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Government
of South Australia

Report

of the

Auditor-General

Annual Report

for the

year ended 30 June 2014

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

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Part B: Agency audit reports

Volume 6

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

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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.

Superannuation Funds Management Corporation of South Australia

Functional responsibility

Establishment

The Superannuation Funds Management Corporation of South Australia (Funds SA) is a statutory authority established by the *Superannuation Funds Management Corporation of South Australia Act 1995* (the SFMCSA Act).

Functions

Funds SA's main function is to invest and manage the public sector superannuation funds, the nominated funds of approved authorities and other funds (funds under management) pursuant to strategies formulated by Funds SA. For details of Funds SA's objectives and functions refer note 1 to the financial statements.

Restrictions on operations

Pursuant to section 21(1) of the SFMCSA Act, Funds SA is subject to the direction and control of the Minister. However, a ministerial direction must not be given for an investment decision, dealing with property or the exercise of a voting right.

Funds SA has broad powers over the investment of funds under management. Funds SA, however, cannot borrow money or obtain any other form of financial accommodation unless authorised to do so by the Regulations or by the Minister. In addition, the Regulations under the SFMCSA Act impose restrictions so that Funds SA must not invest in real property outside the State or enter into derivative transactions (eg futures contracts, forward contracts, swaps) without the relevant authority of the Minister.

Funds under management

The funds managed and invested by Funds SA are identified in note 1(b) to the financial statements.

Funds SA is not responsible for administering (ie receipting contributions and paying benefits) any of the public sector superannuation funds or eligible superannuation funds. This responsibility rests with the following entities:

- South Australian Superannuation Board – South Australian Superannuation Scheme, Southern State Superannuation Scheme, Super SA Retirement Investment Fund and South Australian Ambulance Service Superannuation Scheme
- Police Superannuation Board – Police Superannuation Scheme
- South Australian Parliamentary Superannuation Board – Parliamentary Superannuation Scheme
- DTF – the Governors' Pensions Scheme and the Judges' Pensions Scheme
- the Trustee of the South Australian Metropolitan Fire Service Superannuation Scheme
- Southern Select Super Corporation as trustee of Super SA Select.

Additional information on administering superannuation schemes is available in the financial statements of the various schemes included elsewhere in Part B of this Report.

Approved authorities for the purpose of investing funds with Funds SA are:

- SAFA
- Adelaide Cemeteries Authority
- Motor Accident Commission.

Structure

Funds SA operates with a small staff comprising investment officers and accounting and administrative support staff. This structure is complemented by extensive use of external fund management firms. Fund managers are utilised for all investment types, and there is a single custodian entity (which is responsible for holding, valuing and accounting for the assets) for the majority of those fund managers. Each fund manager and the custodian is appointed pursuant to an agreement that dictates the scope for investment, fees and reporting requirements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA and section 28 of the SFMCSA Act provide for the Auditor-General to audit the accounts of Funds SA for each financial year.

Assessment of controls

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

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

Scope of audit

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

During 2013-14, the review included:

- investment policy and strategy approval and compliance
- investment activity (purchases and sales, valuation and income)
- custodial and fund management
- management reporting and monitoring
- fixed assets
- administration expenses.

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 Superannuation Funds Management Corporation of South Australia as at 30 June 2014, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Superannuation Funds Management Corporation of South Australia in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Superannuation Funds Management Corporation of South Australia 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 Funds SA were satisfactory. No matters arose during the audit that required management letter communication to the Chief Executive Officer.

Interpretation and analysis of the financial report

Highlights of the financial report

Funds SA	2014 $'million	2013 $'million
Total income	5.8	5.7
Total expenses	5.5	5.1
Net surplus (deficit) and total comprehensive result	0.3	0.6
Net cash provided by (used in) operating activities	0.6	0.6
Total assets	4.2	3.7
Total liabilities	1.4	1.2
Total equity	2.8	2.5

Funds under management	2014 $'billion	2013 $'billion
Net income	2.8	2.6
Net assets	23.8	20.7

Statement of Comprehensive Income

The operating result of Funds SA for the year was a net surplus of $333 000 ($611 000).

Revenues from fees and charges increased by $110 000 as a result of a higher level of fees charged for services provided to Funds SA clients due to an increased level of funds under management. Funds SA aims to only recover its costs and from time to time will adjust the amounts charged for its services if excessive amounts are recovered.

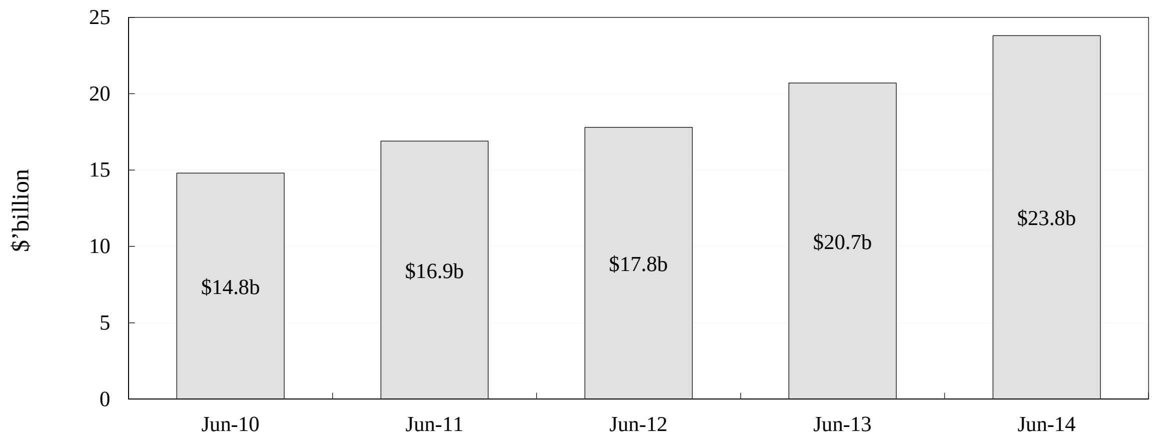
Expenses increased by $387 000 mainly as a result of an increase in employee benefits costs, up $473 000, due mainly to an increase in staff employed. This was offset by a decrease in supplies and services costs of $98 000, due mainly to decreased costs for legal and advisory expenses.

Further commentary on operations

Funds under management

As mentioned, Funds SA invests and manages the public sector superannuation funds, the funds of eligible superannuation schemes and the nominated funds of approved authorities. The public sector superannuation funds represent 87% of total net funds under management.

The following chart illustrates the net funds under management as at 30 June over the past five years.



In 2014 the net funds under management increased by $3.1 billion to $23.8 billion due mainly to an increase in funds invested by clients of $358 million and net income earned from investing activities of $2.8 billion (further commented on under the heading ‘Income from investments’).

Asset allocation

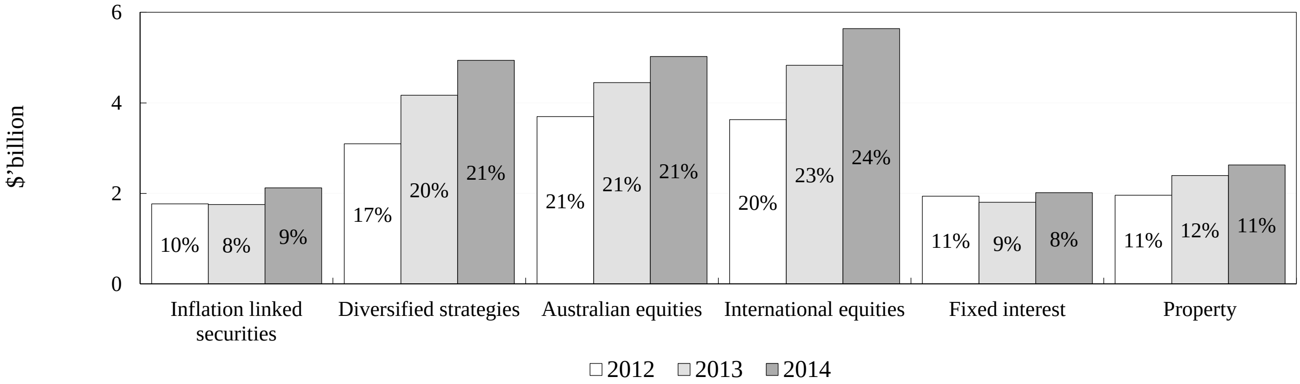
An investment policy drives decisions about how funds will be invested. Section 7 of the SFMCSA Act provides that the objective of Funds SA in performing its functions is to achieve the highest return possible on investment of the funds while having proper regard for:

- the need to maintain the risks relating to investment at an acceptable level
- the need for liquidity in the funds
- such other matters as are prescribed by regulation.

Underpinning the investment policy and decision-making is an understanding of the financial risks facing Funds SA. Funds SA manages some of its financial risks by diversifying funds under management into 19 asset classes. These asset classes underpin the investment strategies (multi-sector portfolios) and single-sector products that Funds SA offers to its clients to meet their differing time horizons and levels of acceptable risks. Client investors are responsible for setting investment objectives and selecting investment options that meet their needs. Funds SA is responsible for managing the investment portfolio in accordance with agreed asset allocations and reporting investment performance as required by the client.

Funds SA continually monitors investment performance during the year and makes adjustments to investment subclass holdings as required.

The value of each asset class (excluding the cash, Motor Accident Commission absolute return, Motor Accident Commission infrastructure and socially responsible investment classes which in total only represent 6% (6%) of the total funds under management) and the holding of each asset class as a percentage of total funds under management at 30 June for the last three financial years is illustrated in the following chart. The asset classes include both taxed and untaxed funds where applicable.



The chart shows that the value and percentage holding of international equities increased during the year and the value of Australian equities also increased although the percentage holdings remained steady. This reflects the impact that stable growth prospects, particularly in global equity market returns, had on growth assets, especially equities. Diversified strategies investments, which include both growth and income assets, continued to increase in both value and percentage of the overall investment portfolio. This reflects the continued solid performance of certain market segments within the class.

The primarily long-term nature of investment strategies means funds under management are exposed to periodic falls in financial markets as well as gains.

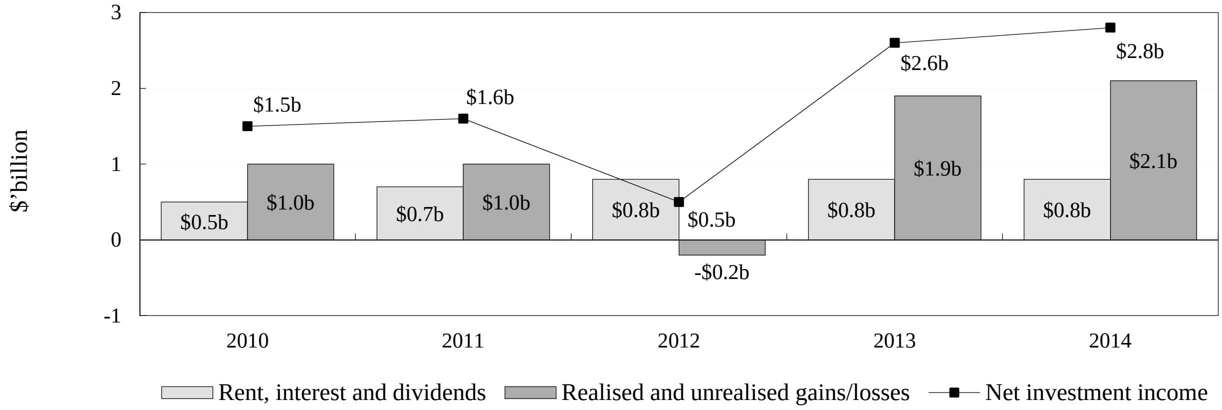
Income from investments

Net income from investment activities comprises income from rent, interest and dividends, realised and unrealised gains and losses from investment valuations less expenses incurred in the investment activity.

Net income from investment activities was a surplus of $2.8 billion ($2.6 billion), an increase of $205 million. Income comprised rent, interest and dividends of $828 million ($793 million), realised losses of $8 million ($467 million realised gains) and unrealised gains of $2.2 billion ($1.5 billion).

Schedule 1 to the financial statements provides full details of income earned from investment activities for each asset class.

An analysis of the investment result for funds under management for the five years to 2014 is shown in the following chart.



As can be seen from this chart, positive realised and unrealised gains in 2010, 2011, 2013 and 2014 contributed significantly to the net investment income result. However, in 2012 there were negative realised and unrealised gains but these were offset by rent, interest and dividend income to still provide for a positive net investment income result.

The following table shows a structural analysis of net income earned for the five years to 2014 highlighting the varying performance of the major investment asset classes. It should be noted that the magnitude of net income earned from investment activities in each year is a function of not only the performance of financial markets, especially equities, but also the size of total assets invested in the markets.

Net income earned from investment activities

	2014 $'million	2013 $'million	2012 $'million	2011 $'million	2010 $'million
Inflation linked funds	162	61	236	123	168
Property	209	264	155	138	52
Australian equities	753	839	(398)	447	416
International equities	1 039	1 118	(23)	453	342
Fixed interest	95	61	224	99	145
Diversified strategies	519	227	278	315	348
Cash/Socially responsible/Other	62	63	65	53	46
Total net income	2 839	2 633	537	1 628	1 517
Total value of assets invested as at 30 June	23 835	20 684	17 774	16 875	14 770

The earlier chart showing asset class holdings indicated that Funds SA's investment strategy is weighted towards Australian and international equity holdings. The table above shows a decrease in income from these asset classes in 2014. The volatile nature of these investments will cause their returns to fluctuate from year to year consistent with prevailing economic conditions. In 2012 improved returns from inflation linked funds and fixed interest investments offset poor results from investment in equities. Income from inflation linked funds and diversified strategies increased in 2014, which reflects the changed market conditions affecting these classes of investments. Income from property investments decreased, primarily due to lower revaluation gains reflected in unrealised gains.

The table below shows Funds SA's percentage return for each of the past 10 years for both the balanced and growth (tax exempt) funds, which together account for 71% of total funds under management. These figures were provided by Funds SA and are unaudited.

Funds SA investment return periods ending 30 June

	10 years % p.a.	2014 %	2013 %	2012 %	2011 %	2010 %	2009 %	2008 %	2007 %	2006 %	2005 %
Balanced	7.4	13.8	14.7	3.1	10.9	12.6	(15.3)	(9.3)	17.7	17.6	14.7
Growth	7.5	14.9	16.4	2.0	11.4	12.3	(17.5)	(11.2)	19.5	19.4	15.2

The performance against target benchmarks for certain asset classes for the 2013-14 year and also the three years ended 2013-14 is shown in the following table. These figures were provided by Funds SA and are unaudited.

	1 year Actual %	1 year Benchmark %	3 years Actual %	3 years Benchmark %
Cash	2.8	2.7	3.7	3.6
Short-term fixed interest	4.0	3.9	5.4	5.3
Long-term fixed interest	7.1	7.4	8.8	7.8
Inflation linked securities A	8.8	7.4	8.5	7.8
Diversified strategies income	10.3	9.0	9.2	9.0
Property A	9.0	9.2	9.9	9.7
Australian equities A	16.8	17.3	9.3	9.9
International equities A	21.7	21.1	16.1	14.6
Diversified strategies growth A	16.3	6.8	11.6	7.6
Inflation linked securities B	7.6	6.9	7.4	7.5
Property B	8.2	9.2	9.2	9.7
Australian equities B	16.7	17.3	8.7	9.9
International equities B	21.1	21.2	15.7	14.7
Diversified strategies growth B	18.3	6.8	11.1	7.6

The performance of asset classes against benchmark for 2013-14 was good overall with the majority of asset classes exceeding benchmark. In particular the diversified strategies growth A and B classes exhibited the strongest performance against benchmark.

Investment expenses

In 2014 investment expenses amounted to $132 million, an increase of $31 million from the previous year. The increase is primarily a result of a higher value of funds under management during the year. Investment expenses are 0.6% (0.5%) of average funds under management.

Year	Investment expenses $'million	Average funds under management $'billion
2009	57.4	12.7
2010	69.0	14.5
2011	88.9	16.2
2012	85.4	17.3
2013	100.4	19.8
2014	131.8	22.7

Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Income:			
Revenues from fees and charges		5 732	5 622
Interest revenues		83	84
Total income		5 815	5 706
Expenses:			
Employee benefits costs	3	3 990	3 517
Supplies and services	4	1 293	1 391
Depreciation and amortisation expense	5	199	187
Total expenses		5 482	5 095
Net surplus (deficit)		333	611
Total comprehensive result		333	611

Net surplus (deficit) and total comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2014

	Note	2014 $'000	2013 $'000
Current assets:			
Cash and cash equivalents		3 165	2 595
Receivables		741	651
Other current assets		54	49
Total current assets		3 960	3 295
Non-current assets:			
Property, plant and equipment	7	213	371
Funds SA investment trusts	15	-	-
Total non-current assets		213	371
Total assets		4 173	3 666
Current liabilities:			
Payables	8	298	250
Employee benefits liability	9	354	207
Total current liabilities		652	457
Non-current liabilities:			
Payables	8	44	50
Employee benefits liability	9	689	704
Total non-current liabilities		733	754
Total liabilities		1 385	1 211
Net assets		2 788	2 455
Equity:			
Retained earnings		2 788	2 455
Total equity		2 788	2 455

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	11
Contingent assets and liabilities	12

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

	Retained earnings $'000	Total $'000
Balance at 30 June 2012	1 844	1 844
Total comprehensive result for 2012-13	611	611
Balance at 30 June 2013	2 455	2 455
Total comprehensive result for 2013-14	333	333
Balance at 30 June 2014	2 788	2 788

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

Statement of Cash Flows
for the year ended 30 June 2014

	Note	2014 Inflows (Outflows) $'000	2013 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash inflows:			
Receipts from fees and charges		6 431	6 361
Interest received		83	85
GST recovered from the ATO		300	259
Cash generated from operations		6 814	6 705
Cash outflows:			
Employee benefit payments		(3 816)	(3 586)
Supplies and services		(1 647)	(1 874)
GST paid to the ATO		(739)	(668)
Cash used in operations		(6 202)	(6 128)
Net cash provided by (used in) operating activities	13	612	577
Cash flows from investing activities:			
Cash inflows:			
Proceeds from the sale of property, plant and equipment		2	-
Cash generated from investing activities		2	-
Cash outflows:			
Purchase of property, plant and equipment		(44)	(198)
Cash used in investing activities		(44)	(198)
Net cash provided by (used in) investing activities		(42)	(198)
Net increase (decrease) in cash and cash equivalents		570	379
Cash and cash equivalents at 1 July		2 595	2 216
Cash and cash equivalents at 30 June		3 165	2 595

Schedule 1: Asset Sector Funds Under Management

This schedule provides information in relation to assets under Funds SA's management as at balance date.

The disclosure of this information is voluntary. The basis of valuation of asset class investments is fair value as required under AASB 13. The sources of valuations are provided below.

This schedule provides the following information:

- investment valuation sources
- Statement of Income and Expenses of Assets Under Management
- Statement of Net Assets Under Management
- financial instruments and management of portfolio risk.

Investment valuation sources
Discretely managed portfolios
Funds SA's custodian, JP Morgan, has valued each portfolio using market prices applicable at balance date.

Managed funds
Pooled funds/Unlisted unit trusts
Investments in pooled funds and other unlisted unit trusts have been valued by Funds SA's custodian in accordance with the valuations supplied by the relevant fund managers.

Private equity
The value of private equity investments is based on the most recent fund valuations supplied by the relevant fund managers.

Currency hedge overlay
The value of the currency hedge overlay, as at 30 June 2014, is supplied by Funds SA's custodian and represents either the expense or income associated with closing out the forward rate agreements in place, on that date, as part of Funds SA's currency management strategy.

Internally managed investments
Internally managed inflation linked bonds
These investments, 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, Interactive Data Corporation.

Statement of Income and Expenses of Assets Under Management
for the year ended 30 June 2014

	Rent, interest and dividends	Realised gains (losses)(1)	Unrealised gains (losses)(2)	Expenses	2014 Total
Asset sector:	$'000	$'000	$'000	$'000	$'000
Australian equities A	202 191	114 423	392 781	(11 511)	697 884
Australian equities B	19 485	1 931	34 874	(1 164)	55 126
International equities A	96 127	27 863	877 011	(26 442)	974 559
International equities B	7 720	(10 323)	69 386	(1 696)	65 087
Property A	82 112	-	120 667	(10 865)	191 914
Property B	10 326	-	7 619	(1 170)	16 775
Diversified strategies growth A	90 020	(62 974)	197 041	(35 648)	188 439
Diversified strategies growth B	6 446	(3 504)	15 238	(2 517)	15 663
Diversified strategies income	77 223	(42 949)	257 191	(29 080)	262 385
Inflation linked securities A	35 059	-	16 055	(324)	50 790
Inflation linked securities B	51 185	(4 574)	66 983	(2 420)	111 174
Long-term fixed interest	18 769	(20 674)	46 387	(2 016)	42 466
Short-term fixed interest	25 034	(1 052)	74	(1 012)	23 044
Cash	39 298	-	-	(812)	38 486
Socially responsible	1 025	-	5 788	(522)	6 291
Absolute return	1 664	-	2 803	(1 210)	3 257
(Motor Accident Commission) (MAC)					
Infrastructure (MAC)	5 926	-	9 709	(1 359)	14 276
Diversified strategies income (MAC)	25 936	(2 809)	30 697	(1 700)	52 124
Fixed interest (MAC)	32 237	(2 916)	258	(414)	29 165
Total	827 783	(7 558)	2 150 562	(131 882)	2 838 905

Statement of Income and Expenses of Assets Under Management
for the year ended 30 June 2013

Asset sector:	Rent, interest and dividends $'000	Realised gains (losses)(1) $'000	Unrealised gains (losses)(2) $'000	Expenses $'000	2013 Total $'000
Australian equities A	203 552	130 845	464 099	(12 356)	786 140
Australian equities B	8 463	1 071	43 771	(873)	52 432
International equities A	91 656	164 952	822 679	(23 385)	1 055 902
International equities B	2 836	3 304	57 664	(1 355)	62 449
Property A	73 374	29 177	153 461	(10 423)	245 589
Property B	7 506	-	11 391	(836)	18 061
Diversified strategies growth A	52 051	17 471	30 381	(23 207)	76 696
Diversified strategies growth B	2 583	781	1 478	(1 590)	3 252
Diversified strategies income	86 136	46 999	13 793	(16 546)	130 382
Inflation linked securities A	28 660	(1 482)	8 820	(365)	35 633
Inflation linked securities B	62 052	14 493	(48 422)	(2 346)	25 777
Long-term fixed interest	22 466	81 483	(70 521)	(1 990)	31 438
Short-term fixed interest	27 863	443	(10 329)	(1 011)	16 966
Cash	50 043	-	-	(757)	49 286
Socially responsible	348	-	2 397	(149)	2 596
Absolute return (MAC)	-	-	1 923	(336)	1 587
Infrastructure (MAC)	405	-	10 159	(783)	9 781
Diversified strategies income (MAC)	27 909	(12 831)	3 363	(1 660)	16 781
Fixed interest (MAC)	44 801	(9 356)	(22 149)	(467)	12 829
Total	792 704	467 350	1 473 958	(100 435)	2 633 577

(1) ***Realised gains (losses)***
Realised gains (losses) represents realised gains and losses over either cost for those investments which had been acquired and disposed of within the financial period, or over market values previously brought to account where the investments disposed of were held at the commencement of the period.

(2) ***Unrealised gains (losses)***
Unrealised gains (losses) represents unrealised gains and losses, over either cost for those investments acquired during the period, or over market value at the commencement of the period for those investments acquired prior to the commencement of the period, and held at balance date.

Statement of Net Assets Under Management
as at 30 June 2014

Asset sector:	Discretely managed portfolios $'000	Managed funds $'000	Internally managed investments $'000	Currency hedge overlay $'000	Other assets $'000	Liabilities $'000	2014 Total $'000
Australian equities A	3 442 305	1 144 512	-	-	201	(3 083)	4 583 935
Australian equities B	63 482	378 349	-	-	13	(225)	441 619
International equities A	4 086 388	1 084 337	-	49 800	55	(4 980)	5 215 600
International equities B	-	422 020	-	3 885	4	(132)	425 777
Property A	29	2 389 122	-	-	77	(1 312)	2 387 916
Property B	-	242 570	-	-	3	(192)	242 381
Diversified strategies growth A	-	1 303 051	-	23 544	20	(1 333)	1 325 282
Diversified strategies growth B	-	105 024	-	1 537	1	(92)	106 470
Diversified strategies income	1 923 956	944 841	-	16 783	73	(8 533)	2 877 120
Inflation linked securities A*	-	-	449 984	-	130	(833)	449 281
Inflation linked securities B	1 672 580	-	-	-	978	(577)	1 672 981
Long-term fixed interest	782 198	-	-	-	23	(504)	781 717
Short-term fixed interest	601 894	-	-	-	19	(247)	601 666
Cash	-	1 220 116	-	-	181	(96)	1 220 201
Socially responsible	-	81 457	-	-	9	(13)	81 453
Absolute return (MAC)	-	31 421	-	-	1	(455)	30 967
Infrastructure (MAC)	-	118 807	3 560	-	2	(11)	122 358
Diversified strategies income (MAC)	628 445	6 203	-	-	28	(439)	634 237
Fixed interest (MAC)	633 681	-	-	-	57	(93)	633 645
Total	13 834 958	9 471 830	453 544	95 549	1 875	(23 150)	23 834 606

Statement of Net Assets Under Management
as at 30 June 2013

Asset sector:	Discretely managed portfolios $'000	Managed funds $'000	Internally managed investments $'000	Currency hedge overlay $'000	Other assets $'000	Liabilities $'000	2013 Total $'000
Australian equities A	3 200 429	935 574	-	-	208	(3 810)	4 132 401
Australian equities B	1	316 844	-	-	8	(97)	316 756
International equities A	3 616 685	1 107 688	-	(183 888)	56	(4 334)	4 536 207
International equities B	-	306 672	-	(11 894)	5	(40)	294 743
Property A	28	2 204 530	-	-	87	(1 147)	2 203 498
Property B	-	193 622	-	-	2	(116)	193 508
Diversified strategies growth A	-	1 228 788	-	(79 983)	17	(414)	1 148 408
Diversified strategies growth B	-	89 189	-	(4 791)	2	(10)	84 390
Diversified strategies income	1 684 665	730 180	-	(51 143)	68	(1 925)	2 361 845
Inflation linked securities A*	-	-	435 446	-	1	(780)	434 667
Inflation linked securities B	1 319 032	-	-	-	1 032	(494)	1 319 570
Long-term fixed interest	598 982	-	-	-	22	(485)	598 519
Short-term fixed interest	578 318	-	-	-	19	(227)	578 110
Cash	-	1 115 694	-	-	143	(54)	1 115 783
Socially responsible	-	28 237	-	-	1 113	(3)	29 347
Absolute return (MAC)	-	26 924	-	-	1	(23)	26 902
Infrastructure (MAC)	-	104 771	3 677	-	1	(7)	108 442
Diversified strategies income (MAC)	564 222	8 438	-	-	29	(397)	572 292
Fixed interest (MAC)	629 045	-	-	-	58	(77)	629 026
Total	12 191 407	8 397 151	439 123	(331 699)	2 872	(14 440)	20 684 414

* Inflation linked securities A excludes the portion of its ownership in the inflation linked securities B asset class.

Fair value of financial assets and liabilities as at 30 June 2014
Fair value hierarchy
In accordance with the disclosure requirements under AASB 13, Funds SA has adopted the fair value hierarchy disclosures for the funds under management as at 30 June 2014. This requires the disclosure of investments using a fair value hierarchy that reflects the subjectivity of the inputs used in valuing the investments. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As per AASB 13 paragraph 73, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the investment.

The determination of what constitutes 'observable' requires significant judgement by Funds SA. Funds SA considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, and provided by independent sources that are actively involved in the relevant market.

The table below sets out Funds SA's investments (by asset class) measured at fair value according to the fair value hierarchy at 30 June 2014.

