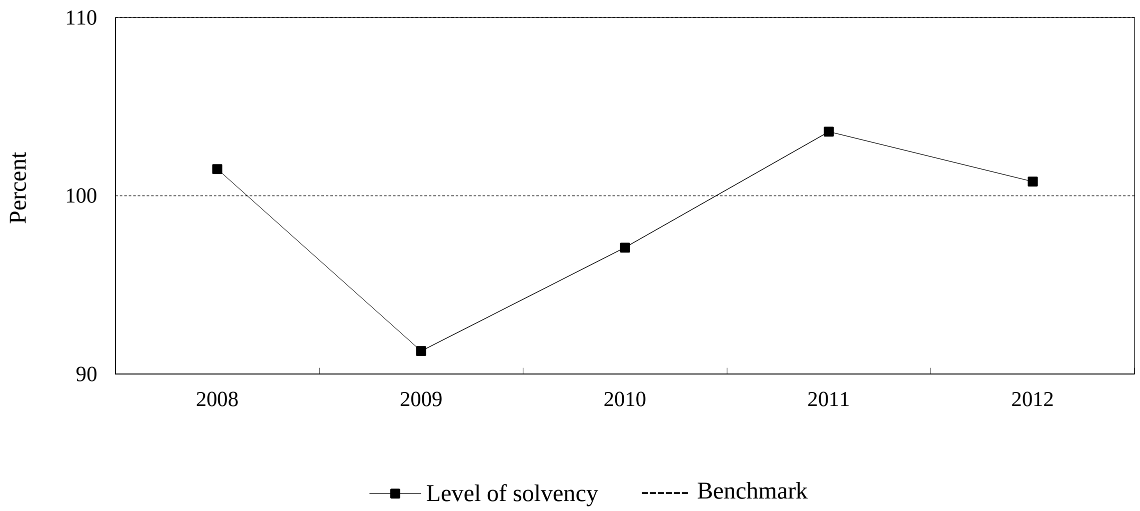
The Treasurer also requires that the provisions for outstanding claims liabilities and premium liabilities include a prudential margin which will be calculated by reference to an 80% probability that the provisions will be adequate as reported in actuarial reports to the Commission and also that the calculation of these provisions comply with the requirements of:

- AASB 1023
- Professional Standard 300 'Valuations of General Insurance Claims' issued by the Institute of Actuaries of Australia
- APRA Prudential Standard GPS 310 in respect of the outstanding claims liabilities and premium liabilities (with the exception that the risk margins adopted are to be at the 80% probability of sufficiency compared with the 75% probability APRA requires).

As at 30 June 2012 the target level of assets, as determined by application of the formula, was $2928 million. The assets of the CTP Fund as at that date were $2953 million or 100.8% of the target level of solvency.

The level of solvency is impacted heavily by changes to investment markets and adjustments to assumptions used to estimate the outstanding claims liability.

The following chart shows the level of solvency achieved over the past five years.



As well as having a sound net assets position, other key characteristics of the Commission that assist to ensure that the CTP Fund can reasonably be expected to meet all of its liabilities as they fall due include the:

- annual income stream and cash flow from the receipt of statutory premium income
- liquidity of investments allowing redemption of a high proportion of investments as required
- prudential margins built into the outstanding claims estimate.

Third party insurance premiums

The recent history regarding the implementation of premium changes recommended by the Third Party Premiums Committee (TPPC) is outlined below:

	2012 %	2011 %	2010 %	2009 %	2008 %
TPPC:					
Recommended rise (effective for the year ending 30 June)	2.4	7.3	17.6	10.9	6
Actual rise	2.4	7.3	7	6.3	2.4
Difference	-	-	10.6	4.6	3.6

As can be seen from the table, for the years 2008, 2009 and 2010 the Treasurer approved premium increases less than the premiums recommended by the TPPC.

Section 25(3a) of the MAC Act requires that subject to any direction of the Treasurer to the contrary, the Commission must not, while there is a less than sufficient level of solvency in the CTP Fund, fix its third party insurance premiums at amounts less than those determined by the TPPC. Application of this section since its promulgation in 2002 has contributed to the solvency level being achieved. In 2010-11 and 2011-12 the increase recommended by the TPPC was implemented whilst in 2007-08, 2008-09 and 2009-10 an increase less than that recommended was implemented.

The risk of decreasing premiums or implementing a less than recommended increase is that it places additional reliance on achieving good investment returns. If this is not achieved or indeed when there is a significant downturn in investment performance, there may be little margin in the solvency position to absorb the impact of the downturn. In 2007-08 and 2008-09 poor investment returns were coupled with less than recommended premium increases which resulted in the solvency requirement not being achieved in 2008-09. In 2009-10 investment returns increased significantly, however this alone had not been enough to return the CTP Fund to its sufficient level of solvency. In 2010-11 and 2011-12 increases in investment returns coupled with the rise in premiums being at the level recommended by the TPPC, resulted in the required level of solvency being achieved.

Under the provisions of the MAC Act, two of the principal objectives of the Commission in providing CTP insurance are to achieve and maintain a sufficient level of solvency in the CTP Fund and to minimise premium charges having regard to the Commission's objective of achieving and maintaining a sufficient level of solvency in the CTP Fund. The TPPC considers these two objectives when making its premium recommendation which is determined based on the circumstances prevailing at the time in relation to expected premium income, projected claim costs and investment returns.

Statement of Cash Flows

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

	2012 $'000	2011 $'000	2010 $'000	2009 $'000	2008 $'000
Net cash flows					
Operating	152 630	113 936	19 014	27 683	(39 414)
Investing	(761)	(50)	(45)	(104)	(12)
Change in cash	151 869	113 886	18 969	27 579	(39 426)
Cash at 30 June	322 730	170 861	56 975	38 006	10 427

The analysis of cash flows shows that the Commission's cash position has increased in 2012 as a result of cash provided by operating activities. Cash at 30 June includes deposits at call of $228 million compared with $165 million the previous year which reflects the change in investment policy to increase internally managed term deposits. The remainder of cash was abnormally high at 30 June 2012 reflecting cash on hand to pay for a purchased property expected to be settled in July 2012.

Statement of Comprehensive Income
for the year ended 30 June 2012

		CTP		MAC	
		2012	2011	2012	2011
	Note	$'000	$'000	$'000	$'000
Premium revenue	5	548 497	521 574	548 497	521 574
Outwards reinsurance expense		(5 156)	(4 996)	(5 156)	(4 996)
Net premium		543 341	516 578	543 341	516 578
Claims expense	6	(614 649)	(450 673)	(614 656)	(450 673)
Reinsurance and other recoveries	5	6 741	4 806	6 741	4 806
Net claims	20	(607 908)	(445 867)	(607 915)	(445 867)
Unexpired risk expense	9	(14 258)	5 875	(14 258)	5 875
Other underwriting expenses	7	(108 530)	(105 927)	(108 488)	(106 256)
Underwriting loss		(187 355)	(29 341)	(187 320)	(29 670)
Investment revenue	5	85 876	99 085	86 087	99 139
Other revenue	5	210	1 330	208	1 343
Investment management fee		(7 102)	(9 375)	(7 102)	(9 375)
Net investment revenue		78 984	91 040	79 193	91 107
Net result before market value movements		(108 371)	61 699	(108 127)	61 437
Investment market value movements	5	74 023	131 175	74 023	131 175
Net result		(34 348)	192 874	(34 104)	192 612
Total comprehensive result		(34 348)	192 874	(34 104)	192 612

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

Statement of Financial Position
as at 30 June 2012

		CTP		MAC	
		2012	2011	2012	2011
	Note	$'000	$'000	$'000	$'000
Current assets:					
Cash		94 075	4 778	94 730	5 861
Receivables	8	11 177	9 064	11 186	9 084
Reinsurance and other recoveries receivable	10	2 769	2 588	2 769	2 588
Other financial assets	11	397 845	216 066	397 845	216 066
Prepayments		20 736	19 953	20 736	19 953
Total current assets		526 602	252 449	527 266	253 552
Non-current assets:					
Receivables	8	300	300	-	-
Reinsurance and other recoveries receivable	10	17 006	13 448	17 006	13 448
Other financial assets	11	2 052 817	2 176 604	2 052 817	2 176 604
Investment property	12	356 100	237 900	356 100	237 900
Property, plant and equipment	13	-	-	739	72
Total non-current assets		2 426 223	2 428 252	2 426 662	2 428 024
Total assets		2 952 825	2 680 701	2 953 928	2 681 576
Current liabilities:					
Payables	14	14 912	12 387	14 780	12 509
Unearned income	15	194 633	182 973	194 633	182 973
Outstanding claims	16	466 588	434 600	466 590	434 602
Unexpired risk liability	9	2 692	1 694	2 692	1 694
Provisions	18	4 300	-	4 634	301
Total current liabilities		683 125	631 654	683 329	632 079
Non-current liabilities:					
Unearned income	15	2 295	1 879	2 295	1 879
Outstanding claims	16	1 835 085	1 590 410	1 835 148	1 590 464
Unexpired risk liability	9	35 760	22 500	35 760	22 500
Provisions	18	-	3 350	382	3 536
Total non-current liabilities		1 873 140	1 618 139	1 873 585	1 618 379
Total liabilities		2 556 265	2 249 793	2 556 914	2 250 458
Net assets		396 560	430 908	397 014	431 118
Equity:					
Retained earnings		396 560	430 908	397 014	431 118
Total equity		396 560	430 908	397 014	431 118
Commitments	21				
Contingent assets and liabilities	26				

Total equity is attributable to the SA Government as owner

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

	CTP	MAC
	$'000	$'000
Retained earnings at 30 June 2010	238 034	238 506
Total comprehensive result for 2010-11	192 874	192 612
Retained earnings at 30 June 2011	430 908	431 118
Total comprehensive result for 2011-12	(34 348)	(34 104)
Retained earnings at 30 June 2012	396 560	397 014

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

Statement of Cash Flows
for the year ended 30 June 2012

		CTP		MAC	
		2012	2011	2012	2011
		Inflows	Inflows	Inflows	Inflows
		(Outflows)	(Outflows)	(Outflows)	(Outflows)
	Note	$'000	$'000	$'000	$'000
Cash flows from operating activities:					
Cash receipts in the course of operations		576 132	603 233	576 563	603 246
Cash payments in the course of operations		(434 600)	(495 708)	(434 737)	(495 637)
Interest and other investment income		10 765	6 274	10 804	6 327
Net cash inflows (outflows) from operating activities	24	152 297	113 799	152 630	113 936
Cash flows from investing activities:					
Payment for property, plant and equipment		-	-	(761)	(50)
Net cash inflows (outflows) from investing activities		-	-	(761)	(50)
Net increase (decrease) in cash held		152 297	113 799	151 869	113 886
Cash at 1 July		169 778	55 979	170 861	56 975
Cash at 30 June	2(q),24	322 075	169 778	322 730	170 861

Notes to and forming part of the financial statements

1. Activities of the Motor Accident Commission (MAC or the Commission)

MAC's principal activity is the underwriting of compulsory third party (CTP) insurance in South Australia.

2. Statement of significant accounting policies

(a) Basis of preparation

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

The financial report has been prepared with MAC being treated as a not-for-profit entity.

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

(a) Basis of preparation (continued)

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

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for other financial assets and investment properties which are valued in accordance with the valuation policy applicable.

(b) Premium revenue

The earned portion of premiums received and receivable is recognised as revenue. Premium is treated as earned from the date of attachment of risk. Unearned premium is determined by apportioning the premiums written prior to year end on a daily pro-rata basis.

(c) Investment income

Fees and discounts are amortised over the period to which they relate. Interest is taken to income on an earned basis. Investment income is reported after deducting costs and expenses relating to management, operation and maintenance of the investment portfolio.

(d) Outwards reinsurance

Premiums paid to reinsurers are recognised as an expense in accordance with the pattern of reinsurance service received. Accordingly, a portion of outwards reinsurance is treated at balance date as a prepayment.

(e) Claims

Claims expense and a liability for outstanding claims are recognised in respect of the direct insurance and inwards reinsurance businesses. The liability covers claims reported but not yet paid, incurred but not reported (IBNR) claims, the anticipated direct and indirect costs of settling those claims and estimated reinsurance and other insurance recoveries. Claims outstanding are based on average or individual claim file estimates, with IBNRs and settlement costs calculated using statistics from past experience and trends.

(i) CTP claims

The liability for outstanding CTP claims is measured as the present value of the expected future payments. These payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors arising during the period to settlement such as normal and superimposed inflation. The expected future payments are discounted to present value at balance date and a margin is included to provide sufficient confidence that the provision is adequate. The outstanding claims liability is subject to actuarial assessment.

A risk margin is added to the outstanding claims provision to increase the probability that the net liability is adequately provided to a sufficiency level of 80%.

(ii) Other claims

In the insurance and inwards reinsurance businesses, delays occur in the notification of information normally used in the calculation of claims provisions. The directors, having due consideration for the nature of the risks involved and any material event that would adversely affect the operating results, have provided an amount for claims in the accounts that is sufficient to cover known events and at the same time, assist to maintain prudential reserves.

(f) Reinsurance and other recoveries receivable

Reinsurance and other recoveries receivable on paid claims, reported claims not yet paid and IBNRs are recognised as revenue. Recoveries receivable used in the calculation of claims provisions are brought to account where they can be reliably measured. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims.

(g) Unexpired risk

AASB 1023 requires an assessment of the net unearned premium reserve to ensure that it is at least equal to the future claims expense, inclusive of a prudential margin and associated claims management expenses. If this is not so, then additional provisioning is included such that this condition is met.

An assessment of the expected future claims relating to the unexpired risk period represented by the unearned premium has been undertaken by the actuaries as at 30 June 2012.

In order to meet the liability adequacy test (LAT), additional provisioning has been included at a probability of sufficiency of 80%.

(h) Collection charges

Costs incurred in obtaining and recording policies of insurance are recognised as collection costs and have been brought to account during the financial year as they do not represent a future benefit.

(i) Levies and charges

A liability for levies and charges is recognised on business written to balance date. Levies and charges payable by MAC are expensed on the same basis as the recognition of premium revenue, with the portion relating to unearned premium being recorded as a prepayment.

(j) Receivables

(i) Trade debtors

Trade debtors principally relate to premiums collected by the Department of Planning, Transport and Infrastructure, an agent of MAC, not yet passed over to the CTP Fund. The settlement of these amounts occurs within seven working days.

(ii) Investment debtors

Investment debtors consists of interest and rental due on other investments.

The collectability of debts is assessed at balance date and specific allowance is made for any doubtful debts. The carrying amount of receivables approximates fair value due to being receivable on demand.

(k) Other financial assets

AASB 1023 requires that assets backing insurance liabilities are to be measured at fair value with any changes in value taken to the Statement of Comprehensive Income. All assets of an investment nature held by the CTP Fund are considered to be for the purpose of backing insurance liabilities.

(i) Unit trusts

The bulk of MAC's investment portfolio is held with the Superannuation Funds Management Corporation of South Australia (Funds SA), the SA Government investment body. These investments are held via unit trusts in a range of asset classes. Market quotations are used as the valuation basis for these units.

(ii) Property securities

By market quotations as at 30 June 2012.

(iii) Other investments

Other investments are valued based on current economic conditions, market interest rates and the latest available information on the investments as considered appropriate by the directors.

(l) Investment properties

Investment properties are properties which are held for long-term rental yields or for capital appreciation or both. Investment properties are measured at fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties. The 2012 revaluations were based on independent assessments made by members of the Australian Property Institute.

Changes in fair value are recognised in the Statement of Comprehensive Income. Rental income is recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

(m) Employee benefits

A liability for employee benefits has been accrued at 30 June 2012.

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

Wages, salaries, annual leave and sick leave

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

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

LSL

Based on the actuarial assessment conducted by DTF, the liability for LSL in 2012 has been recognised for all employees with a further 10% premium applied (five years) of service. (The impact of this change in recognition criteria is $149 000). An actuarial assessment of LSL undertaken by DTF, based on a significant sample of employees throughout the South Australian public sector, determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the MAC's experience of employee retention and leave taken.

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

Superannuation

MAC 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.

(n) Taxation

MAC is an income tax exempt organisation pursuant to section 24AK of the ITAA.

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

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

- 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.

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 commitment and contingencies are disclosed on a gross basis.

(o) Property, plant and equipment

MAC has adopted the fair value method of valuing its property, plant and equipment assets. Plant and equipment and building fitout are recorded at cost and depreciated over their estimated useful lives. The rates of depreciation are detailed below. Land and buildings are treated as investments and are consequently not subject to depreciation.

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

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

Asset class	*Depreciation method*	*Depreciation rate (%)*
Plant and equipment	Diminishing value	20
Building fitout	Straight-line	Over the remaining useful life
Other	Straight-line	10

(p) 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 and that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of MAC.

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.

(p) Payables (continued)

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

The carrying amount of payables approximates fair value due to amounts owing being payable on demand.

(q) Cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand and at bank and short-term deposits at call.

(r) Provision for incentive payment

A liability for payment of a financial outcome measure incentive to Allianz has been accrued at 30 June 2012. Payment of the incentive is based on Allianz's performance in reducing the cost of claims over the period from 1 January 2009 to 30 June 2012, compared to benchmarks in accordance with the terms of the CTP Services Contract. The scheme actuaries have determined the amount that would be payable as at 30 June 2012. At the time of finalising these financial statements, the schemes actuaries provided an estimate of the amount payable and were in the process of determining the final amount that would be paid.

3. Changes in accounting policies

The Commission did not voluntarily change any of its accounting policies during the year.

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

4. Net result

	CTP		MAC	
Net result is arrived at after crediting and charging the following specific items:	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Credits:				
Interest received/receivable	12 522	8 861	12 561	8 915
Charges (Recoveries):				
Amounts set aside to provide for:				
Employee benefits	-	-	250	178
Depreciation of property, plant and equipment	-	-	83	45
Bad and doubtful debts	-	(3)	-	(3)

5. Revenue

Premium revenue:				
Direct	548 497	521 574	548 497	521 574
	548 497	521 574	548 497	521 574
Reinsurance and other recoveries:				
Other	6 741	4 806	6 741	4 806
	6 741	4 806	6 741	4 806
Investment revenue:				
Interest	12 522	8 861	12 561	8 915
Rentals	26 621	17 308	26 793	17 308
Profit (Loss) - investments realised	46 733	72 916	46 733	72 916
	85 876	99 085	86 087	99 139
Investment market value movements - unrealised gains (losses):				
Fixed interest	91 479	39 414	91 479	39 414
Equities	(42 181)	104 888	(42 181)	104 888
Properties	4 927	1 621	4 927	1 621
Other	19 798	(14 748)	19 798	(14 748)
	74 023	131 175	74 023	131 175
Other revenue:				
Foreign exchange gains (losses)	-	-	(2)	13
Other	210	1 330	210	1 330
	210	1 330	208	1 343
Total revenue	715 347	757 970	715 556	758 037

6. Claims expense

	CTP		MAC	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Claims paid*	337 987	361 329	337 987	361 329
Claims provision adjustment	150 543	71 149	150 543	71 149
Adjustment for economic assumptions	126 119	18 195	126 119	18 195
	614 649	450 673	614 649	450 673
Non-CTP business	-	-	7	-
	-	-	7	-
	614 649	450 673	614 656	450 673

* Claims paid included supplies and services paid or payable to SA Government entities as follows:

	2012	2011
	$'000	$'000
Ambulance and helicopter rescue services	6 095	6 095

7. Other underwriting expenses

	CTP		MAC	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Management expenses*	37 825	38 129	37 783	38 458
Levies and charges**	59 205	56 298	59 205	56 298
Collection charges**	11 500	11 500	11 500	11 500
	108 530	105 927	108 488	106 256

* Management expenses includes supplies and services paid or payable to SA Government entities as follows:

	2012	2011
	$'000	$'000
Corporate support services	216	114
Road safety supplies and services	1 394	1 564

** In relation to levies and charges and collection charges, the entire amount was paid or payable to SA Government entities.

8. Receivables

	CTP		MAC	
	2012	2011	2012	2011
Current:	$'000	$'000	$'000	$'000
Trade debtors	7 366	6 019	7 373	6 026
Other debtors	-	-	-	10
	7 366	6 019	7 373	6 036
Investment debtors	3 811	3 092	3 813	3 095
Allowance for doubtful debts	-	(47)	-	(47)
	3 811	3 045	3 813	3 048
	11 177	9 064	11 186	9 084
Non-current:				
Payroll advance	300	300	-	-
	11 477	9 364	11 186	9 084

Investment debtors consist of interest and rent due on investments.

Other debtors generally arise from transactions outside the usual operating activities of the Commission.

Movement in the allowance for doubtful debts

Carrying amount at 1 July	(47)	(50)	(47)	(50)
Increase in the allowance	-	-	-	-
Amounts written off	47	-	47	-
Amounts recovered during the year	-	3	-	3
Carrying amount at 30 June	-	(47)	-	(47)

9. Unexpired risk liability

AASB 1023 requires an LAT which is an assessment of the net unearned premium reserve to ensure that it is at least equal to the future claims expense, inclusive of a prudential margin and associated claims management expenses. If this is not so, then additional provisioning is included such that this condition is met.

An assessment of the expected future claims relating to the unexpired risk period represented by the unearned premium has been undertaken by the actuaries as at 30 June 2012.

9. Unexpired risk liability (continued)

	CTP		MAC	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Central estimate of present value of future claims	167 200	150 600	167 200	150 600
Risk margin	41 800	37 700	41 800	37 700
Present value of expected future claims	209 000	188 300	209 000	188 300
Unearned premium liability	192 111	184 852	192 111	184 852
Related reinsurance asset	(827)	(793)	(827)	(793)
Prepaid licence fees	(20 736)	(19 953)	(20 736)	(19 953)
	170 548	164 106	170 548	164 106
Unexpired risk liability	38 452	24 194	38 452	24 194

In order to meet the LAT, additional provisioning for the premium liability has been included at a probability of sufficiency of 80% (80%) which results in a risk margin of 25% (25%). This risk margin is based on the actuaries' knowledge of industry practice for CTP insurance portfolios which they consider are appropriate for MAC. As MAC has only one class of insurance, no allowance has been made for diversification of insurance classes.

	CTP		MAC	
	2012	2011	2012	2011
Unexpired risk liability:	$'000	$'000	$'000	$'000
Balance at 1 July	24 194	30 069	24 194	30 069
Unexpired risk expense	14 258	(5 875)	14 258	(5 875)
Balance at 30 June	38 452	24 194	38 452	24 194
Unexpired risk liability:				
Current	2 692	1 694	2 692	1 694
Non-current	35 760	22 500	35 760	22 500
Total liability	38 452	24 194	38 452	24 194

10. Reinsurance and other recoveries receivable

Expected future recoveries (undiscounted)	22 931	21 341	22 931	21 341
Discount to present value*	(3 156)	(5 305)	(3 156)	(5 305)
Reinsurance and other recoveries receivable	19 775	16 036	19 775	16 036
Reinsurance and other recoveries receivable:				
Current	2 769	2 588	2 769	2 588
Non-current	17 006	13 448	17 006	13 448
	19 775	16 036	19 775	16 036

* Refer note 16(b) for details of the inflation and discount rates used in the determination of this discounting adjustment.

11. Other financial assets

Investments are held primarily with Funds SA via unit trusts in a range of asset classes.

	CTP		MAC	
	2012	2011	2012	2011
Current:	$'000	$'000	$'000	$'000
Fixed interest:				
Cash and deposits	228 000	165 000	228 000	165 000
Cash - unit trust	146 750	26 058	146 750	26 058
Fixed interest - unit trust	15 445	16 358	15 445	16 358
Property:				
Sales/Purchase deposits	7 650	8 650	7 650	8 650
Total current other financial assets	397 845	216 066	397 845	216 066
Non-current:				
Fixed interest:				
Fixed interest - unit trust	756 796	801 543	756 796	801 543
Equities:				
Australian equities - unit trust	419 441	447 355	419 441	447 355
International equities - unit trust	403 072	395 289	403 072	395 289
Absolute return - unit trust	25 000	-	25 000	-

11. Other financial assets (continued)

	CTP		MAC	
	2012	2011	2012	2011
Non-current: (continued)	$'000	$'000	$'000	$'000
Property:				
Securities	-	67 542	-	67 542
Other:				
Diversified strategies income - unit trust	-	331 216	-	331 216
Internal inflation linked - unit trust	151 306	133 659	151 306	133 659
MAC diversified strategies income - unit trust	297 202	-	297 202	-
Total non-current other financial assets	2 052 817	2 176 604	2 052 817	2 176 604
Total other financial assets	2 450 662	2 392 670	2 450 662	2 392 670

12. Investment property

At fair value:				
Balance at 1 July	237 900	155 125	237 900	155 125
Acquisitions	109 006	79 310	109 006	79 310
Disposals	-	-	-	-
Capitalised subsequent expenditure	4 267	1 844	4 267	1 844
Net gain (loss) from fair value adjustments	4 927	1 621	4 927	1 621
Balance at 30 June	356 100	237 900	356 100	237 900
Amounts recognised in the Statement of Comprehensive Income for investment property:				
Rental income	38 143	24 241	38 315	24 241
Direct operating expenses	(11 522)	(6 933)	(11 522)	(6 933)
Total amount recognised	26 621	17 308	26 793	17 308

Valuation basis

Investment properties are measured at fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties. The 30 June 2012 revaluations were based on independent assessments made by members of the Australian Property Institute.

Leasing arrangements

	CTP		MAC	
Commitments under non-cancellable operating leases at	2012	2011	2012	2011
the reporting date are receivable as follows:	$'000	$'000	$'000	$'000
Not later than one year	32 989	22 104	32 989	22 104
Later than one year but no later than five years	107 499	71 066	107 499	71 066
Later than five years	63 687	18 461	63 687	18 461
	204 175	111 631	204 175	111 631

These operating leases are not recognised in the Statements of Financial Position as assets.

The non-cancellable leases are property leases with numerous tenants for a variety of terms where the rent payable is monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments to be increased by various methods including CPI, fixed increases and to market. Options exist to renew some of the leases at the end of the term of those leases. The Commission's property managers have provided information regarding the likely renewal of leases in the multiple leased premises. The Commission's valuers have provided calculations to determine the commitments under non-cancellable operating leases as at 30 June 2012. In determining those figures, our valuers have based their calculations on the requirements of AASB 117.

13. Property, plant and equipment

	CTP		MAC	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Building fitout	-	-	745	15
Accumulated depreciation	-	-	(69)	-
	-	-	676	15
Plant and equipment	-	-	75	64
Accumulated depreciation	-	-	(20)	(16)
	-	-	55	48
Other	-	-	13	13
Accumulated depreciation	-	-	(5)	(4)
	-	-	8	9
Total property, plant and equipment	-	-	739	72

13. Property, plant and equipment (continued)

	CTP		MAC	
	2012	2011	2012	2011
Building fitout:	$'000	$'000	$'000	$'000
Carrying amount at 1 July	-	-	15	59
Additions	-	-	730	15
Disposals	-	-	-	(26)
Depreciation	-	-	(69)	(33)
Carrying amount at 30 June	-	-	676	15
Plant and equipment:				
Carrying amount at 1 July	-	-	48	41
Additions	-	-	31	35
Disposals	-	-	(11)	(18)
Depreciation	-	-	(13)	(10)
Carrying amount at 30 June	-	-	55	48
Other:				
Carrying amount at 1 July	-	-	9	11
Depreciation	-	-	(1)	(2)
Carrying amount at 30 June	-	-	8	9

14. Payables

Current:				
Trade creditors	-	-	1	1
Other creditors and accruals	14 912	12 387	14 779	12 508
	14 912	12 387	14 780	12 509

15. Unearned income

Current:				
Unearned premium	189 938	182 973	189 938	182 973
Unearned property income	4 695	-	4 695	-
	194 633	182 973	194 633	182 973
Non-current:				
Unearned premium	2 173	1 879	2 173	1 879
Unearned property income	122	-	122	-
	2 295	1 879	2 295	1 879
	196 928	184 852	196 928	184 852

16. Outstanding claims

(a) Expected future claims payments (undiscounted)	2 211 211	2 108 308	2 211 276	2 108 364
Risk margin applied (undiscounted)	350 124	333 915	350 124	333 915
Discount to present value:				
Central estimate	(224 283)	(360 398)	(224 283)	(360 398)
Risk margin applied	(35 379)	(56 815)	(35 379)	(56 815)
Liability for outstanding claims	2 301 673	2 025 010	2 301 738	2 025 066
Current	466 588	434 600	466 590	434 602
Non-current	1 835 085	1 590 410	1 835 148	1 590 464
Liability for outstanding claims	2 301 673	2 025 010	2 301 738	2 025 066

(b) The following average inflation (normal and superimposed) rates and discount rates were used in the measurement of outstanding claims:	CTP		MAC	
	2012	2011	2012	2011
	%	%	%	%
For the succeeding year:				
Inflation rate	6.25	7.0	6.25	7.0
Discount rate	2.8	5.1	2.8	5.1
For subsequent years:				
Inflation rate	6.25	7.0	6.25	7.0
Discount rate	2.8	5.1	2.8	5.1

16. Outstanding claims (continued)

	CTP		MAC	
(c) The weighted average expected term to settlement of the outstanding claims from balance date is estimated to be:	2012 Years	2011 Years	2012 Years	2011 Years
	4	4.1	4	4.1

The method of calculating outstanding claims is set out in detail in note 2(e).

The claims provision as at 30 June 2012 for the CTP Fund has been reviewed by the fund actuaries, Mr L C Brett BSc, FIA, FIAA and Mr B A Watson BSc, FIAA of Brett & Watson Pty Ltd. The directors have adopted a central estimate plus a risk margin as determined by the actuaries to achieve an 80% probability that the provision will prove to be adequate. A risk margin of 16% (16%) has been applied and is based on the actuaries knowledge of industry practice for CTP insurance portfolios. As MAC only includes one class of insurance, no allowance has been made for diversification of insurance classes.

For inwards reinsurance, the directors have adopted an internal valuation of the estimated outstanding liability.

Sensitivity analysis

There is considerable uncertainty inherent in the estimation of the outstanding claims liability and in particular there is uncertainty attached to:

(a) the future claim inflation rate (including super imposed inflation) which is subject to systemic economic and social influences which cannot be fully and accurately predicted

(b) the number of future large claims settlements which because they are relatively few in number, are subject to significant random variation as well as systemic influence such as road and vehicle safety improvements and advances in medical technology which affect the number of seriously injured claimants within the Fund

(c) the numbers of claims receiving future settlements in respect of recent accident years.

The potential impact of changes in the parameters referred to above is set out below:

	Impact on provision	
Change in model parameters	%	$'000
Increase in claim inflation from 3.2% to 3.5%	0.8	18 100
Increase in discount rate from 2.8% to 3.8%	(3.5)	(78 800)
Decrease in assumed number of future large claim settlements by 10%	(3.6)	(81 500)
Increase in assumed number of future large claim settlements by 10%	3.6	81 500
Decrease in number of expected future settlements by 5% with a corresponding increase in other claims	(2.3)	(52 200)
Increase in number of expected future settlements by 5% with a corresponding decrease in other claims	2.3	52 200
Decrease impact of Fair Work Australia wage case for carers by 20%	(0.4)	(9 700)
Increase impact of Fair Work Australia wage case for carers by 20%	0.4	9 700

Claims development

	Accident year ending 30 June										
Net ultimate claims cost estimate:	2003 $'000	2004 $'000	2005 $'000	2006 $'000	2007 $'000	2008 $'000	2009 $'000	2010 $'000	2011 $'000	2012 $'000	Total $'000
At end of accident year	281 748	338 640	326 705	354 460	382 329	426 940	444 156	459 249	483 650	492 426	
One year later	323 292	313 058	343 157	355 875	386 338	394 295	426 282	458 570	469 417		
Two years later	328 682	302 311	331 398	352 055	378 015	397 754	433 527	440 122			
Three years later	306 755	312 080	353 662	364 139	380 349	397 925	411 612				
Four years later	311 494	308 606	359 694	379 637	383 684	394 421					
Five years later	308 554	321 533	358 224	380 167	369 627						
Six years later	305 794	308 436	345 525	376 103							
Seven years later	297 012	298 433	347 917								
Eight years later	297 032	302 469									
Nine years later	296 025										
Current estimate of net ultimate claims cost	296 025	302 469	347 917	376 103	369 627	394 421	411 612	440 122	469 417	492 426	
Cumulative payments	(274 430)	(270 664)	(288 042)	(280 675)	(257 785)	(215 973)	(168 571)	(106 540)	(60 643)	(26 703)	
Net undiscounted claims liability for the nine most recent accident years	21 595	31 805	59 875	95 428	111 842	178 448	243 041	333 582	408 774	465 723	1 950 113
Discount to present value	(3 451)	(4 536)	(8 148)	(12 483)	(10 463)	(15 611)	(20 163)	(28 874)	(39 901)	(53 136)	(196 766)
Net discounted claims liability for the nine most recent accident years	18 144	27 269	51 727	82 945	101 379	162 837	222 878	304 708	368 873	412 587	1 753 347

Claims development (continued)

	Total
Reconciliation:	$'000
Claims handling expenses	93 674
Risk margin	314 745
Net discounted claims liability for accident years 2001-02 and prior	120 132
Net outstanding claims liability	2 281 898
Gross outstanding claims liability on the Statement of Financial Position	2 301 673
Reinsurance and other recoveries on outstanding claims liability	(19 775)
Net outstanding claims liability	2 281 898

Estimated timing of the net cash outflows resulting from recognised insurance liabilities is provided below. This is provided instead of a maturity analysis for financial liabilities showing remaining contractual liabilities.

Payments per year	1 year and less $'000	2-4 years $'000	5-9 years $'000	10-14 years $'000	15-19 years $'000	20-24 years $'000	2012 Total $'000
Liabilities	463 819	1 076 889	532 356	165 031	43 806	(3)	2 281 898

17. Insurance contracts risk management

A key risk from operating in the CTP insurance industry is the exposure to insurance risk arising from underwriting CTP insurance contracts. CTP insurance policies transfer risk to the insurer by indemnifying the policyholders against adverse affects arising from the occurrence of specified uncertain future events. The risk is that the actual amount of claims to be paid in relation to CTP insurance policies will be different to the amount estimated at the time CTP premiums are determined. MAC is exposed to this risk because the price for a policy must be set before the losses relating to the insurance cover are known. Hence the insurance business involves inherent uncertainty. MAC also faces other risks relating to the conduct of the CTP insurance business including financial and capital risks.

A fundamental part of the overall risk management strategy is the effective governance and management of the risks that impact the amount, timing and uncertainty of cash flows arising from insurance policies.

Risk management objectives and policies for mitigating insurance risk

The risk management activities can be broadly separated into underwriting (acceptance and pricing of risk), claims management and investment management. The objective of these risk management functions is to secure the longer term financial performance of the CTP insurance scheme.

The key policies in place to mitigate risks arising from underwriting CTP insurance policies include the following:

Pricing

Actuarial models are used which combine historical and projected data to calculate premiums and monitor claims patterns. The data used includes historical pricing, investment behaviours and claims experience and analysis and takes account of current market and scheme trends. All data used is subject to thorough verification and reconciliation processes.

A recommendation in relation to the premiums which MAC may charge is made by an independent body, the Third Party Premiums Committee, taking into account actuarial models and having regard to MAC's obligation to seek to achieve and maintain a sufficient level of solvency in the Fund. The CTP premiums to be charged for each financial year are ultimately determined by Cabinet.

Whilst premiums are set based on assumptions regarding the behaviour of claims and investments during the year, actual claims and investment behaviour often vary from these assumptions and the results achieved by MAC can therefore be affected by a range of factors over which MAC has limited or no control, including variations in claims experience and investment earnings and directions by the Minister to charge premiums other than those recommended by the Third Party Premiums Committee.

Reinsurance

The use of reinsurance is to limit exposure to large single claims and accumulation of claims that arise from the same event or the accumulation of similar events. This includes the monitoring of reinsurers' credit risk to control exposure to potential reinsurance counterparty default. All reinsurers are required contractually to have a minimum security Standard & Poor's rating of 'A-'. MAC's reinsurance broker monitors the Standard & Poor's rating of all panel reinsurers.

Claims management
Claim determination is managed by Allianz on behalf of MAC by their employees who possess the requisite degree of experience and competence. It is MAC policy to respond and settle claims quickly whenever possible and to pay claims fairly, in accordance with the law and in line with community and Government expectations.

Investment management
Assets and liabilities are managed so as to correlate the expected pattern of claims payments with the assets that are held to back insurance liabilities. Further information regarding investment related risks is contained in the notes to the accounts.

Risk reduction
MAC looks to reduce the frequency and severity of claims by investing in community road safety initiatives.

18. Provisions

	CTP		MAC	
	2012	2011	2012	2011
Current:	$'000	$'000	$'000	$'000
Employee benefits	-	-	334	301
Incentive payment	4 300	-	4 300	-
Total current provisions	4 300	-	4 634	301
Non-current:				
Employee benefits	-	-	382	186
Incentive payment	-	3 350	-	3 350
Total non-current provisions	-	3 350	382	3 536
Total provisions	4 300	3 350	5 016	3 837

19. Additional financial instrument disclosures

(1) Categorisation of financial instruments

The total carrying amount for all financial assets is equal to the fair value of these assets. Investments in investment properties as detailed in note 12 are classed as level 1 assets being the fair value that reflect unadjusted quoted prices in active market for identical assets. All assets held in unit trusts (excluding inflation linked investments) as detailed in note 11 are classed as a combination of level 1 assets being the fair value that reflect unadjusted quoted prices in active market for identical assets and level 2 assets being fair values that are based on inputs that are directly or indirectly observable for the assets other than unadjusted quoted price. All assets held in inflation linked investment unit trusts as detailed in note 11 are classed as a combination of level 1 assets being the fair value that reflect unadjusted quoted prices in active market for identical assets, level 2 assets being fair values that are based on inputs that are directly or indirectly observable for the assets other than unadjusted quoted price and level 3 assets being fair values that are not based on observable market data.

(2) Derivative financial instruments

Derivatives are defined as financial contracts whose value depend on, or is derived from assets, liabilities, reference rates or indices. They are used to manage portfolio risk and to facilitate the implementation of investment strategies efficiently and cost effectively.

MAC's external investment managers may from time to time use authorised derivatives to manage portfolio risks and to facilitate the implementation of effective investment strategies.

(3) Foreign exchange risk

As part of a diversified investment strategy, MAC has funds invested in international markets. MAC's external currency overlay manager for international equities hedges 50% of the developed markets exposure within international equities to Australian dollars. MAC's external fund managers for International Fixed Income Securities hedge 100% of this exposure back to Australian dollars.

(4) Interest rate risk

Interest rate risk is the risk that movement in interest rates will cause the value of fixed interest securities and the discount rate used to calculate MAC's outstanding liabilities, to deviate from expectations. MAC manages interest rate risk by using an appropriate asset/liability duration matching strategy and ensuring that asset allocations for different investment products are consistent with the time horizon for each. The risk is also managed through the use of specialist cash and fixed income investment managers, as well as specialist advice from a Global Investment Asset consultant. Furthermore, an Asset Liability Committee and Dynamic Asset Allocation Committee are in place to manage these risks.

(4) Interest rate risk (continued)

MAC's exposure to interest rate risk, repricing maturities and the weighted average effective interest rates on financial assets and liabilities at balance date is set out below:

2012	Floating interest rate	Non-interest bearing	Total
Financial assets:	$'000	$'000	$'000
Cash and deposits	322 730	-	322 730
Receivables	-	11 186	11 186
Cash - unit trust*	-	146 750	146 750
Fixed interest - unit trust*	-	772 241	772 241
Australian equities - unit trust*	-	419 441	419 441
International equities - unit trust*	-	403 072	403 072
Other - unit trust*	-	473 508	473 508
Sales/Purchase deposits	7 650	-	7 650
Total financial assets	330 380	2 226 198	2 556 578
Weighted average interest rate (%)	4.03		
Financial liabilities:			
Creditors	-	14 780	14 780
Total financial liabilities	-	14 780	14 780
Net financial assets	330 380	2 211 418	2 541 798

* Investments are held in unit trusts which are exposed directly to market risk only. Any income derived is directly attributable to market movements.

The entity's exposure to interest rate risk, repricing maturities and the weighted average effective interest rates on financial assets and liabilities at balance date is set out below:

2011	Floating interest rate	Non-interest bearing	Total
Financial assets:	$'000	$'000	$'000
Cash and deposits	170 861	-	170 861
Receivables	-	9 084	9 084
Cash - unit trust*	-	26 058	26 058
Fixed interest - unit trust*	-	817 901	817 901
Australian equities - unit trust*	-	447 355	447 355
International equities - unit trust*	-	395 289	395 289
Other - unit trust*	-	464 875	464 875
Property securities	-	67 542	67 542
Sales/Purchase deposits	8 650	-	8 650
Total financial assets	179 511	2 228 104	2 407 615
Weighted average interest rate (%)	4.77		
Financial liabilities:			
Creditors	-	12 509	12 509
Total financial liabilities	-	12 509	12 509
Net financial assets	179 511	2 215 595	2 395 106

* Investments are held in unit trusts which are exposed directly to market risk only. Any income derived is directly attributable to market movements.

Reconciliation of net financial assets	2012	2011
	$'000	$'000
Net financial assets	2 541 798	2 395 106
Reinsurance and other recoveries receivable	19 775	16 036
Prepayments	20 736	19 953
Investments - property assets	356 100	237 900
Property, plant and equipment	739	72
Unearned income	(196 928)	(184 852)
Outstanding claims	(2 301 738)	(2 025 066)
Unexpired risk provision	(38 452)	(24 194)
Provisions	(5 016)	(3 837)
Net assets	397 014	431 118

(5) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

Recognised financial instruments

The carrying amounts of financial assets included in the Statement of Financial Position represent MAC's maximum exposure to credit risk to these assets. MAC minimises concentrations of credit risk by undertaking diversified transactions in a large number of investments through underlying fund managers and via a closely monitored panel of Bank Groups which are A1+ and A rated (by Standard & Poor's) within the MAC cash portfolio. MAC is not materially exposed to any individual counterparty.

The credit risk relating to investments is monitored and assessed, and maximum exposures are limited. The following table provides information regarding the credit risk exposure relating to MAC's interest bearing investments, based on Standard & Poor's counterparty credit ratings.

2012	Allocation %	
Short-term:	A1+	A1
Cash	88.9	11.1
Cash and deposits	79.4	20.6

			Allocation %			
Long-term:	AAA	AA	A	BBB	Below BBB	Not rated
Internal inflation linked (externally managed portion)	87.5	5.2	3.2	4.0	-	0.1
Fixed interest	96.1	3.9	-	-	-	-
Diversified strategies income	29.3	16.0	28.8	22.3	3.6	-

2011	Allocation %	
Short-term:	A1+	A1
Cash	75.9	24.1
Cash and deposits	78.5	21.5

			Allocation %			
Long-term:	AAA	AA	A	BBB	Below BBB	Not rated
Internal inflation linked (externally managed portion)	86.6	6.7	2.8	3.7	-	0.2
Fixed interest	98.2	1.8	-	-	-	-
Diversified strategies income	13.3	10.0	26.8	23.0	26.9	-

The MAC cash portfolio is comprised of term deposits which are ranked at the top of the capital structure only beneath covered bonds. Term deposits have statutory priority under the *Banking Act 1959* and therefore have lower credit risk than other non-deposit cash instruments.

The MAC fixed interest portfolio is comprised of Australian Government and semi-government bonds.

The MAC DSI portfolio is in the process of progressively eliminating any exposure to non-investment grade securities (rated less than BBB by Standard & Poor's). MAC divested from Funds SA DSI and constructed MAC DSI in 2012 in order to eliminate this exposure to non-investment grade securities.

(6) Market risk

In addition to the effects of movements in interest rates, the CTP Fund is exposed to market risks influencing investment valuations.

Market risk represents the risk that investment returns generated by different financial markets will be volatile and will deviate from long-term expectations over the short/medium-term. Market risk analysis is conducted on a regular basis and is conducted on a total portfolio basis.

In managing market risks, MAC aims to reduce the impact of short-term fluctuations on the reported result for the period. Over the longer term, sustained variations in economic variables will have an ongoing impact on the reported results. MAC manages the risk of financial market volatility through ensuring a diversity of exposures to different financial markets and submarkets, and via a dynamic portfolio asset allocation process.

The estimated financial impact of changes in interest rates and in the value of equities is shown in the following table. It should be noted that the financial impact on MAC's reported total comprehensive result and equity are the same.

(6) Market risk (continued)

	Movement in variable	Financial impact 2012	2011
	%	$'000	$'000
Interest rates*	(1.0)	56 722	30 450
	(0.5)	27 272	14 837
	0.5	(25 093)	(14 060)
	1.0	(48 007)	(27 342)

* An interest rate change will inversely affect the values of fixed interest investments. This change has been calculated by multiplying the modified duration plus an adjustment for convexity of the fixed interest portfolio by the interest rate change. In practice, a portion of the impact of this change will be offset by a corresponding inverse movement in MAC's outstanding liabilities valuations.

	Movement in variable	Financial impact 2012	2011
	%	$'000	$'000
Australian equity markets	(10)	(41 944)	(44 735)
	(5)	(20 972)	(22 368)
	(1)	(4 194)	(4 474)
	5	20 972	22 368
	10	41 944	44 735
International equity markets	(10)	(40 307)	(39 524)
	(5)	(20 154)	(19 762)
	(1)	(4 031)	(3 952)
	5	20 154	19 762
	10	40 307	39 524

Changes in Australian and international equities markets will proportionally affect the values of the Australian and international equity investments.

(7) Liquidity and cash flow risk

Liquidity risk is the risk that MAC will not be able to meet its financial obligations as they fall due. The liquidity risks associated with the need to satisfy requests for redemptions are mitigated by maintaining sufficient cash reserves to satisfy usual levels of demand without incurring unacceptable losses. MAC ensures that a very high proportion of the CTP Fund is invested in securities that are actively traded and highly liquid. Liquidity risks are minimised through trading with approved exchanges and counterparties. A future liability cash flow matching process has also been implemented to assist the business in managing future cash flow requirements.

20. Net claims incurred

Current period claims relate to risks borne in the current reporting period. Prior period claims relate to a reassessment of the risks borne in all previous reporting periods.

2012	CTP Current year	CTP Prior years	CTP Total	MAC Current year	MAC Prior years	MAC Total
	$'000	$'000	$'000	$'000	$'000	$'000
Gross claims incurred and related expenses - undiscounted	598 131	(141 034)	457 097	598 131	(141 034)	457 097
Reinsurance and other recoveries - undiscounted	(4 177)	(414)	(4 591)	(4 177)	(414)	(4 591)
Net claims incurred - undiscounted	593 954	(141 448)	452 506	593 954	(141 448)	452 506
Discount and discount movement - gross claims incurred	(65 280)	222 832	157 552	(65 280)	222 832	157 552
Discount and discount movement - reinsurance and other recoveries	560	(2 710)	(2 150)	560	(2 710)	(2 150)
Net discount movement	(64 720)	220 122	155 402	(64 720)	220 122	155 402
Net claims incurred	529 234	78 674	607 908	529 234	78 674	607 908
Non-CTP business:						
Gross claims incurred and - related undiscounted	-	-	-	7	-	7
Net claims incurred	-	-	-	7	-	7
Total net claims incurred	529 234	78 674	607 908	529 241	78 674	607 915

20. Net claims incurred (continued)

2011	CTP Current year	CTP Prior years	CTP Total	MAC Current year	MAC Prior years	MAC Total
Gross claims incurred and related expenses - undiscounted	587 273	(89 518)	497 755	587 273	(89 518)	497 755
Reinsurance and other recoveries - undiscounted	(4 000)	(2 680)	(6 680)	(4 000)	(2 680)	(6 680)
Net claims incurred - undiscounted	583 273	(92 198)	491 075	583 273	(92 198)	491 075
Discount and discount movement - gross claims incurred	(108 417)	61 335	(47 082)	(108 417)	61 335	(47 082)
Discount and discount movement - reinsurance and other recoveries	957	917	1 874	957	917	1 874
Net discount movement	(107 460)	62 252	(45 208)	(107 460)	62 252	(45 208)
Total net claims incurred	475 813	(29 946)	445 867	475 813	(29 946)	445 867

21. Commitments

Operational expenditure commitments	CTP 2012	CTP 2011	MAC 2012	MAC 2011
Sponsorship expenditure:*	$'000	$'000	$'000	$'000
Contracted but not provided for and payable:				
Not later than one year	1 735	1 225	1 735	1 225
Later than one year but no later than five years	4 137	1 018	4 137	1 018
	5 872	2 243	5 872	2 243

* The amounts indicated above are contract amounts and do not allow for CPI adjustments.

Management agreements

MAC's contractual arrangements with Allianz Australia Insurance Limited (AAL) for the provision of the claims management operations of the Fund expire on 31 December 2013. The initial contract arrangement with AAL commenced on 1 July 2003. The base management fee payable each year to AAL until the contract period concludes has been supplemented with an incentive fee arrangement. AAL is part of Allianz AG.

22. Auditor's remuneration

	CTP 2012	CTP 2011	MAC 2012	MAC 2011
Amounts received or due and receivable for auditing the accounts of MAC:	$'000	$'000	$'000	$'000
Auditor-General's Department	104	103	115	114

The auditors provided no other services to MAC during the financial year.

23. Employee benefits

Aggregate liability for employee benefits including on-costs:	CTP 2012	CTP 2011	MAC 2012	MAC 2011
Current:				
Employee benefits provision:				
Annual leave	-	-	334	301
On-costs	-	-	80	64
	-	-	414	365
Non-current:				
Employee benefits provision:				
LSL	-	-	382	186
	-	-	382	186
	-	-	796	551

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

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

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

The net financial effect of the changes in the current financial year is an increase in the LSL liability of $138 000 and the employee benefit expense of $11 000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

24. Cash flow reconciliation

	CTP 2012	CTP 2011	MAC 2012	MAC 2011
	$'000	$'000	$'000	$'000
(1) Reconciliation of cash				
Cash	94 075	4 778	94 730	5 861
Deposits at call	228 000	165 000	228 000	165 000
	322 075	169 778	322 730	170 861
(2) Reconciliation of net cash inflows (outflows) from operating activities				
Total comprehensive result	(34 348)	192 874	(34 104)	192 612
Non-cash items:				
Depreciation	-	-	83	45
Loss (Profit) on disposal of assets	-	-	11	44
Amounts set aside to provisions	2	(3)	2	(3)
Loss (Profit) on sale and revaluation to market value of investments	(120 756)	(204 091)	(120 756)	(204 104)
Increase (Decrease) in taxes payable and provisions	-	-	20	(31)
Net cash inflows (outflows) from operating activities before changes in assets and liabilities	(155 102)	(11 220)	(154 744)	(11 437)
Movements in assets and liabilities:				
Investments	6 796	19 288	6 797	19 301
Receivables	(2 033)	(1 709)	(2 209)	(1 349)
Payables and provisions	17 636	1 322	17 777	1 317
Outstanding claims	272 924	89 636	272 933	89 622
Unearned premium	12 076	16 482	12 076	16 482
Net cash inflows (outflows) from operating activities	152 297	113 799	152 630	113 936

25. Sufficient level of solvency

Section 14(3) of the *Motor Accident Commission Act 1992* defines as one of the principal objectives of the Commission, the objective of achieving and maintaining a sufficient level of solvency in the CTP Fund. A revised formula to calculate a sufficient level of solvency was issued by the Treasurer on 17 May 2006 and subsequently published in The South Australian Government Gazette. The formula specifies that the Fund will have a sufficient level of solvency if its assets exceed the sum of the Fund's liabilities plus 10% of the outstanding claims liabilities, 10% of the premium liabilities provision and 10% of the investments in equities and property.

Under the formula, provisions for outstanding claims liabilities and premium liabilities include prudential margins which are calculated by reference to an 80% probability of sufficiency that the provisions will be adequate.

As at 30 June 2012, the sufficient solvency target was $2928.4 million ($2586.8 million) which compares to the Fund's assets of $2952.8 million ($2680.7 million) and this equates to 100.8% (103.6%) of the required level of sufficient solvency.

In recent years, there has been significant movement in MAC's solvency, which demonstrates the volatility of the CTP Fund on an annual basis and its dependence on strong investment market returns to achieve and maintain sufficient solvency.

The sufficient solvency target has created a prudential reserve for MAC which has effectively allowed it to weather the financial storm of the past few years and still remain in a strong net asset position ($397 million). The sufficient solvency target has therefore fulfilled its role of underpinning the long-term viability of the CTP Fund.

Having easily met the sufficient solvency target for a number of years, recent year results reaffirm the need to return to and maintain sufficient solvency, whilst accepting that short-term fluctuations in the attainment of this target can and will occur.

In that regard, the MAC Board has approved a strategic plan aimed specifically at reducing claim costs and increasing investment returns along with a range of other strategic initiatives to improve scheme profitability and assist MAC to achieve its sufficient solvency target. It is anticipated that the achievement of successful outcomes against this plan, some of which are outside of MAC's direct control, will go a long way towards MAC achieving and maintaining its sufficient solvency target.

25. Sufficient level of solvency (continued)

The accounts are prepared on a going concern basis after consideration of the following issues:

- the Fund reports positive net assets as at 30 June 2012
- the Fund's investment strategy ensures adequate liquidity to meet liabilities as and when they fall due
- the Fund's investment strategy is designed to assist in maintaining sufficient solvency
- MAC is supported by a government guarantee pursuant to subsection 21(1) of the *Motor Accident Commission Act 1992*.

26. Contingent assets and liabilities

Insurance underwriting by its very nature has liabilities contingent upon certain events occurring which give rise to a claim under the policy of insurance. All of the known and expected claims in respect of events that have occurred up to balance date have been accounted for in the preparation of these financial statements. Occasionally certain claims may require legal judgment to determine a suitable settlement. The result of such legal arbitration may result in a liability to the Commission different to that incorporated in these accounts.

27. External consultants used during the financial year

	2012	2011
	$'000	$'000
Total amount paid or due and payable to external consultants during the financial year	4 332	3 963

	2012	2011
The number and value of consultancies were:	Number	Number
Below $10 000	9	12
Between $10 000 and $50 000	6	10
Above $50 000	9	7

28. Directors' remuneration

The names of each person holding the position of director of MAC during the financial year are:

J H Brown	T R Groom	Y Sneddon
R A Cook	J T Hazel	P L White
W M Griggs	R A Korotcoff	

	2012	2011
	$'000	$'000
Total income paid or payable, or otherwise made available, to all Directors of MAC from the Commission	390	380

	2012	2011
The number of directors of MAC whose income from the Commission falls within the following bands:	Number	Number
$0 - $9 999	1	2
$30 000 - $39 999	-	1
$40 000 - $49 999	2	3
$50 000 - $59 999	4	2
$80 000 - $89 999	1	-
$90 000 - $99 999	-	1

Directors of MAC receive remuneration in the form of statutory fees. In accordance with DPC Circular 16, government employees who act as a director do not receive any remuneration from the Commission during the financial year.

Superannuation and retirement benefits

Directors of MAC are not paid superannuation or retirement benefits for their activities associated with MAC other than the amount set aside by the Commission in compliance with the Superannuation Guarantee charge of $32 000 ($31 000).

29. Remuneration of employees

	2012	2011
	$'000	$'000
Salaries and wages	2 666	2 341
LSL	208	78
Annual leave	41	100
Employment on-costs:		
Superannuation	277	250
Other	187	177
Board and committee fees	358	349
Total employee remuneration expense	3 737	3 295

The number of employees whose remuneration received or receivable falls within the following bands:	2012 Number	2011 Number
$134 000 - $143 999	-	3
$144 000 - $153 999	3	-
$184 000 - $193 999	1	2
$194 000 - $203 999	1	-
$314 000 - $323 999	-	1
$334 000 - $343 999	1	-

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $1.2 million ($1.1 million).

30. Related parties

Apart from the details disclosed in this note, no director has entered into a contract with the Commission since the end of the previous financial year and there were no contracts involving directors' interests existing at year end.

Directors' transactions with the Commission

MAC sold CTP insurance to directors of the Commission or their director-related entities during the year within a normal customer relationship on terms and conditions no more favourable than those available on similar transactions to other members of the public.

The directors of MAC may hold positions in other organisations in which MAC invests or provides funding in the ordinary course of business. The terms and conditions of those transactions with director-related entities are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

These transactions include the following and have been quantified below where transactions are considered likely to be of interest to the users of these financial statements:

R A Cook, AM	South Australian Motor Sport Board (Clipsal 500)	$42 900	Contribution to Clipsal 500 Free Public Transport initiative and advertising signage

Museum Board

Functional responsibility

Establishment

The Museum Board (the Board) is established pursuant to the *South Australian Museum Act 1976* (the SAM Act). The Board is responsible for the management of the South Australian Museum. For details of the Board's functions, refer note 1 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA and section 16(3) of the SAM Act provide for the Auditor-General to audit the accounts of the Board 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 Board in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

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

Scope of audit

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

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

- legal compliance
- compliance with TIs
- expenditure
- revenue
- payroll
- property, plant and equipment and heritage assets.

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 Museum Board as at 30 June 2012, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

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

Communication of audit matters

Issues arising during the course of the audit were detailed in a management letter to the Director of the South Australian Museum. A response to the letter has been received outlining planned actions to address the identified issues. Detailed comment is provided below.

Legal compliance

The SAM Act was amended by the *Statutes Amendment (Arts Agencies Governance and Other Matters) Act 2010* on 12 May 2011. Included in these amendments were requirements for the Board to:

- seek the approval of the Treasurer to hold and trade in shares
- either have a budget approved by the Minister for the Arts or have approval to expend funds in the absence of an approved budget prior to the expenditure of funds.

During 2011-12 the Board continued to hold and trade in shares as part of their broader investment policy however they have not sought the approval of the Treasurer as required by the amended SAM Act. The Board has advised it will seek the approval of the Treasurer to continue its current investment practice of holding and trading in shares.

Section 15(5) of the SAM Act requires the Board to have its budget approved or receive an interim expenditure authority from the Minister for the Arts prior to incurring any expenditure each financial year. The Board submitted a budget for 2011-12 to the Minister in June 2011. The Board was advised that the budget would not be approved prior to 30 June 2011 and that interim expenditure authority would be required. Arts SA, a division of DPC, undertook to obtain this authority for the Board and the Board received interim expenditure authority in late August 2011. The 2011-12 budget was approved by the Minister for the Arts on 26 June 2012 following negotiations between the Board and Arts SA.

The Board advised that interim expenditure authority for 2012-13 was received in June 2012.

The Board holds an interest bearing deposit account, established under section 21 of the PFAA, with the Treasurer. This deposit account, the 'Museum Board – Bequests Account', has a purpose, which has been approved by the Treasurer, to record funds from bequests to the Museum.

Amounts recorded in this deposit account also include general donations, sponsorship income and grant income received by the Museum. The inclusion of these transactions when calculating the balance of the deposit account is broader than the purpose of the account approved by the Treasurer.

The Board has advised it will work with SSSA to amend the process used to calculate the balance of the deposit account.

Corporate governance

The Board relies on the support of the South Australian Museum Foundation (Museum Foundation) in order to undertake commercial activities, including the operation of the Museum Shop, and for fundraising activities. The activities undertaken by the Museum Foundation also include responsibility for the management of the Museum café and the sale of tickets to special exhibitions. The Board does not have a current agreement in place with the Museum Foundation that outlines the roles and responsibilities of each party.

The Board has advised it will work with the Museum Foundation to implement a new agreement in 2012-13.

DPC, with the involvement of SSSA, provides support to the Board in a number of areas including:

- facilities management
- contract management (cleaning, security, electricity)
- financial transaction processing and financial reporting.

There was no service level agreement in place in 2011-12 that outlined the responsibilities of DPC and the Board.

The Board has advised it will work with DPC to finalise a new service level agreement in 2012-13.

Expenditure

A review of the transaction limits established for the Board within the e-procurement system (Basware) identified some inconsistencies between the approval limits for Board staff and the financial delegations. The Board has advised it will work with DPC, administrators of the e-Procurement system, to ensure the approval limits within the e-Procurement system are consistent with the financial delegations for 2012-13.

Asset recognition

A review of expenditure transactions identified items of a capital nature that had not been capitalised during the year. The Board has corrected the accounting treatment for the identified items and undertaken to closely monitor expenditure of a capital nature.

Implementation of TIs 2 and 28

TIs 2 and 28 instituted new and revised financial management requirements for agencies from 2008-09. TI 2 requires agencies to document key financial policies and procedures. TI 28 also requires agencies to develop and maintain a financial management compliance program of review of relevant policies and procedures, internal controls and financial reporting.

Previous Reports have conveyed that the Board was relating with DPC (which provides business support) to assist with the implementation of the TI requirements. In 2011-12 the Board has made progress in this area with the assistance of DPC and documented a financial management compliance program. Review of the contents of this program identified that the Board needed to undertake further work to expand the program across the Board’s operations. The Board has advised it will continue to work with DPC in 2012-13 to improve the financial management compliance program.

Shared Services SA – e-Procurement and electronic payment control environments

The audit review of the Board's expenditure processes considered the e-Procurement and electronic payment systems' control environments operated by SSSA.

Review of these systems and environments in previous years identified significant key control weaknesses. While SSSA progressively implemented significant remedial action over these deficiencies during 2011-12, SSSA only anticipates completion of planned actions by December 2012.

As a result, the systems and control environments could not be considered robust during 2011-12.

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

Interpretation and analysis of the financial report

Highlights of the financial report

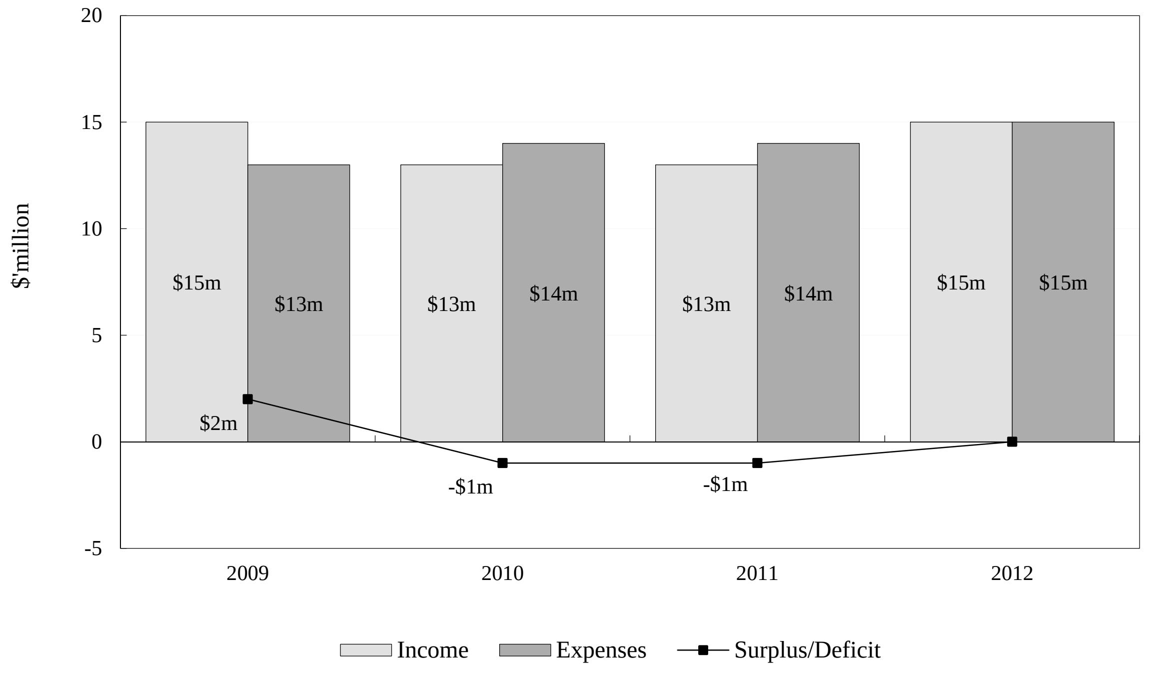
	2012 $'million	2011 $'million
Expenses		
Staff benefits	7	6
Other expenses	8	8
Total expenses	15	14
Income		
SA Government grants	10	9
Other revenue	5	4
Total income	15	13
Net result	-	(1)
Net cash provided by (used in) operating activities	1	-
Net cash provided by (used in) investing activities	-	-
Assets		
Current assets	2	1
Non-current assets	396	380
Total assets	398	381
Liabilities		
Current liabilities	1	1
Non-current liabilities	1	1
Total liabilities	2	2
Total equity	396	379

Statement of Comprehensive Income

Net result

The Board recorded a small surplus of $151 000 this year compared to a deficit of $1 million last year.

The following chart shows the income, expenses and surpluses/deficits for the four years to 2012 are relatively constant except for the income for 2009 which included a capital grant of $2.7 million for the development of the Biodiversity Gallery.



Statement of Financial Position

The total assets of the Board at 30 June 2012 were $398 million, of which $360 million (90%) relates to the Board's heritage collections.

In total the value of the heritage collections has increased by $214 million over the past two years comprising a $17 million increase in the value of the heritage collections in 2011-12 and $197 million increase to the value of these collections in 2010-11. This significant increase in value is a result of detailed valuations being performed for the archives and artwork and archaeology collections, both of which were previously carried at nil value due to difficulties in valuing the items, and an increase in the cost per item of replacing the natural history collections. Refer notes 2.10 and 17 to the financial statements for further information.

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Staff benefits	3	6 712	6 405
Supplies and services	5	3 481	3 636
Accommodation and facilities	6	2 611	2 319
Depreciation	7	1 909	1 894
Grants		157	89
Net loss from the disposal of non-current assets	12	-	28
Total expenses		14 870	14 371
Income:			
Grants	8	510	574
Fees and charges	9	795	679
Donations and bequests		1 056	524
Donations of heritage assets		261	756
Sponsorships	10	882	211
Interest and investment	11	121	208
Resources received free of charge	13	431	453
Recoveries		541	708
Net gain from the disposal of non-current assets	12	94	-
Other income	14	185	165
Total income		4 876	4 278
Net cost of providing services		9 994	10 093
Revenues from SA Government:			
Recurrent operating grant		9 827	8 930
Capital grant		318	127
Total revenues from SA Government		10 145	9 057
Net result		151	(1 036)
Other comprehensive income:			
Change in value of heritage collections	17	16 714	196 879
Total other comprehensive income		16 714	196 879
Total comprehensive result		16 865	195 843

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

Statement of Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash	22	1 935	741
Receivables	15	557	413
Total current assets		2 492	1 154
Non-current assets:			
Property, plant and equipment	16	34 762	35 965
Heritage collections	17	359 923	342 881
Investments	18	1 204	1 493
Total non-current assets		395 889	380 339
Total assets		398 381	381 493
Current liabilities:			
Payables	19	366	387
Staff benefits	20	826	791
Provision	21	8	41
Total current liabilities		1 200	1 219
Non-current liabilities:			
Payables	19	116	98
Staff benefits	20	1 251	1 124
Provision	21	35	138
Total non-current liabilities		1 402	1 360
Total liabilities		2 602	2 579
Net assets		395 779	378 914
Equity:			
Revaluation surplus		262 159	245 445
Retained earnings		133 620	133 469
Total equity		395 779	378 914

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	23
Contingent assets and liabilities	24

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

	Revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2010	48 566	134 505	183 071
Net result for 2010-11	-	(1 036)	(1 036)
Gain on revaluation of heritage assets	196 879	-	196 879
Total comprehensive result for 2010-11	196 879	(1 036)	195 843
Balance at 30 June 2011	245 445	133 469	378 914
Net result for 2011-12	-	151	151
Gain on revaluation of heritage assets	16 714	-	16 714
Total comprehensive result for 2011-12	16 714	151	16 865
Balance at 30 June 2012	262 159	133 620	395 779

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

Statement of Cash Flows
for the year ended 30 June 2012

	Note	2012 Inflows (Outflows) $'000	2011 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Staff benefits		(6 666)	(6 544)
Supplies and services		(3 042)	(3 107)
Accommodation and facilities		(2 611)	(2 296)
Grants		(157)	(89)
Cash used in operations		(12 476)	(12 036)
Cash inflows:			
Grants		510	613
Fees and charges		735	623
Donations and bequests		1 056	524
Sponsorships		762	345
Interest and investment		126	173
Recoveries		541	620
Other		185	172
Cash generated from operations		3 915	3 070
Cash flows from SA Government:			
Recurrent operating grant		9 827	8 930
Capital grant		318	127
Cash generated from SA Government		10 145	9 057
Net cash provided by (used in) operating activities	22	1 584	91
Cash flows from investing activities:			
Cash outflows:			
Purchases of heritage collections		(67)	-
Purchases of property, plant and equipment		(706)	(138)
Purchases of investments		-	(251)
Cash used in investing activities		(773)	(389)
Cash inflows:			
Proceeds from sale of investments		383	96
Proceeds from debtor		-	99
Cash generated from investing activities		383	195
Net cash provided by (used in) investing activities		(390)	(194)
Net increase (decrease) in cash		1 194	(103)
Cash at 1 July		741	844
Cash at 30 June	22	1 935	741

Notes to and forming part of the financial statements

1. Objectives of the Museum Board (the Board)

The functions of the Board, as prescribed under the *South Australian Museum Act 1976*, are as follows:

- undertake the care and management of the Museum
- manage all lands and premises vested in, or placed under the control of, the Board

1. Objectives of the Museum Board (the Board) (continued)

- manage all funds vested in, or under the control of the Board and to apply those funds in accordance with the terms and conditions of any instrument of trust or other instrument affecting the disposition of those monies
- carry out, or promote, research into matters of scientific and historical interest
- accumulate and care for objects and specimens of scientific or historical interest
- accumulate and classify data in regard to any such matters
- disseminate information of scientific or historical interest
- perform any other functions of scientific, educational or historical significance that may be assigned to the Board by regulation.

2. Summary of significant accounting policies

2.1 Statement of compliance

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

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

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Board's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- 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. A threshold of $100 000 for separate identification of these items applies

  (b) expenses incurred as a result of engaging consultants

  (c) staff TVSP information

  (d) staff 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 staff

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

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

The financial statements have been prepared based on a 12 month operating cycle and 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 2012 and comparative information presented.

2.3 Sources of funds

The Board's principal source of funds consists of grants from the State Government. In addition, the Board also receives monies from sales, admissions, donations, bequests, sponsorships and other receipts, and uses the monies for the achievement of its objectives.

2.4 Income and expenses

Income and expenses are recognised in the Board's Statement of Comprehensive Income to the extent it is probable that the flow of economic benefits to or from the Board 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.

Income

Income from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Investment income is recognised when the Board obtains control over the funds. Income from the rendering of a service is recognised upon the delivery of the service to the customers. Government grants are recognised as income in the period in which the Board obtains control over the grants.

Resources received free of charge

Resources received free of charge are recorded as income and expenditure in the Statement of Comprehensive Income at their fair value.

Under an arrangement with Arts SA and Artlab Australia, divisions of DPC, Artlab Australia receives SA Government appropriation to perform conservation services on the Board's heritage collections. The value of this work performed is recognised as resources received free of charge in income and a corresponding amount included as conservation work expenditure in supplies and services (refer note 5).

Under an arrangement with the Services Division of DPC, financial services and human resources are provided free of charge to the Board. The value of these services is recognised as resources received free of charge in income and a corresponding amount included as a business services charge in supplies and services (refer note 5).

2.5 Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. The Board has a clearly identifiable operating cycle of 12 months. Assets and liabilities that will be realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.6 Cash

Cash in the Statement of Financial Position includes cash at bank and cash on hand.

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

2.7 Receivables

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

Trade receivables arise in the normal course of selling goods and services to other government agencies and the public. Trade receivables are generally receivable within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. The ability to collect trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Board will not be able to collect the debt.

2.8 Investments

Investments are brought to account at cost in accordance with APF IV, APS 2.1.

2.9 Non-current asset acquisition and recognition

The cost method of accounting is used for the initial recording of all acquisitions of assets. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. Assets donated during the year have been brought to account at fair value. All non-current 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.

2.10 Valuation of non-current assets

All non-current assets are valued at written down current cost (a proxy for fair value) and a revaluation of non-current assets or a 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.

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

Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrement of the same asset class previously recognised as an expense, in which case the increase is recognised as income.

Any revaluation decrement is recognised as an expense, except to the extent that it offsets a previous revaluation increase of 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.

Upon revaluation, the accumulated depreciation has been restated proportionately with the change in gross carrying amount of the asset so that the carrying amount, after revaluation, equals its revalued amount.

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

Land and buildings

Land and buildings have been valued at fair value. Valuations of land and buildings were determined as at 30 June 2008 by the Australian Valuation Office.

Plant and equipment

Plant and equipment, including computer equipment, on acquisition has been deemed to be held at fair value.

Heritage collections

The Board's collections were revalued as at 30 June 2011 using the valuation methodology outlined below in accordance with fair value principles adopted under AASB 116. These valuations were undertaken by both external valuers and internal specialists.

The collections were broadly valued on the following basis:

Collection	*Method of valuation*
Heritage collections	Net market valuation
Natural history collections	Cost of recovery

Heritage collection status applies to those collections where an established market exists. The net market valuation applied has been assessed either by valuation undertakings by staff and valuers or by applying valuations determined under the Cultural Gifts Program.

Natural history collections have been valued at fair value on the basis of the cost of fieldwork, preparation and documentation to replace the material in its present condition. The most recent revaluation saw an increase in the value of each holotype from $1000 to $5000 per specimen.

Internal valuations were carried out by staff specialists in their related fields. These valuations were based on a knowledge of the particular collections, an understanding of valuation techniques and the markets that exist for the collection items. Independent external valuers were engaged to review the methodology adopted for valuation to verify the valuations applied by internal specialists via sampling techniques, and to carry out independent valuations where required.

Heritage collections deemed to have market value are Australian ethnology, foreign ethnology, malacology, butterflies, industrial history collection, mineralogy, Museum library, archives/artwork and rare books.

Natural history collections valued at cost of recovery are the Australian biological tissue bank, the Australian helminthological collection, entomology, arachnology, marine invertebrates, ichthyology, herpetology, ornithology, mammalogy, palaeontology and archaeology.

Heritage collections (continued)
In June 2012 the archives/artwork collection was valued for the first time by J F B Bruce, AVAA, JP of Theodore Bruce Auctions Pty Ltd. Resource limitations have previously prevented the valuation of the collection.

For the first time in the 30 June 2011 valuation, the archaeology collection has been valued. Previously the collection was inaccessible due to storage limitations.

The external valuations were carried out by the following recognised industry experts:

Collection	*Industry expert*
Foreign ethnology	H Gallasch
Mineralogy	R Noble
Malacology (marine invertebrates)	I Van Streepen
Butterflies (terrestrial invertebrates)	L Mound
Mammalogy	R Schodde
Archives/Artwork	J F B Bruce

Heritage collections assessed internally by staff with the necessary expertise:

Collection	*Industry expert*
Australian ethnology	P Jones
Foreign ethnology	B Craig

Collections deemed to be culturally sensitive, including human remains or items which are secret and sacred to Aboriginal communities have not been included within the current valuation and are deemed to be at zero valuation. These collections are human biology, secret sacred and archives.

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

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

2.12 Depreciation of non-current assets
Depreciation is calculated on a straight-line basis to write off the net cost or revalued amount of each non-current asset over its expected useful life, except for land and heritage collections, which are not depreciable. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

The expected useful lives are as follows:

Class of asset	*Useful life (years)*
Buildings and improvements	20-100
Plant and equipment:	
Exhibition	10
Commercial vehicles	20-25
Other	5-15
Computer equipment	3-5

Exhibitions with a life of less than one year are expensed.

Heritage collections are kept under special conditions so that there is no physical deterioration and they are anticipated to have very long and indeterminate useful lives. No amount for depreciation has been recognised, as their service potential has not, in any material sense, been consumed during the reporting period.

2.13 Payables
Payables include creditors, accrued expenses and staff on-costs.

Creditors and accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period. All payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

2.13 Payables (continued)

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

2.14 Staff benefits

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

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

(i) Salaries, wages and annual leave

Liabilities for salaries, wages and annual leave have been recognised 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.

(ii) LSL

An actuarial assessment of LSL, undertaken by DTF based on a significant sample of employees throughout the South Australian public sector, determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Board's experience of staff retention and leave taken.

(iii) On-costs

Staff benefit on-costs (payroll tax, workers compensation and superannuation) are recognised separately under payables.

(iv) Superannuation

The Board 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 relevant superannuation schemes. DTF centrally recognises the superannuation liability, for the schemes operated by the State Government, in the whole-of-government financial statements.

2.15 Workers compensation provision

A liability 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 2012 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of DPC.

2.16 Leases

The Board has entered into a number of operating lease agreements for accommodation, 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 on a straight-line basis over the lease term.

2.17 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.

2.18 Taxation

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

Income, expenses and assets are recognised net of the amount of GST. The amount of GST incurred by the Board as a purchaser that is not recoverable from the ATO is recognised as part of the cost of acquisition of an asset or part of an item of expense.

2.18 Taxation (continued)

The net GST receivable/payable to the ATO is not recognised as a receivable/payable in the Statement of Financial Position as the Board is a member of an approved GST group of which Arts SA, a division of DPC, is responsible for the remittance and collection of GST. As such, there are no cash flows relating to GST transactions with the ATO in the Statement of Cash Flows.

2.19 State Government funding

The financial statements are presented under the assumption of ongoing financial support being provided to the Board by the State Government.

2.20 Rounding

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

2.21 Insurance

The Board has arranged, through SAICORP, a division of SAFA, to insure all major risks of the Board. The excess payable is fixed under this arrangement.

2.22 Unrecognised contractual commitments and contingent assets and liabilities

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

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

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

3. Staff benefits

	2012 $'000	2011 $'000
Salaries and wages	5 329	5 243
LSL	442	229
Annual leave	17	35
Staff on-costs - superannuation	576	541
Staff on-costs - other	301	284
TVSP payments	124	-
Board fees	46	42
Other staff related expenses	(123)	31
Total staff benefits	6 712	6 405

TVSPs

Amount paid to these staff:		
TVSPs	124	-
Annual leave and LSL paid during the reporting period	32	-
	156	-
Recovery from DTF	(124)	-
Net cost to Museum	32	-

The number of staff who were paid TVSPs during the reporting period was 1 (0).

Remuneration of staff	2012	2011
The number of staff whose remuneration received falls within the following bands:	Number	Number
$134 000 - $143 999	1	1
$144 000 - $153 999	-	1
$174 000 - $183 999	-	1
$184 000 - $193 999	1	-
	2	3

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 these staff members for the year was $330 000 ($469 000).

4. Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2011-12 financial year were:

- Museum Board (nine members)
- Aboriginal Advisory Committee (seven members).

Museum Board

Dr J Lomax-Smith (Chairperson) (appointed 18 August 2011)
Mr D Adelson (appointed 30 April 2012)
Ms N Buddle
Mr D Dalla Valle (appointed 18 August 2011)
Ms E D Perry
Mr D Rathman (appointed 30 April 2012)
Ms N Stott Despoja
Mr M Worton (appointed 18 August 2011)
Dr S Carthew (resigned 20 October 2011)
Mr J Ellice-Flint (term expired 13 August 2011)
Mr P Ah Chee (term expired 27 July 2011)

Aboriginal Advisory Committee

Mr D Rathman (Chairperson) (appointed 19 July 2012)
Mr L O'Brien
Ms L O'Donohue
Mr M Turner
Dr S Miller
Ms E D Perry
Ms L Buckskin (appointed 2 February 2012)
Mr P Ah Chee (term expired 27 July 2011)

The number of members whose remuneration received or receivable falls within the following bands:	2012 Number	2011 Number
$0 - $9 999	6	8
$10 000 - $19 999	3	3
Total	9	11

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees. The total remuneration received by members was $45 000 ($45 000).

Amounts paid to a superannuation plan for board/committee members were $3740 ($3150).

Related party disclosures

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

5. Supplies and services

	2012	2011
Supplies and services:	$'000	$'000
Cost of goods sold	10	10
Insurance and risk management	336	368
Marketing	302	249
Administration	176	146
IT services and communications	269	253
Maintenance	56	82
Artlab conservation work	290	312
Business services charge	141	141
Collections	22	94
Exhibitions	202	160
Research	649	685
Travel and accommodation	163	150
Contractors	150	139
Motor vehicle expenses	73	66
Minor equipment	90	138
Fees	148	289
Consultants	63	42
Audit fees	31	28
OHS&W	29	15
Other	281	269
Total supplies and services	3 481	3 636

5. Supplies and services (continued)

Supplies and services provided by entities within the SA Government:	2012 $'000	2011 $'000
Insurance and risk management	336	368
Marketing	1	-
Administration	7	1
IT services and communications	120	97
Maintenance	12	32
Artlab conservation work	290	312
Business services charge	141	141
Collections	-	5
Exhibitions	5	4
Research	-	3
Motor vehicle expenses	59	43
Minor equipment	1	1
Fees	-	6
Audit fees	31	28
Other	19	9
Total supplies and services - SA Government entities	1 022	1 050

Consultants

The number and dollar amount of consultancies paid/payable (included in consultants expense shown above) fell within the following bands:	2012 Number	2012 $'000	2011 Number	2011 $'000
Below $10 000	4	10	3	13
$10 000 - $50 000	-	-	2	29
Greater than $50 000	1	53	-	-
Total paid/payable to consultants engaged	5	63	5	42

External auditor's remuneration

	2012 $'000	2011 $'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	31	28
Total - external auditor's remuneration	31	28

No other services were provided by the Auditor-General.