Fair Value of Financial Assets and Liabilities as at 30 June 2014

2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Other $'000	Total $'000
Financial assets and liabilities through profit or loss:					
Australian equities A	3 442 121	1 144 511	-	(2 697)	4 583 935
Australian equities B	63 483	378 348	-	(212)	441 619
International equities A	4 084 896	1 134 117	-	(3 413)	5 215 600
International equities B	2	425 905	-	(130)	425 777
Property A	42	439 313	1 949 809	(1 248)	2 387 916
Property B	2	38 801	203 769	(191)	242 381
Diversified strategies growth A	8	166 839	1 159 756	(1 321)	1 325 282
Diversified strategies growth B	1	28 380	78 180	(91)	106 470
Diversified strategies income	140 625	2 744 924	-	(8 429)	2 877 120
Inflation linked securities*	923 140	750 369	449 984	(1 231)	2 122 262
Long-term fixed interest	673 358	108 825	-	(466)	781 717
Short-term fixed interest	440 983	160 900	-	(217)	601 666
Cash	1 220 281	-	-	(80)	1 220 201
Socially responsible	8	81 458	-	(13)	81 453
Absolute return (MAC)	1	31 421	-	(455)	30 967
Infrastructure (MAC)	1	-	122 367	(10)	122 358
Diversified strategies income (MAC)	113 661	520 969	-	(393)	634 237
Fixed interest (MAC)	315 868	317 862	-	(85)	633 645
Total	11 418 481	8 472 942	3 963 865	(20 682)	23 834 606

There were no transfers of assets between levels 1, 2 or 3 during the year ended 30 June 2014.

2013	Level 1 $'000	Level 2 $'000	Level 3 $'000	Other $'000	Total $'000
Financial assets and liabilities through profit or loss:					
Australian equities A	3 200 185	935 574	-	(3 358)	4 132 401
Australian equities B	2	316 844	-	(90)	316 756
International equities A	3 616 678	923 807	-	(4 278)	4 536 207
International equities B	1	294 778	-	(36)	294 743
Property A	78	395 303	1 809 227	(1 110)	2 203 498
Property B	1	27 353	166 268	(114)	193 508
Diversified strategies growth A	1	124 824	1 023 981	(398)	1 148 408
Diversified strategies growth B	1	23 499	60 899	(9)	84 390
Diversified strategies income	175 311	2 188 344	-	(1 810)	2 361 845
Inflation linked securities*	711 755	608 258	435 445	(1 221)	1 754 237
Long-term fixed interest	551 140	47 826	-	(447)	598 519
Short-term fixed interest	410 492	167 813	-	(195)	578 110
Cash	1 115 832	-	-	(49)	1 115 783
Socially responsible	1 113	28 237	-	(3)	29 347
Absolute return (MAC)	1	26 924	-	(23)	26 902
Infrastructure (MAC)	1	-	108 447	(6)	108 442
Diversified strategies income (MAC)	138 108	434 529	-	(345)	572 292
Fixed interest (MAC)	311 176	317 916	-	(66)	629 026
Total	10 231 876	6 861 829	3 604 267	(13 558)	20 684 414

* Inflation linked securities includes the externally and internally managed inflation linked securities from both the inflation linked securities A and inflation linked securities B asset classes.

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within level 3 between the beginning and the end of the reporting period.

Level 3 financial assets and liabilities:	Opening balance 01.07.13 $'000	Purchases $'000	Disposals $'000	Unrealised gains (losses) $'000	Closing balance 30.06.14 $'000
Property A	1 809 227	141 441	(72 309)	71 450	1 949 809
Property B	166 268	36 080	(4 031)	5 452	203 769
Diversified strategies growth A	1 023 981	264 467	(172 875)	44 183	1 159 756
Diversified strategies growth B	60 899	21 435	(7 745)	3 591	78 180
Inflation linked securities*	435 445	-	-	14 539	449 984
Infrastructure (MAC)	108 447	5 513	-	8 407	122 367
Total	3 604 267	468 936	(256 960)	147 622	3 963 865

* Inflation linked securities includes the externally and internally managed inflation linked securities from both the inflation linked securities A and inflation linked securities B asset classes.

There were no transfers of assets into or out of level 3 during the year ended 30 June 2014.

Level 1
Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include listed equities and developed market nominal sovereign bonds.

Level 1 also includes cash at bank, term deposits, bank bills, promissory notes and interest receivable on these investments.

Level 2
Investments that trade in markets that are not considered to be sufficiently active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include investment-grade corporate bonds, certain non-US sovereign bonds, over-the-counter derivatives (including the foreign currency hedge overlay) and certain unlisted unit trusts where the nature of the underlying investments allows for ready transaction of units at the observable price.

Level 3
Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. As observable prices are not available for these investments, Funds SA has used valuation techniques to derive fair value. Level 3 investments include certain directly held non-traded index-linked securities and unlisted unit trusts where the underlying investments have been valued using an appraisal methodology and the unit price is provided for predominantly valuation rather than transaction purposes.

Other
Although not specifically required by AASB 13, 'other' includes accrued expenses and GST payable to, or receivable from, the ATO for each asset class and is included in the above disclosure for completeness purposes only.

Financial instruments and management of portfolio risk
Use of derivative financial instruments
Derivatives can be defined as financial contracts whose values depend on, or are derived from other specific 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, currency forward rate agreements and exchange-traded futures and options.

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

The fair value of all derivative positions as at 30 June 2014 is incorporated within the Statement of Net Assets Under Management in Schedule 1.

Market risk
Market risk is the risk that investment returns generated by the different financial markets will be volatile and will deviate from long-term expectations over the short/medium-term.

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 options are consistent with the time horizon of each.

Liquidity risk
Two types of liquidity risk are inherent in Funds SA's investment activities. The first is the risk that investor redemption requests are unable to be satisfied due to the inability to liquidate investments. The second is the risk that significant transaction costs will be incurred in liquidating investments to meet investors' cash redemption requirements.

Funds SA manages liquidity risk as follows:

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

Currency risk
Funds SA's foreign currency exposure arises from its investment in assets denominated in foreign currencies.

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

- Foreign currency exposures in the diversified strategies growth A, diversified strategies growth B, diversified strategies income, fixed interest and inflation linked securities asset sectors are fully hedged to Australian dollars.
- Foreign currency exposures over the developed markets component of the international equities A and international equities B asset sectors are 50% hedged to Australian dollars.

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

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 for different investment options 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.

Notes to and forming part of the financial statements

1. Objectives of the Superannuation Funds Management Corporation of South Australia (Funds SA or the Corporation)

(a) Objectives of Funds SA

Funds SA is established under the *Superannuation Funds Management Corporation of South Australia Act 1995* (the Act).

Under section 5 of the Act, the functions of Funds SA are:

(a) to invest and manage:

(i) the public sector superannuation funds
(ii) the nominated funds of approved authorities

pursuant to strategies formulated by the Corporation

(ab) to invest and manage other funds (if any) established by the Corporation for the purposes of the operation of any Act pursuant to strategies formulated by the Corporation

(b) such other functions as are assigned to the Corporation by this or any other Act.

Under section 7 of the Act, the objective of the Corporation in performing its functions is to achieve the highest return possible on investment of the funds while having proper regard for:

(a) the need to maintain the risks relating to investment at an acceptable level
(b) the need for liquidity in the funds
(c) such other matters as are prescribed by regulation.

(b) Purpose of the financial statements

The purpose of the financial statements is to discharge Funds SA's reporting obligations in respect of its financial affairs under section 26(1) of the Act, and in respect of each of the funds, as required by section 26(2) of the Act.

As at 30 June 2014, Funds SA managed the following funds:

Public sector superannuation funds

- South Australian Superannuation Scheme:
  - South Australian Superannuation Fund (Old Scheme Division)
  - South Australian Superannuation Fund (New Scheme Division)
  - South Australian Superannuation Scheme - Employer Contribution Accounts
- Police Superannuation Scheme:
  - Police Superannuation Fund (Old Scheme Division)
  - Police Superannuation Scheme - Employer Contribution Account
- Southern State Superannuation Scheme:
  - Southern State Superannuation Fund
- Super SA Retirement Investment Fund:
  - Super SA Flexible Rollover Product
  - Super SA Income Stream
- Parliamentary Superannuation Scheme
- Judges' Pensions Scheme
- Governors' Pensions Scheme.

Eligible superannuation funds:

- South Australian Ambulance Service Superannuation Scheme
- South Australian Metropolitan Fire Service Superannuation Scheme.

Nominated funds of approved authorities:

- SAFA
- Adelaide Cemeteries Authority
- Motor Accident Commission – Compulsory Third Party Fund.

Other (established by the Public Corporation (Southern Select Super Corporation) Regulations 2012):

- Super SA Select.

(c) Format and content of Funds SA's financial statements

Funds SA adopts the format and content of the model financial statements developed by DTF.

The Statement of Financial Position does not incorporate the funds under its management as assets of Funds SA. The Statement of Comprehensive Income does not incorporate the investment revenue and expenses. The financial statements of these funds are disclosed separately under note 16 in accordance with section 26(2) of the Act.

Controlled entities have not been consolidated into Funds SA's Statement of Financial Position as they form part of the asset sectors under management. Accordingly, they are incorporated within the asset sector financial information in Schedule 1.

2. Summary of significant accounting policies

(a) Statement of compliance

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

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

Funds SA has applied AASs that are applicable to for-profit entities, as Funds SA is a for-profit entity.

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

(b) Basis of preparation

The preparation of the financial statements requires:

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

  (a) expenses incurred as a result of engaging consultants (refer note 4)

  (b) 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 (refer note 3)

  (c) 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 (refer note 10).

Funds SA's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accruals basis and are in accordance with the historical cost convention.

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

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

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

(c) Reporting entity

The financial report covers Funds SA as an individual reporting entity. Funds SA is a statutory authority of the State of South Australia, established pursuant to the Act.

(d) Rounding

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

(e) Comparative information

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

(f) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to Funds SA will occur and can be reliably measured. Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Revenues from fees and charges are measured at fair value of consideration received or receivable. The revenue is derived from the provision of services to the Funds SA investors (being SA Government entities) on a cost recovery basis. This revenue is recognised upon delivery of the service to the investors.

(g) Expenses

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

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

The following are specific recognition criteria:

Employee benefits expenses

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

Superannuation

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

Supplies and services

Supplies and services generally represent day-to-day running costs incurred in the normal operations of Funds SA. These items are recognised as an expense in the reporting period in which they are incurred.

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 leasehold improvements, while depreciation is applied to physical assets such as computer and office 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.

Class of asset	*Depreciation method*	*Useful life (years)*
Leasehold improvements	Straight-line	Term of lease
Computer and office equipment:		
Computers, hardware and software	Straight-line	3
Office furniture	Straight-line	10

(h) Current and non-current classification

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

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

(i) Assets

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

Cash and cash equivalents

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

Cash is measured at nominal value.

Receivables
Receivables include amounts receivable from Funds SA's investors, GST input tax credits and other accruals. Receivables arise in the normal course of providing services to the investors.

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.

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

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

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

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 Funds SA.

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

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

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

Leases
Funds SA has entered into an operating lease for its office premises. The lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased premises. Lease payments are recognised as an expense in the Statement of Comprehensive Income on the basis that is representative of the pattern of benefits derived from the leased premises.

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

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

The annual leave liability and the SERL liability are expected to be payable within 12 months and are 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 for sick leave.

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

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

LSL (continued)
This calculation is consistent with the Funds SA's experience of employee retention and leave taken. Based on a survey of staff, the portion of the LSL provision expected to be taken within 12 months of the reporting date is classified as current. The remaining portion of the LSL provision is classified as non-current.

(k) Unrecognised contractual commitments and contingent assets and liabilities
Commitments include operating commitments arising from contractual or statutory sources and are disclosed at their 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.

(l) Insurance
Funds SA has arranged, through SAICORP, a division of SAFA, to insure all major risks of Funds SA with the exception of directors and officers liability insurance, which is insured through an independent insurance provider.

(m) Taxation
Funds SA 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
- payables, which are stated with the amount of GST included.

(n) Valuation basis of investor funds under management
Note 16 provides financial statements in respect of each investor fund under the management of Funds SA for the 2013-14 financial year.

The valuation of the investments of each investor fund follows the valuation approach required under accounting standards relevant to that investor:

- For superannuation scheme investors, investments have been valued at net market value in accordance with AAS 25.
- All other investors' investments have been valued at fair value in accordance with AASB 13.

3. Employee benefits costs

	2014	2013
	$'000	$'000
Salaries and wages	2 985	2 597
Board fees	322	321
Employment on-costs	683	599
Total employee benefits costs	3 990	3 517

Remuneration of employees

	2014	2013
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
$138 000 - $141 499*	-	1
$141 500 - $151 499	2	1
$151 500 - $161 499	1	-
$181 500 - $191 499	-	1
$191 500 - $201 499	2	2
$201 500 - $211 499	1	-
$261 500 - $271 499	1	1
$371 500 - $381 499	-	1
$411 500 and over	1	-
Total	8	7

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2012-13.

Remuneration of employees (continued)

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any FBT paid or payable in respect of those benefits. The total remuneration received by these employees for the year was $1.73 million ($1.518 million).

4. Supplies and services

	2014	2013
	$'000	$'000
Computing and communication	186	156
Human resource expenses	32	25
Board expenses	158	198
Staff development	71	64
Subscriptions and publications	98	96
Internal audit fees	121	114
External audit fees	91	86
Travel and accommodation	154	149
Legal and advisory expenses	14	110
Office rent	260	257
Office supplies and printing	67	66
Website expenses	4	16
Investor relationship expenses	-	5
Other	37	49
Total supplies and services[1]	1 293	1 391

[1] There were no transactions with SA Government entities greater than $100 000.

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	2014 Number	2014 $'000	2013 Number	2013 $'000
Below $10 000	5	22	5	4
Between $10 000 and $50 000	-	-	2	36
Above $50 000	-	-	1	67
Total paid/payable to the consultants engaged	5	22	8	107

5. Depreciation and amortisation expense

	2014	2013
Depreciation:	$'000	$'000
Computer and office equipment	121	107
Amortisation:		
Leasehold improvements	78	80
Total depreciation and amortisation	199	187

6. Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	91	86
Total audit fees - SA Government entities	91	86

Other services

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

7. Property, plant and equipment

Leasehold improvements:		
Leasehold improvements at fair value	577	577
Accumulated amortisation	(548)	(470)
Total leasehold improvements	29	107
Computer and office equipment:		
Computer and office equipment at fair value	685	758
Accumulated depreciation	(501)	(494)
Total computer and office equipment	184	264
Total property, plant and equipment	213	371

Reconciliation of non-current assets

The following table shows the movement of non-current assets during the year ended 30 June 2014:

	2014 Leasehold imprvmnts $'000	2014 Computer and office equipment $'000	2014 Non-current assets total $'000	2013 Leasehold imprvmnts $'000	2013 Computer and office equipment $'000	2013 Non-current assets total $'000
Carrying amount at 1 July	107	264	371	186	174	360
Additions	-	44	44	1	197	198
Disposals	-	(3)	(3)	-	-	-
Depreciation and amortisation	(78)	(121)	(199)	(80)	(107)	(187)
Carrying amount at 30 June	29	184	213	107	264	371

Fair value hierarchy - non-financial assets

Funds SA categorises non-financial assets measured at fair value into a hierarchy based on the level of inputs used in their measurements. Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels to 30 June 2014.

Funds SA has no valuations categorised into levels 1 and 2.

Fair value measurements **2014**	Level 3 $'000	Total $'000
Leasehold improvements	29	29
Computer and office equipment	184	184
Total fair value measurements	213	213

Valuation techniques used to derive level 3 fair values are provided at note 1. Although unobservable inputs were used in determining fair value, and are subjective, Funds SA considers that the overall valuation would not be materially affected by changes to existing assumptions.

There were no changes in valuation techniques during 2014. The reconciliation of fair value measurements using significant unobservable inputs (level 3) is represented by the reconciliation on non-current assets above.

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

8. Payables

	2014 $'000	2013 $'000
Current:		
Creditors	115	108
Accrued expenses	119	104
Employment on-costs	64	38
Total current payables	298	250
Non-current:		
Employment on-costs	44	50
Total non-current payables	44	50
Total payables	342	300

9. Employee benefits liability

	2014	2013
Current:		
Annual leave	163	139
LSL*	170	48
SERL	21	20
Total current employee benefits liability	354	207
Non-current:		
LSL*	689	704
Total non-current employee benefits liability	689	704
Total employee benefits liability	1 043	911

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

9. Employee benefits liability (continued)

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

The net financial effect of the changes in the current financial year is immaterial. The impact on future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

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

10. Key management personnel

(a) Board members

The following persons held the position of governing board member during the financial year:

Helen Nugent	Chairman	throughout the year
Leigh Hall	Director	throughout the year
Jan McMahon	Director	throughout the year
Brett Rowse*	Director	ceased 02.02.2014
Anne De Salis	Director	throughout the year
David McMahon	Director	throughout the year
Kevin Crawshaw	Director	throughout the year

(b) Subcommittees

Funds SA has established two subcommittees where members receive remuneration for their membership. These are:

Audit Committee

Leigh Hall	Chairman	throughout the year
Helen Nugent	Member	throughout the year
David McMahon	Member	throughout the year
Kevin Crawshaw	Member	throughout the year

Human Resource Committee

Helen Nugent	Chairman	throughout the year
Brett Rowse*	Member	ceased 02.02.2014
Jan McMahon	Member	throughout the year
Anne De Salis	Member	throughout the year

* In accordance with DPC Circular 16, Brett Rowse, a public servant, did not receive any remuneration for board/committee duties during the financial year.

(c) Other key management personnel

The following persons also held authority and responsibility for planning, directing and controlling the activities of Funds SA, directly or indirectly during the financial year:

Richard Smith	Chief Executive Officer
John Piteo	Chief Financial Officer

(d) Key management personnel compensation

The key management personnel are the governing board members and senior management (including the Chief Executive Officer) who have responsibility for the strategic direction and management of Funds SA.

	2014	2013
	$’000	$’000
Short-term employee benefits	1 010	968
Long-term employee benefits	26	28
Total	1 036	996

(e) Remuneration of governing board members

Board members' remuneration includes fees, superannuation and other benefits. Directors' fees include fees paid with respect to directors' representation on the Funds SA Board and Board subcommittees. Directors' fees for the 2013-14 year were set by the Governor of South Australia. The aggregate remuneration of directors was $322 000 ($321 000).

In 2013-14, the aggregate amount paid, or due and payable, for directors to the Southern State Superannuation Scheme totalled $183 000 ($183 000). In 2013-14, the periodic amounts paid, or due and payable, to private superannuation funds totalled $12 000 ($11 000).

The number of governing board members whose remuneration received or receivable falls within the following bands:	2014 Number	2013 Number
$40 000 - $49 999	4	4
$50 000 - $59 999	1	1
$90 000 - $99 999	1	1
Total	6	6

(f) Transactions with directors and director-related entities

The Chairman of Funds SA, Dr Helen Nugent, was a non-executive director of the Macquarie Bank Group Limited during the 2013-14 financial year. Macquarie Bank Group Limited (or its wholly-owned subsidiaries) has provided funds management services to Funds SA during 2013-14 on normal commercial terms and conditions. Dr Nugent did not receive any board papers, take part in any discussions, decisions or implementation of decisions relating to Funds SA's relationship with Macquarie Bank Group Limited (or its wholly-owned subsidiaries). Dr Nugent has also advised the Board that she did not participate at Macquarie Bank Group Limited board meetings in relation to any issues associated with Funds SA.

11. Unrecognised contractual commitments

Operating lease commitments

Funds SA's operating lease is for office accommodation. Rent is payable in arrears.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:	2014 $'000	2013 $'000
Within one year	85	246
Later than one year but not longer than five years	-	83
Total non-cancellable operating lease commitments	85	329

Remuneration commitments

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

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:		
Within one year	1 248	1 481
Later than one year but not longer than five years	1 258	932
Total remuneration commitments	2 506	2 413

12. Contingent assets and liabilities

Funds SA is not aware of any contingent assets or liabilities.

13. Cash flow reconciliation

Reconciliation of net cash provided by (used in) operating activities to net surplus (deficit)

Net surplus (deficit)	333	611
Non-cash items:		
Depreciation and amortisation expense	199	187
Movements in assets/liabilities:		
Receivables	(89)	(118)
Other current assets	(5)	10
Payables	42	(101)
Employee benefits	132	(12)
Net cash provided by (used in) operating activities	612	577

14. Financial instruments

(a) Interest rate risk

Funds SA's financial assets and financial liabilities are exposed to interest rate risk. The following table summarises interest rate risk for the Corporation, together with interest rate risk at balance date.

2014	Interest rate at balance date	Floating interest rate	Non-interest bearing	Total
Financial assets:	%	$'000	$'000	$'000
Cash	2.35	3 165	-	3 165
Receivables	-	-	741	741
Other assets	-	-	54	54
Total financial assets		3 165	795	3 960
Financial liabilities:				
Payables	-	-	3	3
Total financial liabilities		-	3	3
2013				
Financial assets:				
Cash	2.79	2 594	1	2 595
Receivables	-	-	651	651
Other assets	-	-	49	49
Total financial assets		2 594	701	3 295
Financial liabilities:				
Payables	-	-	49	49
Total financial liabilities		-	49	49

Interest rate and credit risk

Receivables are normally settled within 30 days. Receivables and other assets are non-interest bearing. It is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates fair value due to being receivable on demand. In addition, there is no concentration of credit risk.

Creditors are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand.

Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of Funds SA as it has been determined that the possible impact on the net surplus/deficit or net assets from fluctuations in interest rates is immaterial.

(b) Market risk exposure

The administration fee that Funds SA charges to its investors to cover its administration expenses is calculated as a percentage of average funds under management valued at market value. The market value of these funds depends upon the performance of the underlying investments, which are linked to the performance of world financial markets.

Funds SA manages this risk in two ways:

- Firstly, its administration fee is set at a level that conservatively allows for periods of prolonged low market values of funds under management.
- Secondly, Funds SA has the ability to increase the administration fee should this action be necessary to cover administration expenses.

As Funds SA has the ability to amend the administration fee to ensure all administration expenses and liabilities of Funds SA are able to be satisfied as and when they fall due, the market risk is deemed to be immaterial and therefore a sensitivity analysis has not been undertaken.

(c) Maturity analysis of financial assets and liabilities

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

	Contractual maturities			
	2014		2013	
	Carrying amount	Less than 1 year	Carrying amount	Less than 1 year
Financial assets:	$'000	$'000	$'000	$'000
Cash	3 165	3 165	2 595	2 595
Receivables	741	741	651	651
Other assets	54	54	49	49
Total financial assets	3 960	3 960	3 295	3 295
Financial liabilities:				
Payables	3	3	49	49
Total financial liabilities	3	3	49	49

15. Investments in Funds SA unit trusts

On 20 June 2008 Funds SA established 15 unit trusts to manage the investments of Funds SA's tax-paying investors. Since that time, an additional two unit trusts have been established. A consolidated list of the Funds SA unit trusts is provided below.

Trust	*Date established*	*Settled sum*
High Growth B Unit Trust	20 June 2008	$10
Growth B Unit Trust	20 June 2008	$10
Balanced B Unit Trust	20 June 2008	$10
Moderate B Unit Trust	20 June 2008	$10
Conservative B Unit Trust	20 June 2008	$10
Capital Defensive B Unit Trust	20 June 2008	$10
Cash Option B Unit Trust	20 June 2008	$10
Australian Equities B Unit Trust	20 June 2008	$10
International Equities B Unit Trust	20 June 2008	$10
Property B Unit Trust	20 June 2008	$10
Diversified Strategies Growth B Unit Trust	20 June 2008	$10
Diversified Strategies Income A and B Unit Trust	20 June 2008	$10
Fixed Interest A and B Unit Trust	20 June 2008	$10
Inflation Linked Securities A and B Unit Trust	20 June 2008	$10
Cash A and B Unit Trust	20 June 2008	$10
Socially Responsible Investment Unit Trust	12 February 2010	$10
Short-term Fixed Interest A and B Unit Trust	8 June 2010	$10
		$170

16. Investor funds under management

Operation of investment portfolio

Funds SA operates a multi-layered unitisation structure to facilitate the administration of different investment strategies applying to the various investor funds. For the year ending 30 June 2014, Funds SA managed a number of different investment options distinguished by differing strategic asset allocations, namely:

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

Each investor fund holds units in an investment option, which in turn holds units in each of the asset sectors according to the target strategic asset allocation for the investment option. Units are issued and redeemed periodically as transactions occur at unit prices calculated having regard to the market value of underlying investments.

Under section 26(2) of the Act, Funds SA is required to prepare separate financial statements in a form approved by the Minister in respect of each fund or authority in respect of each financial year. In compliance with the Act, the format of these financial statements has been approved by the Minister.

Operation of investment portfolio (continued)

These investor fund financial statements are explained and disclosed below:

- Each investor fund's allocation of total net investment income is disclosed in the Statement of Receipts and Payments. The amounts disclosed in the payments and receipts include client placements and redemptions in investment options inclusive of switches between investment options.
- The interest which each investor fund holds in the unitised investment portfolio is disclosed in the Statement of Funds Under Management - by Investment Option.
- The indirect interest which each investor fund holds in the asset sectors is disclosed in the Statement of Funds Under Management - by Asset Sector.
- Australian equities A, international equities A, property A, diversified strategies growth A and inflation linked securities A asset classes are available to untaxed investors only, whereas Australian equities B, international equities B, property B and diversified strategies growth B asset classes are available to taxed investors only. All other asset classes, with the exception of fixed interest (Motor Accident Commission) (MAC), absolute return (MAC), infrastructure (MAC) and diversified strategies income (MAC) (which are available to the MAC only), are available to both untaxed and taxed investors.

(a) South Australian Superannuation Scheme - Employer Contribution Accounts

Statement of Receipts and Payments

	2014 $'000	2013 $'000
Funds under management at 1 July	2 610 772	2 303 368
Receipts	416 350	450 650
Net investment income	389 831	378 141
	806 181	828 791
Payments	(597 539)	(521 387)
Funds under management at 30 June	2 819 414	2 610 772

Statement of Funds Under Management - by Investment Option

	2014 $'000	2013 $'000
Investment option:		
Growth A	2 819 414	2 610 772
Funds under management at 30 June	2 819 414	2 610 772

Statement of Funds Under Management - by Asset Sector

	2014 $'000	2013 $'000
Asset sector:		
Australian equities A	674 057	651 315
International equities A	772 361	710 584
Property A	399 025	387 655
Diversified strategies growth A	241 358	222 349
Inflation linked securities A	213 099	198 903
Long-term fixed interest	44 956	44 575
Short-term fixed interest	15 223	21 527
Diversified strategies income	393 726	346 567
Cash	65 609	27 297
Funds under management at 30 June	2 819 414	2 610 772

(b) South Australian Superannuation Fund - Old Scheme Division

Statement of Receipts and Payments

	2014 $'000	2013 $'000
Funds under management at 1 July	1 308 353	1 201 028
Receipts	4 210	300
Net investment income	188 192	192 645
	192 402	192 945
Payments	(98 760)	(85 620)
Funds under management at 30 June	1 401 995	1 308 353

Statement of Funds Under Management - by Investment Option

	2014	2013
Investment option:	$'000	$'000
Growth A	1 401 995	1 308 353
Funds under management at 30 June	1 401 995	1 308 353

Statement of Funds Under Management - by Asset Sector

	2014	2013
Asset sector:	$'000	$'000
Australian equities A	335 185	326 398
International equities A	384 068	356 100
Property A	198 421	194 268
Diversified strategies growth A	120 018	111 427
Inflation linked securities A	105 967	99 677
Long-term fixed interest	22 355	22 338
Short-term fixed interest	7 570	10 788
Diversified strategies income	195 786	173 678
Cash	32 625	13 679
Funds under management at 30 June	1 401 995	1 308 353

(c) South Australian Superannuation Fund - New Scheme Division

Statement of Receipts and Payments

	2014	2013
	$'000	$'000
Funds under management at 1 July	630 061	579 223
Receipts	70 851	41 117
Net investment income	82 232	81 174
	153 083	122 291
Payments	(109 879)	(71 453)
Funds under management at 30 June	673 265	630 061

Statement of Funds Under Management - by Investment Option

	2014	2013
Investment option:	$'000	$'000
High growth A	23 816	15 486
Growth A	520 630	454 678
Balanced A	41 785	30 573
Moderate A	14 132	12 563
Conservative A	30 390	33 500
Capital defensive A	18 874	33 746
Cash A	20 976	48 022
Socially responsible	2 662	1 493
Funds under management at 30 June	673 265	630 061

Statement of Funds Under Management - by Asset Sector

	2014	2013
Asset sector:	$'000	$'000
Australian equities A	147 253	132 818
International equities A	169 188	145 708
Property A	87 963	80 692
Diversified strategies growth A	49 844	42 515
Inflation linked securities A	53 775	51 970
Long-term fixed interest	14 510	13 453
Short-term fixed interest	12 662	16 948
Diversified strategies income	90 835	77 463
Cash	44 573	67 001
Socially responsible	2 662	1 493
Funds under management at 30 June	673 265	630 061

(d) Southern State Superannuation Fund

Statement of Receipts and Payments

	2014 $'000	2013 $'000
Funds under management at 1 July	9 932 420	8 327 573
Receipts	627 635	649 811
Net investment income	1 357 531	1 206 521
	1 985 166	1 856 332
Payments	(293 876)	(251 485)
Funds under management at 30 June	11 623 710	9 932 420

Statement of Funds Under Management - by Investment Option

Investment option:	2014 $'000	2013 $'000
High growth A	818 190	659 364
Growth A	341 370	263 212
Balanced A	9 613 483	8 100 088
Moderate A	128 403	75 210
Conservative A	303 904	265 661
Capital defensive A	153 202	240 180
Cash A	221 785	312 458
Socially responsible	43 373	16 247
Funds under management at 30 June	11 623 710	9 932 420

Statement of Funds Under Management - by Asset Sector

Asset sector:	2014 $'000	2013 $'000
Australian equities A	2 409 998	2 107 359
International equities A	2 779 367	2 318 585
Property A	1 397 878	1 239 666
Diversified strategies growth A	732 670	613 688
Inflation linked securities A	1 140 748	979 181
Long-term fixed interest	547 161	414 551
Short-term fixed interest	417 998	398 188
Diversified strategies income	1 566 346	1 262 499
Cash	588 171	582 456
Socially responsible	43 373	16 247
Funds under management at 30 June	11 623 710	9 932 420

(e) Super SA Retirement Investment Fund - Super SA Flexible Rollover Product

Statement of Receipts and Payments

	2014 $'000	2013 $'000
Funds under management at 1 July	465 434	367 021
Receipts	210 400	165 046
Net investment income	50 510	35 835
	260 910	200 881
Payments	(120 253)	(102 468)
Funds under management at 30 June	606 091	465 434

Statement of Funds Under Management - by Investment Option

Investment option:	2014 $'000	2013 $'000
High growth B	29 624	21 307
Growth B	45 407	34 768
Balanced B	243 045	152 312
Moderate B	69 482	33 251
Conservative B	87 801	61 275
Capital defensive B	48 069	71 248
Cash B	70 608	86 126
Socially responsible	12 055	5 147
Funds under management at 30 June	606 091	465 434

Statement of Funds Under Management - by Asset Sector

	2014	2013
Asset sector:	$'000	$'000
Australian equities B	97 591	65 231
International equities B	94 024	60 459
Property B	53 820	40 273
Diversified strategies growth B	22 568	16 118
Inflation linked securities B	62 348	47 704
Long-term fixed interest	27 756	16 574
Short-term fixed interest	33 582	31 127
Diversified strategies income	74 387	56 187
Cash	127 960	126 614
Socially responsible	12 055	5 147
Funds under management at 30 June	606 091	465 434

(f) Super SA Retirement Investment Fund - Super SA Income Stream

Statement of Receipts and Payments

	2014	2013
	$'000	$'000
Funds under management at 1 July	1 015 530	717 489
Receipts	408 499	335 514
Net investment income	116 605	76 453
	525 104	411 967
Payments	(120 033)	(113 926)
Funds under management at 30 June	1 420 601	1 015 530

Statement of Funds Under Management - by Investment Option

	2014	2013
Investment option:	$'000	$'000
High growth B	45 552	28 798
Growth B	94 827	65 240
Balanced B	599 389	363 178
Moderate B	203 353	116 196
Conservative B	236 530	160 199
Capital defensive B	100 544	122 989
Cash B	117 420	152 776
Socially responsible	22 986	6 154
Funds under management at 30 June	1 420 601	1 015 530

Statement of Funds Under Management - by Asset Sector

	2014	2013
Asset sector:	$'000	$'000
Australian equities B	233 983	149 714
International equities B	226 411	139 541
Property B	130 032	92 622
Diversified strategies growth B	53 068	36 453
Inflation linked securities B	157 911	110 769
Long-term fixed interest	71 555	40 904
Short-term fixed interest	82 964	67 688
Diversified strategies income	183 371	130 143
Cash	258 320	241 542
Socially responsible	22 986	6 154
Funds under management at 30 June	1 420 601	1 015 530

(g) Parliamentary Superannuation Scheme

Statement of Receipts and Payments

	2014	2013
	$'000	$'000
Funds under management at 1 July	196 961	189 382
Receipts	4 796	5 115
Net investment income	28 863	30 298
	33 659	35 413
Payments	(12 920)	(27 834)
Funds under management at 30 June	217 700	196 961

Statement of Funds Under Management - by Investment Option

	2014	2013
Investment option:	$'000	$'000
High growth A	1 917	1 544
Growth A	206 399	188 125
Balanced A	8 111	6 616
Moderate A	112	-
Capital defensive A	744	294
Cash A	40	138
Socially responsible	377	244
Funds under management at 30 June	217 700	196 961

Statement of Funds Under Management - by Asset Sector

	2014	2013
Asset sector:	$'000	$'000
Australian equities A	51 680	48 875
International equities A	59 222	53 331
Property A	30 563	29 061
Diversified strategies growth A	18 368	16 588
Inflation linked securities A	16 581	15 089
Long-term fixed interest	3 767	3 536
Short-term fixed interest	1 569	1 867
Diversified strategies income	30 289	26 050
Cash	5 284	2 320
Socially responsible	377	244
Funds under management at 30 June	217 700	196 961

(h) Judges' Pensions Scheme

Statement of Receipts and Payments

	2014	2013
	$'000	$'000
Funds under management at 1 July	186 888	182 215
Receipts	4 870	4 650
Net investment income	27 557	29 473
	32 427	34 123
Payments	(9 110)	(29 450)
Funds under management at 30 June	210 205	186 888

Statement of Funds Under Management - by Investment Option

	2014	2013
Investment option:	$'000	$'000
Growth A	210 205	186 888
Funds under management at 30 June	210 205	186 888

Statement of Funds Under Management - by Asset Sector

	2014	2013
Asset sector:	$'000	$'000
Australian equities A	50 255	46 623
International equities A	57 584	50 866
Property A	29 750	27 750
Diversified strategies growth A	17 995	15 917
Inflation linked securities A	15 888	14 238
Long-term fixed interest	3 352	3 191
Short-term fixed interest	1 135	1 541
Diversified strategies income	29 355	24 808
Cash	4 891	1 954
Funds under management at 30 June	210 205	186 888

(i) Governors' Pensions Scheme

Statement of Receipts and Payments

	2014 $'000	2013 $'000
Funds under management at 1 July	1 097	1 125
Receipts	15	10
Net investment income	154	172
	169	182
Payments	(180)	(210)
Funds under management at 30 June	1 086	1 097

Statement of Funds Under Management - by Investment Option

	2014 $'000	2013 $'000
Investment option:		
Growth A	1 086	1 097
Funds under management at 30 June	1 086	1 097

Statement of Funds Under Management - by Asset Sector

	2014 $'000	2013 $'000
Asset sector:		
Australian equities A	260	274
International equities A	297	299
Property A	154	163
Diversified strategies growth A	93	93
Inflation linked securities A	82	83
Long-term fixed interest	17	19
Short-term fixed interest	6	9
Diversified strategies income	152	146
Cash	25	11
Funds under management at 30 June	1 086	1 097

(j) South Australian Ambulance Service Superannuation Scheme

Statement of Receipts and Payments

	2014 $'000	2013 $'000
Funds under management at 1 July	175 594	149 918
Receipts	8 520	10 310
Net investment income	22 526	20 706
	31 046	31 016
Payments	(7 930)	(5 340)
Funds under management at 30 June	198 710	175 594

Statement of Funds Under Management - by Investment Option

	2014 $'000	2013 $'000
Investment option:		
Balanced B	198 710	175 594
Funds under management at 30 June	198 710	175 594

Statement of Funds Under Management - by Asset Sector

	2014 $'000	2013 $'000
Asset sector:		
Australian equities B	43 375	39 118
International equities B	40 878	35 762
Property B	22 398	21 865
Diversified strategies growth B	11 858	11 605
Inflation linked securities B	21 962	18 251
Long-term fixed interest	10 433	8 060
Short-term fixed interest	7 246	6 763
Diversified strategies income	27 413	26 073
Cash	13 147	8 097
Funds under management at 30 June	198 710	175 594

(k) Police Superannuation Scheme - Employer Contribution Account

Statement of Receipts and Payments

	2014	2013
	$'000	$'000
Funds under management at 1 July	696 279	558 431
Receipts	64 700	67 100
Net investment income	107 065	95 783
	171 765	162 883
Payments	(35 650)	(25 035)
Funds under management at 30 June	832 394	696 279

Statement of Funds Under Management - by Investment Option

	2014	2013
Investment option:	$'000	$'000
Growth A	832 394	696 279
Funds under management at 30 June	832 394	696 279

Statement of Funds Under Management - by Asset Sector

	2014	2013
Asset sector:	$'000	$'000
Australian equities A	199 006	173 702
International equities A	228 029	189 509
Property A	117 807	103 386
Diversified strategies growth A	71 257	59 299
Inflation linked securities A	62 915	53 046
Long-term fixed interest	13 273	11 888
Short-term fixed interest	4 494	5 741
Diversified strategies income	116 243	92 428
Cash	19 370	7 280
Funds under management at 30 June	832 394	696 279

(l) Police Superannuation Fund - Old Scheme Division

Statement of Receipts and Payments

	2014	2013
	$'000	$'000
Funds under management at 1 July	394 445	344 352
Receipts	-	-
Net investment income	58 138	56 213
	58 138	56 213
Payments	(8 500)	(6 120)
Funds under management at 30 June	444 083	394 445

Statement of Funds Under Management - by Investment Option

	2014	2013
Investment option:	$'000	$'000
Growth A	444 083	394 445
Funds under management at 30 June	444 083	394 445

Statement of Funds Under Management - by Asset Sector

	2014	2013
Asset sector:	$'000	$'000
Australian equities A	106 170	98 403
International equities A	121 654	107 358
Property A	62 850	58 568
Diversified strategies growth A	38 016	33 593
Inflation linked securities A	33 565	30 051
Long-term fixed interest	7 081	6 735
Short-term fixed interest	2 398	3 252
Diversified strategies income	62 015	52 361
Cash	10 334	4 124
Funds under management at 30 June	444 083	394 445

(m) South Australian Government Financing Authority (SAICORP - Insurance Fund 1)

Statement of Receipts and Payments

	2014 $'000	2013 $'000
Funds under management at 1 July	378 183	345 634
Receipts	-	5 000
Net investment income	55 719	57 549
	55 719	62 549
Payments	(20 000)	(30 000)
Funds under management at 30 June	413 902	378 183

Statement of Funds Under Management - by Investment Option

	2014	2013
Investment option:	$'000	$'000
Growth A	413 902	378 183
Funds under management at 30 June	413 902	378 183

Statement of Funds Under Management - by Asset Sector

	2014	2013
Asset sector:	$'000	$'000
Australian equities A	99 043	94 287
International equities A	113 633	103 058
Property A	58 481	56 520
Diversified strategies growth A	35 373	32 132
Inflation linked securities A	31 232	28 702
Long-term fixed interest	6 589	6 432
Short-term fixed interest	2 231	3 107
Diversified strategies income	57 704	50 002
Cash	9 616	3 943
Funds under management at 30 June	413 902	378 183

(n) South Australian Government Financing Authority (SAICORP - Insurance Fund 2)

Statement of Receipts and Payments

	2014 $'000	2013 $'000
Funds under management at 1 July	53 347	48 592
Receipts	-	-
Net investment income	5 372	4 755
	5 372	4 755
Payments	(12 000)	-
Funds under management at 30 June	46 719	53 347

Statement of Funds Under Management - by Investment Option

	2014	2013
Investment option:	$'000	$'000
Conservative A	46 719	53 347
Funds under management at 30 June	46 719	53 347

Statement of Funds Under Management - by Asset Sector

	2014	2013
Asset sector:	$'000	$'000
Australian equities A	5 460	6 713
International equities A	6 733	7 784
Property A	4 258	5 302
Inflation linked securities A	8 325	9 277
Long-term fixed interest	2 453	2 503
Short-term fixed interest	5 397	6 277
Diversified strategies income	7 402	8 156
Cash	6 691	7 335
Funds under management at 30 June	46 719	53 347

(o) South Australian Government Financing Authority (SAICORP - Insurance Fund 3)

Statement of Receipts and Payments

	2014	2013
	$'000	$'000
Funds under management at 1 July	-	-
Receipts	2 400	-
Net investment income	70	-
	2 470	
Payments	-	-
Funds under management at 30 June	2 470	-

Statement of Funds Under Management - by Investment Option

	2014	2013
Investment option:	$'000	$'000
Conservative A	2 470	-
Funds under management at 30 June	2 470	-

Statement of Funds Under Management - by Asset Sector

	2014	2013
Asset sector:	$'000	$'000
Australian equities A	289	-
International equities A	356	-
Property A	225	-
Inflation linked securities A	440	-
Long-term fixed interest	130	-
Short-term fixed interest	285	-
Diversified strategies income	391	-
Cash	354	-
Funds under management at 30 June	2 470	-

(p) Adelaide Cemeteries Authority

Statement of Receipts and Payments

	2014	2013
	$'000	$'000
Funds under management at 1 July	3 626	3 216
Receipts	400	200
Net investment income	489	510
	889	710
Payments	(500)	(300)
Funds under management at 30 June	4 015	3 626

Statement of Funds Under Management - by Investment Option

	2014	2013
Investment option:	$'000	$'000
High growth A	3 345	2 885
Capital defensive A	25	23
Cash A	645	718
Funds under management at 30 June	4 015	3 626

Statement of Funds Under Management - by Asset Sector

	2014	2013
Asset sector:	$'000	$'000
Australian equities A	996	886
International equities A	1 094	948
Property A	541	489
Diversified strategies growth A	287	245
Inflation linked securities A	3	5
Long-term fixed interest	1	1
Short-term fixed interest	5	5
Diversified strategies income	366	300
Cash	722	747
Funds under management at 30 June	4 015	3 626

(q) Motor Accident Commission Compulsory Third Party Fund

Statement of Receipts and Payments

	2014	2013
	$'000	$'000
Funds under management at 1 July	2 335 868	2 215 012
Receipts	65 000	219 000
Net investment income	283 618	263 856
	348 618	482 856
Payments	(91 000)	(362 000)
Funds under management at 30 June	2 593 486	2 335 868

Statement of Funds Under Management - by Investment Option

	2014	2013
Investment option:	$'000	$'000
Motor Accident Commission A	2 593 486	2 335 868
Funds under management at 30 June	2 593 486	2 335 868

Statement of Funds Under Management - by Asset Sector

	2014	2013
Asset sector:	$'000	$'000
Australian equities A	494 096	436 662
International equities A	504 380	475 882
Inflation linked securities A	169 819	79 629
Fixed interest (MAC)	633 645	629 025
Diversified strategies income (MAC)	634 237	572 292
Infrastructure (MAC)	122 358	108 442
Absolute return (MAC)	30 968	26 902
Cash	3 983	7 034
Funds under management at 30 June	2 593 486	2 335 868

(r) South Australian Metropolitan Fire Service Superannuation Scheme

Statement of Receipts and Payments

	2014	2013
	$'000	$'000
Funds under management at 1 July	254 408	222 203
Receipts	59 011	23 361
Net investment income	33 722	32 439
	92 733	55 800
Payments	(52 425)	(23 595)
Funds under management at 30 June	294 716	254 408

Statement of Funds Under Management - by Investment Option

	2014	2013
Investment option:	$'000	$'000
High growth B	1 646	1 092
Growth B	241 516	238 495
Balanced B	2 252	689
Moderate B	1 072	913
Conservative B	41 666	4 744
Capital defensive B	3 487	5 930
Cash B	3 077	2 545
Funds under management at 30 June	294 716	254 408

Statement of Funds Under Management - by Asset Sector

	2014	2013
Asset sector:	$'000	$'000
Australian equities B	66 063	61 820
International equities B	64 102	57 995
Property B	35 934	35 735
Diversified strategies growth B	18 870	20 127
Inflation linked securities B	27 407	19 208
Diversified strategies income	41 095	37 416
Long-term fixed interest	6 237	4 285
Short-term fixed interest	6 835	3 593
Cash	28 173	14 229
Funds under management at 30 June	294 716	254 408

(s) Super SA Select

Statement of Receipts and Payments

	2014	2013
	$'000	$'000
Funds under management at 1 July	856	-
Receipts	1 341	862
Net investment income	157	(6)
	1 498	856
Payments	(354)	-
Funds under management at 30 June	2 000	856

Statement of Funds Under Management - by Investment Option

	2014	2013
Investment option:	$'000	$'000
Balanced B	1 764	772
Cash B	236	84
Funds under management at 30 June	2 000	856

Statement of Funds Under Management - by Asset Sector

	2014	2013
Asset sector:	$'000	$'000
Australian equities B	385	172
International equities B	363	157
Property B	199	96
Diversified strategies growth B	105	51
Inflation linked securities B	194	80
Diversified strategies income	244	115
Long-term fixed interest	93	36
Short-term fixed interest	64	30
Cash	353	119
Funds under management at 30 June	2 000	856

TAFE SA

Functional responsibility

Establishment

TAFE SA was established on 1 November 2012 pursuant to the *TAFE SA Act 2012*. TAFE SA is a statutory corporation to which the provisions of the PCA (other than section 35) apply.

The TAFE SA Board is responsible to the Minister for Employment, Higher Education and Skills.

Functions

TAFE SA's main function is to provide technical and further education. For details of TAFE SA's objectives refer note 1 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 32(4) of the PCA and section 31(1)(b) of the PFAA provide for the Auditor-General to audit the accounts of TAFE SA for each financial year.

Assessment of controls

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

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

Scope of the audit

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

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

- operating expenditure, including accounts payable
- employee benefits
- revenue, including funding under Skills For All, student fees and receivables
- cash management, including bank reconciliations
- fixed assets
- general ledger.

The audit took into account the controls and procedures performed by service providers including SSSA.

The work of internal audit was considered in planning and conducting the audit programs.

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 TAFE SA as at 30 June 2014 its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

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

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Chair, TAFE SA Board. The main matters raised with TAFE SA and the related responses are detailed below.

Policies and procedures

TI 2 requires the chief executive to establish and maintain effective policies and procedures for the management of financial risks and to make these readily available to staff.

TAFE SA is yet to develop policies and procedures over key business activities or is still using the Department of Further Education, Employment, Science and Technology's (DFEEST's) policies and procedures, which may not reflect TAFE SA's business circumstances.

TAFE SA advised that it is continuing to review its financial policies and procedures and it is intended that the new policies will be formally approved in September 2014.

CommBiz limits

The TAFE SA bank account does not have a daily bank account transaction limit established within the online banking CommBiz facility.

TAFE SA responded that a review has been scheduled to take place by the end of October 2014 to address this matter. The review will analyse account transactions to ensure that realistic caps are set that will not hold up payments due to inadequate limits.

Expenditure

Inconsistencies between the TAFE SA procurement policy and TAFE SA procurement procedure

Policies and procedures required review to clear up inconsistencies between a policy and the associated procedure for simple procurements and to clarify the approved online purchasing arrangements that are exempt from purchase order requirements.

TAFE SA responded that a new procurement process policy that addresses the inconsistency has been approved.

Use of purchase orders

TAFE SA officers are not using purchase orders for all goods and services acquired that are not subject to exemptions. This increases the risk of unauthorised purchases and TAFE SA not obtaining value for money for its acquisitions.

TAFE SA responded to this issue noting procurement officers conduct regular monthly reviews of requisitions and purchase orders across TAFE SA. In addition, all staff were reminded to raise purchase orders for all purchases that are not exempt by policy.

Inappropriate use of purchase cards

Purchase cards are not always used for purposes allowed by TAFE SA procedures.

TAFE SA responded that a communication has been issued to all staff reminding them of their responsibilities to ensure their purchase card purchases comply with the requirements of the current policy. TAFE SA is currently preparing a purchase card policy that is specific to TAFE SA.

No evidence of review/timeliness of review of reports

TAFE SA does not have documented policies and procedures that instruct or provide guidance about the key control activities performed by its officers in the review of access and delegations reports relating to key financial systems.

TAFE SA responded that reviews of Basware access are now current and up-to-date.

Payroll/Human resource management

Return of bona fide certificates

Certifying officers are not always reviewing and returning bona fide certificates on a timely basis.

TAFE SA responded that a communication will be sent to all relevant managers reminding them of the requirement for the prompt review and return of bona fide certificates and to advise them that regular, monthly and quarterly management reviews of bona fide certificate performance will be undertaken by People and Culture.

Approval of timesheets

Non-educational staff use timesheets to record their hours worked and leave taken and to manage flexitime arrangements. Some timesheets were not authorised or were not authorised on a timely basis.

TAFE SA responded that a communication will be sent to all relevant managers reminding them of the need to review and approve employee timesheets on a regular basis, at least monthly.

Letter of offer to engage hourly paid instructors (HPIs)

Audit identified that some HPIs commenced work prior to signing an employment agreement.

TAFE SA responded that a communication will be sent to all educational managers advising them that letters of engagement must be issued and signed by the relevant parties prior to HPIs commencing work.

Monthly and quarterly reports of HPIs engaged by educational business units, including details regarding date engaged, date commenced and hours worked, will be forwarded to People and Culture for monitoring.

Student revenue

Policy and procedure about updating student fee rates and hours in the Student Information System (SIS)

TAFE SA does not have documented policies and procedures for updating hourly rates approved/noted by the Minister and nominal hours determined by the Victorian Purchasing Guide (used as a basis for allocating unit hours), for each unit of competency, into SIS. There was no evidence of an independent check of the update of hourly rates or nominal hours into SIS.

TAFE SA responded that a new process and checking mechanism has been established and will be documented.

SIS access

TAFE SA does not have documented policies and procedures for review of staff access to SIS. There was no evidence that any access reviews were undertaken for the 2013-14 financial year.

TAFE SA responded that the current TAFE SA ICT security policy states that business units must undertake reviews of systems access on a regular basis.

An access review is currently being undertaken by Educational Services. Access to granting exemptions from fees is planned as one of the first functions to have access restrictions implemented. A revised access policy (incorporating access and control processes) has also been issued.

Exemption code

There is no independent review to ensure that only approved exemptions from paying fees are processed.

TAFE SA responded that business units have now been restricted in their ability to exempt fees and regular reports are now being provided by Financial Accounting to business units on exemptions granted.

Skills for All revenue

In the 2012-13 financial year a large number of system processing errors occurred. Some transactions emanating from SIS could not be processed to DFEEST's Vocational Education Training Application (VETA) system, from which a payment file is created, resulting in these transactions being held in a suspense account.

TAFE SA has made some progress in addressing this issue in 2013-14. However as there were still some data quality issues during 2013-14 a manual reconciliation process was prepared as at 30 June 2014, as was the case in 2012-13.

TAFE SA has advised that it has implemented a number of control activities and treatments to improve and support the claims and revenue processing activity.

TAFE SA is now in a position to be able to verify the claim payments it receives from the Department of State Development (formerly DFEEST).

SIS

SIS, which was originally acquired by DFEEST, went live in 2011.

SIS is used by TAFE SA to manage student academic and financial records. This includes providing services for initial enquiries, admissions, enrolments, fee payments, class allocation, class completion and graduation.

Upon the establishment of TAFE SA as a separate entity in November 2012, the administrative responsibility for the system moved to TAFE SA.

Due to the significant nature of the system it has been subject to a number of reviews since its inception, primarily initiated through DFEEST. Audit recently requested a remediation update status from TAFE SA concerning an October 2013 internal audit report on SIS. The report, prepared with external contracted expertise, raised a number of issues, including certain high and moderate risk issues.

The more important matters raised by the internal report were:

- issues relating to the integrity of address and postcode data
- the presence of duplicate user accounts to gain access to SIS
- system reporting improvements being required, including changes to allow for editable data integrity reporting, to identify student registration overrides and to monitor courses with no fee rules, detail codes or attached lecturers
- the need for SIS to be updated to the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS) release 7
- improvements required to manage Skills for All training accounts
- the lack of a formal user access management process for controlling critical and sensitive access within SIS, including processes to ensure there is adequate segregation of duties and user access reviews are performed on a regular basis
- the lack of an automated control for monitoring instances of incorrect payments processed through the system.

The update advice on remediation status provided by TAFE SA indicates certain actions either completed or in progress, notably the following:

- The AVETMISS 7 project was completed in December 2013 to improve data entry and capture, with further improvements around address and post code data. Efforts to improve data quality are continuing with the creation of a new business group within TAFE SA.
- A duplicate ID project is in progress and will deploy a third party tool for operational groups to manage the process. This process will be supported by another project expected to be completed in January 2015 concerning unique student identifiers.
- A module of SIS has been implemented that allows for the ongoing alerting of data entry staff for missing or incorrect data, such as courses with no fee rules, detail code or lecturer information. Ongoing alerting is also in place for student registration overrides.
- A project was implemented in June 2014 that put in place business processes within SIS to monitor students who have nominated either payment by Fees by Instalment (FBI) or Third Party Payments (TPP) which have not been actioned within the required time.

- A SIS access project is in its implementation phase to review the security processes for the support area and redesign security profiles and forms to grant and modify SIS access.

The remediation progress will be reviewed in the 2014-15 audit.

Shared Services SA – financial systems and transaction processing environments

SSSA processes financial transactions on behalf of TAFE SA under service level determinations. The main systems and control environments include accounts payable and general ledger financial functions.

Last year's Report made specific comment on the progress being taken by SSSA to remediate key control weaknesses raised in prior years for the systems and control environments, in order to achieve a satisfactory ongoing standard of control operation over financial transaction processing.

As discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report, Audit review and evaluation of controls for the SSSA main accounts payable systems and environments concluded that controls met a generally satisfactory standard for 2013-14.

Notwithstanding this overall conclusion, there were however some specific matters of significance that were raised with SSSA for corrective action and review for process and procedural improvement. The matters did not relate to TAFE SA transaction processing.

Interpretation and analysis of the financial report

TAFE SA was established as a public corporation on 1 November 2012 and from this date it was responsible for the operations of TAFE institutes. The operations of TAFE institutes were previously part of DFEEST and were reported in DFEEST's financial statements up to this date. This change explains the variation in some individual expense and income disclosures between 2013-14 and 2012-13 (which reflects eight months of TAFE SA transactions). In addition from 1 July 2013 a further transfer of staff occurred from DFEEST to TAFE SA. Note 32 to the financial statements provides details of the transfers.

Highlights of the financial report

	2014 $'million	01.11.12 to 30.06.13 $'million
Expenses		
Employee benefits	275	159
Supplies and services	121	91
Other expenses	7	4
Total expenses	403	254
Income		
Vocational education and training from DFEEST	193	166
Student and other fees and charges	83	48
Commonwealth and other grants and contributions	84	50
Other income	31	9
Total income	391	273
Net cost of (revenue from) providing services	12	(19)
Other comprehensive income	(1)	-
Total comprehensive result	11	(19)

	2014 $'million	01.11.12 to 30.06.13 $'million
Assets		
Current assets	101	121
Non-current assets	29	26
Total assets	130	147
Liabilities		
Current liabilities	52	55
Non-current liabilities	53	53
Total liabilities	105	108
Total equity	25	39

Statement of Comprehensive Income

Net cost of (revenue from) providing services

Net cost of providing services was $12 million compared with net revenue of $19 million in 2012-13. The $31 million change reflects the full year effect of the TAFE SA operations in which expenses increased by $149 million to $403 million while income increased by $118 million to $391 million.

Expenses

The main expenses of TAFE SA are employee benefits of $275 million (68% of total expenses) and supplies and services of $121 million (30% of total expenses).

Employee benefits include $46 million of TVSPs and $12 million of leave related to the TVSPs for 370 employees.

Supplies and services main expenditure items are:

- corporate services and infrastructure recharges to DFEEST of $36 million
- contractors and consultants of $20 million
- minor works, maintenance and equipment of $16 million.

Income

TAFE SA's main income source is from DFEEST for vocational education and training funding. This was $193 million for the financial year.

The other main income sources for TAFE SA are:

- student and other fees and charges of $83 million, of which $48 million is for fees for services and $32 million is student enrolment fees and charges

- other grants and contributions of $76 million, of which $74 million came from DFEEST for TAFE SA to fulfil community service obligations and for structural adjustment

- other income of $31 million, of which $30 million reflects the recovery of TVSP costs from DFEEST.