6. Accommodation and facilities

Accommodation and facilities:		
Accommodation	653	632
Facilities	1 114	877
Security	844	810
Total accommodation and facilities	2 611	2 319

Accommodation and facilities provided by entities within the SA Government:		
Accommodation	321	338
Facilities	756	542
Security	3	1
Total accommodation and facilities - SA Government entities	1 080	881

7. Depreciation

Buildings and improvements	1 322	1 312
Plant and equipment	583	581
Computer equipment	4	1
Total depreciation	1 909	1 894

8. Grants

General grants	352	322
Commonwealth grants	158	252
Total grants	510	574

	2012	2011
9. Fees and charges	$'000	$'000
Admissions	198	50
Functions	108	94
Fees for service	408	463
Other	81	72
Total fees and charges	795	679

10. Sponsorships		
Sponsorships received/receivable:		
Cash sponsorships	862	171
In-kind sponsorships	20	40
Total sponsorships	882	211
Sponsorships received/receivable from entities within the SA Government:		
Cash sponsorships	638	10
Total sponsorships - SA Government entities	638	10

11. Interest and investment income		
Interest	37	47
Investments	84	161
Total interest and investment income	121	208

12. Net gain (loss) from the disposal of non-current assets		
Investments:		
Proceeds from disposal	382	55
Net book value of assets disposed	(289)	(83)
Net gain (loss) from disposal of investments	93	(28)
Plant and equipment:		
Proceeds from disposal	1	-
Net book value of assets disposed	-	-
Net gain (loss) from disposal of plant and equipment	1	-
Total assets:		
Total proceeds from disposal	383	55
Total net book value of assets disposed	(289)	(83)
Total net gain (loss) from disposal of non-current assets	94	(28)

13. Resources received free of charge		
Resources received free of charge:		
Business services charge	141	141
Artlab conservation work	290	312
Total resources received free of charge	431	453

14. Other income		
Other income received/receivable:		
Exhibition hire	28	25
Other	157	140
Total other income	185	165

15. Receivables		
Receivables	479	319
Prepayments	11	22
Accrued income	67	72
Total receivables	557	413

Interest rate and credit risk

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

(a) Maturity analysis of payables - refer note 26.
(b) Categorisation of financial instruments and risk exposure information - refer note 26.

16. Property, plant and equipment

	2012 $'000	2011 $'000
Land, buildings and improvements:		
Land at valuation	7 440	7 440
Buildings and improvements at valuation	58 737	58 737
Accumulated depreciation	(36 699)	(35 377)
Total land, buildings and improvements	29 478	30 800
Work in progress:		
At cost	288	-
Total work in progress	288	-
Plant and equipment:		
At cost (deemed fair value)	7 555	7 240
Accumulated depreciation	(2 589)	(2 085)
Total plant and equipment	4 966	5 155
Computer equipment:		
At cost (deemed fair value)	35	11
Accumulated depreciation	(5)	(1)
Total computer equipment	30	10
Total property, plant and equipment	34 762	35 965

Reconciliation of property, plant and equipment 2011-12

2012	Carrying amount 01.07.11 $'000	Additions $'000	Disposals $'000	Accumulated depreciation on disposals $'000	Depreciation $'000	Carrying amount 30.06.12 $'000
Land	7 440	-	-	-	-	7 440
Buildings and improvements	23 360	-	-	-	(1 322)	22 038
Work in progress	-	288	-	-	-	288
Plant and equipment	5 155	394	(80)	80	(583)	4 966
Computer equipment	10	24	-	-	(4)	30
Total tangible assets	35 965	706	(80)	80	(1 909)	34 762

2011	Carrying amount 01.07.10 $'000	Additions $'000	Depreciation $'000	Carrying amount 30.06.11 $'000
Land	7 440	-	-	7 440
Buildings and improvements	24 628	44	(1 312)	23 360
Work in progress	-	-	-	-
Plant and equipment	5 653	83	(581)	5 155
Computer equipment	-	11	(1)	10
Total tangible assets	37 721	138	(1 894)	35 965

17. Heritage collections

	2012 $'000	2011 $'000
Social/Industrial history	278	278
Australian Aboriginal ethnographic	24 778	24 615
Foreign ethnology	8 448	8 430
Australian polar collection	4 733	4 664
Archives/Artwork	16 714	-
Archaeology	69 305	69 305
Minerals	17 421	17 343

17. Heritage collections (continued)

	2012 $'000	2011 $'000
Malacology	7 686	7 686
Butterflies	41	41
Australian biological tissue bank	17 611	17 611
Australian helminthological collection	24 026	24 026
Entomology	79 904	79 904
Arachnology	11 026	11 026
Marine invertebrates	15 553	15 553
Ichthyology	4 824	4 824
Herpetology	6 480	6 480
Ornithology	12 475	12 475
Mammalogy	7 963	7 963
Fossil	24 259	24 259
Library	6 398	6 398
Total heritage collections	359 923	342 881

Reconciliation of carrying amounts of heritage collections

	Balance 01.07.11 $'000	Additions $'000	Revaluation increment $'000	Balance 30.06.12 $'000	Balance 01.07.10 $'000	Additions $'000	Revaluation increment $'000	Balance 30.06.11 $'000
Social/Industrial history	278	-	-	278	239	-	39	278
Australian Aboriginal ethnographic	24 615	163	-	24 778	21 369	149	3 097	24 615
Foreign ethnology	8 430	18	-	8 448	7 035	333	1 062	8 430
Australian polar collection	4 664	69	-	4 733	3 744	-	920	4 664
Archives/Artworks	-	-	16 714	16 714	-	-	-	-
Archaeology	69 305	-	-	69 305	-	-	69 305	69 305
Minerals	17 343	78	-	17 421	16 984	76	283	17 343
Malacology	7 686	-	-	7 686	4 110	-	3 576	7 686
Butterflies	41	-	-	41	35	-	6	41
Australian biological tissue bank	17 611	-	-	17 611	7 352	-	10 259	17 611
Australian helminthological collection	24 026	-	-	24 026	11 727	-	12 299	24 026
Entomology	79 904	-	-	79 904	31 686	198	48 020	79 904
Arachnology	11 026	-	-	11 026	4 795	-	6 231	11 026
Marine invertebrates	15 553	-	-	15 553	8 923	-	6 630	15 553
Ichthyology	4 824	-	-	4 824	1 819	-	3 005	4 824
Herpetology	6 480	-	-	6 480	4 200	-	2 280	6 480
Ornithology	12 475	-	-	12 475	8 939	-	3 536	12 475
Mammalogy	7 963	-	-	7 963	5 962	-	2 001	7 963
Fossil	24 259	-	-	24 259	719	-	23 540	24 259
Library	6 398	-	-	6 398	5 608	-	790	6 398
Carrying amount at 30 June	342 881	328	16 714	359 923	145 246	756	196 879	342 881

18. Investments

	2012 $'000	2011 $'000
Investments with entities other than SAFA:		
Non-current:		
Shares, convertible notes and other investments in companies	1 204	1 493
Total non-current investments	1 204	1 493
Total investments	1 204	1 493

The market value of investments as at 30 June 2012 is $1.014 million ($1.465 million).

Of the three investment accounts - Museum Board, Norman B Tindale Memorial and the Mawson Collection - there are restrictions in place for both the Norman B Tindale Memorial and the Mawson Collection relating to funds totalling $710 000 ($913 000).

19. Payables

	2012 $'000	2011 $'000
Current:		
Creditors and accruals	256	279
Staff on-costs	110	108
Total current payables	366	387

19.	**Payables (continued)**	2012	2011
	Non-current:	$'000	$'000
	Staff on-costs	116	98
	Total non-current payables	116	98
	Total payables	482	485
	Payables to SA Government entities:		
	Creditors and accruals	10	71
	Staff on-costs	109	100
	Total payables - SA Government entities	119	171

An actuarial assessment performed by DTF determined that the percentage of the proportion of LSL taken as leave has changed from the 2011 rate of 35% to 40%, and the average factor for the calculation of employer superannuation on-cost remains unchanged from the 2011 rate of 10.3%. These rates are used in the employment on-cost calculation.

Interest rate and credit risk

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

(a) Maturity analysis of payables - refer note 26.
(b) Categorisation of financial instruments and risk exposure information - refer note 26.

20.	**Staff benefits**	2012	2011
	Current:	$'000	$'000
	Annual leave	522	543
	LSL	304	248
	Total current staff benefits	826	791
	Non-current:		
	LSL	1 251	1 124
	Total non-current staff benefits	1 251	1 124

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

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

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

The net financial effect of the changes in the current financial year is an increase in the LSL liability of $215 000 and employee benefit expense of $215 000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of factors and assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

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

21.	**Provision**	2012	2011
	Current:	$'000	$'000
	Provision for workers compensation	8	41
	Total current provision	8	41

21. Provision (continued)

	2012	2011
Non-current:	$'000	$'000
Provision for workers compensation	35	138
Total non-current provision	35	138
Total provision	43	179

Reconciliation of the provision for workers compensation

	2012	2011
Provision at 1 July	179	158
Increase (Decrease) in provision during the year	(136)	21
Provision for workers compensation at 30 June	43	179

22. Cash flow reconciliation

Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the items in the Statement of Financial Position as follows:

	2012	2011
	$'000	$'000
Deposits with the Treasurer	1 382	642
J B Were investments	542	88
Cash on hand	11	11
Cash as recorded in the Statement of Financial Position	1 935	741

Deposits with the Treasurer

Deposits with the Treasurer are a combination of funds held in the 'Museum Board - Bequests Account', an account held with the Treasurer of South Australia pursuant to section 21 of the PFAA, and funds held in the Premier and Cabinet Operating Account, an account held with the Treasurer of South Australia pursuant to section 8 of the PFAA. There are stipulated restrictions on the use of the Zimmermann Bequest component of cash funds available $100 000 ($100 000).

Deposits with J B Were

Deposits with J B Were are the total of the cash trust accounts for the three managed investment funds - Museum Board, Norman B Tindale Memorial and the Mawson Collection. There are restrictions in place for the cash accounts for the Norman B Tindale Memorial and Mawson Collection $365 750 ($52 000).

Cash on hand

Cash on hand includes petty cash, floats, change machines and an advance account.

Interest rate risk

Cash and cash equivalents are recorded at nominal value. Interest is calculated based on the average daily balances of the interest bearing funds. The interest bearing funds of the Board are held in the section 21 interest bearing account titled the 'Museum Board - Bequests Account' and the J B Were accounts.

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services	2012 $'000	2011 $'000
Net cash provided by (used in) operating activities	1 584	91
Revenues from SA Government	(10 145)	(9 057)
Non-cash items:		
Depreciation of property, plant and equipment	(1 909)	(1 894)
Donations of heritage collections	261	756
In-kind sponsorship	20	-
Net gain (loss) on disposal of non-current assets	94	(28)
Movements in assets/liabilities:		
Receivables	124	(12)
Payables	3	(27)
Staff benefits	(162)	99
Provision	136	(21)
Net cost of providing services	(9 994)	(10 093)

23. Unrecognised contractual commitments

Operating lease commitments

	2012 $'000	2011 $'000
Commitments under non-cancellable operating leases at the reporting date not recognised as liabilities in the financial statements, are payable as follows:		
Not later than one year	351	13
Later than one year but not later than five years	995	16
Total operating lease commitments	1 346	29

The operating lease commitments comprise non-cancellable motor vehicle leases, with rental payable monthly in arrears. No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their terms. In addition, a memorandum of understanding exists for the rental of storage space in Netley until 30 June 2016.

Capital commitments

	2012 $'000	2011 $'000
Capital commitments under contract at the reporting date, but not recognised as liabilities in the financial report, are payable as follows:		
Not later than one year	32	-
Total capital commitments	32	-

Capital commitments relate to plant and equipment works in progress.

Remuneration commitments

Commitments for the payment of salaries and other remuneration under employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:		
Not later than one year	181	177
Later than one year but not later than five years	729	751
Total remuneration commitments	910	928

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

Other commitments

Not later than one year	1 222	926
Later than one year but not later than five years	1 717	643
Total other commitments	2 939	1 569

The Board's other commitments are for agreements for security and cleaning.

Contingency provisions within the contracts require the minimum contract payments to be increased by variable operating costs and wage rises. Options exist to renew the contracts at the end of their terms.

24. Contingent assets and liabilities

The Board is not aware of any contingent assets or liabilities as at 30 June 2012.

25. Events after balance date

There are no known events after balance date that affect these financial statements in a material manner.

26. Financial instruments/Financial risk management

26.1 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.

		2012		2011	
Financial assets	Note	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Cash and cash equivalents:					
Cash	22	1 935	1 935	741	741
Investments	18	1 204	1 014	1 493	1 465
Loans and receivables:					
Receivables(1)	15	546	546	391	391

26.1 Categorisation of financial instruments (continued)		2012		2011	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities	Note	$'000	$'000	$'000	$'000
Financial liabilities at cost:					
Payables[1]	19	256	256	279	279

(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 (not materially different from amortised cost).

Credit risk

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

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

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently the Board does not hold any collateral as security to any of its financial assets. There is no evidence to indicate that the financial assets are impaired.

Maturity analysis of financial assets and liabilities

All financial assets and liabilities mature within one year.

26.2 Ageing analysis of financial assets

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

	Past due by		
	Overdue for 30-60 days	Overdue for more than 60 days	Total
2012	$'000	$'000	$'000
Not impaired:			
Receivables	24	53	77
2011			
Not impaired:			
Receivables	57	57	114

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 (Funds SA) 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 Board in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

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

Scope of the audit

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

During 2011-12, 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 Funds SA 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 2012, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised over 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 Parliamentary Superannuation Board.

Interpretation and analysis of the financial report

Highlights of the financial report

	2012 $'million	2011 $'million
Revenue		
Contribution revenue	5.0	4.1
Investment revenue	4.2	19.9
Total revenue	9.2	24.0
Expenses		
Benefits and other expenses	24.4	18.4
Total expenses	24.4	18.4
Transfer from (to) Consolidated Account	13.3	(3.6)
Operating result for the period	(1.9)	2.0
Net cash provided by (used in) operating activities	8.0	(7.7)
Assets		
Investments	189.4	177.8
Other assets	0.4	0.6
Total assets	189.8	178.4
Liabilities		
Liability for accrued benefits	191.6	178.1
Other liabilities	-	0.3
Total liabilities	191.6	178.4
Excess (Deficit) of net assets over liabilities	(1.8)	-

Operating Statement

The operating result for the year was a deficit of $1.9 million (surplus of $2 million.) The year's result took into account:

- returns on investments of $4.2 million ($19.9 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.
- benefits expenses of $23.3 million ($17.1 million)
- a transfer of $13.3 million from the Consolidated Account ($3.6 million to Consolidated Account). A transfer was made into the Scheme to maintain a balanced scheme.

Statement of Financial Position

As at 30 June 2012, there was a deficit of net assets over liabilities of $1.9 million (excess of $48 000).

The estimated liability for accrued benefits increased by $13.5 million to $191.6 million for which assets of $189.8 million were available to pay benefits. The expected future benefit payments were determined using the pensioner mortality assumptions of the 2010 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 2012 were $207.9 million ($197.4 million). Vested benefits represent benefits which 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 involuntarily 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 pensions paid for the past four years were:

	2012	2011	2010	2009
Pensioners	118	115	115	105
Pensions paid ($'000)	9 068	8 098	7 659	6 821

Contributions by employees

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

	2012	2011	2010	2009
Contributors	69	69	69	69
Contributions received ($'000)	775	798	911	968

Operating Statement
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Revenue:			
Investment revenue		4 252	19 867
Other revenue		6	7
Contribution revenue:			
Contributions by members		775	798
Contributions by employers		3 433	3 357
Rollovers from other schemes		801	10
Total contribution revenue		5 009	4 165
Total revenue		9 267	24 039
Expenses:			
Direct investment expenses	4	915	1 017
Administration expenses	5	265	216
Benefits expenses	7	23 260	17 136
Total expenses		24 440	18 369
Transfer from (to) Consolidated Account	3	13 300	(3 600)
Operating result for the period		(1 873)	2 070

Statement of Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Investments:			
Inflation linked securities A		17 804	16 281
Property A		29 230	24 125
Australian equities A		45 253	51 870
International equities A		45 444	43 269
Long-term fixed interest		4 901	4 914
Short-term fixed interest		3 195	3 334
Diversified strategies growth A		11 313	9 718
Diversified strategies income		24 501	17 577
Cash		7 555	6 549
Socially responsible investment		186	163
Total current assets		189 382	177 800
Other assets:			
Cash and cash equivalents	11	418	629
Contributions receivable		27	-
Sundry debtors		11	8
		456	637
Total assets		189 838	178 437
Current liabilities:			
Sundry creditors		16	16
Benefits payable		24	291
Total liabilities		40	307
Net assets available to pay benefits	6	189 798	178 130
Liability for accrued benefits	7	(191 623)	(178 082)
Excess (Deficit) of net assets over liabilities		(1 825)	48

Statement of Cash Flows
for the year ended 30 June 2012

	Note	2012 Inflows (Outflows) $'000	2011 Inflows (Outflows) $'000
Cash flows from operating activities:			
Contributions received:			
Contributions by members		771	798
Contributions by employers		3 410	3 357
Rollovers from other schemes		801	10
		4 982	4 165
Other receipts		6	7
GST recoup from ATO		(3)	1
Benefits paid:			
Pension		(9 068)	(8 098)
Commutations		(918)	-
		(9 986)	(8 098)
Administration expenses		(265)	(216)
Transfer from (to) Consolidated Account	3	13 300	(3 600)
Net cash provided by (used in) operating activities	10	8 034	(7 741)
Cash flows from investing activities:			
Receipts from Funds SA		10 742	10 899
Payments to Funds SA		(18 987)	(2 938)
Net cash provided by (used in) investing activities		(8 245)	7 961
Net increase (decrease) in cash and cash equivalents held		(211)	220
Cash and cash equivalents at 1 July		629	409
Cash and cash equivalents at 30 June	11	418	629

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 members' 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 established under the *Superannuation Funds Management Corporation of South Australia Act 1995* (the Funds SA Act). 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 (an SA Government entity).

(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 established for that purpose. During the period ended 30 June 2012 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. PSS3 members can elect to make contributions based on a percentage of the combined value of their salary and any additional salary ranging from 0% to 10% under section 14B of the Act. A separate contribution account is maintained for each member. Members' contributions are paid to the Treasurer who deposits those contributions into the Parliamentary Superannuation Fund, with $775 000 ($798 000) being credited during the year ended 30 June 2012.

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 $3.4 million ($3.4 million) being credited during the year ended 30 June 2012.

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

The 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 provision 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.

The 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.

The financial report is prepared 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 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 sub-sector 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 sub-sector 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 ending 30 June 2012, 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 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, 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 Financial Position are shown inclusive of GST. Sundry debtors includes a refund from the ATO for GST paid on administration expenses.

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

(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
The Treasurer approved a transfer of $13.3 million from the Consolidated Account in 2011-12 ($3.6 million to the Consolidated Account).

4. Direct investment expenses
Direct investment expenses comprise fees paid to Funds SA and the investment managers. Funds SA advises the amount based on the Scheme's proportionate investment with the relevant investment managers.

5. Administration expense

	2012	2011
	$'000	$'000
Administration expense	249	201
Auditor's remuneration	16	15
	265	216

Administration expense comprises 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 $15 620 ($15 400). No other services were provided by the Auditor-General's Department.

6. Net assets available to pay benefits

	2012	2011
(a) PSS1 and PSS2 division	$'000	$'000
Funds held at 1 July	173 891	164 232
Contributions by members	774	794
Contributions by employers	2 229	2 290
Transfer from Consolidated Account	13 300	-
Investment revenue	4 091	19 505
Other revenue	6	7
	20 400	22 596
Benefits paid	(9 719)	(8 124)
Administration expense	(265)	(216)
Transfer to Consolidated Account	-	(3 600)
Direct investment expense	(888)	(997)
	(10 872)	(12 937)
Funds held at 30 June	183 419	173 891
(b) PSS3 division		
Funds held at 1 July	4 239	2 816
Contributions by members	1	4
Contributions by employers	1 204	1 067
Rollovers from other schemes	801	10
Investment revenue	161	362
	2 167	1 443
Direct investment expenses	(27)	(20)
	(27)	(20)
Funds held at 30 June	6 379	4 239
Total net assets	189 798	178 130

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 2012. For PSS3 members, the accrued liability is the balance of the employee and employer contribution accounts as at 30 June 2012.

The expected future benefit payments have been determined using the same pensioner mortality assumptions as the 2010 triennial review of the South Australian Superannuation Scheme. Salary increases of 1.5% per annum above the Adelaide CPI have been assumed. 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% per annum above the CPI.

The accrued superannuation liability as determined by State Superannuation Office of DTF is estimated at $191.6 million ($178.1 million) as at 30 June 2012.

7. Liability for accrued benefits (continued)

	2012 $'000	2011 $'000
Liability for accrued benefits at 1 July	178 082	169 070
Benefits expenses[(i)]	23 260	17 136
Benefits paid/payable	(9 719)	(8 124)
Liabilities for accrued benefits at 30 June	191 623	178 082
Represented by:		
PSS1 and PSS2 division	185 244	173 843
PSS3 division	6 379	4 239
Liability for accrued benefits at 30 June	191 623	178 082

(i) 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 as at 30 June 2012 is estimated at $207.9 million.

	2012 $'000	2011 $'000
Vested benefits - PSS1 and PSS2 division	201 552	193 141
Vested benefits - PSS3 division	6 379	4 239
	207 931	197 380

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

9. Benefit entitlements

The entitlements of members are specified by the Act.

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

Operating result	(1 873)	2 070
Benefits expense	23 260	17 136
Benefits paid/payable	(9 719)	(8 124)
Investment revenue	(4 252)	(19 867)
Direct investment expenses	915	1 017
Movements in assets/liabilities:		
Sundry debtors	(3)	1
Contributions receivable	(27)	-
Sundry creditors	-	1
Benefits payable	(267)	25
Net cash provided by (used in) operating activities	8 034	(7 741)

11. 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:

	2012 $'000	2011 $'000
Cash and cash equivalents	418	629

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.

12. Financial instruments (continued)

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 that 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 a 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), property and fixed interest asset sectors are fully hedged to Australian dollars.

- Foreign currency exposures in the international equities asset sector are 42.5% 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.

(iii) Other market price risk (continued)

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 sub markets.
- 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
2012			
High growth	Nominal standard deviation	12.7	153
Growth	Nominal standard deviation	10.3	18 901
Balanced	Nominal standard deviation	9.0	356
Cash	Nominal standard deviation	1.1	6
Socially responsible	Nominal standard deviation	11.1	21
Total			19 437
2011			
High growth	Nominal standard deviation	13.5	167
Growth	Nominal standard deviation	11.1	19 300
Balanced	Nominal standard deviation	10.0	252
Socially responsible	Nominal standard deviation	11.6	19
Total			19 738

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 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.

(c) Liquidity risk (continued)

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 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	Total contractual cash flows	Carrying amount liabilities
2012	$'000	$'000	$'000
Benefits payable	24	24	24
Sundry creditors	16	16	16
Vested benefits[(i)]	207 931	207 931	207 931
Total	207 971	207 971	207 971
2011			
Benefits payable	291	291	291
Sundry creditors	16	16	16
Vested benefits[(i)]	197 380	197 380	197 380
Total	197 687	197 687	197 687

(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

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 1 and Level 3 are not relevant to the Scheme)	Level 2 $'000	Total $'000
2012		
Unlisted managed investments schemes:		
Funds SA	189 382	189 382
	189 382	189 382
2011		
Unlisted managed investments schemes:		
Funds SA	177 800	177 800
	177 800	177 800

(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.

13. Related parties

(a) Board members

The following are members of the Board who served during the course of the 2011-12 financial year, along with the period served.

Robert Sneath	Chairman	1 July 2011 - 30 June 2012
Lyn Brewer	Member	1 July 2011 - 30 June 2012
Robert Schwarz	Member	1 July 2011 - 30 June 2012

(b) Board members' remuneration

Board members do not receive fees for their Board membership.

Department of Planning and Local Government

Functional responsibility

Establishment

The Department of Planning and Local Government (DPLG) is an administrative unit established under the PSA.

Transfer of functions and employees

The Office for Recreation and Sport, the Office for Racing, the Office for Employment, Higher Education and Skills and the Office of Veterans' Affairs were transferred from the Attorney-General's Department to DPLG effective 1 July 2011, under the Public Sector (Reorganisation of Public Sector Operations) Notice gazetted on 30 June 2011.

Public Sector (Reorganisation of Public Sector Operations) Notices gazetted between 17 November 2011 and 15 December 2011 transferred the following functions and associated employees from DPLG to other government departments during 2011-12:

- The Office for Recreation and Sport and the Office for Racing were transferred to the Department of Planning, Transport and Infrastructure effective 1 December 2011.
- The Office of Veterans' Affairs was transferred to DTF effective 1 December 2011.
- The Office for Employment, Higher Education and Skills was transferred to the Department of Further Education, Employment, Science and Technology effective 1 January 2012.
- The Office for the Southern Suburbs and the Office for the Northern Suburbs were transferred to the Department for Communities and Social Inclusion effective 1 January 2012.
- The Office for State/Local Government Relations was transferred to DPC effective 1 January 2012.

All remaining functions and employees of DPLG (other than the Chief Executive) were transferred to the Department of Planning, Transport and Infrastructure effective 1 January 2012 under the Public Sector (Reorganisation of Public Sector Operations) Notice dated 15 December 2011.

As at 30 June 2012, DPLG did not have any functions or employees, however it continued in existence as an administrative unit. Accordingly, the financial statements report the 12 month period to 30 June 2012.

Given the nature and timing of transferred functions, the Statement of Comprehensive Income reports only six months of transactions and all balances in the Statement of Financial Position are zero.

Functions

DPLG was responsible for ensuring the sustainable development of land and facilitating the relationship between State and local governments.

For more information about DPLG'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 DPLG 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 DPLG in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

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

Scope of the audit

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

During 2011-12, areas of review included:

- expenditure
- grants
- payroll
- fees and charges
- cash
- general ledger.

The audit included consideration of control arrangements implemented by DPLG and SSSA.

As detailed above in ‘Transfer of functions and employees’, the functions and employees of DPLG were transferred to other government departments. Notwithstanding this transfer the underlying financial systems and processes remained largely unchanged. Consequently the assessment of internal controls over these systems covered the periods with DPLG and the transferee departments.

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 and Local Government as at 30 June 2012, its financial performance and its cash flows for the year then ended in accordance with the Treasurer’s Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

The audit was conducted after the transfer of Department of Planning and Local Government’s functions and employees to other government departments on 1 January 2012. Internal control matters identified during the audit were communicated to the Department of Planning, Transport and Infrastructure. Accordingly, my opinion on internal controls and commentary on matters formally reported have been included in the section titled ‘Department of Planning, Transport and Infrastructure’ elsewhere in Part B of this Report.

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Employee benefit expenses	6	12 270	19 107
Supplies and services	7	6 508	6 051
Depreciation and amortisation expense	8	2 756	253
Grants and subsidies	9	7 935	1 944
Other expenses	10	525	79
Total expenses		29 994	27 434
Income:			
Revenue from fees and charges	12	4 197	6 716
Advances and grants	13	1 145	2 000
Sale of goods	14	19	51
Interest revenue	15	5	12
Other income	16	199	7
Total income		5 565	8 786
Net cost of providing services		24 429	18 648
Revenues from SA Government:			
Revenues from SA Government	17	25 384	18 615
Net result		955	(33)
Total comprehensive result		955	(33)

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

Statement of Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash	18	-	4 720
Receivables	19	-	683
Total current assets		-	5 403
Non-current assets:			
Receivables	19	-	4
Plant and equipment	20	-	502
Intangible assets	21	-	564
Total non-current assets		-	1 070
Total assets		-	6 473
Current liabilities:			
Payables	22	-	2 447
Employee benefits	23	-	1 907
Provisions	24	-	39
Total current liabilities		-	4 393
Non-current liabilities:			
Payables	22	-	229
Employee benefits	23	-	2 617
Provisions	24	-	132
Other non-current liabilities		-	3
Total non-current liabilities		-	2 981
Total liabilities		-	7 374
Net assets		-	(901)
Equity:			
Retained earnings	25	-	(3 884)
Contributed capital	25	-	2 983
Total equity		-	(901)

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	27
Contingent assets and liabilities	28

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

	Note	Contributed capital $'000	Revaluation surplus $'000	Retained earnings $'000	Total equity $'000
Balance at 30 June 2010		2 983	-	(3 851)	(868)
Net result for 2010-11		-	-	(33)	(33)
Total comprehensive result for 2010-11		-	-	(33)	(33)
Balance at 30 June 2011	25	2 983	-	(3 884)	(901)
Net result for 2011-12		-	-	955	955
Total comprehensive result for 2011-12		-	-	955	955
Net assets received from an administrative restructure	26	-	32 188	231 827	264 015
Net assets transferred as a result of an administrative restructure	26	(2 983)	(32 188)	(228 898)	(264 069)
Balance at 30 June 2012	25	-	-	-	-

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

Statement of Cash Flows
for the year ended 30 June 2012

	Note	2012 Inflows (Outflows) $'000	2011 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefit payments		(11 846)	(19 833)
Payments for supplies and services		(10 481)	(8 449)
Payments of grants and subsidies		(7 726)	(868)
GST paid to the ATO		(449)	(260)
Payments for Paid Parental Leave Scheme		(27)	-
Other payments		(68)	(195)
Cash used in operations		(30 597)	(29 605)
Cash inflows:			
Fees and charges		1 180	7 067
Advances and grants		1 145	2 162
Sale of goods		19	107
Interest received		5	12
GST recovered from the ATO		1 598	2 446
Receipts for Paid Parental Leave Scheme		29	-
Other receipts		923	7
Cash generated from operations		4 899	11 801
Cash flows from SA Government:			
Receipts from SA Government		25 384	18 615
Cash generated from SA Government		25 384	18 615
Net cash provided by (used in) operating activities	29	(314)	811
Cash flows from investing activities:			
Cash outflows:			
Purchase of plant and equipment		-	(11)
Cash used in investing activities		-	(11)
Net cash provided by (used in) investing activities		-	(11)
Cash flows from financing activities:			
Cash outflows:			
Cash transferred as a result of restructuring activities		(4 763)	-
Repayments of borrowings		(141)	-
Cash used in financing activities		(4 904)	-
Cash inflows:			
Cash received from restructuring activities		132	-
Cash used in restructuring activities		366	-
Cash generated from financing activities		498	-
Net cash provided by (used in) financing activities		(4 406)	-
Net increase (decrease) in cash		(4 720)	800
Cash at 1 July		4 720	3 920
Cash at 30 June	18	-	4 720

Disaggregated Disclosures - Expenses and Income
for the year ended 30 June 2012

(Activities - refer note 5)	1		2		3		4	
	2012	2011	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	8 020	16 719	147	301	215	255	691	1 832
Supplies and services	3 282	5 676	18	20	59	168	218	187
Depreciation and amortisation expense	137	214	-	-	20	39	-	-
Grants and subsidies	173	1 833	-	-	-	88	67	23
Other expenses	38	76	-	-	-	3	-	-
Total expenses	11 650	24 518	165	321	294	553	976	2 042
Income:								
Revenue from fees and charges	2 832	6 716	-	-	-	-	-	-
Advances and grants	742	2 000	-	-	-	-	-	-
Sale of goods	19	51	-	-	-	-	-	-
Interest revenue	4	12	-	-	-	-	-	-
Other income	30	7	-	-	-	-	-	-
Total income	3 627	8 786	-	-	-	-	-	-
Net cost of providing services	8 023	15 732	165	321	294	553	976	2 042
Revenues from SA Government:								
Revenues from SA Government	25 384	18 615	-	-	-	-	-	-
Net result	17 361	2 883	(165)	(321)	(294)	(553)	(976)	(2 042)

(Activities - refer note 5)	5		6		7		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	2 935	-	125	-	137	-	12 270	19 107
Supplies and services	2 853	-	56	-	22	-	6 508	6 051
Depreciation and amortisation expense	2 599	-	-	-	-	-	2 756	253
Grants and subsidies	7 668	-	-	-	27	-	7 935	1 944
Other expenses	487	-	-	-	-	-	525	79
Total expenses	16 542	-	181	-	186	-	29 994	27 434
Income:								
Revenue from fees and charges	1 365	-	-	-	-	-	4 197	6 716
Advances and grants	403	-	-	-	-	-	1 145	2 000
Sale of goods	-	-	-	-	-	-	19	51
Interest revenue	1	-	-	-	-	-	5	12
Other income	165	-	-	-	4	-	199	7
Total income	1 934	-	-	-	4	-	5 565	8 786
Net cost of providing services	14 608	-	181	-	182	-	24 429	18 648
Revenues from SA Government:								
Revenues from SA Government	-	-	-	-	-	-	25 384	18 615
Net result	(14 608)	-	(181)	-	(182)	-	955	(33)

Notes to and forming part of the financial statements

1. Objectives of the Department of Planning and Local Government (the Department)

By way of several Public Sector (Reorganisation of Public Sector Operations) Notices gazetted between 30 June 2011 and 15 December 2011, machinery of government changes have transferred the employees and associated functions of the Department to the following agencies:

- Department of Planning, Transport and Infrastructure
- Department for Communities and Social Inclusion
- Department of Further Education, Employment, Science and Technology
- DPC
- DTF.

The management responsibilities of the Department were transferred to the chief executives of the respective agencies (refer note 2(d)).

The machinery of government changes transferred employees and associated functions to be effective by 1 January 2012. At 30 June 2012 the Department was in existence but did not have any employees or functions.

The Department was the State Government strategic land use agency committed to the sustainable development of South Australia. It also led the State Government's relationship with local government and recognised the important role councils play in delivering local services and infrastructure.

To meet the challenge to make South Australia an attractive place to live, work and invest, the Department's focus was on strategic leadership and presentation of South Australia's land use and development planning to enhance economic development, housing affordability, liveability, job creation and an effective approach to climate change.

Objectives of the Department were to:

- maintain and administer legislation and practices to ensure South Australia has access to a high quality planning system and high quality system of local government

- develop policy and analysis in relation to sustainability, land use, urban design and buildings to enhance planning and built form in South Australia

- ensure the production of a range of plans and plan amendments required as part of the South Australian Planning Strategy

- produce guidance, advice and policies for the construction and amendment of development plans

- assess development plans and development applications (including major development applications) and provide related advice

- develop policy and produce documents detailing high standards of governance and accountability for South Australia's local government sector

- realise policy commitments to improve economic, social and development outcomes for communities through the Office for the Southern Suburbs and Office for the Northern Suburbs

- administer a number of statutory authorities for which the Minister for State/Local Government Relations is responsible.

The principal sources of funds for the Department's programs consisted of monies appropriated by Parliament and the collection of planning and development fees under the *Development Act 1993*.

2. Summary of significant accounting policies

(a) Statement of compliance

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

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

(a) Statement of compliance (continued)

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2012. These are outlined in note 4.

(b) Basis of preparation

The preparation of the financial statements requires:

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

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

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

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

(c) Reporting entity

The Department was a government department of the State of South Australia, established pursuant to the PSA. The Department was 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 (schedule of administered items) at the back of the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

(d) Transferred functions

Public Sector (Reorganisation of Public Sector Operations) Notices gazetted between 30 June 2011 and 15 December 2011 declared that:

- the Office for Recreation and Sport, the Office for Racing, the Office of Veterans' Affairs and the Office for Employment, Higher Education and Skills be transferred from the Attorney-General's Department effective from 1 July 2011

(d) Transferred functions (continued)

- the Office for Recreation and Sport and the Office for Racing be transferred to the Department of Planning, Transport and Infrastructure effective from 1 December 2011
- the Office for the Southern Suburbs and the Office for the Northern Suburbs be transferred to the Department for Communities and Social Inclusion effective from 1 January 2012
- the Office for Employment, Higher Education and Skills be transferred to the Department of Further Education, Employment, Science and Technology effective from 1 January 2012
- the Office for State/Local Government Relations be transferred to DPC effective 1 January 2012
- the employees assigned to work in the Office of Veterans' Affairs be transferred to DTF effective 1 December 2011
- all remaining employees of the Department (other than the Chief Executive) be transferred to the Department of Planning, Transport and Infrastructure effective 1 January 2012.

Details of the gazettal notices are provided in detail in note 26.

In 2010-11 there were no transferred functions.

(e) Comparative information

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

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

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

(f) Rounding

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

(g) Taxation

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

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

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

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

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

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

(h) Events after the reporting 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.

(h) Events after the reporting date (continued)

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years (refer note 31).

(i) Income

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

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

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

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

The following are specific recognition criteria:

Fees and charges

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

Advances and grants

Advances and grants are recognised when the Department gains control of the grant which is generally upon receipt.

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 a loan, the Department has recorded a loan receivable.

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.

Net gain on non-current assets

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

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

(j) Expenses

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

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

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

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

The following are specific recognition criteria:

Employee benefit expenses

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

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

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

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

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

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

Land 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:

Class of asset	*Depreciation method*	*Remaining useful life (years)*
Buildings and other structures	Straight-line	5-23
Leasehold improvements	Straight-line	Life of lease
Plant and equipment	Straight-line	1-8
Intangible assets	Straight-line	1-5
Information technology	Straight-line	3-5
Mobile transport assets	Straight-line	2-16
Radio network assets	Straight-line	5-40
SA Aquatic and Leisure Centre	Straight-line	15-50

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

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

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

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

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

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

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

Cash
Cash in the Statement of Financial Position includes cash at bank and on hand. For the purposes of the Statement of Cash Flows, cash is 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 and other accruals.

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

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

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

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

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

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

The Department will revalue its land, buildings and leasehold improvements on a five yearly basis. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, 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 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.

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.

Work in progress
Work in progress relates 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.

Intangible assets (continued)
The useful lives of intangible assets are assessed to be either finite or indefinite. The Department only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets are 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.

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

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

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

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

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

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

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

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

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

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

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

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

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
At 30 June 2011, the liability for LSL was recognised after an employee has completed five years of service. An actuarial assessment of LSL undertaken by DTF based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Department's experience of employee retention and leave taken.

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.

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 over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

(n) Unrecognised contractual commitments and contingent assets and liabilities
Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value (refer note 27).

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 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.

3. Financial instruments/Financial risk management

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 are due to be settled. The continued existence of the Department is dependent on State Government policy and on continuing appropriations by Parliament for the Department's administration and programs. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

The carrying amount of financial liabilities recorded in note 30 represents the Department's maximum exposure to financial liabilities. At 30 June 2012 this amount is zero.

Market risk
The Department has significant non-interest bearing assets (cash on hand and receivables) and interest bearing assets (deposits with the Treasurer). The Department's exposure to market risk and cash flow interest risk is minimal.

There is no 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 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. Net and revised accounting standards and policies

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

5. Activities of the Department

The Disaggregated Disclosures schedule provides details of expenses and revenues applicable to the activities of the Department. Information about the Department's activities is set out below and in the activity schedule.

Activity 1: Urban Development and Planning
A strategic land use agency administering the South Australian Planning and Development system, leading and presenting South Australia's land use and development planning, and assessing applications for land use and development.

Activity 2: Office for the Southern Suburbs
To assist in the realisation of the Government's policy commitments to improve economic development, social and environmental outcomes for the communities identified as being of high need in the southern suburbs.

Activity 3: Office for the Northern Suburbs
To assist in the realisation of the Government's policy commitments to improve economic, social and environmental outcomes for the northern suburbs.

Activity 4: State/Local Government Relations
Provide policy and other advice to the Government on the constructive relationship between the State Government and councils and other associated local government representative groups; whole-of-government policy and legislative frameworks as they affect local government; and the constitution and operations of the local government system, including statutory authorities for which the Minister for State/Local Government Relations is responsible.

Activity 5: Office for Recreation and Sport
Provision of strategic policy, programs, services, sporting infrastructure and elite sport pathways aimed at all South Australians enjoying lives enriched through participation in active recreation and sport.

Activity 6: Office for Racing
Provision of strategic policy advice to the Minister for Recreation, Sport and Racing on matters relating to the South Australian racing industry.

Activity 7: Office of Veterans' Affairs
Provides assistance to our ex-servicemen and women and those who support them by:

- providing a central contact point, making it quicker and easier for them to get information
- coordinating the State Government's services to veterans across departments, including health, transport, disability and mental health
- providing local advice on programs, projects and funding for veterans and their families
- helping raise public awareness about the sacrifices made by South Australian veterans
- supporting the Veterans' Advisory Council to ensure essential communication with the highest level of government.

6. Employee benefit expenses

	2012	2011
	$'000	$'000
Salaries and wages	8 904	13 273
TVSPs (refer below)	555	1 253
Annual leave	671	1 205
LSL	402	640
Employment on-costs - superannuation	1 001	1 489
Employment on-costs - other	568	852
Workers compensation	20	15
Board and committee fees	122	248
Other employee related expenses	27	132
Total employee benefit expenses	12 270	19 107

TVSPs

	2012	2011
Amounts paid to these employees:		
TVSPs	555	1 253
Annual leave and LSL paid during the reporting period	94	355
Total amount paid	649	1 608
Recovery from DTF	1 957	-
Net cost to agency	(1 308)	1 608

The number of employees who were paid TVSPs during the financial period was 3 (10).

The Department sought reimbursement in 2011-12 from DTF for TVSPs paid to employees during 2010-11 and 2011-12.

Remuneration of employees

The number of employees whose total remuneration received or receivable falls within the following bands:	2012 Number	2011 Number
$130 700 - $133 999*	n/a	1
$134 000 - $143 999	-	2
$144 000 - $153 999	-	1
$154 000 - $163 999	1	-
$164 000 - $173 999	-	1
$174 000 - $183 999	1	1
$184 000 - $193 999	-	3
$214 000 - $223 999	-	1
$294 000 - $303 999	-	1
$304 000 - $313 999	-	1
$324 000 - $333 999	-	1
Total	2	13

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2010-11.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, 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 $370 000 ($2.594 million).

7. Supplies and services

	2012	2011
Supplies and services provided by entities within the SA Government:	$'000	$'000
Professional and technical services	55	292
Administrative and operating costs	298	146
Utility and property costs	1 076	334
Computing and communications costs	117	425
SSSA costs	205	321
Operating lease costs	882	1 424
Total supplies and services - SA Government entities	2 633	2 942

7. Supplies and services (continued)

	2012	2011
Supplies and services provided by entities external to the SA Government:	$'000	$'000
Professional and technical services	2 027	1 560
Administrative and operating costs	609	590
Utility and property costs	183	8
Computing and communications costs	625	674
Travel	229	125
Vehicle and equipment operating costs	3	3
Staff development and safety	199	149
Total supplies and services - non-SA Government entities	3 875	3 109
Total supplies and services	6 508	6 051

The number and dollar amount of consultants paid/payable (included in supplies and services expense) that fell within the following bands:	2012 Number	2012 $'000	2011 Number	2011 $'000
Below $10 000	7	14	4	30
Between $10 000 and $50 000	9	190	3	45
Above $50 000	-	-	3	394
Total paid/payable to consultants	16	204	10	469

8. Depreciation and amortisation expense

	2012	2011
Depreciation:	$'000	$'000
Plant and equipment	175	197
Buildings and infrastructure	2 507	-
Total depreciation	2 682	197
Amortisation:		
Intangibles	74	56
Total amortisation	74	56
Total depreciation and amortisation	2 756	253

9. Grants and subsidies

	2012	2011
Grants and subsidies paid/payable to entities within the SA Government:		
Grants and subsidies	5	151
Total grants and subsidies - SA Government entities	5	151
Grants and subsidies paid/payable to entities external to the SA Government:		
Grants and subsidies	7 930	1 793
Total grants and subsidies - non-SA Government entities	7 930	1 793
Total grants and subsidies	7 935	1 944
Non-SA Government grants and subsidies recipients:		
Local government	242	90
Local Government Association	-	1 528
Department of Innovation, Industry, Science and Research (Commonwealth)	-	143
Department of Infrastructure and Planning (Queensland)	-	15
Statewide Enhancement Program	6 185	-
Active Club grant	1 104	-
Disability - Recreation and Sport	242	-
Other	162	17
Total grants and subsidies - non-SA Government entities	7 935	1 793

10. Other expenses

	2012	2011
Other expenses paid/payable to entities external to the SA Government:		
Publications, seed and miscellaneous stocks - cost of sales	339	-
Interest payable on borrowings	59	-
Workers compensation revaluation	-	20
Refunds	36	59
Other(1)	91	-
Total other expenses	525	79

(1) Includes payments to SA Government entities totalling less than $100 000.

11. Auditor's remuneration

	2012	2011
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	$'000 -	$'000 92
Under-accrued audit fees	-	54
Total auditor's remuneration	-	146

Other services

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

12. Revenues from fees and charges

	2012	2011
Fees and charges received/receivable from entities within the SA Government:		
Management fees	524	1 119
Crown development fees	416	294
Total revenues from fees and charges - SA Government entities	940	1 413
Fees and charges received/receivable from entities external to the SA Government:		
Development application and assessment fees	1 172	3 319
Council transfer application, planning and building fees	587	1 114
Crown development fees	18	284
Major development application fees	2	399
Other	1 478	187
Total revenues from fees and charges - non-SA Government entities	3 257	5 303
Total revenues from fees and charges	4 197	6 716

13. Advances and grants

	2012	2011
Advances and grants received/receivable from entities within the SA Government:		
DPC	-	10
Department of Health	83	128
Land Management Corporation	-	2
Department of Planning, Transport and Infrastructure	-	90
DTF[1]	650	1 735
Total advances and grants revenue - SA Government entities	733	1 965

[1] Commonwealth grants allocated by DTF for the National Partnership Programs.

	2012	2011
Advances and grants received/receivable from entities external to the SA Government:		
City of Playford	9	15
City of Adelaide	-	20
Other non-SA Government	403	-
Total advances and grants revenue - non-SA Government entities	412	35
Total advances and grants revenue	1 145	2 000

14. Sale of goods

	2012	2011
Sale of information and data	19	51
Total sale of goods	19	51

15. Interest revenues

	2012	2011
Interest revenues	5	12
Total interest revenues	5	12

16. Other income

	2012	2011
Other income received/receivable from entities within the SA Government:		
Reimbursements/Recoveries	(21)	-
Total other income - SA Government entities	(21)	-
Other income received/receivable from entities external to the SA Government:		
Reimbursements/Recoveries	13	-
Other	207	7
Total other income - non-SA Government	220	7
Total other income	199	7

17. Revenues from SA Government

	2012 $'000	2011 $'000
Appropriations from Consolidated Account pursuant to the *Appropriation Act*	25 384	18 615
Total revenues from SA Government	25 384	18 615

The Department received appropriation in accordance with the *Appropriation Act* for the financial year.

18. Cash

	2012 $'000	2011 $'000
Deposits with the Treasurer	-	4 719
Cash on hand	-	1
Total cash	-	4 720

19. Receivables

	2012 $'000	2011 $'000
Current:		
Receivables	-	117
Workers compensation recoveries	-	1
GST input tax recoverable	-	431
Prepayments	-	134
Total current receivables	-	683
Expected to be recovered more than 12 months after reporting date:		
Workers compensation recoveries	-	4
Total non-current receivables	-	4
Total receivables	-	687

Government/Non-government receivables

	2012 $'000	2011 $'000
Receivables from SA Government entities:		
Receivables	-	99
Prepayments	-	25
Total receivables from SA Government entities	-	124
Receivables from non-SA Government entities:		
Receivables	-	18
Workers compensation recoveries	-	5
GST receivables	-	431
Prepayments	-	109
Total receivables from non-SA Government entities	-	563
Total receivables	-	687

20. Plant and equipment

	2012 $'000	2011 $'000
Plant and equipment at cost (deemed fair value)	-	1 297
Accumulated depreciation - plant and equipment	-	(795)
Total plant and equipment	-	502

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2011-12:

	Land $'000	Buildings & leasehold imprvmnts $'000	Plant equipment $'000	Total $'000
Carrying amount at 1 July	-	-	502	502
Acquisition through administrative restructuring transfer	53 354	217 526	1 038	271 918
Depreciation expense	-	(2 507)	(175)	(2 682)
Disposal through administrative restructuring	(53 354)	(215 019)	(1 365)	(269 738)
Carrying amount at 30 June	-	-	-	-

Impairment

There were no indications of impairment on plant and equipment at 30 June 2011. There were not any plant and equipment assets at 30 June 2012.

21. Intangible assets

	2012 $'000	2011 $'000
Computer software	-	1 902
Accumulated amortisation	-	(1 338)
Total intangible assets	-	564

Reconciliation of intangibles

The following table shows the movement of intangibles during 2011-12:

	Computer software $'000	Total $'000
Carrying amount at 1 July	564	564
Amortisation expense	(74)	(74)
Disposal through administrative restructuring	(490)	(490)
Carrying amount at 30 June	-	-

22. Payables

	2012 $'000	2011 $'000
Current:		
Creditors	-	43
Accrued expenses	-	2 128
Employment on-costs	-	276
Total current payables	-	2 447
Expected to be paid more than 12 months after reporting date:		
Employment on-costs	-	229
Total expected to be paid more than 12 months after reporting date	-	229
Total payables	-	2 676

Government/Non-government payables

	2012 $'000	2011 $'000
Payables to SA Government entities:		
Accrued expenses	-	369
Employment on-costs	-	259
Total payables to SA Government entities	-	628
Payables to non-SA Government entities:		
Creditors	-	43
Accrued expenses	-	1 759
Employment on-costs	-	246
Total payables to non-SA Government entities	-	2 048
Total payables	-	2 676

23. Employee benefits

	2012 $'000	2011 $'000
Current:		
Annual leave	-	1 369
LSL	-	535
Accrued salaries and wages	-	3
Total current employee benefits	-	1 907
Non-current:		
LSL	-	2 617
Total non-current employee benefits	-	2 617
Total employee benefits	-	4 524

24. Provisions

	2012 $'000	2011 $'000
Current:		
Provision for workers compensation	-	39
Total current provisions	-	39
Non-current:		
Provision for workers compensation	-	132
Total non-current provisions	-	132
Total provisions	-	171

24. Provisions (continued)

	2012 $'000	2011 $'000
Carrying amount at 1 July	171	151
Additional provisions recognised	7	20
Decrease in provision due to administrative restructure	(178)	-
Carrying amount at 30 June	-	171

25. Equity

	2012	2011
Contributed capital	-	2 983
Retained earnings	-	(3 884)
Total equity	-	(901)

26. Transferred functions

2011-12

Transferred in

Office for Recreation and Sport and Office for Racing

The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 (dated 30 June 2011) announced that effective from 1 July 2011 the functions and employees of the Office for Recreation and Sport and the Office for Racing, under the Attorney-General's Department, would be transferred to the Department.

On transfer of the Office for Recreation and Sport and the Office for Racing, the Department recognised the following assets and liabilities:

	Office for Recreation and Sport $'000	Office for Racing $'000	2012 Total $'000
Cash	132	-	132
Receivables	560	1	561
Property, plant and equipment	271 918	-	271 918
Other assets	116	-	116
Total assets	272 726	1	272 727
Payables	3 908	19	3 927
Provisions	6	-	6
Employee benefits	1 346	150	1 496
Other liabilities	3 283	-	3 283
Total liabilities	8 543	169	8 712
Total net assets transferred	264 183	(168)	264 015

Net assets assumed by the Department as a result of the administrative restructure are the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to transfer. The net assets transferred were treated as a contribution by the Government as owner.

Transferred out

Office for Recreation and Sport and Office for Racing

The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 (dated 17 November 2011) announced that effective from 1 December 2011 the functions and 250 employees of the Office for Recreation and Sport and the Office for Racing, under the Department, would be transferred to the Department of Planning, Transport and Infrastructure.

The following assets and liabilities were transferred to Department of Planning, Transport and Infrastructure:

	Office for Recreation and Sport $'000	Office for Racing $'000	2012 Total $'000
Cash	130	-	130
Receivables	1 209	-	1 209
Property, plant and equipment	269 319	-	269 319
Other assets	116	-	116
Total assets	270 774	-	270 774

Office for Recreation and Sport and Office for Racing (continued)

	Office for Recreation and Sport $'000	Office for Racing $'000	2012 Total $'000
Payables	2 554	21	2 575
Provisions	7	-	7
Employee benefits	1 650	169	1 819
Other liabilities	3 351	-	3 351
Total liabilities	7 562	190	7 752
Total net assets transferred	263 212	(190)	263 022

Net assets transferred by the Department as a result of the administrative restructure were at the carrying amount. The net assets transferred were treated as a distribution to the Government as owner.

Office for the Northern Suburbs

The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 (dated 1 December 2011) announced that effective from 1 January 2012 the functions and four employees of the Office for the Northern Suburbs, under the Department, would be transferred to the Department for Communities and Social Inclusion.

Office for the Southern Suburbs

The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 (dated 1 December 2011) announced that effective from 1 January 2012 the functions and two employees of the Office for the Southern Suburbs, under the Department, would be transferred to the Department for Communities and Social Inclusion.

The following assets and liabilities were transferred to Department for Communities and Social Inclusion:

	Office for the Northern Suburbs $'000	Office for the Southern Suburbs $'000	2012 Total $'000
Receivables	1	-	1
Property, plant and equipment	222	-	222
Total assets	223	-	223
Payables	7	8	15
Provisions	25	-	25
Employee benefits	53	59	112
Total liabilities	85	67	152
Total net assets transferred	138	(67)	71

Net assets transferred by the Department as a result of the administrative restructure were at the carrying amount. The net assets transferred were treated as a distribution to the Government as owner.

Office for State/Local Government Relations

The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 (dated 15 December 2011) announced that effective from 1 January 2012 the functions and 43 employees of the Office for State/Local Government Relations, under the Department, would be transferred to DPC.

The following assets and liabilities were transferred to DPC:

	Office for State/Local Government Relations $'000	Total $'000
Receivables	1	1
Total assets	1	1
Payables	53	53
Employee benefits	355	355
Total liabilities	408	408
Total net assets transferred	(407)	(407)

Office for State/Local Government Relations (continued)
Net assets transferred by the Department as a result of the administrative restructure were at the carrying amount. The net assets transferred were treated as a distribution to the Government as owner.

All remaining functions and employees of the Department
The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 (dated 15 December 2011) announced that effective from 1 January 2012 the remaining functions and 213 employees under the Department, would be transferred to the Department of Planning, Transport and Infrastructure.

The following assets and liabilities were transferred to Department of Planning, Transport and Infrastructure:

	All remaining functions and employees of the Department $'000	Total $'000
Cash	4 633	4 633
Receivables	283	283
Property, plant and equipment	198	198
Intangibles	489	489
Total assets	5 603	5 603
Payables	1 031	1 031
Provisions	146	146
Employee benefits	3 926	3 926
Other liabilities	3	3
Total liabilities	5 106	5 106
Total net assets transferred	497	497

Net assets transferred by the Department as a result of the administrative restructure were at the carrying amount. The net assets transferred were treated as a distribution to the Government as owner.

During 2010-11 there were no functions transferred into or out of the Department.

27. Unrecognised contractual commitments

Operating lease commitments	2012 $'000	2011 $'000
Commitments in relation to operating leases contracted for at reporting date but not recognised as liabilities are payable as follows:		
Within one year	-	1 331
Later than one year but not longer than five years	-	2 253
Later than five years	-	204
Total operating lease commitments	-	3 788
Representing:		
Non-cancellable operating leases	-	3 788
Total operating lease commitments	-	3 788

Operating leases relate to office accommodation, 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.

Remuneration commitments	2012 $'000	2011 $'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	-	1 753
Later than one year but not longer than five years	-	2 641
Total remuneration commitments	-	4 394

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

Other commitments	2012	2011
	$'000	$'000
Within one year	-	235
Later than one year but not longer than five years	-	32
Total other commitments	-	267

The Department's other commitments include agreements with Fleet SA for long-term hire of light vehicles and other amounts owing under fixed price contracts outstanding at the end of the reporting period.

28. Contingent assets and contingent liabilities

Contingent assets

The Department is not aware of any contingent assets as at 30 June 2012.

Contingent liabilities

The Department is not aware of any contingent liabilities as at 30 June 2012.

29. Cash flow reconciliation

	2012	2011
Reconciliation of cash at 30 June:	$'000	$'000
Statement of Cash Flows	-	4 720
Statement of Financial Position	-	4 720

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services		
Net cash provided by (used in) operating activities	(314)	811
Revenue from SA Government	(25 384)	(18 615)
Non-cash items:		
Depreciation and amortisation expense of non-current assets	(2 756)	(253)
Non-current assets accrual in payables	-	315
Assets derecognised	-	(26)
Administrative restructure	1 111	-
Net gain on restructure	(3 773)	-
Movements in assets/liabilities:		
Receivables	(687)	(568)
Payables and provisions	2 847	(847)
Employee benefits	4 524	535
Other liabilities	3	-
Net cost of providing services	(24 429)	(18 648)

30. Financial instruments/Financial risk management

30.1 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.

		2012		2011	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	Note	$'000	$'000	$'000	$'000
Cash	18	-	-	4 720	4 720
Receivables(1)	19	-	-	18	18
Total financial assets		-	-	4 738	4 738
Financial liabilities					
Payables(1)	22	-	-	43	43
Total financial liabilities		-	-	43	43

(1) Receivable and payable amounts disclosed here exclude statutory receivables and payables (owing from/to SA Government and GST input tax credit payable and recoverable). They are carried at cost.

Currently the Department does not hold any collateral as security to any of its financial assets. At reporting date, there is no evidence to indicate that any of the financial assets are impaired.

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

30.2 Ageing analysis of financial assets

	Past due by			
2012	Overdue for less than 30 days $’000	Overdue for 30-60 days $’000	Overdue for more than 60 days $’000	Total $’000
Not impaired:				
Receivables[1]	-	-	-	-
Impaired:				
Receivables[1]	-	-	-	-
Other financial assets	-	-	-	-
Total financial assets	-	-	-	-
2011				
Not impaired:				
Receivables[1]	17	1	-	18
Impaired:				
Receivables[1]	-	-	-	-
Total financial assets	17	1	-	18

[1] Receivable amounts here exclude statutory receivables (amounts owing from/to SA Government and GST input tax credit payable and recoverable). They are carried at cost.

The following table discloses the maturity analysis of financial assets and financial liabilities.

30.3 Maturity analysis of financial assets and liabilities

		Contractual maturities		
2012	Carrying amount $’000	Less than 1 year $’000	1-5 years $’000	More than 5 years $’000
Financial assets:				
Cash	-	-	-	-
Receivables	-	-	-	-
Total financial assets	-	-	-	-
Financial liabilities:				
Payables	-	-	-	-
Total financial liabilities	-	-	-	-
2011				
Financial assets:				
Cash	4 720	4 720	-	-
Receivables	18	18	-	-
Total financial assets	4 738	4 738	-	-
Financial liabilities:				
Payables	43	43	-	-
Total financial liabilities	43	43	-	-

31. Events after the reporting date

All activities of the Department transferred to other agencies during 2011-12.

The Department does not have any operations as at 30 June 2012 and awaits abolishment under the PSA.

32. Remuneration of board and committee members

The number of members whose remuneration received or receivable falls within the following bands:	2012 Number	2011 Number
$0 - $9 999	79	48
$10 000 - $19 999	6	-
$20 000 - $29 999	1	6
$40 000 - $49 999	-	1
Total	86	55

32. 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 $131 931 ($271 200).

The total amount paid to superannuation plans for members was $10 204 ($23 084).

* In accordance with DPC Circular 16, government employees, as indicated by an asterisk, 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.

Boundary Adjustment Facilitation Panel

Aldridge G M
Maitland J W
Procter C A
Wagstaff M

Building Advisory Committee

Corby B P
Emes P
Harmer P J
Neighbour P R
Nycz D
Sands R V
Soteriou A
Poupoulas D P
Seppelt A K

Building Rules Assessment Committee

Capetanakis G (specialist member)
Caruso C (specialist member)
Cooke D M
Douflias B
Hopkins K R (specialist member)
Mazzarolo J A
Mc Alister M (specialist member)
Poupoulas D (specialist member)
Prelgauskas E (specialist member)
Robinson D A (specialist member)
Sands R (specialist member)
Seppelt A K
Taylor A J

Boxing & Martial Arts Advisory Committee

Alexander A
Ferrauto T
Hughes J*
Leondaris J
Leow M
McDonald S
Osborne R
Robertson T
Soulio R
Wong A
Hunter T*

Development Assessment Commission

Brown D L
Byrt E M
Cheshire A
Dagas J
Douflias B
Fatchen T (specialist member)
Fuller N (specialist member)
Harvey N (specialist member)
Kracman B (specialist member)
Leydon M L
Loveday G M
Rice R (specialist member)
Roderick B R (specialist member)
Walker K (specialist member)
Wigg C A
Williamson D (specialist member)

Development Policy Advisory Committee

Barone M
Filby S M
Gagetti R L
Hollidge E H A
Hooper S P
Klobas M J
Mavrinac G R
Muzyk C A
Poupoulas D P
Vincent C

Local Heritage Advisory Committee

Angas H
Faunt A J
Fitzpatrick S
Harry D B
Leadbeter P D
Leydon G J
Schulz J
Wigg C A

Veterans' Advisory Council

Benyk M
Blyth G
Dunlop M (Retired)
Fergusson B
Gillman K
Godwin J
Harrison G
Helman D (Retired)
Lewis L (Retired)
Neal E
Schmitt W
Smith I
Statton J
Wallent J
Kerr D

Kangaroo Island Futures Authority Advisory Board

Bates J
Harman J
Jeffreys J
Spencer R
Wickham C

Statement of Administered Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Employee benefit expenses	A3	393	900
Supplies and services	A4	1 014	4 350
Depreciation	A5	132	261
Grants and subsidies	A6	67 924	183 001
Net loss (gain) from disposal of assets	A7	(51)	24
Other expenses	A8	666	1 311
Total expenses		70 078	189 847
Income:			
Revenue from fees and charges	A10	8 667	18 636
Advances and grants	A11	66 882	167 531
Interest revenue	A12	540	1 129
Sale of goods		7	7
Other income	A13	4 148	165
Total income		80 244	187 468
Net cost of providing services		(10 166)	2 379
Revenues from SA Government:			
Revenues from SA Government	A14	2 081	2 393
Net result		12 247	14
Total comprehensive result		12 247	14

Statement of Administered Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash	A15	-	24 104
Receivables	A16	-	1 288
Total current assets		-	25 392
Non-current assets:			
Property, plant and equipment	A17	-	9 691
Total non-current assets		-	9 691
Total assets		-	35 083
Current liabilities:			
Payables	A18	-	7 705
Employee benefits	A19	-	68
Provisions	A20	-	1
Total current liabilities		-	7 774
Non-current liabilities:			
Payables	A18	-	18
Employee benefits	A19	-	201
Provisions	A20	-	3
Total non-current liabilities		-	222
Total liabilities		-	7 996
Net assets		-	27 087
Equity:			
Retained earnings	A21	-	24 245
Revaluation surplus	A21	-	2 842
Total equity		-	27 087
Unrecognised contractual commitments	A23		
Contingent assets and liabilities	A24		

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

	Note	Revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2010		2 842	24 240	27 082
Net result for 2010-11		-	14	14
Total comprehensive result for 2010-11		-	14	14
Error correction		-	(9)	(9)
Balance at 30 June 2011	A21	2 842	24 245	27 087
Net result for 2011-12		-	12 247	12 247
Total comprehensive result for 2011-12		-	12 247	12 247
Net assets received from an administrative restructure	A22	-	5 060	5 060
Net assets transferred as a result of an administrative restructure	A22	(2 842)	(41 552)	(44 394)
Balance at 30 June 2012	A21	-	-	-

Statement of Administered Cash Flows
for the year ended 30 June 2012

		2012	2011
		Inflows	Inflows
		(Outflows)	(Outflows)
Cash flows from operating activities:	Note	$'000	$'000
Cash outflows:			
Employee benefit payments		(396)	(906)
Payments for supplies and services		(930)	(4 250)
Payments for grants and subsidies		(71 542)	(176 474)
Other payments		(2 725)	(1 311)
Cash used in operations		(75 593)	(182 941)
Cash inflows:			
User fees and charges		8 642	18 464
Advances and grants		68 092	166 954
Interest received		533	1 104
Sale of goods		7	7
Other receipts		2 620	172
Cash generated from operations		79 894	186 701
Cash flows from SA Government:			
Receipts from SA Government		2 081	2 393
Cash generated from SA Government		2 081	2 393
Net cash provided by (used in) operating activities	A25	6 382	6 153
Cash flows from investing activities:			
Cash outflows:			
Purchase of plant and equipment		(3 011)	(55)
Cash used in investing activities		(3 011)	(55)
Net cash provided by (used in) investing activities		(3 011)	(55)
Cash flows from financing activities:			
Cash outflows:			
Cash transferred as a result of restructuring activities		(32 535)	-
Cash used in financing activities		(32 535)	-
Cash inflows:			
Cash received from restructuring activities		5 060	-
Cash generated from financing activities		5 060	-
Net cash provided by (used in) financing activities		(27 475)	-
Net increase (decrease) in cash		(24 104)	6 098
Cash at 1 July		24 104	18 006
Cash at 30 June	A15	-	24 104

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2012

(Activities - refer note A2)	1		2		3		4	
	2012	2011	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefits expenses	-	2	-	-	-	-	112	219
Supplies and services	458	1 052	-	-	-	-	73	239
Depreciation	-	-	-	-	-	-	-	-
Grants and subsidies	1 250	17 643	-	-	492	1 052	65 911	161 961
Net loss (gain) from disposal of assets	-	-	-	-	-	-	-	-
Other expenses	209	73	456	1 152	-	-	-	-
Total expenses	1 917	18 770	456	1 152	492	1 052	66 096	162 419
Income:								
Revenue from fees and charges	8 211	17 484	456	1 152	-	-	-	-
Advances and grants	-	9	-	-	-	-	66 036	163 297
Interest revenue	423	922	-	-	-	-	53	100
Sale of goods	-	-	-	-	-	-	7	7
Other income	2 451	4	-	-	-	-	5	20
Total income	11 085	18 419	456	1 152	-	-	66 101	163 424
Net revenue from (cost of) providing services	9 168	(351)	-	-	(492)	(1 052)	5	1 005
Revenues from SA Government:								
Revenues from SA Government	-	-	-	-	1 160	1 326	-	-
Net result	9 168	(351)	-	-	668	274	5	1 005

(Activities - refer note A2)	5		6		7		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefits expenses	281	679	-	-	-	-	393	900
Supplies and services	483	3 059	-	-	-	-	1 014	4 350
Depreciation	132	261	-	-	-	-	132	261
Grants and subsidies	271	568	-	1 777	-	-	67 924	183 001
Net loss (gain) from disposal of assets	(51)	24	-	-	-	-	(51)	24
Other expenses	1	86	-	-	-	-	666	1 311
Total expenses	1 117	4 677	-	1 777	-	-	70 078	189 847
Income:								
Revenue from fees and charges	-	-	-	-	-	-	8 667	18 636
Advances and grants	157	2 476	689	1 749	-	-	66 882	167 531
Interest revenue	34	63	30	44	-	-	540	1 129
Sale of goods	-	-	-	-	-	-	7	7
Other income	164	141	-	-	1 528	-	4 148	165
Total income	355	2 680	719	1 793	1 528	-	80 244	187 468
Net revenue from (cost of) providing services	(762)	(1 997)	719	16	1 528	-	10 166	(2 379)
Revenues from SA Government:								
Revenues from SA Government	-	-	921	1 067	-	-	2 081	2 393
Net result	(762)	(1 997)	1 640	1 083	1 528	-	12 247	14

Notes to and forming part of the administered items financial statements

A1. Summary of significant accounting policies

The Department of Planning Local Government's (the Department's) accounting policies are contained in note 2. The policies in note 2 apply to both the Department and administered financial statements.

A2. Administered funds of the Department

The Schedule of Expenses and Income attributable to Administered Activities provides details of expenses and income for each of the administered activities. The schedule does not include internal transactions between the administered activities.

Activity 1: Planning and Development Fund

The Planning and Development Fund was established under section 79 of the *Development Act 1993*.

The key objective of the Fund is to provide the Government with the means to implement open space and public realm programs across South Australia. It enables the Government to adopt a state-wide overview to strategically address open and public space issues in an objective manner, including through the Open Space and Places for People grant programs to local government.

The primary source of funding is from developers who are required, pursuant to section 50 of the *Development Act 1993*, to contribute to the Planning and Development Fund in lieu of the provision of 12.5% of the development as open space, in accordance with a prescribed formula and rate, where the number of allotments in a land sub-division are 20 or less. A contribution into the Planning and Development Fund is also required where developers create community titles.

Activity 2: Planning Fees

In accordance with Schedule 6 of the Development Regulations 2008, the Department on behalf of the Development Assessment Commission is required to transfer the relevant amount of land division application fees received, on a quarterly basis, to appropriate councils and state agencies, pursuant to the directions set out in Schedule 7 of the Regulations.

Activity 3: West Beach Trust

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.

Activity 4: South Australian Local Government Grants Commission

The fund was established under the *South Australian Local Government Grants Commission Act 1992*. The primary purposes of the fund are to distribute untied Commonwealth local government financial assistance grants to South Australian local government authorities. The Commission's operating costs are predominantly funded by State Parliamentary appropriations.

Activity 5: Outback Communities Authority

As defined in the *Outback Communities (Administration and Management) Act 2009*, the functions of the Outback Communities Authority (the Authority) are to manage the provision of public services and facilities to outback communities; 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 6: Local Government Taxation Equivalents Funds

The fund was established under the *Local Government Finance Authority Act 1983*, and requires the Local Government Finance Authority of South Australia to make taxation equivalent payments into the fund. Monies from the fund are paid to the Local Government Association of South Australia and applied for local government research and development purposes.

Activity 7: Other

This administered activity reflects the financial performance and position of various administered activities, including the Sport and Recreation Fund and Recreation and Sport Fund.

A3. Employee benefit expenses

	2012	2011
	$'000	$'000
Salaries and wages	263	607
Annual leave	24	55
LSL	8	28
Employment on-costs - superannuation	31	66
Employment on-costs - other	19	43
Board and committee fees	48	101
Total employee benefit expenses	393	900

A4. Supplies and services

	2012	2011
Supplies and services provided by entities within the SA Government:		
Professional and technical services[(1)]	529	3 001
Utility and property costs	26	163
Computing and communication costs	5	14
Vehicle and equipment operating costs	3	2
Operating lease costs	22	45
Total supplies and services - SA Government entities	585	3 225
Supplies and services provided by entities external to the SA Government:		
Professional and technical services[(2)]	115	298
Administrative and operating costs	117	276
Utility and property costs	146	424
Computing and communications costs	5	21
Travel and accommodation	26	59
Vehicle and equipment operating costs	10	30
Staff development and safety	10	17
Total supplies and services - non-SA Government entities	429	1 125
Total supplies and services	1 014	4 350

(1) Includes audit fees paid/payable to the Auditor-General (refer note A9).
(2) Includes consultancies costs which are further broken down below.

The number and dollar amount of consultants' costs paid/payable (included in supplies and services expense) that fell within the following bands:	2012		2011	
	Number	$'000	Number	$'000
Below $10 000	2	11	-	-
Between $10 000 and $50 000	-	-	1	10
Total paid/payable to the consultants engaged	2	11	1	10

A5. Depreciation expense

	2012	2011
Depreciation:	$'000	$'000
Plant and equipment	33	58
Buildings and infrastructure	67	139
Water, sewerage and drainage	32	64
Total depreciation expense	132	261

A6. Grants and subsidies

	2012	2011
Grants and subsidies paid/payable to entities within the SA Government:		
Planning and Development Fund	700	7 004
West Beach Trust	492	1 052
Outback Communities Authority	1	-
Total grants and subsidies - SA Government entities	1 193	8 056
Grants and subsidies paid to entities external to the SA Government:		
Planning and Development Fund	550	10 640
Office of Local Government administered items	-	1 777
Outback Communities Authority	270	567
South Australian Local Government Grants Commission	65 911	161 961
Total grants and subsidies - non-SA Government entities	66 731	174 945
Total grants and subsidies	67 924	183 001

		2012	2011
A7.	**Net loss (gain) from the disposal of assets**		
	Buildings and infrastructure:	$'000	$'000
	Proceeds from disposal	-	-
	Net book value of assets disposed	19	24
	Total net loss (gain) from disposal of buildings and infrastructure	19	24
	Plant and equipment:		
	Proceeds from disposal	(135)	-
	Net book value of assets disposed	65	-
	Total net loss (gain) from disposal of plant and equipment	(70)	-
	Total assets:		
	Proceeds from disposal	(135)	-
	Net book value of assets disposed	84	24
	Total net loss (gain) from disposal of assets	(51)	24
A8.	**Other expenses**		
	Other expenses paid/payable to entities within the SA Government:		
	Other	4	4
	Total other expenses - SA Government entities	4	4
	Other expenses paid/payable to entities external to the SA Government:		
	Planning fees	456	1 152
	Refunds	206	70
	Other	-	85
	Total other expenses - non-SA Government entities	662	1 307
	Total other expenses	666	1 311
A9.	**Auditor's remuneration**		
	Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	-	54
	Over accrued audit fees	-	5
	Total auditor's remuneration	-	49

Other services

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

		2012	2011
A10.	**Revenue from fees and charges**		
	Fees and charges received/receivable from entities external to the SA Government:		
	Planning and development fees	-	5
	Land division contribution revenue	4 325	10 460
	Community title contribution revenue	3 886	7 019
	Development application and assessment fees	456	1 152
	Total revenue from fees and charges	8 667	18 636
A11.	**Advances and grants**		
	Advances and grants received/receivable from entities within the SA Government:		
	Grants	10	1 653
	Total advances and grants - SA Government entities	10	1 653
	Advances and grants received/receivable from entities external to the SA Government:		
	Commonwealth grants	66 183	164 114
	Industry grants	689	1 764
	Total advances and grants - non-SA Government entities	66 872	165 878
	Total advances and grants	66 882	167 531
A12.	**Interest revenue**		
	Interest from entities within the SA Government	540	1 129
	Total interest revenue	540	1 129

A13. Other income

	2012	2011
Other income received/receivable from entities within the SA Government:	$'000	$'000
Reimbursements/Recoveries	1	24
Total other income - SA Government entities	1	24
Other income received/receivable from entities external to the SA Government:		
Reimbursements/Recoveries	2 535	70
Other	1 612	71
Total other income - non-SA Government entities	4 147	141
Total other income	4 148	165

A14. Revenues from SA Government

	2012	2011
Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the *Appropriation Act*	2 081	2 393
Total revenues from SA Government	2 081	2 393

The Department receives appropriation for its administered funds in accordance with the *Appropriation Act* for the financial year. Appropriation for the 'Administered Items for the Department of Planning and Local Government' is received into a special deposit account. The appropriation received is subsequently paid to each fund controlled by those administrative units as detailed in note A2.

A15. Cash

	2012	2011
	$'000	$'000
Deposits with the Treasurer	-	24 104
Total cash	-	24 104

A16. Receivables

	2012	2011
Current:		
Receivables	-	1 195
Accrued interest on deposits	-	89
Prepayments	-	4
Total current receivables	-	1 288
Total receivables	-	1 288

Government/Non-government receivables

	2012	2011
Receivables from SA Government entities:		
Receivables	-	1 190
Accrued interest revenues	-	89
Total receivables from SA Government entities	-	1 279
Receivables from non-SA Government entities:		
Receivables	-	5
Prepayments	-	4
Total receivables from non-SA Government entities	-	9
Total receivables	-	1 288

A17. Property, plant and equipment

	2012	2011
Land, buildings and infrastructure:		
Land at fair value	-	5 493
Buildings and infrastructure at fair value	-	3 901
Accumulated depreciation	-	(1 359)
Total land, buildings and infrastructure	-	8 035
Water, sewerage and drainage:		
Water, sewerage and drainage assets at fair value	-	2 265
Accumulated depreciation	-	(870)
Total water, sewerage and drainage	-	1 395
Plant and equipment:		
Plant and equipment at fair value	-	403
Accumulated depreciation - plant and equipment	-	(206)
Work in progress	-	64
Total plant and equipment	-	261
Total property, plant and equipment	-	9 691

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during 2011-12:

2012	Land $'000	Buildings and infrastructure $'000	Water, sewerage and drainage $'000	Plant and equipment $'000	WIP $'000	Total $'000
Carrying amount at 1 July	5 493	2 585	1 395	197	30	9 700
Prior period adjustment[(1)]	-	(43)	-	-	34	(9)
Carrying amount after prior period correction	5 493	2 542	1 395	197	64	9 691
Acquisitions	2 950	-	-	157	39	3 146
Transfers from work in progress	-	73	-	-	(73)	-
Disposals	-	(19)	-	(65)	-	(84)
Acquisition (Disposal) through administrative restructuring	(8 443)	(2 529)	(1 363)	(256)	(30)	(12 621)
Depreciation expense	-	(67)	(32)	(33)	-	(132)
Carrying amount at 30 June	-	-	-	-	-	-

(1) Carrying amount adjusted for asset disposal that occurred in 2009 and capitalisation of asset from 2011.

Valuation of land, buildings and infrastructure, and water, sewerage and drainage assets

A valuation of land, building and infrastructure, and water, sewerage and drainage assets 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.

A18. Payables

	2012 $'000	2011 $'000
Current:		
Accrued expenses	-	7 695
Employment on-costs	-	10
Total current payables	-	7 705
Expected to be settled more than 12 months after reporting period:		
Employment on-costs	-	18
Total non-current payables	-	18
Total payables	-	7 723

Government/Non-government payables

Payables to SA Government entities:		
Accrued expenses	-	859
Employment on-costs	-	18
Total payables to SA Government entities	-	877
Payables to non-SA Government entities:		
Accrued expenses	-	6 836
Employment on-costs	-	10
Total payables to non-SA Government entities	-	6 846
Total payables	-	7 723

A19. Employee benefits

Current:		
Annual leave	-	60
LSL	-	5
Accrued salaries and wages	-	3
Total current employee benefits	-	68
Non-current:		
LSL	-	201
Total non-current employee benefits	-	201
Total employee benefits	-	269

A20. Provisions

	2012	2011
Current:	$'000	$'000
Provision for workers compensation	-	1
Total current provisions	-	1
Non-current:		
Provision for workers compensation	-	3
Total non-current provisions	-	3
Total provisions	-	4
Movement in provision:		
Carrying amount at 1 July	4	4
Decrease in provision due to administrative restructure	(4)	-
Carrying amount at 30 June	-	4

A21. Equity

Retained earnings	-	24 245
Revaluation surplus	-	2 842
Total equity	-	27 087

A22. Transferred functions

2011-12

Transferred in

Office for Recreation and Sport

The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 (dated 30 June 2011) announced that effective from 1 July 2011 the functions and employees of the Office for Recreation and Sport, under the Attorney-General's Department, would be transferred to the Department. The Office for Recreation and Sport is responsible for administered funds; Recreation and Sport Fund and Sport and Recreation Fund.

On transfer of the Office for Recreation and Sport, the Department recognised the following assets and liabilities:

	Recreation and Sport Fund $'000	Sport and Recreation Fund $'000	2012 Total $'000
Cash	1 738	3 322	5 060
Total assets	1 738	3 322	5 060
Total net assets transferred	1 738	3 322	5 060

Net assets assumed by the Department as a result of the administrative restructure are the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to transfer. The net assets transferred were treated as a contribution by the Government as owner.

Transferred out

Office for Recreation and Sport

The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 (dated 17 November 2011) announced that effective from 1 December 2011 the functions and employees of the Office for Recreation and Sport , under the Department, would be transferred to the Department of Planning, Transport and Infrastructure. The Office for Recreation and Sport is responsible for administered funds; Recreation and Sport Fund and Sport and Recreation Fund.

The following assets and liabilities were transferred to Department of Planning, Transport and Infrastructure:

	Recreation and Sport Fund $'000	Sport and Recreation Fund $'000	2012 Total $'000
Cash	1 808	4 780	6 588
Total assets	1 808	4 780	6 588
Total net assets transferred	1 808	4 780	6 588

Net assets transferred by the Department as a result of the administrative restructure were at the carrying amount. The net assets transferred were treated as a distribution to the Government as owner.