Statement of Financial Position

The Statement of Financial Position shows that the most significant items are:

	2014 $'million	2013 $'million
Assets		
Cash and cash equivalents	59	41
Receivables	41	79
Property, plant and equipment and intangibles	29	26
Liabilities		
Payables	33	26
Employee benefits	60	69

Cash totalling $59 million is held in a special deposit account with DTF and includes funds received from DFEEST for Skills for All funding and other program funding.

Receivables totalling $41 million include $21 million owed by DFEEST for Skills for All and other funding.

Payables totalling $33 million include $11 million owed to DFEEST for infrastructure and corporate services recharges.

Intangibles of $12 million predominantly relate to TAFE SA's SIS.

Statement of Cash Flows

The following table summarises the net cash flows for the 2013-14 financial year.

	2014 $'million	01.11.12 to 30.06.13 $'million
Net cash flows		
Operating	21	(18)
Investing	(4)	(1)
Financing	-	60
Change in cash	18	41
Cash at 30 June	59	41

Cash increased by $18 million during the period. This is predominantly due to a cash inflow from operations.

Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $'000	01.11.12 to 30.06.13 $'000
Expenses:			
Employee benefits	5	274 673	158 970
Supplies and services	6	121 499	90 949
Grants and subsidies	7	84	-
Depreciation and amortisation	8	5 027	3 188
Net loss from the disposal of non-current assets	16	207	132
Other expenses	9	1 126	935
Total expenses		402 616	254 174
Income:			
Vocational education and training funding from (DFEEST)	11	192 545	165 832
Commonwealth grants	12	8 660	7 598
Student and other fees and charges	13	82 799	48 047
Other grants and contributions	14	75 742	42 672
Investment income	15	8	4
Other income	17	30 925	9 059
Total income		390 679	273 212
Net cost of (revenue from) providing services		(11 937)	19 038
Net result		(11 937)	19 038
Other comprehensive income:			
Items that will not be reclassified to net result:			
Changes in revaluation surplus	29	1 352	-
Total other comprehensive income		1 352	-
Total comprehensive result		(10 585)	19 038

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

Statement of Financial Position
as at 30 June 2014

	Note	2014 $'000	2013 $'000
Current assets:			
Cash and cash equivalents	18	59 115	41 087
Receivables	19	41 249	78 836
Inventories	23	742	932
Total current assets		101 106	120 855
Non-current assets:			
Receivables	19	203	204
Property, plant and equipment	20	17 138	14 858
Intangibles	21	11 911	11 338
Total non-current assets		29 252	26 400
Total assets		130 358	147 255
Current liabilities:			
Payables	24	28 365	23 721
Employee benefits	25	19 484	24 559
Provisions	26	1 832	1 576
Unearned revenue	27	2 644	5 489
Other current liabilities	28	6	6
Total current liabilities		52 331	55 351
Non-current liabilities:			
Payables	24	4 944	1 918
Employee benefits	25	40 971	44 366
Provisions	26	6 915	6 130
Total non-current liabilities		52 830	52 414
Total liabilities		105 161	107 765
Net assets		25 197	39 490
Equity:			
Retained earnings	29	3 393	19 038
Revaluation surplus	29	1 352	-
Contributed capital	29	20 452	20 452
Total equity		25 197	39 490

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	30		
Contingent assets and liabilities	31		

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

	Note	Revaluation surplus $'000	Retained earnings $'000	Contributed capital $'000	Total $'000
Contributed capital		-	-	20 452	20 542
Net result for 2012-13		-	19 255	-	19 255
Total comprehensive result 2012-13		-	19 255	20 452	39 707
Balance at 30 June 2013		-	19 255	20 452	39 707
Error correction		-	(217)	-	(217)
Restated balance at 30 June 2013	29	-	19 038	20 452	39 490
Net result for 2013-14	29	-	(11 937)	-	(11 937)
Gain on revaluation of property assets during 2013-14	29	1 352	-	-	1 352
Net assets transferred as a result of administrative restructure	32	-	(3 708)	-	(3 708)
Total comprehensive result 2013-14		1 352	(15 645)	-	(14 293)
Balance at 30 June 2014		1 352	3 393	20 452	25 197

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

Statement of Cash Flows
for the year ended 30 June 2014

		2014	01.11.12 to 30.06.13
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities:	Note	$'000	$'000
Cash outflows:			
Employee benefit payments		(282 222)	(154 213)
Payments for supplies and services		(132 157)	(85 718)
Payments of grants and subsidies		(84)	-
GST paid to the ATO		(4 745)	(2 583)
Payments for Paid Parental Leave Scheme		(181)	(62)
Other payments		(308)	(264)
Cash used in operations		(419 697)	(242 840)
Cash inflows:			
Commonwealth grants		8 660	7 598
Vocational education and training funding from DFEEST		228 696	135 543
Student and other fees and charges		103 466	51 929
Other grants and contributions		75 741	14 289
Interest received		8	4
GST recovered from the ATO		12 872	5 768
Receipts for Paid Parental Leave Scheme		141	117
Other receipts		12 007	9 629
Cash generated from operations		441 591	224 877
Net cash provided by (used in) operating activities	35	21 894	(17 963)
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(3 921)	(640)
Purchase of intangibles		(19)	(419)
Cash used in investing activities		(3 940)	(1 059)
Cash inflows:			
Proceeds from the sale of property, plant and equipment		74	-
Cash generated from investing activates		74	-
Net cash provided by (used in) investing activities		(3 866)	(1 059)
Cash flows from financing activities:			
Cash inflows:			
Cash transferred as a result of restructuring activities		-	60 109
Net cash provided by (used in) financing activities		-	60 109
Net increase (decrease) in cash and cash equivalents		18 028	41 087
Cash and cash equivalents at 30 June	18	59 115	41 087

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

	Employment and Skills Formation					
	Vocational Education and Training		International and Higher Education		Total	
	2014	01.11.12 to 30.06.13	2014	01.11.12 to 30.06.13	2014	01.11.12 to 30.06.13
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefits	273 447	158 048	1 226	922	274 673	158 970
Supplies and services	120 841	90 368	658	581	121 499	90 949
Grants and subsidies	84	-	-	-	84	-
Depreciation and amortisation	5 027	3 188	-	-	5 027	3 188
Net loss from the disposal of non-current assets	207	132	-	-	207	132
Other	1 126	935	-	-	1 126	935
Total expenses	400 732	252 671	1 884	1 503	402 616	254 174
Income:						
Vocational education and training funding from DFEEST	192 545	165 832	-	-	192 545	165 832
Commonwealth grants	8 660	7 598	-	-	8 660	7 598
Student and other fees and charges	82 095	48 011	704	36	82 799	48 047
Other grants and contributions	75 742	42 672	-	-	75 742	42 672
Investment income	8	4	-	-	8	4
Other	29 133	7 405	1 792	1 654	30 925	9 059
Total income	388 183	271 522	2 496	1 690	390 679	273 212
Net result	(12 549)	18 851	612	187	(11 937)	19 038

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2014

	Employment and Skills Formation					
	Vocational Education and Training		International and Higher Education		Total	
	2014	2013	2014	2013	2014	2013
Assets:	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	59 115	41 087	-	-	59 115	41 087
Receivables	41 452	79 040	-	-	41 452	79 040
Inventories	742	932	-	-	742	932
Property, plant and equipment	17 138	14 858	-	-	17 138	14 858
Intangibles	11 911	11 338	-	-	11 911	11 338
Total assets	130 358	147 255	-	-	130 358	147 255
Liabilities:						
Payables	33 309	25 639	-	-	33 309	25 639
Employee benefits	60 455	68 925	-	-	60 455	68 925
Provisions	8 747	7 706	-	-	8 747	7 706
Unearned revenue	2 644	5 489	-	-	2 644	5 489
Other liabilities	6	6	-	-	6	6
Total liabilities	105 161	107 765	-	-	105 161	107 765
Net assets	25 197	39 490	-	-	25 197	39 490

Notes to and forming part of the financial statements

1. Agency objectives and funding

(a) Objectives

TAFE SA (TAFE SA or the Corporation) was established as a public corporation on 1 November 2012 by the *TAFE SA Act 2012*. TAFE SA is responsible to the Minister for Employment, Higher Education and Skills.

The primary objectives of TAFE SA are to:

- provide technical and further education in a manner that is efficient, effective and responsive to the needs of industry, students and the general community

- undertake or facilitate research that relates to technical and further education

- provide consultancy or other services, for a fee or otherwise, in any area in which staff of TAFE SA have particular expertise developed (whether wholly or partly) in the course of, or incidentally to, the provision of technical and further education

- undertake or provide for the development or use, for commercial, community or other purposes, of any intellectual property, product or process created or developed (whether wholly or partly) in the course of, or incidentally to, the provision of technical and further education

- perform any other function assigned to it by the Minister.

The PCA applies to TAFE SA and requires a charter and performance statement to be prepared for TAFE SA by the Minister and Treasurer after consultation with TAFE SA.

(b) Funding

The Corporation is predominantly funded by the Department of Further Education, Employment, Science and Technology (DFEEST) through the Skills for All program.

In addition income is generated from sales and fee-for-service. These include:

- student fees and charges
- training for various organisations
- sale of curriculum material
- hire of facilities and equipment.

The financial activities of the Corporation are primarily conducted through a special deposit account with DTF pursuant to section 8 of the PFAA. The special deposit account is used for funds provided by Skills for All from DFEEST, Commonwealth grants and revenues from fees and charges.

(c) Principles of consolidation

Joint venture entities

- *South Australian Tertiary Admissions Centre (SATAC)*
  SATAC is a joint venture of the three South Australian universities and the Minister for Employment, Higher Education and Skills. SATAC receives and processes undergraduate and postgraduate applications for admission to TAFE SA, Charles Darwin University and the three universities in South Australia.

  TAFE SA has a 25% interest in SATAC. The interests in this joint venture are not considered material to the Corporation’s core activities. Consequently as per AASB 131, they have not been taken up in the accounts on an equity basis.

Other related entities

- *Onshore Petroleum Centre of Excellence (OPCE)*
  Under a deed of arrangement TAFE SA established the OPCE with the Minister for Mineral Resources and Energy, Santos Ltd, Beach Energy Limited and Senex Energy Limited in May 2014.

  Each of the parties to the arrangement provide cash and/or in-kind capital contributions to the OPCE. These contributions assist the OPCE in developing courses and delivering training that will increase the skills of people who are, or wish to be, employed in the petroleum industry.

  As the administering party, TAFE SA holds the funds in a separate interest bearing account on behalf of the parties and must ensure that no deduction or expenditure is made from that account unless it is in accordance with a decision of the OPCE Board and terms of the deed.

- *Onshore Petroleum Centre of Excellence (OPCE) (continued)*
  Decisions made by the OPCE Board must be a unanimous decision of all voting members and cannot be inconsistent with the terms and conditions of this deed. Note that the representative member from TAFE SA has an advisory role and is not entitled to vote.

  As TAFE SA does not have control of these funds they are excluded from TAFE SA's financial statements, however details of the funds held by TAFE SA for the OPCE are presented in note 37.

2. Summary of significant accounting policies

(a) Statement of compliance

The financial statements are general purpose financial statements.

TAFE SA has prepared these financial statements in compliance with section 23 of the PFAA. The accounts for these statements have been prepared in accordance with relevant AASs and comply with TIs and APSs promulgated under the provisions of the PFAA.

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

(b) Basis of preparation

The preparation of the financial statements requires:

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

  (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of $100 000 for separate identification of these items applies

  (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)

  (c) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

  (d) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement

  (e) employee TVSP information.

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

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

The financial statements have been prepared based on the period 1 July 2013 to 30 June 2014 and presented in Australian currency.

(c) Reporting entity

The Corporation is a statutory corporation of the State of South Australia, established pursuant to the *TAFE SA Act 2012*.

(c) Reporting entity (continued)

The financial statements and accompanying notes reflect the use of assets, liabilities, revenues and expenses controlled or incurred by the Corporation in its own right.

(d) Comparative information

The 1 July 2013 to 30 June 2014 accounting period represents the first full year of operation for TAFE SA. Comparative information only relates to eight months of the prior year, as TAFE SA was established as a statutory corporation effective 1 November 2012.

Details of the total income and expenses attributable to TAFE SA for both accounting periods are presented in note 32.

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 the presentation or classification of items in the financial statements has been amended, comparative amounts have been reclassified unless reclassification is impracticable.

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

(e) Rounding

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

(f) Income and expenses

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

Income

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

The following are specific recognition criteria:

- Income from fees and charges is derived from the provision of goods and services to other SA Government agencies and to other clients and is recognised when invoices are raised.
- Income from disposal of non-current assets is recognised when control of the asset has passed to the buyer and determined by comparing proceeds with carrying amount.
- Income from grants is recognised upon receipt of funding.
- Interest income is recognised as it accrues.
- Dividend income is recognised only when it is declared.
- Contribution income is recognised when control of the contribution or the right to receive the contribution and the income recognition criteria are met.

Expenses

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

The following are specific recognition criteria:

- *Employee benefits expense*

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

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

(g) Current and non-current classification

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

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

(h) Events after the end of the reporting period

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years (refer note 33).

(i) Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank and cash on hand.

Cash is measured at nominal value.

(j) Receivables

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

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

The recoverability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Corporation will not be able to collect the debt.

(k) Inventory

Inventories include goods and other property held either for sale or distribution at no or nominal cost in the ordinary course of business.

Inventories held for distribution at no or nominal consideration, are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value.

Cost is assigned to low volume inventory items on a specific identification of cost basis.

Inventories comprise of learning modules, food and wine, wine making equipment, books, stationery, hair and beauty products and timber supplies.

The amount of any inventory write-down to net realisable value/replacement cost or inventory losses is recognised as an expense in the period the write-down or loss occurred. Any write-down reversals are recognised as an expense reduction.

Bases used in assessing loss of service potential for inventory held for distribution at no or minimal cost include current replacement cost and technological or functional obsolescence.

(l) Property, plant and equipment

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation. Where assets are acquired for no consideration, or minimal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements then the assets are recognised at book value, ie the amount recorded by the transfer or public authority immediately prior to the restructure.

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

Every three years, the Corporation revalues its library collection. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

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

Any revaluation decrement is recognised in the Statement of Comprehensive Income as an expense, except to the extent that it offsets a previous revaluation increment for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in the revaluation surplus for that asset class.

The valuation methodology applied to specific classes of non-current assets under revaluations is as follows:

- *Library collection*
  The library collection is recorded at replacement value. The most recent valuation was carried out as at 30 June 2014 by AON Risk Solutions, an independent valuer, on the basis of depreciated replacement cost (a proxy for fair value).

- *Plant and equipment*
  Items of plant and equipment are recorded at fair value less accumulated depreciation.

  All plant and equipment assets with a value of $10 000 or greater are capitalised.

  Items under $10 000 are recorded in the Statement of Comprehensive Income as an expense in the accounting period in which they are acquired.

- *Intangibles*
  An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

  The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to $10 000.

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

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

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

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Fair value measurement (continued)

Level 3: not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed by the Chief Financial Officer and the Audit and Risk Committee at each reporting date.

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

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

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

Refer notes 20 and 22 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

(m) Impairment

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

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

(n) 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 library collections and plant and equipment.

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

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

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/Amortisation method*	*Useful life (years)*
Plant and equipment	Straight-line	1-45
Library collection	Straight-line	3-15
Intangibles	Straight-line	10

(o) Payables

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

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

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

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

(o) Payables (continued)

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

Employee benefits on-costs include superannuation contributions, workers compensation and payroll tax with respect to outstanding liabilities for salaries and wages, LSL and annual leave, non-attendance days, and SERL.

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

(p) Employee benefits and employment related liabilities

Liabilities have been established for various employee benefits arising from services rendered by employees to balance date. Employee benefits include entitlements to wages and salaries, LSL, annual leave and non-attendance days. Long-term benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Employment related expenses include on-costs such as employer superannuation and payroll tax on employee entitlements together with the workers compensation insurance premium. These are reported under payables as on-costs on employee benefits (refer note 24).

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

Non-attendance days are accrued annually for employees engaged under the *TAFE SA Act 2012* but are non-cumulative.

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

LSL

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

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

(q) Provisions

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

Provisions are recognised when the Corporation 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 Corporation 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.

(q) Provisions (continued)

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

(r) Leases

The Corporation has entered into a number of operating lease agreements, as lessee, for buildings and other facilities where the lessors effectively retain all risks and benefits incidental to ownership of the items held under the operating leases.

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

Details of commitments of current non-cancellable operating leases are disclosed at note 30.

(s) Accounting for taxation

The Corporation is liable for payroll tax, FBT, GST, Emergency Services levy and local government rate equivalents.

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

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

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

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

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

(t) 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.

3. Changes in accounting policies

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

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

- reviewed its fair value valuation techniques (both internal estimates and independent valuation appraisal) for non-financial assets to ensure they are consistent with the standard. Previously, the Corporation has used the cost approach or the market approach to determine fair value. The Corporation will continue to measure its non-financial assets using either the cost or market approach. The application of AASB 13 has not had a material impact on the fair value measurements
- included additional disclosures where required to assist users in assessing the valuation techniques and inputs used to ascertain fair value measurements used for asset and liability measurements.

Fair value hierarchy and other information is provided in notes 20 and 22.

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

4. Activities and subactivities

Activity: Employment and Skills Formation

To strengthen the economic prosperity and social wellbeing of South Australians through strategic employment, skills formation and workforce development.

Subactivity: Vocational Education and Training (VET)

TAFE SA provides post-secondary VET including:

- the investment of public funds to support individuals and employers to develop workforce skills
- funding apprenticeships and traineeships
- supporting post-secondary training and education
- providing State and national policy advice.

Subactivity: International and Higher Education

TAFE SA:

- supports the development of Adelaide as a centre for education, international education and South Australian education exports including providing marketing services, analysis and student and community support
- provides high level strategic policy advice to the Minister on higher education policy and planning.

As a public provider, TAFE SA will operate effectively and efficiently in a competitive market for vocational education and training to:

- deliver technical and further education efficiently and cost effectively at high standards of quality, while at all times ensuring the financial viability of TAFE SA
- build alliances and cooperation with other service providers to ensure quality and relevant course availability and delivery in the most efficient manner
- strengthen TAFE SA's position in technical and further education through the provision of fee-for-service activities, including quality training for overseas students and targeted international activity
- ensure a safe work and learning environment for staff, students and the community.

5. Employee benefits

	2014 $'000	01.11.12 to 30.06.13 $'000
Salaries and wages (including annual leave)	187 179	124 251
Superannuation	19 994	12 381
Payroll tax	13 070	7 286
LSL	2 812	5 186
SERL	354	347
Workers compensation	4 319	1 626
TVSP	45 853	7 116
Other employee related costs	1 092	777
Total employee benefits	274 673	158 970

TVSPs

Amount paid to these employees:		
TVSPs	45 853	7 116
Annual leave and LSL paid during the period	12 017	1 885
	57 870	9 001
Funding from DTF (through DFEEST)*	29 712	7 490
Net cost to TAFE SA	28 158	1 511

The number of employees who were paid TVSPs during the reporting period was 370 (61).

* This amount includes $1.727 million yet to be received from DFEEST as at 30 June 2014.

Remuneration of employees

The number of employees whose remuneration received or receivable is $141 500 or more falls within the following bands:

	2014 Number^	01.11.12 to 30.06.13 Number^
$138 000 - $141 499*	n/a	3
$141 500 - $151 499	3	8
$151 500 - $161 499	2	2
$161 500 - $171 499	3	2
$171 500 - $181 499	4	4
$181 500 - $191 499	3	1
$191 500 - $201 499	-	2
$201 500 - $211 499	2	-
$211 500 - $221 499	-	1
$231 500 - $241 499(i)	2	-
$241 500 - $251 499(i)	1	1
$251 500 - $261 499	1	-
$261 500 - $271 499(i)	1	1
$281 500 - $291 499(i)	2	-
$291 500 - $301 499(i)(ii)	2	1
$311 500 - $321 499(i)	2	-
$321 500 - $331 499(i)	4	-
$331 500 - $341 499(i)(ii)	4	1
$341 500 - $351 499(i)(ii)	4	1
$351 500 - $361 499(i)(ii)	5	1
$361 500 - $371 499(i)(ii)	2	1
$371 500 - $381 499(i)	4	-
$381 500 - $391 499(i)	2	-
$391 500 - $401 499(i)	1	1
$401 500 - $411 499(i)	3	-
$411 500 - $421 499(ii)	-	1
$421 500 - $431 499(i)	1	-
$431 500 - $441 499(ii)	-	1
$451 500 - $461 499(i)	2	-
$461 500 - $471 499(ii)	-	1
Total	60	34

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2012-13.

^ Includes TVSPs.

(i) This bandwidth includes employees that have received TVSPs during 2013-14.
(ii) This bandwidth includes employees that have received TVSPs during 2012-13.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the period.

Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, separation packages, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $17.8 million ($7.7 million).

For 2013-14, the above figures include 44 non-executive employees (20 in 2012-13) who took TVSPs during the year. The total remuneration received by non-executive employees in 2013-14 was $14.2 million ($4.8 million).

6. Supplies and services

	2014 $'000	01.11.12 to 30.06.13 $'000
Corporate services recharges to DFEEST	13 188	19 945
Infrastructure recharges to DFEEST	23 023	12 100
Funding to external VET providers	229	70
Printing and consumables	8 767	5 607
Minor works, maintenance and equipment	16 372	9 671
Information technology infrastructure and communications	4 055	3 250
Fees - contracted services (including consultants)	20 238	14 805
Trainee and apprenticeship reimbursements	16	-
Utilities	9 386	5 917
Cleaning	8 811	6 652

6. Supplies and services (continued)

	2014 $'000	01.11.12 to 30.06.13 $'000
Vehicle and travelling expenses	4 129	2 949
Rentals and leases	1 973	1 302
Books, materials and copyright	11 018	8 681
Other	294	-
Total supplies and services	121 499	90 949
Supplies and services provided by entities within the SA Government:		
Corporate services recharges to DFEEST	13 188	19 945
Infrastructure recharges to DFEEST	23 023	12 100
Funding to external VET providers	-	13
Minor works, maintenance and equipment	8 813	7 130
Information technology infrastructure and communications	1 196	870
Fees - contracted services (including consultants)	12 098	8 307
Utilities	1 552	1 066
Cleaning	7 404	5 768
Vehicle and travelling expenses	1 910	911
Rentals and leases	12	-
Other	294	-
Total supplies and services - SA Government entities	69 490	56 110

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

Consultancies	2014		01.11.12 to 30.06.13	
The number and dollar amount of consultancies paid/payable (included in supplies and services) that fell within the following bands:	Number	$'000	Number	$'000
Below $10 000	-	-	1	1
Between $10 000 and $50 000	2	32	2	25
Above $50 000	2	569	2	846
Total paid/payable to the consultants engaged (GST exclusive)	4	601	5	872

7. Grants and subsidies

	Note	2014 $'000	01.11.12 to 30.06.13 $'000
Employment programs		84	-
Total grants and subsidies		84	-

8. Depreciation and amortisation

	2014 $'000	01.11.12 to 30.06.13 $'000
Depreciation:		
Plant and equipment	1 455	918
Library	2 083	1 351
Total depreciation	3 538	2 269
Amortisation:		
Intangibles	1 489	919
Total amortisation	1 489	919
Total depreciation and amortisation	5 027	3 188

9. Other expenses

	Note	2014 $'000	01.11.12 to 30.06.13 $'000
Audit fees	10	304	261
Allowance for doubtful debts and debt write-offs		817	672
Other		5	2
Total other expenses		1 126	935

10. Auditor's remuneration

	2014 $'000	01.11.12 to 30.06.13 $'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements	302	261
Other audit fees	2	-
Total auditor's remuneration paid/payable	304	261

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

11. VET funding from DFEEST

	2014 $'000	01.11.12 to 30.06.13 $'000
VET funding from DFEEST	192 545	165 832
Total VET funding from DFEEST	192 545	165 832

12. Commonwealth grants

Language, Literacy and Numeracy Delivery Statewide	5 950	4 591
Aged Care Workforce	1 202	877
Aboriginal projects	947	267
Community Development Employment Projects program	170	1 712
Other specific Commonwealth revenue	391	151
Total Commonwealth grants	8 660	7 598

2013-14 commitments

$6 million ($4.6 million) in Commonwealth revenue was received for the Language, Literacy and Numeracy Delivery Statewide program in 2013-14 with all commitments being met.

$1.2 million was received for the Aged Care Workforce program in 2013-14 ($900 000), of which $400 000 relates to programs that will be delivered to personal care workers in 2014-15.

Aboriginal projects including the Aboriginal Torres Strait Islander Rural and Remote Aged Care Training project contributed $900 000 in grants revenue during 2013-14 ($300 000) $100 000 of which is committed to be spent in 2014-15.

$400 000 in other specific Commonwealth grants was received in 2013-14 ($200 000).

The Community Development Employment Projects program ceased in early 2013-14 with a residual of $200 000 funding received this financial year ($1.7 million).

13. Student and other fees and charges

	2014 $'000	01.11.12 to 30.06.13 $'000
Sales/Fee-for-service revenue	47 515	28 815
Student enrolment fees and charges	32 113	16 470
Other user fees and charges	3 171	2 762
Total student and other fees and charges received/receivable	82 799	48 047
Student and other fees and charges received/receivable from entities within the SA Government:		
Sales/Fee-for-service revenue	1 271	1 318
Student enrolment fees and charges	741	494
Other user fees and charges	779	77
Total student and other fees and charges - SA Government entities	2 791	1 889

14. Other grants and contributions

Grants from DFEEST	73 580	41 236
Grants and subsidies revenue	2 005	1 296
Grants from entities within the SA Government	129	133
Miscellaneous contributions	19	6
Donations	9	1
Total other grants and contributions	75 742	42 672

15. Investment income

Interest	8	4
Total investment income	8	4

16. Net gain (loss) from the disposal of non-current assets

Plant and equipment:		
Proceeds from disposal	74	-
Net book value of assets disposed	(281)	(132)
Net gain (loss) from disposal of non-current assets	(207)	(132)

17. Other income

	2014 $'000	01.11.12 to 30.06.13 $'000
TVSP recovery from DFEEST	29 712	7 490
Recoup of salaries	199	236
Sundry income	1 014	1 333
Total other income	30 925	9 059

18. Cash and cash equivalents

Special deposit account with DTF	59 074	41 041
Cash on hand	41	46
Total cash and cash equivalents	59 115	41 087

Special deposit account with DTF

Includes funds received from DFEEST for Skills for All and other program funding.

Interest rate risk

Cash on hand is non-interest bearing. The carrying amount of cash and cash equivalents represents fair value.

Correction of error

The comparatives have been adjusted for a $135 000 correction of error for deposits relating to pre-1 Nov 2012 that were previously recorded as TAFE SA.

19. Receivables

	2014 $'000	2013 $'000
Current:		
Skills For All funding receivable from DFEEST	10 145	30 030
Student and other fees and charges receivable	28 526	40 382
Allowance for doubtful debts	(2 334)	(1 612)
Prepayments	1 436	820
GST recoverable from the ATO	2 384	2 616
Other receivables	1 092	6 600
Total current receivables	41 249	78 836
Non-current:		
Workers compensation receivable	203	204
Total non-current receivables	203	204
Total receivables	41 452	79 040
Receivables from SA Government entities:		
Skills For All funding receivable from DFEEST	10 145	30 030
Student and other fees and charges receivable	14 884	22 337
Prepayments	1 080	4
Other receivables	994	6 493
Total receivables from SA Government entities	27 103	58 864

Correction of error

The comparatives have been adjusted for a $76 000 correction of error for receivables between TAFE SA and DFEEST.

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (ie calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired.

An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2014 $'000	01.11.12 to 30.06.13 $'000
Carrying amount at 1 July	1 612	1 304
Increase in the allowance	823	400
Amounts written off	(101)	(92)
Carrying amount at 30 June	2 334	1 612

Interest rate risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables and accrued revenues are non-interest bearing.

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

(a) Maturity analysis of receivables - refer note 36.3.
(b) Categorisation of financial instruments and risk exposure information - refer note 36.

20. Property, plant and equipment

	2014	2013
Plant and equipment:	$'000	$'000
Plant and equipment at cost (deemed fair value)	27 575	24 533
Accumulated depreciation	(13 827)	(13 415)
	13 748	11 118
Library collection:		
Library collection at valuation	15 381	22 570
Accumulated depreciation	(11 991)	(18 830)
	3 390	3 740
Total property, plant and equipment	42 956	47 103
Total accumulated depreciation at 30 June	(25 818)	(32 245)
Total property, plant and equipment	17 138	14 858

Valuation of property

All items of plant and equipment had a fair value at the time of acquisition that was less than $1 million, or had an estimated useful life that was less than three years, and have not been revalued in accordance with APF III. The carrying value of these items is deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustment to their value, except for management assumptions about the asset's condition and remaining useful life.

The library collection was valued at depreciated replacement cost (a proxy for fair value) as at 30 June 2014 by AON Risk Solutions.

Impairment

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

(a) Reconciliations

	Plant and equipment	Library collection at valuation	Total
2014	$'000	$'000	$'000
Carrying amount at 1 July	11 118	3 740	14 858
Additions	4 366	381	4 747
Disposals	(281)	-	(281)
Net revaluation increment (decrement)	-	1 352	1 352
Other movements	-	-	-
Depreciation	(1 455)	(2 083)	(3 538)
Carrying amount at 30 June	13 748	3 390	17 138
01.11.12 to 30.06.13			
Assets transferred 1 November 2012	11 754	4 839	16 593
Additions	414	252	666
Disposals	(132)	-	(132)
Net revaluation increment (decrement)	-	-	-
Other movements	-	-	-
Depreciation	(918)	(1 351)	(2 269)
Carrying amount at 30 June	11 118	3 740	14 858

21. Intangibles

	2014	2013
	$'000	$'000
Computer software	16 191	14 128
Accumulated amortisation	(4 280)	(2 790)
Total intangibles	11 911	11 338

21. Intangibles (continued)

The computer software predominantly relates to TAFE SA's Student Information System.

TAFE SA has no contractual commitments for the acquisition of intangible assets.

Impairment

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

(a) ***Reconciliations***	Intangibles	Intangibles work in progress	Total
2014	$'000	$'000	$'000
Carrying amount at 1 July	11 338	-	11 338
Additions	2 063	-	2 063
Other movements	-	-	-
Depreciation	(1 490)	-	(1 490)
Carrying amount at 30 June	11 911	-	11 911
01.11.12 to 30.06.13			
Assets transferred 1 November 2012	11 234	604	11 838
Additions	-	419	419
Other movements	1 023	(1 023)	-
Amortisation	(919)	-	(919)
Carrying amount at 30 June	11 338	-	11 338

22. Fair value measurement

Fair value hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Corporation categorises non-financial assets measured at fair value into hierarchy based on the level of inputs use in measurement.

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

The Corporation had no valuations categorised into level 1.

2014		Level 2	Level 3	Total
Recurring fair value measurements:	Note	$'000	$'000	$'000
Plant and equipment	20	-	13 748	13 748
Library collection	20	-	3 390	3 390
Total recurring fair value measurements		-	17 138	17 138
Total		-	17 138	17 138

Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new standard AASB 13.

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2014. The Corporation's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques and inputs

Valuation techniques used to derive level 2 and 3 fair values are at note 20. There were no changes in valuation techniques during 2014. The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

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

Description	*Valuation technique*	*Unobservable inputs*	*Range*
Plant and equipment	Depreciated cost	Effective life (years)	1-45
Library collection	Depreciated replacement cost	Replacement cost (price per item $)	2-55
		Effective life (years)	3-15

Reconciliation of fair value measurement - level 3

2014	Plant and equipment $'000	Library collection $'000	Total $'000
Opening balance at 1 July	11 118	3 740	14 858
Acquisitions	4 366	381	4 747
Disposals	(281)	-	(281)
	15 203	4 121	19 324
Total gains (losses) for the period recognised in net result:*			
Depreciation	(1 455)	(2 083)	(3 538)
	(1 455)	(2 083)	(3 538)
Total gains (losses) for the period in other comprehensive income:			
Revaluation increment (decrement)	-	1 352	1 352
	-	1 352	1 352
Closing balance at 30 June	13 748	3 390	17 138

* The gains (losses) in operating result include changes in unrealised gains (losses) for assets still held at the end of the reporting period. The amounts of these changes included in the various line items are as follows:

	Plant and equipment $'000	Library collection $'000	Total $'000
Depreciation	(1 418)	-	(1 418)

23. Inventories

	2014 $'000	2013 $'000
Inventories held for sale	85	370
Inventories held for distribution	657	562
Total inventories	742	932

24. Payables

	2014	2013
Current:		
Creditors	14 731	10 224
Accrued expenses	9 349	9 730
Employment on-costs	4 248	3 687
Paid Parental Leave Scheme	15	56
Other	22	24
Total current payables	28 365	23 721
Non-current:		
Creditors	64	64
Employment on-costs	4 880	1 854
Total non-current payables	4 944	1 918
Total payables	33 309	25 639
Payables to SA Government entities:		
Creditors	11 915	6 367
Accrued expenses	6 722	2 912
Employment on-costs	9 128	5 541
Total payables to SA Government entities	27 765	14 820

An actuarial assessment performed by DTF determines that the percentage of the proportion of LSL taken as leave is 64% (26%). The average factor used in the calculation of employer superannuation on-cost is 10.3% (10.2%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of $1.851 million.

Interest rate and credit risk

Creditors are raised for all amounts billed but unpaid and accruals are raised where goods and services are received but an invoice has not yet been received. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

(a) Maturity analysis of payables - refer note 36.3.

(b) Categorisation of financial instruments and risk exposure information - refer note 36.

25. Employee benefits

	2014	2013
Current:	$'000	$'000
Annual leave	6 121	5 625
LSL	2 570	7 734
SERL	1 045	1 003
Accrued salaries and wages	5 446	5 059
Non-attendance days	4 302	5 138
Total current employee benefits	19 484	24 559
Non-current:		
LSL	40 971	44 366
Total non-current employee benefits	40 971	44 366
Total employee benefits	60 455	68 925

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

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased from 2013 (3.5%) to 2014 (3.25%).

This decrease in the bond yield, which is used to discount future LSL cash flows, results in an 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 $1.054 million. However, the LSL liability has decreased overall due to the large number of TVSPs taken during 2013-14. The impact on future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

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

LSL entitlements for hourly paid instructors (HPIs) have been excluded from these statements due to the complexities and impracticability of retrieving accurate information in a timely manner from the TAFE SA Empower payroll system. LSL entitlement data for HPIs is only updated in Empower once actual leave requests have been manually verified against human resource records on a case by case basis.

26. Provisions

	2014	2013
Current:	$'000	$'000
Workers compensation	1 832	1 576
Total current provisions	1 832	1 576
Non-current:		
Workers compensation	6 915	6 130
Total non-current provisions	6 915	6 130
Total provisions	8 747	7 706
Carrying amount at 1 July (1 November)	7 706	8 074
Increase (Reduction) in provisions recognised	1 041	(368)
Carrying amount at 30 June	8 747	7 706

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 Branch of DPC.

27. Unearned revenue

	2014	2013
	$'000	$'000
Unearned revenue from SA Government entities	306	266
Unearned revenue from non-SA Government entities	2 338	5 223
Total unearned revenue	2 644	5 489

Correction of error

The comparatives have been adjusted for a $6000 understatement for unearned revenue between TAFE SA and DFEEST.

28. Other liabilities

Current:		
Other liabilities	6	6
Total current other liabilities	6	6

29. Equity

Retained earnings	3 393	19 038
Revaluation surplus	1 352	-
Contributed capital	20 452	20 452
Total equity	25 197	39 490

30. Unrecognised contractual commitments

Remuneration commitments

Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at 30 June but not recognised as liabilities are payable as follows:		
Within one year	9 084	8 531
Later than one year and not later than five years	2 746	4 556
Total remuneration commitments	11 830	13 087

Amounts disclosed include commitments arising from executive contracts and HPIs. TAFE SA does not offer remuneration contracts greater than five years.

Other commitments

Within one year	12 159	9 572
Later than one year and not later than five years	4 251	11 367
Later than five years	1 160	-
Total other commitments	17 570	20 939

TAFE SA's other commitments relate to agreements for Productivity Places programs contracts, cleaning contracts, and other procurement commitments.

Operating leases commitments

Commitments in relation to operating leases contracted for at 30 June but not recognised as liabilities are payable as follows:		
Within one year	26 418	26 080
Later than one year and not later than five years	72 744	74 543
Total operating lease commitments	99 162	100 623

TAFE SA's operating leases are for office accommodation, campuses, equipment and motor vehicles. Office accommodation is leased from the Department for Planning, Transport and Infrastructure, but paid through an infrastructure recharge with DFEEST under a memorandum of administrative arrangement. The leases are non-cancellable with some leases having the right of renewal. TAFE SA campuses are leased from DFEEST under the memorandum of administrative arrangement. Rent is payable in arrears. Motor vehicles are leased from SAFA through their agent LeasePlan Australia.

31. Contingent assets and liabilities

TAFE SA is not aware of any contingent assets in existence at 30 June 2014.

There are a number of outstanding personal injury and common law claims not settled as at 30 June 2014, with an estimated settlement value of $3350.

32. Transferred functions

Transferred in

2014

In June 2013, the chief executives of DFEEST and TAFE SA authorised the transfer of approximately 100 staff from DFEEST to TAFE SA pursuant to section 9 of the PSA. These transfers were in accordance with a decision taken by the TAFE SA Board to establish autonomous corporate services within TAFE SA. The transfer became effective from 1 July 2013.

On transfer, TAFE SA recognised the following net assets and liabilities:	2014
	$'000
Payables	220
Employee benefits liability	3 488
Total liabilities	3 708
Total net assets transferred	(3 708)

Net assets transferred to the Corporation as a result of the administrative restructure were at the carrying amount recorded in the transferor's Statement of Financial Position immediately prior to transfer. The net assets have been charged directly to equity.

2013*

Total income and expenses attributable to TAFE SA were:

	TAFE SA 01.07.13 to 30.06.14 $'000	DFEEST 01.07.12 to 31.10.12 $'000	TAFE SA 01.11.12 to 30.06.13 $'000	Total $'000
VET funding from DFEEST	192 545	-	165 832	165 832
Commonwealth grants	8 660	3 125	7 598	10 723
Student and other fees and charges	82 799	28 013	48 047	76 060
Other grants and contributions	75 742	1 096	42 672	43 768
Investment income	8	-	4	4
Other income	30 925	32 920	9 059	41 979
Total income	390 679	65 154	273 212	338 366
Employee benefits	274 673	74 830	158 970	233 800
Supplies and services	121 499	22 348	90 949	113 297
Grants and subsidies	84	-	-	-
Depreciation and amortisation	5 027	1 561	3 188	4 749
Net loss from the disposal of non-current assets	207	-	132	132
Other expenses	1 126	128	935	1 063
Total expenses	402 616	98 867	254 174	353 041
Net result	(11 937)	(33 713)	19 038	(14 675)

* This information has been included for comparison only and is not part of the transfer.

33. After balance day events

In September 2014, the Chief Executive of the Department of State Development and the acting Chief Executive of TAFE SA authorised the transfer of approximately 80 staff from the Department of State Development to TAFE SA pursuant to Section 9 of the PSA. These transfers were in accordance with a decision taken by the TAFE SA Board to establish autonomous ICT services within TAFE SA. The financial effect of this change has not been reflected in the 2013-14 financial statements due to the transfer becoming effective from 8 September 2014.

34. Remuneration of board and committee members

Members that were entitled to receive remuneration during the 2013-14 financial year were:

TAFE SA Board

P Vaughan (Chair)	J Branson AM	N Buddle
R Chapman	J Denley	A Hurley
A Marron (resigned July 2013)	M Silva	V Simmons AO (from August 2013)

Audit and Risk Committee

J Branson AM (Chair)	N Buddle	A Hurley
M Silva		

Finance Committee

N Buddle (Chair)	J Branson AM	A Marron (resigned July 2013)
M Silva	V Simmons AO (from August 2013)	

Human Resources Committee

J Denley (Chair)	P Vaughan	R Chapman
A Hurley		

Strategy Committee

P Vaughan (Chair)	R Chapman	J Denley
A Marron (resigned July 2013)	V Simmons AO (from August 2013)	

Adelaide College of the Arts Advisory Committee

R Archer (Chair)	S Bowers	J Covernton
A Ford	F Ford^ (from December 2013)	S Grieve^
A Hann	M Hill-Smith^	A Hurley^ (from December 2013)
J MacDonnell^		

^ Indicates a member who is entitled to receive remuneration but did not receive remuneration during the period 1 July 2013 to 30 June 2014.

The number of members whose remuneration from the entity falls within the following bands is:	2014 Number	2013 Number
$1 - $9 999	5	5
$10 000 - $19 999	1	-
$40 000 - $49 999	1	7
$50 000 - $59 999	6	-
$70 000 - $79 999	-	1
$100 000 - $109 999	1	-
Total	14	13

Remuneration of board members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $500 000 ($300 000).

The amount paid to a superannuation plan for board/committee members was $43 680 ($30 900).

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

35. Reconciliation of cash and cash equivalents

	2014	2013
Cash at 30 June as per:	$'000	$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	59 115	41 087
Balance as per the Statement of Cash Flows	59 115	41 087

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services

	2014	2013
Net cash provided by (used in) operating activities	21 894	(17 963)
Depreciation and amortisation	(5 027)	(3 188)
Gain (Loss) on sale of assets	(207)	(132)
Transfer in for administrative restructure	3 708	-
Movements in assets/liabilities:		
Employee benefits	8 470	(3 512)
Receivables	(37 588)	59 622
Inventories	(190)	27
Payables	(4 801)	(14 189)
Unearned revenue	2 845	(5 489)
Other liabilities	-	3 494
Provisions	(1 041)	368
Net revenue from providing services	(11 937)	19 038

36. Financial instruments

36.1 Categorisation of financial instruments

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

	Note	Carrying amount 2014 $'000	Carrying amount 2013 $'000
Financial assets			
Cash and cash equivalents	18	59 115	41 087
Receivables[1][2]	19	37 366	75 324
Financial liabilities			
Financial liabilities at cost:			
Payables[1]	24	(23 835)	(19 758)
Total net financial assets at cost		72 646	96 653

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

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

All amounts recorded are carried at cost (not materially different from amortised cost).

Credit risk

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

The carrying amount of financial assets as detailed in note 36.1 represents the Corporation's maximum exposure to credit risk.

TAFE SA has minimal concentration of credit risk. TAFE SA has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. TAFE SA 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 TAFE SA does not hold any collateral as security to any of its financial assets. Other than receivables, there is no evidence to indicate that the financial assets are impaired. Refer note 19 for information on the allowance for impairment in relation to receivables.

36.2 Ageing analysis of financial assets

The following table discloses the ageing of financial assets, past due, including 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
2014	$'000	$'000	$'000	$'000
Not impaired:				
Receivables	2 924	2 570	5 428	10 922
2013				
Not impaired:				
Receivables	2 632	1 995	4 754	9 381

36.3 *Maturity analysis of financial assets and liabilities*

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

		Contractual maturities		
2014	Carrying amount	Less than 1 year	1-5 years	More than 5 years
Financial assets:	$’000	$’000	$’000	$’000
Cash and cash equivalents	59 115	59 115	-	-
Receivables	37 366	37 366	-	-
Total financial assets	96 481	96 481	-	-
Financial liabilities:				
Payables	23 835	23 835	-	-
Total financial liabilities	23 835	23 835	-	-
2013				
Financial assets:				
Cash and cash equivalents	41 087	41 087	-	-
Receivables	75 324	75 324	-	-
Total financial assets	116 411	116 411	-	-
Financial liabilities:				
Payables	19 758	19 758	-	-
Total financial liabilities	19 758	19 758	-	-

Liquidity risk

Liquidity risk arises where TAFE SA is unable to meet its financial obligations as they fall due. TAFE SA is funded principally from Skills for All funding provided by DFEEST.

TAFE SA settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

TAFE SA’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 36.1 represents TAFE SA’s maximum exposure to financial liabilities.

37. External funds held by TAFE SA

TAFE SA established the Onshore Petroleum Centre of Excellence (OPCE) with the Minister for Mineral Resources and Energy, Santos Ltd, Beach Energy Limited and Senex Energy Limited on 01 May 2014.

Each of the external parties to this arrangement have provided cash and/or in-kind capital contributions for the establishment of the OPCE. These contributions will assist the OPCE in developing courses and delivering training that will increase the skills of people who are, or wish to be employed in the petroleum industry.

As the administering party, TAFE SA holds the funds in a separate interest bearing account on behalf of the parties and will ensure that no deduction or expenditure is made from that account unless it is in accordance with a decision of the OPCE Board and terms of the deed.

Decisions made by the OPCE Board must be a unanimous decision of all voting members and cannot be inconsistent with the terms and conditions of this deed. Note that the representative member from TAFE SA has an advisory role and is not entitled to vote.

As TAFE SA does not have control of these funds they are excluded from TAFE SA’s financial statements.

The following is a summary of the transactions on these monies for the year:

	May 2014 to 30 June 2014 $’000
Opening balance of funds	-
Member contributions	880
GST paid to the ATO	(80)
Closing balance	800

Department of Treasury and Finance

Functional responsibility

Establishment

The Department of Treasury and Finance (the Department or DTF) is an administrative unit established under the PSA, and is responsible to the Treasurer.

Functions

The Government, through the Treasurer and the Department, undertakes a number of distinct roles including:

- setting economic and fiscal policy at the whole-of-government level
- managing whole-of-government financial management processes
- providing a range of direct whole-of-government services including asset and liability management, collection of taxes, and insurance and superannuation administration.

In turn the Department is a major service provider by:

- collecting tax revenue and implementing taxation legislation through RevenueSA
- raising and managing the State's debt funding and managing and insuring government risk through SAFA
- administering public sector superannuation through the State Superannuation Office
- providing support for the State Procurement Board.

For details of the Department's objectives refer note 1 to the financial statements.

Administered funds

The Department administers but does not control certain funds on behalf of the Treasurer. Further details are provided in the Statement of Administered Comprehensive Income, Statement of Administered Financial Position, Statement of Administered Changes in Equity and Statement of Administered Cash Flows appearing in the Department's financial report.

Audit mandate and coverage

Audit authority

Audit of the financial report

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

Assessment of controls

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

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

Scope of the audit

The audit program covered major financial systems to obtain sufficient evidence to form an opinion on the financial report and internal controls. The audit program also considered the review work undertaken by the internal audit section of the Department.

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

Corporate systems

- expenditure
- payroll
- financial accounting.

RevenueSA

- financial accounting and recording systems for tax collections
- first home and construction grant applications and disbursements
- compliance services for all taxes
- EFT processing.

Financing and insurance services

Commentary on these activities is included in the section titled 'South Australian Government Financing Authority' elsewhere in Part B of this Report.

Superannuation services

Commentary on these activities is included in the section titled 'South Australian Superannuation Board' elsewhere in Part B of this Report.

Public finances

In addition, Audit undertakes ongoing work on various aspects of the public finances. These matters are primarily reported in Part C of this Report, and the Treasurer's Statements are in the Appendix to Part B of this Report.

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 Treasury and Finance as at 30 June 2014, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Department of Treasury and Finance 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 RevenueSA and the reconciliation of general ledger accounts and central general ledger clearing accounts, as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Department of Treasury and Finance have been conducted properly and in accordance with law.

Communication of audit matters

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

RevenueSA

RevenueSA, through the Commissioner of State Taxation, is responsible for the management, collection and enforcement of the State's taxation revenue, including stamp duty, payroll tax, land tax and the fixed property component of the Emergency Services levy. RevenueSA is also responsible for the management of the first home and housing construction grant schemes.

RevenueSA - RISTEC project

The RISTEC project involves the progressive release of the development and implementation of an integrated taxation system to replace certain legacy tax systems. The first release (RISTEC release 1) involved the implementation of the base system and payroll tax component in June 2012.

Last year's Report included specific comment on Audit's review of the production controls for RISTEC release 1. The Report acknowledged some positive controls for RISTEC release 1 but briefly described many issues, including IT security and control deficiencies, that warranted the attention of management. The Report indicated that DTF responded to the issues with detailed remediation actions. The Report also communicated the need for DTF to ensure adequate internal audit review coverage of RISTEC release 1 and subsequent tax activity releases.

Audit follow-up of the actions identified that the originally targeted remediation completion dates had not been met, with most dates being extended to the end of December 2014. DTF advised, however, planned internal audit coverage of system operation for 2014-15.

Further comment regarding the RISTEC project is contained in Part A of this Report.

Accrued revenue for state taxation

State taxation revenue is recognised by DTF on a cash basis (when received) and not on an accrual basis (when taxation revenue is due and receivable). As a result DTF does not recognise, in its annual financial report, the value of outstanding taxation debt, an estimate of debt that it is unlikely to collect (doubtful debts) and the annual value of taxation debt written off.

In June 2012 Audit recommended that DTF review its accounting policy for recognising State taxation revenue and recognise the value of outstanding taxation debt, estimate of doubtful debts and annual debt write-offs in its annual financial report.

DTF has previously responded that while the new RISTEC system has the capability to recognise revenue on an accrual basis, it was not appropriate to consider any possible change to accrual reporting until its full implementation.

Recognising this, Audit will follow up this matter after implementation of RISTEC release 2.

RISTEC - debtor management

In prior years Audit has noted opportunities for RevenueSA to improve the usefulness of debt management reporting.

As mentioned above RISTEC release 1 was implemented in June 2012 for calculating and managing payroll tax. In 2012-13 Audit noted that while RISTEC is able to produce a range of debtor reports, RevenueSA had identified a number of limitations with them.

RevenueSA has recognised the implementation of RISTEC release 2 (land tax and Emergency Services levy) as its next opportunity to improve its internal reporting on outstanding taxation debt, including the production of aged debtors reports.

RevenueSA has delayed implementation of RISTEC release 2 until early 2015-16. As a result the issues reported by Audit in prior years on debtor management remain largely unresolved.

RevenueSA - first home and housing construction grant schemes

Introduction

RevenueSA is responsible for the administration of the first home and housing construction grant schemes. The Compliance Services Branch is responsible for the compliance and investigation arrangements for these grant schemes.

The First Home Owners Grant (FHOG) which was first introduced in the early 2000s involved outlays of $77 million in 2013-14 ($63 million in 2012-13). The Housing Construction Grant (HCG) introduced in 2012 saw outlays of $53 million for 2013-14 ($14 million in 2012-13).

An audit of aspects of the administration and compliance and investigation arrangements for the abovementioned grant schemes was completed in 2013-14.

The audit identified a number of issues regarding the effectiveness of operation of the compliance and investigation program for the schemes.

Compliance and investigation resourcing

Audit noted that both the target grant investigation recoveries budget and the FHOG compliance team FTE budget had been reduced from 2012-13 by almost half despite the increase in the level of grant funding outlays over the last two years. This has resulted in a reduction in the scope for detection and recovery of non-compliant grant outlays compared to previous years.

In addition, the reduction of staff has resulted in a number of review processes not being conducted.

- Financial institutions process applications from grant applicants based on eligibility criteria. Under a deed of arrangement between the Commissioner of Taxation and each financial institution, an important provision in the deed requires grant monies provided by government to the institution for grant applications processed by the institution, to be repaid to government within a prescribed time period should the approved applicant's property settlement not proceed.

  Financial institution audits to ensure compliance with the requirements of the deed of arrangement were not being conducted on a six-monthly basis as recommended in the Compliance Services Branch audit plan. Audit found that the last financial institution audit was performed in March 2012.

- The independent review of the compliance investigation team's decisions to take no further review action on an authorised investigation is required to be conducted on a quarterly basis. Audit found that the last time this review was undertaken was in August 2012.
- The number of investigations undertaken and completed has been materially impacted by the reduction in resourcing.

Effectiveness of the compliance and investigation program

- *FHOG*

The RevenueSA Compliance Services Branch has established specific compliance programs for the FHOG. A compliance toolkit (CTK) has been developed in-house to identify risk triggers associated with applicants who are found not to be eligible for the FHOG grant. The CTK is the key system used by the FHOG compliance investigation team to select and investigate FHOG applications.

A review of the CTK identified certain issues.

- There is no documented policy and procedural framework in place for the CTK to evidence the efficient and effective application of the CTK.
- The process used to produce the CTK needs to be revisited and refined to make the application process more efficient and effective.
- The last time a CTK was produced was in March 2012. At the time of the audit in March 2014 the Compliance Services Branch was still investigating risk triggers identified from the March 2012 CTK, some of which had become too old to investigate.
- A number of applications identified from the March 2012 CTK had not been allocated to an investigator for review.
- There is no reconciliation of total applications identified for investigation against investigations in progress, completed or where no further action is required.

- *HCG*

While the Compliance Services Branch has not established a formal compliance program for HCG payments, it did undertake some specific reviews of these payments. Audit found, however, that the investigation issues arising from these reviews have not been effectively addressed.

- *Eligibility of applications processed by financial institutions*

RevenueSA has not implemented audit procedures designed to verify that grant applications processed by financial institutions meet the eligibility criteria at the time of payment.

Department response

The Department provided the following comments in response to the findings of the audit.

- In providing an overall summary comment the Department communicated that RevenueSA has a number of revenue lines and risks to manage and, as with most government agencies, it has had a reduction in resources. Further, the Department indicated that a vigorous risk assessment process (three yearly with annual updates) results in audits of identified high risks within the revenue system. In addition, RevenueSA will continue to review its business and audit processes to address as many risks as possible within the resources allocation as effectively as possible.

- More specific comments and actions proposed by the Department are described below
  - Audits of financial institutions are considered low risk within this jurisdiction and in other jurisdictions. Notwithstanding this, audits of some financial institutions have been included in the 2014-15 work plan to enable RevenueSA to again risk rate this area of work and will involve verifying applications processed by the financial institutions.
  - Further audits of the HCG are planned for the 2014-15 financial year.
  - Policy and procedure regarding the use of the CTK will be fully documented and mirror policy and procedure for review of risk triggers and management of audits of risks.
  - Investigation case allocation processes will be reviewed and documented and no further review actions for 2013-14 are being undertaken with planned quarterly reviews thereafter.

The Department has also advised that it intends to implement a new solution for data analysis and target selection across revenue lines which is expected to take two years to fully implement.

DTF corporate functions

DTF's corporate functions include:

- general ledger processing and general ledger reconciliations
- human resource management and payroll processing
- accounts payable and EFT disbursement
- accounts receivable.

Many of these functions are performed by SSSA on behalf of the Department in accordance with a service level determination.

The Department exercises controls to ensure that information provided to SSSA for processing is complete, accurate and properly approved. SSSA is responsible for the complete and accurate processing of this information into the Department's financial reporting systems.

SSSA – reconciliation of general ledger accounts

SSSA is responsible for maintaining the completeness and accuracy of the Department's general ledger. To meet this responsibility SSSA regularly reconciles relevant general ledger balances with information recorded in subsidiary records.

During 2013-14 Audit identified the need for SSSA to improve the nature and scope of general ledger reconciliations performed on behalf of the Department. In particular, Audit recommended that SSSA ensures the balances of key accrual accounts are regularly reconciled to a detailed schedule or register of recorded transactions.

SSSA implemented certain corrective actions during September 2014 and has advised Audit that it will implement all remaining actions in October 2014.

Government Accounting, Reporting and Procurement Branch (GARP)

Responsibilities of GARP include administration of the annual appropriation process, recording activities of the Consolidated Account and the balances of the Treasurer's deposit accounts and Treasurer's loans. Audit review of the controls exercised by GARP identified the following matter.

Reconciliation of central general ledger (CGL) clearing accounts

The Treasurer is required to prepare annual financial statements in accordance with section 22 of the PFAA, based on financial records maintained by the Department in the CGL.

These financial statements are referenced as the Treasurer's Statements A through to L and are included in the Appendix to Part B of this Report.

The CGL includes a series of clearing accounts representing amounts which, due to processing error or timing differences between recording activity in the CGL and agency records, the Department has yet to transfer to another, more appropriate, CGL account.

The accumulated balance of these CGL clearing accounts is reported in Treasurer's Statement C as cheques drawn but not presented/deposits not credited, which at 30 June 2014 totalled $7.6 million. While this classification reflects the generally understood and likely nature of the balances held, the Department is unable to validate this balance.

While the Department has taken action to understand the activity recorded in these accounts and reconcile the monthly movements in them, at the time of preparation of this Report further work was required to reconcile the balance of CGL clearing accounts.

The Department has advised Audit that during 2014-15 it will continue to look at the historical balances of the clearing accounts to determine the cause of further variances and determine what, if anything, needs to be done to validate the total clearing account balance.