Office for State/Local Government Relations
The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 (dated 15 December 2011) announced that effective from 1 January 2012 the functions and employees of the Office for State/Local Government Relations, under the Department, would be transferred to DPC. The Office for State/Local Government Relations is responsible for administered funds; Office of Local Government Fund, Outback Communities Authority and South Australian Local Government Grants Commission.

The following assets and liabilities were transferred to DPC:

	Office of Local Government Fund $'000	Outback Communities Authority $'000	SA Local Government Grants Commission $'000	2012 Total $'000
Cash	735	1 886	1 655	4 276
Receivables	-	37	11	48
Property, plant and equipment	-	4 203	-	4 203
Total assets	735	6 126	1 666	8 527
Payables	-	70	12	82
Provisions	-	1	-	1
Employee benefits	-	192	91	283
Total liabilities	-	263	103	366
Total net assets transferred	735	5 863	1 563	8 161

Net assets transferred by the Department as a result of the administrative restructure were at the carrying amount. The net assets transferred were treated as a distribution to the Government as owner.

All remaining functions and employees of the Department
The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 (dated 15 December 2011) announced that effective from 1 January 2012 the remaining functions and employees under the Department, would be transferred to the Department of Planning, Transport and Infrastructure. This includes the remaining administered funds; Planning and Development Fund, Planning Fees Fund and West Beach Trust.

The following assets and liabilities were transferred to Department of Planning, Transport and Infrastructure:

	Planning and Development Fund $'000	Planning Fees Fund $'000	West Beach Trust $'000	2012 Total $'000
Cash	20 377	214	1 080	21 671
Receivables	83	-	-	83
Property, plant and equipment	8 428	-	-	8 428
Total assets	28 888	214	1 080	30 182
Payables	20	214	287	521
Total liabilities	20	214	287	521
Total net assets transferred	28 868	-	793	29 661

Net assets transferred by the Department as a result of the administrative restructure were at the carrying amount. The net assets transferred were treated as a distribution to the Government as owner.

During 2010-11 there were no functions transferred into or out of the Department.

A23. Unrecognised commitments

Operating lease commitments

	2012 $'000	2011 $'000
Commitments in relation to operating leases contracted for at reporting date but not recognised as liabilities are payable as follows:		
Within one year	-	41
Later than one year and not longer than five years	-	12
Total operating lease commitments	-	53

Operating lease commitments (continued)	2012	2011
Representing:	$'000	$'000
Non-cancellable operating leases	-	53
Total operating lease commitments	-	53

Operating leases relate to property and accommodation occupied by the Outback Communities Authority. This lease is non-cancellable, with rental payable monthly in advance. Contingent rental provisions within the lease agreement allow for the review of lease payments every year.

Other commitments	2012	2011
	$'000	$'000
Within one year	-	122
Total other commitments	-	122

The Department's other commitments are for agreements for maintenance and other service contracts outstanding at the end of the reporting period.

Grant commitments		
Within one year	-	5 400
Later than one year and not longer than five years	-	4 400
Total grant commitments	-	9 800

A24. Contingent assets and contingent liabilities

The Department is not aware of any contingent assets or liabilities affecting the administered activities of the Department as at 30 June 2012.

A25. Cash flow reconciliation

Reconciliation of cash at 30 June:		
Statement of Administered Financial Position	-	24 104
Statement of Administered Cash Flows	-	24 104

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services		
Net cash provided by (used in) operating activities	6 382	6 153
Revenue from SA Government	(2 081)	(2 393)
Non-cash items:		
Depreciation	(132)	(261)
Loss on disposal of assets	51	(24)
Net gain on restructure	(756)	-
Non-current assets accrual in payables	-	53
Administrative restructure	(6)	-
Movements in assets/liabilities:		
Receivables	(1 288)	577
Inventories	-	(20)
Payables and provisions	7 727	(6 547)
Employee benefits	269	(5)
Other liabilities	-	88
Net cost of providing services	10 166	(2 379)

A26. Events after balance date

All activities of the Department transferred to other agencies during 2011-12.

The Department does not have any operations as at 30 June 2012 and awaits abolishment under the PSA.

A27. Remuneration of board and committee members	2012	2011
Members that were entitled to receive remuneration during the year are listed in the following summary table:	Number	Number
$0 - $9 999	9	12
$10 000 - $19 999	1	4
$20 000 - $29 999	-	2
Total	10	18

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 $57 927 ($127 203).

Amounts paid to a superannuation plan for board/committee members were $4758 ($10 405).

* In accordance with DPC Circular 16, government employees, as indicated by an asterisk, 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.

SA Local Government Grants Commission

Gascoigne C J	Patetsos M
Ross J S	

Outback Communities Authority

Bauer T N	Beltchev G
Cleary J*	Frahn F L W
Heylen M	Katnich P L
McIntosh W R	

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
- providing policy advice on energy issues, and delivering energy programs and regulatory services for the competitive, safe and reliable supply and use of energy, for the benefit of the South Australian community, including an efficient transition towards a sustainable energy future
- 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
- providing information technology policy, support and management services
- 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
- 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.

Organisational changes

During the year there were a number of restructures that resulted in functions transferred into and out of the Department.

Functions transferred into the Department

The following summarises the functions transferred into the Department during the year:

- Effective 1 July 2011 the financial operations of the Rail Commissioner excluding the employees employed under the Federal awards transferred from the Rail Commissioner to the Department.
- Effective 1 January 2012 specific financial operations and assigned employees of the Department of Planning and Local Government (DPLG) transferred from DPLG to the Department.
- Effective 1 December 2011 the financial operations and assigned employees of the Office of Recreation and Sport (ORS) and the Office for Racing (OFR) transferred from DPLG to the Department.
- Effective 1 June 2012 specific employees of the Department for Health and Ageing (SA Health) transferred from SA Health to the Department.

Functions transferred out of the Department

The following summarises the functions transferred out of the Department during the year:

- Effective 1 January 2012 the financial operations and assigned employees of the Office of the Chief Information Officer (OCIO) transferred from the Department to DPC.
- Effective 1 January 2012 the financial operations and assigned employees of Service SA transferred from the Department to DPC.
- Effective 1 January 2012 the financial operations and assigned employees of the Energy division transferred from the Department to the Department of Manufacturing, Innovation, Trade, Resources and Energy.

The financial effect of the functions transferred into and out of the Department is detailed in note 41 to the Department's financial statements for its controlled activities and note A35 to the Department's administered financial statements for its administered functions.

Audit mandate and coverage

Audit authority

Audit of the financial report

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

Assessment of controls

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

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

Scope of the audit

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

Specific areas of audit attention included:

- accounts payable
- payroll
- bus contract payments
- grants and subsidies
- registration and licence fees
- Metroticket sales
- other revenue
- bank reconciliations
- risk management
- financial management compliance
- fixed assets including:
  - network assets
  - land, buildings and facilities
  - plant and equipment
  - capital works
  - office 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

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

> ***Basis for Qualified Opinion***
>
> *In the four years from 30 June 2008 the Department of Planning, Transport and Infrastructure has recognised certain grants from the Commonwealth Government as liabilities representing income received in advance. The grants received were recognised as other liabilities and totalled $112.4 million.*
>
> *The balances of the liabilities have since been reduced by recognising amounts as income to match the expenditure of the grant funds.*

In my opinion, the grant funds received represent contributions and meet the recognition criteria of income in accordance with Accounting Standard AASB 1004 'Contributions' and the Accounting Policy Framework APF V 'Income Framework' issued pursuant to the Treasurer's Instructions. The grants were controlled by the Department of Planning, Transport and Infrastructure, met the income recognition criteria upon their receipt and as such the grants should have been recorded as assets and income on receipt.

The financial effect of not complying with AASB 1004 'Contributions' and APF V 'Income Framework' on the comparative information included in the Department's financial statements is as follows:

- *Total income and total comprehensive result was overstated by $9.4 million for the year ended 30 June 2011 reflecting the recognition as income of amounts previously recognised as other liabilities.*

- *Other current liabilities were overstated by $2.3 million as at 30 June 2011.*

- *Accumulated surplus as at 30 June 2011 was understated by $2.3 million.*

The accounting treatment of the grants is disclosed in note 38 'Other liabilities'.

The residual impact of this accounting treatment for the period ended 30 June 2012 was not material.

As a result, while the comparative figures are subject to qualification the 2011-12 figures are unqualified.

Qualified Opinion

In my opinion, except for the effect of the matter described in the basis for qualified opinion paragraphs, the financial report gives a true and fair view of the financial position of the Department of Planning, Transport and Infrastructure as at 30 June 2012, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act 1987 *and Australian Accounting Standards.*

Assessment of controls

In my opinion, the controls exercised by the Department 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 payroll, accounts payable, revenue and accounts receivable, bank account reconciliations, risk management, project services, bus contract payments, building management - project services, building management - commercial and residential properties, building management - facilities services and the financial management compliance program, as 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 officers responsible for the governance of the Department. Major matters raised with the Department and the related responses are detailed below.

Bank account reconciliations

Whilst shortcomings in reconciliation processes have been reported on for some years deficiencies are still being noted by Audit.

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. It is Audit's view that the effectiveness of the control is dependent on the timely investigation and resolution of discrepancies.

Audit review in prior years identified significant weaknesses in the bank reconciliation processes. The audit for 2011-12 found while SSSA and the Department made some progress in addressing issues raised in prior years not all matters were adequately addressed. The following summarises the major observations arising from the review of this important auditable area.

Timely recognition of cash receipts

Consistent with prior years, the review found:

- there were significant delays in processing some transactions resulting in discrepancies between the general ledger and bank records
- there were delays in investigating and resolving some items.

Effectiveness of reconciliation processes

The review found that at the time reconciliation documentation for the AR Collection bank account reconciliation was completed, some items had not been fully investigated and the documentation did not explain the extent to which reconciling items were investigated. It is Audit's view that without this information it is difficult for management and Audit to determine the status of progress made in investigating and resolving the discrepancies.

Outstanding reconciling items

Bank account reconciliations prepared by SSSA for the Department contained a significant number of long outstanding reconciling items.

Independent review of reconciliation processes

Audit review found instances where the officer reviewing the AR Collection bank account reconciliation did not identify discrepancies between amounts recorded on the reconciliation and the supporting documentation for those amounts.

Bizgate terminals

During the review of the AR Collection bank account reconciliation, Audit noted a reconciling item relating to Passenger Transport Act expiation fees. The review found that the reconciling item represented expiation fees incorrectly deposited into the AR Collection bank account via Bizgate terminals. Audit found Bizgate should have deposited the expiation fees into the Registration and Licensing Collections account managed by Service SA and the transactions recorded in TRUMPS.

The audit findings were raised with the Department and SSSA who acknowledged the findings and provided details of actions taken or proposed to address the issues raised.

Accounts payable

Shared Services SA - e-Procurement and electronic payment control environments

SSSA processes accounts payable transactions on behalf of the Department in accordance with a service level determination. SSSA administers the whole-of-government e-Procurement system (Basware) which facilitates automated purchasing and accounts payable processing.

The audit review of the Department's expenditure processes considered the e-Procurement and electronic payment systems' control environments operated by SSSA.

Review of these systems and environments in previous years identified significant key control weaknesses. While SSSA progressively implemented significant remedial action over these deficiencies during 2011-12, SSSA only anticipates completion of planned actions by December 2012.

As a result, the systems and control environments could not be considered robust during 2011-12.

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

Department - payment control environment

The review of the Department's payment control environment also found a number of areas where internal controls were considered not effective. Audit found a number of the matters that were raised in the prior year, however they were not adequately addressed by the Department. The more significant audit findings included the following:

- The Department had not implemented system reports and related procedures to identify and recover duplicate payments. The audit noted, notwithstanding the limitations of system reports and related procedures, the Department had identified a number of duplicate payments (totalling approximately $747 000) which were processed during the year. Audit also noted instances of duplicate payments (totalling approximately $39 000) which were not detected by the Department or SSSA.
- There was no mechanism to ensure changes in employees' circumstances such as classification or employment status are reflected in Basware system's access and authority levels on a timely basis.
- The Department did not monitor the review of user details reports provided to the Department by SSSA to check system access levels for employees are valid and consistent with their job requirements.
- The Department did not effectively monitor the action of special and super delegates.
- The Department's delegations of authority were not reviewed annually in accordance with the TIs.
- Ministerial approval for the Department's delegations of authority for incoming business units (DPLG and ORS) were not obtained on a timely basis.
- Basware system reports that address previous audit findings were implemented in June 2012 and therefore were not available to the Department for the entire financial year.

The Department responded to the findings detailing actions taken to address the matters raised by Audit. In relation to findings regarding duplicate payments the Department advised it will continue to work with SSSA to develop a system report and procedures to investigate possible duplicate payments. Audit considers that the occurrence and extent of duplicate payments warrant this immediate corrective action.

External accounting firm data analytics review

Audit review also noted that the Department engaged an external accounting firm to analyse accounts payable and credit card records to identify abnormal data and transactions that may indicate errors, irregularities or potential control deficiencies.

The review identified a number of exceptions relating to potential transaction errors or anomalies. The accounting firm recommended the Department identify opportunities for process improvements and undertake remedial action as required.

In response to the review the Department re-engaged the external accounting firm to undertake further verification work and assess whether any changes are required to relevant policies and procedures. The outcome of this verification work will be reviewed and assessed by Audit in 2012-13.

Payroll

Prior audits have identified weaknesses in controls over payroll. The review for 2011-12 evaluated the Department's action to address matters raised in prior audits. The review found key internal control breakdowns raised in prior years were not adequately addressed and controls were not considered effective.

The audit of payroll considered the effectiveness of the review of bona fide reports as a control which provide assurance that only bona fide employees are paid for work performed and at correct pay rates. The review found:

- 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 all required action was taken.

The review of controls over leave recording concluded that the Department's and SSSA'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 incorrectly recorded in the payroll system.

The Department responded to the audit findings detailing actions taken to address the matters raised. In responding, the Department advised it would reinforce to pay point managers the need to undertake checking procedures in accordance with departmental policy. In addition it would implement improvements to the bona fide verification and certification system.

Shared Services SA - payroll control environments

SSSA processes payroll transactions on behalf of the Department in accordance with a service level determination. Review of the SSSA processing and control environment found a number of areas where controls could be improved including:

- the need to improve review of systems access

- not all transactions were checked to ensure the integrity and accuracy of data input
- some policies and procedures used by SSSA staff did not contain sufficient detail or were not current.

SSSA responded to the audit findings and provided details of action taken or proposed to address the matters raised.

Bus contract payments

Metropolitan bus passenger services are provided by privately owned companies contracted by the Minister for Transport Services (the Minister) to operate those services. In July 2011 and August 2011 new contracts were entered into with bus service providers, one of which was not an incumbent provider. Audit review identified areas where internal controls and documentation of management decisions and contract management activities could be improved. The following summarises the major observations arising from the review.

Process compliance performance indicator

Bus contracts provide for fee adjustments which are determined quarterly and deducted from bus contract payments where the bus operator has not met performance indicators. The performance indicators specified in bus contracts are:

- on-time running
- trips run
- connections achieved
- vehicle condition
- driver quality
- process compliance
- reporting compliance.

Failure to meet specified targets for each performance criteria result in the application of demerit points which are used to calculate fee adjustments in accordance with the contract.

The contracts with the bus operators required the process compliance performance indicator to be established and agreed to between the Minister and bus operators by 30 September 2011 and applied from 1 January 2012.

The audit review found that, at the time of audit, the scope of the process compliance performance indicator was not agreed by the Minister and bus contractors. Audit understands the compliance criteria used under the previous contracts were used to determine demerit points and fee adjustments.

In response the Department advised that it had, subsequent to the audit, established and agreed the process compliance performance indicator with bus contractors. The Department further advised it will apply the agreed performance indicator in calculating demerit points and fee adjustments.

Fee adjustment calculations

The audit of contract payments found that, at the time of the audit, fee adjustment calculations did not include assessments of the connections achieved and reporting compliance performance indicators.

In response the Department advised that performance measures for the connections achieved and reporting compliance performance indicators were, subsequent to the audit, used to calculate fee adjustments in accordance with bus contracts.

Fee adjustment discounts

As previously indicated, the bus operator contracts provide for fee adjustments where bus operators do not achieve specified performance indicators. The contracts also provide for the following:

- Bus operators who do not achieve performance indicators at the level specified in the contract incur demerit points for performance defects even if the cause of the breach was outside the control of the bus operator.
- If in any quarter a bus operator incurs more than the threshold specified in the contract, the bus contract fee is to be adjusted on the basis specified in the contract.

The contracts provide for the Minister to reduce the fee adjustment if there is a disagreement regarding the number of demerit points incurred by the operator during a quarter.

The audit review found that during the year the Minister applied discounts to the fee adjustments applicable under the contracts with the bus operators. The total value of fee adjustment discounts applied by the Minister for the December 2011 and March 2012 quarters was around $888 000 and the total value of the fee adjustments, as calculated pursuant to the bus contracts, for the period was around $1.145 million.

Audit noted that the bus operators did not dispute the calculation of the number of demerit points incurred during the period but requested the Minister to consider a number of mitigating factors in determining the fee adjustment. Audit understands that the Minister reduced the fee adjustment by applying a discount to the fee adjustment, calculated on the basis provided for in the contract, for the quarter rather than making a determination of the number of demerit points incurred during the period.

At the time of the audit it was not clear whether the discounted fee adjustments were determined in accordance with the provisions of bus contracts.

In response to the Audit finding the Department indicated amendments to the contracts have recently been agreed with the bus contractors to reflect the intent of practically applying the fee adjustment, and formal contract variations are being prepared by the Crown Solicitor’s Office to reflect the agreed amendments. This matter is to be followed up and further considered as part of the 2012-13 audit.

Monthly bus operator reports

Bus contracts require bus operators to provide a monthly report to the Minister to enable assessment of contractors’ performance. The information included in the reports is extensive and includes:

- operational data
- vehicle and depot data
- ticketing report data
- occupational health and safety data.

The audit found the Department has not implemented a process to ensure information provided by bus contractors is valid, complete and accurate.

In response the Department advised that the monthly reports are analysed and it will establish processes to ensure, where possible, the information provided is valid, complete and accurate.

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 review included identifying and assessing the contract management framework used to manage bus contracts. Audit found that the Department was still finalising a contract management framework for the new bus contracts.

The absence of a contract management framework may result in ineffective contract management which may, in turn, result in the Department not identifying areas of non-compliance with key contract provisions and/or inadequate performance by the contractors.

The Department responded to the finding indicating that it was necessary for the performance measures to be agreed by all contractors prior to finalising the draft contract management framework. Audit was advised that the Department expected to finalise and implement the contract management framework for the September 2012 quarter. Further, the Department indicated the contract management framework established for the previous contracts was used in the interim.

Audit considers that the use of the previous contract management framework was not appropriate because the new contracts are significantly different to the previous contracts. In addition, the new contract management framework should have been finalised closer to the commencement of the contracts.

Metroticket revenue

The Department's Public Transport group collects revenue from the sale of tickets for metropolitan train, tram and bus trips. During 2011-12 the Department commenced implementing a new Metrocard public transport ticketing system in a staged approach across the public transport network. Audit review of the Metroticket function identified weaknesses in processes and practices that required attention to ensure effective management and control over Metroticket revenue. The following summarises the more significant matters.

Revenue Accounting System (RAS) – reliability of data

Implementation of the new ticketing system included developing and implementing a new RAS to record and manage the collection of Metroticket fee revenue. The new RAS is to operate in parallel to the existing RAS (developed for the Crouzet system) until the new Metrocard system is fully implemented. Fee revenue data from the existing RAS is manually transferred to the new RAS. Audit review found data transposed from the existing RAS to the new RAS was not checked to confirm it was valid, complete and accurate.

Bus depot audits

The Department's Ticket and Production Policy and arrangements in place with bus service contractors require the Revenue Audit and Reconciliation Officer to audit bus depots. The audits include procedures to check the integrity, completeness and accuracy of revenue data, sales adjustments and cash collections from bus depots. This procedure provides assurance that Metroticket sales revenue data provided by bus depots is reliable, complete and accurate and cash collections are complete.

Audit review found that the audits were suspended in October 2011 and the Department has not audited the depots operated by the new bus contractor, Transfield, which commenced providing bus services in October 2011. Audit considers that the suspension of audits may delay the identification of problems at depots and may cause difficulties in following up errors or discrepancies which may include lost monies.

Policies and procedures

The review noted the Department had not prepared and approved a comprehensive set of documented policies and procedures for the new Metrocard ticketing system. Incomplete or inadequate policies and procedures can create risk of control activities not being performed, or being performed incorrectly.

In response to the audit findings the Department advised that during 2011-12 the Department was implementing the new ticketing system and a number of the findings reflected the implementation of the system. The Department also addressed the specific audit findings and provided details of actions taken or proposed to address the matters raised. In relation to the matter regarding bus depot audits the Department advised new procedures have now been developed in consultation with Internal Audit. The new Metroticket system had more in-built controls and enhanced data and the Department will continue to review how audits are to be performed.

Revenue and accounts receivable

The audit of the Department's systems and processes for recognising revenue and accounts receivable identified the following areas, both within the Department and SSSA, where controls did not operate effectively. The audit found a number of these matters were raised in previous years and were not adequately addressed.

The audit concluded SSSA did not effectively reconcile the accounts receivable subsidiary ledger to the general ledger. In particular reconciliations reviewed by Audit:

- contained unexplained reconciling items and included long outstanding reconciling items
- included reconciling item balances that did not agree to supporting documentation
- did not include documentation detailing progress made in investigating and resolving reconciling items.

The audit also found:

- the review and follow-up of outstanding debts was not documented
- controls did not ensure all invoices were processed
- policies and procedures have not been revised to reflect arrangements implemented by SSSA.

In response the Department advised that it will continue to work with SSSA to:

- resolve unexplained reconciling items and provide details of investigation processes
- improve the reconciliation process to ensure the reconciliations are prepared correctly
- review and update policies and procedures to reflect current practices.

The Department also advised it was continuing work in developing an automated system to process invoice requests and it will document the follow-up of outstanding debtors.

SSSA advised that it continues to experience difficulties in performing the reconciliation due to staff attrition.

Risk management

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

The State Government's Risk Management Policy Statement requires 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.

The Department updated its Risk Management Policy in 2011-12 and requires regular maintenance of a risk register that contains information regarding risks and actions planned/taken to mitigate and address identified risks. It also requires regular reporting of extreme and high level risk to senior management and quarterly reporting to the Audit and Governance Committee.

Audit review found that key aspects of the Department's Risk Management Policy were not complied with and many of the findings were raised with the Department in the prior year. The more significant matters raised with the Department included:

- material risks, their assessment, treatment strategies and progress made in implementing the strategies were not formally reported to senior management
- some divisions had not entered data into the Department's risk register (ERA)
- reviews of divisional risk registers by Internal Audit found data recorded in the ERA for some divisions/business areas was incomplete and/or was in the process of being reviewed/updated or had not been reviewed
- risk treatments were not always documented in the ERA
- the outcome of risk treatments and their effectiveness in managing identified risks were not recorded in the ERA
- where risks were accepted by divisions/business areas the justification for accepting the risk was not documented
- Internal Audit did not conclude and report on the effectiveness of the Department's risk management processes to the Audit and Governance Committee, as required by departmental policy.

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

Financial management compliance program (FMCP)

TI 2 requires agencies to document key financial policies and procedures. TI 28 also requires agencies to develop and maintain a FMCP of review of relevant policies and procedures, internal controls and financial reporting.

FMCP

The financial management compliance framework (the framework) forms part of the Department's corporate governance arrangements and comprises the following elements:

- control environment – description of the Department's control environment and link to relevant information
- process level controls – identification and documentation of core financial processes, key compliance requirements and controls
- FMCP – documentation and communication of financial management monitoring processes that have been implemented to satisfy requirements of TI 28.

The Audit review last year found the Department was, at that time, finalising elements of the Framework. Audit follow-up in 2011-12 found that the Department had not documented the process level controls and aspects of the FMCP elements of the framework.

Audit also noted the Department was still finalising the design, documentation and reporting requirements of the Department's Finance Compliance function.

In response to the audit findings the Department advised that the framework is to be reviewed and updated to reflect the recent machinery of government changes, appointment of deputy chief executives and internal restructures. The Department also advised it will continue to work towards finalising the design, documentation and reporting requirements of the Finance Compliance function.

FMCP - divisional questionnaires

The Department's FMCP requires deputy chief executives to complete annual compliance questionnaires. The questionnaires were circulated to all deputy chief executives and the Director, Office of the Chief Executive in June 2012 and returns were consolidated in a report by Internal Audit which was provided to the Chief Executive in August 2012.

Audit noted responses were not received from all areas and the Department had yet to implement a structured and robust process to independently confirm assessments made by management in preparing divisional responses.

The Department advised the outstanding responses were being followed up and the process to confirm assessments will be documented and incorporated into its governance procedures currently being finalised.

Compliance testing program results

The review found that the Department implemented a compliance testing program and the results of the testing program were reported to the Audit and Governance Committee in August 2012. The report provided to the Audit and Governance Committee noted that not all control activities included in the testing program were tested. In addition, Audit noted that not all divisional questionnaire responses for 2010-11 with partial compliance returns were reviewed as part of the testing program.

In response the Department advised that the process for testing the responses included in the questionnaires will be documented and included in the governance procedures currently being produced.

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 included assessing arrangements and internal controls implemented by Project Services to ensure projects are delivered within the budgets approved by client agencies. The following summarises the main findings of the review.

Project agreements

The review found that for the majority of projects, project agreements detailing the rights and obligations of each party were not documented and agreed by the Department and client agencies. In Audit's view documented project agreements achieve the important objectives of ensuring terms and conditions are agreed and providing a sound basis for resolving disputes.

In response the Department advised that major clients are familiar with procedures and associated administrative processes implemented by the Building Management division and it has been assessed as of limited value to prepare project agreements for all projects.

Audit considers that the documentation of project agreements is fundamental to providing clarity about roles, responsibilities and accountabilities of the parties to the project.

Review of excess expenditure

Reports are generated from the system used to manage the financial activities (FARMS) 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, provide comments and details of strategies to address the over expenditure. Audit review found this review process was not effective. Specifically, the review found:

- a number of projects had expenditure that exceeded project funding approved by the client agencies for particular phases of the project
- there were instances where project managers did not document strategies to address the excess expenditure
- budget overruns for some project components increased from month to month but the documented strategies to resolve the situations remained unchanged
- approvals to commit expenditure for the various phases of projects were not always obtained from client agencies.

The Department advised it would review its procedures and implement preventative measures that will reduce the incidence of expenditure above approvals, including training of project management employees on the options available for early identification of the requirement for additional expenditure approval. The Department also advised it will revise reporting processes and develop a process for following up over expenditure.

Control over professional service costs (PSC)

Departmental procedures required budgets for each part of the project to be entered into FARMS separately. This requirement is consistent with the project implementation process (PIP) and enables monthly excess expenditure reports to report instances where expenditure exceeds the budget approved by the client agency for each part of the project. The review found that the total budget for PSC were input into FARMS rather than budgets for each phase as required by departmental policy. It is Audit's view that this practice will tend to delay recognition of emerging cost overruns in the PSC budgets.

In response the Department confirmed there has been a change in practice with the view to reducing red tape by reducing the number of approvals being sought for each project. The Department also outlined processes in place which it considers mitigates the risk of delaying the identification of cost overruns.

Audit considers that PSC are often a significant element of the overall cost of projects and therefore should appropriately be monitored at each stage of a project.

Other control weaknesses

The review also identified a number of other control weaknesses requiring attention by management 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 FARMS on a timely basis to calculate the value of year-to-date revenue earned for projects.

- Information input into FARMS to calculate year-to-date revenue earned for projects contained inconsistencies.
- Contracts with builders/consultants were not checked to confirm they were executed in accordance with the Department's delegations of authority.
- Policies and procedures did not cover all the financial activities undertaken by the business unit and did not describe all required checking procedures.
- Fees charged by the Department for managing constructions projects greater than $50 million were not supported by documentation detailing their determination and approval.

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

Building management – commercial and residential properties

Audit review of the financial operations of commercial and residential properties within the Building Management division considered arrangements for ensuring the integrity of asset revaluations, the adequacy of the documentation of arrangements between the Department and agencies that occupied leased premises, and other aspects of financial control.

The review of controls over processing revaluations of commercial properties undertaken by external valuation firms found that issues identified from the Department's review of valuations performed by the valuation firms had not been appropriately followed up or addressed.

The audit of arrangements for preparing memoranda of understanding (MOUs) between the Department and other government agencies found:

- the Department did not check that MOUs were 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.

Further, the review found not all leases with private owners were executed between the Minister and the private owner and there was no regular reporting to management of the number of unsigned leases and progress made in finalising their execution.

The review also found that the Department did not reconcile the closing balances of capital work in progress reflected in the general ledger to the Masterpiece job cost system for commercial and residential properties. Audit identified instances where completed residential property projects were not transferred out of work in progress to completed assets or expense accounts.

Other matters identified from the review included:

- no checks were performed to ensure all recoverable expenditure (electricity charges, council rates etc) were correctly raised as revenue and recovered for government owned buildings
- checking procedures were not performed monthly to ensure recoverable expenditure for non-government owned buildings was correctly recharged
- checking procedures to ensure changes to financial information (ie rental and other lease charges) are completely and accurately updated to the lease management system (ProMIS) were not effective

- there was scope to improve documented policies and procedures.

The Department accepted the audit findings and provided details of corrective action.

Building management – facilities services

The Facilities Services section of the Building Management division provides support to agencies in obtaining maintenance and minor works services. The services are predominately provided by private contractors and the Facilities Services' role includes agreeing the scope of work, procuring contractors and contract management. Audit review included testing specific maintenance and minor works activities to evaluate compliance with established control processes and policies.

The testing identified instances of non-compliance with established processes and policies. The review found the engagement of contractors and variations were not always approved by agencies prior to requesting contractors to perform work. Further, the review found instances where:

- minor works purchase orders were raised prior to obtaining approval from agencies
- variations to works were raised prior to obtaining approval from agencies
- purchase orders and invoices were not authorised in accordance with the delegations of authority
- performance reports were not obtained from subcontractors in accordance with departmental policy.

Further review of control arrangements noted Facilities Services reviewed and updated aspects of its documented policies and procedures, but did not provide them to staff. The review also noted oversight of procurement practices could be enhanced and documentation of arrangements with pre-approved contractors could be improved before they were added to the list of contractors.

The Department's response provided details of proposed action which was consistent with audit recommendations to address the areas identified for improvement. In the response the Department indicated an annual training program will be implemented and relevant managers would undertake checking procedures to ensure compliance with departmental procedures.

Land services

Audit has reviewed arrangements for charging rating agencies (South Australian Water Corporation and local councils) who receive and use valuation data prepared by the Department. Previous reviews have concluded the basis of calculating the fee charged was inconsistent with relevant regulations which specify an approved rate.

This matter was communicated to the Department in 2010-11 and changes were made to relevant regulations. Audit follow-up in 2011-12 noted the changes may not address the concern.

Audit recommended the Department revisit the provisions of the regulation and billing practices, including consultation with the Crown Solicitor's Office to ensure valuation fees are collected in accordance with the legislation.

Other matters raised include ensuring:

- policies and procedures are reviewed and updated regularly to reflect current practices
- the refund register is maintained in a sequential order to enhance management trails
- credit sales are included in reconciliations of Bizgate system transactions.

The Department accepted the audit findings and provided details of corrective action. In relation to valuation fees the Department advised that it would seek to clarify the current ambiguity in preparation for the next annual fees and charges review.

Information and communication technology and controls

Land Services Group (LSG) land ownership and tenure system (LOTS)

Last year's Report provided specific comment on the LSG LOTS. A specific update was given on the outstanding IT security matters from past LSG initiated external contracted reviews and Audit's high level reviews.

It was mentioned that whilst the existing LOTS system was not expected to be replaced until 2014, it was important that adequate user operational and security documentation and controls are maintained.

In May 2012, Audit undertook a further follow-up review of outstanding matters for both the LSG initiated external contracted reviews and Audit's high level reviews. The contracted reviews were undertaken between 2009 and 2011.

Audit noted that there are about 30 outstanding matters/risks (four categorised as medium risk and the others considered low risk) relating to the prior external contracted reviews. These have been incorporated into a risk register along with other Audit identified security risks pending the implementation of the new land title system. The risk register is the subject of regular review.

In response the LSG advised that they were continuing to pursue resolution of the four remaining medium security risks, estimated to be completed by October 2012. In addition the Department was looking to update key operational and security documentation and perform a formal testing of the business continuity and disaster recovery plans for LOTS ICT systems failure which was delayed pending finalisation of a SSSA server replacement project. These are now anticipated to be completed by early 2013.

Land Services Business Reform (LSBR) program

The LSBR program is a major initiative of government to replace the current legacy land administration system that was introduced in the mid 1970's.

Last year's Report mentioned that a contract had been signed in March 2011 with an external software provider for a replacement land administration system. The contract was for $30 million (exclusive of GST) for a period of eight years. A new South Australian Integrated Land Information System (SAILIS) for land administration is expected to be operational in 2014. The critical interdependency between the LSBR program and the Revenue Taxation System (RISTEC) project of DTF was highlighted.

The Report also included comment on developments regarding the implementation of electronic conveyancing services and participation in the National Electronic Conveyancing System (NECS) by South Australia.

Developments in 2011-12

The LSG has established detailed governance and program management reporting arrangements for the LSBR program. These arrangements include the annual forwarding of a note to Cabinet to provide details of the project progress. Internal Audit performs reviews which combine six monthly reports to the LSBR program steering committee and general governance audits as required. Each month the Department's Chief Executive is provided with a high level update of the progress of the program.

On a monthly basis the LSBR program steering committee meets to discuss the program. This committee comprises senior management from within the LSG and the Department as well as a representative from the Office of the OCIO and a specialist advisor. The discussion includes the status of specific projects underway, financial reports, program schedule, pending milestones and deliverables and a revision of the identified program risks. Key milestones and deliverables established for the program include:

- Analysis and Design (A) – due for completion June 2012
- Data Migration (A) – due for completion August 2012
- Analysis and Design (B) – due for completion September 2012
- Payment Integration Project – due for completion post Analysis and Design (A) and (B).

Another milestone to be established includes the development of a land administration system testing framework for the user and final acceptance testing specific to the new replacement system.

Electronic conveyancing and participation in the NECS initiative

The NECS aims at a national level to establish a conveyancing system that will reduce costs and delays with transferring land titles, reduce the complexities of dealing with differing conveyancing systems and increase the accuracy of transactions.

South Australia's participation is dependent on the timing of the planned replacement of the existing legacy land administration system with the SAILIS system and the availability of funding to enable participation in the NECS.

Periodic reporting to Cabinet has provided updates as to the revenue generated through a transaction fee levy. This transactional levy was established to assist in funding an additional expenditure authority of $11.5 million as part of the replacement land administration system.

In May 2012 the LSG sought additional funding and gained approval for $4.7 million to assist in preparing the LSBR program for South Australia's participation in the NECS.

Audit comment

The LSBR program is subject to regular reporting as part of the established governance regime. It is important that the LSG continues to manage the LSBR program effectively to ensure that the new SAILIS system will continue on track and in conjunction with the RISTEC project of RevenueSA. This is necessary to ensure both systems can effectively interchange information when required.

The LSG will also need to continue to monitor the level of revenue raised as part of the transaction levy and report its progress to Cabinet against the objective of ensuring that revenue generated will be adequate to meet future requirements.

TRUMPS system

Last year's Report included comment on remedial actions planned for the Department's major revenue processing system, TRUMPS. It noted that many matters raised had been remediated or were to be completed in late 2011.

An important remediation matter was that of network security. In particular, the restriction of unauthorised access to TRUMPS information through the use of a firewall or other network security solutions. Another matter being addressed related to aspects of business continuity and disaster recovery planning.

At the time of the preparation of this Report, Audit was progressing a follow-up review of the TRUMPS system.

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 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. Two Reports have been provided to the Parliament in discharge of the requirements of the Act. The first Report was tabled in Parliament on 29 February 2012 and the second Report was tabled on 30 August 2012.

In addition, the Act provides for the Auditor-General to audit the accounts of the Adelaide Oval SMA Limited (AOSMA) each year. The financial statements and related commentary on the audit of the AOSMA is included under the heading ‘Adelaide Oval Stadium Management Authority’ in Part B of this Report.

State Aquatic Centre (SAC) and GP Plus Health

This project involved the development of a SAC and a GP Plus health care centre located at Oaklands Park. The SAC provides all year round aquatic facilities for the community and athletes, and enables the State to host national and international aquatic events. The health care centre provides health services for the inner southern metropolitan residents reducing the reliance on hospital services.

The SAC was opened in April 2011. The Attorney-General’s Department (AGD), the Department and private contractors were involved in the construction and initial operation of the facility with support from the Federal and Local Government.

A contract with the YMCA Aquatic and Event Services Pty Ltd and Victorian YMCA Community Programming Pty Ltd (YMCA) to operate and maintain the SAC and associated amenities was executed on 29 June 2011. The contract term was five years and four months, to cover the four transition months with an option to renew for a further five years with Cabinet approval.

As a result of restructuring of administrative arrangements, responsibility for the Office for Recreation and Sport was transferred from AGD to the Department effective 1 December 2011. This includes responsibility for contract management, coordination and certain operation responsibilities together with administering financial aspects of the arrangement with YMCA.

Audit is aware the Department is in dispute with the original principal construction contractor and has engaged another contractor to undertake rectification work relating to the construction of the project.

Audit is progressing a review of the project and operating arrangements including a follow-up of contract and financial management issues from the previous audit.

It is expected that any findings arising from the review will be formally discussed and communicated to the Department in the latter part of 2012. The review will be subject of comment in a Supplementary Report to Parliament.

Interpretation and analysis of the financial report

Highlights of the financial report	2012 $'million	2011 $'million
Expenses		
Employee benefit expenses	232	206
Supplies and services	798	765
Depreciation and amortisation	311	300
Grants and subsidies	173	70
Other expenses	84	134
Total expenses	1 598	1 475
Income		
Fees and charges	560	480
Commonwealth revenues	741	317
Sale of goods and services	144	160
Rental income	209	206
Resources received free of charge	123	9
Other income	135	116
Total income	1 912	1 288
Net revenue from (cost of) providing services	314	(187)
Revenues from (Payments to) SA Government		
Revenues from SA Government	309	293
Payments to SA Government	(55)	(5)
Total revenues from (payments to) SA Government	254	288
Net result	568	101
Other comprehensive income		
Changes in revaluation surplus	704	235
Total comprehensive result	1 272	336
Net cash provided by (used in) operating activities	909	399
Assets		
Current assets	1 101	795
Non-current assets	21 736	19 853
Total assets	22 837	20 648
Liabilities		
Current liabilities	338	311
Non-current liabilities	155	123
Total liabilities	493	434
Total equity	22 344	20 214

Statement of Comprehensive Income

Expenses

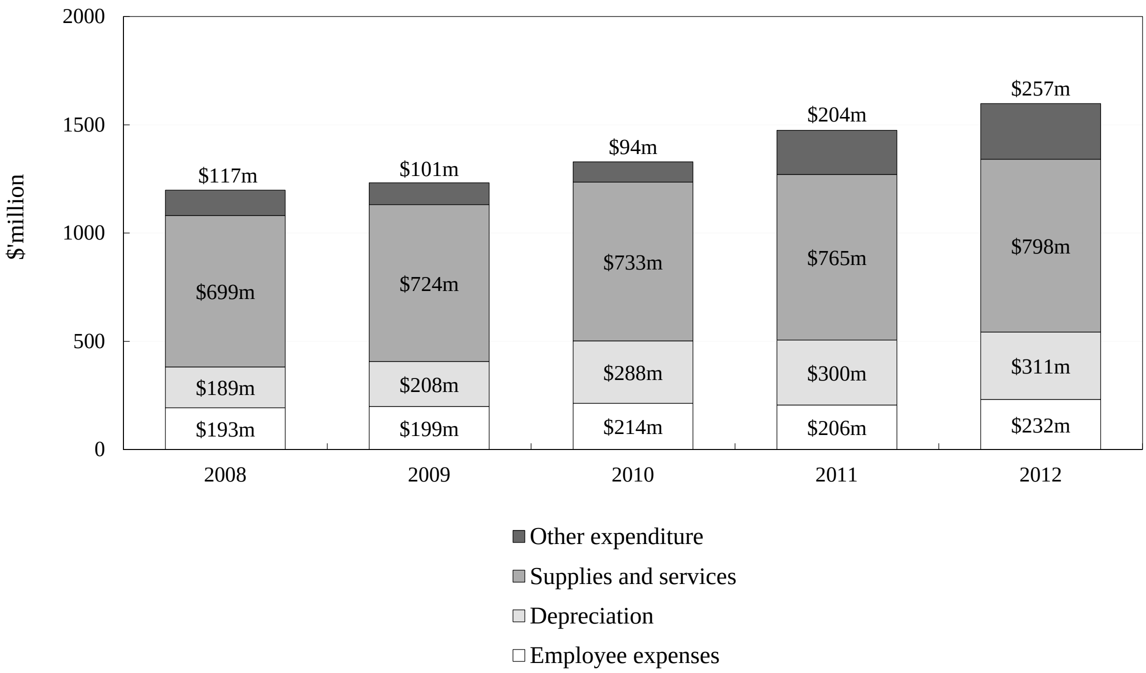
Total expenses for the year increased by $123 million (8%). The increase mainly reflects a $103 million increase in grants and subsidies and a $26 million increase in employee benefits expenses.

The increase in grants and subsidies is mainly due to the payment of $85 million to the South Australian Cricket Association (SACA) for the repayment of a loan facility relating to the redevelopment of Adelaide Oval. The increase in employee benefits expense was due mainly to an increase in salaries and wages ($20 million) following the transfer of employees from the Rail Commissioner to the Department.

Expenses for the year totalled $1598 million ($1475 million) and are mainly attributable to:

- employee benefit expenses of $232 million (15%)
- supplies and services expenses of $798 million (50%) of which $171 million (21%) relates to the bus service contract payments, $145 million (18%) relates to operating costs of major infrastructure and other service contracts and $143 million (18%) relates to operating lease expenses
- depreciation and amortisation expense of $311 million (19%) of which $206 million (66%) relates to network asset depreciation and $64 million (21%) relates to plant and equipment depreciation.

For the five years to 2012, 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 increased by $624 million (48%). The increase mainly reflects a $424 million increase in Commonwealth funding due mainly to an increase in *Nation Building Program (National Land Transport) Act 2009* funding, a $114 million increase in resources received free of charge and $80 million increase in fees and charges.

Income for the year totalled $1912 million ($1288 million) and represents:

- fees and charges of $560 million (29%) of which $411 million relates to driver and vehicle registration income and $80 million relates to Metroticket income

- Commonwealth revenues of $741 million (39%) of which $295 million relates to funding received for the South Road Upgrade project (Superway), $160 million for the Seaford Rail Extension project, $146 million for the Gawler Line Electrification/Re-sleepering project, $38 million for road maintenance projects, $32 million for the Dukes Highway project and $30 million for the Adelaide Oval Redevelopment project

- sale of goods and services income of $144 million (8%) of which $79 million relates to facilities maintenance services provided to government agencies and $18 million is attributable to charges for the use of telephone and data networks

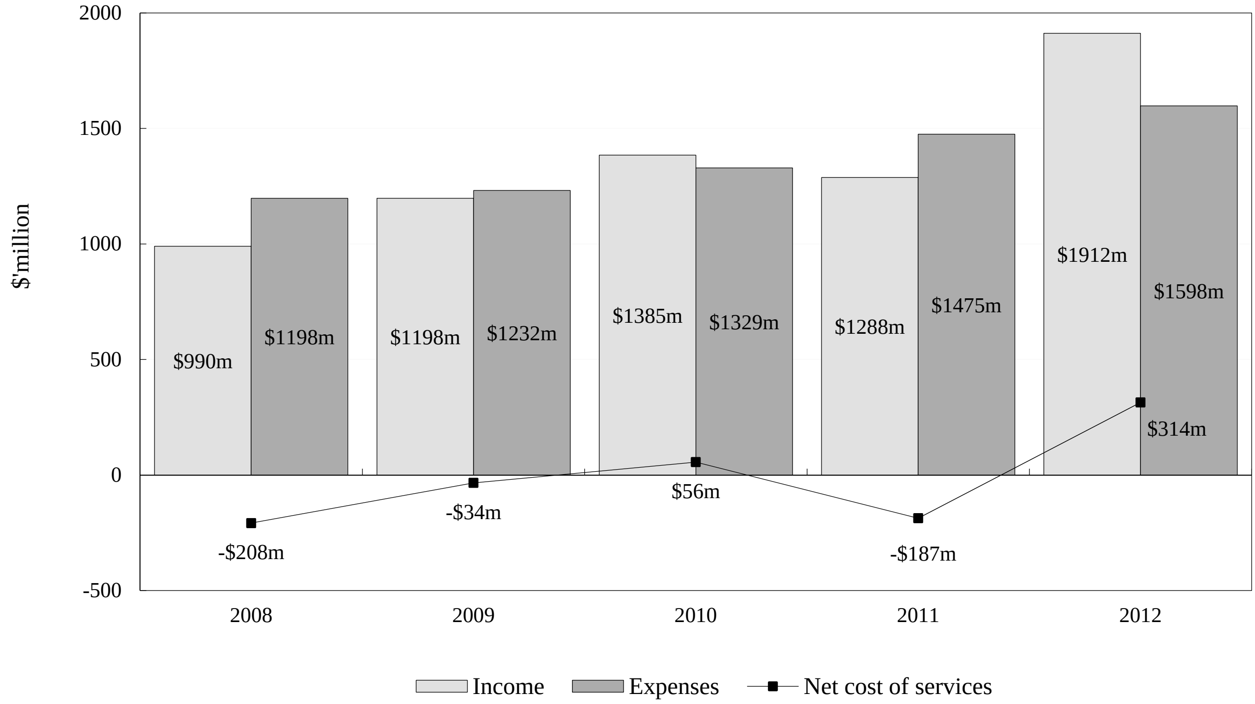
- rental income of $209 million (11%) comprising $173 million for office accommodation and $27 million for residential accommodation

- income of $123 million related to resources received free of charge mainly representing the transfer of the Adelaide Oval western grandstand from the SACA and land from the Adelaide City Council to the Department as part of the Adelaide Oval Redevelopment project.

Net revenue from (cost of) providing services

The net revenue from (cost of) providing services for the year was a surplus of $314 million compared to a deficit of $187 million the previous year.

The following chart shows the income, expenses and net cost of providing services for the five years to 2012.



Revenues from (Payments to) SA Government

Revenues from SA Government totalled $309 million ($293 million). The increase mainly reflects a $149 million increase in transfers from contingency provisions with $143 million received for the Adelaide Oval Redevelopment project. The increase was offset by a $86 million decrease in appropriation funding received pursuant to the *Appropriation Act* and the effect of a $48 million loan held with the Treasurer waived in 2010-11.

In addition, during the year the Department received an appropriation in the form of an equity contribution from the SA Government totalling $484 million ($431 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.

Payments to the SA Government totalled $55 million ($5 million) representing local government and income tax equivalent payments of $3 million ($2 million) and other payments to Consolidated Account of $52 million ($3 million). Other payments to Consolidated Account mainly comprise $40 million representing proceeds from property sales and $11 million representing indentured port receipts collected in relation of cargo services and harbour service charges. A further $19 million in indentured port receipts was paid into Consolidated Account during the year, however, these receipts were applied against the relevant provision. Also, an additional $19 million was collected by the Department but yet to paid into Consolidated Account as at 30 June 2012 (refer note 37 and 45 for details).

Statement of Financial Position

Total assets of the Department as at 30 June 2012 were $22.8 billion ($20.7 billion), of which $16.8 billion ($16.3 billion) represents the written down value of the network assets. The increase in assets reflects mainly a $590 increase in capital works in progress, a $531 million increase in land, buildings and facilities and a $503 million increase in network assets.

Network assets

Network assets represent 77% (82%) of total non current assets. The major classes of network assets are roads with a written down value of $14.0 billion (83%) and structures with a written down value of $1.4 billion (8%).

The written down value of network assets increased by $503 million to $16.8 billion. The increase is attributable mainly to:

- the capitalisation of a number of key projects totalling $393 million of which $129 million relates to the Gawler Rail Line project, $35 million relates to the Northern Expressway project, $32 million relates to the Gawler Stations project, and $20 million relates to the Rail Revitalisation Tramline Overhead project

- a revaluation of network asset components during the year resulting in a revaluation increment of $319 million which reflects:

  - a revaluation increment of $144 million for roads
  - a revaluation increment of $86 million for rail and bus track assets
  - a revaluation increment of $52 million for traffic signals and road lighting
  - a revaluation increment of $37 million for structures.

  The overall revaluation increase mainly reflects the indexing of roads, bridges and culverts using the Australian Bureau of Statistics Road and Bridge Construction Price Index for South Australia. The revaluation increase for rail track assets reflects a revaluation performed by independent valuers and the increment for traffic signals and road lighting mainly reflects an internal revaluation performed by a departmental officer. For further details of the valuations refer note 3.13 to the financial statements.

Capital works in progress

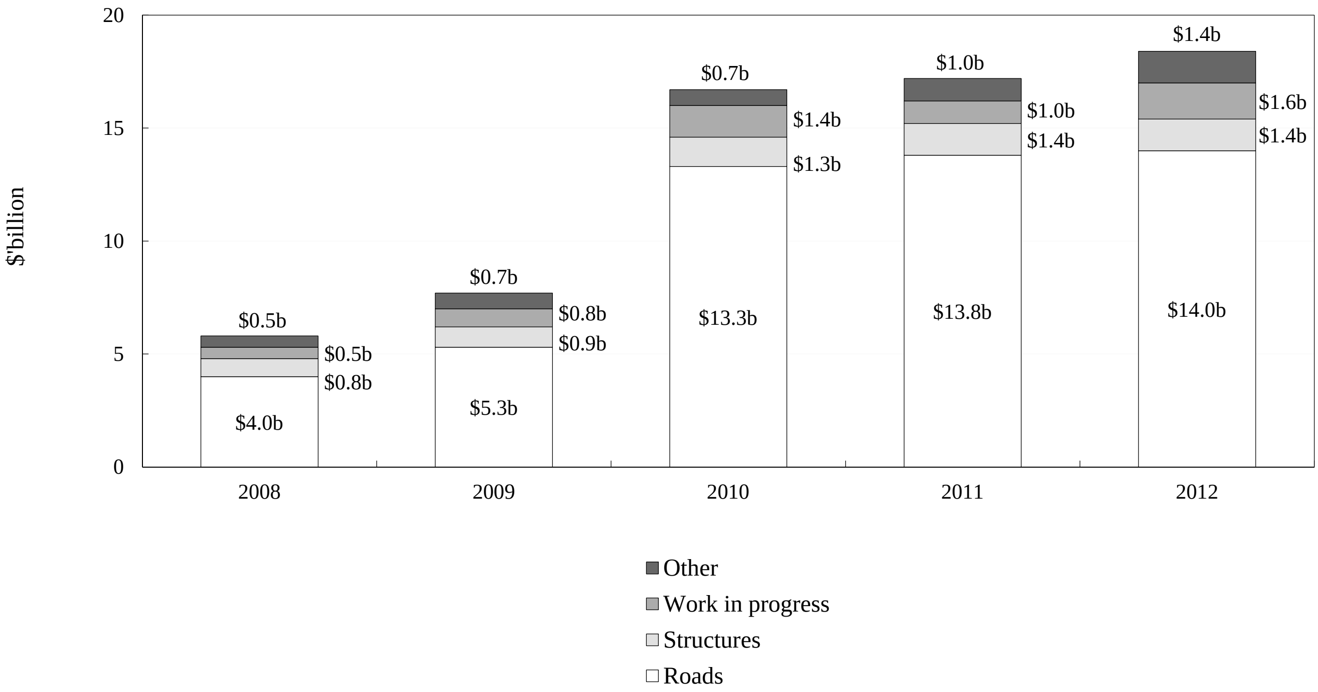
The value of capital works in progress increased by $590 million (59%) to $1.6 billion.

The increase reflects a larger capital works program and increased expenditure/transfers into work in progress for a number of major capital projects, including $228 million for the South Road Superway, $155 million for the Seaford Rail Extension project and $163 million for the Adelaide Oval Redevelopment project.

The increase was offset by the transfer of completed projects totalling $504 million to the Department's different asset categories including network assets ($393 million) and land, buildings and facilities ($80 million). Refer to commentary provided above under 'Network assets' for details of the major projects capitalised during the year.

Major projects recorded in capital works in progress at balance date include the South Road Superway ($464 million), the Seaford Rail Extension project ($250 million), the Adelaide Oval Redevelopment project ($163 million), the Southern Expressway Duplication project ($89 million) and the Noarlunga Rail Upgrade project ($80 million).

The following chart shows, for the five years to 30 June 2012, 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 $411 million ($363 million), grants from the Commonwealth Government of $741 million ($317 million), appropriations and transfers from contingency provisions of $309 million ($246 million) and equity contributions of $484 million ($431 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 $531 million (26%) from $2.1 billion to $2.6 billion.

The increase relates mainly to the completion and capitalisation of projects totalling $80 million from capital works in progress, a revaluation increment of $240 million and $264 million relating to the transfer of assets to the Department as the result of South Australian Government administrative restructures. Refer to note 41 of the Department's financial statements for details of assets transferred into and out of the Department.

These increases were offset by assets with a book value of $42 million which were donated to other agencies, depreciation and amortisation charges of $34 million and the transfer of land and buildings to assets held for resale of $16 million.

Statement of Cash Flows

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

	2012 $'million	2011 $'million	2010 $'million	2009 $'million
Net cash flows				
Operating	909	399	627	569
Investing	(1 098)	(887)	(875)	(609)
Financing	473	413	366	55
Change in cash	284	(75)	118	15
Cash at 30 June	696	412	487	369

The analysis of cash flows shows a consistent increase in net cash outflows from investing activities reflecting a continuing increase in the Department's capital works program and resulting increase in payments for property, plant and equipment and network assets.

The increase in net cash flows from operating activities ($510 million) mainly reflects a $458 million increase in receipts from the Commonwealth Government.

The net cash flows from financing activities for 2012 mainly reflects an equity contribution from the SA Government for $484 million ($431 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

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

- compulsory third party insurance on motor vehicles on behalf of the Motor Accident Commission
- stamp duty on behalf of DTF.

On 1 January 2012 pursuant to the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, Service SA was transferred to DPC. Accordingly, the financial activity reported in the Department's administered financial statements was for the six month period 1 July 2011 to 31 December 2011. The financial activity for the period 1 January 2012 to 30 June 2012 is recorded in the administered financial statements of DPC.

In 2011-12 amounts collected by the Department on behalf of third parties totalled $483 million ($899 million) and included $316 million ($586 million) for compulsory third party insurance and $72 million ($144 million) for stamp duty.

Collections on behalf of third parties receipts represents 77% (86%) of revenues administered by the Department.

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Employee benefit expenses	6	231 587	205 861
Supplies and services	7	797 876	765 002
Depreciation and amortisation expense	8	311 048	299 760
Grants and subsidies	9	173 237	70 220
Borrowing costs	10	1 285	1 725
Other expenses	11	82 633	132 146
Total expenses		1 597 666	1 474 714
Income:			
Fees and charges	13	560 025	480 253
Commonwealth revenues	14	741 016	317 492
Sale of goods and services	15	143 944	159 685
Rental income	16	208 715	206 028
Grants and subsidies	17	65 748	76 565
Interest	18	4 539	4 147
Commissions received	19	6 265	12 295
Net loss from the disposal of non-current assets	20	(5 468)	(18 725)
Resources received free of charge	21	123 414	9 170
Other income	22	63 749	40 456
Total income		1 911 947	1 287 366
Net revenue from (cost of) providing services		314 281	(187 348)
Revenues from (Payments to) SA Government:			
Revenues from SA Government	23	309 237	293 318
Payments to SA Government	23	(54 994)	(5 020)
Net revenues from SA Government		254 243	288 298
Net result		568 524	100 950
Other comprehensive income:			
Changes in property, network assets and plant and equipment revaluation surplus		704 338	234 989
Total comprehensive result		1 272 862	335 939

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

Statement of Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000	2010 $'000
Current assets:				
Cash and cash equivalents	24	696 610	412 212	487 290
Receivables	25	298 241	281 595	249 834
Inventories	26	12 249	7 912	8 044
Other current assets	27	74 136	31 574	25 321
Non-current assets classified as held for sale	28	19 284	61 322	23 293
Total current assets		1 100 520	794 615	793 782
Non-current assets:				
Receivables	25	10 530	11 319	18 363
Other non-current assets	27	26 697	19 983	23 670
Land, buildings and facilities	29	2 610 145	2 079 622	1 885 240
Plant and equipment	30	688 609	445 585	421 304
Network assets	31	16 788 741	16 285 566	15 410 330
Capital works in progress	32	1 586 635	996 654	1 421 551
Intangible assets	33	25 011	14 934	17 760
Total non-current assets		21 736 368	19 853 663	19 198 218
Total assets		22 836 888	20 648 278	19 992 000
Current liabilities:				
Payables	34	265 080	243 755	280 667
Borrowings	35	2 162	1 692	1 621
Employee benefits	36	27 184	29 655	28 146
Provisions	37	8 597	27 572	26 379
Other current liabilities	38	35 160	8 843	29 095
Total current liabilities		338 183	311 517	365 908
Non-current liabilities:				
Payables	34	21 098	6 080	10 566
Borrowings	35	18 834	17 443	65 868
Employee benefits	36	72 081	62 859	58 960
Provisions	37	8 634	8 031	7 449
Other non-current liabilities	38	33 838	28 251	30 603
Total non-current liabilities		154 485	122 664	173 446
Total liabilities		492 668	434 181	539 354
Net assets		22 344 220	20 214 097	19 452 646
Equity:				
Retained earnings	39	7 445 262	6 486 471	6 379 289
Revaluation surplus	39	13 387 414	12 690 334	12 451 782
Contributed capital	39	1 511 544	1 037 292	621 575
Total equity		22 344 220	20 214 097	19 452 646

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	42
Contingent assets and liabilities	43

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

	Note	Contributed capital $'000	Revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2010		621 575	12 499 621	6 284 951	19 406 147
Change in accounting policy	4	-	-	93 645	93 645
Prior period - error correction	39	-	(47 839)	693	(47 146)
Restated balance at 30 June 2010		621 575	12 451 782	6 379 289	19 452 646
Net result for 2010-11		-	-	100 950	100 950
Gain (Loss) on revaluation of property during 2010-11		-	33 575	-	33 575
Gain (Loss) on revaluation of network assets during 2010-11		-	204 519	-	204 519
Gain (Loss) on revaluation of plant and equipment during 2010-11		-	(3 105)	-	(3 105)
Total comprehensive result for 2010-11		-	234 989	100 950	335 939
Transfer between equity components:					
Equity transfer on asset disposals		-	(704)	704	-
Other		-	(2)	6	4
Transactions with SA Government as owner:					
Equity contribution received		431 487	-	-	431 487
Dividends paid		-	-	(1 706)	(1 706)
Equity contribution repaid		(15 770)	-	-	(15 770)
Balance at 30 June 2011		1 037 292	12 686 065	6 479 243	20 202 600
Prior period - error correction	39	-	4 269	7 228	11 497
Restated balance at 30 June 2011		1 037 292	12 690 334	6 486 471	20 214 097
Net result for 2011-12		-	-	568 524	568 524
Gain (Loss) on revaluation of property during 2011-12		-	240 130	-	240 130
Gain (Loss) on revaluation of network assets during 2011-12		-	318 803	-	318 803
Gain (Loss) on revaluation of plant and equipment during 2011-12		-	145 405	-	145 405
Total comprehensive result for 2011-12		-	704 338	568 524	1 272 862
Transfer between equity components:					
Equity transfer on asset disposals		-	(7 260)	7 260	-
Other		-	2	(11)	(9)
Transactions with SA Government as owner:					
Net assets transferred in as a result of an administrative restructure		-	-	412 404	412 404
Net assets transferred out as a result of an administrative restructure		-	-	(27 680)	(27 680)
Equity contribution received		484 015	-	-	484 015
Dividends paid		-	-	(1 706)	(1 706)
Equity contribution repaid		(9 763)	-	-	(9 763)
Balance at 30 June 2012		1 511 544	13 387 414	7 445 262	22 344 220

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

Statement of Cash Flows
for the year ended 30 June 2012

	Note	2012 Inflows (Outflows) $'000	2011 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefit payments		(197 160)	(202 131)
Payments for supplies and services		(1 090 454)	(1 106 298)
Payments of grants and subsidies		(137 368)	(70 220)
Interest paid		(1 114)	(1 719)
Construction work payments		(559 477)	(711 940)
GST paid to the ATO		(107 830)	(133 894)
Other payments		(46 039)	(20 213)
Cash used in operations		(2 139 442)	(2 246 415)
Cash inflows:			
Fees and charges		557 065	480 253
Receipts from Commonwealth		740 194	281 828
Rental income		280 239	289 504
Recoveries		-	-
Advances and grants		2 312	-
Sale of goods and services		327 153	264 912
Grants and subsidies		64 889	76 565
Interest received		4 814	4 154
Commissions		6 264	12 295
Construction work reimbursements		533 574	699 533
GST received from the ATO		240 919	246 649
Lease incentives		6 041	14 690
Other receipts		29 709	37 340
Cash generated from operations		2 793 173	2 407 723
Cash flows from SA Government:			
Receipts from SA Government		309 238	245 558
Payments to SA Government		(53 954)	(7 615)
Cash generated from SA Government		255 284	237 943
Net cash provided by (used in) operating activities	44	909 015	399 251
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(268 465)	(132 874)
Purchase of network assets		(888 518)	(780 486)
Purchase of intangibles		-	-
Cash used in investing activities		(1 156 983)	(913 360)
Cash inflows:			
Proceeds from sale of property, plant and equipment		59 448	25 932
Cash generated from investing activities		59 448	25 932
Net cash used in (provided by) investing activities		(1 097 535)	(887 428)
Cash flows from financing activities:			
Cash outflows:			
Payment of dividend to SA Government		(1 706)	(1 706)
Residential housing loan advancements		(338)	-
Repayment of borrowings		(242)	-
Repayment of finance leases		(1 810)	(1 764)
Net cash transfer out as a result of administrative restructure		(3 123)	-
Equity contribution repaid		(9 763)	(15 770)
Cash used in financing activities		(16 982)	(19 240)
Cash inflows:			
Equity contributions received		484 015	431 487
Principal repayments residential housing		647	852
Net cash transfer in as a result of administrative restructure		5 238	-
Cash generated from financing activities		489 900	432 339
Net cash provided by (used in) financing activities		472 918	413 099
Net increase (decrease) in cash and cash equivalents		284 398	(75 078)
Cash and cash equivalents at 1 July		412 212	487 290
Cash and cash equivalents at 30 June	24	696 610	412 212

Disaggregated Disclosures - Expenses and Income
for the year ended 30 June 2012

(Activities - refer note 5)	1		2		3		4	
	2012	2011	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	7 650	-	14 139	11 949	62 054	56 946	17 450	15 415
Supplies and services	3 001	-	5 291	4 846	91 909	76 694	22 191	23 166
Depreciation and amortisation expense	133	-	475	40	198 265	238 941	273	39
Grants and subsidies	1 338	-	1 583	2 907	338	1 127	1 492	1 601
Borrowing costs	-	-	9	2	60	58	20	-
Other expenses	77	-	94	245	24 155	115 283	302	98
Total expenses	12 199	-	21 591	19 989	376 781	489 049	41 728	40 319
Income:								
Fees and charges	4 792	-	-	-	26 182	8 575	14 662	13 977
Commonwealth revenues	-	-	-	-	702 136	309 547	8 779	7 198
Sale of goods and services	14	-	80	55	1 088	2 391	483	1 570
Rental income	-	-	77	-	22	69	-	-
Grants and subsidies	100	-	418	-	-	-	1 190	-
Interest	2	-	-	-	2 744	2 466	289	249
Commissions received	-	-	-	-	-	-	45	-
Net (loss) gain from disposal of non-current assets	(5)	-	-	-	(1 466)	(9 018)	(5)	-
Resources received free of charge	-	-	-	-	136	-	-	-
Other income	1 471	-	1 053	131	43 715	24 671	45	210
Total income	6 374	-	1 628	186	774 557	338 701	25 488	23 204
Net cost of providing services	(5 825)	-	(19 963)	(19 803)	397 776	(150 348)	(16 240)	(17 115)

(Activities - refer note 5)	5		6		7		8	
	2012	2011	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	3 724	3 183	36 337	31 302	26 050	26 969	3 426	2 976
Supplies and services	2 561	12 804	274 141	256 964	19 960	21 484	3 857	3 829
Depreciation and amortisation expense	23	-	17 535	21 374	1 367	1 621	-	-
Grants and subsidies	85 619	-	1 078	80	-	-	34 243	34 971
Borrowing costs	3	-	944	1 392	25	68	4	-
Other expenses	34	38	56 302	14 589	527	90	191	557
Total expenses	91 964	16 025	386 337	325 701	47 929	50 232	41 721	42 333
Income:								
Fees and charges	5 415	5 250	-	-	15 184	15 252	4 869	4 072
Commonwealth revenue	30 000	-	-	-	-	53	101	128
Sale of goods and services	142	483	93 880	87 525	12 045	13 340	67	1 552
Rental income	-	-	207 479	205 347	-	-	-	-
Grants and subsidies	1 639	19 940	-	-	-	-	-	-
Interest	-	-	562	563	-	-	768	799
Commissions received	-	-	-	-	-	-	-	-
Net gain (loss) from disposal of non-current assets	-	-	(2 084)	(9 584)	-	-	-	-
Resources received free of charge	122 821	-	457	9 170	-	-	-	-
Other income	94	2 166	1 904	2 991	107	448	-	-
Total income	160 111	27 839	302 198	296 012	27 336	29 093	5 805	6 551
Net cost of providing services	68 147	11 814	(84 139)	(29 689)	(20 593)	(21 139)	(35 916)	(35 782)

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2012 (continued)

(Activities - refer note 5)	9		10		11		12	
	2012	2011	2012	2011	2012	2011	2012	2011
Expenses:	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000
Employee benefit expenses	4 808	-	27 337	9 071	7 084	6 699	12 140	22 454
Supplies and services	7 104	-	327 825	295 084	9 003	9 786	11 975	26 455
Depreciation and amortisation expense	3 620	-	83 543	29 678	2 668	2 038	186	592
Grants and subsidies	17 603	-	16 442	18 959	10 542	-	-	-
Borrowing costs	165	-	19	198	36	-	-	5
Other expenses	15	-	818	329	26	34	31	46
Total expenses	33 315	-	455 984	353 319	29 359	18 557	24 332	49 552
Income:								
Fees and charges	37	-	81 344	77 941	202 445	-	205 026	355 033
Commonwealth revenues	-	-	-	415	-	-	-	-
Sale of goods and services	1 720	-	15 490	10 986	-	-	740	1 218
Rental income	207	-	136	612	-	-	-	-
Grants and subsidies	4 424	-	57 977	56 625	-	-	-	-
Interest	1	-	141	-	-	-	32	70
Commissions received	1	-	-	-	-	-	6 219	12 295
Net gain (loss) from disposal of non-current assets	-	-	(1 908)	(54)	-	-	-	-
Resources received free of charge	-	-	-	-	-	-	-	-
Other income	503	-	10 049	1 747	-	-	963	1 838
Total income	6 893	-	163 229	148 272	202 445	-	212 980	370 454
Net cost of providing services	(26 422)	-	(292 755)	(205 047)	173 086	(18 557)	188 648	320 902

(Activities - refer note 5)	13		14		Total	
	2012	2011	2012	2011	2012	2011
Expenses:	$’000	$’000	$’000	$’000	$’000	$’000
Employee benefit expenses	5 125	10 755	4 263	8 142	231 587	205 861
Supplies and services	13 305	29 827	5 753	4 063	797 876	765 002
Depreciation and amortisation expense	2 668	4 824	292	613	311 048	299 760
Grants and subsidies	-	175	2 959	10 400	173 237	70 220
Borrowing costs	-	2	-	-	1 285	1 725
Other expenses	40	798	21	39	82 633	132 146
Total expenses	21 138	46 381	13 288	23 257	1 597 666	1 474 714
Income:						
Fees and charges	-	-	69	153	560 025	480 253
Commonwealth revenue	-	-	-	151	741 016	317 492
Sale of goods and services	17 696	39 078	499	1 487	143 944	159 685
Rental income	794	-	-	-	208 715	206 028
Grants and subsidies	-	-	-	-	65 748	76 565
Interest	-	-	-	-	4 539	4 147
Commissions received	-	-	-	-	6 265	12 295
Net gain (loss) from disposal of non-current assets	-	3	-	(72)	(5 468)	(18 725)
Resources received free of charge	-	-	-	-	123 414	9 170
Other income	58	691	3 787	5 563	63 749	40 456
Total income	18 548	39 772	4 355	7 282	1 911 947	1 287 366
Net cost of providing services	(2 590)	(6 609)	(8 933)	(15 975)	314 281	(187 348)

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2012

(Activities - refer note 5)	1		2		3		4	
	2012	2011	2012	2011	2012	2011	2012	2011
Assets:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	3 022	-	-	-	-	-	-	-
Receivables	3 713	-	366	200	40 949	43 162	6	-
Inventories	-	-	-	-	6 023	6 255	-	-
Other assets	52	-	-	188	27 262	14 988	-	-
Non-current assets classified as held for sale	-	-	-	-	-	-	-	-
Land, buildings and facilities	-	-	-	-	337 481	455 415	404	62
Plant and equipment	347	-	6	30	55 725	236 169	379	-
Network assets	-	-	-	-	15 674 931	16 195 013	-	-
Capital works in progress	-	-	3 794	55	1 350 201	893 926	558	-
Intangible assets	415	-	37	142	2 138	539	2 792	-
Total assets	7 549	-	4 203	615	17 494 710	17 845 470	4 139	62
Liabilities:								
Payables	2 509	-	13 210	2 699	141 903	104 111	67	-
Borrowings	-	-	-	-	-	-	-	-
Employee benefits	4 244	-	5 933	4 511	38 149	36 743	-	-
Provisions	-	-	54	201	14 469	33 080	-	-
Other liabilities	3	-	-	-	2 746	2 399	1 902	-
Total liabilities	6 756	-	19 197	7 411	197 267	176 333	1 969	-

(Activities - refer note 5)	5		6		7		8	
	2012	2011	2012	2011	2012	2011	2012	2011
Assets:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	-	-	-	-	-	-	-	-
Receivables	145	640	204 653	192 863	40 177	36 956	-	-
Inventories	-	-	-	-	-	-	-	-
Other assets	-	-	71 712	34 645	358	165	-	-
Non-current assets classified as held for sale	-	-	19 284	61 322	-	-	-	-
Land, buildings and facilities	6 261	-	1 256 647	1 493 853	543	655	-	-
Plant and equipment	-	3	96	143	523	483	53	-
Network assets	-	-	7	9	-	-	-	-
Capital works in progress	118 522	21	17 933	84 353	2 290	3 809	-	-
Intangible assets	-	-	670	958	1 608	2 412	72	-
Total assets	124 928	664	1 571 002	1 868 146	45 499	44 480	125	-
Liabilities:								
Payables	23	5 173	74 705	104 710	6 913	4 266	-	-
Borrowings	-	-	16 160	14 914	-	-	-	-
Employee benefits	1 696	1 231	14 209	11 743	13 503	10 079	-	-
Provisions	21	2	1 203	764	512	229	-	-
Other liabilities	-	-	63 465	33 760	293	253	-	-
Total liabilities	1 740	6 406	169 742	165 891	21 221	14 827	-	-

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2012 (continued)

(Activities - refer note 5)	9		10		11		12	
	2012	2011	2012	2011	2012	2011	2012	2011
Assets:			$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	1 763	-	-	-	-	-	-	-
Receivables	769	-	17 993	9 198	-	-	-	910
Inventories	-	-	4 891	261	-	-	-	15
Other assets	201	-	670	1 008	-	-	-	93
Non-current assets classified as held for sale	-	-	-	-	-	-	-	-
Land, buildings and facilities	265 026	-	743 783	70 346	-	-	-	319
Plant and equipment	1 063	-	626 473	186 008	439	-	-	400
Network assets	-	-	1 113 803	90 544	-	-	-	-
Capital works in progress	-	-	91 983	5 851	-	-	-	2 138
Intangible assets	-	-	6 355	-	10 746	8 752	-	75
Total assets	268 822	-	2 605 951	363 216	11 185	8 752	-	3 950
Liabilities:								
Payables	6 684	-	38 816	9 152	-	-	-	4 244
Borrowings	2 665	-	-	-	-	-	-	2 000
Employee benefits	1 856	-	10 278	3 684	-	-	-	5 244
Provisions	202	-	324	102	-	-	-	581
Other liabilities	13	-	516	-	-	-	-	-
Total liabilities	11 420	-	49 934	12 938	-	-	-	12 069

(Activities - refer note 5)	13		14		General/ Not attributable		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Assets:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	-	-	-	-	691 825	412 212	696 610	412 212
Receivables	-	8 545	-	437	-	-	308 771	292 914
Inventories	-	127	-	-	1 335	1 254	12 249	7 912
Other assets	-	18	-	-	578	452	100 833	51 557
Non-current assets classified as held for sale	-	-	-	-	-	-	19 284	61 322
Land, buildings and facilities	-	200	-	323	-	58 449	2 610 145	2 079 622
Plant and equipment	-	16 690	-	5 650	3 505	9	688 609	445 585
Network assets	-	-	-	-	-	-	16 788 741	16 285 566
Capital works in progress	-	5 938	-	70	1 354	493	1 586 636	996 654
Intangible assets	-	1 880	-	176	178	-	25 011	14 934
Total assets	-	33 398	-	6 656	698 775	472 869	22 836 888	20 648 278
Liabilities:								
Payables	-	7 127	-	841	1 348	7 512	286 178	249 835
Borrowings	-	-	-	-	2 171	2 221	20 996	19 135
Employee benefits	-	3 643	-	1 702	9 397	13 934	99 265	92 514
Provisions	-	23	-	59	446	562	17 231	35 603
Other liabilities	-	643	-	-	60	39	68 998	37 094
Total liabilities	-	11 436	-	2 602	13 422	24 268	492 668	434 181

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 in relation to transport systems and services, infrastructure planning and provision, sporting infrastructure, and strategic land use for 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 safely, efficiently, cost effectively and sustainably. 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. During 2011-12 there were changes to the Department's divisional structure.

The offices and groups of the Department as at 30 June 2012 are:

- Office of the Chief Executive
- Planning
- Public Transport
- Transport Services
- Business Services.

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 provision of the PFAA.

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2012. These are outlined in note 4.

3.2 Basis of preparation

The preparation of the financial statements requires:

(a) the use of certain accounting estimates and the exercise of judgment in the process of applying the Department's accounting policies. Any areas involving a higher degree of judgment 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.

3.2 Basis of preparation (continued)

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 under this note. 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 2012 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.

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 material prior period errors are corrected.

Where presentation or classification of items in the financial statements have 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, information and communication technology 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.

3.7 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.

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.

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

Where an event occurs after 30 June but provides information about conditions that existed at 30 June, adjustments are made to amounts recognised in the financial statements where it is 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 41 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, site preparation works, 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:

Class of asset	*Depreciation method*	*Estimated useful life (years)*
Leased assets:		
Computers and network printers	Straight-line	3-4
Buildings and facilities:		
Buildings and facilities	Straight-line	3-154
Plant and equipment:		
Plant and equipment	Straight-line	3-116
Buses	Diminishing value	25
Metro rail and trailer cars	Straight-line	10-35
Information technology	Straight-line	3-10

Depreciation and amortisation (continued)

Class of asset	*Depreciation method*	*Estimated useful life (years)*
Network assets:		
Roads (sealed surface)	Straight-line	19-29
Roads (sealed pavement)	Straight-line	40-58
Roads (sheeted)	Straight-line	15
Gantries (major signs)	Straight-line	29-91
Bridges and culverts	Straight-line	26-176
Traffic signals and road lighting	Straight-line	5-50
Rail and bus track	Straight-line	10-125
Other	Straight-line	28-100
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 the return of surplus cash pursuant to the cash alignment policy, 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

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes 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.

- *Trade receivables (continued)*
  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 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 held for sale
Non-current 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 held for sale are measured at the lower of carrying amount and fair value less cost to sell in accordance with AASB 5, and are presented separately from the other assets in the Statement of Financial Position and are not subject to depreciation.

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.

Non-current assets - acquisition and recognition (continued)
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, paragraph 15, 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.

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 3.3, 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 revalues its assets every three years, depending on the nature or purpose for which that asset is held.

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.

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 is as follows:

- *Land, buildings and facilities*
  Land and buildings that are subject to commercial leases and held for the provision of government agency accommodation are revalued every two years based on independent valuations.

  Land and buildings that are subject to residential leases and held for the provision of housing of government employees in remote areas are revalued annually, using the Valuer-General’s assessment.

- *Land, buildings and facilities (continued)*
  All other land, (except land classified as held for major current road projects which is not subject to revaluation) is valued on a three year rolling program based on Valuer-General's assessments or from independent valuations.

  All other buildings and facilities are valued on a three year rolling program at written down replacement (proxy for fair value) cost as determined by independent valuations or by suitably qualified valuation officers of the Department.

  Where Valuer-General information is used to measure the value of buildings, that value is based on the Valuer-General's assessment of the building being the difference between the capital value and the site value of the property.

- *Road network assets*
  With the exception of site preparation works (ie service relocation costs and earthworks), which are not subject to depreciation, all road network assets are valued at written down replacement cost either by independent valuers, or by suitably qualified officers of the Department. As these assets have no market they are measured at written down replacement cost which is considered to be their fair value.

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

  The Department revalued its road network assets in 2009-10. 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.

- *Rail network assets*
  The Department revalued its rail assets in 2011-12. In performing this valuation the Department substantially altered its valuation methodology. Assets were grouped to integrate with asset management and maintenance practice and are held at a higher level in the asset register than previously. The introduction of a revised revaluation model has not resulted in a significant valuation increase above that attributable to indexation increases.

- *Plant and equipment*
  Plant and equipment subject to revaluation is valued at fair value which is generally the written down replacement cost determined either by independent valuers or qualified departmental officers. Plant and equipment, which does not meet the threshold for revaluation, is recorded at historic cost. In these instances, historic cost is deemed to be the fair value of these assets.

- *Non-current capital works in progress*
  Non-current capital works in progress are not revalued but recorded at historic cost.

- *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.

- *Timing of asset revaluations*
  The following table shows the classes of assets held by the Department, when they were last revalued and by whom:

Asset class	**Last valued/re-valued**	**By whom**
Road network		
Road pavements, road surface and ancillary items	1 July 2009	Mick Lorenz, BE (Civil)(1)
Earthworks	1 July 2009	Mick Lorenz, BE(Civil)(1)
Bridges/culverts	30 June 2010	Tony Nobbs, BEng (Civil), MEng Sc(1)
Major signs	30 June 2010	Tony Nobbs, BEng (Civil), MEng Sc(1)
Ferry landings	30 June 2010	Tony Nobbs, BEng (Civil), MEng Sc(1)
Traffic signals	1 July 2011	David Gammon, BEng (Elect)
Road lighting	30 June 2011	Rick Burt, (Cert in Electrical Eng)(1)
Drainage	1 July 2011	Rushton Valuers Pty Ltd
Weighbridges and weigh slabs	1 July 2011	Aquenta Consulting

- *Timing of asset revaluations (continued)*

Asset class	Last valued/re-valued	By whom
Rail and track		
Busway interchanges	1 July 2010	Aquenta Consulting
Busway track and structures	30 June 2010	Tony Nobbs, BEng (Civil), MEng Sc(1)
Metro tram line	1 July 2011	Propell National Valuers
Metro rail lines track and structures	1 July 2011	Propell National Valuers
Land		
Government employee housing	30 June 2012	Valuer-General
Government agency accommodation(2)	30 June 2012	Valcorp
Other rail land	30 June 2010	Valuer-General
Metro rail stations, yards and corridors	1 July 2011	Propell National Valuers
Marine land	1 July 2011	Valuer-General
Bus depot land	1 July 2011	Propell National Valuers
Future road construction	1 July 2011	Valuer-General
Other departmental land	1 July 2009	Valuer-General
Land under roads	Not applicable	
Buildings and facilities		
Marine related	1 July 2010	Liquid Pacific Holdings Pty Ltd, Connell Wagner Pty Ltd, Herron Todd White Pty Ltd, Maloney Field Services Pty Ltd
Metro rail stations and yards	1 July 2011	Propell National Valuers
Other rail related	30 June 2011	Valuer-General
Bus depots	1 July 2011	Propell National Valuers
Tram depot	1 July 2011	Propell National Valuers
Recreation and sport infrastructure	30 June 2010	Valcorp
Residential buildings		
Government employee housing	30 June 2012	Valuer-General
Future road construction	1 July 2011	Valuer-General
Commercial buildings		
Government agency accommodation(2)	30 June 2012	Valcorp
Future road construction	1 July 2010	Southwick Goodyear
Other departmental buildings and facilities	1 July 2009	Egan National Valuers, Liquid Pacific Holdings Pty Ltd Maloney Field Services Pty Ltd
Plant and equipment		
Buses	1 July 2009	Liquid Pacific Holdings Pty Ltd
Metro rail and trailer cars	1 July 2011	Propell National Valuers
Bus depot plant and equipment	1 July 2011	Propell National Valuers
Tram depot plant and equipment	1 July 2011	Propell National Valuers
Metro rail plant and equipment	1 July 2011	Propell National Valuers
Tall ships/patrol boats	1 July 2011	Artemis Marine/Aquenta Consulting
Ferries (including modules)	1 July 2010	Artemis Marine/ John Cartwright, MSc AE
Aids to navigation	1 July 2010	Spiros Dimas, BE (Hons), MIE (Aust), CP Eng(1)
Heavy plant	30 June 2011	Manheim Fowles
Crouzet ticketing system	1 July 2011	Australian Valuation Office
All other minor plant	Not applicable	

(1) Valuation performed by suitably qualified officers of the Department.
(2) Conducted on a biannual rolling basis.

Non-current (capital) works in progress
The Department is a key provider of infrastructure for the State and constructs or modifies assets as part of its role in coordinating or facilitating the delivery of transport related and other key strategic or priority projects.

When capitalised, works in progress result in the recognition of non-current assets such as network assets and other items of property, plant or equipment in the Statement of Financial Position.
In accordance with AASB 116, all works in progress arising from these activities are valued at cost.

Intangible assets
Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation.

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 implementations of software applications that do not meet the criteria for asset recognition (eg training expenses, research costs etc) are expensed.

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.

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.

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 owed by the Department for goods and services provided by other entities that are unpaid at the end of the reporting period 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 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 and annual leave.

  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 not added to the balance of the loan due. These costs are recognised separately 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 regard to the Government’s Recreational Jetties Divestment Program where jetties have been leased to councils throughout the State. Peppercorn rentals of $1 per annum 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 amortised 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
Benefits accrue to employees as a result of services provided up to reporting date and generally consist of unpaid salaries and wages, annual and LSL.

- *Wages, salaries, annual leave and sick leave*
  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 reflects the value of total annual leave entitlements of all employees as at 30 June 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*
  An actuarial assessment of LSL undertaken by DTF based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of the expected future payments.

  Based on this actuarial assessment, the shorthand method was used to measure the LSL liability for 2012 (refer note 36). This calculation is consistent with the Department’s experience of employee retention and leave taken.

  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 (TER), future remediation work required on land under the Ports Corp Business and Sale Agreement outstanding indentured port payments.

The workers compensation provision is based on an actuarial assessment coordinated by the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

Provisions (continued)
The provision for TER 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 2014-15, these estimates are discounted at their net present value in accordance with the requirements of paragraph 45 of AASB 137.

The provision for indentured port payments represents outstanding indentured port payments required to be paid into Consolidated Account (refer note 45).

Other liabilities
The Department receives monies in advance in the form of conditional grants to undertake specific infrastructure works in future periods (eg AusLink Advance 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 42).

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 43).

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

3.16 Transactions by the Government as owner
Where monies have been appropriated to the Department under the *Appropriation Act* in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Department. Monies issued or applied in this manner are therefore recorded as equity contributions from SA Government in accordance with TI 3.

4. New and revised accounting standards and policies
Changes to accounting policies
Rail earthworks - review of useful lives
During 2011-12 the Department reassessed the depreciation basis for rail earthworks. Due to the characteristics similar to other earthworks and the fact that the ongoing maintenance essentially preserved the quality of the economic life of these assets indefinitely, the Department determined that rail earthworks had an unlimited useful life and were therefore non-depreciable. This change in accounting policy has been applied retrospectively with an adjustment to the opening balance of network assets and equity updated accordingly.

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 2012. 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: Urban Development and Planning
Strategic land use agency administering the South Australian Planning and Development System, leading and presenting South Australia's land use and development planning, and assessing applications for land use and development.

Activity 2: ***Policy and Planning***
Development and provision of an effective policy framework, planning and investment advice and strategic planning services (including cycling and walking) surrounding legislation committed to the minister.

Activity 3: ***Transport Infrastructure Services***
The efficient and effective maintenance and operation of traffic control, roads, bridges, ferries, coastal marine and public transport infrastructure and facilities.

Activity 4: ***Transport Safety***
Provision of road safety infrastructure and transport regulatory services under legislation committed to the minister.

Activity 5: ***State Infrastructure Facilitation***
Development and provision of processes for the analysis, prioritisation and across-government reporting on the progress of state infrastructure projects and facilitation of infrastructure investment.

Activity 6: ***Building Management***
Provision of services to government agencies in relation to the construction and maintenance of buildings and the management of property assets.

Activity 7: ***Land Services***
Provides statutory services and information to the community in relation to land titling, survey, valuation and advice on land administration issues, and development of specialist land administration policy.

Activity 8: ***Road Safety Management***
Provision of policy and investment advice and community information on road safety and the provision of services on safe and sustainable road use and travel behaviour.

Activity 9: ***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.

Activity 10: ***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 11: ***Driver Licensing and Vehicle Registrations, Standards and Inspections***
Contribute to the regulation of driver and vehicle access to the transport network.

Activity 12: ***Service SA (to 31 December 2011)***
Government's single entry point for access to most government services and information through an integrated network of online, phone and face-to-face delivery channels.

Activity 13: ***ICT Services (to 31 December 2011)***
Management of across-government ICT strategy and innovation, governance and investment, security and critical infrastructure protection, and strategic sourcing.

Activity 14: ***Energy Policy and Regulation (to 31 December 2011)***
Provision of policy advice on energy issues, energy program delivery and regulatory services for the competitive, sustainable, safe and reliable supply and use of energy, for the benefit of the South Australian community.

The disaggregated disclosures schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2011 and 30 June 2012.

6. Employee benefit expenses

	2012	2011
	$'000	$'000
Salaries and wages	167 320	147 142
Board and committee fees (refer below)	256	85
Employment on-costs[(1)]	29 604	28 571
Annual leave	16 922	16 600
LSL	11 472	6 917
Workers compensation expenses	1 106	2 774
TVSPs payments (refer below)	3 951	2 185
Other employee related expenses	956	1 587
Total employee benefit expenses	231 587	205 861

(1) Employment on-costs are made up of superannuation of $19.214 million ($18.606 million) and payroll tax of $10.39 million ($9.965 million).

TVSPs	2012	2011
Amounts paid to these employees:	$'000	$'000
TVSPs	3 951	2 185
Annual leave and LSL paid during the reporting period	1 133	780
	5 084	2 965
Recovery from DTF	(4 331)	(1 715)
Net cost to agency	753	1 250

The number of employees who received a TVSP during the reporting period was 32 (23).

The Department expects to recover $84 000 ($464 000) in relation to TVSPs as at 30 June.

In addition there were two executive termination payments of $191 000 ($145 000) which were paid during the year which was subsequently recovered from DTF.

Remuneration of employees	2012	2011
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
$130 700 - $133 999*	8	6
$134 000 - $143 999	14	16
$144 000 - $153 999	20	14
$154 000 - $163 999	15	17
$164 000 - $173 999	14	10
$174 000 - $183 999	7	9
$184 000 - $193 999	4	9
$194 000 - $203 999	5	6
$204 000 - $213 999	4	3
$214 000 - $223 999	2	2
$224 000 - $233 999	1	2
$234 000 - $243 999	1	3
$244 000 - $253 999	1	1
$254 000 - $263 999	4	2
$264 000 - $273 999	-	1
$274 000 - $283 999	4	-
$284 000 - $293 999	1	-
$324 000 - $333 999	1	1
$344 000 - $353 999	-	1
$404 000 - $413 999	1	-
$484 000 - $493 999	-	1
Total	107	104

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2010-11.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. The total remuneration for the 107 (104) employees was $18.9 million ($18.4 million) and reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contribution (employer's contribution), salary sacrifice benefits and fringe benefits and any FBT paid or payable in respect of those benefits.

Remuneration of employees (continued)

Below is a table showing all employees of the Department of Planning and Local Government (DPLG) and from the Office for Recreation and Sport (ORS) and the Office for Racing (OFR), transferred to the Department who received remuneration equal to or greater than the base executive remuneration level during the financial year from 1 July 2011 to 30 June 2012.

The number of employees whose remuneration received or receivable falls within the following bands:	DPLG Planning Number	DPLG ORS/OFR Number	2012 Total Number
$134 000 - $143 999	-	1	1
$144 000 - $153 999	-	1	1
$154 000 - $163 999	1	-	1
$164 000 - $173 999	-	1	1
$174 000 - $183 999	-	1	1
$184 000 - $193 999	3	1	4
$194 000 - $203 999	1	-	1
$244 000 - $253 999	-	1	1
$304 000 - $313 999	1	-	1
$344 000 - $353 999	-	1	1
Total	6	7	13

The total remuneration for the 13 employees was $2.7 million.

Remuneration of board and committee members

Members that received remuneration for membership during the 2011-12 financial year were:

Passenger Transport Standards Committee

I Bassham
K Parry-Jones
G Burton
J Gould
V Madan
(appointed 28 November 2011)
K Johnston
D King
J Tiddy
C Birch
S Hanlon
(appointed 28 November 2011)
B King
J McKenzie
F Pearce
J Tideman
M O'Dea

South Australian Boating Facility Advisory Committee

R Payze

State Crewing Committee

A Anderson
Mr Paul Carr
L Parsons
(appointed 7 July 2011)

Road Safety Advisory Council

E Neal
R Wyatt

*Energy Consumers Council**

M Baldock
A Clarke
O Covick
A Moore
H I'Anson
J Pike
H Nicols
(appointed 29 August 2011)
R Williams

*Building Rules Assessment Committee***

G Capetanakis (specialist member)
C Caruso (specialist member)
D M Cooke
B Douflias
K R Hopkins (specialist member)
J A Mazzarolo
M McAlister (specialist member)
D Poupoulas (specialist member)
E Prelgauskas (specialist member)
D A Robinson (specialist member)
R Sands (specialist member)
A K Seppelt
A J Taylor

*Development Assessment Commission***

D L Brown
G M Loveday
B Douflias
K Walker (specialist member)
N Harvey (specialist member)
A Cheshire
J Dagas
B R Roderick (specialist member)
N Fuller (specialist member)
D Williamson
(specialist member)
R Rice (specialist member)
T Fatchen (specialist member)
C A Wigg
B Kracman (specialist member)
E M Byrt
L M Leydon

*Development Policy Advisory Committee***

M Barone
S M Filby
R L Gagetti
E H A Hollidge
S P Hooper
M J Klobas
G R Mavrinac
C A Muzyk
D P Poupoulas
C Vincent

Remuneration of board and committee members (continued)

*Local Heritage Advisory Committee***

H Angas	D B Harry	J Schulz
A J Faunt	P D Leadbeter	C A Wigg
S Fitzpatrick	G J Leydon	

*Building Advisory Committee***

B P Corby	P R Neighbour	A Soteriou
P Emes	D Nycz	D P Poupoulas
P J Harmer	R V Sands	A K Seppelt

*Port Adelaide Renewal Steering Committee***

P Bicknell	T Kearney	M O'Brien
C Duncan	B McFarlane	C Siegfriedt
J Ford	S Melville	

*Kangaroo Island Futures Authority Advisory Board***

J Bates	J Jeffreys	C Wickham
J Harman	R Spencer	

*Boxing and Martial Arts Advisory Committee***

A Alexander	J Leondaris	T Robertson
U Artym	M Leow	R Soulio
T Ferrauto	S McDonald	A Wong
K Taylor	R Osborne	T Hunter (Secretary)

The number of members whose remuneration received/receivable falls within the following bands:	2012 Number	2011 Number
$1 - $9 999	95	28
$10 000 - $19 999	8	1
$20 000 - $39 999	1	-
Total	104	29

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 $288 000 ($89 000).

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 January 2012 this board transferred to the Department for Manufacturing, Innovation, Trade, Resources and Energy.

** Effective from 1 January 2012 these boards transferred to the Department from DPLG with the exception of the Boxing and Martial Arts Advisory Committee which transferred to the Department effective 1 December 2011.

7. Supplies and services

Supplies and services provided by entities within the SA Government:	Note	2012 $'000	2011 $'000
Bus and rail service contracts		-	99 295
Rail Commissioner salary reimbursements		54 089	-
Loss on assumption of liability from Rail Commissioner		24 733	-
Other service contracts		72	8 740
Operating leases		7 785	11 914
Property expenses		4 702	445
Plant, equipment and vehicle expenses		6 289	6 224
Information technology		1 863	2 840
Materials and other purchases		-	45
Utilities		2 410	2 428
Insurance		4 014	3 658
Legal services		3 460	2 619
Auditor's remuneration	12	1 010	895
Administrative costs		2	13
Other		14 683	14 765
Total supplies and services - SA Government entities		125 112	153 881

7. Supplies and services (continued)

	2012	2011
Supplies and services provided by entities external to the SA Government:	$'000	$'000
Bus and rail service contracts	170 714	167 974
Major infrastructure maintenance contracts	51 600	35 304
Other service contracts	93 142	89 501
Consultants	710	394
Operating leases	135 537	122 372
Property expenses	94 931	91 576
Plant, equipment and vehicle expenses	5 526	5 066
Information technology	12 647	18 634
Materials and other purchases	40 587	16 677
Utilities	30 257	25 363
Insurance	14	144
Legal services	960	227
Commissions - transaction processing	2 848	2 733
Administrative costs	7 888	8 680
Other	25 403	26 476
Total supplies and services - non-SA Government entities	672 764	611 121
Total supplies and services	797 876	765 002

Consultancies

	2012		2011	
The number and dollar amount of consultancies paid/payable that fell within the following bands:	Number	$'000	Number	$'000
Below $10 000	16	83	-	-
Between $10 000 and $50 000	24	504	-	-
Above $50 000	2	123	2	394
Total paid/payable to the consultants engaged	42	710	2	394

During 2011-12 the Department spent $710 000 ($394 000) on consultancies. Operating expenditure of $710 000 ($394 000) is reflected in the Statement of Comprehensive Income.

8. Depreciation and amortisation expense

	2012	2011
Depreciation:	$'000	$'000
Network assets	206 116	210 996
Plant and equipment	63 827	55 044
Buildings and facilities	32 828	29 005
Total depreciation	302 771	295 045
Amortisation:		
Leased assets	1 501	1 742
Intangible assets	6 776	2 973
Total amortisation	8 277	4 715
Total depreciation and amortisation expense	311 048	299 760

Change in depreciation due to a revision in accounting estimate

In 2011-12 the Department reassessed the useful life of some of its assets. This review resulted in a decrease of $7.815 million in depreciation expense for 2011-12 and is expected to result in a decrease of $8.881 million in depreciation expense for 2012-13.

9. Grants and subsidies

	2012	2011
Grants and subsidies paid/payable to entities within the SA Government:	$'000	$'000
Recurrent grants:		
Contribution for policing services	35 736	34 854
Payment to Service SA - registration and licensing collection costs	10 712	-
Other	144	1 269
Total grants and subsidies - SA Government entities	46 592	36 123

	2012	2011
9. Grants and subsidies (continued)		
Grants and subsidies paid/payable to entities external to the SA Government:	$'000	$'000
Recurrent grants:		
Energy rebates	2 509	3 997
Transport Subsidy Scheme	11 279	13 073
Grants to local councils	2 458	2 780
Transport concessions	5 045	5 235
Adelaide Oval redevelopment - repayment of loan facility	85 000	-
Grants by Office for Recreation and Sport	17 401	-
Other	1 743	8 254
Capital grants:		
Grants to local councils	1 210	758
Total grants and subsidies - non-SA Government entities	126 645	34 097
Total grants and subsidies	173 237	70 220

10. Borrowing costs

Interest and guarantee fees	-	507
Finance charges on finance leases	1 285	1 218
Total borrowing costs	1 285	1 725

11. Other expenses

Other expenses paid/payable to entities within the SA Government:		
Rates, taxes and levies	14 935	8 935
Donated assets	-	105 507
Indentured ports payable to DTF	18 815	3 663
Other	17	45
Total other expenses - SA Government entities	33 767	118 150
Other expenses paid/payable to entities external to the SA Government:		
Rates, taxes and levies	3 974	3 811
Donated assets*	42 080	2 520
Bad and doubtful debts expense	842	164
Write-off of an asset	578	5 712
Write-down of inventory	-	4
Other	1 392	1 785
Total other expenses - non-SA Government entities	48 866	13 996
Total other expenses	82 633	132 146

* This balance includes $35.387 million relating to the South Australia Police headquarters fitout transfer.

12. Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	1 010	895
Total audit fees	1 010	895

Other services

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

13. Fees and charges

Fees and charges received/receivable from entities within the SA Government:		
Motor registrations	2 920	2 831
Marine related fees and charges	-	21
Land services fees	9 182	9 418
Other fees and charges	3 199	367
Total fees and charges - SA Government entities	15 301	12 637
Fees and charges received/receivable from entities external to the SA Government:		
Driver's licence fees	63 766	35 566
Metrotickets	80 089	78 009
Motor registrations	344 493	324 578
Marine related fees and charges	31 129	13 987
Land services fees	6 060	5 916
Other fees and charges	19 187	9 560
Total fees and charges - non-SA Government entities	544 724	467 616
Total fees and charges	560 025	480 253

Road safety

In accordance with the *Highways Act 1926*, $10.628 million ($5.928 million) being 1/6th of driver's licence collections and $795 000 ($686 000) being 1/100th of heavy vehicle registrations, was applied towards funding transport safety related initiatives under the transport safety, transport infrastructure services and driver licensing and vehicle registrations, standards and inspections activities.

14. Commonwealth revenues

	2012 $'000	2011 $'000
Commonwealth revenues received/receivable from entities internal to the SA Government comprised:		
Commonwealth grants received via DTF*	735 804	303 547
Total Commonwealth revenues - SA Government entities	735 804	303 547
Commonwealth revenues received/receivable from entities external to the SA Government comprised:		
*Nation Building Program (National Land Transport) Act 2009***	3 859	11 106
Other Commonwealth revenues***	1 353	2 839
Total Commonwealth revenues - non-SA Government entities	5 212	13 945
Total Commonwealth revenues	741 016	317 492

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

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

*** Other Commonwealth revenue includes the National Safety Reform.

15. Sale of goods and services

	2012 $'000	2011 $'000
Sale of goods and services received/receivable from entities within the SA Government:		
IT and telecommunication services	13 541	27 647
Maintenance services	79 392	70 371
Other sale of goods	3 647	1 060
Other sale of services	14 413	15 972
Total sale of goods and services - SA Government entities	110 993	115 050
Sale of goods and services received/receivable from entities external to the SA Government:		
IT and telecommunication services	4 288	9 310
Other sale of goods	13 733	13 551
Other sale of services	14 930	21 774
Total sale of goods and services - non-SA Government entities	32 951	44 635
Total sale of goods and services	143 944	159 685

16. Rental income

Rental income received/receivable from entities within the SA Government:		
Government accommodation	199 439	197 011
Other lease income	948	392
Total rental income - SA Government entities	200 387	197 403
Rental income received/receivable from entities external to the SA Government:		
Property rents and recoveries	3 472	3 216
Other lease income	4 856	5 409
Total rental income - non-SA Government entities	8 328	8 625
Total rental income	208 715	206 028

17. Grants and subsidies

Grants and subsidies received/receivable from entities within the SA Government:		
Concessional passenger income	57 705	56 390
Grants received by ORS	3 840	-
Other	100	-
Total grants and subsidies - SA Government entities	61 645	56 390

17. Grants and subsidies (continued)

	2012 $'000	2011 $'000
Grants and subsidies received/receivable from entities external to the SA Government:		
Concessional passenger income	272	235
Specific purpose grants	3 247	19 940
Grants received by ORS	584	
Total grants and subsidies - non-SA Government entities	4 103	20 175
Total grants and subsidies	65 748	76 565

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.

18. Interest

	2012 $'000	2011 $'000
Interest received/receivable from entities within the SA Government:		
Interest from entities within the SA Government	4 536	4 147
Total interest - SA Government entities	4 536	4 147
Interest received/receivable from entities external to the SA Government:		
Interest from entities external to the SA Government	3	-
Total interest - non-SA Government entities	3	-
Total interest	4 539	4 147

19. Commissions received

	2012 $'000	2011 $'000
Commissions received from entities within the SA Government	6 264	12 295
Commissions received from entities external to the SA Government	1	-
Total commissions received	6 265	12 295

20. Net gain (loss) from the disposal of non-current assets

	2012 $'000	2011 $'000
Net gain (loss) from disposal of non-current assets received/receivable from entities external to the SA Government:		
Land, buildings and facilities:		
Proceeds from disposal	5 176	5 353
Net book value of assets disposed	(887)	(6 631)
Costs incurred to facilitate disposal	(3)	-
Net gain (loss) from disposal of land, buildings and facilities	4 286	(1 278)
Plant and equipment:		
Proceeds from disposal	2 411	1 400
Net book value of assets disposed	(3 997)	(2 796)
Net gain (loss) from disposal of plant and equipment	(1 586)	(1 396)
Network assets:		
Proceeds from disposal	-	-
Net book value of assets disposed	(1 746)	(9 651)
Net gain (loss) from disposal of network assets	(1 746)	(9 651)
Non-current assets held for sale:		
Proceeds from disposal	51 860	19 179
Net book value of assets disposed	(57 652)	(25 290)
Costs incurred to facilitate disposal	(630)	(289)
Net gain (loss) from disposal of non-current assets held for sale	(6 422)	(6 400)
Total assets:		
Proceeds from disposal	59 447	25 932
Net book value of assets disposed	(64 282)	(44 368)
Costs incurred to facilitate disposal	(633)	(289)
Total net gain (loss) from disposal of non-current assets - non-SA Government entities	(5 468)	(18 725)
Total net gain (loss) from disposal of non-current assets	(5 468)	(18 725)

21. Resources received free of charge

	2012 $'000	2011 $'000
Resources received/receivable free of charge from entities within the SA Government:		
Land, buildings and facilities	-	4 841
Plant and equipment	-	13
Total resources received free of charge - SA Government entities	-	4 854
Resources received/receivable free of charge from entities external to the SA Government:		
Land, buildings and facilities - transferred to capital works in progress	117 139	4 316
Land, buildings and facilities	6 139	-
Network	136	-
Total resources received free of charge - external to the SA Government entities	123 414	4 316
Total resources received free of charge	123 414	9 170

This represents assets received by the Department for no consideration and recognised at fair value.

22. Other income

	2012 $'000	2011 $'000
Other income received/receivable from entities within the SA Government:		
Recoveries and contributions	1 118	1 986
Reimbursement works and external project contributions	233	12 717
Intra-government transfers	11 257	15 979
Total other income - SA Government entities	12 608	30 682
Other income received/receivable from entities external to the SA Government:		
Recoveries and contributions	25 289	3 020
Reimbursement works and external project contributions	25 640	6 698
Sundry income	212	56
Total other income - non-SA Government entities	51 141	9 774
Total other income	63 749	40 456

23. Revenues from (Payments to) SA Government

	Note	2012 $'000	2011 $'000
Revenues from SA Government:			
Appropriations from Consolidated Account pursuant to the *Appropriation Act*		148 052	233 863
Other revenue from SA Government		-	47 760
Transfers from contingency provisions		161 185	11 695
Total revenues from SA Government		309 237	293 318
Payments to SA Government:			
Local government and income tax equivalent payments	3.7	2 536	2 126
Other payments to Consolidated Account		52 458	2 894
Total payments to SA Government		54 994	5 020

24. Cash and cash equivalents

	2012 $'000	2011 $'000	2010 $'000
Deposits at call - Westpac	695 363	412 013	487 104
Deposits with the Treasurer (accrual appropriation)	1 061	-	-
Imprest account	37	51	53
Other	149	148	133
Total cash	696 610	412 212	487 290

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.

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

25. Receivables

	2012	2011	2010
Current:	$'000	$'000	$'000
Receivables	231 225	205 431	177 279
Allowance for doubtful debts	(2 051)	(1 506)	(2 227)
Finance lease receivables	605	636	852
GST input tax recoverable	8 898	4 623	8 770
Accrued revenues	56 966	65 986	52 132
Other - lease incentives	2 562	6 425	13 028
Other	36	-	-
Total current receivables	298 241	281 595	249 834
Non-current:			
Receivables	202	271	376
Finance lease receivables	7 581	7 859	8 495
Loan receivables	1 900	1 771	1 650
Other - lease incentives	847	1 418	7 842
Total non-current receivables	10 530	11 319	18 363
Total receivables	308 771	292 914	268 197

Government/Non-Government receivables

	2012	2011	2010
Receivables from SA Government entities:			
Receivables	195 461	170 887	139 838
Allowance for doubtful debts	(315)	(338)	(331)
Finance lease receivables	7 640	7 918	9 347
Accrued revenues*	54 287	60 375	44 486
Total receivables from SA Government entities	257 073	238 842	193 340
Receivables from non-SA Government entities:			
Receivables	35 966	34 815	37 817
Allowance for doubtful debts	(1 736)	(1 168)	(1 896)
Finance lease receivables	546	577	-
Loan receivables	1 900	1 771	1 650
GST input tax recoverable	8 898	4 623	8 770
Accrued revenues	2 679	5 611	7 646
Other - lease incentives	3 409	7 843	20 870
Other	36	-	-
Total receivables from non-SA Government entities	51 698	54 072	74 857
Total receivables	308 771	292 914	268 197

* This amount includes $36.269 million ($34.351 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 that have been assessed on a collective basis for which such evidence exists.

Movement in the allowance for doubtful debts (impairment loss)	2012	2011	2010
	$'000	$'000	$'000
Carrying amount at 1 July	1 506	2 227	2 692
Provision acquired (lost) through restructure	39	-	-
Increase (Decrease) in the provision	891	155	(165)
Amounts written off	(385)	(876)	(300)
Carrying amount at 30 June	2 051	1 506	2 227

Bad and doubtful debts

The Department has recognised a bad and doubtful debts expense of $842 000 ($164 000) 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.

Interest rate and credit risk (continued)

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. The carrying amount for receivables which includes an amount owing of $4.249 million ($23.517 million) relating to the indentured ports (refer note 45) reflects the most significant concentration of credit risk exposure for the Department.

(a) Maturity analysis of receivables - refer note 40.
(b) Categorisation of financial instruments and risk exposure information - refer note 40.

26. Inventories

	2012	2011	2010
Current - held for distribution at no or nominal consideration:	$'000	$'000	$'000
Road making material and stores at costs	7 359	7 651	7 944
Rail material and stores at cost	4 654	-	-
Total inventories held for distribution at no or nominal consideration	12 013	7 651	7 944
Current - other than those held for distribution at no or nominal consideration:			
Metrotickets at cost	236	261	100
Total inventories other than those held for distribution at no or nominal consideration	236	261	100
Total current inventories	12 249	7 912	8 044

27. Other assets

	2012	2011	2010
Current:			
Prepayments	70 026	27 887	21 379
Lease incentives	4 110	3 687	3 942
Total other current assets	74 136	31 574	25 321
Non-current:			
Lease incentives	26 586	19 983	23 670
Prepayments	111	-	-
Total other non-current assets	26 697	19 983	23 670
Total other assets	100 833	51 557	48 991

Government/Non-Government other assets

	2012	2011	2010
Other assets from SA Government entities:			
Prepayments	2 585	1 555	930
Lease incentives	30 696	23 670	27 612
Other assets from SA Government entities	33 281	25 225	28 542
Other assets from non-SA Government entities:			
Prepayments	67 552	26 332	20 449
Lease incentives	-	-	-
Other assets from non-SA Government entities	67 552	26 332	20 449
Total other assets	100 833	51 557	48 991

28. Non-current assets classified as held for sale

	2012	2011	2010
Non-current assets classified as held for sale:			
Land, buildings and facilities	19 284	61 322	23 293
Total non-current assets classified as held for sale	19 284	61 322	23 293

The Department has identified $19.284 million ($61.322 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.

29. Land, buildings and facilities

	2012	2011	2010
Land:	$'000	$'000	$'000
Land at fair value	1 282 899	1 043 030	1 026 718
Total land	1 282 899	1 043 030	1 026 718
Land under roads:			
Land under roads at fair value:	186	162	70
Total land under roads	186	162	70

29. Land, buildings and facilities (continued)

	2012	2011	2010
Land for current projects:	$'000	$'000	$'000
Land for current projects at fair value	21 237	20 894	6 481
Land for current projects at cost	90 279	82 569	61 785
Total land for current projects	111 516	103 463	68 266
Buildings and facilities:			
Buildings and facilities at fair value	1 732 057	1 422 060	1 217 908
Accumulated depreciation at 30 June	545 625	518 243	457 207
Total buildings and facilities	1 186 432	903 817	760 701
Buildings and improvements under lease:			
Buildings and improvements under lease (deemed fair value)	29 798	29 150	30 400
Accumulated amortisation at 30 June	686	-	915
Total buildings and improvements under lease	29 112	29 150	29 485
Total land, buildings and facilities	2 610 145	2 079 622	1 885 240

Valuation of land, buildings and facilities

Refer note 3.13 for details relating to the revaluation of land, buildings and facilities.

Reconciliation of land, buildings and facilities

The following table shows the movement of land, buildings and facilities during 2011-12.

	Land at fair value* $'000	Land for current projects $'000	Buildings & facilities $'000	Buildings & imprvmnts under lease $'000	2012 Total $'000
Carrying amount at 1 July	1 057 564	103 463	933 717	29 150	2 123 894
Prior period - error correction	(14 372)	-	(29 900)	-	(44 272)
Adjusted opening balance	1 043 192	103 463	903 817	29 150	2 079 622
Reclassification to assets held for sale	(6 661)	-	(8 954)	-	(15 615)
Additions	3 256	2 343	31 701	-	37 300
Disposals	(825)	-	(62)	-	(887)
Donated assets	(5 274)	-	(36 783)	-	(42 057)
Resources received free of charge	5 796	343	-	-	6 139
Revaluation increment (decrement)	190 284	-	49 846	-	240 130
Transfer from works in progress	-	5 351	73 750	648	79 749
Depreciation and amortisation	-	-	(32 828)	(686)	(33 514)
Transfers due to reclassification of assets	(16)	16	104	-	104
Transfers due to administrative restructures	53 333	-	211 144	-	264 477
Reduction in lease incentives payable	-	-	(5 000)	-	(5 000)
Other movements	-	-	(303)	-	(303)
Carrying amount at 30 June	1 283 085	111 516	1 186 432	29 112	2 610 145

* Includes land under roads at fair value.

30. Plant and equipment

	2012	2011	2010
Plant and equipment:	$'000	$'000	$'000
Plant and equipment (at fair value)	1 503 161	1 153 540	1 092 491
Information technology (IT)	11 205	45 265	39 804
IT under lease	4 921	5 260	5 105
	1 519 287	1 204 065	1 137 400
Accumulated depreciation:			
Plant and equipment	819 018	729 001	689 607
IT	8 720	26 264	23 320
IT under lease	2 940	3 215	3 169
	830 678	758 480	716 096
Total plant and equipment	688 609	445 585	421 304

Valuation of plant and equipment

Refer note 3.13 for details relating to the revaluation of plant and equipment.

Reconciliation of plant and equipment

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

	Plant and equipment $'000	IT $'000	IT under lease $'000	2012 Total $'000
Carrying amount at 1 July	423 952	19 024	2 045	445 021
Prior period - error correction	587	(23)	-	564
Adjusted opening balance	424 539	19 001	2 045	445 585
Additions	46 680	757	1 008	48 445
Disposals	(3 974)	(22)	-	(3 996)
Donated assets	(23)	-	-	(23)
Write-offs	(117)	-	-	(117)
Revaluation increment (decrement)	145 405	-	-	145 405
Depreciation and amortisation	(60 246)	(3 909)	(1 072)	(65 227)
Transfers due to reclassification of assets	1 178	125	-	1 303
Transfers due to administrative restructures	122 140	(17 274)	-	104 866
Transfer to/from works in progress	8 511	3 807	-	12 318
Other movements	50	-	-	50
Carrying amount at 30 June	684 143	2 485	1 981	688 609

Depreciation of plant and equipment

Total depreciation associated with plant and equipment for 2011-12 was $65.227 million ($56.357 million). Of this amount, $64.642 million ($56.075 million) has been reported within the Statement of Comprehensive Income as operating expenditure of the Department. The remaining $585 000 ($282 000) relates to capital projects that have been reflected within the value of the Department's assets as at 30 June 2012 (IT under lease $257 000 and plant and equipment $328 000).

31. Network assets

	2012 $'000	2011 $'000	2010 $'000
Network assets:			
Network assets (deemed fair value)	20 921 511	20 480 163	19 436 025
Rail and bus track (deemed fair value)	1 734 726	1 372 740	1 214 096
	22 656 237	21 852 903	20 650 121
Accumulated depreciation:			
Network	5 324 453	5 083 883	4 771 629
Rail and bus track	543 043	483 454	468 162
	5 867 496	5 567 337	5 239 791
Total network assets	16 788 741	16 285 566	15 410 330

Valuation of network assets

Refer note 3.13 for details relating to the revaluation of network assets.

Reconciliation of network assets

The following table shows the movement of network assets during 2011-12.

	Roads $'000	Structures $'000	Safety barriers $'000	Traffic signals and road lighting $'000	Rail and bus track $'000	2012 Total $'000
Carrying amount at 1 July	13 846 946	1 397 103	35 322	108 576	798 742	16 186 689
Change in accounting policy	-	-	-	-	93 645	93 645
Prior period - error correction	198	431	-	7 704	(3 101)	5 232
Adjusted opening balance	13 847 144	1 397 534	35 322	116 280	889 286	16 285 566
Transfers from works in progress	123 108	20 867	4 309	5 535	239 646	393 465
Disposals	-	(1 417)	-	(329)	-	(1 746)
Resources received free of charge	-	-	-	136	-	136
Revaluation increment (decrement)	144 005	37 240	-	51 895	85 663	318 803
Depreciation and amortisation	(141 243)	(31 628)	(798)	(9 535)	(22 912)	(206 116)
Transfers in due to reclassification of assets	-	-	-	(1 367)	-	(1 367)
Carrying amount at 30 June	13 973 014	1 422 596	38 833	162 615	1 191 683	16 788 741

32. Capital works in progress

	2012	2011	2010
	$'000	$'000	$'000
Land, buildings and facilities	154 070	27 953	263 022
Road network	788 822	412 347	779 658
Plant, equipment and intangibles	143 305	50 365	16 010
Rail and bus track	500 438	505 989	362 861
Total capital works in progress	1 586 635	996 654	1 421 551

Valuation of works in progress

Refer note 3.13 for details regarding works in progress valuations.

Reconciliation of capital works in progress

The following table shows the movement of capital works in progress during 2011-12.

	Road network $'000	Plant and equipment/ intangibles $'000	Land, building & facilities $'000	Rail and bus track $'000	2012 Total $'000
Carrying amount at 1 July	419 723	51 874	28 967	505 753	1 006 317
Prior period - error correction	(7 376)	(1 509)	(1 014)	236	(9 663)
Adjusted opening balance	412 347	50 365	27 953	505 989	996 654
Additions	506 034	73 956	43 840	348 971	972 801
Transfer to capital	(153 820)	(30 676)	(79 749)	(239 646)	(503 891)
Transfer to operating	(6 173)	(30)	-	-	(6 203)
Write-offs	-	(461)	-	-	(461)
Resources received free of charge	-	-	117 139	-	117 139
Transfers due to administrative restructures	-	10 870	(250)	-	10 620
Transfers due to reclassification of assets	30 434	39 555	44 887	(114 876)	-
Other	-	(274)	250	-	(24)
Carrying amount at 30 June	788 822	143 305	154 070	500 438	1 586 635

33. Intangible assets

	2012	2011	2010
Software:	$'000	$'000	$'000
Computer software	65 108	48 021	48 144
Accumulated amortisation	40 097	33 087	30 384
Total intangible assets	25 011	14 934	17 760

Valuation of intangible assets

Refer note 3.13 for details on the valuation of intangible assets.

Reconciliation of intangible assets

The following table shows the movement of intangible assets during 2011-12.

	2012
	$'000
Carrying amount at 1 July	14 165
Prior period - error correction	769
Adjusted opening balance	14 934
Transfer in due to reclassification of assets	(40)
Depreciation and amortisation	(6 815)
Transfer from works in progress	18 358
Transfer due to administrative restructures	(1 426)
Other movements	-
Carrying amount of 30 June	25 011

Depreciation of intangibles

Total depreciation associated with intangibles for 2011-12 was $6.815 million. Of this amount, $6.776 million has been reported within the Statement of Comprehensive Income as operating expenditure of the Department. The remaining $39 000 relates to capital projects that have been reflected within the value of the Department's assets as at 30 June 2012.

34. Payables

	2012	2011	2010
Current:	$'000	$'000	$'000
Creditors	76 881	84 614	139 898
Accrued expenses	171 532	149 184	122 126
Rail Commissioner - Federally awarded employees	10 084	-	-
Employment on-costs	3 886	5 832	5 330
Other - lease incentives	2 654	4 125	13 313
Other	43	-	-
Total current payables	265 080	243 755	280 667
Non-current:			
Employment on-costs	7 662	5 490	5 852
Other - lease incentives	-	590	4 714
Rail Commissioner - Federally awarded employees	13 436	-	-
Total non-current payables	21 098	6 080	10 566
Total payables	286 178	249 835	291 233

Government/Non-Government payables

	2012	2011	2010
Payables to SA Government entities:			
Creditors	12 350	754	22 874
Accrued expenses	54 015	33 436	15 427
Rail Commissioner - Federally awarded employees	23 520	-	-
Employment on-costs	11 548	11 322	11 182
Other - lease incentives	2 654	4 715	18 027
Total payables to SA Government entities	104 087	50 227	67 510
Payables to non-SA Government entities:			
Creditors	64 531	83 860	117 024
Accrued expenses	117 517	115 748	106 699
Other	43	-	-
Total payables to non-SA Government entities	182 091	199 608	223 723
Total payables	286 178	249 835	291 233

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

DTF has advised the percentage of the proportion of LSL taken as leave has changed from the 2011 rate of 35% to 40% and the average factor for calculation of superannuation on-cost has remained the same as the 2011 rate of 10.3% These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of $403 000. The estimated impact on 2013 and 2014 is not expected to be materially different to the impact in 2012.

(a) Maturity analysis of payables - refer note 40.
(b) Categorisation of financial instruments and risk exposure information - refer note 40.

35. Borrowings

	2012	2011	2010
Current:	$'000	$'000	$'000
Borrowings from non-SA Government entities:[(1)]			
Balance as at 1 December	375	-	-
Transfers	31	-	-
Balance as at 30 June	406	-	-
Obligations under finance leases and plant hire contracts:[(2)]			
Balance as at 1 July	1 692	1 621	1 915
Prior period adjustment	-	-	(16)
Increase in lease liabilities due to:			
New leases	365	418	409
Transfers	1 509	1 417	1 360
Repayments	(1 810)	(1 764)	(2 047)
Balance as at 30 June	1 756	1 692	1 621
Total current borrowings	2 162	1 692	1 621

35. Borrowings (continued)

	2012	2011	2010
Non-current:	$'000	$'000	$'000
Borrowings from non-SA Government entities:(1)			
Balance as at 1 December	2 532	-	-
Transfers	(31)	-	-
Repayments	(242)	-	-
Balance as at 30 June	2 259	-	-
Obligations under finance leases and plant hire contracts:(2)			
Balance as at 1 July	17 443	18 108	18 763
Increase in lease liabilities due to:			
New leases	641	752	710
Transfers	(1 509)	(1 417)	(1 365)
Repayments	-	-	-
Balance as at 30 June	16 575	17 443	18 108
Borrowings from SA Government entities:(1)			
Balance as at 1 July	-	47 760	47 760
Repayments	-	(47 760)	-
Balance as at 30 June	-	-	47 760
Total non-current borrowings	18 834	17 443	65 868
Total borrowings	20 996	19 135	67 489

(1) These borrowings represents loans transferred in from the Office for Recreation and Sport and are underwritten by the Department as guarantor to external organisations.

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.

Assets pledged as security

	2012	2011	2010
The carrying amount of non-current assets pledged as security are:	$'000	$'000	$'000
Leased land and buildings:			
Buildings and improvements under lease	29 112	29 150	29 485
Leased plant and equipment:			
Computer and office equipment	1 981	2 045	1 873
StateNet Core Network equipment	-	-	63
Total assets pledged as security	31 093	31 195	31 421

(a) Maturity analysis of borrowings - refer note 40.
(b) Categorisation of financial instruments and risk exposure information - refer note 40.
(c) Defaults and breaches - there were no defaults or breaches on any of the above liabilities throughout the year.

36. Employee benefits

	2012	2011	2010
Current:	$'000	$'000	$'000
Annual leave	20 424	17 737	16 749
LSL	6 739	5 148	4 876
Accrued salaries and wages	21	6 770	6 521
Total current employee benefits	27 184	29 655	28 146
Non-current:			
LSL	72 081	62 859	58 960
Total non-current employee benefits	72 081	62 869	58 960
Total employee benefits	99 265	92 514	87 106

The total current and non-current liability (ie aggregate employee benefit plus related on-costs) for 2012 is $31.07 million ($35.487 million) and $79.743 million ($68.349 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 actuarial assessment performed by DTF left the salary inflation rate of 4% unchanged from the 2011 rate. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

LSL

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

The Department has used an actuarial assessment performed by DTF to estimate its LSL liability. The assessment has determined that the benchmark for the number of years service by an employee at which entities should recognise a liability for LSL is zero plus a 10% premium.

Based on this actuarial assessment the LSL liability has increased significantly from 2011. The increase is mainly due to the decrease in the long-term discount rate, which is based on government bond rates as at the reporting date.

The benchmark measurement of the LSL liability has changed from five years to zero years. The net financial effect of this change in the current financial year is an increase in the LSL liability of $3.139 million and an increase to employee benefit on-cost expenses of $291 000. The estimated impact on 2013 and 2014 is not expected to be materially different to the impact in 2012.

The net financial effect of applying the 10% premium in the current financial year is an increase in the LSL liability of $6.663 million and employee benefit on-cost expense of $618 000. It is impracticable to reliably estimate future impacts.

37. Provisions	2012	2011	2010
Current:	$'000	$'000	$'000
Provision for workers compensation	1 383	1 469	1 337
Site remediation	2 663	2 429	2 436
Provision for indentured ports payment to the Treasurer	4 249	23 517	19 854
Other provisions - SA Government	302	157	2 752
Total current provisions	8 597	27 572	26 379
Non-current:			
Site remediation	3 446	3 082	3 101
Provision for workers compensation	5 188	4 949	4 348
Total non-current provisions	8 634	8 031	7 449
Total provisions	17 231	35 603	33 828

Reconciliation of workers compensation

The following table shows the movement of the workers compensation provision:			
Carrying amount at 1 July	6 418	5 685	4 871
Provision acquired on restructure	849	-	-
Provision relinquished on restructure	(717)	-	-
Increase in provision due to revision of estimates	1 106	2 774	3 591
Reductions resulting from payments	(1 085)	(2 041)	(2 777)
Carrying amount at 30 June	6 571	6 418	5 685

Reconciliation of site remediation

The following table shows the movement of the site remediation provision:			
Carrying amount at 1 July	5 511	5 537	5 522
Increase in provision due to revision of estimates	823	101	137
Reductions resulting from payments	(225)	(127)	(122)
Carrying amount at 30 June	6 109	5 511	5 537

Reconciliation of indentured ports

The following table shows the movement of the indentured ports provision:			
Carrying amount at 1 July	23 517	19 854	16 168
Increase in provision resulting from invoices raised	-	4 481	4 638
Reductions resulting from payments	(19 268)	(818)	(952)
Carrying amount at 30 June	4 249	23 517	19 854

		2012	2011	2010
37.	**Provisions (continued)**			
	Reconciliation of other provisions	$'000	$'000	$'000
	The following table shows the movement of other provisions:			
	Carrying amount at 1 July	157	2 752	3 784
	Increase in provision due to revision of estimates	482	858	3 717
	Reductions resulting from payments	(337)	(3 453)	(4 749)
	Carrying amount at 30 June	302	157	2 752

38. Other liabilities

	2012	2011	2010
Current:			
Deferred income - SA Government	23 519	703	11 628
Deferred income - non-SA Government	6 730	3 672	12 951
Lease incentives - non-SA Government	4 865	4 443	4 516
Other - SA Government	25	25	-
Other - non-SA Government	21	-	-
Total other current liabilities	35 160	8 843	29 095
Non-current:			
Lease incentives - non-SA Government	33 834	28 251	30 603
Other - non-SA Government	4	-	-
Total other non-current other liabilities	33 838	28 251	30 603
Total other liabilities	68 998	37 094	59 698

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 Program. The Department received a conditional Commonwealth grant of $100 million for works to be performed under the Accelerated Sturt Highway Package on 30 June 2006, to initially be expended over the four year period between 2006-07 and 2009-10.

These funds have been disclosed as deferred income in accordance with APF V, APS 4.12.

		2012	2011	2010
39.	**Adjustments to equity**			
	Restatement of opening balances	$'000	$'000	$'000
	Adjustments against retained earnings:			
	Lease incentives - work in progress adjustment	-	(11 881)	(9 353)
	Work in progress adjustment	(6 152)	(6 843)	-
	Asset recognition - error correction	21 304	6 469	11 826
	Asset revaluation - error correction	-	-	9 048
	Lease incentives - error correction	-	6 800	1 191
	Debtor - derecognition - error correction	(7 312)	-	-
	Other	(612)	6 148	(577)
	Total adjustments against retained earnings	7 228	693	12 135
	Adjustments against revaluation surplus:			
	Asset revaluation - error correction	4 269	(44 824)	-
	Other	-	(3 015)	1 263
	Total adjustments against revaluation surplus	4 269	(47 839)	1 263
	Total adjustments to equity	11 497	(47 146)	13 398

Adjustments against retained earnings

Lease incentives - work in progress adjustment

A review of lease arrangements undertaken by the Department identified fitout costs totalling $11.881 million recognised in work in progress under land, buildings and facilities and plant and equipment as at 30 June 2010. These costs represent a benefit provided to sub-lessees as part of the lease agreement and as such are to be treated as settlement of a creditor created in establishing a lease incentive asset at the commencement of the lease term. Recognising these costs within the asset balances in the year ended 30 June 2010 instead of part of the net amount receivable or payable under the lease is an error. This error has been corrected in 2010-11 by an adjustment to the respective opening balances. The impact on the financial statements for 2009-10 is summarised below:

Lease incentives - work in progress adjustment (continued)

	2011 $'000	2010 $'000	Total $'000
Land, buildings and facilities - work in progress	-	(6 638)	(6 638)
Plant and equipment - work in progress	-	(5 243)	(5 243)
Total work in progress adjustment	-	(11 881)	(11 881)

Lease incentives - error correction

A review of the lease arrangements undertaken by the Department identified a number of other lease incentive transactions that had not been accounted for in line with departmental policies and accounting standards. This error has been corrected in 2010-11 by an adjustment to the respective opening balances. The impact on the financial statements for 2009-10 by financial statement account balance is summarised below:

	2011	2010	Total
Receivables:	$'000	$'000	$'000
Receivables - accrued revenue (current)	-	(10 026)	(10 026)
Other (current)	-	13 028	13 028
Other (non-current)	-	7 843	7 843
Other assets:			
Current	-	386	386
Non-current	-	1 131	1 131
Payables:			
Other (current)	-	(6 438)	(6 438)
Other (non-current)	-	13 314	13 314
Other liabilities:			
Current	-	(1 028)	(1 028)
Non-current	-	(11 410)	(11 410)
Total error correction	-	6 800	6 800

Work in progress adjustment

A review of completed projects by the Department in 2011-12 identified costs of $12.995 million which were recognised within the capital works in progress asset balance at 30 June 2011 and prior years 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 2011 or a prior period is an error which was corrected in 2011-12 by an adjustment to the retained earnings. The impact on the financial statements for 2010-11 is summarised below:

	2011 $'000	2010 $'000	Total $'000
Network assets - work in progress	(5 046)	(4 731)	(9 777)
Land, buildings and facilities - work in progress	(482)	(1 013)	(1 495)
Plant and equipment - work in progress	(624)	(1 099)	(1 723)
Total work in progress adjustment	(6 152)	(6 843)	(12 995)

Asset recognition - error correction

Asset revaluation, reconciliation and stocktake procedures in 2011-12 identified assets totalling $27.773 million which were not recognised or incorrectly recognised in prior years. The value of assets not recognised as at 30 June 2011 by asset class were:

	2011 $'000	2010 $'000	Total $'000
Network assets	3 396	7 662	11 058
Land, buildings and facilities	15 373	323	15 696
Plant and equipment	2 498	814	3 312
Rail and bus track	-	(3 100)	(3 100)
Intangibles	37	770	807
Total asset recognition adjustment	21 304	6 469	27 773

Debtor - derecognition - error correction

A review of debtors undertaken by the Department identified a SA Health debtor associated with work undertaken by the Department for the former Railcar Depot was raised in error. A total of $7.312 million was incurred by the Department to undertake these works which cannot be recovered from SA Health.

Debtor - derecognition - error correction (continued)	2011 $'000	2010 $'000	Total $'000
Debtors	(7 312)	-	(7 312)
Total error correction	(7 312)	-	(7 312)

Other adjustments - error correction

The value of the following adjustments are mainly due to the first time recognition of electrical asset inventory and the movement between retained earnings and asset revaluation surplus resulting from revaluation accounting treatment errors occurring in prior years that have been corrected in the current year.

	2011 $'000	2010 $'000	Total $'000
Other liabilities	551	-	551
Borrowings	-	16	16
Inventories	-	3 117	3 117
Land, buildings and facilities	238	-	238
Over statement of revenue	(2 844)	-	(2 844)
Accounts payable	1 319	-	1 319
Other	124	3 015	3 139
Total error correction	(612)	6 148	5 536

Adjustments against revaluation surplus

Asset revaluation - error correction

An adjustment was made to the revaluation surplus account in 2011-12 of $40.555 million. The adjustment is mainly attributed to the revaluation of residential properties.

Network assets	4 269	-	4 269
Land and buildings	-	(44 573)	(44 573)
Plant and equipment	-	(251)	(251)
Total error correction	4 269	(44 824)	(40 555)

Other adjustments - error correction

Other adjustments are mainly attributable to errors in revaluation accounting treatments occurring in prior years that have been corrected in the current year, resulting in a movement between retained earnings and asset revaluation surplus.

	2011 $'000	2010 $'000	Total $'000
Other	-	(3 015)	(3 015)
Total error correction	-	(3 015)	(3 015)

40. Financial instruments

40.1 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.

		Carrying amount/ fair value	
	Note	2012 $'000	2011 $'000
Financial assets			
Cash and cash equivalents:			
Cash and cash equivalents	24	696 610	412 212
Loans and receivables:			
Receivables[(1)]	25	291 687	279 796
Finance lease receivable	25,42	8 186	8 495
Total financial assets		996 483	700 503
Financial liabilities			
Payables[(1)]	34	274 629	238 512
Borrowings	35	2 665	-
Finance lease payable	35,42	18 331	19 135
Total financial liabilities		295 625	257 647

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

Terms, conditions and accounting policies

Financial assets

The carrying amount of cash and cash equivalents represents fair value. Cash is available at call and is recorded at cost.

Receivables are raised for all goods and services provided, for which payment has not been received. Receivables are normally settled within 30 days or in accordance with the terms specified in the contract.

Financial liabilities

Creditors and accruals are recognised for all amounts unpaid equal to the value of goods and services provided. Creditors are normally settled within 30 days.

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 are recognised at cost and are underwritten by the Department as guarantor to external organisations. 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 carrying amount for receivables which includes an amount owing of $4.249 million ($23.517 million) relating to the indentured ports (refer note 45) reflects the most significant concentration of credit risk exposure for 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.

The following table discloses the ageing of financial assets that are past due.

40.2 Ageing analysis of financial assets

	Past due by			
	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2012	$'000	$'000	$'000	$'000
Not impaired:				
Receivables	25 078	9 461	15 509	50 048
2011				
Not impaired:				
Receivables	4 389	1 646	30 714	36 749

The following table discloses the maturity analysis of financial assets and financial liabilities.

40.3 Maturity analysis of financial assets and liabilities

		Contractual maturities		
2012	Carrying amount	Less than 1 year	1-5 years	More than 5 years
Financial assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents	696 610	696 610	-	-
Receivables(1)	291 687	288 739	1 048	1 900
Finance lease receivable	10 974	975	3 428	6 571
Total financial assets	999 271	986 324	4 476	8 471
Financial liabilities:	$'000	$'000	$'000	$'000
Payables(1)	274 629	261 193	13 436	-
Borrowings	2 665	2 665	-	-
Finance lease payable	26 120	2 837	8 097	15 186
Total financial liabilities	303 414	266 695	21 533	15 186
2011				
Financial assets:				
Cash and cash equivalents	412 212	412 212	-	-
Receivables(1)	279 796	276 336	1 729	1 731
Finance lease receivable	11 972	1 066	3 517	7 389
Total financial assets	703 980	689 614	5 246	9 120

40.3 Maturity analysis of financial assets and liabilities (continued)

		Contractual maturities		
2012	Carrying amount	Less than 1 year	1-5 years	More than 5 years
Financial liabilities:	$'000	$'000	$'000	$'000
Payables[(1)]	238 512	237 922	590	-
Finance lease payable	27 868	2 806	8 187	16 875
Total financial liabilities	266 380	240 728	8 777	16 875

[(1)] 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.

41. Transferred functions

Transferred in

Rail Commissioner

The Public Sector (Reorganisation of Public Sector Operations - Rail Commissioner) Notice 2011 effective 1 July 2011, transferred each member of staff from the Rail Commissioner to DPTI, except for operational employees under various Federal employment awards. The *Rail Commissioner (Miscellaneous) Amendment Act 2011* effective 1 July 2011, provides the Rail Commissioner to hold accreditation under the *Passenger Transport Act 1994* to operate passenger transport services by train or tram as operated by the Rail Commissioner from time to time.

The effective date of the transfer was 1 July 2011.

On transfer of the Rail Commissioner, DPTI recognised the following assets and liabilities:

	Rail Commissioner 30.06.11 $'000
Cash	475
Receivables	14 543
Plant and equipment	128 482
Capital works in progress	15 046
Intangibles	278
Other assets	4 718
Total assets	163 542

Rail Commissioner (continued)

	Rail Commissioner 30.06.11 $'000
Payables	6 170
Provisions	696
Employee benefits	6 742
Other liabilities	-
Total liabilities	13 608
Net assets transferred	149 934

Department of Planning and Local Government (DPLG)

The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 effective 1 January 2012, assigned employees of the DPLG other than the Chief Executive and those employees employed in the Office of the Minister for Employment, Higher Education and Skills to DPTI.

The effective date of the transfer was 1 January 2012.

Total income and expenses attributable to DPLG for 2011-12 were:

	DPLG Planning 01.07.11 to 31.12.11 $'000	DPTI 01.01.12 to 30.06.12 $'000	Total $'000
Appropriation	6 698	2 209	8 907
Revenue from services	2 850	4 792	7 642
Other income	776	4 216	4 992
Total income	10 324	11 217	21 541
Employee benefit expenses	8 032	7 650	15 682
Supplies and services	3 165	3 002	6 167
Depreciation and amortisation	137	133	270
Other expenses	211	1 421	1 632
Total expenses	11 545	12 206	23 751
Net result	(1 221)	(989)	(2 210)

On transfer of DPLG, DPTI recognised the following assets and liabilities.

	DPLG 31.12.11 $'000
Cash	4 633
Receivables	283
Plant and equipment	198
Intangibles	489
Total assets	5 603
Payables	1 031
Provisions	146
Employee benefits expenses	3 926
Other liabilities	3
Total liabilities	5 106
Net assets transferred	497

Office for Recreation and Sport (ORS) and Office for Racing (OFR)

The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 effective 1 December 2011, assigned employees of DPLG who work within ORS and the OFR to DPTI.

The effective date of transfer was 1 December 2011.

ORS and OFR (continued)

Total income and expenses attributable to ORS and OFR for 2011-12 were:

	DPLG ORS & OFR 01.07.11 to 30.11.11 $'000	DPTI 01.12.11 to 30.06.12 $'000	Total $'000
Appropriation	11 968	-	11 968
Revenue from services	1 365	1 720	3 085
Advances and grants	404	4 424	4 828
Other income	195	24 632	24 827
Total income	13 932	30 776	44 708
Employee benefit expense	3 086	4 808	7 894
Supplies and services	3 283	7 104	10 387
Depreciation and amortisation	2 599	3 620	6 219
Grants and subsidies	-	20 684	20 684
Other expenses	7 784	180	7 964
Total expenses	16 752	36 396	53 148
Net result	(2 820)	(5 620)	(8 440)

On transfer of ORS and OFR, DPTI recognised the following assets and liabilities:

	DPLG ORS & OFR 30.11.11 $'000
Cash	130
Receivables	1 209
Plant and equipment	946
Land, buildings and facilities	268 373
Other assets	116
Total assets	270 774
Payables	2 575
Provisions	7
Employee benefits	1 819
Other liabilities	3 351
Total liabilities	7 752
Net assets transferred	263 022

SA Health

The Public Sector (Reorganisation of Public Sector Operations) Notice 2012 effective 1 June 2012, assigned specific employees of SA Health referred to in Schedule 1 of the Gazette notice dated 31 May 2012, to DPTI.

The effective date of transfer was 1 June 2012.

Total income and expenses attributable to transferred SA Health functions for 2011-12 were:

	SA Health 01.07.11 to 31.05.12 $'000	DPTI 01.06.12 to 30.06.12 $'000	Total $'000
Appropriation	-	-	-
Revenue from services	-	-	-
Other income	-	-	-
Total income	-	-	-
Employee benefits	2 050	151	2 201
Supplies and services	-	-	-
Depreciation and amortisation	-	-	-
Grants and subsidies	-	-	-
Other expenses	-	-	-
Total expenses	2 050	151	2 201
Net result	(2 050)	(151)	(2 201)

SA Health (continued)

On transfer of SA Health functions, DPTI recognised the following assets and liabilities:

	SA Health 31.05.12 $'000
Cash	-
Receivables	-
Plant and equipment	-
Other assets	-
Total assets	-
Payables	49
Provisions	-
Employee benefits expenses	1 000
Other liabilities	-
Total liabilities	1 049
Net assets transferred	(1 049)

Total transferred in	Rail Commissioner $'000	DPLG Planning $'000	DPLG ORS & OFR $'000	SA Health $'000	Total transferred in $'000
Cash	475	4 633	130	-	5 238
Receivables	14 543	283	1 209	-	16 035
Plant and equipment	128 482	198	946	-	129 626
Land, buildings and facilities	-	-	268 373	-	268 373
Capital works in progress	15 046	-	-	-	15 046
Intangibles	278	489	-	-	767
Other assets	4 718	-	116	-	4 834
Total assets	163 542	5 603	270 774	-	439 919
Payables	6 170	1 031	2 575	49	9 825
Provisions	696	146	7	-	849
Employee benefits expenses	6 742	3 926	1 819	1 000	13 487
Other liabilities	-	3	3 351	-	3 354
Total liabilities	13 608	5 106	7 752	1 049	27 515
Net assets transferred	149 934	497	263 022	(1 049)	412 404

Transferred out

The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 effective 1 January 2012, transferred each staff member substantively employed within the Office of the Chief Information Officer (OCIO) and Service SA DPTI operational units to DPC. In the same notice, effective 1 January 2012, all employees employed within the Energy Division of DPTI were transferred to the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE).

The effective date of the transfers was 1 January 2012.

The following assets and liabilities were transferred to DPC and DMITRE respectively:

Total transferred out	DPC Service SA $'000	DPC OCIO $'000	DMITRE Energy $'000	Total transferred out $'000
Cash	3 123	-	-	3 123
Receivables	1 156	9 306	126	10 588
Plant and equipment	450	19 146	5 164	24 760
Land, buildings and facilities	268	3 318	310	3 896
Capital works in progress	2 699	1 721	6	4 426
Intangibles	178	1 830	185	2 193
Other assets	81	125	-	206
Total assets	7 955	35 446	5 791	49 192

Total transferred out (continued)

	DPC Service SA $'000	DPC OCIO $'000	DMITRE Energy $'000	Total transferred out $'000
Payables	3 892	5 650	1 161	10 703
Provisions	624	26	67	717
Employee benefits expenses	4 802	3 356	1 842	10 000
Other liabilities	-	92	-	92
Total liabilities	9 318	9 124	3 070	21 512
Net assets transferred	(1 363)	26 322	2 721	27 680

42. Unrecognised contractual commitments

Capital commitments

	2012 $'000	2011 $'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	1 470 379	1 097 975
Later than one year but no later than five years	819 625	993 367
Later than five years	-	101
Total capital commitments	2 290 004	2 091 443

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.

Remuneration commitments

	2012 $'000	2011 $'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	27 004	28 616
Later than one year but no later than five years	30 545	32 722
Total remuneration commitments	57 549	61 338

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

Other commitments

Within one year	360 704	321 751
Later than one year but no later than five years	1 076 186	1 060 010
Later than five years	419 958	598 049
Total other commitments	1 856 848	1 979 810

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 the Government. These costs are reimbursable from other agencies.

Operating lease commitments as lessee

	2012 $'000	2011 $'000
Commitments under operating leases at the reporting date but not recognised as liabilities in the financial report, are payable as follows:		
Within one year	144 829	134 329
Later than one year but no later than five years	436 512	371 776
Later than five years	388 169	261 367
Total operating lease commitments as lessee	969 510	767 472
Representing:		
Cancellable operating leases	13 990	15 935
Non-cancellable operating leases	955 520	751 537
Total operating lease commitments as lessee	969 510	767 472

Operating lease commitments as lessee (continued)	2012	2011
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:	$'000	$'000
Within one year	137 301	126 732
Later than one year but no later than five years	430 857	364 783
Later than five years	387 362	260 022
Total non-cancellable operating lease commitments as lessee	955 520	751 537

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 10 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 kms whichever comes first) or five years (or 100 000 kms whichever comes first).

Photocopier leases are non-cancellable with terms of four years, with rentals paid monthly.

Operating lease commitments as sublessor		
Commitments under operating subleases at the reporting date but not recognised	2012	2011
as receivable in the financial report, as follows:	$'000	$'000
Within one year	118 491	102 213
Later than one year but no later than five years	363 181	285 361
Later than five years	303 093	186 319
Total operating lease commitments as sublessor	784 765	573 893

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.

Operating lease commitments as lessor		
Commitments under operating leases at the reporting date but not recognised as	2012	2011
receivable in the financial report, are as follows:	$'000	$'000
Within one year	20 309	36 748
Later than one year but no later than five years	43 409	71 220
Later than five years	64 202	65 936
Total operating lease commitments as lessor	127 920	173 904

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 10 years. Rental is receivable in advance.

Leases transferred in 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.

Finance lease commitments as lessee	2012	2011
Future minimum lease payments under finance leases and hire purchase contracts together with the present value of net minimum lease payments are as follows:	$'000	$'000
Within one year	2 837	2 806
Later than one year but no longer than five years	8 097	8 187
Later than five years	15 186	16 875
Minimum lease payments	26 120	27 868
Future finance leases lease charges	(7 789)	(8 733)
Total finance lease commitments as lessee (recognised as a liability)	18 331	19 135

The present value of finance lease payable is as follows:		
Within one year	1 756	1 692
Later than one year but no longer than five years	4 855	4 737
Later than five years	11 720	12 706
Present value of finance lease	18 331	19 135

Finance lease commitments as lessee (continued)	2012	2011
Representing:	$'000	$'000
Current	1 756	1 692
Non-current	16 575	17 443
Total included in borrowings	18 331	19 135

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 11.48%.

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. Rental 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 $2.129 million in 2011-12 ($1.995 million).

The lease payment changes each year in accordance with CPI. The weighted average interest rate implicit in the lease in 2011-12 is 5.52% (5.52%).

Finance lease commitments as lessor	2012	2011
Finance lease receivables contracted for at the reporting date are as follows:	$'000	$'000
Within one year	975	1 066
Later than one year but no longer than five years	3 428	3 517
Later than five years	6 571	7 389
Minimum lease payments	10 974	11 972
Unearned finance income	(2 788)	(3 477)
Total finance lease commitments as lessor (recognised as an asset)	8 186	8 495

The present value of finance lease receivable is as follows:		
Within one year	605	636
Later than one year but no longer than five years	2 210	2 086
Later than five years	5 371	5 773
Present value of finance lease	8 186	8 495

Representing:		
Current	605	636
Non-current	7 581	7 859
Total included in receivables	8 186	8 495

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. Rental is paid one month in advance and there are no contingent rental provisions. The interest rate for the June 2012 quarter implicit in the lease is 4.68% (5.25%).

43. Contingent assets and liabilities

At 30 June 2012, 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 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.

43. Contingent assets and liabilities (continued)

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.

44. Cash flow reconciliation

	2012	2011
Reconciliation of cash - cash at 30 June as per:	$'000	$'000
Statement of Cash Flows	696 610	412 212
Statement of Financial Position	696 610	412 212

Reconciliation of net cash provided by (used in) operating activities to net revenue from (cost of) providing services

	2012	2011
Net cash provided by operating activities	909 015	399 251
Revenues from SA Government	(309 237)	(245 558)
Payments to SA Government	54 849	7 615
Non-cash items:		
Net gain (loss) on sale or disposal of non-current assets	(5 468)	(18 725)
Depreciation/amortisation expense of non-current assets	(311 048)	(299 760)
Assets/Inventory written off	(578)	(5 716)
Assets donated	(42 080)	(108 027)
Fair value of assets received	123 414	9 170
Movements in assets/liabilities:		
Receivables	(21 789)	48 318
Inventories	4 337	(132)
Other assets	55 840	6 499
Payables and provisions	(74 510)	878
Employee benefits	(37 472)	(3 213)
Other liabilities	(30 992)	22 052
Net revenue from (cost of) providing services	314 281	(187 348)

45. Indentured ports

Funds in regard to cargo services and harbour services charges are collected by 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.

The amount paid to the Consolidated Account in 2011-12 fees totalled $4.798 million ($344 000). In addition $25.362 million was paid to the Consolidated Account representing interest charges and increases to cargo services charges received by the Department relating to prior years fees which had not been paid. In addition to these amounts paid, the Department has recognised a provision as at 30 June 2012 of $4.249 million ($23.517 million) representing the outstanding funds to be collected by the Department and returned to the Consolidated Account.

A further $18.815 million remains as a payable to the Consolidated Account. This represents outstanding cargo services and labour services charges received but not paid to DTF.

46. 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.

	2012	2011
Inflows:	$'000	$'000
Receipts into the Fund	8 056	9 150
Total inflows	8 056	9 150
Outflows:		
Payments from the Fund	4 236	4 964
Total outflows	4 236	4 964
Net surplus	3 820	4 186

46. Rail Transport Facilitation Fund (continued)

	2012 $'000	2011 $'000
Fund balance:		
Balance at 1 July	41 142	36 956
Net surplus	3 820	4 186
Balance at 30 June	44 962	41 142

Receipts into the Fund

The receipts into the Fund in 2011-12 result predominantly from $1.9 million ($1.8 million) interest, $4.4 million ($4.8 million) rental and property income, $1.2 million ($1.1 million) land sales, and $600 000 ($700 000) appropriation from DTF for the Port River Expressway - Stage 3 (Rail).

Payments from the Fund

The payments from the Fund in 2011-12 result predominantly from money being spent on non-metropolitan passenger rail services projects.

47. 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 the South Australia Police of $35.6 million ($34.7 million) for safety related policing expenditure. The appropriation for 2011-12 was $80.1 million ($79.3 million).

	2012 $'000	2011 $'000
Inflows:		
Receipts into the Fund	81 000	80 120
Total inflows	81 000	80 120
Outflows:		
Payments from the Fund	87 941	77 158
Total outflows	87 941	77 158
Net deficit (surplus)	(6 941)	2 962
Fund balance:		
Balance at 1 July	12 546	9 584
Net surplus (deficit)	(6 941)	2 962
Balance at 30 June	5 605	12 546

48. Commonwealth funding received for specific projects (formerly AusLink Advance Account for Specific Projects)

In June 2012 the Treasurer approved a change in the purpose of the Auslink Advance Account to include Commonwealth funding received for specific projects.

The account includes Commonwealth grants received in relation to the Accelerated Sturt Highway Package and the Auslink Strategic Regional Program. The Department received a conditional Commonwealth grant of $100 million for works to be performed under the Accelerated Sturt Highway Package on 30 June 2006, to initially be expended over the four year period between 2006-07 and 2009-10.

These funds have been disclosed as deferred income in accordance with APF V, APS 4.12 (refer note 38).

In 2011-12 the Fund also includes revenue in advance from the Federal Government for the South Road Superway and Gawler Rail upgrades of $196.985 million which has been recognised as income in 2011-12.

	2012 $'000	2011 $'000
Inflows:		
Receipts into the Fund	197 358	290
Total inflows	197 358	290
Outflows:		
Payments from the Fund	901	9 483
Total outflows	901	9 483
Net surplus (deficit)	196 457	(9 193)
Fund balance:		
Balance at 1 July	2 300	11 493
Net surplus (deficit)	196 457	(9 193)
Balance at 30 June	198 757	2 300

Receipts into the Fund

The receipt into the Fund consists of revenue received in advance from the Federal Government for the South Road Superway ($154.491 million) and Gawler Rail upgrades ($42.494 million) and interest received of $78 000 ($266 000) on the Sturt Highway program advance and interest of $295 000 for revenue in advance from the Federal Government.

Payments from the Fund

$900 000 ($8.026 million) relates to expenditure associated with the Sturt Highway.

49. 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 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Employee benefit expenses	A7	638	287
Supplies and services	A8	5 219	2 922
Grants and subsidies	A9	17 246	160
Disbursements on behalf of third parties	A10	488 871	910 211
Borrowing costs		124	137
Payments to Consolidated Account	A11	127 475	134 819
Other expenses		801	-
Total expenses		640 374	1 048 536
Income:			
Net revenues from SA Government	A13	6 473	13 402
Fees and charges	A14	135 837	135 288
Collections on behalf of third parties	A15	483 271	899 341
Grants and subsidies	A16	2 050	-
Commonwealth revenue	A17	210	51
Interest	A18	876	450
Other income		709	-
Total income		629 426	1 048 532
Net result		(10 948)	(4)
Other comprehensive income		-	-
Total comprehensive result		(10 948)	(4)

Statement of Administered Financial Position as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash and cash equivalents	A19	43 284	84 321
Receivables	A20	4 761	264
Total current assets		48 045	84 585
Non-current assets:			
Receivables	A20	1 481	1 719
Property, plant and equipment	A21	8 428	-
Total non-current assets		9 909	1 719
Total assets		57 954	86 304
Current liabilities:			
Payables	A22	19 082	72 297
Borrowings	A23	588	576
Total current liabilities		19 670	72 873
Non-current liabilities:			
Borrowings	A23	1 481	1 719
Total non-current liabilities		1 481	1 719
Total liabilities		21 151	74 592
Net assets		36 803	11 712
Equity:			
Accumulated surplus	A24	36 803	11 712
Total equity		36 803	11 712
Contingent assets and liabilities	A32		
Unrecognised contractual commitments	A33		

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

	Note	Accumulated surplus $'000	Total $'000
Balance at 30 June 2010		11 716	11 716
Net result for 2010-11		(4)	(4)
Total comprehensive result for 2010-11		(4)	(4)
Balance at 30 June 2011	A24	11 712	11 712
Net result for 2011-12		(10 948)	(10 948)
Total comprehensive result for 2011-12		(10 948)	(10 948)
Net assets received from an administrative restructure	A35	36 039	36 039
Balance at 30 June 2012	A24	36 803	36 803

Statement of Administered Cash Flows
for the year ended 30 June 2012

	Note	2012 Inflows (Outflows) $'000	2011 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefit costs		(638)	(343)
Supplies and services		(5 079)	(3 721)
Grants and subsidies		(15 183)	(160)
Disbursements on behalf of third parties		(493 809)	(852 264)
Borrowing costs		(137)	-
Payments to Consolidated Account		(124 039)	(190 049)
Total cash outflows		(638 885)	(1 046 537)
Cash inflows:			
Receipts from SA Government		6 473	13 421
Receipts from fees and charges		131 625	135 436
Collections on behalf of third parties		483 280	899 496
Grants and subsidies		2 049	-
Commonwealth revenue		216	51
Interest		886	450
Other income		499	-
Total cash inflows		625 028	1 048 854
Net cash inflows (outflows) from operating activities	A26	(13 857)	2 317
Cash flows from financing activities:			
Cash outflows:			
Net cash transfer out as a result of administrative restructure	A35	(55 452)	-
Repayment of loans - SA Government		(213)	-
Total cash outflows		(55 665)	-
Cash inflows:			
Cash proceeds from restructuring activities	A35	28 259	-
Repayment of loans - local government		226	213
Total cash inflows		28 485	213
Net cash inflows (outflows) from financing activities		(27 180)	213
Net increase (decrease) in cash held		(41 037)	2 530
Cash and cash equivalents at 1 July		84 321	81 791
Cash and cash equivalents at 30 June	A19	43 284	84 321

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2012

	Land Services		Transport Infrastructure Services		Public Transport Services		Building Management	
	2012	2011	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	142	40	-	-	222	-	-	-
Supplies and services	665	778	-	-	-	-	2 676	2 137
Grants and subsidies	-	-	-	-	-	3	-	-
Disbursements on behalf of third parties	-	-	179	184	64	-	-	-
Borrowing costs	-	-	124	137	-	-	-	-
Payments to Consolidated Account	127 475	134 819	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-
Total expenses	128 282	135 637	303	321	286	3	2 676	2 137
Income:								
Net revenues from SA Government	-	27	-	-	-	-	419	2 533
Fees and charges	127 800	135 288	-	-	-	-	-	-
Collections on behalf of third parties	-	-	179	184	64	-	-	-
Grants and subsidies	-	-	-	-	-	-	-	-
Commonwealth revenue	-	-	-	-	-	-	-	-
Interest	305	312	124	137	-	1	-	-
Other income	-	-	-	-	-	-	-	-
Total income	128 105	135 627	303	321	64	1	419	2 533
Net result	(177)	(10)	-	-	(222)	(2)	(2 257)	396

	Urban Development and Planning		Recreation, Sport and Racing		Energy Policy and Regulation		Service SA	
	2012	2011	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	-	-	-	-	-	-	-	-
Supplies and services	1 878	-	-	-	-	7	-	-
Grants and subsidies	13 196	-	3 840	-	210	157	-	-
Disbursements on behalf of third parties	-	-	-	-	-	-	488 628	910 027
Borrowing costs	-	-	-	-	-	-	-	-
Payments to Consolidated Account	-	-	-	-	-	-	-	-
Other expenses	801	-	-	-	-	-	-	-
Total expenses	15 875	-	3 840	-	210	164	488 628	910 027
Income:								
Net revenues from SA Government	-	-	-	-	-	-	5 600	10 614
Fees and charges	8 037	-	-	-	-	-	-	-
Collections on behalf of third parties	-	-	-	-	-	-	483 028	899 157
Grants and subsidies	8	-	2 042	-	-	-	-	-
Commonwealth revenue	-	-	-	-	210	51	-	-
Interest	447	-	-	-	-	-	-	-
Other income	-	-	156	-	-	-	-	-
Total income	8 492	-	2 198	-	210	51	488 628	909 771
Net result	(7 383)	-	(1 642)	-	-	(113)	-	(256)

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2012 (continued)

	Not attributed to any program		Total	
	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000
Employee benefit expenses	274	247	638	287
Supplies and services	-	-	5 219	2 922
Grants and subsidies	-	-	17 246	160
Disbursements on behalf of third parties	-	-	488 871	910 211
Borrowing costs	-	-	124	137
Payments to Consolidated Account	-	-	127 475	134 819
Other expenses	-	-	801	-
Total expenses	274	247	640 374	1 048 536
Income:				
Net revenues from SA Government	454	228	6 473	13 402
Fees and charges	-	-	135 837	135 288
Collections on behalf of third parties	-	-	483 271	899 341
Grants and subsidies	-	-	2 050	-
Commonwealth revenue	-	-	210	51
Interest			876	450
Other income	553	-	709	-
Total income	1 007	228	629 426	1 048 532
Net result	733	(19)	(10 948)	(4)

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 or DPTI) 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. Departmental organisation

The organisational structure of the Department, outlined in note 2 for controlled items, applies to both the departmental and the administered financial statements.

During 2011-12 there were changes to the Department's organisational structure which are detailed in the transferred function note for administered items (refer note A35).

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 as 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, 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 are comprised of the following:

1 July 2011 - 30 June 2012:

- contractors' deposits
- Land Services regulatory fees
- Lincoln Cove Marina
- major administered projects
- Metropolitan (Woodville, Henley and Grange) Drainage Scheme
- Minister for Transport and Infrastructure and Minister for Transport Services (Special Acts salaries)
- Passenger Transport Research and Development Fund
- Real Property Act Assurance Fund
- Real Property Act trust accounts
- Registrar-General and Surveyor-General Statutory Act revenues
- South-Western Suburbs Drainage Scheme
- unclaimed salaries and wages
- Valuer-General (Special Acts salaries)
- Workers Liens Trust Account.

1 December 2011 – 30 June 2012:

- Recreation and Sport Fund
- Sport and Recreation Fund.

1 January 2012 – 30 June 2012:

- Planning and Development Fund
- planning fees
- West Beach Trust (Tax Equivalent Regime).

1 July 2011 – 31 December 2011:

- Emergency Services levy receipts
- expiation receipts including the Victims of Crime levy
- firearm licence receipts
- Hospital Fund - contribution
- Motor Accident Commission receipts
- Natural Gas Authority of South Australia
- registration and licensing collections and disbursements
- Renewable Remote Power Generation Program
- Service SA collections and disbursements
- stamp duties receipts.

A7. Employee benefit expenses

	2012	2011
	$'000	$'000
Ministers' and Valuer-General salaries*	638	287
Total employee benefit expenses	638	287

* Employee benefit expenses are specific to the Minister for Transport and Infrastructure, the Minister for Transport Services (appointed in October 2011) and the Valuer-General. While the position of Valuer-General is currently vacant, a deputy has been appointed until a statutory appointment is made.

A8. Supplies and services

	2012	2011
Supplies and services paid/payable to entities within the SA Government:	$'000	$'000
Project expenditure	2 667	2 139
Professional and technical services	1 536	-
Other(1)	192	-
Total supplies and services - SA Government entities	4 395	2 139
Supplies and services paid/payable to entities external to the SA Government:		
Project expenditure	674	783
Other	150	-
Total supplies and services - non-SA Government entities	824	783
Total supplies and services	5 219	2 922

(1) Includes audit fees paid/payable to the Auditor-General (refer note A11).