Members of Parliament global allowance

Members of the House of Assembly (MPs) currently receive a global allowance designed to meet the expenditure incurred by them in the day-to-day operation of their electorate office. The allowance is administered by the Department on behalf of the Minister for Finance (the Minister).

Audit reviewed the Department's controls over the administration of the global allowance. A particular matter raised from the audit related to processing of payment requests from MPs.

The global allowance is provided to MPs on the principle that the global allowance is for the reasonable discharge of an MPs duties and/or role as a Member of Parliament or holder of a Parliamentary office. This principle is detailed in guidance notes, approved by the Governor, which also include a list of expenses specifically excluded from funding against the allowance.

The allowance is paid to MPs using a model that was revised by Cabinet in 2010, which requires MPs to self-assess their use of the allowance against the requirements of the guidance notes. Audit noted that, consistent with the Cabinet model, Department staff do not reject payment requests that it suspects do not comply with the list of items specifically excluded from funding against the allowance.

To improve the Department's control environment, Audit recommended that the Department consider implementing an agreed communication protocol with the Minister, periodically advising the Minister of the details of any payments that the Department may suspect are not in accordance with the guidance notes.

The Department has responded that it will enhance the current annual reporting, to quarterly reporting to the Minister for Finance, of details of payments that have been authorised by the MP but are suspected of not complying with the global allowance guidance notes.

Information and communications technology and control

In 2012-13 Audit performed a high-level review of the Department's key IT financial systems and infrastructure. This review was based on information and documentation provided by the Department in response to a formal request by Audit.

Audit observations arising from that review included:

- ICT Strategic Plan was still being progressed
- ICT business continuity and disaster recovery plans needed review
- The Department's integrated IT security policies required updating.

A follow-up audit of these matters with the Department during 2013-14 indicated the following actions taken or to be completed.

- The Department finalised its ICT Strategic Plan in August 2013.

- The Department has developed an IT disaster recovery planning framework, which encompasses an ICT service continuity plan, ICT disaster recovery plan (DRP) and business continuity plan (BCP). Project work required to complete the service continuity plan, DRP and business continuity plan was delayed following the Department's transfer of corporate services functions to DPC, but is scheduled for completion by the end of March 2015. A fully commissioned test of the DRP will also be performed by this date.

- The Department is currently implementing the Protective Security Management Framework and Information Security Management Framework (ISMF). Existing IT security policies will be updated as part of this body of work. The Department anticipates that it will have developed a common set of ICT policies and completed the Protective Security Management Framework by the end of March 2015.

Shared Services SA – financial systems and transaction processing environments

SSSA processes financial transactions on behalf of the Department under service level determinations. The main systems and control environments include accounts payable, payroll and general ledger financial functions.

Last year's Report made specific comment on the progress being taken by SSSA to remediate key control weaknesses raised in prior years for the systems and control environments, in order to achieve a satisfactory ongoing standard of control operation over financial transaction processing.

As discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report, Audit review and evaluation of controls for the SSSA main accounts payable and payroll systems and environments concluded that controls met a generally satisfactory standard for 2013-14. Notwithstanding this overall conclusion, there were some specific matters that were raised with SSSA for corrective action and review for process and procedural improvement. The matters do not relate to the Department's transaction processing.

Interpretation and analysis of the financial report

Highlights of the Department's financial report - controlled

	2014 $'million	2013 $'million
Expenses		
Employee benefit expenses	67	69
Supplies and services	37	54
Other expenses	6	2
Total expenses	110	125
Income		
Fees and charges	38	40
Other income	5	7
Total income	43	47
Net cost of providing services	67	78
Net revenues from SA Government	58	80
Net result and total comprehensive result	(9)	2
Assets		
Current assets	18	27
Non-current assets	22	25
Total assets	40	52
Liabilities		
Current liabilities	14	16
Non-current liabilities	13	17
Total liabilities	27	33
Total equity	13	19

Statement of Comprehensive Income

Effective from 10 February 2014, the Department's corporate services function was transferred to DPC. On 1 April 2014 Ministerial fleet services were also transferred to DPC. The resultant transfer of net liabilities (predominately employee leave liabilities), was recognised in the Statement of Changes in Equity as an administrative restructure.

These transfers are the main reason for the $2 million decrease in employee expenses in 2014.

In October 2012 the Government completed the forward sale of the State's Green Triangle forest plantations. The $17 million decrease in supplies and services expenses reflects the once-off nature of consultancy expenses paid in 2012-13 associated with the sale process.

Other expenses have increased by $4 million due mainly to the write-off of costs previously capitalised as an asset (intangibles - work in progress), associated with the RISTEC project.

The RISTEC project involves the development of an integrated taxation system to replace existing legacy taxation systems. During 2013-14 the Department concluded that RISTEC release 3 (Stamp Duty and First Home Owner Grants) was unlikely to proceed as planned. All costs previously capitalised as part of RISTEC release 3 were expensed (refer note 8 to the financial statements).

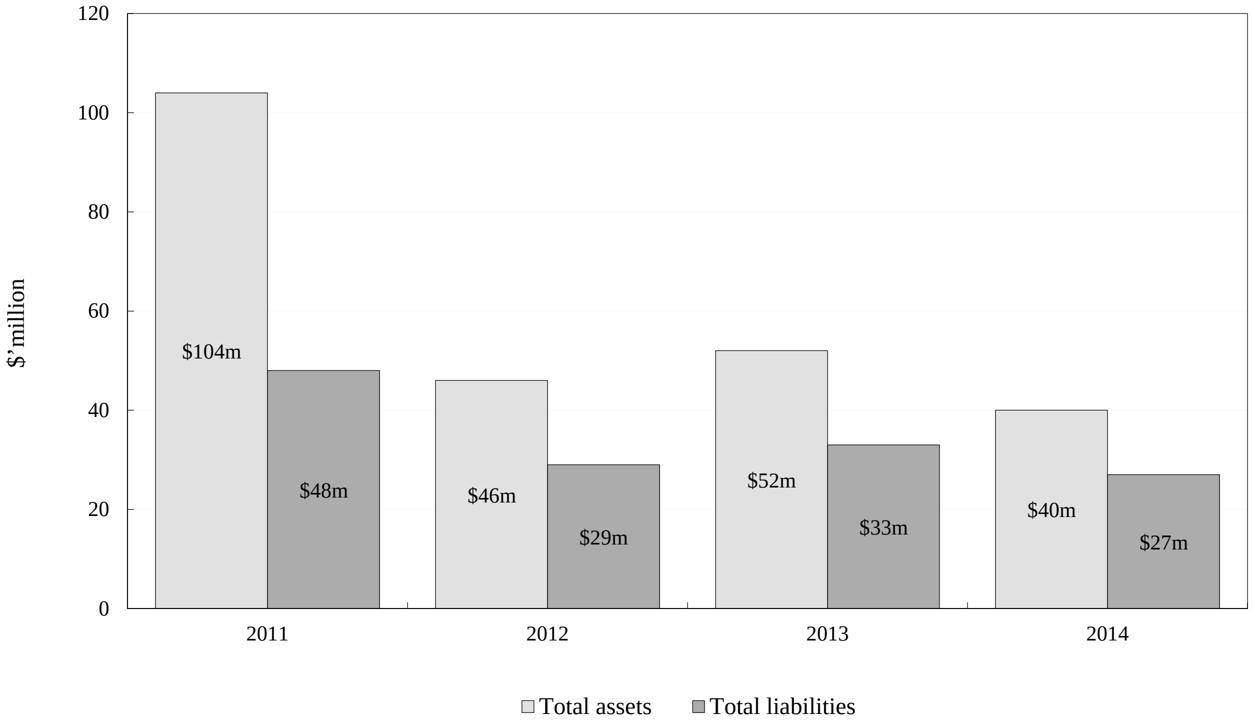
Statement of Financial Position

Assets and liabilities

Total assets decreased by $12 million to $40 million due mainly to an $8 million decrease in cash and a $3 million decrease in intangible assets. The decrease in intangible assets reflects the Department's write-off of work in progress associated with the RISTEC project.

Total liabilities have decreased by $6 million, reflecting the transfer of corporate services staff to DPC.

The following chart shows the decrease in the Department's assets and liabilities since 2011.



The significant decrease in assets and liabilities from 2011 to 2012 reflected the transfer of SSSA to DPC during 2011-12.

Statement of Cash Flows

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

	2014 $'million	2013 $'million	2012 $'million	2011 $'million
Net cash flows				
Operating	(5)	5	(4)	(4)
Investing	(3)	(3)	(5)	(11)
Financing	-	-	(22)	-
Change in cash	(8)	2	(31)	(15)
Cash and cash equivalents at 30 June	14	22	20	51

The $31 million reduction in cash on hand at 30 June 2012 results from the transfer of cash to DPC as part of an administrative restructure.

Highlights of the Department's financial report - administered

The administered financial statements mainly reflect the Department's transactions on behalf of the SA Government for the Consolidated Account. The Consolidated Account result for 2013-14 is reported in the Treasurer's Statements (refer to appendix B of this Report).

	2014 $'million	2013 $'million
Income		
Taxation	3 759	3 651
Commonwealth revenues	6 474	6 408
Revenues from SA Government	1 853	1 945
Other revenues	1 164	1 871
Total income	13 250	13 875
Expenses		
Payments to SA Government	10 193	10 866
Grants, subsidies and transfers	2 246	2 301
Other expenses	1 018	1 397
Total expenses	13 457	14 564
Net result	(207)	(689)
Assets		
Current assets	1 635	1 610
Non-current assets	2	6
Total assets	1 637	1 616
Liabilities		
Current liabilities	1 329	1 096
Non-current liabilities	70	75
Total liabilities	1 399	1 171
Total equity	238	445

Further commentary on operations

Commonwealth funding arrangements

The Intergovernmental Agreement on Federal Financial Relations (IGA) provides the framework for the Commonwealth's financial relations with the states and territories.

The IGA provides for the following types of Commonwealth payments:

- general revenue assistance, including the ongoing provision of GST payments, to be used by the states and territories for any purpose
- national specific purpose payments (SPP) to be spent in the key service delivery sectors as agreed to between the Commonwealth and the states. Each national SPP is linked to a national agreement that contains objectives, outcomes, outputs and performance indicators, and clarifies the roles and responsibilities of each jurisdiction
- national partnership payments to support the delivery of specified outputs or projects, to facilitate reforms or to reward those jurisdictions that deliver on nationally significant reforms.

Under the IGA all Commonwealth funding, with the exception of funding under the National Health Reform Agreement, is provided to the Department, which is then responsible for distributing funds to agencies. The Treasurer has established a special deposit account to receive and disburse money paid to the State for the national SPP purposes listed in Schedule F of the IGA and the national partnership payments purposes listed in Schedule G.

The balance of the IGA account at 30 June 2014 was $74 million ($177 million). This balance represents funds that the Department is yet to transfer to other agencies.

Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Expenses:			
Employee benefit expenses	5	67 043	69 449
Supplies and services	6	36 966	53 577
Depreciation and amortisation expense	7	1 237	1 608
Other expenses	8	4 515	45
Resources provided free of charge	9	411	-
Total expenses		110 172	124 679
Income:			
Revenues from fees and charges	11	38 497	40 240
Interest revenues	12	13	27
Other income	13	4 888	6 273
Total income		43 398	46 540
Net cost of providing services		(66 774)	(78 139)
Revenues from (Payments to) SA Government:			
Revenues from SA Government	14	64 017	84 563
Payments to SA Government	14	(6 108)	(4 661)
Total revenues from (payments to)SA Government		57 909	79 902
Net result		(8 865)	1 763
Total comprehensive result		(8 865)	1 763

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

Statement of Financial Position
as at 30 June 2014

	Note	2014 $'000	2013 $'000
Current assets:			
Cash and cash equivalents	15	13 723	21 600
Receivables	16	3 990	5 100
Total current assets		17 713	26 700
Non-current assets:			
Receivables	16	57	67
Property, plant and equipment	17	1 475	1 033
Intangible assets	18	20 955	24 040
Total non-current assets		22 487	25 140
Total assets		40 200	51 840
Current liabilities:			
Payables	20	7 551	9 009
Employee benefits	21	5 927	6 939
Provisions	22	200	292
Other current liabilities	23	140	-
Total current liabilities		13 818	16 240
Non-current liabilities:			
Payables	20	1 053	1 311
Employee benefits	21	10 961	14 198
Provisions	22	712	911
Total non-current liabilities		12 726	16 420
Total liabilities		26 544	32 660
Net assets		13 656	19 180
Equity:			
Contributed capital	24	547	547
Retained earnings	24	13 109	18 633
Total equity		13 656	19 180

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	25
Contingent assets and liabilities	26

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

	Note	Contributed capital $'000	Retained earnings $'000	Total equity $'000
Balance at 30 June 2012		547	16 870	17 417
Net result for 2012-13		-	6 424	6 424
Total comprehensive result for 2012-13		-	6 424	6 424
Balance at 30 June 2013		547	23 294	23 841
Error correction	20	-	(4 661)	(4 661)
Restated balance at 30 June 2013	24	547	18 633	19 180
Net result for 2013-14		-	(8 865)	(8 865)
Total comprehensive result for 2013-14		-	(8 865)	(8 865)
Transactions with SA Government as owner				
Net assets transferred as a result of an administrative restructure	30	-	3 341	3 341
Balance at 30 June 2014	24	547	13 109	13 656

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

Statement of Cash Flows
for the year ended 30 June 2014

	Note	2014 Inflows (Outflows) $'000	2013 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefit payments		(68 889)	(69 993)
Payments for supplies and services		(33 238)	(53 820)
GST payments on purchases		(4 455)	(5 826)
GST remitted to the ATO		(2 516)	(40 476)
Payments for Paid Parental Leave Scheme		(147)	(152)
Other payments		-	(112)
Resources provided free of charge		(411)	-
Cash used in operations		(109 656)	(170 379)
Cash inflows:			
Fees and charges		39 751	38 676
Interest received		13	27
GST receipts on receivables		2 429	40 668
GST recovered from the ATO		4 407	5 837
Other receipts		4 888	5 731
Receipts for Paid Parental Leave Scheme		152	164
Cash generated from operations		51 640	91 103
Cash flows from SA Government:			
Receipts from SA Government		64 017	84 563
Payments to SA Government		(10 769)	-
Cash generated from SA Government		53 248	84 563
Net cash provided by (used in) operating activities	28(b)	(4 768)	5 287
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(849)	(174)
Purchase of intangible assets		(2 260)	(3 264)
Cash used in investing activities		(3 109)	(3 438)
Net cash provided by (used in) investing activities		(3 109)	(3 438)
Cash flows from financing activities:			
Cash outflows:			
Cash transferred as a result of restructuring activities	30	-	-
Cash used in financing activities		-	-
Net cash provided by (used in) financing activities		-	-
Net increase (decrease) in cash and cash equivalents		(7 877)	1 849
Cash and cash equivalents at 1 July		21 600	19 751
Cash and cash equivalents at 30 June	28(a)	13 723	21 600

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

(Activities - refer note 4)	1		2		3		4	
	2014	2013	2014	2013	2014	2013	2014	2013
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	13 237	13 370	5 316	4 125	3 885	5 294	145	136
Supplies and services	5 073	4 735	2 113	2 325	1 640	2 552	37	97
Depreciation and amortisation expense	103	112	10	18	8	21	-	1
Other expenses	-	11	-	-	-	3	-	-
Resources provided free of charge	-	-	-	-	-	-	-	-
Total expenses	18 413	18 228	7 439	6 468	5 533	7 870	182	234
Income:								
Revenues from fees and charges	347	483	6 984	6 241	351	843	190	159
Interest revenues	4	7	-	-	-	2	-	-
Other income	2 180	1 891	-	-	15	298	-	18
Total income	2 531	2 381	6 984	6 241	366	1 143	190	177
Net cost of providing services	(15 882)	(15 847)	(455)	(227)	(5 167)	(6 727)	8	(57)
Revenues from (Payments to) SA Government:								
Revenues from SA Government	-	-	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-	-	-
Net result	(15 882)	(15 847)	(455)	(227)	(5 167)	(6 727)	8	(57)

(Activities - refer note 4)	5		6		7		8	
	2014	2013	2014	2013	2014	2013	2014	2013
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	354	363	1 166	754	748	522	42 192	44 885
Supplies and services	53	37	1 038	244	845	422	26 167	43 165
Depreciation and amortisation expense	2	2	2	2	10	5	1 102	1 447
Other expenses	-	-	-	-	-	1	4 515	30
Resources provided free of charge	-	-	411	-	-	-	-	-
Total expenses	409	402	2 617	1 000	1 603	950	73 976	89 527
Income:								
Revenues from fees and charges	4	6	6	6	45	19	30 570	32 483
Interest revenues	-	-	-	-	1	-	8	18
Other income	1	23	2 450	572	29	92	213	3 379
Total income	5	29	2 456	578	75	111	30 791	35 880
Net cost of providing services	(404)	(373)	(161)	(422)	(1 528)	(839)	(43 185)	(53 647)
Revenues from (Payments to) SA Government:								
Revenues from SA Government	-	-	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-	-	-
Net result	(404)	(373)	(161)	(422)	(1 528)	(839)	(43 185)	(53 647)

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2014(continued)

(Activities - refer note 4)	General/ Not attributable 2014	General/ Not attributable 2013	Total 2014	Total 2013
Expenses:	$'000	$'000	$'000	$'000
Employee benefit expenses	-	-	67 043	69 449
Supplies and services	-	-	36 966	53 577
Depreciation and amortisation expense	-	-	1 237	1 608
Other expenses	-	-	4 515	45
Resources provided free of charge			411	-
Total expenses	-	-	110 172	124 679
Income:				
Revenues from fees and charges	-	-	38 497	40 240
Interest revenues	-	-	13	27
Other income	-	-	4 888	6 273
Total income	-	-	43 398	46 540
Net cost of providing services	-	-	(66 774)	(78 139)
Revenues from (Payments to) SA Government:				
Revenues from SA Government	64 017	84 563	64 017	84 563
Payments to SA Government	(6 108)	(4 661)	(6 108)	(4 661)
Net result	57 909	79 902	(8 865)	1 763

The allocation to activities is indicative and based on broad costing methodologies.

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2014

(Activities - refer note 4)	1		2		3		4	
	2014	2013	2014	2013	2014	2013	2014	2013
Assets:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	-	-	-	-	-	-	-	-
Receivables	1 024	15	1	-	1	333	7	147
Property, plant and equipment	19	47	10	20	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total assets	1 043	62	11	20	1	333	7	147
Liabilities:								
Payables	443	874	210	278	339	214	4	15
Employee benefits	3 334	4 069	1 339	1 256	979	1 611	37	41
Provisions	125	106	52	52	40	57	1	2
Other liabilities	-	-	-	-	-	-	-	-
Total liabilities	3 902	5 049	1 601	1 586	1 358	1 882	42	58
Net assets	(2 859)	(4 987)	(1 590)	(1 566)	(1 357)	(1 549)	(35)	89

(Activities - refer note 4)	5		6		7		8	
	2014	2013	2014	2013	2014	2013	2014	2013
Assets:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	-	-	-	-	-	-	-	-
Receivables	-	-	-	5	512	74	1 356	3 160
Property, plant and equipment	-	-	39	-	-	-	374	558
Intangible assets	-	-	-	-	-	-	20 850	23 873
Total assets	-	-	39	5	512	74	22 580	27 591
Liabilities:								
Payables	10	13	36	30	195	52	1 800	2 240
Employee benefits	89	110	188	159	294	229	10 628	13 662
Provisions	1	1	21	5	26	9	646	971
Other liabilities	-	-	-	-	-	-	-	-
Total liabilities	100	124	245	194	515	290	13 074	16 873
Net assets	(100)	(124)	(206)	(189)	(3)	(216)	9 506	10 718

(Activities - refer note 4)	General/ Not attributable		Total	
	2014	2013	2014	2013
Assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents	13 723	21 600	13 723	21 600
Receivables	1 146	1 433	4 047	5 167
Property, plant and equipment	1 033	408	1 475	1 033
Intangible assets	105	167	20 955	24 040
Total assets	16 007	23 608	40 200	51 840
Liabilities:				
Payables	5 567	6 604	8 604	10 320
Employee benefits	-	-	16 888	21 137
Provisions	-	-	912	1 203
Other liabilities	140	-	140	-
Total liabilities	5 707	6 604	26 544	32 660
Net assets	10 300	17 004	13 656	19 180

Notes to and forming part of the financial statements

1. Objectives of the Department of Treasury and Finance (the Department or DTF)

The Department administers a range of programs and services in support of the government's seven strategic priorities and South Australia's Strategic Plan. Sound budgeting and strong State finances underpin all of the Government's goals for the long-term future of the State. Within this context, the Department's objectives are to ensure strong State finances and provide:

- effective budget and financial management processes
- efficient and responsive services
- effective economic, social and regulatory policy.

To achieve these objectives, the Department undertakes a number of activities for the Government. The activity information is summarised in note 4.

2. Summary of significant accounting policies

2.1 Statement of compliance

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

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

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 period ending 30 June 2014 (refer note 3).

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Department's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes

- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported

- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in this financial report:

  (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature

  (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)

  (c) employee TVSP information

  (d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

  (e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

2.2 Basis of preparation (continued)

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

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

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

2.4 Transferred functions

Pursuant to section 9(3) of the PSA, the corporate services function and Ministerial fleet services were transferred from DTF to DPC on 10 February 2014 and 1 April 2014 respectively (refer note 30).

In 2013-14, as a result of committal of Acts proclamation outlined in The South Australian Government Gazette on 1 August 2013, the Department took on responsibility for the Local Government Taxation Equivalents Fund as per the *Local Government Finance Authority Act 1983*. Assets and liabilities relating to these business units were transferred to the Department effective as per the gazette date (refer note 64).

2.5 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 report for the preceding period.

2.6 Rounding

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

2.7 Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, FBT and GST.

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

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

The Department prepares the Business Activity Statement on behalf of the administered items and bureau agencies under the grouping provisions of the GST legislation. Under these provisions, the Department is liable for the payments and entitled to the receipt of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

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

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

2.8 *Events after the end of the reporting period*

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

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

2.9 *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
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 clients or by reference to the stage of completion.

Contributions received
Contributions are recognised as an asset and income when the Department obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (ie the amount can be reliably measured and the flow of resources is probable).

Generally, the Department has obtained control or the right to receive for:

- contributions with unconditional stipulations – this will be when the agreement becomes enforceable ie the earlier of when the Department has formally been advised that the contribution (eg grant application) has been approved; agreement/contract is executed; and/or the contribution is received

- contributions with conditional stipulations – this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

All contributions received by the Department have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

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 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.

Net gain on 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 is determined by comparing proceeds with carrying amount. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

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

Taxation
Taxation revenue includes payroll tax, property taxes (land tax, stamp duty and Emergency Services levy), income tax equivalents and contributions from the Lotteries Commission of South Australia. All taxes are collected on behalf of the State Government and recognised on receipt. All taxation revenues are reported net of any taxation refunds.

Taxation (continued)
Payroll tax is payable pursuant to the *Payroll Tax Act 2009*. A payroll tax liability arises in South Australia when an employer (or a group of employers) has a wages bill in excess of $600 000 for services rendered by employees anywhere in Australia if any of those services are rendered or performed in South Australia.

Stamp duty is a charge on certain documents and transactions. Stamp duty is charged at either a flat rate or an ad valorem rate (based on the value of the transaction) depending on the particular document or transaction. Stamp duties apply to a range of transactions including conveyances, mortgages, insurance and rental transactions. Stamp duties are levied under the authority of the *Stamp Duties Act 1923*, which is supported by the Stamp Duties Regulations 2002.

Land tax is charged on land ownership and calculated according to the site value of the land. The land owner is exempt from land tax where the land constitutes the owner's principal place of residence. Other exemptions also apply.

As a result of changes to the *Casino Act 1997* and Casino Agreements, the Commissioner of State Taxation commenced administration and collection of the casino duty from 1 January 2014. This includes all duty from gaming tables and gaming machines within the Casino.

The Department also collects the fixed property component of Emergency Services levy payable under the *Emergency Services Funding Act 1998*.

Income tax equivalents are collected from applicable public authorities or business units in accordance with TI 22. Tax equivalent payments are calculated and paid on the basis of the accounting profits method at the companies' income tax rate under the ITAA.

Contributions from the Lotteries Commission of South Australia include distributions to the Hospitals Fund received in accordance with the *State Lotteries Act 1966*.

Commonwealth revenues
Commonwealth revenues disclosed in note 34 includes GST grants, specific purpose payments and national partnership payments received from the Commonwealth pursuant to the Intergovernmental Agreement on Federal Financial Relations. All Commonwealth revenue is recognised when received.

Dividends
Dividends represent distributions from applicable for-profit government agencies and include returns of accumulated capital. Dividend amounts are approved by the Treasurer prior to reporting date and recognised on receipt. Dividends are passed on to the Consolidated account.

Interest revenues
Interest revenues principally relate to the income received/receivable on the Treasurer's deposit with SAFA. This interest is received/receivable on a quarterly basis at prevailing market rates.

Other revenues
Other revenue recognised in note 40 mainly represents the receipt of cash from agencies which is passed on to the Consolidated Account in accordance with the government's relevant policy directive. Revenue received in this manner and subsequently transferred to the Consolidated Account includes repayment of capital and advances, return of cash pursuant to the Government's cash alignment policy and return of deposit account balances.

2.10 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 including wages, salaries and leave entitlements. These are recognised when incurred.

Employee benefit expenses (continued)
Employee benefit expenses include expenses associated with the employment of staff assigned to support the activities of SAFA and the South Australian Superannuation Board (Super SA). The Department fully recovers these expenses through service level agreements with SAFA and Super SA.

Superannuation
The amount charged to the Statement of Comprehensive Income represents the contributions made by the Department to the superannuation scheme in respect of current services of current departmental staff. The superannuation liability of the SA Government is recognised in the whole-of-government general purpose financial statements.

Superannuation contributions to various schemes (administered)
This item represents past service superannuation cash payments to the South Australian Superannuation Fund and the Police Superannuation Scheme. This annual contribution is designed to support the Government's target of fully funding its unfunded superannuation liabilities by 2034 and is recognised when paid.

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 depreciation/amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

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

The value of fitouts for leased buildings is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Land and water licences 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/Amortisation method*	*Useful life (years)*
Buildings	Straight-line	0-39
Land improvements	Straight-line	3-100
Fitouts - leased buildings	Straight-line	Life of lease
Furniture	Straight-line	5-10
Information technology equipment	Straight-line	3-5
Intangibles	Straight-line	3-15
Office equipment	Straight-line	3-5
Plant and equipment	Straight-line	5-10

Grants, subsidies and transfers
Grants, subsidies and transfers mainly represent the transfer of Commonwealth funding received pursuant to the Intergovernmental Agreement on Federal Financial Relations to relevant government agencies. It also includes the payment of grants and other contributions approved by the Treasurer using appropriation funding provided to the Treasury and Finance Administered Items special deposit account. Grants, subsidies and transfers are recognised when paid.

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

Borrowing costs
Borrowing costs include annual interest charges on the Treasurer's borrowings from SAFA and interest paid by the Treasurer on agency deposit and special deposit accounts.

Interest is paid from the Treasury and Finance Administered Items special deposit account using funds appropriated for that purpose. While the Department administers these payments on behalf of the Treasurer, the underlying loan arrangements are administered by SAFA and are therefore not included in the Statement of Administered Financial Position.

Borrowing costs (continued)
Further information on borrowings undertaken by the Treasurer for the SA Government and other government financial assets and liabilities can be found in the SAFA annual report and the consolidated financial report for the Government of South Australia prepared under AASB 1049.

Payments to SA Government
Payments to the SA Government reflect the return of surplus cash pursuant to the cash alignment policy.

2.11 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 within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

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

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables
Receivables include amounts receivable from goods and services provided, GST input tax credits recoverable, prepayments and other accruals. GST receivables include amounts for controlled, administered and bureau activities.

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

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

Other financial assets
The Department measures financial assets and debt at historical cost, except for interest free loans (measured at the present value of expected repayments).

Non-current assets held for sale
Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is probable and the asset`s sale is expected to be completed one year from the date of classification. Non-current assets classified as held for sale are not depreciated or amortised.

Non-current assets
Acquisition and recognition
Non-current assets are initially recorded at cost or at the value of any assets assumed, plus any incidental costs involved with the acquisition. Non-current assets are subsequently measured at fair value, measured after allowing for 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 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.

Revaluation of non-current assets
All non-current tangible assets are valued at fair value, and revaluation of non-current assets is only performed when its fair value at the time of acquisition is greater than $1 million and estimated useful life is greater than three years.