A9. Grants and subsidies

	2012	2011
Grants and subsidies paid/payable to entities within the SA Government:	$'000	$'000
Office for Recreation and Sport grants	3 840	-
Planning and Development Fund grant payments	4 436	-
West Beach Trust tax equivalent reimbursements	550	-
Total grants and subsidies - SA Government	8 826	-
Grants and subsidies paid/payable to entities external to the SA Government:		
Energy Rebate Scheme	210	160
Planning and Development Fund	8 210	-
Total grants and subsidies - non-SA Government entities	8 420	160
Total grants and subsidies	17 246	160

A10. Disbursements on behalf of third parties

Disbursements paid/payable to entities within the SA Government:		
Stamp duties - DTF	71 876	143 556
Hospital Fund - DTF	33 117	63 835
Emergency Services levy - South Australian Fire and Emergency Services Commission	21 944	42 137
Expiation notices - South Australia Police	22 363	46 059
Firearm licences - South Australia Police	1 434	2 561
Expiation notices - Courts Administration Authority	191	401
Third party insurance - Motor Accident Commission	315 938	586 048
Office of Business and Consumer Affairs	838	1 291
South Australian Water Corporation	520	1 024
Other	8 946	1 882
Total disbursements on behalf of third parties paid/payable to entities within the SA Government	477 167	888 794
Disbursements paid/payable to entities external to the SA Government:		
Refunds	6 936	13 151
Federal registrations	4 611	8 067
Other	157	199
Total disbursements on behalf of third parties paid/payable to entities external to the SA Government	11 704	21 417
Total disbursement on behalf of third parties	488 871	910 211

A11. Payments to Consolidated Account

Payments to Consolidated Account*	127 475	134 819
Total payments to Consolidated Account	127 475	134 819

* Payments made into the Consolidated Account pursuant to the *Real Property Act 1886.*

A12. Auditor's remuneration

Auditor's remuneration - planning	11	-
Total auditor's remuneration	11	-

A13. Net revenues from SA Government

Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the *Appropriation Act*	6 019	13 147
Special Acts	454	255
Total revenues from SA Government	6 473	13 402
Net revenues from SA Government	6 473	13 402

A14. Fees and charges

Fees and charges received/receivable from entities external to the SA Government:		
Regulatory fees	135 837	135 288
Total fees and charges - non-SA Government entities	135 837	135 288
Total fees and charges	135 837	135 288

		2012	2011
A15.	**Collections on behalf of third parties**	$'000	$'000
	Collections on behalf of entities within the SA Government:		
	Stamp duties - DTF	71 876	143 556
	Hospital Fund - DTF	33 117	63 835
	Emergency Services levy - South Australian Fire and Emergency Services Commission	16 344	31 267
	Expiation notices - South Australia Police	22 363	46 059
	Firearms licences - South Australia Police	1 434	2 561
	Expiation notices - Courts Administration Authority	191	401
	Third party insurance - Motor Accident Commission	315 938	586 048
	Office of Business and Consumer Affairs	838	1 291
	South Australian Water Corporation	520	1 024
	Other	8 818	1 747
	Total collections on behalf of entities within the SA Government	471 439	877 789
	Collections on behalf of entities external to the SA Government:		
	Refunds	6 936	13 151
	Federal registrations	4 611	8 067
	Other	285	334
	Total collections on behalf of third parties external to the SA Government	11 832	21 552
	Total collections on behalf of third parties	483 271	899 341
A16.	**Grants and subsidies**		
	Grants and subsidies received - non-SA Government entities:		
	Office for Recreation and Sport grants received	2 042	-
	Planning grants received to fund bodies	8	-
	Total grants and subsidies received - non-SA Government entities	2 050	-
A17.	**Commonwealth revenue**		
	Renewable Remote Power Generation Program - energy rebate contribution	210	51
	Total Commonwealth revenue	210	51
A18.	**Interest revenue**		
	Interest revenue	876	450
	Total interest revenue	876	450
A19.	**Cash and cash equivalents**		
	Deposits at call	43 284	84 321
	Total cash and cash equivalents	43 284	84 321
A20.	**Receivables**		
	Current:		
	Receivables	267	237
	Accrued revenues	4 494	27
	Total current receivables	4 761	264
	Non-current:		
	Receivables	1 481	1 719
	Total non-current receivables	1 481	1 719
	Total receivables	6 242	1 983
	Government/Non-Government receivables		
	Receivables from SA Government entities:		
	Accrued revenues	4 210	27
	Total receivables from SA Government entities	4 210	27
	Receivables from non-SA Government entities:		
	Receivables	1 748	1 956
	Accrued revenues	284	-
	Total receivables from non-SA Government entities	2 032	1 956
	Total receivables	6 242	1 983

(a) Maturity analysis of receivables - refer note A25.
(b) Categorisation of financial instruments and risk exposure information - refer note A25.

A21. Property, plant and equipment

	2012 $'000	2011 $'000
Land at fair value	8 428	-
Total property, plant and equipment	8 428	-

Reconciliation of property, plant and equipment

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

	$'000
Carrying amount at 1 July 2011	-
Acquisition (Disposal) through administrative restructure	8 428
Additions	-
Disposals	-
Revaluations	-
Carrying amount at 30 June 2012	8 428

Valuation of land

A valuation of land 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 in the area taking into account zoning and restricted use.

Impairment

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

A22. Payables

	2012 $'000	2011 $'000
Current:		
Creditors	2 225	61 658
Accrued expenses	16 857	10 639
Total current payables	19 082	72 297
Total payables	19 082	72 297

Government/Non-government payables

	2012	2011
Payables to SA Government entities:		
Creditors*	1 746	59 100
Accrued expenses	13 967	10 591
Total payables to SA Government entities	15 713	69 691
Payables to non-SA Government entities:		
Creditors	479	2 558
Accrued expenses	2 890	48
Total payables to non-SA Government entities	3 369	2 606
Total payables	19 082	72 297

(a) Maturity analysis of payables - refer note A25.
(b) Categorisation of financial instruments and risk exposure information - refer note A25.

* The significant decrease in payables includes the transfer out of $55.452 million on restructure attributable to Service SA (refer note A35).

A23. Borrowings

	2012 $'000	2011 $'000
Balance at 1 July	2 295	2 158
Increases in debt due to interest	124	137
Repayments:		
Woodville, Henley and Grange Drainage Scheme	(37)	-
South West Suburbs Drainage Scheme	(313)	-
Balance as at 30 June	2 069	2 295
Current	588	576
Non-current	1 481	1 719
Total borrowings	2 069	2 295

(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.

A24. Equity

	2012 $'000	2011 $'000
Accumulated surplus	36 803	11 712
Total equity	36 803	11 712

Accumulated surplus		
Balance at 1 July	11 712	11 716
Net assets received from administrative restructure	36 039	-
Net result	(10 948)	(4)
Balance at 30 June	36 803	11 712

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 40 for controlled items, apply equally to the administered financial statements.

		Carrying amount/ fair value	
		2012	2011
Financial assets	Note	$'000	$'000
Cash and cash equivalents:			
Cash and cash equivalents	A19	43 284	84 321
Loans and receivables:			
Receivables[(1)]	A20	6 242	1 983
Total financial assets - at cost		49 526	86 304
Financial liabilities			
Financial liabilities:			
Payables[(1)]	A22	19 082	72 297
Borrowings	A23	2 069	2 295
Total financial liabilities - cost		21 151	74 592

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

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

		Contractual maturities		
	Carrying amount	Less than 1 year	1-5 years	More than 5 years
2012				
Financial assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents	43 284	43 284	-	-
Receivables[(1)]	4 523	4 523	-	-
Receivables - interest bearing	1 719	238	1 120	361
Total financial assets	49 526	48 045	1 120	361
Financial liabilities:				
Payables[(1)]	19 082	19 082	-	-
Borrowings	2 069	588	1 120	361
Total financial liabilities	21 151	19 670	1 120	361
2011				
Financial assets:				
Cash and cash equivalents	84 321	84 321	-	-
Receivables[(1)]	38	38	-	-
Receivables - interest bearing	1 945	226	1 054	665
Total financial assets	86 304	84 585	1 054	665

A25.2 Maturity analysis of financial assets and liabilities (continued)

		Contractual maturities		
2011 (continued)	Carrying amount	Less than 1 year	1-5 years	More than 5 years
Financial liabilities:	$'000	$'000	$'000	$'000
Payables[(1)]	72 297	72 297	-	-
Borrowings	2 295	576	1 054	665
Total financial liabilities	74 592	72 873	1 054	665

(1) Receivable and payable amounts disclosed here 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 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

	2012	2011
Reconciliation of cash - cash at 30 June:	$'000	$'000
Statement of Cash Flows	43 284	84 321
Statement of Financial Position	43 284	84 321
Reconciliation of net cash inflows from operating activities to net result:		
Net cash inflows from operating activities	(13 857)	2 317
Movements in assets/liabilities:		
Receivables	4 249	(321)
Payables	(1 340)	(2 000)
Net result	(10 948)	(4)

A27. 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.

	2012	2011
	$'000	$'000
Balance at 1 July	17	2
Levies collected during the year	97	33
Amount paid to Attorney-General's Department	(97)	(18)
Amount payable to Attorney-General's Department	17	17

A28. 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 Passenger Transport Research and Development Fund (an interest bearing deposit account).

The Fund may be applied by the Minister for Transport and Infrastructure for:

- the purpose of carrying out research into the taxi-cab industry
- the purpose of promoting the taxi-cab industry
- any other purpose considered by the Minister to be beneficial to the travelling public, in the interests of the passenger transport industry, and an appropriate application of money standing to the credit of the Fund.

A28. Passenger Transport Research and Development Fund (continued)

	2012	2011
Inflows:	$'000	$'000
Receipts into the Fund	-	1
Total inflows	-	1
Outflows:		
Payments from the Fund	1	3
Total outflows	1	3
Net deficit	(1)	(2)
Fund balance:		
Balance at 1 July	12	14
Net deficit	(1)	(2)
Balance at 30 June	11	12

A29. 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 Urban Development and Planning.

	2012	2011
Inflows:	$'000	$'000
Receipts into the Trust	-	-
Total inflows	-	-
Outflows:		
Payments from the Trust	550	-
Total outflows	550	-
Net deficit	(550)	-
Fund balance:		
Balance at 1 January 2012*	1 080	-
Net deficit	(550)	-
Balance at 30 June	530	-

* The West Beach Trust tax equivalent regime transferred to DPTI on 1 January 2012 (refer note A35).

A30. Recreation and Sport Fund

The Recreation and Sport Fund was established by section 17 of the *Soccer Football Pools Act 1981*. That 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 Fund 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.

	2012	2011
Inflows:	$'000	$'000
Receipts into the Fund	156	-
Total inflows	156	-
Outflows:		
Payments from the Fund	340	-
Total outflows	340	-
Net deficit	(184)	-
Fund balance:		
Balance at 1 December 2011*	1 808	-
Net deficit	(184)	-
Balance at 30 June	1 624	-

* The Recreation and Sport Fund transferred to DPTI on 1 December 2011 (refer note A35).

A31. Sport and Recreation Fund

The Office for Recreation and Sport (ORS) has the responsibility for the Sport and Recreation Fund. The Sport and Recreation Fund (established by section 73A of the *Gaming Machines Act 1992*) has a DTF annual expenditure budget of $3.5 million, which is transferred to ORS. 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.

	2012	2011
Inflows:	$'000	$'000
Receipts into the Fund	2 042	-
Total inflows	2 042	-
Outflows:		
Payments from the Fund	3 500	-
Total outflows	3 500	-
Net deficit	(1 458)	-
Fund balance:		
Balance at 1 December 2011*	4 780	-
Net deficit	(1 458)	-
Balance at 30 June	3 322	-

* The Sport and Recreation Fund transferred to DPTI on 1 December 2011 (refer note A35).

A32. Contingent assets and liabilities

The Department is not aware of any administered contingent assets or liabilities.

A33. Unrecognised contractual commitments

Grant commitments:		
Within one year	11 446	-
Later than one year but no later than five years	3 150	-
Later than five years	-	-
Total unrecognised contractual commitments	14 596	-

Effective from 1 January 2012, the Planning and Development Fund transferred from the former Department of Planning and Local Government (DPLG) to DPTI. These commitments all relate to this fund. Separate financial statements are prepared for the Planning and Development Fund.

A34. Transfer payments

	2012	2011
Transfer payments to SA Government entities:	$'000	$'000
DTF	232 572	342 321
South Australian Fire and Emergency Services Commission	21 944	42 137
South Australia Police	23 798	48 620
Courts Administration Authority	191	401
Motor Accident Commission	315 938	586 048
Other	20 753	6 225
Transfer payment to Federal Government entities:		
Department of Infrastructure and Transport	4 611	8 067
Transfer payment to local government	158	199
Transfer payment to non-SA Government entities:		
Other	19 647	14 094
Total transfer payments	639 612	1 048 112

A35. Transferred function

Transferred in

DPLG

The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 effective 1 January 2012, assigned employees of DPLG other than the Chief Executive and those employees employed in the Office of the Minister for Employment, Higher Education and Skills to DPTI.

DPLG (continued)

The effective date of the transfer was 1 January 2012.

Total income and expenses attributable to DPLG for 2011-12 were:

	DPLG 01.07.11 to 31.12.11 $'000	DPTI 01.01.12 to 30.06.12 $'000	Total $'000
Appropriation	1 160	-	1 160
Revenue from services	-	-	-
Other income	11 541	8 492	20 033
Total income	12 701	8 492	21 193
Employee benefits	-	-	-
Supplies and services	457	1 878	2 335
Depreciation and amortisation	-	-	-
Other expenses	2 407	13 997	16 404
Total expenses	2 864	15 875	18 739
Net result	9 837	(7 383)	2 454

On transfer of DPLG, DPTI recognised the following assets and liabilities:

	DPLG Planning $'000
Cash	21 671
Receivables	82
Property, plant and equipment	8 428
Other assets	-
Total assets	30 181
Payables	520
Provisions	-
Employee benefits expense	-
Other liabilities	-
Total liabilities	520
Total net assets transferred	29 661

ORS

The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 effective 1 December 2011, assigned employees of DPLG who work within ORS to DPTI.

The effective date of transfer was 1 December 2011.

Total income and expenses attributable to ORS for 2011-12 were:

	DPLG 01.07.11 to 30.11.11 $'000	DPTI 01.12.11 to 30.06.12 $'000	Total $'000
Appropriation	-	-	-
Revenue from services	-	-	-
Other income	1 528	2 198	3 726
Total income	1 528	2 198	3 726
Employee benefits	-	-	-
Supplies and services	-	-	-
Depreciation and amortisation	-	-	-
Other expenses	-	3 840	3 840
Total expenses	-	3 840	3 840
Net result	1 528	(1 642)	(114)

ORS (continued)	ORS
On transfer of ORS, DPTI recognised the following assets and liabilities:	$'000
Cash	6 588
Receivables	-
Property, plant and equipment	-
Other assets	-
Total assets	6 588
Payables	-
Provisions	-
Employee benefits	-
Other liabilities	-
Total liabilities	-
Net assets transferred	6 588

Net assets assumed by DPTI as a result of the administrative restructure are the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to transfer. The net assets transferred were treated as a contribution by the Government as owner.

Transferred in total

The following assets and liabilities were transferred in from DPLG and ORS respectively:

	DPLG Planning $'000	DPLG ORS $'000	Total $'000
Cash	21 671	6 588	28 259
Receivables	82	-	82
Property, plant and equipment	8 428	-	8 428
Other assets	-	-	-
Total assets	30 181	6 588	36 769
Payables	520	-	520
Provisions	-	-	-
Employee benefits	-	-	-
Other liabilities	-	-	-
Total liabilities	520	-	520
Net assets transferred	29 661	6 588	36 249

Transferred out

The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 effective 1 January 2012, transferred each member of staff substantively employed within the operational units of the Office of the Chief Information Officer (OCIO) Division and Service SA to DPC. In the same notice, effective 1 January 2012, all employees employed within the Energy Division of DPTI were transferred to Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE).

The effective date of the transfers was 1 January 2012.

The following assets and liabilities were transferred to DPC and DMITRE respectively:

Transferred to:	DPC Service SA $'000	DMITRE Energy $'000	Total $'000
Cash	55 452	-	55 452
Receivables	-	210	210
Property, plant and equipment	-	-	-
Other assets	-	-	-
Total assets	55 452	210	55 662
Payables	55 452	-	55 452
Provisions	-	-	-
Employee benefits	-	-	-
Other liabilities	-	-	-
Total liabilities	55 452	-	55 452
Net assets transferred	-	210	210

Net assets transferred by the Department as a result of the administrative restructure were at the carrying amount. The net assets transferred were treated as a distribution to the Government as owner.

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 (Old Scheme) 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 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 2011-12 areas of review included:

- receipting and banking of contributions
- benefit payments
- administration expenses
- 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 2012 and changes in net assets for the year ended 30 June 2012 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.

	2012 $'million	2011 $'million
Revenue		
Contribution revenue	95	98
Investment revenue	26	89
Total revenue	121	187

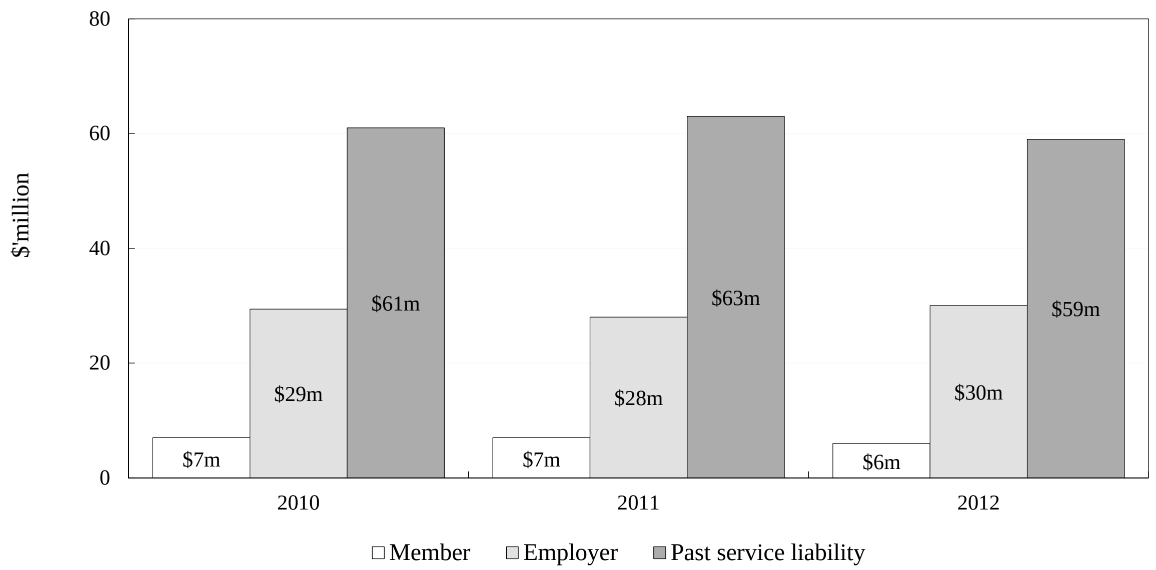
	2012 $'million	2011 $'million
Expenses		
Benefits paid	68	59
Other expenses	5	5
Total expenses	73	64
Net increase (decrease) in funds	48	123
Assets		
Investments	903	855
Other assets	1	1
Total assets	904	856
Total liabilities	-	-
Net assets available to pay benefits	904	856

Statement of Changes in Net Assets

Revenues

Investment activity for the year resulted in a positive return of $26 million ($89 million). The decrease in investment revenue is due to lower returns for funds under management during 2011-12. This mainly reflects declining economic conditions in European markets. 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 2012.



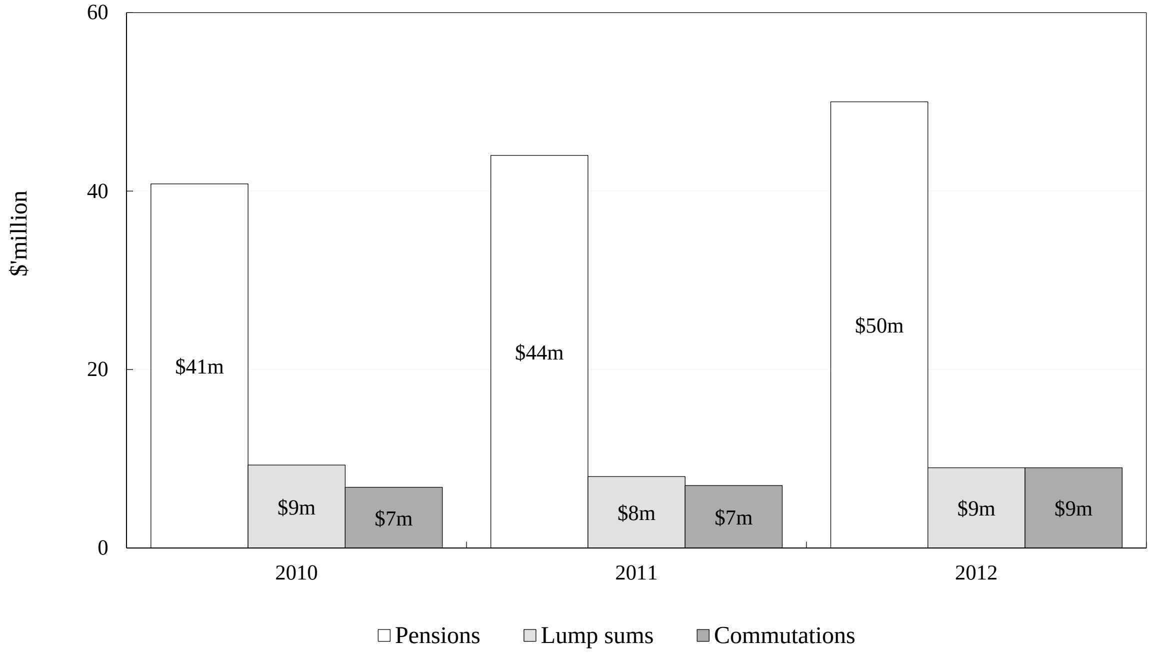
The chart shows that member and employer contributions have remained steady over the past three years.

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 $68 million ($59 million). Of this amount, $50 million ($44 million) was taken as pensions and $18 million ($15 million) as lump sum and commutation payments.

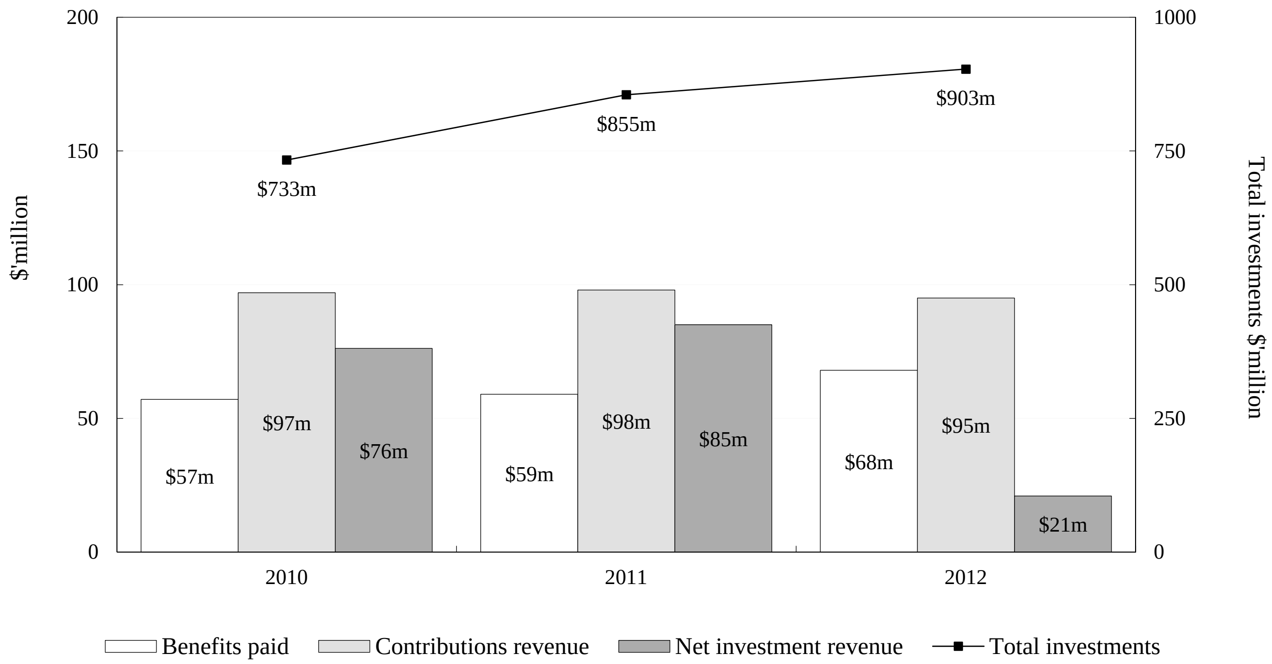
For the three years to 2012, the following chart shows an analysis of benefits paid.



Since 2010 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 $48 million to $903 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.

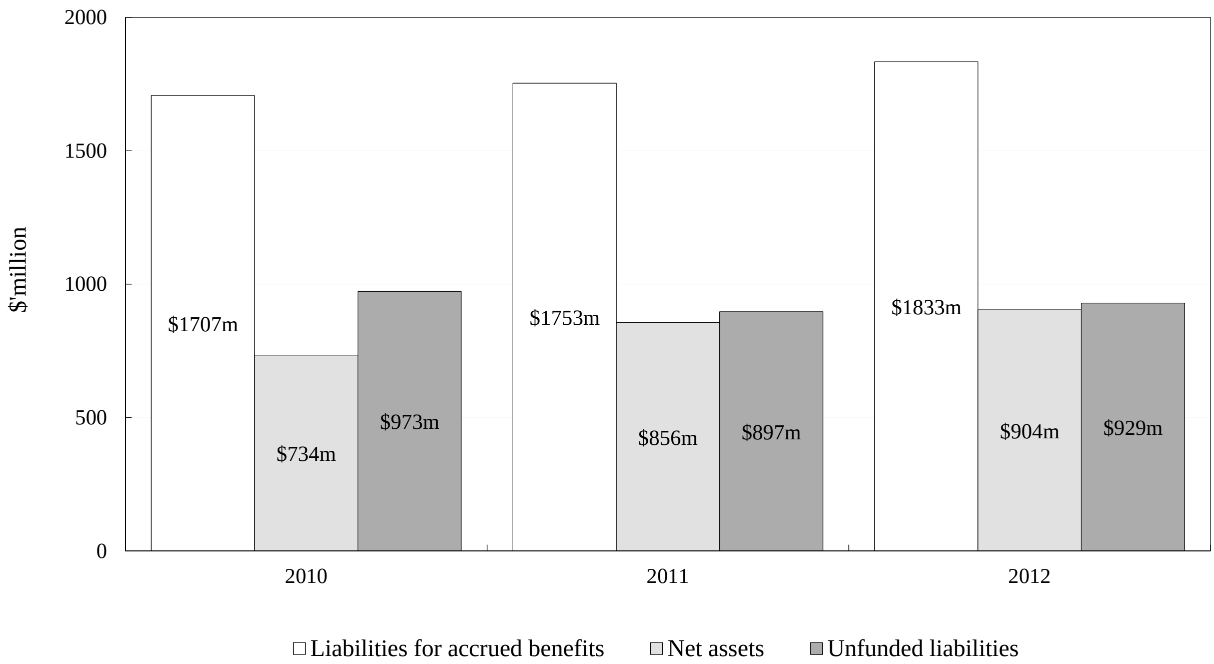
Investment returns are discussed in the commentary under ‘Superannuation Funds Management Corporation of South Australia’ elsewhere in Part B of this Report.

Further commentary on operations

Liability for accrued benefits

The estimated liability for accrued benefits increased by $80 million to $1833 million for which net assets of $904 million ($856 million) were available to pay benefits. This has resulted in an excess of liabilities over net assets of $929 million ($897 million), which represents the unfunded liability at 30 June 2012.

For the three years to 2012, the following chart shows an analysis of the liability 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 2012 the unfunded liability of the Scheme was $929 million.

Analysis of the Police Employer Account revealed net assets available to pay benefits of $559 million compared to an accrued liability of $1485 million. This represents a shortfall of net assets over accrued liabilities of $926 million. The Government transferred $59 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 $345 million compared to an accrued liability of $348 million. This represents a shortfall of net assets over accrued liabilities of $3 million.

Pensioners

The number of pensioners and pensions paid for the past three years were:

	2012	2011	2010
Pensioners	1 443	1 382	1 329
Pensions paid ($'000)	49 576	44 593	40 810

Contributions by members

The number of contributors and contributions received from pension Old Scheme Division members for the past three years were:

	2012	2011	2010
Contributors (excludes preserved members)	1 506	1 589	1 670
Contributions received ($'000)	6 488	6 836	6 951

Statement of Changes in Net Assets
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Net assets available to pay benefits at 1 July		856 068	733 539
Revenue:			
Investment revenue		25 417	89 191
Other income		52	49
Contributions revenue:	10		
Past service liability		59 300	62 600
Employer contributions		29 546	28 343
Member contributions		6 488	6 836
Government co-contributions		3	14
Total contribution revenue		95 337	97 793
Total revenue		120 806	187 033
Expenses:			
Direct investment expense	6	(4 596)	(4 640)
Administrative expense	6	(590)	(491)
Benefits paid:	11		
Pensions		(49 576)	(44 593)
Commutations		(8 926)	(6 870)
Lump sums		(9 360)	(7 896)
Government co-contributions		(3)	(14)
Total benefits paid		(67 865)	(59 373)
Total expenses		(73 051)	(64 504)
Net increase (decrease) in funds		47 755	122 529
Net assets available to pay benefits at 30 June		903 823	856 068

Statement of Net Assets as at 30 June 2012

	Note	2012 $'000	2011 $'000
Investments:			
Inflation linked securities A		85 174	78 556
Property A		140 575	116 499
Australian equities A		216 696	249 650
International equities A		217 704	208 302
Long-term fixed interest		23 036	23 460
Short-term fixed interest		14 818	15 799
Diversified strategies growth A		54 018	46 658
Diversified strategies income		117 367	84 732
Cash		33 395	31 431
Total investments	9	902 783	855 087
Other assets:			
Cash and cash equivalents		1 039	986
Contributions receivable		295	136
Sundry debtors		12	16
Total other assets		1 346	1 138
Total assets		904 129	856 225
Current liabilities:			
Benefits payable		156	54
Sundry creditors		150	103
Total liabilities		306	157
Net assets available to pay benefits		903 823	856 068

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 old scheme who are entitled to a pension based benefit. The old scheme 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 Police Superannuation Fund (the Fund). The Fund is managed and invested by the Superannuation Funds Management Corporation of South Australia (Funds SA).

The Fund is made up of one division, being the Old Scheme (Pension) Division. The division consists of the contributions 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 South Australia Police to provide administrative services.

(b) Police Superannuation Board (the Board) (continued)

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 division 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 Superannuation Scheme Employer Contribution Account (the Police Employer Account), reference should be made to the financial report of Funds SA. The investment assets, liabilities, income and expense 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 Police Employer Account. 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. From 1 July 2009, the rate for the Pension Division was set at 20.5%.

From 1 July 2011 to 25 April 2012 the Employer and Fund's prescribed proportion of benefit payments for members of the Pension Scheme was 82.5% and 17.5% respectively. From 26 April 2012 to 30 June 2012 the Employer and Fund's prescribed proportion of benefit payments for members of the Pension Scheme was amended to 81% and 19% respectively.

The Employer and Fund's prescribed proportion of benefit payments was amended by the Board, in accordance with the recommendations of Mr G Keen, FIAA and Mr L Brett, FIAA of Brett and Watson Pty Ltd in the most recent triennial Actuarial Report as at 30 June 2011.

For the year ended 30 June 2012 $29.5 million ($28.3 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 2012 the Government transferred a further $59.3 million to the Police Employer Account to meet liabilities in respect of the Scheme ($62.6 million).

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 2012. The impact of the new and amended standards has been assessed and there will be no impact on the accounting policies.

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 value, 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 (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 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 investments of the Scheme are exempt from federal income tax because the Scheme has been declared as 'constitutionally protected' under the Regulations to the ITAA. Consequently, no income tax expense has been brought to account in this financial report.

(d) Revenue

Superannuation contributions and other revenue is brought to account on an accrual basis.

(e) Receivables and payables

Contributions receivable are contributions relating to the 2011-12 financial year received by the Scheme after 30 June 2012.

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 2012 but who had not been paid until after 30 June 2012.

(f) 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 exclusive of GST.

(g) 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 accrued liabilities of the Scheme as determined by DTF are shown below.

The accrued liabilities are the present values of expected future benefit payments arising from membership of the Scheme up to 30 June 2012 based on membership data as at 30 June 2011.

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% per annum 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% per annum above CPI of 2.5% has been applied.

Changes in the liability for accrued benefits:	2012 Pension Scheme Division $'million	2011 Pension Scheme Division $'million
Liability for accrued benefits at 1 July	1 753.1	1 706.9
Benefits expense	148.1	105.6
Benefits paid	(67.9)	(59.4)
Liability for accrued benefits at 30 June	1 833.3	1 753.1
Represented by:		
Police Superannuation Fund	348.3	306.8
Police Employer Account	1 485.0	1 446.3
Total	1 833.3	1 753.1

3. Liability for accrued benefits (continued)

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 Old Scheme Division to be increased from 17.5% to 19%

(b) the government contribution for future service liabilities for the Pension Scheme division remains at the current level of 20.5%.

In line with the above recommendation the Board approved the funding proportion change from 17.5% to 19%, pursuant to section 14 of the Act. The change in the funding proportion came into effect from 26 April 2012.

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 assume 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.

Vested liabilities 30 June	2012 Pension Scheme Division $'million	2011 Pension Scheme Division $'million
Police Superannuation Fund	340.4	302.8
Police Employer Account	1 451.5	1 427.7
Total	1 791.9	1 730.5

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.

Administration expenses incurred by the Scheme for 2011-12 amounted to $590 000 ($491 000) of which the Fund is required to reimburse $177 000 ($147 000) to the Scheme through the Police Employer Account. Of the $590 000, $465 000 ($285 000) 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 2011-12, along with the period served.

Board member	***Period served during 2011-12***
Trevor Haskell*	1 July 2011 to 29 October 2011
Keryl Howie*	1 July 2011 to 30 June 2012
Kingsley Oakley	1 July 2011 to 30 June 2012
Michael Ramm	1 July 2011 to 30 June 2012
James Tappin*	30 October 2011 to 30 June 2012
Bernadette Zimmermann*	1 July 2011 to 30 June 2012

7. Remuneration of board members (continued)

Deputy member	***Period served during 2011-12***
John Bruhn*	1 July 2011 to 29 October 2011
Linda Fellows*	23 February 2012 to 30 June 2012
Julie Foley*	7 July 2011 to 30 June 2012
Ferdi Pit*	30 October 2011 to 30 June 2012
Garry Powell*	1 July 2011 to 30 June 2012
David Reynolds*	30 October 2011 to 30 June 2012
James Tappin*	1 July 2011 to 29 October 2011
Mark Trueman*	1 July 2011 to 18 February 2012

Members' remuneration is set according to State Government guidelines for statutory authorities.

* In accordance with DPC Circular 16, members who are government employees do not receive remuneration for their board membership. Board members who are contributors of the Scheme contribute on the same terms as other contributors.

Total remuneration received or due and receivable by members of the Board in 2011-12 was $9000 ($9000). Total remuneration included superannuation of $600 ($600).

The number of board members whose remuneration was within the following bands is as follows:	2012 Number	2011 Number
$1 - $10 000	2	2

8. Remuneration of auditors

Amounts paid or payable to the Auditor-General's Department for auditing the accounts of the Board in 2011-12 total $20 000 ($19 000).

9. Summary of investment holdings

Investments:	Fund Old Scheme Division $'000	Police Employer Account $'000	2012 Total $'000	2011 Total $'000
Inflation linked securities A	32 488	52 686	85 174	78 556
Property A	53 620	86 955	140 575	116 499
Australian equities A	82 655	134 041	216 696	249 650
International equities A	83 040	134 664	217 704	208 302
Long-term fixed interest	8 787	14 249	23 036	23 460
Short-term fixed interest	5 652	9 166	14 818	15 799
Diversified strategies growth A	20 604	33 414	54 018	46 658
Diversified strategies income	44 768	72 599	117 367	84 732
Cash	12 738	20 657	33 395	31 431
Total investments	344 352	558 431	902 783	855 087

10. Changes in net assets

Transactions within each division are summarised below:

	Fund Old Scheme Division $'000	Police Employer Account $'000	2012 Total $'000	Fund Old Scheme Division $'000	Police Employer Account $'000	2011 Total $'000
Net assets available to pay benefits at 1 July	343 890	512 178	856 068	312 130	421 409	733 539
Revenue:						
Investment revenue	8 375	17 042	25 417	37 412	51 779	89 191
Other income	9	43	52	8	41	49
Contribution revenue:						
Past service liability	-	59 300	59 300	-	62 600	62 600
Employer contributions	-	29 546	29 546	-	28 343	28 343
Member contributions	6 488	-	6 488	6 836	-	6 836
Government co-contributions	-	3	3	-	14	14
Total contribution revenue	6 488	88 849	95 337	6 836	90 957	97 793
Total revenue	14 872	105 934	120 806	44 256	142 777	187 033

10. Changes in net assets (continued)

	Fund Old Scheme Division	Police Employer Account	2012 Total	Fund Old Scheme Division	Police Employer Account	2011 Total
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Direct investment expense	(1 761)	(2 835)	(4 596)	(1 914)	(2 726)	(4 640)
Administration expense	(177)	(413)	(590)	(147)	(344)	(491)
Benefits paid:						
Pensions	(8 824)	(40 752)	(49 576)	(7 804)	(36 789)	(44 593)
Commutation lump sums	(1 574)	(7 352)	(8 926)	(1 202)	(5 668)	(6 870)
Lump sums	(1 912)	(7 448)	(9 360)	(1 429)	(6 467)	(7 896)
Government co-contributions	-	(3)	(3)	-	(14)	(14)
Total benefits paid	(12 310)	(55 555)	(67 865)	(10 435)	(48 938)	(59 373)
Total expenses	(14 248)	(58 803)	(73 051)	(12 496)	(52 008)	(64 504)
Net increase (decrease) in funds	624	47 131	47 755	31 760	90 769	122 529
Net assets available to pay benefits at 30 June	344 514	559 309	903 823	343 890	512 178	856 068

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.

	2012 Fund Old Scheme Division	2011 Fund Old Scheme Division
Pensions:		
Funded from:	$'000	$'000
Police Superannuation Fund	8 824	7 804
Police Employer Account	40 752	36 789
Gross scheme costs	49 576	44 593
Commutation lump sums:		
Funded from:		
Police Superannuation Fund	1 574	1 202
Police Employer Account	7 352	5 668
Gross scheme costs	8 926	6 870
Lump sums:		
Funded from:		
Police Superannuation Fund	1 912	1 429
Police Employer Account	7 448	6 467
Gross scheme costs	9 360	7 896
Government co-contributions:		
Funded from:		
Police Employer Account	3	14
Gross scheme costs	3	14
Total benefits paid:		
Funded from:		
Police Superannuation Fund	12 310	10 435
Police Employer Account	55 555	48 938
Gross scheme costs	67 865	59 373

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.

12. Financial instruments (continued)

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), property and fixed interest asset sectors are fully hedged to Australian dollars.

- Foreign currency exposures in the international equities asset sector are one-third 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.

(iii) Other market price risk (continued)

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
2012		%	$'000
Growth	Nominal standard deviation	10.3	92 986
Total			92 986
2011			
Growth	Nominal standard deviation	11.1	94 915
Total			94 915

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.

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.

(c) Liquidity risk (continued)

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	Total contractual cash flows	Carrying amount liabilities
2012	$'000	$'000	$'000
Benefits payable	156	156	156
Sundry creditors	150	150	150
Vested benefits[i]	1 792 000	1 792 000	1 792 000
Total	1 792 306	1 792 306	1 792 306
2011			
Benefits payable	54	54	54
Sundry creditors	103	103	103
Vested benefits[i]	1 730 000	1 730 000	1 730 000
Total	1 730 157	1 730 157	1 730 157

[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 carrying amounts of all the Scheme's financial instruments at the balance date approximated their fair values.

(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 of the financial statements.

Changes in organisational arrangements

During the year, certain significant changes occurred to the functions of the Department. Of particular note were the transfers into the Department of Service SA from the Department of Planning, Transport and Infrastructure (effective 1 January 2012) and SSSA from DTF (effective 1 February 2012). Refer note 28 to the Department's 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 2011-12, specific areas of audit attention included:

- revenue, including invoicing and bank reconciliations
- expenditure, including accounts payable and payroll
- grants and subsidies
- property, plant and equipment
- general ledger
- overseas travel
- protocol unit
- purchase cards
- SSSA and Service SA.

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 2012, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Department 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 the matters raised in relation to the lack of management control over debtor recovery by SafeWork SA, the implementation of TIs 2 and 28, SSSA control environments and Service SA centres as 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 a management letters to the Chief Executive of the Department. The significant matters raised with the Chief Executive and the responses are detailed below. Some matters have been raised previously.

Corporate issues

The principal matters raised with Department included the need:

- to ensure that there is full compliance with the Commissioner's Standard with respect to overseas travel. This involves maintaining a register of overseas travel and providing adequate detail to support the reasons for travel

- for the Protocol Unit to ensure that purchases are authorised in accordance with the purchase delegations and a preferred supplier listing is developed through a formal process

- for SafeWork SA to ensure that debtor recovery is actioned in accordance with documented procedures

- for invoices relating to purchase card expenditure to be attached to monthly reconciliations and for those reconciliations to be approved in a timely manner

- to ensure compliance with TIs 2 and 28.

The Department advised the following remediation action:

- A central register will be established for overseas travel and a review will be undertaken of expense reimbursement procedures.

- In relation to the Protocol Unit, officers have been reminded of the requirement to comply with purchase delegations and the preferred supplier listing will be reviewed and refined, in accordance with the Department's procurement policies, to include only suppliers that are used on a recurrent basis and that are material in dollar terms.

- In relation to SafeWork SA, debtor recovery is being reviewed in conjunction with compliance with relevant legislation.

- Progress has been taken to achieve compliance with TIs 2 and 28 as outlined hereunder.

Implementation of TIs 2 and 28

TIs 2 and 28 instituted new and revised financial management requirements for agencies from 2008-09. TI 2 requires agencies to document key financial policies and procedures. TI 28 also requires agencies to develop and maintain a financial management compliance program of review of relevant policies and procedures, internal controls and financial reporting.

Previous Reports have provided an update status on the Department's progress towards meeting the requirements of TIs 2 and 28. Last year it was conveyed that the Department would submit to the Department's Audit and Risk Committee for endorsement, in October 2011, a financial management compliance program, supported by a compliance self-assessment survey and implementation plan. The implementation plan involved a pilot rollout to a division of the Department before implementation across the remainder of the Department during 2011-12.

In 2011-12, the Department has instituted a pilot rollout within a business unit and a preliminary plan for departmental-wide implementation has been developed for 2012-13 and 2013-14.

In relation to TI 2, the Department has advised that it has identified and prioritised, based on risk assessment, the policies and procedures for future review.

Shared Services SA - accounts payable (e-Procurement) control environment

Introduction

One of the first major SSSA reform areas was the introduction of the e-Procurement system. Cabinet approved the implementation of the across-government e-Procurement solution in August 2009. A pilot of e-Procurement commenced in December 2009. The progressive rollout to other agencies (excluding the health sector) started in April 2010 and was largely completed by the end of February 2011.

In addition, the SSSA accounts payable function, which includes e-Procurement and Masterpiece accounts payable (MPAP) activities, restructured from an agency basis to a functional basis.

Last year's audit coverage focused on the e-Procurement system only as the other areas of accounts payable processing had not been reformed. Since last year SSSA has reformed several MPAP processes including implementing consistent controls for each MPAP environment.

In recognition of these changes the 2011-12 audit was extended to consider the MPAP control environment (rather than assessments on an individual agency basis).

This audit did not consider any aspects associated with the health sector because it had not implemented the e-Procurement solution and there are ongoing issues with the implementation of a new finance system. Refer to commentary under 'Department for Health and Ageing' elsewhere in Part B of this Report.

Shared Services SA accounts payable

The SSSA accounts payable functions include:

- Readsoft invoice scanning and data capture

- e-Procurement comprising access management, ordering, receiving and invoice processing
- MPAP comprising payment transaction processing and vendor master file processing
- EFT and cheque payment processing
- Masterpiece general ledger update.

A key element of Basware is the electronic approval of transactions. Importantly two agency officers (one an approver) must be involved in the processing of purchase order and non-order invoice transactions. Approvers are governed by the access regime established in the Basware application.

Approved payment transactions from Basware are uploaded into Masterpiece for payment processing.

2010-11 e-Procurement audit findings

The 2010-11 audit of the e-Procurement control environment review revealed the following important aspects of the control environment had not been fully established:

- service level determinations were not finalised and signed

- a number of draft e-Procurement policies and procedures were not finalised, approved and distributed to staff for use

- controls to manage user access and delegation profiles for Basware were not implemented

- procedures and system reports to enable the regular and timely review of ‘special’ and ‘super’ delegations were not implemented

- payment data can be altered in Basware after certification and approval by agencies without any (independent) check

- there was no independent check of the validity of transactions processed by SSSA that bypass the electronic approval by the agencies.

The response advised progress in addressing audit issues indicating that the majority of issues had been addressed or would be completed by the end of September 2011.

2011-12 SSSA accounts payable audit findings

As noted in the introduction, the 2011-12 audit was extended to consider the MPAP control environment at SSSA (excluding the health sector). The review focussed on the Basware and MPAP processes at SSSA.

It was noted that SSSA has addressed several issues arising from last year’s audit of e-Procurement. The 2011-12 audit concluded that further work is required for both the Basware and MPAP to achieve a robust control environment. Matters identified from the audit included:

- service level determinations were not finalised and signed

- policies and procedures for payment processes and vendor maintenance were not finalised, approved and distributed to staff for use

- individuals who had both standard/special user and super user Basware access could process transactions without involvement from another officer

- SSSA staff could change coding and manually match orders without referral to agency

- transactions that bypass the electronic approval by the agencies may require further review mechanisms to control transactions
- access to some (non-Basware) transaction feeder files obtained from agencies for loading into MPAP was not adequately restricted
- SSSA officers were able to process and change transaction information in Masterpiece without independent review
- additions and changes to vendor master files, including changes to bank account details, were not reviewed for validity.

The Department responded to the matters raised indicating most matters will be actioned, with planned completion dates ranging up to December 2012.

Shared Services SA - electronic payment control environment

Before the introduction and audit in 2010-11 of the new e-Procurement system, Audit in 2009-10 assessed key controls for electronic payment arrangements for various accounts payable and payroll systems operated by SSSA.

This assessment included the payment of accounts and payroll expenses for selected agencies using Masterpiece, CHRIS HRMS, Empower HRMS, Basware and Westpac Corporate Online systems.

The reviews revealed common weaknesses across the EFT payment processing systems including lack of control of user access, insufficient segregation of duties and insufficient understanding of user access. Other issues identified included weaknesses in processing and reconciliation controls, non-existent or out-of-date of policy and process documentation and insufficient logging.

In response to these matters SSSA advised that remedial action would be undertaken which would include the conduct of an organisational and system review project.

The 2010-11 follow-up audit of EFT arrangements identified that many weaknesses still remained. Whilst SSSA progressively implemented significant remedial, action over these deficiencies during 2011-12, SSSA did not anticipate completion until December 2012. As a result the EFT control environments could not be considered robust during 2011-12.

Details regarding the 2011-12 EFT follow-up review are commented on in Part A: Audit Overview of this Report.

Service SA

T-Recs

Service SA provides significant service obligations to the public through its Service SA centres, involving millions of dollars of transactions each year. A large number of transactions relate to driver licence and motor vehicle registrations.

Prior to the transfer of administrative responsibility for Service SA to the Department, the former Department for Transport, Energy and Infrastructure (now Department of Planning, Transport and Infrastructure) implemented, from July 2011, an automated reconciliation system. The system, T-Recs, was to address reconciliation issues associated with the collection and disbursement of monies relating mainly to the financial transactions of Service SA, processed through two main accounts, the Service SA Operating Account and the TRUMPS Collection Account.

Last year's Report included commentary concerning the progress of implementation of T-Recs. In particular, the Report mentioned the following matters:

- The automated reconciliation system was still in development and was due to be implemented in 2011-12.

- The system has an in-built audit function to monitor the activity of users and it was proposed to put this into operation.

- There were deficiencies in disaster recovery plans and associated testing regimes for the system and it was indicated that this would be addressed.

Audit reviewed developments concerning the adequacy of T-Recs implementation, including internal audit review and assessment of its implementation in July 2011 and its operation during 2011-12.

Audit noted significant internal audit activity over T-Recs and associated reconciliation processes both prior and subsequent to its implementation in July 2011. Reviews undertaken by internal audit covered pre-implementation testing of manual reconciliation processes, assessment of parallel running of T-Recs against manual reconciliation processes and testing of monthly reconciliation processes against T-Recs. In addition, a review was conducted of the T-Recs IT environment. Overall the internal audit reviews revealed a satisfactory outcome regarding T-Recs implementation and operation.

Audit also completed certain financial attest work over the Service SA Operating and TRUMPS Collections Accounts. The audit confirmed the satisfactory operation of T-Recs. There were however some matters noted and recommendations were made to the Department arising from audit review work.

It was noted that while T-Recs is the primary process for reconciliation of the Service SA Operating Account (supported by a manual process), the primary process for the TRUMPS Collection Account is a manual reconciliation (supported by T-Recs). It was considered that the early diminishment of the manual process should result in reduced resources and costs for the reconciliation process.

It was further noted that T-Recs has an in-built logging function and this facility would be subject to audit review in 2012-13.

Finally, there were certain outstanding matters associated with the T-Recs IT environment that were targeted for completion in April 2013. These were business and disaster recovery plans and an up-to-date risk assessment. It was considered important that these matters be addressed before or by the targeted timeframe. The Department acknowledged the completion timeframes and also indicated that the T-Recs system is included in Service SA's current financial control continuity plan.

Internal audit review of Service SA centres

As mentioned Service SA centres process a large number of transactions relating to driver licencing and motor vehicle registrations.

In 2012, internal audit undertook reviews of aspects of the system of internal controls and management processes relating to cash and transaction management and source and auditable document management in Service SA centres. The review considered certain matters including:

- cash collection and transaction handling
- security of cash held
- end of day balancing of cash and monitoring of cash balances

- security of auditable documents
- administration of source documents.

The internal audit report of May 2012 on the review raised a number of control weaknesses requiring management action. These included:

- a lack of procedures to support a number of important processes concerning the management of cash including issuance and checking of cash floats, independent checking and control of cash deliveries and validation of external personnel. Further there were no procedures for submission of annual returns of cash held in service centres, and management and storage of source documents including secure storage during the day. There were also no procedures for monitoring, reconciliation and receipt and issue of bulk auditable documents

- instances where certain cashier required actions were not undertaken or were undertaken in an inconsistent manner, contrary to established compliance requirements. These compliance requirements concerned management of client data, cash drops, and end of day cashier procedures

- weaknesses in security and integrity of cash floats where access to a safe was not controlled

- weaknesses in security and integrity of source documents where there was insufficient room to retain documents and storerooms that were unable to be secured.

Actions for consideration and implementation to address the internal audit findings have been agreed by both Service SA and the Registrar of Motor Vehicles. The remedial actions are planned to be completed by December 2012.

Information and communications technology and control

Shared Services SA – CHRIS HRMS

Bureau services arrangement

The CHRIS HRMS system continues to be the payroll system for the majority of government agencies. Processing of information using this system is facilitated by an external service provider to government under a bureau services agreement. The agreement is managed by SSSA.

In 2008, a government engaged external contractor undertook a security assessment of the bureau service's computer processing environment. That review identified a number of security and control matters to be addressed. During 2011, the same external contractor was engaged by SSSA to conduct a follow-up review of the remediation status of issues previously raised. The external contractor also examined the adequacy of services and controls provided by the payroll service provider and assessed its compliance with the Government's Information Security Management Framework. A copy of this report and the proposed remediation strategy was provided to Audit in August 2011.

In July 2012 SSSA advised Audit that only a small number of remedial actions remained outstanding and were expected to be finalised in 2012-13 and that a formalised monitoring approach to track the bureau service provider remediation activities had been established.

Once the remediation has been completed SSSA intends to undertake an independent assessment of the service provider remediation actions.

Payroll reform strategy

In June 2012 SSSA initiated a payroll system reform strategy. The initial component of the strategy involved an approved contract for a further 12 month operation of the bureau services agreement commencing 1 July 2012 and the commencement of the planning phase for the migration from the current CHRIS 5 version, which will soon become unsupported, to the current CHRIS 21 application.

The migration includes the rationalisation of CHRIS databases and implementation of a standard system configuration. Funding of $4.2 million for this upgrade has been approved.

It is anticipated that the upgrade transition from CHRIS 5 to CHRIS 21 will take approximately two to three years.

Office of the Chief Information Officer (OCIO) - government voice and data telecommunication charging arrangements

Last year's Report made comment on Audit's review of voice and data service arrangements within government, primarily via the whole-of-government Telecommunication Services Panel (TSP) contract agreements.

The reviews included examining the OCIO governance arrangements and responsibilities in the management of the TSP. They also examined the governance arrangements of selected agencies in their initial procurement and ongoing management of the TSP customer agreements for both voice and data.

During 2011-12 Audit examined other telecommunication management and billing aspects within government. In particular, the examination of external supplier charging of landline voice services, recharging to government agencies of landline voice services and follow-up reviews of agency telecommunication management arrangements. Audit also considered the findings of two OCIO initiated telecommunication reviews conducted in 2011-12 by an external telecommunication specialist firm.

Details regarding the Audit and OCIO telecommunication reviews are contained in Part A: Audit Overview of this Report.

Interpretation and analysis of the financial report

The Department, as previously commented, was subject to organisational changes during the year. As a result there have been significant increases in the Department's revenues, expenses, assets and liabilities mainly on account of the transfers into the Department of Service SA and SSSA.

The highlights from the financial report are presented below.

Highlights of the financial report	2012 $'million	2011 $'million
Expenses		
Employee benefits	131	87
Supplies and services	86	61
Grants and subsidies	134	130
Other expenses	13	7
Total expenses	364	285

	2012 $'million	2011 $'million
Income		
Fees and charges	97	27
Grants	16	14
Other	13	9
Total income	126	50
Revenues from (payments to) SA Government		
Revenues from SA Government	243	241
Payments to SA Government	14	-
Total revenues from (payments to) SA Government	229	241
Net result and total comprehensive result	(9)	6
Net cash provided by (used in) operating activities	(209)	12
Net cash provided by (used in) investing activities	(20)	(31)
Assets		
Current assets	88	45
Non-current assets	211	161
Total assets	299	206
Liabilities		
Current liabilities	55	37
Non-current liabilities	43	17
Total liabilities	98	54
Total equity	201	152

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Employee benefits	6	130 725	86 685
Supplies and services	7	85 853	61 019
Grants and subsidies	8	134 106	130 328
Depreciation and amortisation	9	11 452	6 001
Net loss from disposal of non-current assets	10	34	665
Other expenses	11	770	424
Resources provided free of charge	12	1 560	-
Total expenses		364 500	285 122
Income:			
Fees and charges	14	97 011	27 493
Commonwealth revenues	15	5 331	5 124
Grants	16	16 236	14 304
Interest		470	31
Resources received free of charge	17	2 246	5
Community Development Fund		900	900
Recoveries from administered items		516	1 009
Other income	18	3 304	995
Total income		126 014	49 861
Net cost of providing services		238 486	235 261
Revenues from (Payments to) SA Government:			
Revenues from SA Government	19	243 664	241 486
Payments to SA Government	19	14 320	-
Total revenues from SA Government		229 344	241 486
Net result		(9 142)	6 225
Total comprehensive result		(9 142)	6 225

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

Statement of Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash and cash equivalents	20	52 870	34 833
Receivables	21	35 058	10 448
Inventories		46	24
Total current assets		87 974	45 305
Non-current assets:			
Receivables	21	125	150
Property, plant and equipment	22	198 667	155 304
Works of art	22	4 698	4 698
Intangible assets	23	7 300	195
Total non-current assets		210 790	160 347
Total assets		298 764	205 652
Current liabilities:			
Payables	24	31 710	27 454
Employee benefits	25	17 285	8 249
Provisions	26	5 203	908
Other liabilities	27	962	49
Total current liabilities		55 160	36 660
Non-current liabilities:			
Payables	24	3 213	1 117
Employee benefits	25	34 507	12 711
Provisions	26	3 858	3 060
Other liabilities	27	1 263	202
Total non-current liabilities		42 841	17 090
Total liabilities		98 001	53 750
Net assets		200 763	151 902
Equity:			
Contributed capital		45 221	45 221
Revaluation surplus		14 544	14 544
Retained earnings		140 998	92 137
Total equity		200 763	151 902

Total equity is attributable to the SA Government as owner

	Note
Unrecognised contractual commitments	29
Contingent assets and liabilities	30

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

	Contributed equity $'000	Revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2010	25 899	14 544	87 134	127 577
Net result for 2010-11	-	-	6 225	6 225
Total comprehensive result for 2010-11	-	-	6 225	6 225
Transactions with SA Government as owner:				
Equity contribution from the State Government	19 322	-	-	19 322
Equity distribution to the State Government	-	-	-	-
Net assets transferred in as a result of administrative restructures	-	-	-	-
Net assets distributed from administrative restructures	-	-	(1 222)	(1 222)
Balance at 30 June 2011	45 221	14 544	92 137	151 902
Net result for 2011-12	-	-	(9 142)	(9 142)
Total comprehensive result for 2011-12	-	-	(9 142)	(9 142)
Transactions with SA Government as owner:				
Net assets transferred in as a result of administrative restructures	-	-	50 458	50 458
Post-restructure equity adjustments	-	-	(754)	(754)
Net assets distributed from administrative restructures	-	-	3 177	3 177
Gains taken to equity	-	-	5 122	5 122
Balance at 30 June 2012	45 221	14 544	140 998	200 763

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

Statement of Cash Flows
for the year ended 30 June 2012

	Note	2012 Inflows (Outflows) $'000	2011 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefits		(116 834)	(89 436)
Supplies and services		(98 347)	(58 353)
Grants and subsidies		(134 106)	(129 536)
GST paid to the ATO		(2 856)	(19 957)
Other payments		(580)	(424)
Cash used in operations		(352 723)	(297 706)
Cash inflows:			
Fees and charges		102 563	25 898
Commonwealth revenues		5 331	5 124
Grants		16 236	15 007
Interest received		470	31
Community Development Fund		900	900
Recoveries from administered items		516	1 009
GST recovered from the ATO		6 843	19 155
Other receipts		3 304	1 037
Cash generated from operations		136 163	68 161
Cash flows from SA Government:			
Receipts from SA Government		243 664	241 486
Payments to SA Government		(14 320)	-
Cash generated from SA Government		229 344	241 486
Net cash provided by (used in) operating activities	31	12 784	11 941
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(19 622)	(30 710)
Purchase of intangible assets		(24)	-
Cash used in investing activities		(19 646)	(30 710)
Net cash provided by (used in) investing activities		(19 646)	(30 710)
Cash flows from financing activities:			
Cash inflows:			
Capital contribution from the State Government		-	19 322
Cash received from restructuring activities		24 899	-
Cash generated from financing activities		24 899	19 322
Net cash provided by (used in) financing activities		24 899	19 322
Net increase (decrease) in cash and cash equivalents		18 037	553
Cash and cash equivalents at 1 July		34 833	34 280
Cash and cash equivalents at 30 June	20	52 870	34 833

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2012

(Activities - refer note 5)	1		2		3		4	
	2012	2011	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefits	6 868	6 220	1 865	1 985	6 746	9 556	496	403
Supplies and services	1 684	1 954	732	915	4 865	7 204	340	609
Grants and subsidies	258	7	-	-	6 511	9 796	20 326	19 355
Depreciation and amortisation	62	163	6	6	13	11	20	-
Net loss from disposal of non-current assets	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-
Resources provided free of charge	-	-	-	-	-	-	-	-
Total expenses	8 872	8 344	2 603	2 906	18 135	26 567	21 182	20 367
Income:								
Fees and charges	69	54	589	655	509	517	15	1
Commonwealth revenues	-	-	-	-	538	1 245	-	-
Grants	-	-	-	-	1 157	967	-	-
Interest	-	-	-	-	-	-	-	-
Resources received free of charge	-	-	-	-	-	-	2 246	-
Community Development Fund	-	-	-	-	-	-	-	-
Recoveries from administered items	-	-	21	-	-	-	-	-
Net gain from disposal of non-current assets	-	-	-	-	-	-	-	-
Other income	139	-	3	9	53	10	4	102
Total income	208	54	613	664	2 257	2 739	2 265	103
Net cost of providing services	8 664	8 290	1 990	2 242	15 878	23 828	18 917	20 264
Revenues from (Payments to) SA Government:								
Revenues from SA Government	-	-	-	-	-	-	21 356	19 529
Payments to SA Government	-	-	-	-	-	-		-
Net revenues from (payments to) SA Government	-	-	-	-	-	-	21 356	19 529
Net result	(8 664)	(8 290)	(1 990)	(2 242)	(15 878)	(23 828)	2 439	(735)

(Activities - refer note 5)	5		6		7		8	
	2012	2011	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefits	3 281	2 895	2 547	2 362	1 430	-	18 532	19 174
Supplies and services	1 032	1 337	2 704	1 888	1 552	-	8 876	13 704
Grants and subsidies	32 920	31 347	62 815	58 860	243	-	2 090	3 315
Depreciation and amortisation	29	19	5 303	4 531	8	-	226	638
Net loss from disposal of non-current assets	-	-	-	-	-	-	14	-
Other expenses	-	-	-	-	-	-	436	419
Resources provided free of charge	-	-	1 560	-	-	-	-	-
Total expenses	37 262	35 598	74 929	67 641	3 233	-	30 174	37 250
Income:								
Fees and charges	894	863	5 068	5 050	7	-	807	1 903
Commonwealth revenues	-	-	1 105	709	-	-	-	-
Grants	-	-	-	-	1 132	-	475	389
Interest	-	-	-	-	-	-	-	-
Resources received free of charge	-	5	-	-	-	-	-	-
Community Development Fund	-	-	900	900	-	-	-	-
Recoveries from administered items	-	-	-	-	-	-	-	-
Net gain from disposal of non-current assets	-	-	-	-	-	-	-	-
Other income	12	54	567	228	-	-	833	388
Total income	906	922	7 640	6 887	1 139	-	2 115	2 680
Net cost of providing services	36 356	34 676	67 289	60 754	2 094	-	28 059	34 570
Revenues from (Payments to) SA Government:								
Revenues from SA Government	37 188	33 961	69 093	61 386	-	-	116 027	126 610
Payments to SA Government	-	-	-	-	-	-	14 320	-
Net revenues from (payments to) SA Government	37 188	33 961	69 093	61 386	-	-	101 707	126 610
Net result	832	(715)	1 804	632	(2 094)	-	73 648	92 040

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2012 (continued)

(Activities - refer note 5)	9		10		11		12	
	2012	2011	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefits	477	384	4 689	4 545	1 623	786	29 392	30 228
Supplies and services	72	179	7 370	3 903	314	270	14 490	15 482
Grants and subsidies	-	(18)	-	1	16	-	4 314	4 115
Depreciation and amortisation	-	-	234	290	2	-	860	230
Net loss from disposal of non-current assets	-	-	-	-	-	-	-	661
Other expenses	-	-	-	-	-	-	155	-
Resources provided free of charge	-	-	-	-	-	-	-	-
Total expenses	549	545	12 293	8 739	1 955	1 056	49 211	50 716
Income:								
Fees and charges	-	-	2 163	2 139	120	28	14 643	12 989
Commonwealth revenues	-	-	7	-	-	-	3 508	3 003
Grants	263	262	-	-	-	-	11 231	10 938
Interest	-	-	-	-	-	-	-	-
Resources received free of charge	-	-	-	-	-	-	-	-
Community Development Fund	-	-	-	-	-	-	-	-
Recoveries from administered items	-	-	-	-	-	-	26	132
Net gain from disposal of non-current assets	-	-	-	-	-	-	-	-
Other income	5	24	-	160	-	10	-	-
Total income	268	286	2 170	2 299	120	38	29 408	27 062
Net cost of providing services	281	259	10 123	6 440	1 835	1 018	19 803	23 654
Revenues from (Payments to) SA Government:								
Revenues from SA Government	-	-	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-	-	-
Net revenues from (payments to) SA Government	-	-	-	-	-	-	-	-
Net result	(281)	(259)	(10 123)	(6 440)	(1 835)	(1 018)	(19 803)	(23 654)

(Activities - refer note 5)	13		14		15		16	
	2012	2011	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefits	7 247	8 147	25 657	-	6 427	-	12 004	-
Supplies and services	3 827	13 574	15 618	-	14 025	-	8 120	-
Grants and subsidies	3 404	3 550	-	-	-	-	-	-
Depreciation and amortisation	126	113	1 260	-	2 959	-	344	-
Net loss from disposal of non-current assets	-	4	-	-	-	-	20	-
Other expenses	2	5	177	-	-	-	-	-
Resources provided free of charge	-	-	-	-	-	-	-	-
Total expenses	14 606	25 393	42 712	-	23 411	-	20 488	-
Income:								
Fees and charges	67	3 294	37 920	-	16 699	-	17 441	-
Commonwealth revenues	173	167	-	-	-	-	-	-
Grants	1 039	1 748	-	-	-	-	-	-
Interest	37	31	397	-	-	-	36	-
Resources received free of charge	-	-	-	-	-	-	-	-
Community Development Fund	-	-	-	-	-	-	-	-
Recoveries from administered items	469	877	-	-	-	-	-	-
Net gain from disposal of non-current assets	-	-	-	-	-	-	-	-
Other income	-	10	-	-	1 683	-	5	-
Total income	1 785	6 127	38 317	-	18 382	-	17 482	-
Net cost of providing services	12 821	19 266	4 395	-	5 029	-	3 006	-
Revenues from (Payments to) SA Government:								
Revenues from SA Government	-	-	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-	-	-
Net revenues from (payments to) SA Government	-	-	-	-	-	-	-	-
Net result	(12 821)	(19 266)	(4 395)	-	(5 029)	-	(3 006)	-

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2012 (continued)

(Activities - refer note 5)	17		18		Total	
	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefits	944	-	500	-	130 725	86 685
Supplies and services	183	-	49	-	85 853	61 019
Grants and subsidies	1 205	-	4	-	134 106	130 328
Depreciation and amortisation	-	-	-	-	11 452	6 001
Net loss from disposal of non-current assets	-	-	-	-	34	665
Other expenses	-	-	-	-	770	424
Resources provided free of charge	-	-	-	-	1 560	-
Total expenses	2 332	-	553	-	364 500	285 122
Income:						
Fees and charges	-	-	-	-	97 011	27 493
Commonwealth revenues	-	-	-	-	5 331	5 124
Grants	939	-	-	-	16 236	14 304
Interest	-	-	-	-	470	31
Resources received free of charge	-	-	-	-	2 246	5
Community Development Fund	-	-	-	-	900	900
Recoveries from administered items	-	-	-	-	516	1 009
Net gain from disposal of non-current assets	-	-	-	-	-	-
Other income	-	-	-	-	3 304	995
Total income	939	-	-	-	126 014	49 861
Net cost of providing services	1 393	-	553	-	238 486	235 261
Revenues from (Payments to) SA Government:						
Revenues from SA Government	-	-	-	-	243 664	241 486
Payments to SA Government	-	-	-	-	14 320	-
Net revenues from (payments to) SA Government	-	-	-	-	229 344	241 486
Net result	(1 393)	-	(553)	-	(9 142)	6 225

Disaggregated Disclosures - Assets and Liabilities
for the year ended 30 June 2012

(Activities - refer note 5)	1		2		3		4	
	2012	2011	2012	2011	2012	2011	2012	2011
Assets:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	-	-	-	-	-	-	237	1 862
Receivables	139	-	-	-	-	-	321	200
Inventories	-	-	-	-	-	-	-	-
Property, plant and equipment	41	37	15	22	106	153	2 462	232
Works of art	-	-	-	-	-	-	5	5
Intangible assets	57	52	-	-	-	-	-	-
Total assets	237	89	15	22	106	153	3 025	2 299
Liabilities:								
Payables	-	-	-	-	201	-	317	2 261
Employee benefits	-	-	-	-	-	-	207	176
Provisions	-	-	-	-	-	-	9	4
Other liabilities	-	-	-	-	-	-	4	-
Total liabilities	-	-	-	-	201	-	537	2 441

(Activities - refer note 5)	5		6		7		8	
	2012	2011	2012	2011	2012	2011	2012	2011
Assets:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	718	3 441	768	6 025	-	-	24 009	23 503
Receivables	816	449	1 044	2 151	-	-	5 601	7 794
Inventories	-	-	-	-	-	-	35	24
Property, plant and equipment	632	554	138 702	133 667	-	-	11 700	10 879
Works of art	8	8	4 658	4 658	-	-	27	27
Intangible assets	-	-	-	-	-	-	56	66
Total assets	2 174	4 452	145 172	146 501	-	-	41 428	42 293
Liabilities:								
Payables	745	3 795	396	7 313	-	-	9 528	13 447
Employee benefits	1 024	844	669	569	-	-	14 418	12 513
Provisions	132	69	29	14	-	-	4 856	3 366
Other liabilities	1	26	-	-	-	-	-	225
Total liabilities	1 902	4 734	1 094	7 896	-	-	28 802	29 551

(Activities - refer note 5)	9		10		11		12	
	2012	2011	2012	2011	2012	2011	2012	2011
Assets:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	-	-	-	-	-	-	-	2
Receivables	-	4	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Property, plant and equipment	-	3 311	2 676	-	11	1 185	4 437	5 281
Works of art	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	70	-	7
Total assets	-	3 315	2 676	-	11	1 255	4 437	5 290
Liabilities:								
Payables	-	-	-	-	-	-	1 897	1 755
Employee benefits	-	-	-	-	-	-	6 856	6 858
Provisions	-	-	2 875	-	-	-	514	515
Other liabilities	-	-	-	-	-	-	-	-
Total liabilities	-	-	2 875	-	-	-	9 267	9 128

Disaggregated Disclosures - Assets and Liabilities for the year ended 30 June 2012 (continued)

(Activities - refer note 5)	13		14		15		16	
	2012	2011	2012	2011	2012	2011	2012	2011
Assets:	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000
Cash and cash equivalents	-	-	26 471	-	(1 870)	-	2 757	-
Receivables	4	-	16 215	-	8 400	-	2 643	-
Inventories	-	-	-	-	-	-	11	-
Property, plant and equipment	4 692	(17)	3 122	-	26 534	-	3 537	-
Works of art	-	-	-	-	-	-	-	-
Intangible assets	-	-	4 253	-	1 894	-	1 040	-
Total assets	4 696	(17)	50 061	-	34 958	-	9 988	-
Liabilities:								
Payables	-	-	6 035	-	6 987	-	7 743	-
Employee benefits	-	-	18 112	-	4 069	-	5 857	-
Provisions	-	-	-	-	26	-	620	-
Other liabilities	-	-	1 802	-	418	-	-	-
Total liabilities	-	-	25 949	-	11 500	-	14 220	-

(Activities - refer note 5)	17		18		Total	
	2012	2011	2012	2011	2012	2011
Assets:	$’000	$’000	$’000	$’000	$’000	$’000
Cash and cash equivalents	-	-	(220)	-	52 870	34 833
Receivables	-	-	-	-	35 183	10 598
Inventories	-	-	-	-	46	24
Property, plant and equipment	-	-	-	-	198 667	155 304
Works of art	-	-	-	-	4 698	4 698
Intangible assets	-	-	-	-	7 300	195
Total assets	-	-	(220)	-	298 764	205 652
				-		
Liabilities:						
Payables	1 074	-	-	-	34 923	28 571
Employee benefits	580	-	-	-	51 792	20 960
Provisions	-	-	-	-	9 061	3 968
Other liabilities	-	-	-	-	2 225	251
Total liabilities	1 654	-	-	-	98 001	53 750

Notes to and forming part of the financial statements

1. Objectives of the Department of the Premier and Cabinet (the Department)

The Department is the principal government agency in South Australia. It delivers specialist policy advice to the Premier and Ministers, supports the Cabinet process and provides direction and leadership to the South Australian public service.

The Department leads the implementation of South Australia’s Strategic Plan, 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 deliver programs in the areas including higher education, Aboriginal wellbeing, the arts, industrial relations, occupational health and safety and government records access and preservation.

2. Summary of significant accounting policies

2.1 Statement of compliance

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

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 2012 (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 judgment in the process of applying the Department's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- 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. A threshold of $100 000 for separate identification of these items applies
  - (b) expenses incurred as a result of engaging consultants
  - (c) employee TVSP information
  - (d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly, by the entity to those employees
  - (e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The 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 2012 and comparative information presented for the year ended 30 June 2011.

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 Government and SA Government.

Transactions and balances relating to these 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 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 Department’s 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 (Miscellaneous) Amendment Act 1996*. 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, 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:

Depreciation and amortisation of non-current assets (continued)

Class of asset	*Useful life (years)*
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 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.

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

Cash and cash equivalents
Cash and cash equivalents as reported in the Statement of Financial Position includes 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.

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

Receivables (continued)
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 trade 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 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 physical assets are valued at written down current cost (a proxy for 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 and buildings. However, if at any time management considers that the carrying amount of the asset materially differs from the fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current physical assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Valuations of departmental buildings and improvements held for cultural purposes were determined as at 30 June 2008 by the Australian Valuation Office. These buildings and improvements have been valued using a fair value methodology.

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.

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

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

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.

2.11 Liabilities

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

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

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

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

Creditors represent the amounts owing for goods and services received 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.

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.

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

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 5.4% at 30 June 2011 to 3.4% at 30 June 2012. This significant decrease in the bond yield, which is used as the rate to discount future LSL cash flows, results in a significant increase in the reported LSL liability.

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 2012 performed by the consulting actuaries to the Public Sector Workforce Relations Division of DPC. 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, contingent liabilities and contingent assets 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.

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 include 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
The 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.

The 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$100 000. SAFA manages the foreign currency hedges on the Department's behalf.

The Department did not have any outstanding hedges at 30 June 2012.

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 2012. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

5. Activities of the Department

The Department has identified 18 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 2012 are summarised below (refer to the Department's Disaggregated Disclosures).

Activity 1: Cabinet Office

Coordination and leadership of across government policy proposals for the Premier's and Cabinet's consideration; oversight of implementation of South Australia's Strategic Plan in government and the wider community; support to the Premier in intergovernmental relations; and provision of support to Cabinet and its committees.

Activity 2: Office of Public Employment and Review

Provision of leadership for South Australia's Strategic Plan targets relating to the public sector workforce. This is achieved by developing and implementing whole-of-government frameworks, strategies, programs and services and supporting the Commissioner for Public Employment to meet his statutory responsibilities.

Activity 3: Strategic Policy Initiatives

Provision of high-level support for strategic policy initiatives of the Government.

Activity 4: 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.

Activity 5: 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.

Activity 6: 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.

Activity 7: Integrated Design Commission

The Integrated Design Commission of South Australia has been established to connect, enhance and leverage design expertise locally, nationally and internationally as well as assist the development of innovative and best practice processes for development initiatives.

Activity 8: Support Services

Provision of corporate services to the Department, a range of support services to the Premier's Office and protocol advice to the Premier, Ministers, government agencies, private organisations and the public.

Activity 9: Capital City

Support the Capital City Committee, a legislated partnership between the Adelaide City Council and the SA Government, by providing executive support to the committee and ensuring coordination between the strategic objectives of the State and the Council to identify opportunities for the City of Adelaide.

Activity 10: 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 11: ***Public Sector Management Division***
Provision of leadership to the revitalisation and reform of the public sector.

Activity 12: ***Industrial Relations***
Provision of workplace industrial relations, safety advisory and regulatory services to the general community and the public sector.

Activity 13: ***Aboriginal Affairs and Reconciliation***
Provision of leadership in Aboriginal policy and program development, coordination and implementation of policies for Aboriginal affairs; monitoring the impact of government services on the wellbeing of Aboriginal families and communities in South Australia; protection and preservation of Aboriginal heritage and culture; facilitation of community development initiatives; provision and maintenance of essential services and infrastructure on Aboriginal land holding communities; support for the State's Aboriginal land holding authorities; and leadership of, and contribution to, special government and strategic intervention projects.

Activity 14: ***Shared Services SA***
Provision of a comprehensive, cost efficient range of corporate and business services, including the provision of payroll, accounting, financial and ICT services to various government agencies and business units.

Activity 15: ***Information and Communication Technology Services***
Management of cross-government ICT strategy and innovation, governance, planning and investment, security and critical infrastructure protection, strategic sourcing and infrastructure services.

Activity 16: ***Service SA***
The Government's single point for access to most government information and services.

Activity 17: ***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, the 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.

Activity 18: ***Population, Migration Policy and Economic Policy***
Support cross-government policy to manage sustainable population growth to help meet the State's current and future workforce demands.

6. Employee benefits

	2012	2011
	$'000	$'000
Salaries and wages	94 188	61 441
LSL	7 737	2 667
Annual leave	5 648	5 145
Employment on-costs - superannuation	11 677	7 996
Employment on-costs - other	5 879	3 908
TVSPs (refer below)	1 584	2 136
Board and committee fees	960	1 185
Other employment related expenses	3 052	2 207
Total employee benefits	130 725	86 685

TVSPs

Amounts paid to these employees:		
TVSPs	1 584	2 136
Annual leave and LSL paid during 2011-12	464	508
	2 048	2 644

TVSPs (continued)	2012	2011
	$'000	$'000
Recovery from DTF	1 425	2 529
Net cost to the Department	623	115

The number of employees who received a TVSP during the reporting period was 17 (23).

Remuneration of employees

The table below includes employees who received remuneration of $134 000 ($130 700) 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 $134 000 threshold.

The total remuneration received by employees listed in the table below, for the year was $16.9 million ($13.9 million).

The table includes the TVSP component paid where the employee meets the $134 000 threshold on normal remuneration. In 2011-12, four employees included in the table received a TVSP.

The number of employees who received remuneration of $134 000 or more during the year, falls within the following bands:	2012 Number	2011 Number
$130 700 - $133 999*	-	4
$134 000 - $143 999	7	11
$144 000 - $153 999	6	11
$154 000 - $163 999	6	1
$164 000 - $173 999	4	6
$174 000 - $183 999	8	5
$184 000 - $193 999	6	5
$194 000 - $203 999	3	2
$204 000 - $213 999	3	6
$214 000 - $223 999	2	1
$234 000 - $243 999	1	2
$244 000 - $253 999	3	1
$254 000 - $263 999	-	2
$264 000 - $273 999**	2	1
$274 000 - $283 999	-	1
$284 000 - $293 999	-	3
$294 000 - $303 999	2	1
$304 000 - $313 999	-	1
$314 000 - $323 999	1	2
$344 000 - $353 999	-	2
$354 000 - $363 999	1	-
$384 000 - $393 999	-	1
$424 000 - $433 999	-	1
$434 000 - $443 999	1	-
$514 000 - $523 999**	1	-
$544 000 - $553 999**	1	-
$584 000 - $593 999**	1	-
Total	59	70

* This band has been included for the purpose of reporting the comparative figures based on the executive base level remuneration rate for 2010-11.

** These bands include employees that have received termination payments.

Remuneration of employees transferred in

The number of employees transferred in who received remuneration of $134 000 or more during the year, falls within the following bands:

Remuneration of employees transferred in (continued)

	2012				
	DMITRE Number	SSSA Number	OSLGR Number	OCIO Number	Service SA Number
$134 000 - $143 999	-	1	1	1	-
$144 000 - $153 999	1	1	-	1	-
$154 000 - $163 999	-	3	-	-	1
$164 000 - $173 999	-	5	-	1	-
$174 000 - $183 999	-	1	1	-	-
$184 000 - $193 999	-	-	-	1	1
$214 000 - $223 999	-	1	-	1	-
$224 000 - $233 999	-	1	-	1	-
$464 000 - $473 999	-	1	-	-	-
Total	1	14	2	6	2

7. Supplies and services

	2012 $'000	2011 $'000
Accommodation	16 201	11 295
Telecommunication	2 884	1 232
Staff development and recruitment	2 113	1 738
General administration and consumables	12 268	7 114
Promotion and marketing	3 305	4 565
Repairs, maintenance and minor equipment purchases	7 320	2 323
Service level agreements	4 543	6 945
IT and computing charges	9 741	4 268
Contractors and consultants	13 976	5 319
Cost of goods sold	475	254
Temporary and casual staff	6 260	1 789
Community infrastructure	1 746	10 206
Projects	1 310	1 354
Other supplies and services	3 711	2 617
Total supplies and services	85 853	61 019
Supplies and services provided by entities within the SA Government:		
Accommodation	14 535	10 013
Telecommunication	231	860
Staff development and recruitment	137	20
General administration and consumables	2 331	2 350
Promotion and marketing	123	286
Repairs, maintenance and minor equipment purchases	2 937	1 204
Service level agreements	4 543	6 945
IT and computing charges	1 936	1 185
Contractors and consultants	3	92
Community infrastructure	1 635	4 084
Projects	-	161
Other supplies and services	1 348	1 767
Total supplies and services provided by entities within the SA Government	29 759	28 967

Payments to consultants

	2012		2011	
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	32	146	59	242
Between $10 000 and $50 000	26	611	36	784
Above $50 000	12	1 861	11	909
Total	70	2 618	106	1 935

8. Grants and subsidies

	2012 $'000	2011 $'000
Grants and subsidies	134 106	130 328
Total grants and subsidies	134 106	130 328
Grants and subsidies paid to entities within the SA Government	97 777	91 531
Total grants and subsidies paid to entities within SA Government	97 777	91 531
Grants and subsidies consists of the following:		
Libraries Board of South Australia operating grant	31 518	30 428
Adelaide Festival Centre Trust operating grant	15 081	14 551
Museum Board operating grant	10 145	9 057
Art Gallery Board operating grant	9 149	8 476
Arts Industry assistance	6 865	8 172
Country Arts SA operating grant	5 987	5 837
South Australian Film Corporation operating grant	5 752	5 827
Adelaide Festival Corporation operating grant	5 623	1 893
History Trust of South Australia operating grant	5 007	4 815
Arts Project assistance	2 433	2 599
State Theatre Company of South Australia operating grant	2 340	2 296
South Australian Youth Arts Board operating grant	2 336	2 481
Aboriginal Land Rights	2 099	2 094
Adelaide Symphony Orchestra operating grant	1 850	1 839
State Opera of South Australia operating grant	1 500	1 477
Children's Theatre Company (Windmill) operating grant	1 333	1 015
Adelaide Fringe operating grant	1 122	1 122
Timor Leste Basic Skills Training Project	1 104	400
Aboriginal Community assistance	1 070	924
Adelaide Film Festival	1 075	1 075
Australian Dance Theatre operating grant	986	969
Jam Factory Contemporary Craft and Design operating grant	819	989
Tandanya operating grant	810	792
Carrick Hill Trust operating grant	808	1 081
University College London	771	769
Occupational Health and Safety grants	743	305
Safe Work Australia	685	665
Workplace Partnership Program	507	950
Working Women's Centre SA Inc	383	372
University of Adelaide	359	1 185
OHS&W Commissioned Research grants	341	299
University of South Australia	280	48
Premier's Community Initiatives	250	232
Connecting Up Australia operating grant	189	186
Aboriginal Community Essential Services assistance	187	274
The Australian Centre for Social Innovation	-	2 000
Anangu Pitjantjatjara operating grant	-	465
Country Arts SA debt servicing grant	-	169
Building Family Opportunities Program	-	2 804
Macquarie Capital Advisers Ltd	-	333
Other grants and subsidies	12 599	9 063
Total grants and subsidies	134 106	130 328

9. Depreciation and amortisation

	2012 $'000	2011 $'000
Depreciation:		
Land, buildings and improvements	6 770	5 188
Plant and equipment	4 347	604
Total depreciation	11 117	5 792
Amortisation:		
Intangible assets	335	209
Total amortisation	335	209
Total depreciation and amortisation	11 452	6 001

10. Net gain (loss) from disposal of assets

	2012 $'000	2011 $'000
Land, buildings and improvement:		
Net book value of assets disposed	(20)	(4)
Total net gain (loss) from disposal of land, buildings and improvements	(20)	(4)
Plant and equipment:		
Net book value of assets disposed	(14)	(661)
Total net gain (loss) from disposal of plant and equipment	(14)	(661)
Total assets:		
Net book value of assets disposed	(34)	(665)
Total net gain (loss) from disposal of non-current assets	(34)	(665)

11. Other expenses

Bad and doubtful debts	146	177
Other	624	247
Total other expenses	770	424
Other expenses paid/payable to entities within the SA Government:		
Bad and doubtful debts	146	-
Other	93	153
Total other expenses - SA Government entities	239	153

12. Resources provided free of charge

Donated assets	1 560	-
Total resources provided free of charge	1 560	-

13. Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	559	199
Total audit fees	559	199

Other services

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

14. Fees and charges

Arts industry related fees	1 539	1 311
Salaries charged to other entities	231	557
Sale of goods	1 763	1 747
Service provision	1 391	-
SSSA	33 907	-
Service SA	10 151	-
Regulatory fees	11 727	10 561
Fees for services	27 549	1 198
Rental income	4 339	4 273
Other	4 414	7 846
Total fees and charges	97 011	27 493
Fees and charges received/receivable from entities within the SA Government:		
Arts industry related fees	1 028	657
Salaries charged to other entities	181	462
SSSA	31 127	-
Service SA	10 151	-
Regulatory fees	66	49
Fees for services	26 029	392
Rental income	4 153	4 048
Other	3 911	3 503
Total fees and charges from entities within SA Government	76 646	9 111

15. Commonwealth revenues

Commonwealth revenues	5 331	5 124
Total Commonwealth revenues	5 331	5 124

Commonwealth revenues include contributions for the East Timor Public Sector Capacity Development Program, generator fuel and governance training.

16. Grants

	2012 $'000	2011 $'000
Recurrent grant	14 702	12 905
Sponsorship	134	40
In-kind revenue	1 400	1 359
Total grants	16 236	14 304
Grants received/receivable from entities within the SA Government:		
Recurrent grant	11 990	12 081
Sponsorship	30	5
In-kind revenue	1 400	1 359
Total grants - SA Government entities	13 420	13 445

17. Resources received free of charge

Donated assets	2 246	5
Total resources received free of charge	2 246	5

18. Other income

Other	3 304	995
Total other income	3 304	995
Other income received/receivable from entities within the SA Government:		
Other	1 445	230
Total other income - SA Government entities	1 445	230

19. Revenues from/Payments to SA Government

Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the *Appropriation Act*	243 664	241 486
Total revenues from SA Government	243 664	241 486
Payments to SA Government:		
Return of surplus cash pursuant to cash alignment policy (refer note 2.12)	14 320	-
Total payments to SA Government	14 320	-
Net revenues from SA Government	229 344	241 486

20. Cash and cash equivalents

Deposits at call	52 476	33 910
Deposits with the Treasurer	230	887
Other short-term deposits	164	36
Total cash and cash equivalents	52 870	34 833

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.

21. Receivables

	2012 $'000	2011 $'000
Current:		
Receivables	28 822	5 913
Allowance for doubtful debts	(361)	(179)
Prepayments	1 767	439
Accrued income	4 830	1 456
Loans	-	30
Allowance for doubtful loans	-	(30)
GST receivable	-	2 819
Total current receivables	35 058	10 448

21. Receivables (continued)

	2012	2011
Non-current:	$'000	$'000
Prepayments	125	150
Total non-current receivables	125	150
Total receivables	35 183	10 598
Receivables from entities within the SA Government:		
Receivables	21 489	3 463
Accrued income	3 342	1 365
Total receivables - SA Government entities	24 831	4 828

Interest rate and credit risk

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

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.

	2012	2011
Movements in the allowance for doubtful debts (impairment loss) are as follows:	$'000	$'000
Carrying amount at 1 July	179	2
Increase in the allowance	361	177
Carrying amount at 30 June	540	179

22. Property, plant and equipment

Valuations of land and buildings

Valuations of departmental buildings and improvements held for cultural purposes were determined as at 30 June 2008 by the Australian Valuation Office. Buildings and improvements have been valued using a fair value methodology.

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 2012.

	2012	2011
Land, buildings and improvements:	$'000	$'000
Land at fair value	24 245	20 945
Buildings and improvements at fair value	259 514	197 674
Accumulated depreciation	(124 245)	(114 079)
Total land, buildings and improvements	159 514	104 540
Plant and equipment:		
Plant and equipment at fair value	66 718	11 785
Accumulated depreciation	(40 537)	(8 856)
Total plant and equipment	26 181	2 929
Work in progress:		
Work in progress at cost	12 972	47 835
Total work in progress	12 972	47 835
Total property, plant and equipment	198 667	155 304
Works of art:		
Works of art fair value	4 698	4 698
Total works of art	4 698	4 698

23. Intangible assets

	2012 $'000	2011 $'000
Computer software	10 912	1 668
Accumulated amortisation	(6 592)	(1 505)
Other intangibles	6 693	128
Accumulated amortisation	(3 713)	(96)
Total intangible assets	7 300	195

Reconciliation of non-current assets

The following table shows the movement of non-current asset during 2011-12:

2012	Land, buildings & imprvmnts $'000	Plant and equipment $'000	Work in progress	Works of art	Total tangible assets $'000	Computer software $'000	Other intangibles $'000	Total intangible assets $'000
Net book value at 1 July	218 619	11 785	47 835	4 698	282 937	1 668	128	1 796
Additions	58 100	625	9 675	-	68 400	24	-	24
Other (includes reclassifications, disposals and retirements)	(343)	(86)	-	-	(429)	-	-	-
Revaluation increment (decrement)	-	-	-	-	-	-	-	-
Transfer in as a result of administrative restructure	7 383	54 394	6 534	-	68 311	9 220	6 565	15 785
Other changes	-	-	(51 072)	-	(51 072)	-	-	-
Balance at 30 June	283 759	66 718	12 972	4 698	368 147	10 912	6 693	17 605
Accumulated depreciation/ amortisation balance as at 1 July	(114 079)	(8 856)	-	-	(122 935)	(1 505)	(96)	(1 601)
Additions	-	-	-	-	-	-	-	-
Other (includes reclassifications, disposals and retirements)	343	72	-	-	415	-	-	-
Revaluation increment (decrement)	-	-	-	-	-	-	-	-
Depreciation/Amortisation	(6 770)	(4 347)	-	-	(11 117)	(335)	-	(335)
Transfer in as a result of administrative restructure	(3 739)	(27 406)	-	-	(31 145)	(4 752)	(3 617)	(8 369)
Other changes	-	-	-	-	-	-	-	-
Balance at 30 June	(124 245)	(40 537)	-	-	(164 782)	(6 592)	(3 713)	(10 305)
Net book value at 30 June 2012	159 514	26 181	12 972	4 698	203 365	4 320	2 980	7 300
Net book value at 30 June 2011	104 540	2 929	47 835	4 698	160 002	163	32	195

2011	Land, buildings & imprvmnts $'000	Plant and equipment $'000	Work in progress	Works of art	Total tangible assets $'000	Computer software $'000	Other intangibles $'000	Total intangible assets $'000
Net book value at 1 July	211 351	12 219	17 268	4 698	245 536	1 631	128	1 759
Additions	279	304	40 281	-	40 864	36	-	36
Other (includes reclassifications, disposals and retirements)	(1 075)	(780)	-	-	(1 855)	-	-	-
Revaluation increment (decrement)	-	-	-	-	-	-	-	-
Transfer out as a result of administrative restructure	(269)	(155)	(1 184)	-	(1 608)	-	-	-
Other changes	8 333	197	(8 530)	-	-	1	-	1
Balance at 30 June	218 619	11 785	47 835	4 698	282 937	1 668	128	1 796
Accumulated depreciation/ amortisation balance at 1 July	(110 177)	(8 399)	-	-	(118 576)	(1 307)	(85)	(1 392)
Additions	-	-	-	-	-	-	-	-
Other (includes reclassifications, disposals and retirements)	1 071	118	-	-	1 189	-	-	-
Revaluation increment (decrement)	-	-	-	-	-	-	-	-
Depreciation/Amortisation	(5 188)	(604)	-	-	(5 792)	(198)	(11)	(209)
Transfer out as a result of administrative restructure	215	29	-	-	244	-	-	-
Other changes	-	-	-	-	-	-	-	-
Balance at 30 June	(114 079)	(8 856)	-	-	(122 935)	(1 505)	(96)	(1 601)
Net book value at 30 June 2011	104 540	2 929	47 835	4 698	160 002	163	32	195
Net book value at 30 June 2010	101 174	3 820	17 268	4 698	126 960	324	43	367

24. Payables

	2012	2011
Current:	$'000	$'000
Creditors	7 949	20 175
Accrued expenses	13 186	6 012
Employment on-costs	10 326	1 267
GST payable	249	-
Total current payables	31 710	27 454
Non-current:		
Employment on-costs	3 213	1 117
Total non-current payables	3 213	1 117
Total payables	34 923	28 571
Payables to entities within the SA Government:		
Creditors	1 278	16 368
Accrued expenses	5 522	3 005
Employment on-costs	1 706	621
Total current payables - SA Government entities	8 506	19 994
Non-current:		
Employment on-costs	1 759	655
Total non-current payables - SA Government entities	1 759	655
Total payables - SA Government entities	10 265	20 649

Employment on-costs

An actuarial assessment performed by DTF determined that the percentage of the proportion of LSL taken as leave has changed from the 2011 rate of 35% to 40%, and the average factor for the calculation of employer superannuation on-costs has not changed from the 2011 rate of 10.3%. These rates are used in the employment on-cost calculation.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective 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.

25. Employee benefits

	2012	2011
Current:	$'000	$'000
Annual leave	11 987	5 358
LSL	5 298	2 891
Total current employee benefits	17 285	8 249
Non-current:		
LSL	34 507	12 711
Total non-current employee benefits	34 507	12 711
Total employee benefits	51 792	20 960

Based on an actuarial assessment performed by DTF, the benchmark for the measurement of LSL liability has been calculated at zero years plus a premium of 10% (the benchmark applied in 2010-11 was five years). The net financial effect of the changes in the current financial year is an increase to the provision of $1.3 million.

The salary inflation rate remained unchanged at 4%.

26. Provisions

	2012	2011
Current:	$'000	$'000
Provision for workers compensation	963	908
Other provisions	4 240	-
Total current provisions	5 203	908
Non-current:		
Provision for workers compensation	3 858	3 060
Total non-current provisions	3 858	3 060
Total provisions	9 061	3 968

26. Provisions (continued)

	2012 $'000	2011 $'000
Carrying amount at 1 July	3 968	3 712
Increase (Decrease) in provisions recognised	5 093	256
Carrying amount at 30 June	9 061	3 968

27. Other liabilities

	2012 $'000	2011 $'000
Current:		
Unearned income	447	26
Lease incentive	515	23
Total current other liabilities	962	49
Non-current:		
Lease incentive	1 263	202
Total non-current other liabilities	1 263	202
Total other liabilities	2 225	251

28. Transferred functions

2011-12 Transferred out

As a result of restructuring of administrative arrangements outlined in the Government Gazette on 1 December 2011, the Department relinquished responsibility for the Social Inclusion Unit (SIU). Assets and liabilities relating to this business unit were transferred to the Department for Communities and Social Inclusion effective 1 December 2011. Further outlined in the Government Gazette on 1 December 2011, the Department relinquished responsibility for Renewables SA (RSA) and in the Government Gazette on 8 December 2011, the Department relinquished responsibility for the Sustainability and Climate Change Division (SCCD). Assets and liabilities relating to the RSA business unit were transferred to the Department for Manufacturing, Innovation, Trade, Resources and Energy effective 1 January 2012. In addition, assets and liabilities relating to the SCCD business unit were transferred to the Department of Environment and Natural Resources effective 1 January 2012.

Net assets transferred out	SIU $'000	RSA $'000	SCCD $'000	Total $'000
Current assets:				
Cash and cash equivalents	-	-	-	-
Receivables	-	-	-	-
		-	-	-
Non-current assets:				
Property, plant and equipment	-	-	-	-
Total assets	-	-	-	-
Current liabilities:				
Payables	2 449	6	12	2 467
Employee benefits	177	45	89	311
Provisions	-	-	-	-
Other	-	-	-	-
Non-current liabilities:				
Payables	11	9	15	35
Employee benefits	112	97	155	364
Provisions	-	-	-	-
Other	-	-	-	-
Total liabilities	2 749	157	271	3 177
Net assets transferred out	(2 749)	(157)	(271)	(3 177)

2011-12 Transferred in

As a result of restructuring of administrative arrangements outlined in The South Australian Government Gazette on 1 January 2012, the Department took on responsibility for the Office of State and Local Government Relations (OSLGR), Economic and Strategic Policy Functions (ESPF), Office of the Chief Information Officer (OCIO) and Service SA. As a result of restructuring of administrative arrangements outlined in The South Australian Government Gazette on 1 February 2012, the Department took on responsibility for SSSA. Assets and liabilities relating to these business units were transferred to the Department effective as per the gazetted date.

Net assets transferred in	OSLGR $'000	ESPF $'000	OCIO $'000	Service SA $'000	SSSA $'000	Total $'000
Current assets:						
Cash and cash equivalents	-	-	-	3 123	21 776	24 899
Receivables	1	-	9 306	1 156	20 233	30 696
Inventories	-	-	127	17	-	144
Other	-	-	-	25	-	25
Total current assets	1	-	9 433	4 321	42 009	55 764
Non-current assets:						
Receivables	-	-	-	-	11	11
Land and buildings	-	-	3 318	268	-	3 586
Property, plant and equipment	-	-	20 864	3 149	2 973	26 986
Intangible assets	-	-	1 831	178	4 967	6 976
Other	-	-	-	38	-	38
Total non-current assets	-	-	26 013	3 633	7 951	37 597
Total assets	1	-	35 446	7 954	49 960	93 361
Current liabilities:						
Payables	35	14	5 412	3 599	4 118	13 178
Employee benefits	151	96	629	1 451	5 310	7 637
Provisions	-	-	6	78	279	363
Other	-	-	92	-	110	202
Total current liabilities	186	110	6 139	5 128	9 817	21 380
Non-current liabilities:						
Payables	18	8	238	293	1 070	1 627
Employee benefits	204	96	2 727	3 352	12 246	18 625
Provisions	-	-	20	546	370	936
Other	-	-	-	-	335	335
Total non-current liabilities	222	104	2 985	4 191	14 021	21 523
Total liabilities	408	214	9 124	9 319	23 838	42 903
Net assets transferred in	(407)	(214)	26 322	(1 365)	26 122	50 458

Net assets assumed by the Department as a result of the administrative restructure are the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to transfer. The net assets transferred were treated as a contribution by the Government as owner.

Net assets transferred in

OSLGR - 1 January 2012	DPLG[1] 01.07.11 to 31.12.11 $'000	DPC 01.01.12 to 30.06.12 $'000	Total $'000
Other income	-	939	939
Total income	-	939	939
Employee benefits expenses	695	944	1 639
Supplies and services	218	183	401
Grants and subsidies	70	1 205	1 275
Total expenses	983	2 332	3 315
Net result	(983)	(1 393)	(2 376)

[1] Department of Planning and Local Government.

OCIO and Service SA - 1 January 2012	DPTI[1] 01.07.11 to 31.12.11		DPC 01.12.12 to 30.06.12		
	OCIO $'000	Service SA $'000	OCIO $'000	Service SA $'000	Total $'000
Revenues from fees and charges:	20 543	211 985	16 699	17 441	266 668
Other income	58	2 996	1 683	41	4 778
Total income	20 601	214 981	18 382	17 482	271 446

OCIO and Service SA - 1 January 2012 (continued)	DPTI[1] 01.07.11 to 31.12.11 OCIO $'000	Service SA $'000	DPC 01.12.12 to 30.06.12 OCIO $'000	Service SA $'000	Total $'000
Employee benefits	5 586	10 937	6 427	12 004	34 954
Supplies and services	13 479	13 855	14 025	8 120	49 479
Depreciation	2 667	186	2 959	344	6 156
Net loss on disposal of assets	-	-	-	20	20
Other expenses	39	28	-	-	67
Total expenses	21 771	25 006	23 411	20 488	90 676
Net result	(1 170)	189 975	(5 029)	(3 006)	180 770

(1) Department of Planning, Transport and Infrastructure.

Economic and Strategic Policy Function of the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) - 1 January 2012	DMITRE 01.07.11 to 31.12.11 $'000	DPC 01.01.12 to 30.06.12 $'000	Total $'000
Revenues from fees and charges	-	-	-
Other income	-	-	-
Total income	-	-	-
Employee benefits	477	500	977
Grants and subsidies	-	4	4
Supplies and services	9	49	58
Total expenses	486	553	1 039
Net result	(486)	(553)	(1 039)

SSSA - 1 February 2012	DTF 01.07.11 to 31.01.12 $'000	DPC 01.02.12 to 30.06.12 $'000	Total $'000
Revenues from fees and charges	53 494	37 920	91 414
Interest	680	398	1 078
Other income	46	-	46
Total income	54 220	38 318	92 538
Employee benefits	36 046	25 657	61 703
Supplies and services	23 574	15 618	39 192
Depreciation	1 810	1 260	3 070
Other expenses	1	177	178
Total expenses	61 431	42 712	104 143
Net result	(7 211)	(4 394)	(11 605)

2010-11 Transferred out

As a result of restructuring of administrative arrangements outlined in The South Australian Government Gazette on 1 July 2010, the Department relinquished responsibility for the Industrial Relations Court and Commission (IRCC), Workers Compensation Tribunal (WCT), Office of the Employee Ombudsman (OEO), Office for the WorkCover Ombudsman (OWO), Medical Panels SA (MPSA). Assets and liabilities relating to these business units were transferred to the Attorney-General's Department as at 1 July 2010. The Bragg Initiative (BI) was relinquished to the Department of Further Education, Employment, Science and Technology (DFEEST) as at 1 July 2010.

Net assets transferred out	IRCC & WCT $'000	OEO $'000	OWO $'000	MPSA $'000	BI $'000	Total $'000
Current assets:						
Cash and cash equivalents	10	-	-	-	-	10
Receivables	743	-	89	1 736	-	2 568
Non-current assets:						
Property, plant and equipment	65	-	22	1 278	-	1 365
Total assets	818	-	111	3 014	-	3 943

2010-11 Transferred out (continued)

	IRCC & WCT	OEO	OWO	MPSA	BI	Total
Current liabilities:	$'000	$'000	$'000	$'000	$'000	$'000
Payables	205	6	-	421	-	632
Employee benefits	649	14	4	-	9	676
Provisions	16	-	36	121	-	173
Other	-	-	-	103	-	103
Non-current liabilities:						
Payables	97	-	3	-	1	101
Employee benefits	976	-	35	2	11	1 024
Provisions	12	-	-	-	-	12
Total liabilities	1 955	20	78	647	21	2 721
Net assets transferred out	(1 137)	(20)	33	2 367	(21)	1 222

29. Unrecognised contractual commitments

Remuneration commitments

	2012	2011
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:	$'000	$'000
Within one year	14 025	10 957
Later than one year but no later than five years	22 428	23 577
Later than five years	71	-
Total remuneration commitments	36 524	34 534

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

Operating lease commitments

The Department as lessee

Commitments in relation to operating leases contracted at the reporting date which are not recognised as liabilities, are payable as follows:		
Within one year	12 423	10 108
Later than one year but no later than five years	48 888	32 799
Later than five years	28 358	19 816
Total operating lease commitments	89 669	62 723
Representing:		
Non-cancellable operating leases	89 669	62 723
Total operating lease commitments	89 669	62 723

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 the Department of Planning, Transport and Infrastructure. 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 $9.7 million ($9.9 million).

The Department as lessor	2012	2011
Lease receivable contracted for at the reporting date but not recognised as assets:	$'000	$'000
Within one year	5 917	4 453
Later than one year but no later than five years	25 186	19 190
Later than five years	83 575	75 227
Total operating lease commitments	114 678	98 870

The Department as lessor (continued)	2012	2011
Representing:	$'000	$'000
Non-cancellable operating leases	114 678	98 870
Total operating lease commitments due as lessor	114 678	98 870

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.

	2012	2011
Capital commitments	$'000	$'000
Within one year	-	5 045
Total capital commitments	-	5 045
Other commitments		
Within one year	11 748	6 662
Later than one year but no later than five years	22 484	12 000
Later than five years	17 412	18 450
Total other commitments	51 644	37 112

The Department's other commitments include:

- agreements for the provision of assistance to the University College London for the operations of the University in Adelaide
- provision of funding for maintenance work to be undertaken on the Adelaide Festival Centre
- funding agreements to be paid by SafeWork SA, Arts SA and Commercial Advice
- AustralAsia Railway Corporation.

30. Contingent assets and liabilities

Contingent assets

South Australian Government Salary Sacrificing Arrangement Panel Agreement (Public Sector Workforce Relations)

In 2008 the Government entered into salary sacrificing agreements with Maxxia Pty Ltd, Remunerator Pty Ltd and Smart Salary Pty Ltd. The agreements allow the Minister or his delegate to withdraw up to a total of $800 000 when an unconditional financial undertaking is present to fund any interim measures to avoid disruption to the salary sacrifice arrangements provided to employees.

In 2012, the Government entered into salary sacrificing agreements with Maxxia Pty Ltd. The agreements allow 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.

Alice Springs to Darwin railway (commercial advice)

Pursuant to section 6(be) of the *Alice Springs to Darwin Railway Act 1997*, SAFA issued loans for the construction of the railway and the Premier gave SAFA a guarantee and indemnity in relation to its investment. This investment was assessed as impaired as at 30 June 2008 and, in 2008-09, the Department made a one-off payment to SAFA pursuant to the Premier's guarantee. The Premier now has an entitlement, on behalf of the SA Government, to any monies which may be recovered on account of the original debt.

In June 2011, subsequent to the sale of the railway business and after payment of senior debt, the SA Government received an interim distribution of $967 000 in relation to these loans. In addition, in November 2011 the SA Government received a second distribution from the Receiver of $318 000. A final distribution will be made once all financial matters relating to the sale of the railway business have been settled.

Contingent liabilities

Legal proceedings (SafeWork SA)

The Department is involved in prosecuting breaches under the *Occupational Health Safety and Welfare Act 1986, Fair Work Act 1994, Explosives Act 1936* and *Dangerous Substances Act 1979.* At balance date there were an average of 30-40 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 $400 000 for the court and prosecution costs.

Alice Springs to Darwin railway (commercial advice)
The Australasia Railway Corporation (the Corporation) is the joint SA/NT Government body, which managed the awarding of a build, own, operate and transfer back concession for the Alice Springs to Darwin railway and protects the two Governments' investments in the railway for the 50 year concession term.

Guarantees and indemnities have been provided by the Corporation under the various project documents. The SA and NT Governments jointly guarantee the obligations of the Corporation.

The SA and NT Governments each accept responsibility for breach of an indemnity that is caused by its act or omission, to the extent to which it caused the event. Principally, the Corporation has granted indemnities to ensure that title to the railway corridor is secure for the construction and operation of the railway infrastructure. These indemnities cover risks related to native title claims, undisclosed interests in the corridor, environmental contamination, heritage and sacred sites and environmental assessment processes.

The project documents provide for the early termination of the concession arrangement by the concession holder in certain circumstances that would give rise to the payment of an early termination amount. The amount is calculated by reference to the market value of the business.

In December 2010, Genesee & Wyoming Inc purchased the assets of the railway business, including rights and responsibilities under the concession, for A$334 million.

Changes to documentation were required to reflect the new company structure and to novate and transfer all the rights and assets to the new owner. It is considered that the Corporation and the two Governments are in an improved position, compared with the original deal. The level of risk has been reduced to ensure that the remedy is within the control of either the Corporation or the Governments. Also, the potential of the railway is more likely to be achieved by the new operator.

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 South Australian 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.

Copyright payments (State Records of South Australia)
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 relevant collecting society are still in progress and therefore the amount payable cannot be reliably measured as at 30 June 2012.

Impact of High Court of Australia decision regarding appeal by the Public Service Association
Following the 2010 State Budget, the Public Service Association appealed the decision to reduce LSL and annual leave entitlements and the ongoing security of employment conditions. On 15 March 2011, the Full Supreme Court dismissed an application for a judicial review by the Full Commission of the Industrial Relations Commission because it lacked jurisdiction, saying the matter needed to be decided by the High Court of Australia. The matter was heard before the High Court in Canberra on 29 November 2011.

The High Court reserved its decision on both the application for special leave to appeal and the substantive argument. On 11 July 2012, the High Court of Australia ruled in favour of the Public Service Association allowing an appeal of the Full Supreme Court's judgment of 15 March 2011. It also awarded costs to the Public Service Association: '... the Chief Executive, Department of the Premier and Cabinet of South Australia, pay the costs of the appellant in this Court.' The estimated contingent liability is $150 000.

31. Cash flow reconciliation

Reconciliation of cash and cash equivalents	2012 $'000	2011 $'000
Cash and cash equivalents disclosed in the Statement of Financial Position	52 870	34 833
Cash and cash equivalents disclosed in the Statement of Cash Flows	52 870	34 833

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services	2012 $'000	2011 $'000
Net cash provided by (used in) operating activities	12 784	11 941
Revenues from SA Government	(243 664)	(241 486)
Payments to SA Government	14 320	-
Non-cash items:		
Depreciation and amortisation of property, plant and equipment and intangibles	(11 452)	(6 001)
Resources provided free of charge	(1 560)	-
Resources received free of charge	2 246	-
Bad and doubtful debts	(182)	(177)
Other non-cash items	(112)	-
Net gain (loss) on disposal of assets	(34)	(665)
Net transfers from administrative restructures	8 812	-
Movements in assets/liabilities:		
Receivables	24 585	1 985
Inventories	22	6
Payables	(6 352)	(3 425)
Employee benefits	(30 832)	2 751
Provisions	(5 093)	(256)
Other liabilities	(1 974)	66
Net cost of providing services	(238 486)	(235 261)

32. 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.

	2012		2011	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial assets				
Cash and cash equivalents:				
Cash and cash equivalents	52 870	52 870	34 833	34 833
Loans and receivables:				
Receivables(1)	33 291	33 291	7 190	7 190
Financial liabilities				
Financial liabilities at cost:				
Payables(1)	21 135	21 135	26 187	26 187
Other liabilities	2 225	2 225	251	251

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax, etc they would be excluded from the disclosure. The accounting standards define contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost) except for employee on-costs which are determined via reference to the employee benefit liability to which they relate.

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			
	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2012	$'000	$'000	$'000	$'000
Receivables	24 230	1 797	2 434	28 461
2011				
Receivables	4 198	44	1 492	5 734

(c) Maturity analysis of financial assets and liabilities

The following table discloses the maturity analysis of financial assets and liabilities:

		Contractual maturities		
	Carrying amount	Less than 1 year	1-5 years	More than 5 years
2012	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	52 870	52 870	-	-
Receivables	28 461	28 461	-	-
Accrued income	4 830	4 830	-	-
Total financial assets	86 161	86 161	-	-
Financial liabilities:				
Creditors	7 949	7 949	-	-
Accrued expenses	13 186	13 186	-	-
Unearned income	447	447	-	-
Other financial liabilities	1 778	515	1 161	102
Total financial liabilities	23 360	22 097	1 161	102
2011				
Financial assets:				
Cash and cash equivalents	34 833	34 833	-	-
Receivables	5 734	5 734	-	-
Accrued income	1 456	1 456	-	-
Total financial assets	42 023	42 023	-	-
Financial liabilities:				
Creditors	20 175	20 175	-	-
Accrued expenses	6 012	6 012	-	-
Unearned income	26	26	-	-
Other financial liabilities	225	23	100	102
Total financial liabilities	26 438	26 236	100	102

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 appropriations by the SA Government. The Department works with DTF to determine the cash flows associated with its government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

Market risk

The Department has no interest bearing liabilities as at the end of the reporting period. There is no exposure to foreign currency or other price risks.

Market risk (continued)

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.

33. Remuneration of board and committee members

The Department administers a number of boards and committees where members receive or are entitled to receive remuneration for their membership. Members during the year that were entitled to receive remuneration for membership during the 2011-12 financial year were:

Social Inclusion Board

D Cappo*	B Cass	L Hallahan
K Colbung*	M Patetsos	M Halsey
W Cossey	M Wagstaff	
G Hugo	P Peel*	

South Australian Aboriginal Advisory Council

S Miller	A Turner	L Liddle*
P A Agius	D James*	A Jones
M Sumner	A Stuart	
L Bassani	D Bond*	

SA Strategic Plan Community Engagement Board

E Moulds	J Rich	K McHugh
A Inglis	M Wagstaff	L Hallahan
M Alkafaji	D Agnew*	D Thomas
N Halsey	S Starick	P Vandenbergh
P Blacker	A Edwards	
H Le	D Bursill*	

State Records Council

M Anderson*	S Marsden	S Vreugdenberg*
P Crush	M Moore	J Fetherstonhaugh
S Froude*	G Thompson*	J Browne

Aboriginal Heritage Act 1988 Aboriginal Heritage Committee

M George	C Smith	Y Agius
M Ah Chee	H Smith	S Meagher
S Sparrow	A Starkey	C Waye
D Likouresis	A Stuart	K Telfer
R Callaghan	L Wright	

Premier's Climate Change Council

V Sanders	R Degaris	B Carter
J Palutikof	B Foster	N Halsey
P Peel*	T M W Kelly	T O'Loughlin*
J O'Brien	P McMichael	

South Australia's Strategic Plan Audit Committee

W Cossey	L Read	M McGrath
D Bursill*	G Niedorfer	
T M W Kelly	A Mundkur	

Aboriginal Heritage Act 1979 Aboriginal Heritage Committee

P Clarke*	M McBride	H Richards
L Dare	M McKenzie	S Sparrow
R Hillman	V McKenzie	A Starkey

Privacy Committee of South Australia

T Hosch	B Quirke*	T Ryan*
A Mills*	N Rogers*	A Stanley*

Capital City Committee

P Conlon*	S Yarwood	J Rau*
J Weatherill*	D Plumridge	
M Rann*	M Llewellyn-Smith	

Aboriginal Lands Trust Act 1966 Review Reference Group

P Agius	H J Davey	K K Thomas*
J Chester	H D Miller	K B Wanganeen

Public Sector Grievance Review Commission

A Burgess*	D Stevens	D J Smythe
K McEvoy	J Walsh	

Renewables SA Board

B Carter	A Kean	N Halsey
B Foster	D Klingberg	J O'Brien

Remuneration Tribunal

D R Prior*	D J Smythe	
H Bachmann	J Obst	

Work Life Balance Advisory Committee

R Buckler	M Hogan*	K Peters
E Dabars	C Hudson	B Wood*
S Dann	R Owens	B Cowey
T Champion	J Spoehr	V Swan*

State Emergency Management Committee

S Ashby*	A Holmes*	B Rowse*
W Campana	V Faggotter*	M Hanson*
R Creen*	M Hyde*	A Lawson*
K Braunack*	G Knight*	G Nettleton*
G Burns*	G Lupton*	B Fahy*
H Castle*	J Frittum*	C Beattie*
J Hallion*	J Mazel*	A Harrison*
J Ringham*	D Swan*	M Maywald*
A Johnson*	P Korista	J Rishworth*
S Pitcher*	D Plowman*	J Maguire*
J Schultz*	V Smyth*	I Nightingale*
A Thompson*	R Hook*	J Meakins*
A Circelli*	T Donaghy*	
M Smith*	D Place*	

Playford Memorial Trust Inc

D Brown	I McMillen	D Wotton
D Bursill*	D Standish	K Yates
S Herzberg	H Nankivell	D Day
R Lawson	K Delaporte	
D Hopgood	D Watson	

Asbestos Advisory Committee

A Amorosi	A Kay*	S Humphries*
C Brown	J Lovatt*	S Mangas*
D Fitzgerald*	D McMahon	J Quarton
S Sergi*	T Miller	J Tieste*
M Howard	J Giles	J Barkla*
C Jones*	D Roberts	

Industrial Relations Advisory Committee

D Blairs	J Hanson	A Moeller
F Donaghy	T Hines	R Wortley*
T Earls	J Mc Mahon	B Russell*

Industrial Relations Advisory Committee (continued)

P Eblen	M Patterson*	C Starr
T Evans	B Smedley	A Story
J Giles	S Hills	R Cairney
D Gray	P Kolarz	W Campana

Aboriginal & Torres Strait Islander Arts Development Program Peer Assessment Panel

S Dodd	D Siwes	C Rigney
A Franklin	A Baker	
J Thomas	B Croft	

Boundary Adjustment Facilitation Panel

G M Altridge	C A Procter
J W Maitland	M Wagstaff

Occupational Health, Safety & Welfare Review Committee

J Brownsea	D Frith	A Moeller
J Cavanough	J Giles	M O'Malley
C Cini	K Hopkins	B Smedley
G Colquhoun	N Kitchin	A Taylor
T Evans	R Martin	S Thomas
E Flenley		

SafeWork SA Advisory Committee

D Blairs	M Heylen	R Thomson*
J Cavanough	M Howard	J Quarton
D Frith	M O'Malley	B Russell*
J Giles	M Patterson*	C Vincent
B Grant	T Phillips	

Art for Public Places Committee

A Evans	L Simeoni	W Keates
B Powles	D Ferretti*	R Ananda
M Knights	R Reason*	

Community Arts Development Assessment Panel

G Davill*	S Ferguson	B Noone
M Sawtell	S Johnston	S Sheehan

Contemporary Music Peer Assessment Panel

A Dundon	S Arlidge	G Shaw
J Sweeney	A Tripiodi	A Shepherd
R Chalklen	A Poulton	S Dodd

Organisations Assessment Panel

B Cook	K Maragozidis	S Verschoor*
A Peluso*	B McQueen	L Newton
L Kroetsch	S Mayhew*	J Sweeney
D Harris	M Parmenter	E Pak-Poy

Visual Arts, Craft and Design Peer Assessment Panel

J Barwick	J Henderson	K Coelho
D But-Husaim	T Rosella	M Rackham
A Hughes	C De Rosa	T Richardson
D Austin	K M Inglis	
J Fanning	G Bisetto	

Integrated Design Commission Advisory Board

J Birkeland	J Denton	D Hill
C Bull	E Farrelly	T Horton*
J Cys	J Hallion*	G Hugo

Adelaide Festival Corporation Board

C Anthoney*
P Goers
T Pribanic*
R Ryan
G Walters
S Yarwood
S Brown
A Duthie
C Treloar

Adelaide Festival Centre Trust

S Clearihan
C Cordeaux
B Fitzpatrick
Z Flanagan
H Le
C Mitchell
W Spurr
I Kowalick

Aboriginal Lands Trust

K Abdulla
C Coleman
H Davey
R Dodd
I Johnson
C Lennon
M Lochowiak
I McKenzie
B Miller
K Peters
P Rigney
G Tongerie
G Walker
T Abdulla
G Cooley
G Dood
Y Edwards
M McKenzie
H Miller
S Walker
L Warren
D Wilton

Performing Arts Peer Assessment Panel

E Old
J Meiners
S Healy
A Pak Poy
A Cawrse
S Riley
N Hughes
S Zahra
J Barry-Knox
T Sexton
R Seidel
N Bloom

Richard Llewellyn A & D Trust

N Zofia
R Alexandra
L Becky

Literature Peer Assessment Panel

C Kenneally
S Evans
B Chandler
R Hawke
J Jones
S Fleming
C Raynes

Economic Development Board

G Belchamber
D Cappo*
R Chapman
I Gould
J Hallion*
B Hawke
M Hickinbotham
M Keating
K Osborn
L Read
R Spencer
D Thomas
L Worrall*
C Namblard

Mining and Quarrying Occupational Health and Safety Committee

G Day
W Hanson
L Jones
E McInerney
M O'Malley
S Rowett*
M Sexton
A Cartledge
M Howard
F Mateos
G Sauer
B Wilson
G Murray
P Seide

South Australian Film Corporation

C Bart
R Clark
B Ikin
A Maras
D Monaghan
J Ryan
V Skinner
J Yuile
G Kelly

State Opera of South Australia Board

P Brooks
J Bruce
A Bryant
S Hatcher
L Nicholson
E Raupach
C Rothauser
J Wilson

State Theatre Company of South Australia Board

T Crawford*
N Downer
C Guille
J Irving
J Jamieson
J Levy
P Siebels
L Reynolds
B Halliday

Country Arts SA Grant Assessment Panel

C Cantlon
S Chapman
C Durant
E Gardner
M Harris
M Hart
K Lazroff
L Owens
J Pana
D Rogers
C Veldhuyzen
T Milner-Nichols

Carclew Youth Arts Inc Board

S Fawkes*
K Gould*
C Hatzi*
M Hill
E Pak-Poy
V Purman
J Sutherland-Shaw*
J Meiners
P Watkins*
S Yates*

Australian Children's Performing Arts Company (Windmill Performing Arts)

J Andrews*
G Fitzpatrick
M Ormsby
M Potts
D Spear
M Walters

South Australian Country Arts Trust

A Aughey
A Cannon
J Cleary
B Green
M Jennings
D McEwen
L Owens
S Winter-Dewhirst*
W Pelz
K Telfer

Adelaide Film Festival Board

A Bovell
G Knagge
W Lewis
R Ellis
S Maslin
S Sdraulig
L Thomas
V Skinner
J Thompson
S White
C Bart

Disability Information and Resources Centre Inc Board

I Bagshaw
M P Faull
P Gosnold
A Halliday
C Patrick
M Politis
D Wells

Jam Factory Contemporary Craft and Design Inc Board

T Horton*
K Lawrence
J Lomax-Smith
C Nicholls
E Raupach
P Vaughan
J Ranaldo

Tandanya National Aboriginal Cultural Institute Board of Management

T A Bayliss
N Cumpston*
P Rigney
T Richie
A Sloan
N Harkin
J Alberts
C Egan*
S Meagher
J Thomas
R King
Y Robson-McInerney

The number of members whose remuneration received or receivable falls within the following bands:	2012 Number	2011 Number
$0 - $9 999	474	313
$10 000 - $19 999	12	26
$20 000 - $29 999	4	-
$30 000 - $39 999	-	1
$40 000 - $49 999	7	7
$60 000 - $69 999	2	2
Total	499	349

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 $941 000 ($1.2 million).

Amounts paid to a superannuation plan for board/committee members was $136 000 ($54 000).

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

33. Remuneration of board and committee members (continued)

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

34. 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 2012 and the date the financial statements are authorised for issue where the event relates to a condition which arose after 30 June 2012 and which may have a material impact on the results of subsequent years.

There are no such events after 30 June 2012.

Statement of Administered Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Employee benefits	A2	2 583	2 219
Grants and subsidies	A3	142 089	900
Intra-government transfers	A4	5 312	6 745
Supplies and services	A5	5 582	3 636
Disbursements on behalf of third parties	A6	671 638	-
Depreciation and amortisation	A7	132	-
Total expenses		827 336	13 500
Income:			
Revenues from SA Government	A13	15 861	12 047
Revenues from Commonwealth Government	A9	1 502	432
Advances and grants	A10	141 969	1 652
Fees and charges	A12	152	-
Collections on behalf of third parties	A12	666 089	-
Net gain from disposal of assets	A8	41	-
Interest		1 352	1 384
Other	A11	7 285	2 304
Total income		834 251	17 819
Net result		6 915	4 319
Total comprehensive result		6 915	4 319

Statement of Administered Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash and cash equivalents	A14	96 181	44 495
Receivables	A15	431	1 197
Total current assets		96 612	45 692
Non-Current Assets:			
Plant and equipment	A16	4 193	-
Total non-current assets		4 193	-
Total assets		100 805	45 692
Current liabilities:			
Payables	A18	49 739	2 998
Employee benefits	A19	88	-
Provisions	A20	28	1 161
Other liabilities		335	-
Total current liabilities		50 190	4 159
Non-current liabilities:			
Payables	A18	13	-
Employee benefits	A19	145	-
Provisions	A20	120	6 272
Total non-current liabilities		278	6 272
Total liabilities		50 468	10 431
Net assets		50 337	35 261
Equity:			
Retained earnings		50 337	35 261
Total equity	A21	50 337	35 261
Unrecognised contractual commitments	A22		
Contingent assets and liabilities	A23		

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

	Retained earnings $'000	Total $'000
Balance at 30 June 2010	30 638	30 638
Total comprehensive result for 2010-11	4 319	4 319
Net assets distributed from administrative restructures	304	304
Balance at 30 June 2011	35 261	35 261
Net result for 2011-12	6 915	6 915
Total comprehensive result for 2011-12	6 915	6 915
Net assets distributed from administrative restructures	8 161	8 161
Balance at 30 June 2012	50 337	50 337

Statement of Administered Cash Flows
for the year ended 30 June 2012

	2012 Inflows (Outflows) $'000	2011 Inflows (Outflows) $'000
Cash flows from operating activities:		
Cash outflows:		
Employee benefits	(2 633)	(2 604)
Grants and subsidies	(142 089)	(900)
Intra-government transfers	(5 313)	(6 745)
Supplies and services	(4 895)	(6 086)
Disbursements on behalf of third parties	(680 759)	-
Other payments	(132)	-
Cash used in operations	(835 821)	(16 335)
Cash inflows:		
Revenues from SA Government	15 861	12 047
Revenues from Commonwealth Government	1 502	432
Fees and charges	152	-
Advances and grants	141 969	-
Collections on behalf of third parties	666 089	-
Interest	1 352	1 384
Other receipts	854	548
Cash generated from operations	827 779	14 411
Net cash provided by (used in) operating activities	(8 042)	(1 924)
Cash flows from financing activities:		
Cash inflows:		
Cash received from restructuring activities	59 728	304
Cash generated from financing activities	59 728	304
Net increase (decrease) in cash and cash equivalents	51 686	(1 620)
Cash and cash equivalents at 1 July	44 495	46 115
Cash and cash equivalents at 30 June	96 181	44 495

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2012

(Activities - refer note A1)	Special Act salary and allowances		Bank of Tokyo cultural and social exchange		SA Okayama account		Promotion of the State	
	2012	2011	2012	2011	2012	2011	2012	2011
Expenses:	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000
Employee benefits	492	649	-	-	-	-	-	-
Grants and subsidies	-	-	15	15	-	-	-	720
Intra-government transfers	-	-	-	-	-	-	22	-
Supplies and services	-	-	-	-	-	-	1 783	518
Disbursements on behalf of third parties	-	-	-	-	-	-	-	-
Depreciation and amortisation expense	-	-	-	-	-	-	-	-
Total expenses	492	649	15	15	-	-	1 805	1 238
Income:								
Revenues from Commonwealth Government	-	-	-	-	-	-	-	-
Advances and grants	-	-	6	6	-	-	-	-
Fees and charges	-	-	-	-	-	-	61	-
Collections on behalf of third parties	-	-	-	-	-	-	-	-
Net gain from the disposal of assets	-	-	-	-	-	-	-	-
Interest	-	-	3	3	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total income	-	-	9	9	-	-	61	-
Net cost of providing services	492	649	6	6	-	-	1 744	1 238
Revenues from (Payments to) SA Government:								
Revenues from SA Government	418	506	-	-	-	-	1 705	1 664
Net revenues from (payments to) SA Government	418	506	-	-	-	-	1 705	1 664
Net result	(74)	(143)	(6)	(6)	-	-	(39)	426

(Activities - refer note A1)	APY Lands		Aboriginal Affairs administered		Government workers compensation		Service SA	
	2012	2011	2012	2011	2012	2011	2012	2011
Expenses:	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000
Employee benefits	-	-	-	-	1 754	1 570	-	-
Grants and subsidies	35	165	-	-	-	-	-	-
Intra-government transfers	5 290	6 745	-	-	-	-	-	-
Supplies and services	196	444	1 841	2 552	140	122	-	-
Disbursements on behalf of third parties	-	-	-	-	-	-	671 638	-
Depreciation and amortisation	-	-	-	-	-	-	-	-
Total expenses	5 521	7 354	1 841	2 552	1 894	1 692	671 638	-
Income:								
Revenues from Commonwealth Government	-	-	1 502	432	-	-	-	-
Advances and grants	14	-	-	1 646	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-
Collections on behalf of third parties	-	-	-	-	-	-	666 089	-
Net gain from the disposal of assets	-	-	-	-	-	-	-	-
Interest	-	1 381	1 263	-	-	-	-	-
Other	-	-	-	-	7 285	2 304	-	-
Total income	14	1 381	2 765	2 078	7 285	2 304	666 089	-
Net cost of providing services	5 507	5 973	(924)	474	(5 391)	(612)	5 549	-
Revenues from (Payments to) SA Government:								
Revenues from SA Government	5 730	5 587	-	-	2 298	4 290	5 550	-
Net revenues from (payments to) SA Government	5 730	5 587	-	-	2 298	4 290	5 550	-
Net result	223	(386)	924	(474)	7 689	4 902	1	-

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2012 (continued)

(Activities - refer note A1)	Local Government taxation equivalents funds		Outback Communities Authority		SA Local Governments Grants Commission		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefits	-	-	214	-	123	-	2 583	2 219
Grants and subsidies	1 438	-	663	-	139 938	-	142 089	900
Intra-government transfers	-	-	-	-	-	-	5 312	6 745
Supplies and services	-	-	1 541	-	81	-	5 582	3 636
Disbursements on behalf of third parties	-	-	-	-	-	-	671 638	-
Depreciation and amortisation	-	-	132	-	-	-	132	-
Total expenses	1 438	-	2 550	-	140 142	-	827 336	13 500
Income:								
Revenues from Commonwealth Government	-	-	-	-	-	-	1 502	432
Advances and grants	703	-	612	-	140 634	-	141 969	1 652
Fees and charges	-	-	91	-	-	-	152	-
Collections on behalf of third parties	-	-	-	-	-	-	666 089	-
Net gain from the disposal of assets	-	-	41	-	-	-	41	-
Interest	19	-	34	-	33	-	1 352	1 384
Other	-	-	-	-	-	-	7 285	2 304
Total income	722	-	778	-	140 667	-	818 390	5 772
Net cost of providing services	716	-	1 772	-	(525)	-	8 946	7 728
Revenues from (Payments to) SA Government:								
Revenues from SA Government	-	-	160	-	-	-	15 861	12 047
Net revenues from (payments to) SA Government	-	-	160	-	-	-	15 861	12 047
Net result	(716)	-	(1 612)	-	525	-	6 915	4 319

Schedule of Assets and Liabilities attributable to Administered Activities as at 30 June 2012

(Activities - refer note A1)	Special Act salary and allowances		Bank of Tokyo cultural and social exchange		SA Okayama account		Promotion of the State	
	2012	2011	2012	2011	2012	2011	2012	2011
Assets:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	674	722	76	77	48	48	2 421	3 454
Receivables	-	-	-	7	-	-	50	-
Property, plant and equipment	-	-	-	-	-	-	-	-
Total assets	674	722	76	84	48	48	2 471	3 454
Liabilities:								
Payables	49	24	-	-	-	-	238	1 179
Employee benefits	-	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total liabilities	49	24	-	-	-	-	238	1 179

(Activities - refer note A1)	APY Lands		Aboriginal Affairs administered		Government workers compensation		Service SA	
	2012	2011	2012	2011	2012	2011	2012	2011
Assets:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	23 571	23 417	17 012	14 658	2 527	2 119	46 413	-
Receivables	76	-	79	1 190	-	-	2	-
Property, plant and equipment	-	-	-	-	-	-	-	-
Total assets	23 647	23 417	17 091	15 848	2 527	2 119	46 415	-
Liabilities:								
Payables	1 765	1 439	356	356	1	-	46 413	-
Employee benefits	-	-	-	-	-	-	-	-
Provisions	-	-	-	-	148	7 433	-	-
Other	-	-	-	-	-	-	-	-
Total liabilities	1 765	1 439	356	356	149	7 433	46 413	-

(Activities - refer note A1)	Local government taxation equivalents funds		Outback Communities Authority		SA Local Governments Grants Commission		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Assets:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	19	-	2 437	-	983	-	96 181	44 495
Receivables	-	-	221	-	3	-	431	1 197
Property, plant and equipment	-	-	4 193	-	-	-	4 193	-
Total assets	19	-	6 851	-	986	-	100 805	45 692
Liabilities:								
Payables	-	-	909	-	21	-	49 752	2 998
Employee benefits	-	-	137	-	96	-	233	-
Provisions	-	-	-	-	-	-	148	7 433
Other	-	-	335	-	-	-	335	-
Total liabilities	-	-	1 381	-	117	-	50 468	10 431

Notes to and forming part of the administered financial statements

A1. Summary of significant accounting policies

All Department 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 2012. 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
- South Australian Local Government Grants Commission
- Outback Communities Authority
- Local government taxation equivalents funds
- Service SA collections and disbursements.

A2. Employee benefits

	2012	2011
	$'000	$'000
Salaries and wages	710	639
Annual leave	28	-
Employment on-costs - superannuation	27	-
Employment on-costs - other	15	10
Board and committee fees	48	-
Other employment related expenses	1 755	1 570
Total employee benefits	2 583	2 219

Remuneration of employees	2012	2011
The number of employees who received remuneration falls within the following bands:	Number	Number
$254 000 - $263 999	1	-
$294 000 - $303 999	-	1
$384 000 - $393 999	-	1
Total	1	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 including salaries and wages, payments in lieu of leave, superannuation contributions, FBT and other salary sacrifice benefits. The total remuneration received by these staff members for the year was $260 000 ($683 000).

A3. Grants and subsidies

	2012	2011
	$'000	$'000
Grants and subsidies	142 089	900
Total grants and subsidies	142 089	900

Grants and subsidies consist of the following:		
SA Local Government Grants Commission	139 938	-
Office of Local Government administered items	1 438	-
Arts SA	-	720
Outback Communities Authority	510	-
Other grants and subsidies	203	180
Total grants and subsidies	142 089	900

		2012	2011
A4.	**Intra-government transfers**	$'000	$'000
	Other intra-government transfers	5 312	5 736
	Recoveries by controlled items	-	1 009
	Total intra-government transfers	5 312	6 745
A5.	**Supplies and services**		
	Accommodation	130	-
	Marketing	1 815	518
	Repairs and maintenance	196	-
	Community infrastructure	1 792	2 900
	Contractors and consultants	432	-
	Other supplies and services	1 217	218
	Total supplies and services	5 582	3 636
	Supplies and services provided by entities within the SA Government:		
	Accommodation	28	-
	Marketing	574	-
	Repairs and maintenance	18	-
	Community infrastructure	1 502	2 740
	Other supplies and services	115	140
	Total supplies and services - SA Government entities	2 237	2 880
A6.	**Disbursements on behalf of third parties**		
	Stamp duties - DTF	71 869	-
	Hospital Fund - DTF	31 218	-
	Emergency Services levy - South Australian Fire and Emergency Services	20 736	-
	Expiation notices - South Australia Police	22 912	-
	Firearms licences - South Australia Police	1 146	-
	Expiation notices - Courts Administration Authority	128	-
	Third party insurance - Motor Accident Commission	288 720	-
	Land, registrations and licences - Department of Planning, Transport and Infrastructure	220 429	-
	Office of Business and Consumer Affairs	743	-
	South Australian Water Corporation	581	-
	Refunds	7 318	-
	Federal registrations	4 671	-
	Other	1 167	-
	Total disbursements on behalf of third parties	671 638	-
	Disbursements paid to entities within the SA Government:		
	Stamp duties - DTF	71 869	-
	Hospital Fund - DTF	31 218	-
	Emergency Services levy - South Australian Fire and Emergency Services	20 736	-
	Expiation notices - South Australia Police	22 912	-
	Firearms licences - South Australia Police	1 146	-
	Expiation notices - Courts Administration Authority	128	-
	Third party insurance - Motor Accident Commission	288 720	-
	Land registrations and licences - Department of Planning, Transport and Infrastructure	220 429	-
	Office of Business and Consumer Affairs	743	-
	South Australian Water Corporation	581	-
	Other	1 133	-
	Total disbursements on behalf of third parties - SA Government entities	659 615	-
A7.	**Depreciation and amortisation**		
	Plant and equipment	32	-
	Buildings and infrastructure	67	-
	Water, sewerage and drainage	33	-
	Total depreciation and amortisation	132	-

		2012	2011
A8.	**Net gain from disposal of assets**		
	Land and buildings:	$'000	$'000
	Proceeds from disposal	-	-
	Net book value of assets disposed	(51)	-
	Net gain (loss) from disposal of land and buildings	(51)	-
	Plant and equipment:		
	Proceeds from disposal	191	-
	Net book value of assets disposed	(99)	-
	Net gain (loss) from disposal of plant and equipment	92	-
	Total net gain from disposal of assets	41	-
			-
A9.	**Revenues from Commonwealth Government**		
	Commonwealth revenues	1 502	432
	Total revenues from Commonwealth Government	1 502	432
A10.	**Advances and grants**		
	Commonwealth grants	140 843	-
	Other grants	1 126	1 652
	Total advances and grants	141 969	1 652
	Advances and grants from entities within the SA Government:		
	Other grants	-	1 516
	Total advances and grants - SA Government entities	-	1 516
A11.	**Other**		
	Government Workers Compensation Fund	7 285	2 304
	Total other	7 285	2 304

Relates to the closure of the Government Workers Compensation Fund except for some minor outstanding liabilities - refer note A20.

		2012	2011
A12.	**Collections on behalf of third parties**		
	Stamp duties - DTF	71 869	-
	Hospital Fund - DTF	31 218	-
	Emergency Services levy - South Australian Fire and Emergency Services	15 187	-
	Expiation notices - South Australia Police	22 912	-
	Firearms licences - South Australia Police	1 146	-
	Land, registrations and licences - Department of Planning, Transport and Infrastructure	220 418	-
	Expiation notices - Courts Administration Authority	128	-
	Third party insurance - Motor Accident Commission	288 720	-
	Office of Business and Consumer Affairs	743	-
	South Australian Water Corporation	581	-
	Refunds	7 318	-
	Federal registrations	4 671	-
	Other	1 178	-
	Total collections on behalf of third parties	666 089	-
	Collections on behalf of entities within the SA Government:		
	Stamp duties - DTF	71 869	-
	Hospital Fund - DTF	31 218	-
	Emergency Services levy - South Australian Fire and Emergency Services	15 187	-
	Expiation notices - South Australia Police	22 912	-
	Firearms licences - South Australia Police	1 146	-
	Expiation notices - Courts Administration Authority	128	-
	Land, registrations and licences - Department of Planning, Transport and Infrastructure	220 418	-
	Third party insurance - Motor Accident Commission	288 720	-
	Office of Business and Consumer Affairs	743	-
	South Australian Water Corporation	581	-
	Other	1 165	-
	Total collections on behalf of third parties - SA Government entities	654 087	-

A13. Revenues from SA Government

	2012 $'000	2011 $'000
Appropriations from Consolidated Account pursuant to the *Appropriation Act*	15 861	12 047
Total revenues from SA Government	15 861	12 047

A14. Cash and cash equivalents

	2012 $'000	2011 $'000
Deposits with the Treasurer	96 181	44 495
Total cash and cash equivalents	96 181	44 495

A15. Receivables

	2012 $'000	2011 $'000
Current:		
Receivables	400	1 197
Accrued revenue	31	-
Total current receivables	431	1 197
Total receivables	431	1 197
Receivables from SA Government entities:		
Receivables	400	-
Accrued revenue	31	-
Total receivables - SA Government entities	431	-

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition, there is no concentration of credit risk.

A16. Property, plant and equipment

	2012 $'000	2011 $'000
Land, buildings and infrastructure:		
Land at fair value	15	-
Buildings and infrastructure at fair value	3 781	-
Accumulated depreciation	(1 362)	-
Total land, buildings and infrastructure	2 434	-
Water, sewerage and drainage		
Water, sewerage and drainage assets at fair value	2 294	-
Accumulated depreciation	(934)	-
Total water, sewerage and drainage	1 360	-
Plant and equipment:		
Plant and equipment at fair value	500	-
Work in progress	47	-
Accumulated depreciation	(148)	-
Total plant and equipment	399	-
Total property, plant and equipment	4 193	-

Reconciliation of property, plant and equipment

2012	Land $'000	Buildings & infra-structure $'000	Water, sewerage & drainage $'000	Plant & equipment $'000	WIP $'000	Total $'000
Carrying amount at 1 July	-	-	-	-	-	-
Additions	-	-	-	227	47	274
Transfers from work in progress	-	-	30	-	(30)	-
Transfers in from administrative restructure	15	2 539	1 363	256	30	4 203
Disposals	-	(53)	-	(99)	-	(152)
Depreciation	-	(67)	(33)	(32)	-	(132)
Carrying amount at 30 June	15	2 419	1 360	352	47	4 193

Valuation of land, buildings and infrastructure, and water, sewerage and drainage assets

A valuation of land, buildings and infrastructure, 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, infrastructure and intangible assets at 30 June 2012.

A17. Auditor's remuneration

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

A18. Payables

	2012	2011
Current:		
Creditors	3 314	2 998
Employment on-costs	12	-
Registration and licensing creditors	46 413	-
Total current payables	49 739	2 998
Non-current:		
Employment on-costs	13	-
Total non-current payables	13	-
Total payables	49 752	2 998
Payables to entities within SA Government:		
Creditors	597	-
Employment on-costs	5	-
Registration and licensing creditors	43 640	-
Total current payables - SA Government entities	44 242	-
Non-current:		
Employment on-costs	7	-
Total non-current payables to entities within SA Government	7	-
Total payables - SA Government entities	44 249	-

A19. Employee benefits

	2012	2011
Current:		
LSL	35	-
Annual leave	53	-
Total current employee benefits	88	-
Non-current:		
LSL	145	-
Total non-current employee benefits	145	-
Total employee benefits	233	-

A20. Provisions

	2012	2011
Current:		
Provisions for workers compensation	28	1 161
Total current provisions	28	1 161
Non-current:		
Provisions for workers compensation	120	6 272
Total non-current provisions	120	6 272
Total provisions	148	7 433

A21. Transferred functions

Service SA administered items

The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 proclaimed that effective from 1 January 2012 the Service SA administered items would transfer from the Department of Planning, Transport and Infrastructure (DPTI) to the Department.

As the transition occurred during the year, it is a requirement of the AASs that the income and expenses attributable to Service SA administered items are disclosed.

Service SA administered items (continued)	DPTI 01.07.11 to 31.12.11 $'000	DPC 01.01.12 to 30.06.12 $'000	Total $'000
Revenues from SA Government	5 600	5 550	11 150
Collections on behalf of third parties	703 542	666 089	1 369 631
Total income	709 142	671 639	1 380 781
Intra-government transfers	-	-	-
Disbursements on behalf of third parties	709 142	671 638	1 380 780
Total expenses	709 142	671 638	1 380 780
Net result	-	1	1

Office for State/Local Government Relations administered items

The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 proclaimed that the Office for State/Local Government Relations administered items comprising the Office of Local Government Fund, the South Australian Local Government Grants Commission and the Outback Communities Authority would transfer from the Department of Planning and Local Government (DPLG) to the Department. Agreement between chief executives of both departments deemed the transfer date to be effective as at 1 January 2012.

As the transition occurred during the year, it is a requirement of the AASs that the income and expenses attributable to DPLG administered items are disclosed.

	DPLG 01.07.11 to 31.12.11			DPC 01.01.12 to 30.06.12			
	Office of Local Government Fund $'000	Outback Communities Authority $'000	SA Local Government Grants Commission $'000	Office of Local Government Fund $'000	Outback Communities Authority $'000	SA Local Government Grants Commission $'000	Total $'000
Revenues from SA Government	921	-	-	-	160	-	1 081
Interest	30	34	53	19	34	33	203
Advances and grants	689	672	66 035	703	612	140 634	209 345
Net gain from disposal of assets	-	51	-	-	41	-	92
Fees and charges	-	7	7	-	-	-	14
Other income	-	601	481	-	91	-	1 173
Total income	1 640	1 365	66 576	722	938	140 667	211 908
Employee benefits	-	281	112	-	214	123	730
Supplies and services	-	485	73	-	1 541	81	2 180
Grants and subsidies	-	271	66 425	1 438	663	139 938	208 735
Depreciation and amortisation	-	133	-	-	132	-	265
Other expenses	921	-	-	-	-	-	921
Total expenses	921	1 170	66 610	1 438	2 550	140 142	212 831
Net result	719	195	(34)	(716)	(1 612)	525	(923)

On transfer the Department recognised the following assets and liabilities:

	Office of Local Government Fund $'000	Outback Communities Authority $'000	SA Local Government Grants Commission $'000	Service SA $'000	Total $'000
Assets:					
Cash	735	1 886	1 655	55 452	59 728
Receivables	-	37	11	-	48
Property, plant and equipment	-	4 203	-	-	4 203
Total assets	735	6 126	1 666	55 452	63 979
Liabilities:					
Payables	-	70	12	55 452	55 534
Employee benefits	-	192	91	-	283
Provisions	-	1	-	-	1
Total liabilities	-	263	103	55 452	55 818
Net assets (liabilities) transferred	735	5 863	1 563	-	8 161

Net assets transferred by the Department as a result of the administrative restructure were at the carrying amount. The net assets transferred were treated as a distribution to the Government as owner.

A22. Unrecognised contractual commitments

	2012	2011
Operating lease commitments	$'000	$'000
Commitments in relation to operating leases contracted at reporting date but not recognised as liabilities are payable as follows:		
Within one year	11	-
Later than one year but no later than five years	1	-
Total operating lease commitments	12	-
Representing:		
Non-cancellable operating leases	12	-
Total operating lease commitments	12	-

Operating leases relate to property and accommodation occupied by the Outback Communities Authority. This lease is non-cancellable, with rental payable monthly in advance. Contingent rental provisions within the lease agreement allow for the review of lease payments every year.

	2012	2011
Other commitments	$'000	$'000
Within one year	113	-
Later than one year but no later than five years	108	-
Total other commitments	221	-

The Department's other commitments are for agreements for maintenance and other service contracts outstanding at the end of the reporting period.

A23. 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 2012.

A24. 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 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.

There are no such events after 30 June 2012.

A25. Remuneration of board and committee members

	2012	2011
Members that were entitled to receive remuneration during the year are listed as follows:	$'000	$'000
$0 - $9 999	9	-
$10 000 - $19 999	1	-
Total	10	-

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 $59 300.

Amounts paid to a superannuation plan for board/committee members was $4800.

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.

SA Local Government Grants Commission

Gascoigne C J	Patetsos M	Ross J S

Outback Communities Authority

Bauer T N	Frahn F L W	McIntosh W R
Beltchev G	Heylen M	
Cleary J*	Katnich P L	

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

Department of Primary Industries and Regions

Functional responsibility

Establishment

The Department of Primary Industries and Regions (the Department) is an administrative unit established under the PSA.

On 15 December 2011 the functions performed by the Minerals and Energy Resources Division of the Department, and associated assets and liabilities, were transferred to the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE). The transfer was effective from 1 January 2012. There were also other functional transfers including the transfer of the Regional Development team from DMITRE to the Department.

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 and the effect of the transfer of functions during the year, refer notes 1 and 34 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 2011-12 specific areas of audit attention included:

- financial accounting and reporting
- fixed assets
- expenditure
  - goods and services procurement
  - purchase card processing
  - payroll
  - grants and subsidies

- revenue
  - Masterpiece accounts receivable debtor management and Reculver cash receipting
  - fees and charges
  - grants and advances – the South Australia Research and Development Institute (SARDI) and Rural Solutions SA
  - fisheries licensing income
  - minerals and petroleum royalties and licences
- cash at bank
- financial management compliance program.

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 2012, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Department 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 the matters raised in relation to expenditure, SSSA control environments, payroll and Masterpiece accounts receivable and Reculver systems, as 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 2011-12 audit review of the systems used by SSSA and the Department 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
- detailed processing of transactions through Basware and e-Procurement.

The audit identified the following matters:

- the Basware delegations audit procedure was not approved

- the Basware system's features that support application of the Department's delegations of authority were not reviewed in a timely manner

- purchase card transactions were not processed and approved in a timely manner
- the financial management compliance program did not require appropriate divisional management to evidence that they have reviewed relevant reports and any discrepancies for correction.

The Department responded that:

- the procedure for the quarterly review of Basware delegations has been approved by the Manager Procurement and Security and made available to all staff in the Procurement Advisory Unit (PAU)
- it would follow-up with SSSA the timely provision of the quarterly Basware delegations report. Once received the PAU will verify the reports and distribute to divisions in a timely manner
- it would reinforce to staff and supervisors the importance of clearing outstanding purchase card items in a timely manner
- it would confirm through the 2012-13 financial management compliance program checklist that divisions have reviewed relevant reports and discrepancies.

Shared Services SA - e-Procurement and electronic payment control environments

The audit review of the Department’s expenditure processes considered the e-Procurement and electronic payment systems’ control environments operated by SSSA.

Review of these systems and environments in previous years identified significant key control weaknesses. While SSSA progressively implemented significant remedial action over these deficiencies during 2011-12, SSSA only anticipates completion of planned actions by December 2012.

As a result, the systems and control environments could not be considered robust during 2011-12.

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

Payroll

The 2011-12 audit included a review of control arrangements implemented by the Department and SSSA 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 2011-12 identified:

- inconsistent practice in reviewing bona fide certificates
- no evidence of certification of time attendance by managers
- inconsistent practice in monitoring leave recording

- online training of managers in the application of bona fide guidelines, leave return guidelines and human resource delegations was not completed
- a number of policies and procedures that were due for review and update.

The audit revealed a number of matters that were raised in previous years, in particular leave recording and monitoring.

Testing of leave recording identified a high incidence of discrepancies between leave recorded in attendance records and the CHRIS leave module. This audit also identified that:

- the Department does not regularly match attendance records to CHRIS
- not all managers regularly certify monthly leave returns as correct
- not all managers regularly certify bona fide certificates as correct.

The audit findings support a conclusion that the CHRIS system may not provide a complete and accurate record of leave taken by departmental employees and leave balances may be overstated.

The Department responded that:

- the bona fide certificate procedure and leave return procedure were reviewed, updated and strengthened. The Department will commence mandatory on-line training for pay point managers in relation to bona fide certificates and leave returns
- it is progressively implementing the Timewise time and attendance system across the Department
- a time and attendance policy has been drafted which requires all non-executive employees to retain a record of their attendance and requires any absences for leave purposes to be accounted for through the application, approval and submission of leave forms
- it will dedicate resources to review and update policies and procedures.

Audit’s review of the control environment at SSSA identified that:

- existing policies and procedures require updating
- there is limited segregation of duties for key payroll functions
- the Department’s service level determination did not reflect current work practices.

SSSA acknowledged the findings and responded that it was:

- developing new user access profiles which are specific to new segregated roles within the Payroll Services business and will ensure that the level of system access is appropriate and consistent with employee’s job responsibilities
- determining an approach to resource a project to update its policies, procedures and forms
- in the process of reviewing the Department’s service level determination document to ensure current practices are reflected in the documentation.

Masterpiece accounts receivable (MPAR) and Reculver systems

The audit review for 2011-12 included consideration of control arrangements implemented by the Department and SSSA and the testing of transactions processed through the MPAR and Reculver systems. Specific areas of focus included:

- the review of policies and procedures by the Department and SSSA

- cash receipting
- debtor management
- reconciliation of revenue feeder systems to MPAR
- reconciliation of MPAR to the general ledger.

The 2011-12 audit identified:

- while the MPAR to general ledger reconciliation was completed there remained cleared items on the reconciliation
- action taken to clear reconciling items was not documented and there were a number of long outstanding reconciling items
- a number of outstanding debts greater than 120 days old
- certain subsidiary systems, namely the Standard Invoicing System (SIS) and SEEDS system, were not reconciled to MPAR.

The Department acknowledged the findings and responded that it had worked with SSSA to investigate and rectify reconciling items and would also work with SSSA to reinstate the reconciliation processes for the two subsidiary systems.

Fisheries licensing revenue

In 2011-12 the audit of the revenue collected by the Fisheries division of the Department included:

- review of the governing legislation
- review of policies and procedures
- calculating and raising licence fee invoices and processing adjustments to invoices
- cash receipting
- review of the reconciliation of the Primary Industries Information Management System (PIIMS) revenue system and MPAR.

The audit identified instances where PIIMS to MPAR reconciliations were not performed on a timely basis and where the reconciliation of cash receipts to the revenue system was not independently reviewed.

The Department responded that from January 2012 the PIIMS to MPAR monthly financial reconciliation was completed by the ninth day of each month and approved by the Manager, Information. It also advised that the daily banking reconciliation checklist was amended to record a requirement for an independent check of the reconciliation.

Grants and advances revenue - Rural Solutions SA (RSSA)

The 2011-12 audit considered the control arrangements implemented by (RSSA) and the testing of transactions processed through the SIS, with a focus on:

- review of policies and procedures
- segregation of duties
- establishment and approval of revenue contracts
- raising and approval of invoices and adjustment/credit notes

- review of milestones due/overdue
- maintenance of customer masterfiles
- review and follow up of debtors
- user access and maintenance of the SIS database
- reconciliation of SIS and MPAR.

The audit identified that RSSA SIS user access was not regularly reviewed and while a draft RSSA reference manual was prepared it was not endorsed. Testing of transactions noted some contract documentation could not be located, in some instances there was no evidence of independent review of data recorded in PlanView (the system used to manage RSSA contracts) against contracts and there were instances where there was no evidence of approval of adjustments. The review of debtor follow-up found that communication with long overdue debtors was not documented.

In response to the Audit findings the Department advised that:

- a review of SIS users would take place following the RSSA organisational restructure and thereafter monthly

- the operating manual would be updated following the RSSA organisational restructure

- changes were made to the PlanView system to maintain evidence of the independent check of PlanView to contract details

- the requirement to maintain all documentation relating to income activities will be reinforced to relevant RSSA staff

- RSSA would implement a monthly review of all invoice adjustments/credit notes to ensure all documentation was filed and approved by the appropriate delegate

- a revised debtors process was implemented in July 2012.

Grants and advances revenue – SARDI

The audit of SARDI revenue for 2011-12 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 raising and receipting of revenue.

The audit found the December 2011 ‘Project by Milestone Detail’ report, identified a large number of overdue milestones that were not explained in the electronic contract database. The ‘Project by Milestone Detail’ Report shows contracts with overdue milestones and records status notes which detail why revenue cannot be recognised despite the milestone date passing.

The Department responded that staff would be reminded of the need to report on the status of overdue milestones on a monthly basis. It also advised that it would follow up with relevant staff to review the monthly overdue milestone report and document the reasons for action taken in the contacts database in a timely manner.

Audit also identified a project which had commenced before the appropriate approval process was complete. Audit was advised that this arose due to seasonal factors and the efficient and effective management of the project and industry requirements necessitated beginning the project before required approval was given.

The Department also advised the project was subject to protracted negotiations and SARDI did not formalise the preliminary funding commitment prior to undertaking the research activity. SARDI has informed staff of the appropriate documentation trail required prior to research project initiation.

Interpretation and analysis of the financial report

Highlights of the financial report - controlled items

	2012 $'million	2011 $'million
Expenses		
Employee benefit expenses	108	120
Grants and subsidies	24	40
Supplies and services	62	74
Other expenses	9	9
Total expenses	203	243
Income		
Fees and charges	28	34
Advances and grants	49	46
Commonwealth revenues	8	22
Other income	11	11
Total income	96	113
Net cost of providing services	107	130
Revenues from (Payments to) SA Government		
Revenues from SA Government	112	133
Payments to SA Government	(7)	(5)
Net result	(2)	(2)
Net cash provided by (used in) operating activities	-	24
Assets		
Current assets	121	116
Non-current assets	112	139
Total assets	233	255
Liabilities		
Current liabilities	46	44
Non-current liabilities	26	34
Total liabilities	72	78
Total equity	161	177

Statement of Comprehensive Income

Employee benefit expenses

Employee benefit expenses reduced from $120 million to $108 million in 2011-12 mainly due to the transfer of staff associated with the functional transfers between the Department and DMITRE effective from 1 January 2012. This reduction was partly offset by increased LSL expense.

Supplies and services

Supplies and services reduced from $74 million to $62 million due to decreases in professional and technical services, vehicle lease and operating costs, accommodation costs and SSSA costs mainly as a result of functional transfers with DMITRE.

Grants and subsidies expense

Total grants and subsidies reduced by $16 million to $24 million in 2011-12 due to a reduction of $15 million in exceptional circumstances interest rate subsidies paid and $3 million in State drought programs. These reductions in grants paid were offset by increased grants and subsidies of $4 million for the Riverland Sustainable Futures program and $2 million for the Regional Development Australia program, which were transferred from DMITRE.

Revenues from fees and charges

Revenues from fees and charges decreased by $6 million to $28 million in 2011-12 due to a reduction of $5 million in mining and petroleum application fees, rental and licences, as this function was transferred to DMITRE effective from 1 January 2012.

Commonwealth grants

Commonwealth revenue decreased by $14 million principally due to reduced funding provided for the exceptional circumstances interest rate subsidies program.

Statement of Cash Flows

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

	2012 $'million	2011 $'million	2010 $'million	2009 $'million
Net cash flows				
Operating	-	24	2	(1)
Investing	(18)	(8)	(6)	6
Financing	8	4	1	(4)
Change in cash	(10)	20	(3)	1
Cash at 30 June	88	98	78	81

The Department's cash balance has decreased by $10 million principally due to decrease of cash from operating activities and the transfer of a net $5 million of cash to DMITRE as part of restructuring activities.

Highlights of the financial report - administered items

	2012 $'million	2011 $'million
Expenses		
Grants and subsidies	25	24
Payments of royalties to Consolidated Account	83	156
Other expenses	6	7
Total expenses	114	187

	2012 $'million	2011 $'million
Income		
Fees and charges	23	22
Levies collections	3	3
Royalties	83	156
Other income	2	4
Total income	111	185
Net cost of providing services	(3)	(2)
Revenues from (Payments to) SA Government	4	4
Net result	1	2
Net cash provided by (used in) operating activities	(14)	20
Assets		
Current assets	46	51
Total assets	46	51
Liabilities		
Current liabilities	26	32
Total liabilities	26	32
Total equity	20	19

Statement of Administered Comprehensive Income

Income from fees and charges/Payment of grants and subsidies

Increased revenue from fees and charges is principally due to increased 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.

Royalties

Income from royalties decreased by $73 million to $83 million as the collection of royalties was transferred to DMITRE effective from 1 January 2012. The decreased income is matched by decreased payments to the Consolidated Account.

Statement of Administered Financial Position

Decreased cash is principally due to a decrease in funds held and payable to the Consolidated Account with respect to royalty collections, as this function was transferred to DMITRE effective from 1 January 2012.