Every three years the Department revalues its land and buildings over $1 million. 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 reviewed for indication of impairment through stocktaking processes or at the 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. The Department only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of software or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to $10 000.

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

Subsequent expenditure on intangible assets that includes upgrades or enhancements to existing software systems that result in additional functionality or performance is capitalised. Other expenditure for modifications that merely maintain the existing level of performance or system functionality is expensed.

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

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

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Fair value measurement (continued)

Level 2: not traded in active markets and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs.

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

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

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

Refer note 19 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

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

Payables
Payables include creditors, accrued expenses, GST payable, employment on-costs and Paid Parental Leave Scheme payable. GST payables include amounts for controlled, administered and bureau activities.

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

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

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

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

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

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

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

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 borrowing costs and the 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. Lease liabilities are classified as both current and non-current.

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.

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

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

Salaries, wages, annual leave, SERL 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 and the SERL 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 for sick leave.

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

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

This calculation is consistent with the Department's experience of employee retention and leave take.

The current/non-current classification of the Department's LSL liabilities has been calculated based on historical usage patterns.

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.

Workers compensation
The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2014 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Department is responsible for the payment for workers compensation claims.

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

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

3. New and revised accounting standards and policies
The Department did not voluntarily change any of its accounting policies during 2013-14.

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

- reviewed its fair value valuation techniques (both internal estimates and independent valuation appraisal) for non-financial assets to ensure they are consistent with the standard. Previously, the Department has used the cost approach or the market approach to determine fair value. The Department will continue to measure its non-financial assets using either the cost or market approach. The application of AASB 13 has not had a material impact on the fair value measurements
- included additional disclosures where required to assist users in assessing the valuation techniques and inputs used to ascertain fair value measurements used for assets and liability measurements.

Fair value hierarchy and other information is provided in note 19.

AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the period ending 30 June 2014. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

4. Activities of the Department
In achieving its objectives, the Department undertakes the following activities:

Activity 1: Accountability for Public Sector Resources
The Department ensures accountability for public sector resources through providing policy, economic and financial advice to the Government and coordinating resource allocations for government programs and priorities at the whole-of-government level.

Activity 2: Treasury Services
The Department manages the Government's financial assets and liabilities and provision of certainty of funding to the State.

Activity 3: Support Services
The Department provides vehicles for Ministers, the Leader of the Opposition, Members of Parliament and VIPs and supports the Treasurer's Office and Veterans SA.

Activity 4: Workers Compensation Improvement
The Department is developing operational and legislative changes to improve the effectiveness and efficiency of workers compensation in South Australia.

Activity 5: Gambling Policy
The Department provides policy advice to the Government on economic, social and regulatory issues associated with gambling.

Activity 6: ***Motor Injury Insurance (CTP) Reform***
The Compulsory Third Party (CTP) Reform Governance Group oversees the implementation of reforms to the South Australian CTP Insurance Scheme.

Activity 7: ***Veterans Affairs***
The Department supports our ex-servicemen and women and those who support them by providing a central contact point for information about the State Government's services to veterans across departments, including health, transport, disability and mental health.

Activity 8: ***Financial Services Provision***
The Department provides a range of whole-of-government services including liability management, collection of taxes, insurance, superannuation and fleet administration.

General/Not attributable:
Certain items of the Department are not allocated to activities.

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

5. Employee benefit expenses

	2014	2013
	$'000	$'000
Salaries and wages	45 792	49 926
TVSPs (refer below)	3 227	1 193
LSL	1 692	694
Annual leave	4 342	4 647
SERL	171	318
Employment on-costs - superannuation	6 930	7 225
Employment on-costs - other	2 868	3 090
Board fees	327	349
Other employee related expenses	1 694	2 007
Total employee benefit expenses	67 043	69 449

TVSPs

	2014	2013
Amount paid to these employees:		
TVSPs	3 227	1 193
Leave paid to those employees	1 118	479
	4 345	1 672
Recovery from DTF - administered items*	1 775	766
Net cost to the Department	2 570	906

* The recovery amount includes payroll tax, SSSA administration fees, and payments for employee assistance.

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. The Department expects to recover a further $1.272 million in 2014-15.

The number of employees who received a TVSP during the reporting period was 27 (13).

Remuneration of employees

	2014	2013
The number of employees whose total remuneration received/receivable falls within the following bands:	Number	Number
$138 000 - $141 499*	n/a	2
$141 500 - $151 499	3	6
$151 500 - $161 499	4	7
$161 500 - $171 499	9	5
$171 500 - $181 499	3	8
$181 500 - $191 499	10	3
$191 500 - $201 499	1	4
$201 500 - $211 499	3	4
$211 500 - $221 499	3	1
$221 500 - $231 499	1	-
$231 500 - $241 499	1	1
$241 500 - $251 499	-	1

Remuneration of employees (continued)	2014 Number	2013 Number
$251 500 - $261 499	1	-
$261 500 - $271 499	1	1
$271 500 - $281 499	3	3
$281 500 - $291 499	1	-
$291 500 - $301 499	2	1
$311 500 - $321 499	-	2
$321 500 - $331 499	3	-
$331 500 - $341 499	1	-
$371 500 - $381 499	1	-
$391 500 - $401 499	-	1
$411 500 - $421 499	1	-
$451 500 - $461 499	-	1
$471 500 - $481 499	1	-
Total	53	51

* This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2012-13.

The Chief Executive of the Lifetime Support Authority was appointed by the Authority effective 1 February 2014. Executive remuneration was paid from and is disclosed in DTF's financial statements.

The bands above include LSL and annual leave payments relating to employees who received a termination payment during the financial year.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year, of which 44 (44) are executive and 9 (7) are non-executive staff. Remuneration of employees reflects all costs of employment including salaries and wages, payment in lieu of leave, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $11.678 million ($10.234 million).

6. Supplies and services

	2014 $'000	2013 $'000
Accommodation and telecommunications	6 075	6 815
Information technology expenses	6 900	6 813
Motor vehicle expenses	-	6
Minor works, maintenance and equipment	464	548
Legal costs	1 336	3 417
Consultants*	1 577	15 610
Contractors and temporary staff	2 613	4 121
Valuation fees	4 731	4 958
General administration and consumables	6 110	6 489
Corporate recharge expense	2 795	-
Other	4 365	4 800
Total supplies and services	36 966	53 577
Supplies and services provided by entities within the SA Government:		
Accommodation and telecommunications	5 989	6 682
Information technology expenses	442	482
Minor works, maintenance and equipment	279	373
Legal costs	1 253	1 146
Contractors and temporary staff	-	21
Valuation fees	4 731	4 958
General administration and consumables	3 197	3 579
Corporate recharge expense	2 795	-
Other	1 757	2 742
Total supplies and services provided by entities within the SA Government	20 443	19 983

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

6. Supplies and services (continued)

* The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:

	2014		2013	
	Number	$'000	Number	$'000
Below $10 000	33	130	38	117
Between $10 000 and $50 000	17	432	17	380
Above $50 000	10	1 015	16	15 113
Total paid/payable to the consultants engaged	60	1 577	71	15 610

The total cost of consultants decreased in 2013-14 due to the finalisation of several major asset divestments in 2012-13. These asset divestments required the expertise of specialist consultants to support the divestment process.

7. Depreciation and amortisation expense

	2014	2013
Depreciation:	$'000	$'000
Furniture	23	32
Information technology equipment	165	283
Office equipment	30	56
Total depreciation	218	371
Amortisation:		
Intangible assets	830	1 045
Building fitouts	189	192
Total amortisation	1 019	1 237
Total depreciation and amortisation expense	1 237	1 608

Additional disclosure is made in the asset movement notes 17 and 18.

8. Other expenses

Derecognition of assets	4 515	-
Bad and doubtful debts expenses	-	45
Total other expenses	4 515	45

9. Resources provided free of charge

Resources provided free of charge	411	-
Total resources provided	411	-

Resources provided free of charge relates to employee benefit expenses on behalf of the Lifetime Support Authority. DTF was reimbursed by the Motor Accident Commission (MAC) for these costs. The reimbursement from MAC is recognised in the balance of other income (refer note 13).

10. Auditor's remuneration

	2014	2013
	$'000	$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	602	484
Total auditor's remuneration	602	484

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

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of supplies and services - other (refer note 6).

11. Revenues from fees and charges

	2014	2013
	$'000	$'000
Fees for the provision of corporate services	306	1 021
SAFA	13 650	14 967
South Australian Superannuation Board	15 563	14 960
Community Emergency Services Fund	5 636	5 889
Land tax certificates	256	250
Regulatory fees	77	164
Service provision	1 682	1 903
Fleet management	331	446
Other recoveries	996	640
Total fees and charges	38 497	40 240

11. Revenues from fees and charges (continued)

	2014	2013
Fees and charges received/receivable from entities within the SA Government:	$'000	$'000
Fees for the provision of corporate services	306	1 021
SAFA	13 650	14 967
South Australian Superannuation Board	15 563	14 960
Community Emergency Services Fund	5 636	5 889
Service provision	1 682	2 445
Other recoveries	542	166
Total fees and charges from entities within the SA Government	37 379	39 448

12. Interest revenues

Interest from entities within the SA Government	13	27
Total interest revenues	13	27

13. Other income

Commissions	145	163
Banking recoveries	1 888	416
Return of RESI Corporation residual cash	-	4 690
Other income	406	455
Reimbursement from MAC	2 449	542
Recovery of prior year doubtful debts	-	7
Total other income	4 888	6 273

Other income received/receivable from entities within the SA Government:		
Return of RESI Corporation residual cash	-	4 690
Other income	385	389
Reimbursement from MAC	2 449	542
Recovery of prior year doubtful debts	-	6
Total other income from entities within the SA Government	2 834	5 627

14. Revenues from (Payments to) SA Government

Appropriations from the Consolidated Account pursuant to the *Appropriation Act*	61 265	63 672
Transfer from the Treasurer's contingency fund	2 752	20 891
Total revenues from SA Government	64 017	84 563

Payments to SA Government:		
Return of surplus cash, pursuant to cash alignment policy	6 108	4 661
Total payments to SA Government	6 108	4 661

Contingencies included $2.231 million ($944 000) for TVSP reimbursements, $175 000 ($1.31 million) for the enterprise bargaining supplementation and $108 000 ($0) for the superannuation guarantee supplementation.

15. Cash and cash equivalents

	2014	2013
	$'000	$'000
Deposits with the Treasurer	13 719	21 596
Cash on hand	4	4
Total cash and cash equivalents	13 723	21 600

Deposits with the Treasurer

Includes funds held in the Accrual Appropriation Excess Funds Account. The balance of this fund is $2.529 million and is not available for general use.

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.

16. Receivables

	2014	2013
Current:	$'000	$'000
Receivables	1 947	3 167
Allowance for doubtful debts	(1)	(1)
Accrued revenues	621	660
Prepayments	1 168	1 154
Net GST receivables from the ATO	255	120
Total current receivables	3 990	5 100

16. Receivables (continued)

	2014	2013
Non-current:	$'000	$'000
Receivables	24	39
Prepayments	33	28
Total non-current receivables	57	67
Total receivables	4 047	5 167
Receivables from SA Government entities:		
Receivables	333	1 194
Accrued revenues	615	172
Total receivables from SA Government entities	948	1 366

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

The following table shows the movements in the allowance for doubtful debts (impairment loss):

	2014	2013
	$'000	$'000
Carrying amount at 1 July	1	68
Bad debts written off	-	(67)
Carrying amount at 30 June	1	1

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables and accrued revenues are non-interest bearing.

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

Maturity analysis of receivables - refer note 29.3.

Categorisation of financial instruments and risk exposure information - refer note 29.

17. Property, plant and equipment

	2014	2013
Building fitouts:	$'000	$'000
At cost	2 048	2 049
Accumulated amortisation	(1 636)	(1 448)
Total building fitouts	412	601
Furniture:		
At cost	338	300
Accumulated depreciation	(289)	(267)
Total furniture	49	33
Information technology equipment:		
At cost	1 893	1 829
Accumulated depreciation	(1 540)	(1 467)
Total information technology equipment	353	362
Office equipment:		
At cost	454	528
Accumulated depreciation	(447)	(491)
Total office equipment	7	37
Work in progress:		
At cost	654	-
Total work in progress	654	-
Total property, plant and equipment	1 475	1 033

Carrying amount of property, plant and equipment

All items of property, plant and equipment that had a fair value at the time of acquisition that was less than $1 million or had an estimated useful life that was less than three years have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value. The assets are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

Impairment

There were no indicators of impairment for property, plant and equipment as at 30 June 2014.

Reconciliation of property, plant and equipment

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

2014	Building fitouts $'000	Furniture $'000	Information technology equipment $'000	Office equipment $'000	Work in progress $'000	Total $'000
Carrying amount at 1 July	601	33	362	37	-	1 033
Additions	-	39	156	-	654	849
Depreciation and amortisation expense	(189)	(23)	(165)	(30)	-	(407)
Carrying amount at 30 June	412	49	353	7	654	1 475
2013						
Carrying amount at 1 July	540	65	539	93	185	1 422
Additions	-	-	95	-	92	187
Capital transfer from work in progress	253	-	-	-	(253)	-
Other movements	-	-	11	-	(24)	(13)
Depreciation and amortisation expense	(192)	(32)	(283)	(56)	-	(563)
Carrying amount at 30 June	601	33	362	37	-	1 033

18. Intangible assets

	2014 $'000	2013 $'000
Internally developed computer software:		
At cost	20 670	20 590
Accumulated amortisation	(11 005)	(10 226)
Total internally developed computer software	9 665	10 364
Externally acquired software:		
At cost	2 940	2 894
Accumulated amortisation	(2 880)	(2 829)
Total externally acquired software	60	65
Work in progress:		
At cost	11 230	13 611
Total work in progress	11 230	13 611
Total intangible assets	20 955	24 040

Reconciliation of intangible assets

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

2014	Internally developed software $'000	Externally acquired software $'000	Work in progress $'000	Total $'000
Carrying amount at 1 July	10 364	65	13 611	24 040
Additions	-	46	2 214	2 260
Capital transfers from work in progress	80	-	(80)	-
Derecognition of assets	-	-	(4 515)	(4 515)
Amortisation expense	(779)	(51)	-	(830)
Carrying amount at 30 June	9 665	60	11 230	20 955

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

Reconciliation of intangible assets (continued)

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

2013	Internally developed software $'000	Externally acquired software $'000	Work in progress $'000	Total $'000
Carrying amount at 1 July	10 801	282	10 738	21 821
Additions	289	-	2 975	3 264
Capital transfers from work in progress	102	-	(102)	-
Amortisation expense	(828)	(217)	-	(1 045)
Carrying amount at 30 June	10 364	65	13 611	24 040

19. Fair value measurement

Fair value hierarchy

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

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

The Department had no valuations categorised into level 1.

2014 Recurring fair value measurements:	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Building fitouts	17	-	-	412	412
Furniture	17	-	-	49	49
Information technology equipment	17	-	-	353	353
Office equipment	17	-	-	7	7
Total recurring fair value measurements		-	-	821	821

Comparative information for non-financial assets is not required under the transitional provisions of the new standard.

There were no transfers of assets into or out of the level 3 hierarchy in 2014. The Department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques and inputs

All property, plant and equipment is recognised at cost less accumulated depreciation. In accordance with APF III, property, plant and equipment is only revalued when its fair value at acquisition date exceeds $1 million and its estimated useful life is greater than three years. The Department does not control any assets that meet this threshold. Estimates of residual value and useful life used to calculate accumulated depreciation are not based on observable market data. For this reason all property, plant and equipment is categorised into level 3.

Reconciliation of fair value measurements - level 3

2014	Office equipment $'000	Building fitouts $'000	Furniture $'000	Information technology equipment $'000
Opening balance at 1 July	37	601	33	362
Additions	-	-	39	156
	37	601	72	518
Total gains (losses) for the period recognised in net result:				
Depreciation	(30)	(189)	(23)	(165)
Closing balance at 30 June	7	412	49	353

20. Payables

	2014	2013
Current:	$'000	$'000
Creditors and accrued expenses*	6 663	7 737
Employment on-costs	861	1 250
Paid Parental Leave Scheme payable	27	22
Total current payables	7 551	9 009

		2014	2013
20.	**Payables (continued)**		
	Non-current:	$'000	$'000
	Employment on-costs	1 053	1 311
	Total non-current payables	1 053	1 311
	Total payables	8 604	10 320
	Payables to SA Government entities:		
	Creditors and accrued expenses*	5 543	2 063
	Employment on-costs	883	1 104
	Total payables to SA Government entities	6 426	3 167

* During 2013-14 the Department determined that it had not included an obligation (payable) to return $4.661 million in residual cash received from the winding up of the RESI Corporation in 2012-13 to the Consolidated Account. The actual payment of this cash to the Consolidated Account occurred in 2013-14 but as at 30 June 2013 the Department, under approval from the Treasurer, had an obligation to pay this cash to the Consolidated Account.

The following table discloses the impact that this error has had on the previously reported balance of payables:

	Total
	$'000
Balance at 30 June 2013	3 076
Error correction	4 661
Restated balance as at 30 June 2013	7 737

Interest rate and credit risk

Creditors are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days of the invoice date provided the goods and services have been received. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand. In addition, there is no concentration of credit risk.

Maturity analysis of payables - refer note 29.3.

Categorisation of financial instruments and risk exposure information - refer note 29.

		2014	2013
21.	**Employee benefits**		
	Current:	$'000	$'000
	Accrued salaries and wages	157	-
	Annual leave	3 699	4 633
	LSL	1 840	1 988
	SERL	231	318
	Total current employee benefits	5 927	6 939
	Non-current:		
	LSL	10 961	14 198
	Total non-current employee benefits	10 961	14 198
	Total employee benefits	16 888	21 137

The Department's LSL liability was estimated in accordance with AASB 119, using assumptions based on employee experience from a range of similar SA government entities. This estimate for 2014 used a salary inflation rate of 4%, which remained unchanged from the prior year.

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

		2014	2013
22.	**Provisions**		
	Current:	$'000	$'000
	Provision for workers compensation	200	292
	Total current provisions	200	292
	Non-current:		
	Provision for workers compensation	712	911
	Total non-current provisions	712	911
	Total provisions	912	1 203

Reconciliation of provisions	2014	2013
	$'000	$'000
Carrying amount at 1 July	1 203	1 183
Payments/Other sacrifices of future economic benefits	(704)	(432)
Additional provisions recognised	413	452
Carrying amount at 30 June	912	1 203

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.

23. Other liabilities

	2014	2013
Current:	$'000	$'000
Unearned revenue within the SA Government	140	-
Total other liabilities	140	-

24. Equity

Capital contribution	547	547
Retained earnings	13 109	18 633
Total equity	13 656	19 180

25. Unrecognised contractual commitments

(a) Remuneration commitments

Commitments for the payment of salaries and other remuneration under employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:		
Not later than one year	7 214	9 257
Later than one year but not later than five years	13 224	19 553
Later than five years	-	194
Total remuneration commitments	20 438	29 004

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

(b) Operating lease commitments

Department as lessee

At the reporting date, the Department has operating leases for office accommodation and motor vehicles.

Office accommodation is leased from the Department of Planning, Transport and Infrastructure. The leases are non-cancellable with terms ranging up to six years with some leases having right of renewal. Rental is payable in arrears.

Motor vehicles are leased from SAFA through their agent LeasePlan Australia, these leases are non-cancellable with terms of three to five years.

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:	2014 $'000	2013 $'000
Not later than one year	4 153	4 691
Later than one year but not later than five years	1 876	6 958
Later than five years	91	239
Total non-cancellable operating lease commitments	6 120	11 888

(c) Other commitments

The Department's other commitments are primarily agreements for software licences and software development.

Not later than one year	4 082	4 168
Later than one year but not later than five years	1 691	4 016
Total other commitments	5 773	8 184

26. Contingent assets and liabilities

The Department is not aware of any contingent assets or liabilities in relation to the Department's operations. In addition, the Department has made no guarantees.

27. Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during 2013-14 financial year were:

SAFA Advisory Board
Mr Brett Rowse (Presiding Member)*
Mr Mark Day
Mr Leonard Foster
Mr Claude Long
Ms Yvonne Sneddon
Ms Juliet Brown
Ms Anne Westley*
Mr Garry Goddard (Deputy Member)*
Mr Peter Mendo (Deputy Member)*
Mr Jamie Hollamby (Deputy Member)*

SAFA Audit and Risk Management Committee
Ms Yvonne Sneddon (Chair)
Mr Leonard Foster
Ms Juliet Brown
Mr Jamie Hollamby*

Playford Capital Board
Mr Ian Kowalick (Chair)
Mr Marty Gauvin
Ms Gay Wallace
Mr Timothy Burfield*
Ms Amanda Heyworth*
Mr Kevin Cantley*

Super SA Board
Mr Philip Jackson (Presiding Member)
Mr Kevin Cantley*
Ms Virginia Deegan
Dr Bill Griggs*
Ms Jan McMahon
Ms Deborah Black
Ms Liz Hlipala (Deputy Member)
Ms Leah York (Deputy Member)

Super SA Member Services Committee
Ms Jan McMahon (Convenor of meetings)
Ms Leah York
Mr Stephen Rowe*
Dr Bill Griggs*
Mr Anthony Steele*
Mr John Montague*

Veterans Advisory Council
Sir Eric Neal AC CVO
GPCAPT R Black AM (Retd)
Mr K J Gillman
Mr M Benyk
Mrs C Fittock
Mr W Schmitt AM
Mr G Harrison OAM
LCDR J Godwin RANR
LTCOL J Spencer OAM RFD (Retd)
BRIG L Lewis AM (Retd)^
Mr M Von Berg MC
LTCOL IR Gregg
Dr PD Schulz OAM
Mr CM Burns CSC
Ms HK Adamson
BRIG TJ Hanna AM
Mr B L Horan
Mr J L Hough
Ms J R Hudson
WGCDR R A Macintosh AFC (Retd)
LTCOL M D Wells
Mr L Eddy

DTF Audit and Risk Committee
Mr Andrew Blaskett (Chair)*
Mr Anthony Steele*
Mr Craig Fowler*
Mr Tim Smith*
Mr John Hill (Independent member)^
Mr Alan Martin*

Super SA Audit and Finance Committee
Ms Virginia Deegan (Convenor of meetings)
Mr Philip Jackson
Mr John Wright*

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

^ BRIG L Lewis AM (Retd) and Mr John Hill were entitled to, but elected not to, receive remuneration for their memberships of the Veteran`s Advisory Council and the DTF Audit and Risk Committee respectively.

The number of members whose remuneration received/receivable falls within the following bands:	2014 Number	2013 Number
$0 - $9 999	43	39
$10 000 - $19 999	3	-
$20 000 - $29 999	3	4
$30 000 - $39 999	4	5
$40 000 - $49 999	2	2
Total	55	50

27. 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 $362 000 ($379 000).

Amounts paid to a superannuation plan for board/committee members was $35 000 ($30 000).

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those which 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. Cash flow reconciliation

	2014	2013
(a) Reconciliation of cash and cash equivalents at 30 June as per:	$'000	$'000
Statement of Cash Flows	13 723	21 600
Statement of Financial Position	13 723	21 600

	2014	2013
(b) Reconciliation of net cash provided by (used in) operating activities to net cost of providing services		
Net cash provided by (used in) operating activities	(4 768)	5 287
Revenues from SA Government	(64 017)	(84 563)
Payments to SA Government	6 108	-
Non-cash items:		
Depreciation and amortisation expense	(1 237)	(1 608)
Derecognition of assets	(4 515)	-
Bad and doubtful debt expenses	-	67
Derecognition of liabilities as part of administrative restructure	(3 341)	-
Movements in assets/liabilities:		
Receivables	(1 120)	1 902
Payables	1 716	(26)
Employee benefits	4 249	773
Provisions	291	(20)
Other liabilities	(140)	49
Net cost of providing services	(66 774)	(78 139)

29. Financial instruments/Financial risk management

29.1 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.

		2014		2013	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	Note	$'000	$'000	$'000	$'000
Cash and cash equivalents	15,28	13 723	13 723	21 600	21 600
Receivables[(1)(2)]	16	1 947	1 947	3 167	3 167
Total financial assets		15 670	15 670	24 767	24 767
Financial liabilities					
Financial liabilities - at cost:					
Payables[(1)]	20	6 203	6 203	2 592	2 592
Other liabilities	23	140	140	-	-
Total financial liabilities		6 343	6 343	2 592	2 592

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. All amounts recorded are carried at cost (not materially different from amortised cost).

(2) Excludes prepayments which do not meet the definition of a financial asset as per AASB 132.

Fair value

DTF does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes.

The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair value due to the short-term nature of these (refer notes 16 and 20).

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 does not engage in hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit ratings. The Department does not hold any collateral as security on any of its financial assets. Other than receivables, there is no evidence to indicate that the financial assets are impaired (refer note 16).

29.2 Ageing analysis of financial assets

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

	Past due by			
2014	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)]	68	-	-	68
Impaired:				
Receivables[(1)]	-	-	1	1
2013				
Not impaired:				
Receivables[(1)]	8	4	50	62
Impaired:				
Receivables[(1)]	-	-	1	1

(1) Receivable amounts disclosed here exclude amounts relating to statutory receivables. They are carried at cost.

29.3 Maturity analysis of financial assets and liabilities

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

		Contractual maturity		
2014	Carrying amount	Less than 1 year	1-5 years	More than 5 years
Financial assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents	13 723	13 723	-	-
Receivables	1 947	1 947	-	-
Total financial assets	15 670	15 670	-	-
Financial liabilities:				
Payables	6 203	6 203	-	-
Other liabilities	140	140	-	-
Total financial liabilities	6 343	6 343	-	-
2013				
Financial assets:				
Cash and cash equivalents	21 600	21 600	-	-
Receivables	3 167	3 167	-	-
Total financial assets	24 767	24 767	-	-
Financial liabilities:				
Payables	2 592	2 592	-	-
Total financial liabilities	2 592	2 592	-	-

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 29.3 represents the Department's maximum exposure to financial liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk. The Department is not exposed to any significant market risk.

30. Transferred functions

Transferred out

2013-14

Pursuant to section 9(3) of the PSA, the corporate services function including Ministerial fleet services were transferred to DPC on 10 February 2014 and 1 April 2014 respectively.

	2014
The following liabilities were transferred to DPC:	$'000
Payables	295
Employee benefit expenses	3 046
Total liabilities	3 341

Liabilities transferred by the Department as a result of the administrative restructure were at the carrying amount.

2012-13

There were no restructures during 2012-13.

31. Events after the end of the reporting period

The Department is not aware of any events after the reporting period that would impact on the financial statements.