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Employee benefit expenses	6	108 140	119 713
Supplies and services	7	61 603	73 740
Facilitation of infrastructure construction		-	104
Depreciation and amortisation expense	8	6 276	6 827
Grants and subsidies	9	24 400	40 635
Borrowing costs	10	390	59
Net loss from disposal of non-current assets	18	-	92
Net loss from disposal of other assets	18(a)	-	3
Other expenses	11	1 875	2 588
Total expenses		202 684	243 761
Income:			
Revenues from fees and charges	13	27 802	33 826
Advances and grants	14	49 077	46 022
Commonwealth revenues (National Partnership payments)	15	8 456	22 219
Interest revenues	16	2 784	2 391
Sale of goods	17	2 951	4 497
Recoveries for facilitation of infrastructure development		-	104
Net gain from disposal of non-current assets	18	239	-
Other income	19	5 078	4 102
Total income		96 387	113 161
Net cost of providing services		106 297	130 600
Revenues from (Payments to) SA Government:			
Revenues from SA Government	20	111 513	132 802
Payments to SA Government	20	(6 865)	(4 690)
Net revenues from SA Government		104 648	128 112
Net result		(1 649)	(2 488)
Total comprehensive result		(1 649)	(2 488)

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

Statement of Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash	21	87 597	98 253
Receivables	22	31 508	15 475
Inventories	23	2 134	2 146
		121 239	115 874
Non-current assets classified as held for sale	25	48	198
Total current assets		121 287	116 072
Non-current assets:			
Receivables	22	296	3 181
Other financial assets	24	4 579	4 551
Property, plant and equipment	26	103 556	126 489
Intangible assets	27	2 953	4 616
Inventories	23	184	206
Total non-current assets		111 568	139 043
Total assets		232 855	255 115
Current liabilities:			
Payables	28	7 505	16 057
Employee benefits	30	8 272	8 684
Financial liabilities/Borrowings	29	17 848	1 795
Provisions	31	541	528
Other current liabilities	32	12 046	16 798
Total current liabilities		46 212	43 862
Non-current liabilities:			
Payables	28	2 044	2 354
Employee benefits	30	21 417	25 445
Financial liabilities/Borrowings	29	-	2 790
Provisions	31	1 777	1 780
Other non-current liabilities	32	633	1 422
Total non-current liabilities		25 871	33 791
Total liabilities		72 083	77 653
Net assets		160 772	177 462
Equity:			
Retained earnings	33	123 514	127 658
Revaluation surplus	33	37 082	49 288
Committed grants reserve	33	176	516
Total equity		160 772	177 462

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 2012

	Note	Revaluation surplus $'000	Retained earnings $'000	Committed grants reserve $'000	Total $'000
Balance at 30 June 2010		49 288	126 161	8 019	183 468
Net result for 2010-11		-	(3 692)	-	(3 692)
Transfer from reserve		-	7 503	(7 503)	-
Total comprehensive result for 2010-11		-	3 811	(7 503)	(3 692)
Asset derecognition (accounting policy change)		-	(3 657)	-	(3 657)
Transactions with SA Government as owner:					
Net assets acquired from restructure		-	140	-	140
Balance at 30 June 2011		49 288	126 455	516	176 259
Prior period correction		-	1 203	-	1 203
Restated balance at 30 June 2011	33	49 288	127 658	516	177 462
Net result for 2011-12		-	(1 649)	-	(1 649)
Transfer from reserve		-	340	(340)	-
Reduction of revaluation reserve		(12 206)	12 206	-	-
Total comprehensive result for 2011-12		(12 206)	10 897	(340)	(1 649)
Transactions with SA Government as owner:					
Net assets received from an administrative restructure	34	-	(306)	-	(306)
Net assets transferred as a result of an administrative restructure	34	-	(14 735)	-	(14 735)
Balance at 30 June 2012	33	37 082	123 514	176	160 772

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

Statement of Cash Flows
for the year ended 30 June 2012

	Note	2012 Inflows (Outflows) $'000	2011 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefit payments		(104 157)	(123 725)
Supplies and services		(68 599)	(69 191)
Facilitation of infrastructure construction		-	(104)
Grants and subsidies		(25 456)	(39 149)
Interest paid		(248)	(70)
GST payments to ATO		(94)	(168)
GST paid to suppliers		(7 977)	(12 386)
Payments for Paid Parental Leave Scheme		(118)	-
Other payments		(739)	(2 922)
Cash used in operations		(207 388)	(247 715)
Cash inflows:			
Fees and charges		24 025	36 674
Sale of goods		2 951	4 961
Commonwealth revenues (National Partnership payments)		9 522	32 044
Advances and grants		47 295	50 978
Security deposits		3 241	93
Interest received		2 304	2 234
Facilitation of infrastructure development		-	104
GST receipts from customers		4 930	6 549
GST recovered from ATO		3 472	6 115
Receipts for Paid Parental Leave Scheme		141	-
Other receipts		4 398	4 477
Cash generated from operations		102 279	144 229
Cash flows from SA Government:			
Receipts from SA Government		111 513	132 802
Payments to SA Government		(6 865)	(4 690)
Cash generated from SA Government		104 648	128 112
Net cash provided by (used in) operating activities	38	(461)	24 626
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(5 018)	(5 210)
Loans advanced to rural sector and industry		(13 967)	(4 612)
Purchase of intangibles		(1 167)	(306)
Cash used in investing activities		(20 152)	(10 128)
Cash inflows:			
Loans repaid by the rural sector and industry		1 132	1 616
Proceeds from the sale of property, plant and equipment and intangibles		514	288
Lease incentive received		532	-
Cash generated from investing activities		2 178	1 904
Net cash provided by (used in) investing activities		(17 974)	(8 224)
Cash flows from financing activities:			
Cash outflows:			
Repayment of borrowings		(704)	(1 420)
Cash transferred as a result of restructuring activities		(7 393)	-
Cash used in financing activities		(8 097)	(1 420)
Cash inflows:			
Proceeds from borrowings		13 967	4 534
Cash transferred as a result of restructuring activities		1 909	1 001
Cash generated from financing activities		15 876	5 535
Net cash provided by (used in) financing activities		7 779	4 115
Net increase (decrease) in cash		(10 656)	20 517
Cash at 1 July		98 253	77 736
Cash at 30 June	21	87 597	98 253

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2012

(Activities - refer note 5)	1		2		3	
	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	95 302	98 145	1 474	1 534	365	-
Supplies and services	55 363	63 228	429	416	224	-
Facilitation of infrastructure construction	-	104	-	-	-	-
Depreciation and amortisation expense	5 691	5 674	-	-	-	-
Grants and subsidies	18 227	37 866	-	-	5 570	-
Borrowing costs	390	59	-	-	-	-
Net loss from disposal of non-current assets	-	92	-	-	-	-
Net loss from disposal of other assets	-	3	-	-	-	-
Other expenses	1 875	2 538	-	1	-	-
Total expenses	176 848	207 709	1 903	1 951	6 159	-
Income:						
Revenues from fees and charges	21 451	22 345	-	-	-	-
Advances and grants	49 077	44 682	-	-	-	-
Commonwealth revenues	8 456	22 219	-	-	-	-
Interest revenues	2 784	2 390	-	-	-	-
Sales of goods	2 882	4 300	-	-	-	-
Facilitation of infrastructure development	-	104	-	-	-	-
Net gain from disposal of non-current assets	239	-	-	-	-	-
Other income	4 960	3 703	(2)	-	-	-
Total income	89 849	99 743	(2)	-	-	-
Net cost of providing services	86 999	107 966	1 905	1 951	6 159	-
Revenues from (Payments to) SA Government:						
Revenues from SA Government	92 215	109 749	1 905	1 951	6 159	-
Payments to SA Government	(6 865)	(4 690)	-	-	-	-
Net revenues from SA Government	85 350	105 059	1 905	1 951	6 159	-
Net result	(1 649)	(2 907)	-	-	-	-

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2012 (continued)

(Activities - refer note 5)	Transfer to DMITRE Olympic Dam Taskforce		Transfer to DMITRE Minerals and Energy Resources		Total[1]	
	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	254	577	10 745	19 457	108 140	119 713
Supplies and services	242	214	5 345	9 882	61 603	73 740
Facilitation of infrastructure construction	-	-	-	-	-	104
Depreciation and amortisation expense	8	6	577	1 147	6 276	6 827
Grants and subsidies	-	21	603	2 748	24 400	40 635
Borrowing costs	-	-	-	-	390	59
Net loss from disposal of non-current assets	-	-	-	-	-	92
Net loss from disposal of other assets	-	-	-	-	-	3
Other expenses	-	5	-	44	1 875	2 588
Total expenses	504	823	17 270	33 278	202 684	243 761
Income:						
Revenues from fees and charges	-	-	6 351	11 481	27 802	33 826
Advances and grants	-	1 242	-	98	49 077	46 022
Commonwealth revenues	-	-	-	-	8 456	22 219
Interest revenues	-	-	-	1	2 784	2 391
Sales of goods	-	-	69	197	2 951	4 497
Facilitation of infrastructure development	-	-	-	-	-	104
Net gain from disposal of non-current assets	-	-	-	-	239	-
Other income	1	-	119	399	5 078	4 102
Total income	1	1 242	6 539	12 176	96 387	113 161
Net cost of providing services	503	(419)	10 731	21 102	106 297	130 600
Revenues from (Payments to) SA Government:						
Revenues from SA Government	503	-	10 731	21 102	111 513	132 802
Payments to SA Government	-	-	-	-	(6 865)	(4 690)
Net revenues from SA Government	503	-	10 731	21 102	104 648	128 112
Net result	-	419	-	-	(1 649)	(2 488)

(1) Comparatives for 2011 have been restated to include prior period adjustments.

Disaggregated Disclosures – Assets and Liabilities as at 30 June 2012

(Activities - refer note 5)	1		2		3	
	2012	2011	2012	2011	2012	2011
Current assets:	$'000	$'000	$'000	$'000	$'000	$'000
Cash	55 837	52 008	-	-	-	-
Receivables	28 842	11 854	-	-	5	-
Inventories	2 134	2 113	-	-	-	-
Non-current assets classified as held for sale	48	198	-	-	-	-
Total current assets	86 861	66 173	-	-	5	-
Non-current assets:						
Receivables	285	3 166	-	1	-	-
Other financial assets	4 579	4 551	-	-	-	-
Property, plant and equipment	85 948	97 831	-	-	-	-
Intangible assets	4	590	-	-	-	-
Inventories	184	206	-	-	-	-
Total non-current assets	91 000	106 344	-	1	-	-
Total assets	177 861	172 517	-	1	5	-
Current liabilities:						
Payables	4 605	9 199	61	112	86	-
Employee benefits	6 316	6 770	139	92	93	-
Financial liabilities/Borrowings	17 848	1 795	-	-	-	-
Provisions	448	377	1	8	-	-
Other current liabilities	11 856	11 540	-	-	20	-
Total current liabilities	41 073	29 681	201	212	199	-
Non-current liabilities:						
Payables	1 481	1 506	57	36	26	-
Employee benefits	15 559	16 187	559	392	248	-
Financial liabilities/Borrowings	-	2 790	-	-	-	-
Provisions	1 519	1 270	2	27	-	-
Other non-current liabilities	-	-	-	-	-	-
Total non-current liabilities	18 559	21 753	618	455	274	-
Total liabilities	59 632	51 434	819	667	473	-
Net assets	118 229	121 083	(819)	(666)	(468)	-

Disaggregated Disclosures – Assets and Liabilities as at 30 June 2012 (continued)

(Activities - refer note 5)	General/ Not attributable		Total	
	2012	2011	2012	2011
Current assets:	$'000	$'000	$'000	$'000
Cash	31 760	46 245	87 597	98 253
Receivables	2 661	3 621	31 508	15 475
Inventories	-	33	2 134	2 146
Non-current assets classified as held for sale	-	-	48	198
Total current assets	34 421	49 899	121 287	116 072
Non-current assets:				
Receivables	11	14	296	3 181
Other financial assets	-	-	4 579	4 551
Property, plant and equipment	17 608	28 658	103 556	126 489
Intangible assets	2 949	4 026	2 953	4 616
Inventories	-	-	184	206
Total non-current assets	20 568	32 698	111 568	139 043
Total assets	54 989	82 597	232 855	255 115
Current liabilities:				
Payables	2 753	6 746	7 505	16 057
Employee benefits	1 724	1 822	8 272	8 684
Financial liabilities/Borrowings	-	-	17 848	1 795
Provisions	92	143	541	528
Other current liabilities	170	5 258	12 046	16 798
Total current liabilities	4 739	13 969	46 212	43 862
Non-current liabilities:				
Payables	480	812	2 044	2 354
Employee benefits	5 051	8 866	21 417	25 445
Financial liabilities/Borrowings	-	-	-	2 790
Provisions	256	483	1 777	1 780
Other non-current liabilities	633	1 422	633	1 422
Total non-current liabilities	6 420	11 583	25 871	33 791
Total liabilities	11 159	25 552	72 083	77 653
Net assets	43 830	57 045	160 772	177 462

The 2011 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's mission of growing sustainable, competitive regions is reflected in targets in South Australia's Strategic Plan. These targets include growing the contribution made by the South Australian food industry to $20 billion by 2020 and increasing regional populations outside greater Adelaide to 320 000 or more by 2020. PIRSA also has a leading role implementing and coordinating the Government's strategic priority of 'premium food and wine from our clean environment'.

To assist in achieving South Australia's Strategic Plan targets PIRSA has the additional following 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.

Following the machinery of government changes in October 2011, the Department of Primary Industries and Regions has been reformed as the new 'PIRSA'. With the transfer of the Minerals and Energy Division responsibilities to the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE), and the inclusion of Regional Development within the new PIRSA structure, the agency is positioned to capitalise on the close relationship between the agribusiness and seafood industries and the viability of our regions. These connections are further strengthened by the realignment of ministerial portfolios to create a link between PIRSA and the South Australian Tourism Commission, providing opportunities for integrated regional food, wine and tourism initiatives, and are in addition to PIRSA's traditional responsibilities around policy development, research, biosecurity and integrated solutions for agriculture, seafood, forestry, fibre, wine and food.

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.

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2012. The Department has assessed the impact of 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.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Department's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes

- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported

- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosure that 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

(b) Basis of preparation (continued)

(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 were valued in accordance with the valuation policy applicable.

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

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

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

(c) Reporting entity

The Department is a government department of the State of South Australia, established pursuant to the PSA. The Department is an administrative unit acting on behalf of the Crown.

The financial statements and accompanying notes include all the controlled activities of the Department. 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 (schedule of administered items) at the back of the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

In the process of reporting on the Department as a single unit, all internal transactions have been eliminated in full.

(d) Transferred functions

Public Sector (Reorganisation of Public Sector Operations) Notices issued in 2011 declared that, effective from 1 January 2012, the:

- Regional Development team would transfer from DMITRE to PIRSA (gazetted 8 December 2011) - refer note 34
- operational units of the Minerals and Energy Resources Division and the Olympic Dam Taskforce would transfer from PIRSA to DMITRE (gazetted 15 December 2011) - refer note 34
- Investment and Strategic Projects team would transfer from PIRSA to DMITRE (gazetted 1 December 2011) - refer note 34
- Policy and Planning team would transfer from PIRSA to DMITRE (gazetted 15 December 2011) - refer note 34.

Administered transfers

Along with the transfer of the operational units of the Minerals and Energy Resources Division, administered activities, royalties, native title royalties and Mintabie camp fees transferred to DMITRE effective from 1 January 2012.

Transfer of Ministerial office

As part of the Ministerial portfolio changes that occurred on 21 October 2011, and pursuant to the PSA, section 9(3) and (4), employees of the following ministerial offices were transferred between agencies:

- *Transfers to:*
  - DTF (Minister O'Brien's staff)
  - DMITRE (Minister Koutsantonis' staff).

- *Transfers from:*
  - Attorney-General's Department (Minister Gago's staff).

In 2010-11:

- *Biosecurity*
  Effective from 1 July 2010, the Biosecurity Division of the former Department of Water, Land, Biosecurity Conservation, transferred to the Department. The gazettal was issued as Public Sector (Reorganisation of Public Sector Operations) Notice 2010 issued July 2010.

- *Olympic Dam Taskforce*
  The Public Sector (Administrative Units of Public Service - Variation 4) Proclamation 2010 (dated 18 November 2010) proclaimed that effective from 1 December 2010 the establishment of an administrative unit and designation of a responsible minister. The attached office was assigned the title Olympic Dam Taskforce and was attached to PIRSA.

  The Public Sector (Administrative Units of Public Service - Variation 2) Proclamation 2011 (dated 23 June 2011) proclaimed that effective from 23 June 2011 the attached office, Olympic Dam Taskforce, was abolished. The attached office was absorbed into PIRSA.

(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 have 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 and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable

- receivables and payables, which are stated with the amount of GST included.

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

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

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

(h) Events after the reporting period

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

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

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

The following are specific recognition criteria:

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.

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.

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy, taxation revenues and expiation fees received on behalf of the Government and paid directly to the Consolidated Account.

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 revenues in the Administered Financial Statements Schedule. 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 received/provided free of charge (continued)
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 - royalty receipts
Royalty revenue relates to minerals and petroleum production and is collected pursuant to the *Roxby Downs (Indenture Ratification) Act 1982, Whyalla Steel Works Act 1958, Mining Act 1971* and the *Petroleum and Geothermal Energy Act 2000*. Royalty revenue is recognised as income when received.

Administered - contributions received from industry
Under the *Primary Industries Funding Scheme Act 1988* 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 *Primary Industries Funding Scheme Act 1988* 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 recovery 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 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 include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

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

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

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

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

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

Land, 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:

Class of asset	*Useful life (years)*
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.

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

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

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

Cash and cash equivalents
Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand and foreign currencies.

Cash is measured at nominal value.

Receivables
Receivables include amounts receivable from the sale of goods and services, prepayments, loans, GST input tax credits recoverable 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, except for increments in publicly listed companies, which are revalued to their market price at the end of the reporting date. Gains or losses are recognised in the Statement of Comprehensive Income.

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. Gains and losses resulting from measurement at fair value, and from changes in fair value, are recognised in the Statement of Comprehensive Income.

Other inventories
Other inventories are measured at the lower of cost or their net realisable value.

Inventories include maps, publications, 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.

Other inventories (continued)
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 of a disposal group classified as held for sale are presented separately from the other assets in the Statement of Financial Position. The liabilities of a disposal group classified as held for sale are 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 written down current cost (a proxy for fair value); and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than $1 million and estimated useful life is greater than three years.

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

Any revaluation increment is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income 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 2008. 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.

Desktop reviews performed from June 2009 through to June 2012 have resulted in minor movements in value that fall under the threshold that requires revaluation changes.

(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.

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

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

Water licences that are tradeable in an active open market are valued at fair value by reference to current market values for water trading at the locations where the licences are held. Other water licences are valued at fair value by reference to the current cost of water in the market where the licence is held and the costs incurred to acquire the right to access the resource. Where water use restrictions apply within the year the value of the resource is diminished and an impairment allowance is recognised.

Any subsequent internal expenditure cannot be reliably measured. This is because the Department has been unable to attribute this expenditure to the intangible asset rather than to the Department as a whole.

(l) Liabilities

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

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.

(l) Liabilities (continued)

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

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

Payables

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

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

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

The Paid Parental Leave Scheme payable represents amounts which the Department has received from the Commonwealth Government to forward on to eligible employees via the Department's standard payroll processes, ie 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.

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

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

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 like 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.

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

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

  Based on this actuarial assessment, the shorthand method was used to measure the LSL liability for 2012 (refer note 30).

  This calculation is consistent with the Department's experience of employee retention and leave taken.

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

- *Employee benefit on-costs*
  Employee benefit 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.

(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 37. 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.

The Extractive Areas Rehabilitation Fund transferred along with the operational units of the Minerals and Energy Resources Division, from PIRSA to DMITRE, effective from 1 January 2012.

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 the Treasurer) 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 39 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. Changes in accounting policies

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

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. Encourage and support regional development and the provision of services from State Government forest reserves.

Activity 3: Regional Development

Engages with South Australia's regional communities to increase economic opportunity in these regions to maximise their contribution to the State's economy. Assists to build social capital, promote economic development initiatives and priorities and contribute to the funding of regional economic infrastructure.

Regional Development's key outcome is to facilitate strong, self-reliant and economically viable regional communities which aligns with several of the Government's priority areas including maximising the opportunities from 'premium food and wine from our clean environment', realising the benefits of the mining boom for all and advanced manufacturing.

5. Activities of the Department (continued)

The disaggregated disclosure schedule presents expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2011 and 30 June 2012.

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.

6. Employee benefit expenses

	2012 $'000	2011 $'000
Salaries and wages	75 934	86 774
TVSP (refer below)	4 307	3 564
Annual leave	6 758	7 439
LSL	5 930	3969
Employment on-costs - superannuation	8 935	9 901
Employment on-costs - other	4 876	5 529
Workers compensation	379	376
Board and committee fees	178	275
Other employee related expenses	843	1 886
Total employee benefit expenses	108 140	119 713

TVSPs

	2012	2011
Amount paid to these employees:		
TVSPs	4 307	3 564
Annual leave and LSL paid during the reporting period	1 393	1 308
Total amount paid	5 700	4 872
Recovery from DTF[1]	(5 530)	(2 986)
Net cost to agency	170	1 886

The number of employees who were paid TVSPs during the reporting period was 40 (34).

[1] 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 2012 the Department had submitted to DTF acquittals for $9000. The outstanding amount will be recognised as revenue in 2012-13.

Remuneration of employees

The number of employees whose total remuneration received or receivable falls within the following bands:	2012 Number	2011 Number
$134 000 - $143 999	11	17
$144 000 - $153 999	8	18
$154 000 - $163 999	3	4
$164 000 - $173 999	4	7
$174 000 - $183 999	2	4
$194 000 - $203 999	1	1
$204 000 - $213 999	2	4
$214 000 - $223 999	-	1
$224 000 - $233 999	2	1
$234 000 - $243 999	2	3
$264 000 - $273 999	-	2
$274 000 - $283 999	1	-
$284 000 - $293 999	1	-
$314 000 - $323 999	-	1
$334 000 - $343 999	-	1
$354 000 - $363 999	1	-
$364 000 - $373 999	-	1
$374 000 - $383 999	1	-
$384 000 - $393 999	-	1
$404 000 - $413 999	1	-
Total	40	66

Remuneration of employees (continued)

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, reportable fringe benefit amounts and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $7.487 million ($11.524 million).

Analysis of the above table of remuneration of employees categorised by the number of executive and non-executive employees is provided below:

	2012 Number	2011 Number
Executives	19	28
Non-executives	21	38
Total	40	66

The total number of executives receiving remuneration whose aggregate annual earnings now exceed the threshold of $134 000 decreased by nine in 2012 compared to 2011. This change is due to six retirements/resignations, five executives that transferred due to a government restructure together with an increase of two executive remunerations at or above the base executive level.

The total number of non-executives receiving remuneration of $134 000 or more decreased by 17 in 2012 compared to 2011. This change is the net effect of 16 non-executive employees who were transferred due to government restructure and the net decrease of one non-executive employee whose remuneration is at or above the base executive level of remuneration.

7. Supplies and services

	2012 $'000	2011 $'000
Supplies and services provided by entities within SA Government:		
Professional and technical services[1]	902	873
Administrative and operating costs	17	3
Utility and property costs	2 978	2 070
Computing and communications costs	2 000	2 096
Shared services costs	2 412	2 631
Fleet SA vehicle lease and operating costs[3]	4 372	5 008
Operating lease costs - accommodation costs	4 272	5 288
Other vehicle and equipment operating costs	101	91
Property and risk insurance	499	530
Total supplies and services - SA Government entities	17 553	18 590
Supplies and services provided by entities external to the SA Government:		
Professional and technical services[1]	14 494	18 254
Administrative and operating costs	11 186	15 955
Utilities and property costs	4 887	4 993
Computing and communications costs	6 560	7 163
Travel[2]	4 268	5 416
Other vehicle and equipment operating costs	991	1 265
Staff development and safety[2]	1 531	1 978
Operating lease costs	133	126
Total supplies and services - non-SA Government entities	44 050	55 150
Total supplies and services	61 603	73 740

(1) Includes consultancies costs which are further broken down below and audit fees payable to the Auditor-General's Department (refer note 12).

(2) Includes payments to SA Government entities totalling less than $100 000.

(3) Includes all payments to Fleet SA 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:	2012 Number	2012 $'000	2011 Number	2011 $'000
Below $10 000	9	42	8	38
Between $10 000 - $50 000	10	240	13	279
Above $50 000	3	310	2	470
Total paid/payable to the consultants engaged	22	592	23	787

8.	**Depreciation and amortisation expense**	2012	2011
	Depreciation:	$'000	$'000
	Plant and equipment	2 474	2 710
	Buildings and infrastructure	2 319	2 492
	Core trays	58	115
	Total depreciation	4 851	5 317
	Amortisation:		
	Leasehold improvements	463	316
	Intangibles	962	1 194
	Total amortisation	1 425	1 510
	Total depreciation and amortisation expense	6 276	6 827

9.	**Grants and subsidies**		
	Grants and subsidies paid/payable to entities within the SA Government:		
	Plague locust control programs	-	843
	State drought assistance programs	-	525
	All other payments individually valued at less than $500 000	1 549	1 945
	Total grants and subsidies - SA Government entities	1 549	3 313
	Grants and subsidies paid/payable to entities external to the SA Government:		
	Exceptional circumstances (interest rate subsidies)	7 677	22 533
	Riverland sustainable futures[(1)]	3 598	-
	Regional development Australia[(1)]	1 825	-
	Rural assistance programs	849	766
	Marketing development management	845	558
	Diagnostic tests for soil-borne pathogens - international collaboration	475	660
	State drought assistance programs	-	2 830
	South Australia's contribution to national eradication programs	626	789
	Plan for accelerated exploration (PACE) programs[(2)]	-	1 531
	Plague locust control programs	-	543
	All other payments individually valued at less than $500 000	6 956	7 112
	Total grants and subsidies - non-SA Government entities	22 851	37 322
	Total grants and subsidies	24 400	40 635

(1) Effective from 1 January 2012, the Regional Development function transferred from DMITRE to PIRSA.

(2) Effective from 1 January 2012, the Minerals and Energy Resources Division of PIRSA transferred to DMITRE.

10.	**Borrowing costs**	2012	2011
		$'000	$'000
	Interest payable on borrowings	361	55
	Guarantee fees	29	4
	Total borrowing costs	390	59

11.	**Other expenses**		
	Other expenses paid/payable to entities external to the SA Government:		
	Publications, seed and miscellaneous stocks - cost of sales	176	191
	Deemed cost of produce consumed[(1)]	356	1 223
	Impairment reversal	-	(2)
	Property, plant and equipment derecognised	68	722
	Water licence revaluation	122	-
	Bad debts and allowances for doubtful debts	121	86
	Royalty payments	212	109
	Workers compensation provision movement	152	231
	Workers compensation liability revaluation	169	14
	Assumption of liabilities (recognition)[(2)]	486	-
	Other[(3)]	13	14
	Total other expenses - non-SA Government entities	1 875	2 588
	Total other expenses	1 875	2 588

(1) 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 costs' and 'supplies and services'.

11. Other expenses (continued)

(2) 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.

(3) Includes payments to SA Government entities totalling less than $100 000.

12. Auditor's remuneration

	2012	2011
	$'000	$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	312	268
Total auditor's remuneration	312	268

Other services

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

13. Revenues from fees and charges

User fees and charges received/receivable from entities within SA Government:		
Agriculture and Fisheries - consultancies and services	22	166
Rural Solutions - consultancies and services	2 842	5 848
South Australian Research and Development Institute - consultancies and services	17	10
Other	1 186	1 012
Total revenues from fees and charges - SA Government entities	4 067	7 036
User fees and charges received/receivable from entities external to SA Government:		
Agriculture and Fisheries - consultancies and services	3 432	2 819
Rural Solutions - consultancies and services	10 130	8 769
South Australian Research and Development Institute - consultancies and services	3 537	3 340
Mining and petroleum application fees, rentals and licences	6 368	11 527
Other	268	335
Total revenues from fees and charges - non-SA Government entities	23 735	26 790
Total revenues from fees and charges	27 802	33 826

User fees and charges are categorised to reflect the nature of the income received and the division delivering the services sought.

14. Advances and grants

State grants	22 046	21 610
Commonwealth grants	2 237	2 529
Industry grants	24 794	21 883
Total advances and grants revenue	49 077	46 022

The above advances and grants are allocated to a large range of projects involving the Commonwealth, other State Government departments and industry groups. Advances and grants were applied to the following business sectors:

	2012	2011
Advances and grants received/receivable from entities within SA Government:	$'000	$'000
South Australian Research and Development Institute(1)	8 085	7 347
Fisheries(1)	7 246	6 632
Biosecurity	2 093	705
Prudential and Rural Financial Services	2	-
Aquaculture(1)	1 413	962
Agriculture and wine	-	200
Minerals and petroleum(2)	-	93
Commercial Investment Division(2)	-	10
Rural Solutions	21	-
Olympic Dam Taskforce(2)	-	1 242
Other	201	31
Total advances and grants revenue - SA Government entities	19 061	17 222

14. Advances and grants (continued)

	2012	2011
Advances and grants received/receivable from entities external to SA Government:	$'000	$'000
South Australian Research and Development Institute	25 868	24 444
Fisheries	212	125
Biosecurity	3 694	3 642
Aquaculture	143	253
Agriculture and wine	-	206
Commercial Investment Division[2]	-	8
Other	99	122
Total advances and grants revenue - non-SA Government entities	30 016	28 800
Total advances and grants revenue	49 077	46 022

(1) 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 2011-12 the amount received from the Fisheries Research and Development Fund and the Aquaculture Resource Management Fund was $13.205 million ($12.285 million).

(2) During 2011-12, Olympic Dam Taskforce, Minerals and Petroleum and the Commercial Investment Division were transferred from PIRSA to DMITRE.

The major contributions received during 2010-11, with a value exceeding $500 000, were for the following projects and programs:	2012 $'000	2011 $'000
Fishwatch Management	5 623	5 066
Sheep Disease Control	1 539	-
Aquaculture Program Management	1 455	962
National Variety Trials	1 345	713
SA Abalone Fishery	1 208	1 164
Branched Broomrape Management	1 077	1 049
Rock Lobster Fishery	1 049	1 004
Marine Scale Fishery	805	790
National Collaborative Research Infrastructure Strategy - Photobioreactor Facility	768	831
Implementing Feral Camel State Action Plan	700	-
Implementing Feral Camel National Action Plan	666	734
National Oat Breeding Program	641	757
Diagnostic Tests for Soil-Borne Pathogens - International Collaboration	627	796
Irrigation Research, Technical Diffusion and Education Services	626	600
Sequencing Low Rainfall Areas	621	-
Olympic Dam Taskforce	-	1 242
Ovine Johne's Disease Program	-	613
Murray River Fishway	-	596
Coorong Fish Movement and Ecology	-	523
All other projects with an individual value of less than $500 000	30 327	28 582
Total advances and grants revenue	49 077	46 022

15. Commonwealth revenues (National Partnership payments)

Commonwealth revenue:		
Exceptional circumstances/drought assistance	7 158	20 949
Exotic pest diseases preparedness	-	6
Branched Broomrape Eradication Program	1 298	1 264
Total Commonwealth revenues[1]	8 456	22 219

(1) 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.

16. Interest revenues

	2012	2011
	$'000	$'000
Interest from entities within the SA Government	2 256	2 279
Loans to the rural sector	513	92
Other	15	20
Total interest revenues	2 784	2 391

17. Sale of goods

	2012 $'000	2011 $'000
Sale of goods received/receivable from entities external to SA Government:		
Publications, books, maps and compact discs	125	226
Livestock	1 257	2 469
Agriculture produce	1 029	1 172
Other	540	630
Total sale of goods[1]	2 951	4 497

(1) Includes revenues from SA Government entities totalling less than $100 000.

18. Net gain (loss) from disposal of non-current assets

	2012 $'000	2011 $'000
Land and buildings:		
Proceeds from disposal	360	71
Net book value of assets disposed	(188)	(75)
Net gain (loss) from disposal of land and buildings	172	(4)
Plant and equipment:		
Proceeds from disposal	154	216
Net book value of assets disposed	(87)	(304)
Net gain (loss) from disposal of plant and equipment	67	(88)
Total assets:		
Total proceeds from disposal	514	287
Total value of assets disposed	(275)	(379)
Total net gain (loss) from disposal of non-current assets	239	(92)

(a) Net gain (loss) from the disposal of other assets

	2012 $'000	2011 $'000
Other:		
Proceeds from disposal	-	1
Net book value of assets disposed	-	4
Total net gain (loss) from the disposal of other assets	-	(3)

19. Other income

	2012 $'000	2011 $'000
Other income received/receivable from entities within SA Government:		
Reimbursement/Recoveries	195	-
Total other income - SA Government entities	195	-
Other income received/receivable from entities external to SA Government:		
Seed and other royalties	1 140	928
Reimbursements/Recoveries	1 931	1 978
Sponsorship contributions	187	136
Gains (Losses) from changes in fair value of biological assets[1]	48	523
Diesel fuel rebates	80	89
Assumption of liabilities (derecognition)[2]	1 180	-
Gain from revaluation of shares	28	50
Other	289	398
Total other income - non-SA Government entities	4 883	4 102
Total other income	5 078	4 102

(1) The changes in fair values of livestock is reconciled along with the movement in inventory in note 23.

(2) 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.

20. Revenues from (Payments to) SA Government

	2012	2011
Revenues from SA Government:	$'000	$'000
Appropriations from Consolidated Account pursuant to the *Appropriation Act*	105 934	129 684
Appropriations received from Treasurer's Contingency Fund (TVSPs)[(1)]	5 530	2 986
Appropriation received from the Treasurer's Contingency Fund (other)	49	132
Total revenues from SA Government	111 513	132 802
Payments to SA Government:		
Return of surplus cash pursuant to cash alignment policy	(6 865)	(4 690)
Total payments to SA Government	(6 865)	(4 690)
Net revenues from SA Government	104 648	128 112

Total revenue from government for operational and capital funding consisted of $105.934 million ($129.684 million), net of appropriation transferred under administrative restructures appropriated to the Department under the annual *Appropriation Act*. Additional amounts were received during the year from the Treasurer's Contingency Fund $5.579 million ($3.118 million). At the end of the year $6.865 million ($4.69 million) was returned to DTF from the surplus cash working account.

(1) 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 2012 the Department had submitted to DTF acquittals for $9000. The outstanding amount will be recognised as revenue in 2012-13.

21. Cash

	2012	2011
	$'000	$'000
Deposits with the Treasurer	87 583	98 238
Imprest account and cash on hand	14	15
Total cash	87 597	98 253

Deposits with the Treasurer include the following fund balances that have restricted conditions:

	2012	2011
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)	7 824	6 259
Funds held pursuant to the *Rural Industry Adjustment and Development Act 1985* and other State and Commonwealth schemes for rural financial assistance	55 825	53 673
External funds held in the nature of grants or under cooperative agreements where unspent funds may be returned to the funder	11 058	13 047
Cash securities held for mining remediation. The Department only has claims to these funds if the licensee fails to perform its legislative requirements - refer note 32	-	4 185
Deposits with the Treasurer held as working capital, but subject to DTF budget and cash alignment policies	12 876	21 074
Total deposits with the Treasurer	87 583	98 238

Interest rate risk

Cash on hand is non-interest bearing. Interest bearing deposits with the Treasurer are bearing a floating interest rate between 4.6% and 3.93%. The carrying amount of cash and cash equivalents approximates fair value.

Restructuring of administrative arrangements

Effective 1 January 2012 the Minerals and Energy Resources Division, Investment and Strategic Projects team and Policy and Planning team were transferred from the Department to DMITRE.

This restructure resulted in the Department relinquishing net assets of $14.735 million and cash of $7.393 million. Details with respect to the restructuring of administrative arrangements are set out in note 34.

Effective 1 January 2012, the Regional Development function was transferred from DMITRE to the Department.

This restructure resulted in the Department assuming net assets of $306 000. Details with respect to the restructuring of administrative arrangements are set out in note 34.

22. Receivables

	2012	2011
Current:	$'000	$'000
Receivables	9 080	9 339
Allowance for doubtful debts	(211)	(215)
	8 869	9 124
Loans receivable	17 897	1 835
Workers compensation recoveries	17	14
Accrued interest on loans and deposits	386	229
Other accrued revenue	2 858	1 397
GST receivable	1 115	1 844
Prepayments	366	1 032
	4 742	4 516
Total current receivables	31 508	15 475
Non-current:		
Loans receivable	224	3 129
Workers compensation recoveries	72	52
Total non-current receivables	296	3 181
Total receivables	31 804	18 656
Receivables from SA Government entities:		
Receivables	1 835	2 151
Accrued interest revenues	177	210
Other accrued revenue	1 887	296
Total receivables from SA Government entities	3 899	2 657
Receivables from non-SA Government entities:		
Receivables	7 034	6 973
GST receivables	1 115	1 844
Other accrued revenues	971	1 101
Accrued interest revenues	209	19
Loan receivables	18 121	4 964
Other	455	1 098
Total receivables from non-SA Government entities	27 095	15 999
Total receivables	31 804	18 656

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than 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 39.

(b) Categorisation of financial instruments and risk exposure information - refer note 39.

In accordance with the APSs contained in APF IV, the Department measures loans 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.

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.

Movement in the allowance for doubtful debts (impairment loss)	2012 $'000	2011 $'000
Carrying amount at 1 July	215	187
Restructuring transfer[(1)]	(100)	-
Increase (Decrease) in the allowance	121	86
Amounts written off	(25)	(58)
Carrying amount at 30 June	211	215

(1) The allowance was reduced by $100 000 in relation to debts related the Minerals and Energy Resources Division that transferred to DMITRE on 1 January 2012.

23. Inventories

Current inventories:		
Biological assets:		
Livestock (at fair value less estimated costs to sell)	1 907	1 727
Agricultural produce (at fair value less estimated costs to sell)	175	336
Total biological assets	2 082	2 063
Other inventories:		
Publications and maps (at the lower of cost and realisable value)	-	33
Plants and related items (at the lower of cost and realisable value)	52	50
Total other inventories	52	83
Total current inventories	2 134	2 146
Non-current inventories:		
Orchards and vineyards (at fair value less estimated costs to sell)	184	206
Total non-current inventories	184	206
Total inventories	2 318	2 352

	Orchards, vineyards & agricultural produce $'000	Livestock $'000
Balance at 1 July	336	1 727
Increase due to acquisitions	255	463
Decrease due to sales	(419)	(1 083)
Used as feed stock	(721)	-
Harvests transferred to inventories	772	-
Increase (Decrease) due to natural accretion	-	734
Inventory changes (biological growth)	-	18
Change in fair value less estimated costs to sell	(48)	48
Balance at 30 June	175	1 907
Current	175	1 907
Non-current	184	-
	359	1 907

Agricultural activities are carried on to assist with research, but are conducted on a commercial basis. At 30 June 2012 inventory included 11 057 sheep, 1619 cattle, 597 tonnes of crops and grain and 41.04 hectares of vines and fruit trees.

Production for the year included 664.4 tonnes of grapes and fruit, 7824 lambs, 202 calves, 65.166 tonnes of wool and 2913.87 tonnes of other grain crops.

24. Other financial assets

	2012	2011
Non-current:	$'000	$'000
Investments in shares	4 579	4 551
Total other financial assets	4 579	4 551

24. Other financial assets (continued)

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 SunPrime. 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.
- common stock in Viterra Inc (incorporate in Canada), originated from tolls/shares to farmers based on the volume (tonnes) of grain sold. The value of the shareholding is revalued to the listed market price at the end of the reporting period and gains and losses in the value are recognised through the Statement of Comprehensive Income. The Department receives dividends from this shareholding.

Movement in financial assets	2012 $'000	2011 $'000
Carrying amount at 1 July	4 551	4 503
Valuation movements	28	50
Investment write-down to recoverable amount	-	(2)
Carrying amount at 30 June	4 579	4 551

(a) Maturity analysis of financial assets - refer note 39.

(b) Categorisation of financial instruments and risk exposure information - refer note 39.

25. Non-current assets classified as held for sale

Land	-	150
Plant and equipment	48	48
Total property held for sale	48	198

The Department reviews its asset base annually. Property, plant and equipment that is surplus to requirements or no longer meets current business needs are regularly disposed of by sale or auction.

Reconciliation of non-current assets classified as held for sale

The following table shows the movement of non-current assets held for sale during 2011-12:

	2012 $'000	2011 $'000
Carrying amount at 1 July	198	249
Disposals Loxton land(1)	-	(75)
Disposals	(150)	(126)
Increase in land held for sale	-	150
Carrying amount at 30 June	48	198

(1) In February 2009 land situated at sections 222, 223 and 224 Bookpurnong Road, Loxton, was converted from Crown land to freehold title to facilitate disposal. The land was valued at fair realisable value by Southwick Goodyear Pty Ltd on 28 April, 2009 and was reclassified to assets held for resale at 30 June 2009. Sections 223 and 224 were sold in October 2009 and section 222 was sold in November 2011.

26. Property, plant and equipment

	2012 $'000	2011 $'000
Land and buildings:		
Land at fair value	23 050	31 985
Buildings and infrastructure at fair value	70 777	77 138
Accumulated depreciation	(8 940)	(7 791)
Total land and buildings	84 887	101 332
Leasehold improvements:		
Leasehold improvements at fair value	4 347	8 636
Accumulated amortisation	(1 329)	(5 048)
Total leasehold improvements	3 018	3 588

26.	**Property, plant and equipment (continued)**	2012	2011
	Plant and equipment:	$'000	$'000
	Core trays at fair value	-	4 664
	Accumulated depreciation - core trays	-	(339)
	Plant and equipment at cost (deemed fair value)	34 001	35 186
	Accumulated depreciation - plant and equipment	(18 787)	(19 938)
	Constructions and works in progress	388	1 894
	Total plant and equipment	15 602	21 467
	Heritage assets:		
	Heritage assets at fair value	49	102
	Total heritage assets	49	102
	Total property, plant and equipment	103 556	126 489

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during 2011-12:

	Land $'000	Buildings & infra-structure $'000	Leasehold imprvmnts $'000	Core trays $'000	Plant & equipment $'000	Construc-tions & works in progress $'000	Heritage assets $'000	Total $'000
Carrying amount at 1 July	31 985	69 347	3 588	4 325	15 454	1 927	102	126 728
Prior period adjustment[1]	-	-	-	-	(206)	(33)	-	(239)
Carrying amount after prior period correction	31 985	69 347	3 588	4 325	15 248	1 894	102	126 489
Acquisitions	-	20	-	16	3 120	520	-	3 676
Disposals	-	-	(39)	-	(87)	-	-	(126)
Assets written down[2]	-	-	(68)	-	-	-	-	(68)
Depreciation/Amortisation expense	-	(2 319)	(463)	(58)	(2 474)	-	-	(5 314)
Acquisition (Disposal) through administrative restructuring[3]	(8 935)	(6 775)	-	(4 283)	(1 055)	-	(53)	(21 101)
Transfers in	-	1 564	-	-	462	-	-	2 026
Transfers out	-	-	-	-	-	(2 026)	-	(2 026)
Carrying amount at 30 June	23 050	61 837	3 018	-	15 214	388	49	103 556

(1) A prior period adjustment has been recognised to reclassify expenditure of $222 375 from capital to operating and $16 306 from operating to capital as per the PIRSA Asset Management Policy. Also a prior period adjustment has been recognised to reclassify expenditure in 2011 from investing to operating of $33 233.

(2) Part derecognition of leasehold improvement asset at 101 Grenfell Street, due to reduction in the lease area held following restructuring and consolidation of accommodation.

(3) Effective from 1 January 2012, the Minerals and Energy Resources Division and the Olympic Dam Taskforce transferred to DMITRE.

Valuation of land, buildings and infrastructure

During 2007-08 land, buildings and infrastructure were reviewed and revalued to fair value as at 30 June 2008 in accordance with AASB 116. Valuations comprised independent valuations received from Liquid Pacific Pty Ltd who valued the Department's assets located in the metropolitan and near country areas. 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.

A desktop review of the movement in property, building and infrastructure values was also undertaken by Liquid Pacific Pty Ltd as at 30 June 2012. Land and building and improvement values were estimated to have changed by -1.65% and +0.88% respectively on aggregate 2007-08 values. The movement from the last formal valuation appraisal is not considered material and has not been reflected in the financial statements.

Heritage assets

During 2009 the Department received assets from the former Department of Trade and Economic Development. These are 'assets in use' and are valued at fair value, taking into account their present condition. The assets were last valued on 12 May 2008 by Bonhams & Bruce, approved valuers of the Auctioneers and Valuers Association of Australia.

Impairment

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

27. Intangible assets

	2012	2011
Software:	$'000	$'000
Computer software	9 127	11 363
Accumulated amortisation	(8 180)	(9 075)
Total software	947	2 288
Computer software development (works in progress)	1 119	47
Water and convertible accommodation lease rights at fair value[(1)]	887	2 281
Total water and convertible accommodation lease rights at fair value[(1)]	887	2 281
Total intangible assets	2 953	4 616

Reconciliation of intangibles

The following table shows the movement of intangibles during the year:

	Computer software $'000	Computer software development $'000	Water and convertible accomm lease rights $'000	Total $'000
Carrying amount at 1 July	2 135	47	2 281	4 463
Prior period adjustment[(2)]	153	-	-	153
Carrying amount after prior period correction	2 288	47	2 281	4 616
Additions	-	1 167	-	1 167
Transfers in	95	-	-	95
Transfers out	-	(95)	-	(95)
Amortisation expense	(962)	-	-	(962)
Valuation adjustment[(3)]	-	-	(122)	(122)
Disposal through restructuring[(4)]	(474)	-	-	(474)
Accommodation - lease right reduction[(5)]	-	-	(740)	(740)
Accommodation - lease right conversion option[(6)]	-	-	(532)	(532)
Carrying amount at 30 June	947	1 119	887	2 953

(1) 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 fair value by reference to the current cost of water in the market where the licence is held, the cost incurred to acquire the right to access the resource and the value of infrastructure levy contributions to facilitate the development of the service. 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.

(2) A prior period adjustment has been recognised to capitalise computer software relating to the Primary Industries Information Management system as at 30 June 2011.

(3) During 2011-12 the water licences were revalued to fair value as at 30 June 2012 by Lindsay Wapper and Associates Valuations Services. In the absence of an active transparent water licence trading market, the values are based on the best information available, and relate to the potential value the water licence adds to the properties, rather than an obvious open market value.

(4) Effective from 1 January 2012, the Minerals and Energy Resources Division and the Olympic Dam Taskforce transferred to DMITRE.

(5) Arising from the restructure of government that occurred on 1 January 2012, and further consolidation of accommodation in PIRSA, the convertible accommodation lease right held by PIRSA for 101 Grenfell Street, was reduced for the leased accommodation areas that became the responsibility of other departments.

(6) PIRSA exercised its option to take the remaining accommodation lease incentive as a rental reduction over the remainder of the lease term.

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

28. Payables

	2012	2011
Current:	$'000	$'000
Creditors	465	-
Accrued expenses	5 539	14 492
Accrued interest on borrowings	148	6
Paid Parental Leave Scheme	22	-
Employment on-costs	1 331	1 559
Total current payables	7 505	16 057
Expected to be paid more than 12 months after reporting date:		
Employment on-costs	2 044	2 354
Total expected to be paid more than 12 months after reporting date	2 044	2 354
Total payables	9 549	18 411

Government/Non-government payables

	2012	2011
Payables to SA Government entities:		
Creditors	460	-
Accrued expenses	2 023	7 714
Accrued interest on borrowings	148	6
Employment on-costs	1 693	1 888
Total payables to SA Government entities	4 324	9 608
Payables to non-SA Government entities:		
Creditors	5	-
Accrued expenses	3 516	6 778
Paid Parental Leave Scheme	22	-
Employment on-costs	1 682	2 025
Total payables to non-SA Government entities	5 225	8 803
Total payables	9 549	18 411

The employer superannuation on-cost rate has decreased from the 2011 rate of 11.71% to 10.94%, reflecting the superannuation mix of the Department's employee profile at 30 June 2012. In addition, the benchmark number of years for recognising LSL liability reduced from five years in 2010-11 to zero years in 2011-12.

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 related 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 39.
(b) Categorisation of financial instruments and risk exposure information - refer note 39.

29. Financial liabilities/Borrowings

	2012	2011
(a) Borrowings consist of:	$'000	$'000
Indebtedness to SAFA	2 881	91
Indebtedness to the Treasurer	14 967	4 494
Total financial liabilities/borrowings	17 848	4 585
(b) Balance of borrowings outstanding classifications:		
Current	17 848	1 795
Non-current	-	2 790
Total financial liabilities/borrowings	17 848	4 585

Borrowings have no maturity date and are recognised at cost in accordance with APF IV, APS 2.1. The interest rate is determined by the Treasurer at the time of settling the loan approval and remains fixed over its term. The weighted average interest rate for borrowings as at 30 June 2012 is 4.73% (3%).

(a) Maturity analysis of payables - refer note 39.
(b) Categorisation of financial instruments and risk exposure information - refer note 39.
(c) Defaults and breaches - there were no defaults or breaches on any of the above liabilities throughout the year.

Movement in financial liabilities/borrowings	2012	2011
	$'000	$'000
Carrying amount at 1 July	4 585	1 471
Additional borrowings during the year	13 967	4 534
Repayments of borrowings	(704)	(1 420)
Carrying amount at 30 June	17 848	4 585

30. Employee benefits

Current:		
Annual leave	5 831	7 065
LSL[(1)(2)]	2 429	1 599
Accrued salaries and wages	12	20
Total current employee benefits	8 272	8 684
Non-current:		
LSL[(1)(2)]	21 417	25 445
Total non-current employee benefits	21 417	25 445
Total employee benefits	29 689	34 129

The total current and non-current employee expense (ie aggregate employee benefit in note 30 plus related on-costs in note 28) for 2012 is $33.064 million ($38.042 million).

(1) The 2011 LSL liability was reduced by $1.185 million for the incorrect application of indexation on labour rates.

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

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

This significant decrease in the bond yield, which is used as the rate to discount future LSL cash flows, and determine the benchmark for the measurement of the LSL liability, results in a significant increase in the reported LSL liability. The benchmark was revised down from five years (2011) to zero years (2012).

The net financial effect of the changes in the current financial year is an increase in the LSL liability of $1.432 million. The impact on future periods is impractical to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

This has been offset with the transfer of PIRSA employees to DMITRE as a result of the reorganisation of public sector operations.

31. Provisions

	2012	2011
Current:	$'000	$'000
Provision for workers compensation	541	528
Total current provisions	541	528
Non-current:		
Provision for workers compensation	1 777	1 780
Total non-current provisions	1 777	1 780
Total provisions	2 318	2 308
Carrying amount at 1 July	2 308	2 063
Additional provisions recognised	777	621
Reductions arising from payments	(455)	(376)
Reductions arising from restructuring transfers	(312)	-
Carrying amount at 30 June	2 318	2 308

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.

32. Other liabilities

	2012	2011
Current:	$'000	$'000
Lease incentive[1]	170	274
Unearned revenue	11 876	12 339
Security deposits[2]	-	4 185
Total current other liabilities	12046	16 798
Non-current:		
Other liabilities	70	54
Lease incentive[1]	563	1 368
Total non-current other liabilities	633	1 422
Total other liabilities	12 679	18 220

(1) Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. Arising from the restructure of government that occurred on 1 January 2012, and further consolidation of accommodation in PIRSA, the lease incentive and convertible accommodation lease right held by PIRSA for 101 Grenfell Street was reduced for the leased accommodation areas that became the responsibility of other departments.

(2) Security deposits are received to ensure that mine operators rehabilitate sites and comply with all statutory requirements on cessation of a licence. Effective from 1 January 2012 security deposits transferred with the Minerals and Energy Resources Division to DMITRE.

33. Equity

	2012	2011
	$'000	$'000
Retained earnings	123 514	127 658
Revaluation surplus	37 082	49 288
Committed grants reserve	176	516
Total equity	160 772	177 462

The revaluation surplus is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is disposed of or assets are transferred to another SA Government entity upon an administrative restructure.

34. Transferred functions

2011-12

Pursuant to the PSA the Premier may, under section 9(1), in order to reorganise public sector operations, by notice in The South Australian Government Gazette, transfer employees in the public sector; and a public sector agency may by agreement with another public sector agency, under section 9(3) transfer an employee of the agency to other employment within the public sector on conditions that maintain the substantive remuneration level of the employee or are agreed by the employee.

Public Sector (Reorganisation of Public Sector Operations) Notices issued in 2011 declared that, effective from 1 January 2012, the:

- Regional Development team would transfer from DMITRE to PIRSA (gazetted 8 December 2011)
- operational units of the Minerals and Energy Resources Division and the Olympic Dam Taskforce would transfer from PIRSA to DMITRE (gazetted 15 December 2011)
- Investment and Strategic Projects team would transfer from PIRSA to DMITRE (gazetted 1 December 2011)
- Policy and Planning and Industry and Community Engagement team would transfer from PIRSA to DMITRE (gazetted 15 December 2011).

In addition to the above gazettals, by agreement between the chief executives of both PIRSA and DMITRE, some corporate services staff transferred to support the operations of the Minerals and Energy Resources Division.

Transferred in

- *Regional Development*

  The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 (dated 8 December 2011) announced that effective from 1 January 2012 the functions of the Regional Development team, under DMITRE, would be transferred to PIRSA.

  Total income and expenditure attributed to Regional Development for 2011-12 were:

- *Regional Development (continued)*

	DMITRE 01.07.11 to 31.12.11 $'000	PIRSA 01.01.12 to 30.06.12 $'000	Total $'000
Employee benefit expenses	405	359	764
Supplies and services	206	238	444
Grants and subsidies	2 858	5 553	8 411
Other expenses	-	1	1
Total expenses	3 469	6 151	9 620
Commonwealth revenues	36	-	36
Total income	36	-	36
Net cost of providing services	(3 433)	(6 151)	(9 584)

On transfer of the Regional Development team the Department recognised the following assets and liabilities:

Current liabilities:		
Payables	14	14
Employee benefits	105	105
	119	119
Non-current liabilities:		
Payables	15	15
Employee benefits	172	172
	187	187
Total liabilities	306	306
Total net assets received	(306)	(306)

Net assets received by the Department as a result of an administrative restructure are at the carrying amount. The net assets received were treated as a contribution by the Government as owner.

Transferred out

- *Mineral and Energy Resources Division and the Olympic Dam Taskforce*
  The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 (gazetted 15 December 2011) announced that effective from 1 January 2012 the functions of the Minerals and Energy Resources Division and the Olympic Dam Taskforce transferred from PIRSA to DMITRE.

- *Investment and Strategic Projects*
  The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 (gazetted 1 December 2011) announced that effective from 1 January 2012 the functions of the Investment and Strategic Projects team transferred from PIRSA to DMITRE.

- *Policy and Planning and Industry and Community Engagement*
  The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 (gazetted 15 December 2011) announced that effective from 1 January 2012 the functions of the Policy and Planning and Industry and Community Engagement team transferred from PIRSA to DMITRE.

	Transferred to DMITRE		
	Minerals & Energy Resources Division & corporate Support	Investment & Strategic Projects, Policy & Planning and Industry & Community Engagement	Total
Assets:			
Current assets:	$'000	$'000	$'000
Cash	7 393	-	7 393
Receivables	1 976	31	2 007
Inventory	27	-	27
Total current assets	9 396	31	9 427

- *Policy and Planning and Industry and Community Engagement*

	Transferred to DMITRE		
	Minerals & Energy Resources Division & corporate Support	Investment & Strategic Projects, Policy & Planning and Industry & Community Engagement	Total
Non-current assets:	$’000	$’000	$’000
Receivables	7	-	7
Property, plant and equipment	21 101	-	21 101
Intangibles	474	-	474
Total non-current assets	21 582	-	21 582
Total assets	30 978	31	31 009
Liabilities:			
Current liabilities:			
Payables	419	27	446
Employees benefits	1 639	198	1 837
Other liabilities	8 237	-	8 237
Provisions	72	-	72
Total current liabilities	10 367	225	10 592
Non-current liabilities:			
Payables	387	73	460
Employees benefits	4 196	786	4 982
Provisions	240	-	240
Total non-current liabilities	4 823	859	5 682
Total liabilities	15 190	1 084	16 274
Total net assets transferred	15 788	(1 053)	14 735

Net assets transferred by the Department as a result of an administrative restructure are at the carrying amount. The net assets transferred were treated as a distribution to the Government as owner.

35. Unrecognised contractual commitments

Operating lease commitments	2012 $’000	2011 $’000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	5 009	5 657
Later than one year and not later than five years	17 288	21 371
Later than five years	4 167	7 638
Total operating lease commitments	26 464	34 666
Representing:		
Non-cancellable operating leases	26 464	34 666
Total operating lease commitments	26 464	34 666

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.

Non-cancellable operating leases have also been entered into for plant and office equipment. Rental is generally payable in advance. 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.

Capital commitments	2012	2011
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	-	157
Total capital commitments	-	157

Capital commitments relate to current contractual agreements for the development and supply of plant and equipment.

Remuneration commitments

Commitments for the payment of salaries and other remuneration under fixed-term employment contracts for executives in existence at the reporting date, and TVSP contracts signed at the reporting date, but not recognised as liabilities. The Department does not offer fixed-term remuneration contracts greater than five years.

	2012 $'000	2011 $'000
Within one year	4 974	6 367
Later than one year but not later than five years	8 959	12 628
Total remuneration commitments	13 933	18 995

Other commitments

Within one year	1 712	2 603
Later than one year but not later than five years	1 415	1 824
Total other commitments	3 127	4 427

The Department's other commitments include agreements with Fleet SA for long-term hire of light vehicles and other amounts owing under fixed price contracts outstanding at the end of the reporting period.

Committed grants

Grants committed but not advanced at the end of the year	176	516
Total committed grants	176	516

Grants committed in support of rural projects contain conditions to be met before payments are made.

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 2012, have a potential realisable value of $18 million ($5.3 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. Trust funds

The trust funds of the Department are:

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.

Extractive Areas Rehabilitation Fund

This Fund is credited with amounts by way of royalty on extractive minerals and is used for the rehabilitation of land disturbed by mining operations. The funds collected are used to limit damage to any aspect of the environment by such mining operations in addition to the promotion of research into methods of mining engineering and practice by which environmental damage might be reduced.

Aggregate details of the transactions and balances relating to these trust funds for the year ended 30 June are as follows:

37. Trust funds (continued)

	Pleuro Pneumonia Fund $'000	Extractive Areas Rehabilitation Fund[1] $'000	Total 2012 $'000	Total 2011 $'000
Operations:				
Revenue	4	1 524	1 528	3 750
Expenditure	-	(109)	(109)	(1 651)
Net operating surplus	4	1 415	1 419	2 099
Net assets:				
Cash at bank	90	-	90	14 699
Receivables	-	-	-	43
Payables	-	-	-	(19)
Net assets	90	-	90	14 723
Funds:				
Balance of funds at 1 July	86	14 637	14 723	12 624
Net receipts	4	1 415	1 419	2 099
Transfers out due to administrative restructure	-	(16 052)	(16 052)	-
Fund balance at 30 June	90	-	90	14 723
Commitments in place at 30 June	-	-	-	1 460

(1) The Extractive Areas Rehabilitation Fund transferred, along with the operational units of the Minerals and Energy Resources Division from PIRSA to DMITRE, effective from 1 January 2012.

38. Cash flow reconciliation

	2012 $'000	2011 $'000
Reconciliation of cash at 30 June:		
Statement of Cash Flows	87 597	98 253
Statement of Financial Position	87 597	98 253

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

	2012	2011
Net cash provided by (used in) operating activities	(461)	24 626
Revenue from SA Government	(111 513)	(132 802)
Return to Consolidated Account	6 865	4 690
Non-cash items:		
Depreciation and amortisation	(6 276)	(6 827)
Loss on disposal of assets	239	(92)
Property, plant and equipment derecognised	(68)	(722)
Net gain on restructuring	(14 735)	-
Doubtful debts written off	(25)	(58)
Other non-cash items	1 796	80
Movements in assets/liabilities:		
Receivables	15 162	(10 187)
Inventories	(7)	863
Payables and provisions	7 524	(7 544)
Employee benefits	(2 102)	1 257
Other liabilities	(2 696)	(3 884)
Net cost of providing services	(106 297)	(130 600)

39. Financial instruments/Financial risk management

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 3 of the significant accounting policies.

Categorisation of financial instruments (continued)

Financial assets	Note	2012 Carrying amount $'000	2012 Fair value $'000	2011 Carrying amount $'000	2011 Fair value $'000
Cash	21	87 597	87 597	98 253	98 253
Loans and receivables - at cost:					
Loans and receivables[1]	22	25 155	25 155	11 937	11 937
Investments - at cost:					
Other financial assets	24	4 579	4 579	4 551	4 551
Total financial assets		117 331	117 331	114 741	114 741
Financial liabilities					
Financial liabilities - at cost:					
Payables[1]	28	5	5	460	460
Interest bearing liabilities	29	17 848	17 848	4 585	4 585
Total financial liabilities		17 853	17 853	5 045	5 045

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

Currently the Department does not hold any collateral as security to any of its financial assets.

Ageing analysis of financial assets

	Past due by			
2012	Overdue for less than 30 days $'000	Overdue for 30-60 days $'000	Overdue for more than 60 days $'000	Total $'000
Not impaired:				
Receivables	216	375	61	652
Impaired:				
Receivables	-	-	211	211
Total financial assets	216	375	272	863
2011				
Not impaired:				
Receivables	1 076	424	1 186	2 686
Impaired:				
Receivables	-	-	215	215
Total financial assets	1 076	424	1 401	2 901

Maturity analysis of financial assets and liabilities

		Contractual maturities		
2012	Carrying amount	Less than 1 year	1-5 years	More than 5 years
Financial assets:	$'000	$'000	$'000	$'000
Cash	87 597	87 597	-	-
Loans and receivables	25 155	24 931	224	-
Other financial assets	4 579	4 579	-	-
Total financial assets	117 331	117 107	224	-
Financial liabilities:				
Payables	5	5	-	-
Interest bearing liabilities	17 848	17 848	-	-
Total financial liabilities	17 853	17 853	-	-
2011				
Financial assets:				
Cash	98 253	98 253	-	-
Loans and receivables	11 937	8 808	3 129	-
Other financial assets	4 551	4 551	-	-
Total financial assets	114 741	111 612	3 129	-
Financial liabilities:				
Payables	460	460	-	-
Interest bearing liabilities	4 585	1 795	2 790	-
Total financial liabilities	5 045	2 255	2 790	-

40. Events after balance date

No events have occurred after balance date that would affect the financial statements of PIRSA as at 30 June 2012.

41. 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 2011-12 financial year are listed below in the following summary table:

The number of members whose remuneration received or receivable falls within the following bands:	2012 Number	2011 Number
$0	158	237
$1 - $9 999	124	115
$10 000 - $19 999	3	7
$20 000 - $29 999	-	1
$30 000 - $39 999	1	-
Total	286	360

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 $177 481 ($267 150).

Amounts paid to a superannuation plan for members was $12 781 ($19 581).

The above table also includes the Regional Communities Consultative Council that transferred to PIRSA from DMITRE, effective from 1 January 2012. PIRSA has recognised in the member bandwidths and in the remuneration amounts paid by DMITRE for this committee prior to the administrative restructure and for the comparative year.

In accordance with the 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.

Advisory Board of Agriculture

Baldock H L (retired)	Konzag R B (retired)	Ridgway J E (retired)
Colliver P H (retired)	Loffler A R (retired)	Rose P F (retired)
Correll Y A (retired)	Murdoch R G (retired)	Wheaton P (retired)
Dennis M D (retired)	Page G M (retired)	Williams A M (retired)
Grossman M R (retired)	Pinder LK (retired)	Willson R L (retired)
Knight G R (retired)*	Rathjen A (retired)*	

Aquaculture Tenure Allocation Board

Bradsen J (retired)	Braxton-Smith P A	Cooper C S
Davis G S	Day B M	Healy R C
Holzberger M K (DM) (retired)	Prince D A (retired)	Rigg C L
Trezise M G (DM)	White M (DM)	

South Australian Alpaca Advisory Group

Duncker B (retired)	Lang R A (retired)	Sims W G (retired)
Porter J (retired)	Mossop W (retired)*	
Warland S L (retired)	Sadler L (retired)	

Aquaculture Advisory Committee

Anderson G I	Clarke S M (DM)*	Dolan P*
Doroudi M*	Coates J L	Grady M A
Jeffriess B C	Dyer A M	Montgomerie H L (retired)*
Payne S G (retired)*	Mitchell M P	Stehr M A (DM)
Westphalen G (retired)	Stehr H	Ellis D (DM)
Fulcher H M (DM)	Hitchcock D E (DM)	Ingerson T (DM)*
Lawrie R A (DM)	Sloan E (DM)	

South Australian Deer Advisory Group

Cox A R*
Delaine M J
Laycock B J (retired)*
Phillips J M (retired)
Schulz J L
Stevens M S
Tuckwell C D
Varcoe J R

South Australian Goat Advisory Group

Bowen C (retired)
Lauterbach P C (retired)
Evans C (retired)
Litchfield K* (retired)
James E (retired)
Nolan R S (retired)

South Australian Horse Industry Advisory Group

Adams S E (retired)
Axon J E
Boon J K
Carr M R*
Cavanagh D R
Fieldler J
Hale S
Horridge P S
Rolton G (retired)
Taylor M L

PIRSA Risk and Audit Committee

Archer S (retired)*
Blencowe S G M
Brass P (retired)*
Chandler N*
Doroudi M*
Janssan R*
Mader T*
Mooney P A*

Meat Food Safety Advisory Committee

Ackland T M
Bourne S L
Dunn E
Fell L
Jenkins F*
Kidman S A (retired)
Knoll F P
Koumi S
Marinos M C (retired)
Martin G L
Penhall M
Raven G D*
Robinson J O (retired)
Rock M
Sandercock P (retired)
Sharman A (retired)
Smith G R
Wedd R B
Wigg A P (retired)
Zammit L O

PIRSA Animal Ethics Committee

Anderson C
Cooper J G
Geier M (retired)
Glatz P*
Henderson W R (retired)
Herde P*
Hocking-Edwards J*
Jones D
Kennedy E
Maddocks S*
McGrath K
McNicholl J E
Rudiger S*

Genetically Modified Crops Advisory Committee

Ankeny R A
Bowden M S
Peters J E
Way R J
Annison G
Levy J A W
Pontifex N
Baldock H L
McMullen G P
Rhodes C K

Rural Solutions SA Advisory Board

Archer S (retired)*
Cooper C S
Filby S M
Goodes W T (retired)*
Hills D G W
Nightingale I*
Sneddon Y

Forest Industry Development Board

Barnett C J
Bull L M (retired)
Dunstone A S
Fargher J D
Forster K A
McCormack R J
Peterson C
Pinder L K

Eyre Peninsula Farming System Board

Bates A
Dunn M
Fitzgerald M
Guerin S
Heddle B
James C R
Kulmann P
Maddocks S*
McDonald G
Smith B
Stanley M (retired)*
Thomas G
Wilksch J
Willmott D (retired)

MAC Branched Broomrape

Arney J T
Berger J A
Cartwright D*
Cole M
Marks R K
McGorman J
Piggott A
Saunders J
Thiele M L
Zacharin W*

Rural Assistance Appeals Committee

Davidson W M (retired)	Hylton-Keele L*	Long J
Hollands D J		

Regional Communities Consultative Council

Agnew D	Braes M	Matthias K
Beltchev G	Crisp A	Woodberry M
Blacker P	Duffy K	Lloyd K (retired)
Boehm B	Herraman A	

Fisheries Council of South Australia

Barnett C J	Grady M A	Smith A D M
Cooper C S	Morison J B	Stevens R A
Doroudi M*	Schahinger B M	Wright L
Ferguson D L	Sherriff R J	

Rock Lobster Fish Management Advisory Board

Dichmont C	Gregory T C	Rowe S R
Ferguson K L	James G	Stevens R A
Fistr A*	Moran T J	Warhurst K
Green J A	Redman J R	

Horticulture Plant Health Consultative Committee

Chown M	Green A S	Raven G D*
Dalwood G W	Hannay J*	Redmond M L
Demasi A	Nankivell A	Sparnon I
Fuller G C	Ranford T M	

South Australian Citrus Industry Transition Working Party

Andrew N (retired)	Hill P A (retired)	Lowe C A (retired)
Damiani J (retired)	Knispel J R (retired)	Roberts R (retired)
Gierke S (retired)	Lloyd B L (retired)	

* Government employees.

PIRSA paid $6379 ($40 950) to members of the following boards and committees of the Mineral and Energy Resources Division that transferred from PIRSA to DMITRE, effective from 1 January 2012.

The amount paid to a superannuation plan for members was $382.

- Brukunga Minesite Remediation Board
- Board of Examiners for Mine Managers
- Resources Industry Development Board
- Penrice Community Consultation Group
- Extractive Areas Rehabilitation Fund Project Assessment Panel
- Mining Act Review Steering Group
- Olympic Dam Community Consultative Forum
- Strathalbyn Community Consultative Committee
- Resources and Energy Sector Infrastructure Council
- Roxby Downs Advisory Reference Group
- Yumbarra Ministerial Advisory Committee

Statement of Administered Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Employee benefits expenses	A4	410	793
Supplies and services	A5	1 649	1 360
Depreciation and amortisation expense	A6	5	8
Grants and subsidies	A7	25 170	24 302
Levies payments	A8	3 166	2 793
Payment of royalties to Consolidated Account	A15	82 867	155 915
Other expenses	A9	826	1 732
Total expenses		114 093	186 903
Income:			
Revenue from fees and charges	A11	22 701	22 358
Advances and grants	A12	714	893
Interest revenue	A13	759	771
Levies collection	A14	3 090	2 869
Royalties	A15	82 867	155 915
Sale of goods	A16	-	1
Other income	A17	879	1 818
Total income		111 010	184 625
Net cost of providing services		3 083	2 278
Revenues from (Payments to) SA Government:			
Revenues from SA Government	A18	3 747	3 888
Net revenues from SA Government		3 747	3 888
Net result		664	1 610
Total comprehensive result		664	1 610

Statement of Administered Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash	A19	45 181	50 726
Receivables	A20	680	578
Inventories	A21	212	209
Total current assets		46 073	51 513
Non-current assets:			
Property, plant and equipment	A22	24	29
Total non-current assets		24	29
Total assets		46 097	51 542
Current liabilities:			
Payables	A23	23 545	29 437
Employee benefits	A24	-	13
Other current liabilities	A25	2 446	2 617
Total current liabilities		25 991	32 067
Total liabilities		25 991	32 067
Net assets		20 106	19 475
Equity:			
Retained earnings	A26	20 106	19 475
Total equity		20 106	19 475

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

	Note	Retained earnings $'000	Total $'000
Balance at 30 June 2010		17 606	17 606
Net result for 2010-11		1 198	1 198
Total comprehensive result for 2010-11		1 198	1 198
Accounting policy change - asset threshold		(7)	(7)
Transaction with SA Government as owner:			
Net assets acquired from restructure		266	266
Balance at 30 June 2011		19 063	19 063
Prior period correction		412	412
Restated comprehensive result for 2010-11		1 610	1 610
Restated balance at 30 June 2011		19 475	19 475
Net result for 2011-12		664	664
Total comprehensive result for 2011-12		664	664
Transaction with SA Government as owner:			
Net assets acquired as a result of administrative restructure		(33)	(33)
Balance at 30 June 2012	A26	20 106	20 106

Statement of Administered Cash Flows for the year ended 30 June 2012

	Note	2012 Inflows (Outflows) $'000	2011 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefit payments		(422)	(742)
Supplies and services		(1 666)	(1 132)
Grants and subsidies		(25 381)	(24 340)
Payment of royalties to Consolidated Account		(91 024)	(138 365)
Levy payments		(2 651)	(2 793)
Other payments		(1 695)	(1 589)
Cash used in operations		(122 839)	(168 961)
Cash inflows:			
User fees and charges		22 695	22 336
Advances and grants		754	906
Interest received		769	752
Levy collections		3 013	2 956
Royalties		82 867	155 915
Other receipts		879	1 813
Collections (net) held on behalf of DMITRE		22 586	-
Cash generated from operations		133 563	184 678
Cash flows from SA Government:			
Receipts from SA Government		3 747	3 888
Cash generated from SA Government		3 747	3 888
Net cash provided by (used in) operating activities	A30	(14 471)	19 605
Cash flows from financing activities:			
Cash outflows:			
Cash transferred from restructuring activities		(20 016)	-
Cash used in financing activities		(20 016)	-
Cash inflows:			
Proceeds from restructuring activities		-	119
Cash generated from financing activities		-	119
Net cash provided by (used in) financing activities		(20 016)	119
Net increase (decrease) in cash		(5 545)	19 724
Cash at 1 July		50 726	31 002
Cash at 30 June	A19	45 181	50 726

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2012

			2012		
(Activities - refer note A3)	1	2	3	4	5
Expenses:	$'000	$'000	$'000	$'000	$'000
Employee benefits expense	-	-	-	-	-
Supplies and services	14	7	62	7	58
Depreciation and amortisation	-	-	-	-	-
Grants and subsidies	330	2 274	710	60	100
Levies payments	-	-	-	-	-
Payment of royalties to the Consolidated Account	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	344	2 281	772	67	158
Income:					
Revenues from fees and charges	248	2 552	868	57	124
Advances and grants	-	-	-	-	30
Interest revenue	8	26	18	4	1
Levies collection	-	-	-	-	-
Royalties	-	-	-	-	-
Other income	-	9	-	-	-
Total income	256	2 587	886	61	155
Net cost of providing services	88	(306)	(114)	6	3
Revenues from SA Government:					
Revenues from government	-	-	-	-	-
Net revenues from SA Government	-	-	-	-	-
Net result	(88)	306	114	(6)	(3)

			2012		
(Activities - refer note A3)	6	7	8	9	10
Expenses:	$'000	$'000	$'000	$'000	$'000
Employee benefits expense	4	-	3	-	-
Supplies and services	336	49	719	-	9
Depreciation and amortisation	5	-	-	-	-
Grants and subsidies	759	-	12 543	3 369	-
Levies payments	-	-	-	-	3 049
Payment of royalties to the Consolidated Account	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	1 104	49	13 265	3 369	3 058
Income:					
Revenues from fees and charges	264	113	13 445	-	-
Advances and grants	684	-	-	-	-
Interest revenue	22	23	-	-	31
Levies collection	-	-	-	-	2 897
Royalties	-	-	-	-	-
Other income	-	-	6	-	-
Total income	970	136	13 451	-	2 928
Net cost of providing services	134	(87)	(186)	3 369	130
Revenues from SA Government:					
Revenues from government	-	-	-	3 353	-
Net revenues from SA Government	-	-	-	3 353	-
Net result	(134)	87	186	(16)	(130)

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2012 (continued)

	2012				
(Activities - refer note A3)	11	12	13	14	15
Expenses:	$'000	$'000	$'000	$'000	$'000
Employee benefits expense	-	-	-	-	-
Supplies and services	5	9	33	17	106
Depreciation and amortisation	-	-	-	-	-
Grants and subsidies	-	132	705	85	615
Levies payments	-	-	-	-	-
Payment of royalties to the Consolidated Account	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	5	141	738	102	721
Income:					
Revenues from fees and charges	57	146	592	100	685
Advances and grants	-	-	-	-	-
Interest revenue	-	3	14	1	16
Levies collection	-	-	-	-	-
Royalties	-	-	-	-	-
Other income	-	-	-	-	-
Total income	57	149	606	101	701
Net cost of providing services	(52)	(8)	132	1	20
Revenues from SA Government:					
Revenues from government	-	-	-	-	-
Net revenues from SA Government	-	-	-	-	-
Net result	52	8	132	(1)	(20)

	2012				
(Activities - refer note A3)	16	17	18	19	20
Expenses:	$'000	$'000	$'000	$'000	$'000
Employee benefits expenses	-	-	-	4	-
Supplies and services	49	-	6	8	5
Depreciation and amortisation	-	-	-	-	-
Grants and subsidies	196	-	35	417	2
Levies payments	-	-	-	-	-
Payment of royalties to the Consolidated Account	-	82 867	-	-	-
Other expenses	1	-	-	-	-
Total expenses	246	82 867	41	429	7
Income:					
Revenues from fees and charges	238	-	42	385	1
Advances and grants	-	-	-	-	-
Interest revenue	10	-	7	65	6
Levies collection	-	-	-	-	-
Royalties	-	82 867	-	-	-
Other income	3	-	-	42	-
Total income	251	82 867	49	492	7
Net cost of providing services	(5)	-	(8)	(63)	-
Revenues from SA Government:					
Revenues from government	-	-	-	-	-
Net revenues from SA Government	-	-	-	-	-
Net result	5	-	8	63	-

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2012 (continued)

	2012				
(Activities - refer note A3)	21	22	23	24	Total
Expenses:	$'000	$'000	$'000	$'000	$'000
Employee benefits expense	-	4	36	359	410
Supplies and services	48	15	87	-	1 649
Depreciation and amortisation	-	-	-	-	5
Grants and subsidies	490	53	2 295	-	25 170
Levies payments	-	-	-	117	3 166
Payment of royalties to the Consolidated Account	-	-	-	-	82 867
Other expenses	-	-	-	825	826
Total expenses	538	72	2 418	1 301	114 093
Income:					
Revenues from fees and charges	582	216	1 983	3	22 701
Advances and grants	-	-	-	-	714
Interest revenue	13	138	353	-	759
Levies collection	-	-	-	193	3 090
Royalties	-	-	-	-	82 867
Other income	-	-	-	819	879
Total income	595	354	2 336	1 015	111 010
Net cost of providing services	(57)	(282)	82	286	3 083
Revenues from SA Government:					
Revenues from government	-	-	-	394	3 747
Net revenues from SA Government	-	-	-	394	3 747
Net result	57	282	(82)	108	664

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 2011-12 there were prior period adjustments of $412 000 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

The 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: ***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 5: ***Citrus Growers Fund***

The Fund was established 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 6: ***Dog Fence Board***

This Fund was established by Regulations under the *South Australian Dog Fence Act 1947* on 17 June 1947. The Dog Fence 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.

Activity 8: ***Fisheries Research and Development Fund***

Under the *Fisheries Management Act 2007*, all commercial licence fees received by the Department 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***

The Department receives appropriation to make payment 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: ***Grains Industry Levy Fund***

Voluntary levies are 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 from 1 March 2012.

Activity 11: ***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 12: ***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 13: ***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 14: Olive Industry Fund

The Fund was established under the *Primary Industry Funding Schemes Act 1998* on 26 February 2009. The primary purposes of the Fund are 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.

Activity 15: 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 16: Rock Lobster Fishing Industry Fund

The Fund was established 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, and marketing 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 17: Royalties

The Department receives royalties levied on minerals and petroleum production on behalf of the State Government. The royalties received are deposited into the Consolidated Account. Royalties transferred along with the operational units of the Minerals and Energy Resources Division from PIRSA to the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE), effective from 1 January 2012.

Activity 18: SA 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 19: SA 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 20: SA Deer Industry Fund

This Fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 29 August 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 21: SA 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 South Australian grape growers industry.

Activity 22: SA 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 23: SA 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 24: Other Funds

This is the total of all other administered funds including the payment of the Minister's salary and allowances, production receipts from companies for forwarding to native title claimants, 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 of 1991* (Cwlth).

A4. Employee benefits expenses

	2012 $'000	2011 $'000
Salaries and wages	379	735
Annual leave	-	13
Employment on-costs - superannuation	1	15
Employment on-costs - other	-	9
Board fees	30	21
Total employee benefits expenses	410	793

A5. Supplies and services

Supplies and services provided by entities within the SA Government:		
Professional and technical services[(1)]	355	176
Administrative and operating costs	4	4
Computing and communications costs	-	1
Vehicle and equipment operating costs	-	1
Operating lease costs	43	23
Total supplies and services - SA Government entities	402	205
Supplies and services provided by entities external to the SA Government:		
Professional and technical services	652	513
Administrative and operating costs	509	576
Utilities and property costs	5	32
Computing and communications costs	50	12
Travel	29	20
Staff development and safety	2	2
Total supplies and services - non-SA Government entities	1 247	1 155
Total supplies and services	1 649	1 360

(1) Includes audit fees paid/payable to the Auditor-General's Department - refer note A10.

A6. Depreciation and amortisation expense

Depreciation and amortisation:		
Plant and equipment	-	4
Buildings and infrastructure	5	4
Total depreciation and amortisation expense	5	8

A7. Grants and subsidies

Grants and subsidies paid/payable to entities within the SA Government:		
Aquaculture Resource Management Fund	1 308	962
Eyre Peninsula Grain Growers Rail Fund	-	600
Fisheries Research and Development Fund	11 900	11 324
ForestrySA - community service obligations payment	3 369	3 305
SA Apiary Industry Fund	30	61
SA Cattle Industry Fund	402	534
SA Deer Industry Fund	1	1
SA Pig Industry Fund	36	36
SA Sheep Industry Fund	2 106	1 599
Total grants and subsidies - SA Government entities	19 152	18 422
Grants and subsidies paid/payable to entities external to the SA Government:		
Adelaide Hills Wine Industry Fund	330	290
Aquaculture Resource Management Fund	966	1 228
Barossa Wine Industry Fund	710	750
Clare Valley Wine Industry Fund	60	92

A7. Grants and subsidies (continued)

	2012	2011
Grants and subsidies paid/payable to entities external to the SA Government: (continued)	$'000	$'000
Citrus Growers Fund	100	86
Dog Fence Board	759	679
Fisheries Research and Development Fund	643	710
Langhorne Creek Wine Industry Fund	132	140
McLaren Vale Wine Industry Fund	705	500
Olive Industry Fund	85	29
Riverland Wine Industry Fund	615	387
Rock Lobster Fishing Industry Fund	196	220
SA Apiary Industry Fund	5	12
SA Cattle Industry Fund	15	18
SA Grape Growers Industry Fund	490	430
SA Pig Industry Fund	18	5
SA Sheep Industry Fund	189	304
Total grants and subsidies - non-SA Government entities	6 018	5 880
Total grants and subsidies	25 170	24 302

A8. Levies payments

Grain levies(1)	3 049	2 711
Seed levies(2)	117	82
Total levies payments	3 166	2 793

(1) Grain levies collected pursuant to the *Wheat Marketing Act 1989* are paid to the South Australian Grain Industry Trust Fund and the SAFF Grains Section (Grains Industry Committee). The requirement for grain processors to make deductions in relation to the SAFF Grain Industry Committee was removed effective from 1 March 2012. Income is recognised under note A14.

(2) Seed levies collected pursuant to the *Pasture Seed Levy Collection Act 1989* (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 the ASA. Income is recognised under note A14.

A9. Other expenses

	2012	2011
Non-SA Government entities:	$'000	$'000
Native Title - royalty payments	826	1 732
Total other expenses	826	1 732

A10. Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	110	94
Total auditor's remuneration	110	94

Other services

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

A11. Revenue from fees and charges

Fees and charges provided by entities external to SA Government:		
Aquaculture and fishing licences	12 657	11 956
Industry contribution	7 275	7 719
Other fees and levies	2 725	2 630
Penalties and fines	44	53
Total fees and charges	22 701	22 358

A12. Advances and grants

State grants	204	343
Commonwealth grants	-	48
Industry grants	30	41
Intra-government transfer	480	461
Total advances and grants	714	893

A13. Interest revenue

	2012	2011
	$'000	$'000
Interest from entities within the SA Government	759	771
Total interest revenue	759	771

A14. Levies collection

	2012	2011
Grain levies(1)	2 897	2 741
Seed levies(2)	193	128
Total levies collection	3 090	2 869

(1) Grain levies are collected pursuant to the *Wheat Marketing Act 1989* and provide for the collection of prescribed amounts to support grains research and development in South Australia and the activities of the SAFF Grains Industry Committee. The South Australian Government Gazette dated 16 September 2011 prescribes that the amounts to be deducted from the proceeds of sales of all grain grown in the 2011-12 season are:

- 25 cents per tonne for the South Australian Grain Industry Trust Fund
- 5 cents per tonne for the SAFF Grains Section (Grains Industry Committee).

The requirement for grain processors to make deductions in relation to the SAFF Grain Industry Committee was removed effective from 1 March 2012.

Payments are recognised under note A8.

(2) 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, No. 26 of 1991* (Cwlth) 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 undertakes the role of the national designated authority for the Organisation for Economic Cooperation and Development 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.

A15. Royalties

	2012	2011
	$'000	$'000
Royalties	82 867	155 915
Total royalties received from non-SA Government entities	82 867	155 915

Royalty revenue relates to minerals and petroleum production and are collected pursuant to the *Roxby Downs (Indenture Ratification) Act 1982, Whyalla Steel Works Act 1958, Mining Act 1971* and the *Petroleum and Geothermal Energy Act 2000*.

	2012	2011
Royalty revenue for the year comprised:	$'000	$'000
Minerals production	60 696	102 114
Petroleum production	22 171	53 801
Total royalties received from non-SA Government entities	82 867	155 915

Royalty receipts are returned to the Consolidated Account in the month following collection. During 2011-12 $91.024 million ($138.365 million) was paid to DTF (refer Statement of Administered Cash Flows).

Royalties transferred along with the operational units of the Minerals and Energy Resources Division from PIRSA to DMITRE, effective from 1 January 2012.

A16. Sale of goods

	2012	2011
	$'000	$'000
Publications, books, maps and compact discs	-	1
Total sale of goods	-	1

A17. Other income

	2012	2011
Reimbursements/Recoveries	42	54
Reduction in allowance for doubtful debts	30	1
Native Title - royalty receipts(1)	801	1 732
Other	6	31
Total other income	879	1 818

(1) Royalties are received from producers party to Native Title Agreements. The revenue received is subsequently paid to claimants (refer note A9).

A18. Revenues from SA Government

	2012	2011
Revenues from SA Government:	$'000	$'000
Appropriations from Consolidated Account pursuant to the *Appropriation Act*[1]	3 353	3 349
Reimbursements received for Parliamentary salaries and expense allowances	394	539
Total revenues from SA Government	3 747	3 888

(1) 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 and for Parliamentary salaries and electorate expense allowances.

A19. Cash

	2012	2011
Deposits with the Treasurer:	$'000	$'000
Section 21 Deposit Accounts	22 547	50 682
Cash held on behalf of DMITRE[1]	22 586	-
Imprest account and cash on hand	48	44
Total cash	45 181	50 726

(1) 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 from 1 January 2012.

Interest rate risk

Cash on hand is non-interest bearing. Interest bearing deposits with the Treasurer are bearing a floating interest rate between 4.6% and 3.93%. The carrying amount of cash and cash equivalents approximates fair value.

A20. Receivables

	2012	2011
Current:	$'000	$'000
Receivables	676	599
Allowance for doubtful debts	(56)	(86)
	620	513
Accrued interest on deposits	54	64
Other accrued revenue	6	-
Prepayments	-	1
	60	65
Total current receivables	680	578
Total receivables	680	578
Receivables from SA Government entities:		
Receivables	1	-
Accrued interest revenues	54	64
Total receivables from SA Government entities	55	64
Receivables from non-SA Government entities:		
Receivables	619	513
Other accrued revenues	6	-
Prepayments	-	1
Total receivables from non-SA Government entities	625	514
Total receivables	680	578

Interest rate and credit risk

All goods and services provided for which payment has not been received are classified as receivables. 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 and there is no concentration of credit risk.

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 in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Allowance for doubtful debts (continued)

	2012 $'000	2011 $'000
Carrying amount at 1 July	86	87
Increase (Decrease) in the allowance	(30)	-
Amounts written off	-	(1)
Carrying amount at 30 June	56	86

A21. Inventories

Current inventories:		
Raw materials and stores (at the lower of cost and realisable value)	212	209
Total current inventories	212	209
Total inventories	212	209

Inventories consist of fencing materials for the establishment and maintenance of dog proof fences, managed by the Dog Fence Board.

A22. Property, plant and equipment

Land and buildings:		
Land at fair value	3	3
Buildings and infrastructure at fair value	42	42
Accumulated depreciation	(21)	(16)
Total land and buildings	24	29
Plant and equipment:		
Plant and equipment at fair value	11	11
Accumulated depreciation	(11)	(11)
Total plant and equipment	-	-
Total property, plant and equipment	24	29

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during 2011-12:

	Land $'000	Buildings and infrastructure $'000	Plant and equipment $'000	Total $'000
Carrying amount at 1 July	3	26	-	29
Depreciation expense	-	(5)	-	(5)
Carrying amount at 30 June	3	21	-	24

Impairment

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

A23. Payables

	2012 $'000	2011 $'000
Current:		
Accrued expenses	906	1 506
Payables to DMITRE(1)	22 586	-
Royalties payable to the Consolidated Account	-	27 920
Other	53	11
Total payables	23 545	29 437

Government/Non-government payables

Payables to SA Government entities:		
Accrued expenses	555	227
Payables to DMITRE(1)	22 586	-
Royalties payable to the Consolidated Account	-	27 920
Total payables to SA Government entities	23 141	28 147

Government/Non-government payables (continued)	2012	2011
Payables to non-SA Government entities:	$'000	$'000
Accrued expenses	351	1 279
Other	53	11
Total payables to non-SA Government entities	404	1 290
Total payables	23 545	29 437

(1) 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 from 1 January 2012.

A24. Employee benefits

	2012	2011
Current:	$'000	$'000
Accrued salaries and wages	-	13
Total current employee benefits	-	13
Total employee benefits	-	13

The total current and non-current employee expense (ie aggregate of the employee benefit in note A24 plus related on-costs in note A23) for 2012 is $0 ($13 000).

A25. Other liabilities

Unearned revenue	2 446	2 617
Total other liabilities	2 446	2 617

A26. Equity

Retained earnings	20 106	19 475
Total equity	20 106	19 475

A27. Transferred functions

2011-12

As a result of the gazettal on 15 December 2011, announcing that the operational units of the Minerals and Energy Resources Division would transfer from PIRSA to DMITRE, effective from 1 January 2012, the administered activities in relation to royalties, Native Title royalties and Mintabie camp fees also transferred.

The following assets and liabilities were transferred to DMITRE:

	Royalties	Other funds[1]	Total
Assets:	$'000	$'000	$'000
Current:			
Cash	19 763	253	20 016
Total assets	19 763	253	20 016
Liabilities:			
Current:			
Payables	19 763	220	19 983
Total liabilities	19 763	220	19 983
Net assets transferred	-	33	33

(1) Includes Native Title royalties and Mintabie camp fees.

Net assets transferred by the Department as a result of an administrative restructure were at the carrying amount. The net assets transferred were treated as a distribution to the SA Government as owner.

A28. Unrecognised contractual commitments

Other commitments	2012 $'000	2011 $'000
Within one year	16	7
Later than one year and not later than five years	4	-
Total other commitments	20	7

The Department's other commitments include agreements with Fleet SA for long-term hire of light vehicles and other amounts owing under fixed price contracts outstanding at the end of the reporting period.

Committed grants	2012 $'000	2011 $'000
Grants committed but not advanced at the end of the year	-	50
Total committed grants	-	50

Grants committed in support of projects contain conditions to be met before payments are made.

A29. Contingent assets and liabilities

The Department is not aware of any contingent assets or liabilities affecting the administered entities comprising the consolidated financial report as at 30 June 2012.

A30. Cash flow reconciliation

	2012	2011
Reconciliation of cash at 30 June as per:	$'000	$'000
Statement of Administered Cash Flows(1)	45 181	50 726
Statement of Administered Financial Position	45 181	50 726

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

	2012	2011
Net cash provided by (used in) operating activities	14 471	19 605
Revenue from SA Government	(3 747)	(3 888)
Non-cash items:		
Depreciation and amortisation	(5)	(8)
Movements in assets/liabilities (net of restructure transfer):		
Inventories	3	209
Receivables	102	(44)
Payables and provisions	(14 091)	(17 875)
Employee benefits	13	(5)
Other liabilities	171	(168)
Equity adjustments	-	(104)
Net cost of providing services	(3 083)	(2 278)

(1) Excludes cash held at 30 June 2012 for the administered activities of the former Minerals and Energy Resources Division that transferred to DMITRE on 1 January 2012.

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:	2012 Number	2011 Number
$0	22	6
$1 - $9 999	39	39
Total	61	45

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $38 482 ($29 141).

Amounts paid to a superannuation plan for board and committee members was $1605 ($456).

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

South Australian Cattle Advisory Board

Anderson M J*	Mann N A M	Smith K R (retired)
Basham D K B	Ogilvie A D (retired)	Stacey J C
Dennis K I	Oldfield A S	Withers I A S
Honner T J	Pacitti S	Young S M (retired)

South Australian Ovine Johne's Disease Committee

Altschwager P R	Hassell G M (retired)	Osborne M W
Cooper L T	Heinrich A S	Trengrove Dr C
Dennis K I	Mills L J	Van Wijl J*
Gogel L D	Norsworthy P*	Westbrook K D (retired)*

Dog Fence Board

Fargher K J	Lawrie J P	Nicolson D A (retired)
Ireland C	Litchfield L P (retired)	Trowbridge P A (retired)
Irwin J A	MacLachlan J H	

South Australian Pig Industry Advisory Group

Flight K M	McLean L N	Schmidt P
Fyfe A R (retired)	McMahon J	Starick M J
Hamann R K	Moore M*	
Lloyd B R	Sapwell C M	

South Australian Sheep Advisory Group

Andrews F G (retired)	Mills L J	Power G M (retired)
Hall J M (retired)	Petrenas E*	Rowett I H
Kellock J	Pfeiffer I G (retired)	Symons J B
MacLachlan J H	Piggott A M	Westbrook K D

South Australian Apiary Advisory Group

Charlton-Fatchen L N	Hooper B A	Tapp R M
Frost P J	Le Feuvre D W W	
Haslett J M	Rahaley R S*	

*	Government employees.

South Australia Police

Functional responsibility

Establishment

The 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 2011-12, areas of review included:

- payroll
- expenditure
- workers compensation
- revenue and receipting

- expiation revenue
- financial accounting
- ICT management.

Audit findings and comments

Auditor's report on the financial report

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

Assessment of controls

In my opinion, the controls exercised by the 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 raised 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.

Workers compensation

In 2010-11 SAPOL recalculated historical income maintenance payments made to staff receiving workers compensation benefits as a result of the identification of incorrect income maintenance payments. Further, an ongoing income maintenance calculator (calculator) was created to systematically calculate income maintenance payments going forward. Audit reviewed the calculator and the related control environment as part of the prior and current year audit.

The following is a summary of matters identified during 2011-12.

Incorrect calculation of income maintenance payments in income maintenance calculator

Sample testing of income maintenance payments identified instances where the weekly income maintenance payments were incorrectly calculated as a result of incorrect inputs in the calculator. Audit recommended SAPOL implement procedures to ensure inputs are correct.

SAPOL responded there are regular reviews and cross checking, including sign off on the accuracy of the information. Further, quarterly reviews are conducted by an independent private auditor to check the robustness of the calculator.

Long-term plan to calculate income maintenance payments

SAPOL relies on an external consultant to maintain the integrity of the calculator and assist with updating the calculator for changes to the calculation fields. If there were significant changes to pay arrangements or the WRCA, significant updates to the calculator would be required.

Audit found there is no business plan or strategy in place to ensure the current process continues to meet the needs of SAPOL workers compensation arrangements. Audit recommended SAPOL review the current process and determine if alternative procedures are more viable.

SAPOL responded the current calculator is the best option available at the current time and the quarterly review considers viable enhancements.

Unresolved issues identified during external reviews of Injury Management Branch

Audit reviewed the reports from external reviews which detail a number of issues identified within the Injury Management Branch. Audit recommended SAPOL implement and progress strategies to resolve the issues identified in the reports.

SAPOL advised a series of recommendations for restructuring the Injury Management Branch have been identified which will address the matters raised in the reports.

Matters raised in prior year audit which are still unresolved

- The claim closure checklist is not being completed for closed claims as evidence that claims were approved to close and all actions completed prior to closing the workers compensation claim.
- There are no policies and procedures over the calculation of manually calculated claims (eg closed period and back pay claims).
- The procedures to archive files do not detail how long the records need to be retained or the payroll data to be maintained.
- There is no documented control or policy to ensure any changes made to the Excel income maintenance calculator file are correct and consistent and to ensure the calculation fields in the calculator are kept current for any payroll changes.

In response, SAPOL advised appropriate action would be taken to address these matters.

Payroll

Personnel Audit Reports (PAR) are not reviewed on a timely basis

Sample testing of PARs which are used to verify the accuracy and completeness of the profile description and rank/classification of each employee, revealed the review is not performed timely. Audit recommended SAPOL ensure PARs are reviewed and certified timely and any issues identified are followed up timely.

SAPOL responded they will reinforce the obligations to review and certify PARs on a timely basis.

Annual leave opening balance does not agree to prior year closing balance

The closing annual leave balance at 30 June 2011 did not roll over correctly into the 1 July 2011 opening balance due to large unresolved variances. Audit was advised the variances are due to an unfixed system programming error. Audit recommended SAPOL resolve the system error and ensure the annual leave balance rolls over correctly.

SAPOL responded that this matter has now been addressed. The majority of the issues were resolved through identification and correction of programming errors.

Controls over commissioned officers' leave

Sample testing of Leave Taken Reports found the control process to ensure commissioned officers' leave is completely and accurately recorded in HRMS did not operate as intended due to errors in the reconciliation process.

SAPOL acknowledges the need for review of the Commissioned Officers Leave Report and controls and procedures have been mandated.

Leave forms not being submitted

SAPOL uses a report to monitor employees' timely submission of leave forms for leave recorded on timesheets and leave reconciliations. Sample testing found the control to monitor submission of leave forms is not working effectively as the number of outstanding leave forms continues to increase for comparative pay periods. Audit recommended SAPOL implement a control to check all attendance records of employees and confirm leave forms are followed up and submitted in a timely manner; and establish procedures to ensure employees submit leave forms timely.

In response, SAPOL acknowledges the need for the rigorous checking of all employee attendance records and to confirm leave forms listed are followed up and submitted in a timely manner. Controls and procedures have been established.

Timely review of payroll clearing account reconciliation and unresolved variances (SSSA)

During testing of the payroll clearing account reconciliations, Audit found the reconciliations were not prepared timely and included unresolved variances. Audit recommended SSSA ensure the reconciliation is prepared, independently reviewed, certified and variances resolved on a timely basis.

SSSA responded the issues have now been resolved and the reconciliations are now completed on time and independently checked. Audit subsequently found small variances in the 30 June month end payroll clearing account reconciliation and these remain as unexplained timing differences.

Shared Services SA – e-Procurement and electronic payment control environments

The 2011-12 audit review of SAPOL's expenditure processes considered the e-Procurement and electronic payment systems' control environments operated by SSSA.

Review of these systems and environments in previous years identified significant key control weaknesses. While SSSA progressively implemented significant remedial action over these deficiencies during 2011-12, SSSA only anticipates completion of planned actions by December 2012.

As a result, the systems and control environments could not be considered robust during 2011-12.

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

Information and communications technology and control

Wireless communication and security

During 2011-12 Audit conducted a high level assessment of wireless security within SAPOL, with a specific focus on wireless access points (WAPs). They can potentially allow both users and systems to access the SAPOL network.

The assessment noted that SAPOL had developed a policy document which outlined an approval process for the implementation for wireless access connectivity within SAPOL. This document however had no specified requirement to regularly scan for rogue/unapproved WAPs. In addition the document did not have a current listing of approved wireless services operating within SAPOL.

Audit also noted that despite some compensating security controls SAPOL had not performed any recent testing/scanning (informal or formal) to locate potential rogue/unapproved wireless access points.

A formal response from SAPOL in June 2012 indicated that action was in progress to address the matters raised.

Interpretation and analysis of the financial report

Highlights of the financial report

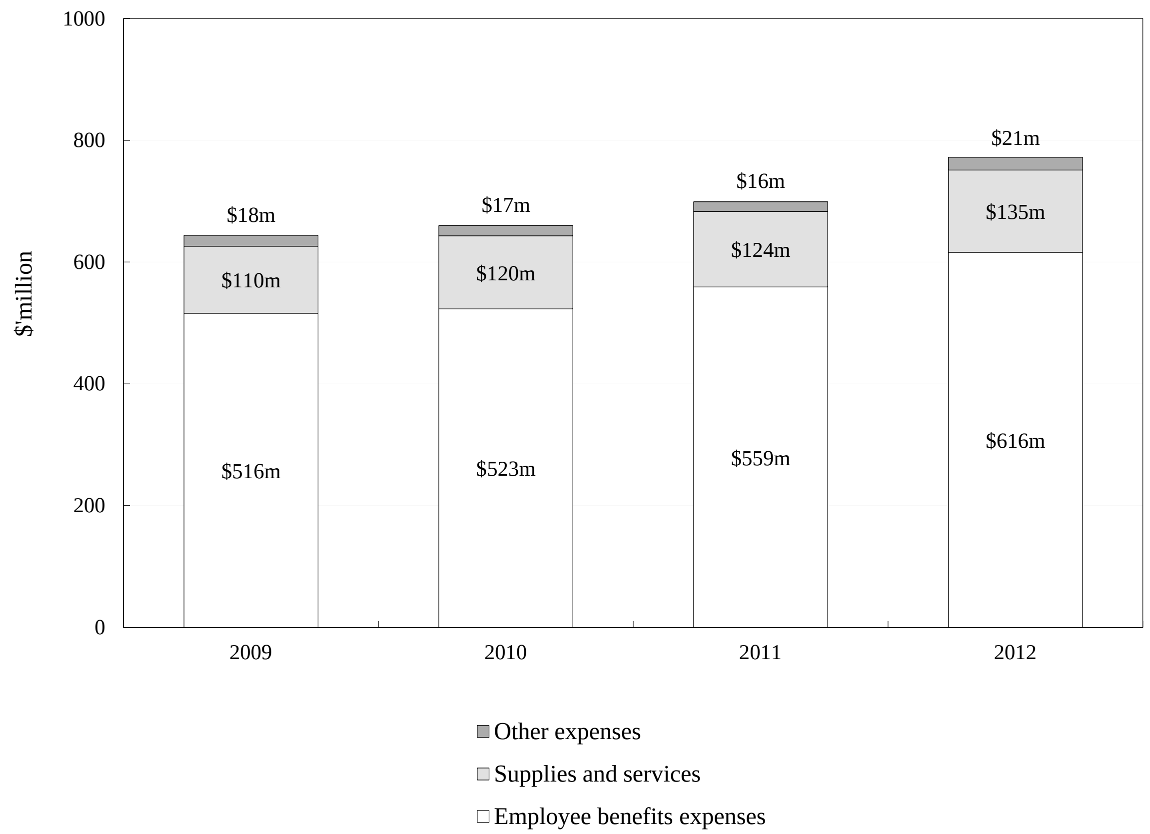
	2012 $'million	2011 $'million
Expenses		
Employee benefits expenses	616	559
Supplies and services	135	124
Other expenses	21	16
Total expenses	772	699
Income		
Fees and charges	23	20
Other revenues	41	7
Total income	64	27
Net cost of providing services	708	672
Net revenues from SA Government	709	663
Net result	1	(9)
Other comprehensive income	-	22
Total comprehensive result	1	13
Net cash provided by (used in) operating activities	16	43
Assets		
Current assets	73	57
Non-current assets	371	328
Total assets	444	385

	2012 $'million	2011 $'million
Liabilities		
Current liabilities	87	90
Non-current liabilities	271	222
Total liabilities	358	312
Total equity	86	73

Statement of Comprehensive Income

Expenses

The following chart shows a structural analysis of the main expense items for the four years to 2012.

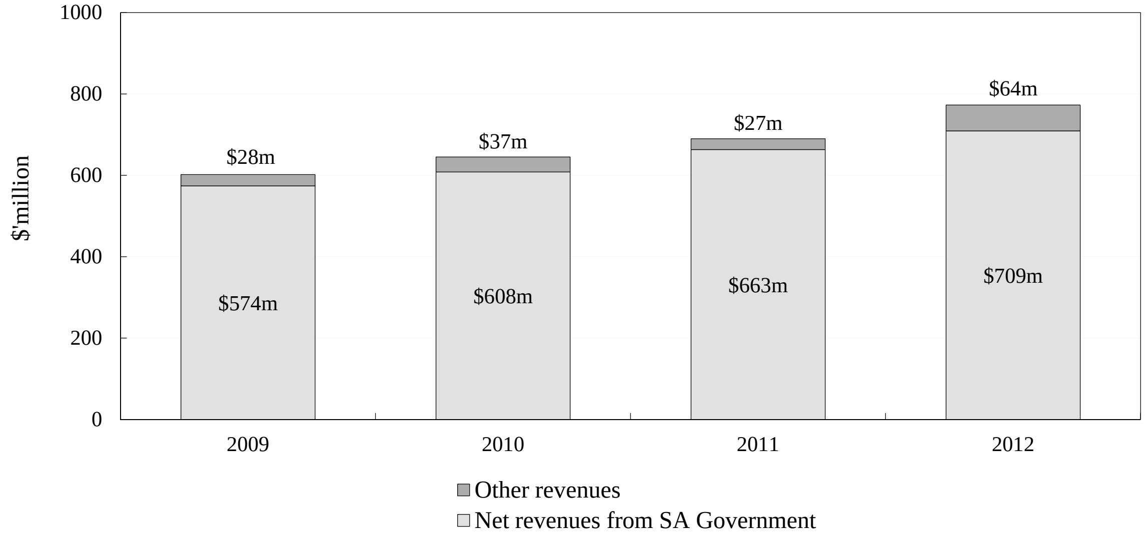


Employee benefits expenses account for 80% of total expenses and increased by $57 million during 2011-12. The main components of the increase were salaries and wages expenses of $22 million and annual and LSL expenses of $23 million. Salaries and wages increases were a result of a new enterprise bargaining agreement which increased salary rates and allowances for police officers. The increased salary rates also resulted in increased annual leave expenses. The increase in LSL expenses is due to increased salary rates and the impact of the decrease in the discount rate (reflecting long-term Commonwealth Government bond rates) applied in the LSL liability revaluation at 30 June 2012.

Supplies and services account for 17% of total expenses including $35 million in accommodation and property related expenses and $25 million in communication and computing expenses. Supplies and services expenses increased by $11 million during 2011-12. This is due mainly to recurrent costs associated with the new police headquarters and the expensing of one-off costs for the new police academy which did not meet the capitalisation criteria.

Income

The following chart shows a structural analysis of the main income items for the four years to 2012.

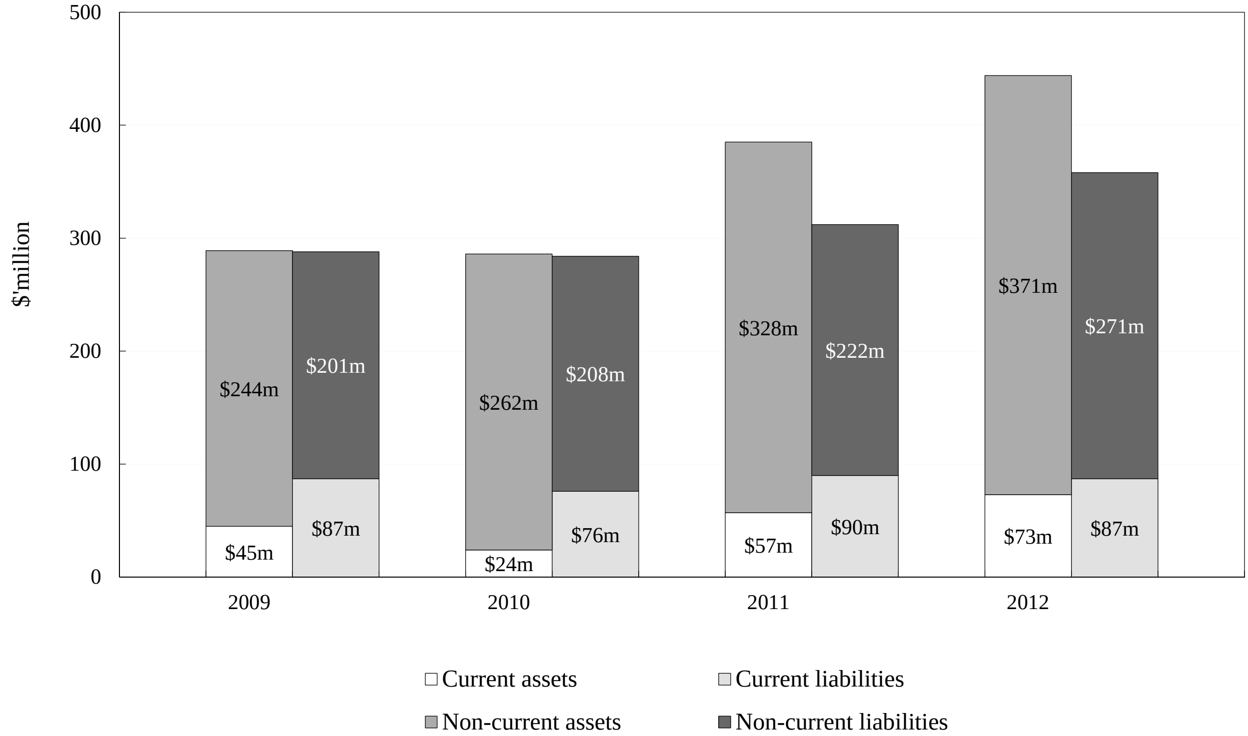


SAPOL receives government funding based on annual budgeted expenditure, less estimated revenues from fees and charges and other sources. Net revenues from government increased by $46 million (7%) to $709 million. The increase reflects funding for the enterprise bargaining agreement, additional police officers, resourcing for the Safer, Faster and Easier Public Transport initiative and funding for recurrent costs associated with the new police headquarters.

Income (other revenues) increased primarily due to $35 million of donated asset revenue from Department of Planning, Transport and Infrastructure (DPTI) for the fitout of the new police headquarters in 2011-12.

Statement of Financial Position

For the four years to 2012, a structural analysis of assets and liabilities is shown in the following chart.



Assets

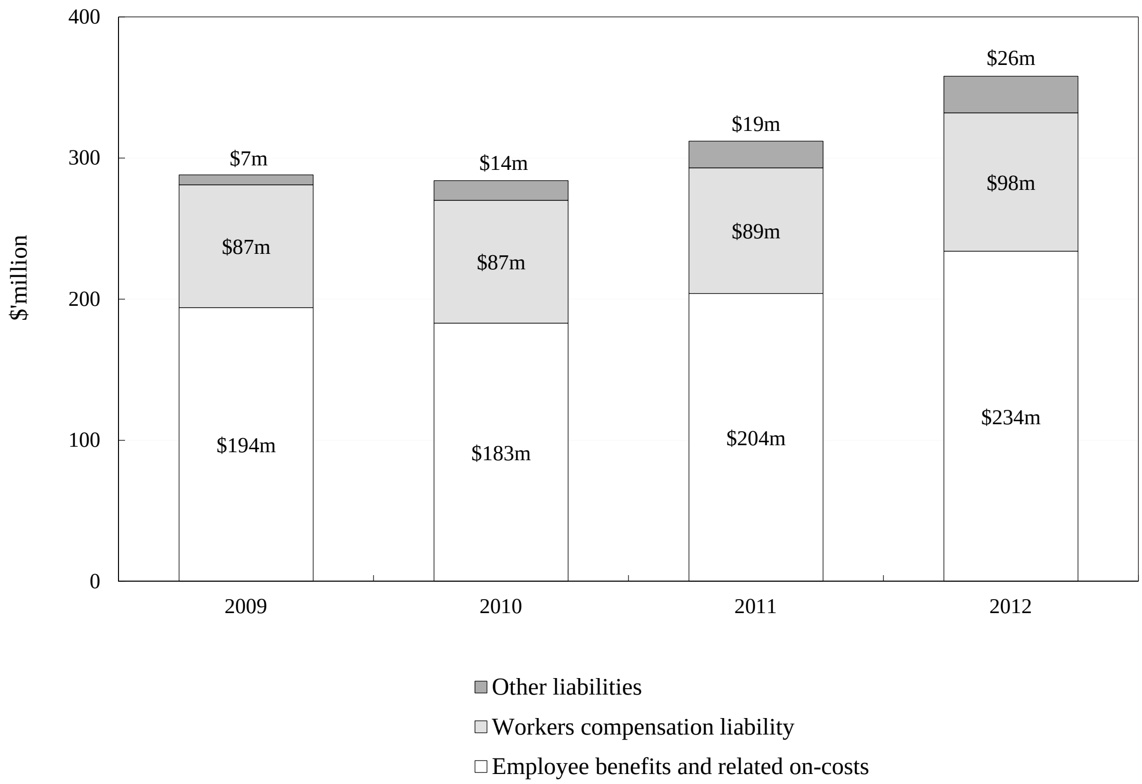
Current assets increased by $16 million (28%) to $73 million during 2012 due to an increase in receivables of $8 million and non-current assets held for sale of $9 million. The increase in receivables is mainly due to invoices outstanding from DPTI as at 30 June 2012 in relation to the Community Road Safety Fund (received in July 2012). The increase in non-current assets held for sale is due to the transfer of the old police academy from property, plant and equipment into non-current assets held for sale.

Non-current assets increased by $43 million (13%) to $371 million due to an increase in property, plant and equipment of $79 million offset by a decrease in capital works in progress of $37 million. The movement is due to the transfer of the new police academy from work in progress to property, plant and equipment. The increase in property, plant and equipment is also due to the fitout of the new police headquarters.

Employee benefits and workers compensation

Employee benefits, related on-costs and workers compensation liabilities totalled $332 million ($293 million) and represent 93% (94%) of total liabilities. At June 2012, the workers compensation liability of $98 million ($89 million) represented 27% (29%) of total liabilities of $358 million ($312 million). Employee benefits and related on-costs increased due to the new enterprise bargaining agreement and the impact of the decrease in the discount rate (reflecting long-term Commonwealth Government bond rates) applied in the LSL liability revaluation as at 30 June 2012 (refer note 22 to the financial statements). The increase in workers compensation liability is based on an actuarial assessment which reflects changes in a number of factors. These include an increase in officers from the recruitment initiative and an increase in salaries and wages along with a decrease in the discount rate used in the calculation.

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 $13 million due to the following:

- the Government made a capital contribution of $12 million in 2011-12
- a net surplus of $511 000.

Statement of Cash Flows

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

	2012 $'million	2011 $'million	2010 $'million	2009 $'million
Net cash flows				
Operating	16	43	(10)	(1)
Investing	(29)	(60)	(36)	(17)
Financing	12	59	15	-
Change in cash	(1)	42	(31)	(18)
Cash at 30 June	45	46	4	35

Net cash provided by operating activities is lower mainly due to the increase in cash used in operating activities exceeding the increase in funding received from the SA Government.

Capital contributions from the Government were significantly less at $12 million ($59 million) during the year. The decrease in cash provided by operating and financing activities was offset by the decrease in cash used in investing activities related to the 2010-11 capital works in progress projects.

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 them to the Consolidated Account. Expiation fees collected decreased by $10 million to $66 million in 2012 mainly as a result of a change in driver behaviour resulting in fewer detections.

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 2011-12 Victims of Crime levy receipts increased by $470 000 to $13 million due to an increase in the levy rate from 1 January 2011, providing for a full year impact in 2011-12, offset by the decrease in expiation fees (due to lower detections).

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Employee benefits expenses	5	616 532	559 161
Supplies and services	6	134 556	124 412
Depreciation and amortisation expense	7	20 621	15 581
Write-down of non-current assets		220	310
Net loss from disposal of non-current assets	11	189	-
Total expenses		772 118	699 464
Income:			
Revenues from fees and charges	8	23 119	20 426
Interest revenues	9	44	98
Commonwealth revenues	10	693	350
Net gain from disposal of non-current assets	11	-	103
Other revenues	12	39 902	6 497
Total income		63 758	27 474
Net cost of providing services		708 360	671 990
Revenues from (Payments to) SA Government:			
Revenues from SA Government	13	659 642	609 746
Contributions from the Community Emergency Services Fund	13	19 315	18 861
Contributions from the Community Road Safety Fund	13	35 580	34 700
Payments to SA Government	13	(5 666)	-
Net revenues from (payments to) SA Government		708 871	663 307
Net result		511	(8 683)
Other comprehensive income:			
Changes in revaluation surplus		-	21 920
Total comprehensive result		511	13 237

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

Statement of Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash and cash equivalents	14	45 555	46 334
Receivables	15	16 324	7 871
Inventories		328	320
		62 207	54 525
Non-current assets held for sale	16	10 737	2 145
Total current assets		72 944	56 670
Non-current assets:			
Receivables	15	634	779
Property, plant and equipment	17	340 128	260 810
Capital works in progress		19 358	56 431
Intangible assets	18	9 625	10 290
Investment properties	19	1 390	-
Total non-current assets		371 135	328 310
Total assets		444 079	384 980
Current liabilities:			
Payables	20	25 814	26 136
Other liabilities	21	574	-
Employee benefits	22	46 666	48 772
Provisions	23	13 818	14 603
Total current liabilities		86 872	89 511
Non-current liabilities:			
Payables	20	23 373	19 464
Other liabilities	21	7 552	-
Employee benefits	22	155 508	126 964
Provisions	23	85 091	75 605
Total non-current liabilities		271 524	222 033
Total liabilities		358 396	311 544
Net assets		85 683	73 436
Equity:			
Contributed capital	24	85 220	73 484
Revaluation surplus	24	107 870	107 525
Retained earnings	24	(107 407)	(107 573)
Total equity		85 683	73 436

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	26
Contingent liabilities	27

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

	Note	Contributed capital $'000	Revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2010		15 017	85 605	(98 890)	1 732
Net result for 2010-11		-	-	(8 683)	(8 683)
Gain on revaluation of property, plant and equipment		-	21 920	-	21 920
Total comprehensive result for 2010-11		-	21 920	(8 683)	13 237
Transactions with SA Government as owner:					
Equity contribution received		58 467	-	-	58 467
Balance at 30 June 2011	24	73 484	107 525	(107 573)	73 436
Net result for 2011-12		-	-	511	511
Total comprehensive result for 2011-12		-	-	511	511
Transfer between equity components		-	345	(345)	-
Transactions with SA Government as owner:					
Equity contribution received		11 736	-	-	11 736
Balance at 30 June 2012	24	85 220	107 870	(107 407)	85 683

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

Statement of Cash Flows
for the year ended 30 June 2012

	Note	2012 Inflows (Outflows) $'000	2011 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefits payments		(580 212)	(534 078)
Payments for supplies and services		(148 355)	(139 707)
Cash used in operations		(728 567)	(673 785)
Cash inflows:			
Fees and charges		25 239	22 023
Interest received		44	98
GST recovered from the ATO		14 556	14 880
Other receipts		4 947	5 500
Cash generated from operations		44 786	42 501
Cash flows from SA Government:			
Receipts from SA Government		705 642	674 635
Payments to SA Government		(5 666)	-
Cash generated from SA Government		699 976	674 635
Net cash provided by (used in) operating activities	25	16 195	43 351
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment and intangibles		(29 192)	(59 977)
Proceeds from the sale of property, plant and equipment		482	265
Net cash provided by (used in) investing activities		(28 710)	(59 712)
Cash flows from financing activities:			
Capital contributions from government		11 736	58 467
Net cash provided by (used in) financing activities		11 736	58 467
Net increase (decrease) in cash and cash equivalents		(779)	42 106
Cash and cash equivalents at 1 July		46 334	4 228
Cash and cash equivalents at 30 June	14	45 555	46 334

Disaggregated Disclosures - Expenses and Income
for the year ended 30 June 2012

(Activities - refer note 4)	1		2	
	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000
Employee benefits expenses	264 183	247 752	272 173	245 344
Supplies and services	56 189	53 657	59 677	54 843
Depreciation and amortisation expense	8 879	6 705	8 722	6 727
Write-down of non-current assets	84	119	101	145
Net loss from disposal of non-current assets	73	-	86	-
Total expenses	329 408	308 233	340 759	307 059
Income:				
Revenues from fees and charges	15 613	14 401	3 643	2 701
Interest revenues	17	39	21	46
Commonwealth revenues	270	142	326	163
Net gain from disposal of non-current assets	-	40	-	48
Other revenues	15 349	2 607	18 307	2 698
Total income	31 249	17 229	22 297	5 656
Net cost of providing services	298 159	291 004	318 462	301 403
Revenues from (Payments to) SA Government:				
Revenues from SA Government	300 584	287 211	321 351	297 575
Payments to SA Government	(2 206)	-	(2 663)	-
Net revenues from SA Government	298 378	287 211	318 688	297 575
Net result	219	(3 793)	226	(3 828)

(Activities - refer note 4)	3		Total	
	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000
Employee benefits expenses	80 176	66 065	616 532	559 161
Supplies and services	18 690	15 912	134 556	124 412
Depreciation and amortisation expense	3 020	2 149	20 621	15 581
Write-down of non-current assets	35	46	220	310
Net loss from disposal of non-current assets	30	-	189	-
Total expenses	101 951	84 172	772 118	699 464
Income:				
Revenues from fees and charges	3 863	3 324	23 119	20 426
Interest revenues	6	13	44	98
Commonwealth revenues	97	45	693	350
Net gain from disposal of non-current assets	-	15	-	103
Other revenues	6 246	1 192	39 902	6 497
Total income	10 212	4 589	63 758	27 474
Net cost of providing services	91 739	79 583	708 360	671 990
Revenues from (Payments to) SA Government:				
Revenues from SA Government	92 602	78 521	714 537	663 307
Payments to SA Government	(797)	-	(5 666)	-
Net revenues from SA Government	91 805	78 521	708 871	663 307
Net result	66	(1 062)	511	(8 683)

SAPOL has applied the trends from the February 2012 activity survey for the 2012 figures (the trends from the February 2009 survey have been used for the 2011 figures).

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 Future Directions Strategy 2010-13 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 2012 (refer note 3).

(b) Basis of preparation

The preparation of the financial statements requires:

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

  (a) revenues 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 2012 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 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 controlled items.

(d) Transferred functions

No functions were transferred during the 2011-12 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 have been amended, comparative amounts have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

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

(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 26.

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 provides information about conditions that existed at 30 June.

There are no events for the reporting period after 30 June 2012.

(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

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

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 A4).

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 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 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 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 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:

Class of asset	*Useful life (years)*
Buildings	up to 60
Vehicles and transport vessels	up to 10
Aircraft	up to 35
Computers and communications	up to 10
Subclass:	
Radio masts	up to 60
Other	up to 10
Subclass:	
Generators	up to 38
Leasehold improvements	life of lease
Intangible assets	up to 7

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 DTF 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 includes 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 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
- *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.

- *Acquisition and recognition (continued)*
  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.

  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 written down current cost (a proxy for 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 and aircraft every three years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. 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, with the exception of leasehold improvements at police headquarters and several other CBD sites, were revalued as at 30 June 2011 following an independent valuation prepared by Valcorp Australia Pty Ltd using the fair value methodology. The revaluation of leasehold improvements at police headquarters and several other CBD sites was not undertaken as SAPOL vacated these sites in September 2011 when staff relocated to the new police headquarters, the associated leasehold improvements were written down accordingly. Aircraft controlled by SAPOL were revalued as at 30 June 2011 following an independent valuation prepared by Valcorp Australia Pty Ltd using the fair value methodology. This was the first time the aircraft was revalued. 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.

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.

Intangible assets (continued)
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 rentals 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.

(m) Liabilities
Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting, 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 benefit on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, LSL and annual leave.

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 for Infrastructure signed a project agreement.

The PPP includes police stations at Mt 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 financial statements. Lease expenditure, revenue and associated payables and receivables related to the facilities occupied by CAA is 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 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 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 the employee's 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*
  An actuarial assessment of LSL undertaken by DTF based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments.

  Based on this actuarial assessment, the shorthand method was used to measure the LSL liability for 2012 (refer note 22).

  This calculation is consistent with SAPOL's experience of employee retention and leave taken.

- *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.

- *Provisions (continued)*
  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 provided by a consulting actuary through the Public Sector Workforce Relations Division of DPC (refer note 23). 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.

(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 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 2011-12.

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 2012. 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 is summarised below. Financial information relating to each activity is reported in the Disaggregated Disclosures - Expenses and Income.

Activity 1: Public Safety
Accessible, visible and responsive police services, and working in partnerships with the community and other agencies to support the achievement of South Australia's Strategic Plan objectives and targets. SAPOL helps make South Australia a safer place to live, visit and conduct business through access to 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
Effective crime prevention and reduction, and police support of the criminal justice system, contribute to the achievement of South Australia's Strategic Plan crime target. SAPOL also works to prevent crime and reduce offending in partnership with the community and other agencies, to improve community safety and public confidence in the criminal justice system.

Activity 3: Road Safety
Effective policing for safer roads supports the achievement of South Australia's Strategic Plan targets. SAPOL provides road safety services that include the regulation of road use, education and vehicle collision prevention. SAPOL works in partnership with the community and other agencies to achieve better road safety outcomes that support safer road use in South Australia.

5. Employee benefits expenses

	2012 $'000	2011 $'000
Salaries and wages	409 869	387 973
Annual leave	51 194	49 453
LSL	42 764	21 999
Employment on-costs - superannuation	62 660	57 973
Employment on-costs - other	27 647	25 762
TVSPs (refer below)	615	251
Other employment related expenses	856	699
Workers compensation	20 927	15 051
Total employee benefits expenses	616 532	559 161

TVSPs

	2012	2011
Amount paid during the reported period to separated employees:		
TVSPs	615	251
Annual leave and LSL paid during the reporting period	281	101
	896	352
Recovery from DTF	-	(251)
Net amount paid by SAPOL	896	101

The number of employees who were paid TVSPs during the reporting period were 4 (4).

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 includes both controlled and 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 $85.6 million ($34.6 million).

The increase in remuneration is because there are 344 more employees receiving remuneration at or above base executive level which is mainly due to wage increases under the SAPOL Enterprise Bargaining Agreement.

The number of employees reported in the 2010-11 audited financial statements as having received remuneration over the base executive remuneration has been revised from 223 to 231 employees to now account for leave paid on termination (total remuneration for these employees has been revised to $34.6 million).

Remuneration of employees	2012	2011
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
$130 700 - $133 999	115	39
$134 000 - $143 999	247	121
$144 000 - $153 999	65	18
$154 000 - $163 999	77	29
$164 000 - $173 999	10	10
$174 000 - $183 999	33	-
$184 000 - $193 999	7	2
$194 000 - $203 999	4	-
$204 000 - $213 999	2	1
$224 000 - $233 999	2	2
$234 000 - $243 999	1	3
$244 000 - $253 999	-	2
$254 000 - $263 999	4	2
$264 000 - $273 999	3	-
$274 000 - $283 999	1	-
$324 000 - $333 999	-	1
$334 000 - $343 999	1	-
$344 000 - $353 999	1	-
$374 000 - $383 999	-	1
$384 000 - $393 999	1	-
$394 000 - $403 999	1	-
Total	575	231

Remuneration of employees by category	2012 Number	2011 Number
Executive	12	12
Non-executive	563	219
Total	575	231
Police	566	223
Public servant	9	8
Total	575	231

6. Supplies and services

	2012 $'000	2011 $'000
Accommodation and property related	34 935	25 564
Administration	15 305	15 999
Communication and computing	25 032	26 426
Consultants	136	386
Employee related	9 723	9 683
Insurance	897	890
Legal	3 559	3 651
Minor equipment	4 205	4 068
Motor vehicle related	25 521	24 470
SSSA	2 493	2 254
Uniforms	2 171	1 795
Utilities	4 532	3 456
Other	6 047	5 770
Total supplies and services	134 556	124 412

Pursuant to the contract arrangements with Plenary, the PPP partner, SAPOL pays lease charges to Plenary for sites occupied by both SAPOL and CAA. SAPOL on-charges the 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.

Consultants

The number and dollar amount of consultancies paid/payable (included in consultants expense shown above) fell within the following bands:	2012 Number	2011 Number	2012 $'000	2011 $'000
Below $10 000	12	15	35	40
Between $10 000 and $50 000	5	4	101	72
Above $50 000	-	2	-	274
Total paid/payable to the consultants engaged	17	21	136	386

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.

	2012 $'000	2011 $'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	253	243
Total external auditor's remuneration	253	243

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:	2012	2011
Accommodation and property related	21 885	19 496
Administration	970	1 124
Communication and computing	8 978	9 887
Consultants	51	-
Employee related	6 592	6 543
Insurance	897	890
Legal	3 414	3 251
Minor equipment	155	38
Motor vehicle related	11 761	11 982
SSSA	2 493	2 254
Utilities	1 076	1 017
Other	1 805	1 700
Total supplies and services provided by entities within the SA Government	60 077	58 182

7. Depreciation and amortisation expense

	2012	2011
Depreciation:	$'000	$'000
Buildings and improvements	5 926	3 677
Computing and communications equipment	2 940	2 582
Vehicles and transport vessels	908	960
Aircraft	106	474
Other	4 095	2 880
Total depreciation	13 975	10 573
Amortisation:		
Leasehold improvements	3 746	2 181
Internally generated computer software	1 903	1 979
Other computer software	997	848
Total amortisation	6 646	5 008
Total depreciation and amortisation expense	20 621	15 581

8. Revenues from fees and charges

Escorts - wide load/other	2 669	2 387
Firearms licence and registration fees	4 632	4 353
Hoon legislation recoveries	2 765	1 066
Police information requests	3 246	3 173
Police security services	8 195	7 677
Prosecution and other court fees	437	562
Other fees	1 175	1 208
Total revenues from fees and charges	23 119	20 426

Fees and charges received/receivable from entities within the SA Government

The following fees and charges (included in the fees and charges revenues shown above) were received/receivable from entities within the SA Government:

Escorts - wide load/other	1	3
Police information requests	58	56
Police security services	7 113	6 820
Other fees	7	13
Total fees and charges received/receivable from entities within the SA Government	7 179	6 892

9. Interest revenues

Interest on deposit accounts - from entities within the SA Government	44	98
Total interest revenues	44	98

10. Commonwealth revenues

Commonwealth revenues	693	350
Total Commonwealth revenues	693	350

During 2011-12, SAPOL recovered costs associated with resources provided at the request of the Commonwealth Government in relation to:

- CrimTrac - jurisdictional criminal history referrals
- Substance Abuse Information Desk.

During 2010-11, SAPOL recovered costs associated with resources provided at the request of the Commonwealth Government in relation to:

- CrimTrac - jurisdictional criminal history referrals
- Substance Abuse Information Desk.

11. Net gain (loss) from disposal of non-current assets

	2012	2011
Land and buildings:	$'000	$'000
Proceeds from disposal	138	24
Net book value of assets disposed	(149)	(29)
Net gain (loss) from disposal of land and buildings	(11)	(5)

11.	**Net gain (loss) from disposal of non-current assets (continued)**	2012	2011
	Plant and equipment:	$'000	$'000
	Proceeds from disposal	344	241
	Net book value of assets disposed	(522)	(133)
	Net gain (loss) from disposal of plant and equipment	(178)	108
	Total assets:		
	Proceeds from disposal	482	265
	Net book value of assets disposed	(671)	(162)
	Net gain (loss) from disposal of total assets	(189)	103

12. Other revenues

	2012	2011
Contributed (donated) asset revenues	35 694	941
Employee benefits recoveries	672	1 147
Goods and services recoveries	367	553
Intra-government transfers	1 463	2 164
Rent revenues	250	256
Sundry receipts	480	600
Other sundry revenues	976	836
Total other revenues	39 902	6 497

During 2011-12, SAPOL recognised contributed assets related to the new police headquarters of $35.4 million from the Department of Planning, Transport and Infrastructure (DPTI) and road safety (fixed red light/speed cameras) of $192 000 received from DPTI, long range acoustic device of $49 000 from the Federal Government and throw phone system of $45 000 from the Federal Government.

In 2011-12 the intra-government transfer comprises:

- $464 000 for the Traffic Training and Promotion Program from the Motor Accident Commission
- $343 000 to promote SAPOL's drug and alcohol policies and programs from SA Health
- $206 000 to fund SAPOL's commitment to the Home and Community Care Program from the Department for Communities and Social Inclusion (DCSI)
- $157 000 for the Rural Highways Saturation Program from DPTI
- $121 000 for the Early Intervention Pilot Program for SA Health
- $107 000 for the construction of police facilities in APY Lands from DCSI
- $65 000 for the National Motor Vehicle Theft Reduction Program from DCSI

During 2010-11, SAPOL recognised contributed assets related to road safety (fixed red light/speed cameras) of $556 000 transferred from Department for Transport, Energy and Infrastructure and public safety (Bearcat armoured vehicle) of $385 000 transferred from the Australian Federal Government.

In 2010-11 the intra-government transfer comprises:

- $525 000 for the construction of police facilities in APY Lands from DPC
- $226 000 to support the Yuendumu Community from Department for Families and Communities
- $153 000 for Rural Highways Saturation Program from Department for Transport, Energy and Infrastructure
- $118 000 for the Early Intervention Pilot Program from SA Health
- $519 000 for a traffic training and promotion program from Motor Accident Commission
- $346 000 to promote SAPOL's drug and alcohol policies and programs from SA Health
- $202 000 to fund SAPOL's commitment to the Home and Community Care Program from Department for Families and Communities
- $75 000 for other intra-government transfers.

Other revenues received/receivable from entities within the SA Government	2012	2011
The following other revenues (included in the other revenues shown above) was received/receivable from entities within the SA Government:	$'000	$'000
Contributed (donated) asset revenues	35 579	556
Employee benefits recoveries	308	667
Goods and services recoveries	33	299
Intra-government transfers	1 463	2 164
Rent revenues	7	12
Sundry receipts	47	163
Other sundry revenues	-	7
Total other revenues received/receivable from entities within the SA Government	37 437	3 868

13. Revenues from (Payments to) SA Government

Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the *Appropriation Act*	633 301	596 327
Transfers from contingencies	26 341	13 419
Contributions from the Community Emergency Services Fund	19 315	18 861
Contributions from the Community Road Safety Fund	35 580	34 700
Total revenues from SA Government	714 537	663 307
Payments to SA Government:		
Other payments to the Consolidated Account*	5 666	-
Total payments to SA Government	5 666	-

* During 2011-12, SAPOL returned $5.666 million to DTF in accordance with the cash alignment policy.

14. Cash and cash equivalents

Deposits with the Treasurer	45 168	45 849
Cash held in imprest accounts and petty cash	387	485
Total cash and cash equivalents	45 555	46 334

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.

15. Receivables

Current receivables:		
Receivables	11 154	2 204
Accrued revenues	92	95
Prepayments	1 770	1 365
GST input tax recoverable	3 109	3 939
Workers compensation recoveries	189	268
Lease incentive current	10	-
Total receivables	16 324	7 871

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	10 042	1 209
Accrued revenues	-	95
Total receivables from the SA Government	10 042	1 304
Non-current receivables:		
Workers compensation recoveries	624	779
Lease incentive non-current	10	-
Total non-current receivables	634	779

The increase in receivables in 2011-12 of $8.95 million is due mainly to two invoices totalling $8.895 million that are due from DPTI relating to the Community Road Safety Fund. These amounts have subsequently been paid.

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 29.2.

16. Non-current assets held for sale

	2012	2011
	$'000	$'000
Buildings and improvements	809	1 154
Land	9 928	991
Total non-current assets held for sale	10 737	2 145

Reconciliation of non-current assets held for sale movements

	2012	2011
Carrying amount at 1 July	2 145	339
Disposals	(148)	(29)
Transfers from property, plant and equipment	10 130	1 579
Transfers to investment properties	(1 390)	-
Revaluation	-	256
Carrying amount at 30 June	10 737	2 145

During 2011-12 SAPOL:

- sold land and buildings associated with the former Loxton police station
- transferred the old Roxby Downs police station from assets held for sale to investment properties
- declared land and buildings associated with the old police academy site as surplus to requirements and transferred the assets to non-current assets held for sale. These assets were transferred at their carrying amount.

During 2010-11 SAPOL:

- sold land and buildings associated with the former Iron Knob police station
- revalued the land and buildings associated with the former Stansbury, Kalangadoo and Loxton police stations to fair value
- declared land and buildings associated with the Port Broughton and Roxby Downs police stations surplus to requirements and transferred the assets to non-current assets held for sale. These assets were transferred at their revalued fair value
- land and buildings associated with the former Loxton, Stansbury, Kalangadoo, Port Broughton and Roxby Downs police stations remained unsold as at 30 June 2011.

17. Property, plant and equipment

	2012	2011
Land:	$'000	$'000
Land at fair value(1)	56 869	66 367
Total land	56 869	66 367
Buildings and improvements:		
Buildings at fair value(1)	197 582	142 515
Buildings at cost	-	189
Accumulated depreciation	(5 459)	(14)
Total buildings and improvements	192 123	142 690
Leasehold improvements:		
Leasehold improvements at fair value(1)	58 656	14 317
Leasehold improvements at fair value	-	2 262
Leasehold improvements at cost	-	979
Accumulated depreciation	(6 161)	(2 414)
Total leasehold improvements	52 495	15 144

17. Property, plant and equipment (continued)

	2012 $'000	2011 $'000
Computing and communications equipment:		
Computing and communications equipment at cost[(2)]	41 809	37 830
Accumulated depreciation	(30 976)	(28 144)
Total computing and communications equipment	10 833	9 686
Aircraft		
Aircraft at fair value[(1)]	2 575	2 575
Accumulated depreciation	(106)	-
Total aircraft	2 469	2 575
Vehicles and transport vessels:		
Vehicles and transport vessels at cost	9 385	8 805
Accumulated depreciation	(5 890)	(5 937)
Total vehicles and transport vessels	3 495	2 868
Other:		
Other - at cost (deemed fair value)	37 178	34 653
Accumulated depreciation	(15 334)	(13 173)
Total other	21 844	21 480
Total property, plant and equipment	340 128	260 810

(1) Land, buildings and improvements, leasehold improvements and aircraft were revalued as at 30 June 2011 by officers from Valcorp Australia Pty Ltd.

(2) Intangible assets - computer software has been separately identified (refer note 18).

Movement reconciliation of non-current assets

2012	Land $'000	Buildings & imprvmnts $'000	Leasehold imprvmnts $'000	Computer & commnctn equipment $'000	Vehicles & transport vessels $'000	Other $'000
Carrying amount at 1 July	66 367	142 690	15 144	9 686	2 868	21 480
Additions	-	-	-	-	-	-
Transfers to (from) capital WIP	102	56 189	710	4 486	1 564	4 143
Transfers between asset classes	-	(296)	-	(481)	-	777
Depreciation and amortisation expense	-	(5 926)	(3 746)	(2 940)	(908)	(4 095)
Net revaluation increment (decrement)	-	-	-	-	-	-
Donated assets	-	-	35 387	94	-	213
Asset - recognised through stocktake	-	-	-	-	-	23
Disposals	-	-	-	-	(29)	(493)
Assets written off	-	(4)	-	(12)	-	(204)
Capital WIP - expenses in current period	-	-	-	-	-	-
Transfers to assets held for sale	(9 600)	(530)	-	-	-	-
Building owner fitouts	-	-	5 000	-	-	-
Carrying amount at 30 June	56 869	192 123	52 495	10 833	3 495	21 844

	Aircraft $'000	Total property, plant & equipment $'000	Work in progress $'000	Intangible assets (internally generated) $'000	Intangible assets (other compt software) $'000	Total $'000
Carrying amount at 1 July	2 575	260 810	56 431	7 429	2 861	327 531
Additions	-	-	32 245	-	-	32 245
Transfers to (from) capital WIP	-	67 194	(69 318)	554	1 570	-
Transfers between asset classes	-	-	-	-	-	-
Depreciation and amortisation expense	(106)	(17 721)	-	(1 903)	(997)	(20 621)
Net revaluation increment (decrement)	-	-	-	-	-	-
Donated assets	-	35 694	-	-	-	35 694
Asset - recognised through stocktake	-	23	-	111	-	134
Disposals	-	(522)	-	-	-	(522)
Assets written off	-	(220)	-	-	-	(220)
Capital WIP - expenses in current period	-	-	-	-	-	-
Transfers to assets held for sale	-	(10 130)	-	-	-	(10 130)
Building owner fitouts	-	5 000	-	-	-	5 000
Carrying amount at 30 June	2 469	340 128	19 358	6 191	3 434	369 111

Movement reconciliation of non-current assets (continued)

2011	Land $'000	Buildings & imprvmnts $'000	Leasehold imprvmnts $'000	Computer & commnctn equipment $'000	Vehicles & transport vessels $'000	Other $'000
Carrying amount at 1 July	55 700	121 402	5 858	10 090	2 411	15 242
Additions	-	-	-	-	-	-
Transfers to (from) capital WIP	-	26 657	1 449	1 998	921	7 758
Transfers between asset classes	-	(8 550)	7 140	167	251	741
Depreciation and amortisation expense	-	(3 677)	(2 181)	(2 582)	(960)	(2 880)
Net revaluation increment (decrement)	11 417	7 687	2 878	-	-	-
Donated assets	-	-	-	-	385	556
Asset - recognised through stocktake	-	-	-	93	-	64
Disposals	-	-	-	-	(133)	-
Assets written off	-	-	-	(80)	(7)	(1)
Capital WIP - expenses in current period	-	-	-	-	-	-
Transfers to assets held for sale	(750)	(829)	-	-	-	-
Carrying amount at 30 June	66 367	142 690	15 144	9 686	2 868	21 480

	Aircraft $'000	Total property, plant & equipment $'000	Work in progress $'000	Intangible assets (internally generated) $'000	Intangible assets (other compt software) $'000	Total $'000
Carrying amount at 1 July	3 153	213 856	36 138	8 574	2 600	261 168
Additions	-	-	61 429	-	-	61 429
Transfers to (from) capital WIP	201	38 984	(40 912)	982	946	-
Transfers between asset classes	88	(163)	-	-	163	-
Depreciation and amortisation expense	(474)	(12 754)	-	(1 979)	(848)	(15 581)
Net revaluation increment (decrement)	(319)	21 663	-	-	-	21 663
Donated assets	-	941	-	-	-	941
Asset - recognised through stocktake	-	157	-	-	-	157
Disposals	-	(133)	-	-	-	(133)
Assets written off	(74)	(162)	-	(148)	-	(310)
Capital WIP - expenses in current period	-	-	(224)	-	-	(224)
Transfers to assets held for sale	-	(1 579)	-	-	-	(1 579)
Carrying amount at 30 June	2 575	260 810	56 431	7 429	2 861	327 531

18. Intangible assets

	2012	2011
Computer software:	$'000	$'000
Internally developed computer software - at cost (deemed fair value)	18 866	18 201
Accumulated amortisation	(12 675)	(10 772)
Total internally generated computer software	6 191	7 429
Other computer software:		
Other computer software	9 080	7 510
Accumulated amortisation	(5 646)	(4 649)
Total other computer software	3 434	2 861
Total computer software	9 625	10 290

19. Investment properties

Investment building	820	-
Investment land	570	-
Total investment properties at 30 June	1 390	-

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 property.

20. Payables

	2012	2011
Current payables:	$'000	$'000
Accrued employment on-costs	1 513	1 661
Creditors	17 542	17 759
Payables - employment on-costs	6 732	6 716
Paid Parental Leave Scheme payable	17	-
Unearned revenue	10	-
Total current payables	25 814	26 136

Current payables to entities within the SA Government	2012	2011
The following payables (included in the payables shown above) were payable to entities within the SA Government:	$'000	$'000
Accrued employment on-costs	1 513	1 661
Creditors	8 926	8 421
Payables - employment on-costs	6 732	6 716
Total current payables to entities within the SA Government	17 171	16 798
Non-current payables:		
Payables - employment on-costs	23 373	19 464
Total non-current payables	23 373	19 464

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:		
Employee benefit on-costs	23 373	19 464
Total non-current payables to entities within the SA Government	23 373	19 464

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.

21. Other liabilities

	2012	2011
Current other liabilities:	$'000	$'000
Lease incentive	574	-
Total current other liabilities	574	-
Non-current other liabilities:		
Lease incentive	7 552	-
Total non-current other liabilities	7 552	-

SAPOL has 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 will be recorded as a reduction of rental expense over the lease term, on a straight-line basis.

22. Employee benefits

	2012	2011
Current employee benefits:	$'000	$'000
Accrued salaries and wages	8 425	10 381
Annual leave	28 290	29 033
LSL	9 951	9 358
Total current employee benefits	46 666	48 772
Non-current employee benefits:		
Annual leave	625	621
LSL	154 883	126 343
Total non-current employee benefits	155 508	126 964
Total employee benefits	202 174	175 736

The decrease in the accrued salaries and wages in 2012 is mainly due to the recognition of unpaid back pays associated with the Police Enterprise Bargaining Agreement implemented in 2011.

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

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 5.25% (2011) to 2.75% (2012).

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

22. Employee benefits (continued)

The net financial effect of the changes in the current financial year is an increase in the LSL liability of $22.1 million and on-costs of $3.3 million. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

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

23. Provisions

	2012	2011
Current provisions:	$'000	$'000
Provisions for workers compensation	13 350	13 831
Provision for civil actions against police	468	772
Total current provisions	13 818	14 603
Non-current provisions:		
Provisions for workers compensation	85 091	75 605
Total non-current provisions	85 091	75 605

Provision movement

	2012	2011
Workers compensation:		
Carrying amount at 1 July	89 436	87 092
Additional provision recognised	20 927	15 051
Reduction due to payments	(11 922)	(12 707)
Carrying amount at 30 June	98 441	89 436
Civil actions against police:		
Carrying amount at 1 July	772	613
Increase in the provision due to revision of estimates	182	646
Reduction due to payments	(486)	(487)
Carrying amount at 30 June	468	772

24. Equity

	2012	2011
Contributed capital	85 220	73 484
Revaluation surplus	107 870	107 525
Retained earnings	(107 407)	(107 573)
Total equity	85 683	73 436

The retained earnings represents the residual interest in SAPOL's net assets. The SA Government holds the accumulated deficit interest in SAPOL on behalf of the community.

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. The revaluation surplus has increased in 2012 as a result of a revaluation decrement from prior years, relating to the sale of the former Loxton police station which was previously held for sale, being transferred to retained earnings.

Land, buildings, leasehold improvements, with the exception of leasehold improvements at police headquarters and several other CBD sites (refer note 2), and aircraft were revalued as at 30 June 2011. SAPOL revalues assets on a three yearly cycle.

25. Cash flows reconciliation

	2012	2011
Reconciliation of cash and cash equivalents:	$'000	$'000
Cash at year end as per:		
Cash and cash equivalents disclosed in the Statement of Financial Position	45 555	46 334
Cash and cash equivalents disclosed in the Statement of Cash Flows	45 555	46 334

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

	2012	2011
Net cash provided by (used in) operating activities	16 195	43 351
Revenues from SA Government	(659 642)	(609 746)
Contribution from the Community Emergency Services Fund	(19 315)	(27 279)
Contribution from Community Road Safety Fund	(35 580)	(37 610)
Payments to SA Government	5 666	-

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services (continued)	2012 $'000	2011 $'000
Non-cash items:		
Depreciation and amortisation expense	(20 621)	(15 581)
Donated assets	35 694	941
Net gain (loss) from disposal of non-current assets	(189)	103
Write-off of non-current assets	(220)	(310)
Capital work in progress expensed	-	(224)
Assets recognised through stocktake	134	157
Capital accruals	3 054	1 451
Lease incentive fitout contribution	5 000	-
Movement in assets/liabilities:		
Receivables	8 308	100
Inventories	8	32
Payables	(3 587)	(7 318)
Other payables	(8 126)	-
Employee benefits	(26 438)	(17 554)
Provisions	(8 701)	(2 503)
Net cost of providing services	(708 360)	(671 990)

26. 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.

Not later than one year	992	1 607
Later than one year but not later than five years	2 391	3 185
Later than five years	-	1 461
Total capital commitments	3 383	6 253
GST on capital commitments	338	625

Major capital commitments for 2011-12 include Project Shield, drug testing replacement, handheld laser, computer aided dispatch and mobile computer applications in patrol cars (police records management system, mobile data terminals, laser replacement and e-Crime system.)

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.

	2012 $'000	2011 $'000
Not later than one year	13 904	12 335
Later than one year but not later than five years	40 152	34 398
Later than five years	5 029	11 269
Total other commitments	59 085	58 002
GST on other commitments	5 909	5 800

Major other expenditure commitments for 2011-12 include commissioning and decommissioning, servicing and repairs, towing, uniforms and drug screening kits (commissioning and decommissioning, market research and driver drug testing).

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.

	2012 $'000	2011 $'000
Not later than one year	29 009	26 192
Later than one year but not later than five years	78 490	71 921
Later than five years	147 527	98 415
Total operating lease commitments	255 026	196 528
GST on operating lease commitments	25 503	19 653

Operating lease commitments (continued)

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.

Operating lease commitments include commitments for PPP leases related to SAPOL 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:

	2012	2011
	$'000	$'000
Not later than one year	2 904	3 452
Later than one year but not later than five years	3 726	3 562
Later than five years	-	29
Total remuneration commitments	6 630	7 043

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.

27. Contingent liabilities

Rewards

As at 30 June 2012 the value of outstanding rewards for unsolved murders was $10.6 million ($10.6 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.

28. Remuneration of tribunal and committee members

Members of the tribunal and committee during the 2011-12 financial year were:

Police Review Tribunal

D Swain

The *Police Act 1998*, at Schedule 1 (Police Review Tribunal) requires the Chief Magistrate of the Magistrates Court to, on the commencement of any proceedings under Divisions 1 or 2 of Part 8, select a magistrate to constitute the tribunal for the purpose of these proceedings.

Firearms Review Committee

R Hamdorf	Y Hill	E Kosmala
A Swifte	O Bevan	R Warwick
J Basheer	I Wangel	
G Hyde	H Dodd	

All members of the Firearms Review Committee were appointed until 30 June 2012.

The number of members whose remuneration received/receivable falls within the following bands:	2012 Number	2011 Number
$0 - $9 999	11	12
Total	11	12

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 $15 000 ($16 000).

During the 2011-12 financial year, tribunal/committee members were paid superannuation of $1000 ($1000).

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.

28. Remuneration of tribunal and committee members (continued)

For the purposes of this table, travel allowances and other out-of-pocket expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct out-of-pocket expenses incurred by relevant members.

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

29. 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.

		2012		2011	
	Note	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial assets					
Cash and cash equivalents:					
Cash and cash equivalents	14	45 555	45 555	46 334	46 334
Receivables:					
Receivables(1)(2)	15	11 154	11 154	2 204	2 204
Financial liabilities					
Payables:					
Payables(1)	20	10 793	10 793	14 059	14 059

(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. AASB 132 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 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:

		Past due by			
2012	Current (not overdue) $'000	Overdue for less than 30 days $'000	Overdue for 31-60 days $'000	Overdue for more than 60 days $'000	Total $'000
Not impaired:					
Receivables	9 927	60	74	1 147	11 208

(2) Ageing analysis of financial assets (continued)

		Past due by			
	Current (not overdue)	Overdue for less than 30 days	Overdue for 31-60 days	Overdue for more than 60 days	Total
2011	$'000	$'000	$'000	$'000	$'000
Not impaired:					
Receivables	1 382	655	35	132	2 204

SAPOL has assessed all receivables as not being impaired.

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 into 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 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Employee benefits expenses		371	387
Supplies and services	A3	2 206	2 136
Intra-government transfers		13 124	12 660
Total expenses		15 701	15 183
Income:			
Revenues from fees, fines and charges	A4	80 989	90 211
Total income		80 989	90 211
Revenues from (Payments to) SA Government:			
Revenues from SA Government	A5	529	548
Payments to SA Government	A5	(65 824)	(75 587)
Net revenues from (payments to) SA Government		(65 295)	(75 039)
Net result		(7)	(11)
Total comprehensive result		(7)	(11)

Statement of Administered Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash and cash equivalents	A6	12 372	13 472
Receivables and prepayments		302	202
Total current assets		12 674	13 674
Total assets		12 674	13 674
Current liabilities:			
Payables - employment on-costs		10	3
Other liabilities	A7	12 100	13 069
Employee benefits	A8	208	16
Total current liabilities		12 318	13 088
Non-current liabilities:			
Payables - employment on-costs		-	30
Employee benefits - LSL	A8	-	193
Total non-current liabilities		-	223
Total liabilities		12 318	13 311
Net assets		356	363
Equity:			
Retained earnings		356	363
Total equity		356	363
Unrecognised contractual commitments	A10		

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

	Retained earnings $'000
Balance at 30 June 2010	374
Net result for 2010-11	(11)
Total comprehensive result for 2010-11	(11)
Balance at 30 June 2011	363
Net result for 2011-12	(7)
Total comprehensive result for 2011-12	(7)
Balance at 30 June 2012	356

Statement of Administered Cash Flows
for the year ended 30 June 2012

		2012	2011
		Inflows	Inflows
		(Outflows)	(Outflows)
Cash flows from operating activities:	Note	$'000	$'000
Cash outflows:			
Employee benefits payments		(392)	(377)
Payments for supplies and services		(2 262)	(1 994)
Intra-government transfers		(13 537)	(13 324)
Cash used in operations		(16 191)	(15 695)
Cash inflows:			
Fees, fines and charges		78 893	88 294
Other revenues		2 078	2 041
Cash generated from operations		80 971	90 335
Cash flows from SA Government:			
Receipts from SA Government		444	548
Payments to SA Government		(66 324)	(75 587)
Net cash provided by (paid to) SA Government		(65 880)	(75 039)
Net cash provided by (used in) operating activities	A9	(1 100)	(399)
Net increase (decrease) in cash and cash equivalents		(1 100)	(399)
Cash and cash equivalents at 1 July		13 472	13 871
Cash and cash equivalents at 30 June	A6	12 372	13 472

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2012

(Refer below)	1		2		3		4	
	2012	2011	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefits expenses	-	-	-	-	371	387	-	-
Supplies and services	-	-	-	-	-	-	2 096	2 029
Intra-government transfers	-	-	12 936	12 464	-	-	-	-
Total expenses	-	-	12 936	12 464	371	387	2 096	2 029
Income:								
Revenues from fees, fines and charges	65 824	75 577	12 936	12 464	-	-	2 096	2 029
Total income	65 824	75 577	12 936	12 464	-	-	2 096	2 029
Revenues from (Payments to) SA Government:								
Revenues from SA Government	-	-	-	-	361	383	-	-
Payments to SA Government	(65 824)	(75 582)	-	-	-	-	-	-
Net revenues from (payments to) SA Government	(65 824)	(75 582)	-	-	361	383	-	-
Net result	-	(5)	-	-	(10)	(4)	-	-

(Refer below)	5		6		Total	
	2012	2011	2012	2011	2012	2011
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefits expenses	-	-	-	-	371	387
Supplies and services	-	-	110	107	2 206	2 136
Intra-government transfers	133	141	55	55	13 124	12 660
Total expenses	133	141	165	162	15 701	15 183
Income:						
Revenues from fees, fines and charges	133	141	-	-	80 989	90 211
Total income	133	141	-	-	80 989	90 211
Revenues from (Payments to) SA Government:						
Revenues from SA Government	-	-	168	165	529	548
Payments to SA Government	-	-	-	(5)	(65 824)	(75 587)
Net revenues from (payments to) SA Government	-	-	168	160	(65 295)	(75 039)
Net result	-	-	3	(2)	(7)	(11)

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 2012

(Refer below)	1		2		3		4		5	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current assets:										
Cash and cash equivalents	394	262	6 898	7 105	3 700	4 199	909	1 325	(139)	(24)
Receivables and prepayments	-	-	-	-	-	-	-	-	113	32
Total current assets	394	262	6 898	7 105	3 700	4 199	909	1 325	(26)	8
Current liabilities:										
Payables - employment on-costs	-	-	-	-	-	-	-	-	10	3
Other liabilities	394	262	6 898	7 105	3 700	4 199	909	1 325	-	-
Employee benefits	-	-	-	-	-	-	-	-	208	16
Total current liabilities	394	262	6 898	7 105	3 700	4 199	909	1 325	218	19
Non-current liabilities:										
Payables - employment on-costs	-	-	-	-	-	-	-	-	-	30
Employee benefits - LSL	-	-	-	-	-	-	-	-	-	193
Total non-current liabilities	-	-	-	-	-	-	-	-	-	223
Total liabilities	394	262	6 898	7 105	3 700	4 199	909	1 325	218	242
Net assets	-	-	-	-	-	-	-	-	(244)	(234)

(Refer below)	6		7		8		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current assets:								
Cash and cash equivalents	-	-	10	8	600	597	12 372	13 472
Receivables and prepayments	189	170	-	-	-	-	302	202
Total current assets	189	170	10	8	600	597	12 674	13 674
Current liabilities:								
Payables - employment on-costs	-	-		-	-	-	10	3
Other liabilities	189	170	10	8	-	-	12 100	13 069
Employee benefits	-	-	-	-	-	-	208	16
Total current liabilities	189	170	10	8	-	-	12 318	13 088
Non-current liabilities:								
Payables - employment on-costs	-	-	-	-	-	-	-	30
Employee benefits - LSL	-	-	-	-	-	-	-	193
Total non-current liabilities	-	-	-	-	-	-	-	223
Total liabilities	189	170	10	8	-	-	12 318	13 311
Net assets	-	-	-	-	600	597	356	363

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 2012. 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 for 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 and a community service obligation payment to South Australian Water Corporation.

SAPOL has no control over the use of the funds listed above.

A3. Supplies and services

	2012 $'000	2011 $'000
PPP lease payments*	2 096	2 029
Other	110	107
Total supplies and services - non-SA Government entities	2 206	2 136
Total supplies and services	2 206	2 136

* This relates to PPP lease payments on behalf of CAA (refer note A2.6). The expenditure is offset by cost recovery from CAA.

A4. Revenues from fees, fines and charges

Expiation revenues	65 824	75 577
PPP cost recovery*	2 096	2 029
Victims of Crime levy	12 936	12 464
Firearms Safety Training levy	133	141
Total revenues from fees, fines and charges	80 989	90 211

Fees and charges received/receivable from entities within the SA Government

The following fees and charges (included in the fees and charges revenues shown above) were received/receivable from entities within the SA Government:

PPP cost recovery*	2 096	2 029
Total fees and charges received/receivable from entities within the SA Government	2 096	2 029

* This amount includes cost recovery from CAA for PPP lease payments (refer note A2.6).

A5. Revenues from (payments to) SA Government

Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the *Appropriation Act*	168	165
Appropriations from Consolidated Account pursuant to the *Police Act 1998*	361	383
Total revenues from SA Government	529	548
Payments to SA Government:		
Other payments to the Consolidated Account*	(65 824)	(75 587)
Total payments to SA Government	(65 824)	(75 587)

* This amount does not include a dividend/distribution to the SA Government as owner.

A6. Cash and cash equivalents

Deposits with the Treasurer	12 372	13 472
Total cash and cash equivalents	12 372	13 472

All exhibit monies are held in SAPOL corporate bank accounts and are recognised as deposits with the Treasurer as at 30 June 2012.

A7. Other liabilities

Current other liabilities:		
Funds payable to SA Government	4 619	5 532
Exhibit monies held	6 898	7 105
Unclaimed property held for SA Government	394	262
Other payable to non-SA Government	189	170
Total other liabilities	12 100	13 069

All payable amounts disclosed above are expected to be paid within 12 months after reporting date.

A7. Other liabilities (continued)

	2012	2011
Current other liabilities payable to entities within the SA Government:	$'000	$'000
The following other liabilities (included in the other liabilities shown above) were payable to entities within the SA Government:		
Funds payable to SA Government	4 619	5 532
Exhibit monies held	6 898	7 105
Unclaimed property held for SA Government	394	262
Total current other liabilities payable to entities within the SA Government	11 911	12 899

A8. Employee benefits

Current employee benefits:		
Accrued salaries and wages	-	1
Annual leave	1	15
LSL	207	-
Total current employee benefits	208	16
Non-current employee benefits:		
LSL	-	193
Total non-current employee benefits	-	193

A9. Cash flows reconciliation

Reconciliation of cash and cash equivalents:		
Cash at year end as per:		
Cash and cash equivalents disclosed in the Statement of Administered Financial Position	12 372	13 472
Cash and cash equivalents disclosed in the Statement of Administered Cash Flows	12 372	13 472

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

Net cash provided by (used in) operating activities	(1 100)	(399)
Movements in assets/liabilities:		
Receivables and prepayments	100	(125)
Payables and employee benefits	24	(9)
Other liabilities	969	522
Net result	(7)	(11)

A10. 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.

	2012	2011
	$'000	$'000
Not later than one year	2 099	2 040
Later than one year but not later than five years	8 971	8 705
Later than five years	35 559	37 935
Total operating lease commitments	46 629	48 680
GST on operating lease commitments	4 663	4 868

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.

Part B

Glossary of terms

Australian Accounting Standards - AASB

Reference	Title
AASB 1	First-time Adoption of Australian Accounting Standards
AASB 2	Share-based Payment
AASB 3	Business Combinations
AASB 4	Insurance Contracts
AASB 5	Non-current Assets Held for Sale and Discontinued Operations
AASB 7	Financial Instruments: Disclosures
AASB 8	Operating Segments
AASB 9	Financial Instruments
AASB 101	Presentation of Financial Statements
AASB 102	Inventories
AASB 107	Statement of Cash Flows
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110	Events after the Reporting Period
AASB 111	Construction Contracts
AASB 112	Income Taxes
AASB 116	Property, Plant and Equipment
AASB 117	Leases
AASB 118	Revenue
AASB 119	Employee Benefits
AASB 120	Accounting for Government Grants and Disclosure of Government Assistance
AASB 121	The Effects of Changes in Foreign Exchange Rates
AASB 123	Borrowing Costs
AASB 124	Related Party Disclosures
AASB 127	Consolidated and Separate Financial Statements
AASB 128	Investments in Associates
AASB 131	Interests in Joint Ventures
AASB 132	Financial Instruments: Presentation
AASB 133	Earnings per Share
AASB 136	Impairment of Assets
AASB 137	Provisions, Contingent Liabilities and Contingent Assets
AASB 138	Intangible Assets
AASB 139	Financial Instruments: Recognition and Measurement
AASB 140	Investment Property
AASB 141	Agriculture
AASB 1004	Contributions
AASB 1023	General Insurance Contracts
AASB 1031	Materiality
AASB 1038	Life Insurance Contracts
AASB 1048	Interpretation of Standards

Australian Accounting Standards - AASB – continued

Reference	Title
AASB 1049	Whole of Government and General Government Sector Financial Reporting
AASB 1050	Administered Items
AASB 1051	Land Under Roads
AASB 1052	Disaggregated Disclosures
AASB 1054	Australian Additional Disclosures
AASB 2009-12	Amendments to Australian Accounting Standards

Australian Interpretations

Reference	Title
Interpretation 4	Determining whether an Arrangement contains a Lease
Interpretation 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
Interpretation 115	Operating Leases - Incentives
Interpretation 121	Income Taxes – Recovery of Revalued Non-Depreciable Assets
Interpretation 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
Interpretation 132	Intangible Assets – Web Site Costs
Interpretation 1030	Depreciation of Long-Lived Physical Assets: Condition-Based Depreciation and Related Methods
Interpretation 1031	Accounting for the Goods and Services Tax (GST)
Interpretation 1038	Contributions by Owners Made to Wholly-Owned Public Sector Entities
Interpretation 1055	Accounting for Road Earthworks

Australian Accounting Standards - AAS

Reference	Title
AAS 25	Financial Reporting by Superannuation Plans

Treasurer's Instructions – TIs

Reference	Title
TI 1	Interpretation and Application
TI 2	Financial Management
TI 3	Appropriation
TI 4	Establishment of Merchant Facilities for Acceptance of Payments
TI 5	Debt Recovery and Write Offs
TI 6	Deposit Accounts and Banking
TI 8	Financial Authorisations
TI 9	Payroll Deductions
TI 10	Engagement of Legal Practitioners
TI 11	Payment of Creditors' Accounts
TI 12	Government Purchase Cards and Stored Value Cards
TI 13	Expenditure Incurred by Ministers and Ministerial Staff

Treasurer's Instructions – TIs – continued

Reference	Title
TI 14	Ex Gratia Payments
TI 15	Grant Funding
TI 17	Evaluation of and Approvals to Proceed with Public Sector Initiatives
TI 19	Financial Reporting
TI 20	Guarantees and Indemnities
TI 22	Tax Equivalent Payments
TI 23	Management of Foreign Currency Exposures
TI 25	Taxation Policies
TI 28	Financial Management Compliance Program

Accounting Policy Framework - APF

Reference	Title
APF I	Purpose and Scope
APF II	General Purpose Financial Statements Framework
APF III	Asset Accounting Framework
APF IV	Financial Asset and Liability Framework
APF V	Income Framework
APF VI	Definitions

Legislation

Reference	Title
ITAA	*Income Tax Assessment Act 1936 and/or Income Tax Assessment Act 1997*
NRMA	*Natural Resources Management Act 2004*
PCA	*Public Corporations Act 1993*
PFAA	*Public Finance and Audit Act 1987*
PSA	*Public Sector Act 2009*
WRCA	*Workers Rehabilitation and Compensation Act 1986*

Acronyms

Reference	Title
AASs	Australian Accounting Standards[1]
APF	Accounting Policy Framework
APS	Accounting Policy Statement
ATO	Australian Taxation Office
CHRIS	Complete Human Resource Information System
CPE	Computer processing environment
CPI	Consumer price index
DPC	Department of the Premier and Cabinet
DTF	Department of Treasury and Finance
EFT	Electronic funds transfer

[1] 'Australian Accounting Standards' means accounting standards issued by the Australian Accounting Standards Board which are in force in relation to the reporting period to which the financial report relates.

Acronyms – continued

Reference	Title
FBT	Fringe benefits tax
GST	Goods and services tax
ICT	Information and communications technology
LSL	Long service leave
SAFA	South Australian Government Financing Authority
Service SA	Government Services Group - Service SA
SSSA	Government Services Group - Shared Services SA
TI	Treasurer’s Instruction
TVSP	Targeted voluntary separation package

Part B

General index

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