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

	Note	2014 $'000	2013 $'000
Income:			
Taxation	33	3 758 830	3 651 128
Commonwealth revenues	34	6 473 708	6 408 322
Dividends	35	245 310	695 088
Interest revenues	36	79 510	120 941
Revenues from SA Government	37	1 853 493	1 944 728
Grants and contributions	38	270 967	134 032
Revenues from fees and charges	39	76 344	75 338
Other revenues	40	491 939	845 430
Total income		13 250 101	13 875 007
Expenses:			
Payments to SA Government	37	10 193 086	10 866 375
Employee benefit expenses	41	438 197	452 219
Supplies and services	42	57 560	58 314
Borrowing costs	43	363 801	388 926
Grants, subsidies and transfers	44	2 246 087	2 301 334
Depreciation and amortisation expense	45	485	478
Net loss from the disposal of non-current assets	46	2 997	388 567
Other expenses	47	154 803	107 362
Total expenses		13 457 016	14 563 575
Net result		(206 915)	(688 568)
Other comprehensive income			
Items that will not be reclassified to net result:			
Changes in revaluation surplus	52	-	187
Total comprehensive result		(206 915)	(688 381)

Statement of Administered Financial Position
as at 30 June 2014

	Note	2014 $'000	2013 $'000
Current assets:			
Cash and cash equivalents	48	1 622 553	1 597 660
Receivables	49	11 630	11 798
Other financial assets	50	150	414
Non-current assets held for sale	51	557	-
Total current assets		1 634 890	1 609 872
Non-current assets:			
Receivables	49	12	15
Other financial assets	50	-	175
Property, plant and equipment	52	1 301	5 248
Intangible assets	53	325	325
Total non-current assets		1 638	5 763
Total assets		1 636 528	1 615 635
Current liabilities:			
Payables	55	1 327 814	1 095 167
Employee benefits	56	1 094	886
Provisions	57	90	100
Other liabilities	58	21	31
Total current liabilities		1 329 019	1 096 184
Non-current liabilities:			
Payables	55	67 941	72 792
Employee benefits	56	836	956
Provisions	57	310	348
Other liabilities	58	705	730
Total non-current liabilities		69 792	74 826
Total liabilities		1 398 811	1 171 010
Net assets		237 717	444 625
Equity:			
Accumulated surplus		237 082	443 990
Revaluation surplus		635	635
Total equity	59	237 717	444 625
Unrecognised contractual commitments	60		
Contingent assets and liabilities	61		

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

		Revaluation surplus $'000	Accumulated surplus (deficit) $'000	Total $'000
Balance at 30 June 2012		448	128 327	128 775
Net result for 2012-13		-	(688 568)	(688 568)
Gain on revaluation of land and buildings		187	-	187
Total comprehensive result for 2012-13		187	(688 568)	(688 381)
Transactions with SA Government as owner:				
Net assets received from an administrative restructure	64	-	1 004 086	1 004 086
Balance at 30 June 2013		635	443 845	444 480
Error correction	52	-	145	145
Restated balance at 30 June 2013	59	635	443 990	444 625
Total comprehensive result for 2013-14		-	(206 915)	(206 915)
Net assets transferred as a result of an administrative restructure	64	-	7	7
Balance at 30 June 2014	59	635	237 082	237 717

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

		2014 Inflows (Outflows)	2013 Inflows (Outflows)
Cash flows from operating activities:	Note	$'000	$'000
Cash inflows:			
Taxation received		3 685 741	3 651 128
Receipts from Commonwealth		6 473 707	6 408 321
Dividends		240 455	287 337
Interest received		79 510	120 941
Receipts from SA Government		1 852 506	1 944 728
Grants and contributions		270 967	134 032
Fees and charges		77 043	113 371
GST receipts on receivables		1 006	504
GST recovered from the ATO		2 479	1 602
Receipts for Paid Parental Leave Scheme		4	-
SA Lotteries sale		-	402 771
Other receipts		491 939	603 997
Cash generated from operations		13 175 357	13 668 732
Cash outflows:			
Payments to SA Government		(9 955 416)	(10 180 134)
Employee benefit payments		(438 142)	(452 265)
Payments for supplies and services		(62 615)	(19 728)
Interest payments		(363 801)	(388 926)
Grants, subsidies and transfers		(2 246 087)	(2 301 334)
GST payments on purchases		(2 587)	(1 540)
GST remitted to the ATO		(1 005)	(838)
Payments for Paid Parental Leave Scheme		-	(2)
Other payments		(81 713)	(107 362)
Cash used in operations		(13 151 366)	(13 452 129)
Net cash provided by (used in) operating activities	62(b)	23 991	216 603
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(92)	(62)
Cash used in investing activities		(92)	(62)
Net cash provided by (used in) investing activities		(92)	(62)
Cash flows from financing activities:			
Cash inflows:			
Proceeds from other financial assets		987	657
Cash received from administrative restructure		7	-
Cash generated from financing activities		994	657
Cash outflows:			
Repayment of interest bearing liabilities		-	(1 423)
Cash used in financing activities		-	(1 423)
Net cash provided by (used in) financing activities		994	(766)
Net increase (decrease) in cash and cash equivalents		24 893	215 775
Cash and cash equivalents at 1 July		1 597 660	1 381 885
Cash and cash equivalents at 30 June	62(a)	1 622 553	1 597 660

Schedule of Income and Expenses attributable to Administered Activities for the year ended 30 June 2014

	Admin items on behalf of the Consolidated Account		Cwlth Mirror Taxes on Commonwealth Places Revenue Account		Community Development Fund		Community Emergency Services Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
Income:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Taxation	3 513 977	3 368 994	-	-	-	-	99 123	98 620
Commonwealth revenues	5 360 923	5 240 583	25 016	23 947	-	-	-	-
Dividends	240 455	287 337	-	-	-	-	-	-
Interest revenues	77 705	118 852	-	-	-	-	73	90
Revenues from SA Government	72 820	54 314	-	-	-	-	-	-
Grants and contributions	99 999	-	-	-	20 000	20 000	103 153	90 462
Revenues from fees and charges	75 926	74 931	-	-	-	-	416	398
Other revenues	468 443	406 491	-	-	-	-	-	-
Total income	9 910 248	9 551 502	25 016	23 947	20 000	20 000	202 765	189 570
Expenses:								
Payments to SA Government	9 833 448	9 495 012	-	-	-	-	-	-
Employee benefit expenses	265	473	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-	-	-
Grants, subsidies and transfers	76 535	56 017	-	-	20 000	20 000	202 625	189 616
Depreciation and amortisation expense	-	-	-	-	-	-	-	-
Net loss from the disposal of non-current assets	-	-	-	-	-	-	-	-
Other expenses	-	-	25 016	23 947	-	-	-	-
Total expenses	9 910 248	9 551 502	25 016	23 947	20 000	20 000	202 625	189 616
Net result	-	-	-	-	-	-	140	(46)
Other comprehensive income:								
Changes in revaluation surplus	-	-	-	-	-	-	-	-
Total comprehensive result	-	-	-	-	-	-	140	(46)

	Country Equalisation Scheme		ETSA Sales/Lease Proceeds Account		Hospitals Fund		Housing Loans Redemption Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
Income:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Taxation	-	-	-	-	144 338	183 514	-	-
Commonwealth revenues	-	-	-	-	-	-	-	-
Dividends	-	-	4 855	407 751	-	-	-	-
Interest revenues	401	493	-	-	-	-	379	393
Revenues from SA Government	-	-	-	-	-	-	-	-
Grants and contributions	-	-	-	-	-	-	-	-
Revenues from fees and charges	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-
Total income	401	493	4 855	407 751	144 338	183 514	379	393
Expenses:								
Payments to SA Government	-	-	-	-	144 338	183 514	-	-
Employee benefit expenses	-	-	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-	-	-
Grants, subsidies and transfers	-	-	-	-	-	-	-	-
Depreciation and amortisation expense	-	-	-	-	-	-	-	-
Net loss from the disposal of non-current assets	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-
Total expenses	-	-	-	-	144 338	183 514	-	-
Net result	401	493	4 855	407 751	-	-	379	393
Other comprehensive income:								
Changes in revaluation surplus	-	-	-	-	-	-	-	-
Total comprehensive result	401	493	4 855	407 751	-	-	379	393

Schedule of Income and Expenses attributable to Administered Activities for the year ended 30 June 2014 (continued)

	Intergovernmental Agreement on Federal Financial Relations		Industry Financial Assistance Account		Local Government Concessions		Local Government Disaster Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
Income:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Taxation	-	-	-	-	-	-	-	-
Commonwealth revenues	1 087 769	1 143 792	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Interest revenues	-	-	24	40	-	-	834	1 073
Revenues from SA Government	-	-	-	-	-	-	-	-
Grants and contributions	-	-	25 757	2 565	-	96	-	-
Revenues from fees and charges	-	-	-	-	-	-	-	-
Other revenues	-	-	3 701	1 979	-	-	-	-
Total income	1 087 769	1 143 792	29 482	4 584	-	96	834	1 073
Expenses:								
Payments to SA Government	-	-	-	-	-	-	-	-
Employee benefit expenses	-	-	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-	-	40
Borrowing costs	-	-	-	-	-	-	-	-
Grants, subsidies and transfers	1 191 033	1 276 228	13 284	39 246	-	2 368	847	6 238
Depreciation and amortisation expense	-	-	-	-	-	-	-	-
Net loss from the disposal of non-current assets	-	-	-	-	-	-	-	-
Other expenses	-	-	2 715	1 460	-	-	-	-
Total expenses	1 191 033	1 276 228	15 999	40 706	-	2 368	847	6 278
Net result	(103 264)	(132 436)	13 483	(36 122)	-	(2 272)	(13)	(5 205)
Other comprehensive income:								
Changes in revaluation surplus	-	-	-	-	-	-	-	-
Total comprehensive result	(103 264)	(132 436)	13 483	(36 122)	-	(2 272)	(13)	(5 205)

	Local Government Taxation Equivalents Fund		Market Projects Unit		Responsible Gambling Working Party		Support Services to Parliamentarians	
	2014	2013	2014	2013	2014	2013	2014	2013
Income:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Taxation	1 392	-	-	-	-	-	-	-
Commonwealth revenues	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Interest revenues	4	-	-	-	-	-	-	-
Revenues from SA Government	-	-	-	-	-	-	-	-
Grants and contributions	-	-	-	-	10	(10)	22 048	20 919
Revenues from fees and charges	-	-	-	-	-	-	2	9
Other revenues	-	-	-	-	-	-	24	-
Total income	1 396	-	-	-	10	(10)	22 074	20 928
Expenses:								
Payments to SA Government	-	-	-	-	-	-	-	-
Employee benefit expenses	-	-	-	-	-	-	15 832	14 146
Supplies and services	-	-	-	-	43	113	5 982	6 358
Borrowing costs	-	-	-	-	-	-	-	-
Grants, subsidies and transfers	1 398	-	-	-	-	-	1	3
Depreciation and amortisation expense	-	-	-	-	-	-	299	300
Net loss from the disposal of non-current assets	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-
Total expenses	1 398	-	-	-	43	113	22 114	20 807
Net result	(2)	-	-	-	(33)	(123)	(40)	121
Other comprehensive income:								
Changes in revaluation surplus	-	-	-	-	-	-	-	-
Total comprehensive result	(2)	-	-	-	(33)	(123)	(40)	121

Schedule of Income and Expenses attributable to Administered Activities for the year ended 30 June 2014 (continued)

	Super SA Select		Treasury and Finance Administered Items Account		Treasurer's Interest in the National Wine Centre Account		Treasury Working Account	
	2014	2013	2014	2013	2014	2013	2014	2013
Income:	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Taxation	-	-	-	-	-	-	-	-
Commonwealth revenues	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Interest revenues	-	-	-	-	-	-	-	-
Revenues from SA Government	-	-	1 780 673	1 890 414	-	-	-	-
Grants and contributions	-	-	-	-	-	-	-	-
Revenues from fees and charges	-	-	-	-	-	-	-	-
Other revenues	-	-	430	1 076	25	25	19 307	9 258
Total income	-	-	1 781 103	1 891 490	25	25	19 307	9 258
Expenses:								
Payments to SA Government	-	-	213 645	150 001	-	-	-	-
Employee benefit expenses	-	-	422 100	437 600	-	-	-	-
Supplies and services	-	-	51 490	51 778	37	25	-	-
Borrowing costs	-	-	363 801	387 503	-	-	-	-
Grants, subsidies and transfers	-	-	740 364	711 471	-	-	-	147
Depreciation and amortisation expense	-	-	155	-	31	26	-	-
Net loss from the disposal of non-current assets	-	-	2 997	-	-	-	-	-
Other expenses	500	-	107 265	72 844	-	-	19 307	9 111
Total expenses	500	-	1 901 817	1 811 197	68	51	19 307	9 258
Net result	(500)	-	(120 714)	80 293	(43)	(26)	-	-
Other comprehensive income:								
Changes in revaluation surplus	-	-	-	-	-	187	-	-
Total comprehensive result	(500)	-	(120 714)	80 293	(43)	161	-	-

	Treasury - Asset Management Account		Asset Divestment		Total	
	2014	2013	2014	2013	2014	2013
Income:	$'000	$'000	$'000	$'000	$'000	$'000
Taxation	-	-	-	-	3 758 830	3 651 128
Commonwealth revenues	-	-	-	-	6 473 708	6 408 322
Dividends	-	-	-	-	245 310	695 088
Interest revenues	90	-	-	-	79 510	120 941
Revenues from SA Government	-	-	-	-	1 853 493	1 944 728
Grants and contributions	-	-	-	-	270 967	134 032
Revenues from fees and charges	-	-	-	-	76 344	75 338
Other revenues	9	1 655	-	424 946	491 939	845 430
Total income	99	1 655	-	424 946	13 250 101	13 875 007
Expenses:						
Payments to SA Government	1 655	-	-	1 037 848	10 193 086	10 866 375
Employee benefit expenses	-	-	-	-	438 197	452 219
Supplies and services	8	-	-	-	57 560	58 314
Borrowing costs	-	-	-	1 423	363 801	388 926
Grants, subsidies and transfers	-	-	-	-	2 246 087	2 301 334
Depreciation and amortisation expense	-	-	-	152	485	478
Net loss from the disposal of non-current assets	-	-	-	388 567	2 997	388 567
Other expenses	-	-	-	-	154 803	107 362
Total expenses	1 663	-	-	1 427 990	13 457 016	14 563 575
Net result	(1 564)	1 655	-	(1 003 044)	(206 915)	(688 568)
Other comprehensive income:						
Changes in revaluation surplus	-	-	-	-	-	187
Total comprehensive result	(1 564)	1 655	-	(1 003 044)	(206 915)	(688 381)

Notes to and forming part of the administered financial statements

32. The administered financial statements include the revenues, expenses, assets and liabilities which the Department administers on behalf of the SA Government but does not control.

These financial statements include a number of revenue and expense transactions on behalf of the SA Government for the Consolidated Account. Such transactions include the collection of revenues from taxations, revenues from the Commonwealth Government, dividends and interest. The expense transactions include transfers to agencies for employee entitlements and supplies and services; grants and subsidies to public sector agencies, the private sector and the community; and the transfer of revenues to the Consolidated Account. The associated Statement of Financial Position items for the Consolidated Account such as loans and borrowings are recognised in the whole-of-government general purpose financial report.

The administered financial statements include the Intergovernmental Agreement on Federal Financial Relations Account. The purpose of the account is to receive monies from the Commonwealth Government and disburse the monies to agencies pursuant to the Intergovernmental Agreement on Federal Financial Relations for the National specific purpose program purposes listed in Schedule F of that agreement and for the national partnership payments for the purposes listed in Schedule G of that Agreement.

The administered financial statements also include the fixed property component of the Emergency Services levy collected by RevenueSA and transferred to the Community Emergency Services Fund and all the transactions for the special deposit accounts established under section 8 of the PFAA that are administered by the Department listed below:

- Commonwealth Mirror Taxes on Commonwealth Places Revenue Account
- Community Development Fund
- Community Emergency Services Fund
- Country Equalisation Scheme Account
- ETSA Sales/Lease Proceeds Account
- Hospitals Fund
- Housing Loan Redemption Fund
- Industry Financial Assistance Account
- Intergovernmental Agreement on Federal Financial Relations
- Local Government Concessions Senior Card Holders
- Local Government Disaster Fund
- Local Government Taxation Equivalents Fund
- Market Projects Unit
- Minister for Finance - Super SA Select
- Responsible Gambling Working Party
- Support Services to Parliamentarians
- Treasurer’s Interest in the National Wine Centre Account
- Treasury Working Account
- Treasury and Finance Administered Items Account
- Treasury - Asset Management Account

32.1 Summary of significant accounting policies

The Department’s significant accounting policies are contained in note 2. The policies outlined in note 2 apply to both the Department and administered financial statements.

33. Taxation

	2014	2013
	$’000	$’000
Stamp duties	1 494 906	1 401 128
Commonwealth places mirror - stamp duties	931	263
Payroll tax	1 300 805	1 275 370
Commonwealth places mirror - payroll tax	22 756	22 312
Land tax	571 612	581 965
Commonwealth places mirror - land tax	1 381	1 371
Emergency Services levy	99 123	98 620
Local government rate equivalents	8 149	3 333
Income tax equivalents	178 586	131 546
Contributions from the Lotteries Commission of South Australia	73 048	108 790
Save the River Murray levy	-	26 380
Hindmarsh Island Bridge levy	42	50
Casino duty	7 491	-
Total taxation	3 758 830	3 651 128

33. Taxation (continued)

	2014	2013
Taxation received/receivable from entities within the SA Government:	$'000	$'000
Stamp duties	4 794	4 728
Payroll tax	249 624	229 859
Land tax	217 996	214 777
Emergency Services levy	2 739	3 252
Local government rate equivalents	7 923	3 108
Income tax equivalents	178 586	131 546
Contributions from the Lotteries Commission of South Australia	73 048	108 790
Total taxation received/receivable from entities within the SA Government	734 710	696 060

34. Commonwealth revenues

Commonwealth general purpose grants:		
GST revenue grants	4 646 819	4 509 740
Commonwealth places mirror taxes	25 016	23 946
Total Commonwealth general purpose grants	4 671 835	4 533 686
Commonwealth specific purpose grants:		
Concessions to pensioners and others	27 663	26 756
Council of Australian Governments funding arrangements	669 736	606 798
Intergovernmental Agreement on Federal Financial Relations - recurrent	1 046 044	1 049 980
Intergovernmental Agreement on Federal Financial Relations - capital	53 989	184 399
Other grants paid to the Consolidated Account	4 437	6 472
First Home Owners Boost	4	231
Total Commonwealth specific purpose grants	1 801 873	1 874 636
Total Commonwealth revenues	6 473 708	6 408 322

35. Dividends

Adelaide Convention Centre	1 094	-
ForestrySA	-	29 527
Transmission Lessor Corporation	-	156 061
Generation Lessor Corporation	4 855	5 564
Distribution Lessor Corporation	-	247 276
HomeStart Finance	7 176	6 329
Public Trustee Office	1 528	-
SA Water Corporation	196 171	235 775
South Australian Asset Management Corporation	-	4 620
SA Government Employee Residential Property	1 706	1 706
SAFA	32 780	8 230
Total dividends received/receivable from entities within the SA Government	245 310	695 088

36. Interest revenues

Interest	79 510	120 941
Total interest revenues	79 510	120 941
Total interest received/receivable from entities within the SA Government	73 108	116 996

37. Revenues from/Payments to SA Government

Revenues from SA Government:		
Appropriations from the Consolidated Account pursuant to the *Appropriation Act*	1 780 673	1 890 414
Appropriations under other Acts	72 820	54 314
Total revenues from SA Government	1 853 493	1 944 728
Payments to SA Government:		
Transfer of revenue received on behalf of the Consolidated Account	9 833 448	10 532 861
Other payments to the Consolidated Account	144 338	183 514
Return of surplus cash pursuant to cash alignment policy	213 645	150 000
Dividends paid to Consolidated Account	1 655	-
Total payments to SA Government	10 193 086	10 866 375

38. Grants and contributions	2014 $'000	2013 $'000
Grants and contributions	270 967	134 032
Total grants and contributions	270 967	134 032
SA Government entities	270 541	132 382
Total grants and contributions from entities within the SA Government	270 541	132 382

39. Revenues from fees and charges		
Guarantee fees	75 926	74 931
Support services to Parliamentarians	1	9
Other recoveries	417	398
Total revenues from fees and charges	76 344	75 338
Fees and charges received/receivable from entities within the SA Government:		
Guarantee fees	75 926	74 931
Support services to Parliamentarians	-	2
Total fees and charges from entities within the SA Government	75 926	74 933

40. Other revenues		
Discounted cash flow valuations for financial assistance loans	3 701	1 967
Repayments of advances	117 101	55 326
Return of cash to the Consolidated Account - cash alignment policy	302 230	192 301
Return of capital	10 375	66 904
Return of deposit account balances	10 508	42 782
Essential Services Commission of SA	7 354	8 718
Support services to Parliamentarians	24	12
Forgiveness of liabilities ForestrySA	-	22 175
Sale proceeds - SA Lotteries	-	402 771
Recoveries DPTI - indentured ports	9 977	26 679
Other income	30 669	25 795
Total other revenues	491 939	845 430
Other revenues received/receivable from entities within the SA Government:		
Repayment of advances	117 094	55 192
Return of cash to Consolidated Account - cash alignment policy	302 230	192 301
Return of capital	10 375	66 904
Return of deposit account balances	10 508	4 682
Essential Services Commission of South Australia	7 354	8 718
Recoveries DPTI - indentured ports	9 977	26 679
Other income	2 574	7 854
Total other revenues received/receivable from entities within the SA Government	460 112	362 330

41. Employee benefit expenses		
Superannuation contributions to various schemes	422 100	437 600
Salaries and wages	12 222	11 327
LSL	590	124
Annual leave	902	845
SERL	7	9
Employment on-costs - superannuation	1 226	1 106
Employment on-costs - other	742	662
Minister's salary, electorate and expense allowance	265	473
Other employee related expenses	143	73
Total employee benefit expenses	438 197	452 219

Remuneration of employees	2014	2013
The number of employees whose total remuneration received or receivable falls within the following bands:	Number	Number
$138 000 - $141 499*	n/a	1
$151 500 - $161 499	1	1
$181 500 - $191 499	1	-
Total	2	2

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, payment in lieu of leave, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $338 000 ($295 000).

* This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration for 2012-13

42. Supplies and services

	2014	2013
	$'000	$'000
State's share of GST administration	51 030	51 451
Support services to Parliamentarians	5 766	6 208
Unclaimed monies	460	326
Consultants	19	10
Contractors and temporary staff	2	-
General administration and consumables	96	183
Other	187	136
Total supplies and services	57 560	58 314

	2014	2013
Supplies and services provided by entities within the SA Government:		
Support services to Parliamentarians	3 070	3 443
Unclaimed monies	10	-
General administration and consumables	63	167
Other	133	120
Total supplies and services provided by entities within the SA Government	3 276	3 730

The total supplies and services amount disclosed includes GST amounts not recoverable from the ATO due to the Department not holding a valid tax invoice for payment.

The number and dollar amount of consultants paid/payable (included in supplies and services expense) fell within the following bands:	2014		2013	
	Number	$'000	Number	$'000
Below $10 000	2	-	9	-
Between $10 000 and $50 000	1	1	10	10
Total paid/payable to the consultants engaged	3	1	19	10

43. Borrowing costs

	2014	2013
	$'000	$'000
Interest on borrowings	338 080	353 895
Interest paid on deposit accounts and other monies	25 721	35 031
Total borrowing costs	363 801	388 926

	2014	2013
Borrowing costs paid/payable to entities within the SA Government:		
Interest on borrowings	338 080	353 895
Interest paid on deposit accounts and other monies	23 687	31 957
Total borrowing costs paid/payable to entities within the SA Government	361 767	385 852

44. Grants, subsidies and transfers

	2014	2013
Recurrent grants, subsidies and transfers	2 094 425	2 157 526
Capital grants, subsidies and transfers	151 662	143 808
Total grants, subsidies and transfers	2 246 087	2 301 334

		2014	2013
44.	**Grants, subsidies and transfers (continued)**		
	Grants, subsidies and transfers paid to entities within the SA Government:	$'000	$'000
	Recurrent grants, subsidies and transfers	1 947 215	2 032 961
	Capital grants, subsidies and transfers	151 662	143 808
	Total grants, subsidies and transfers paid to entities within the SA Government	2 098 877	2 176 769
45.	**Depreciation and amortisation expense**		
	Depreciation:		
	Buildings	62	36
	Office equipment	-	4
	Land improvements	124	141
	Total depreciation	186	181
	Amortisation:		
	Building fitouts	299	297
	Total amortisation	299	297
	Total depreciation and amortisation expense	485	478
46.	**Net loss from the disposal of non-current assets**		
	Standing timber:		
	Proceeds from sale of standing timber	-	635 077
	Carrying value of standing timber disposed	-	(587 693)
	Net gain (loss) from disposal of standing timber	-	47 384
	Land:		
	Carrying value of land leased	-	435 951
	Net gain (loss) from derecognition of land	-	(435 951)
	Land improvements:		
	Carrying value of land leased	(2 810)	-
	Net gain (loss) from derecognition of land improvements	(2 810)	-
	Buildings:		
	Carrying value of land leased	(187)	-
	Net gain (loss) from derecognition of buildings	(187)	-
	Net loss from disposal of assets	2 997	388 567
47.	**Other expenses**		
	Refunds and remissions	98 721	23 119
	Payments to the South Australian Superannuation Fund	-	38 100
	Payments to Commonwealth Government	25 016	23 947
	Bad debts	306	917
	Doubtful debts	(117)	(1 154)
	Repayment of borrowings	3 517	3 795
	Loans forgiven	2 525	1 697
	Other	24 835	16 941
	Total other expenses	154 803	107 362
	Other expenses paid/payable to entities within the SA Government:		
	Repayment of borrowings	3 517	3 795
	Other	5 817	8 483
	Total other expenses paid/payable to entities within the SA Government	9 334	12 278
48.	**Cash and cash equivalents**		
	Deposits with the Treasurer	1 465 372	1 498 419
	DTF loans administration account*	128 762	70 954
	Promissory notes	28 419	28 287
	Total cash and cash equivalents	1 622 553	1 597 660

Promissory notes
Promissory notes are issued for three month periods by the Local Government Finance Authority of South Australia. Promissory notes earn interest at their respective promissory note rates.

Interest rate risk
Deposits 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.

* DTF Loans Administration Account (LAA)

During 2013-14 the Department noted that cash held in the LAA was previously misclassified as receivables. The Department has since reclassified the balance of the LAA from receivables to cash and cash equivalents.

49. Receivables

	2014	2013
Current:	$'000	$'000
Receivables	3 056	2 069
Allowance for doubtful debts	(2 487)	(2 003)
Accrued revenues	10 843	11 566
Prepayments	1	42
GST input tax recoverable	217	124
Total current receivables	11 630	11 798
Non-current:		
Receivables	12	15
Total non-current receivables	12	15
Total receivables	11 642	11 813
Receivables from entities within SA Government:		
Receivables	35	4
Accrued revenues	10 839	11 563
Total receivables from SA Government entities	10 874	11 567

Movement in the allowance for doubtful debts
The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

The following table shows the movements in the allowance for doubtful debts (impairment loss):

	2014	2013
	$'000	$'000
Carrying amount at 1 July	2 003	2 559
Movement in the allowance	484	(556)
Carrying amount at 30 June	2 487	2 003

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

Maturity analysis of receivables - refer note 63.3.

Categorisation of financial instruments and risk exposure information - refer note 63.

50. Other financial assets

	2014	2013
Current:	$'000	$'000
Loans for financial assistance	550	1 014
Provision for doubtful debts	(400)	(600)
Total current other financial assets	150	414

50. Other financial assets (continued)	2014	2013
Non-current:	$’000	$’000
Loans for financial assistance	-	575
Provision for doubtful debts	-	(400)
Total non-current other financial assets	-	175
Total other financial assets	150	589

Movement in the provision for doubtful debts

The provision 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.

The following table shows the movements in the provision for doubtful debts (impairment loss):

	2014	2013
	$’000	$’000
Carrying amount at 1 July	1 000	1 600
Movement in the provision	(600)	(600)
Carrying amount at 30 June	400	1 000

Maturity analysis of receivables - refer note 63.3.

Categorisation of financial instruments and risk exposure information - refer note 63.

51. Non-current assets held for sale

Land	145	-
Buildings	412	-
Total assets held for sale	557	-

52. Property, plant and equipment

Buildings:		
At valuation	972	1 627
Accumulated depreciation	(32)	(26)
Total buildings	940	1 601
Building fitouts:		
At cost	1 680	1 589
Accumulated amortisation	(1 377)	(1 079)
Total building fitouts	303	510
Land:		
At valuation*	58	203
Total land	58	203
Land improvements:		
At valuation	-	5 345
Accumulated amortisation	-	(2 411)
Total land improvements	-	2 934
Total property, plant and equipment	1 301	5 248

* During 2013-14 the Department determined that it had incorrectly derecognised two parcels of land totalling $145 000 under the lease arrangements for the State’s Green Triangle forest plantations as at 30 June 2013. This land is owned by the Treasurer and is not subject to the lease arrangements for the State’s green triangle forest plantations.

The Department has recognised an error correction in the Statement of Administered Changes in Equity for the year ended 30 June 2014 and restated the opening balances of accumulated surplus/deficit and land.

The following table discloses the impact that this error has had on the previously reported balance of land:

	Current
	$’000
Balance at 30 June 2013	58
Error correction	145
Restated balance as at 30 June 2013	203

Valuation of non-current assets

A valuation of the land and buildings for the National Wine Centre was performed by Mr Fred Taormina BAppSc(Val) AAPI of Valcorp as at 30 June 2013. The revaluation involved discounting to net present value of the National Wine Centre land and buildings at the termination of the 40 year lease arrangement with the University of Adelaide. A revaluation surplus of $635 000 is held for the revalued land and building. The next revaluation is scheduled for 30 June 2016.

Impairment

There was no indication of impairment for property, plant and equipment as at 30 June 2014.

Reconciliation of property, plant and equipment

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

	Land $'000	Land imrpvmnts $'000	Building $'000	Building fitouts $'000	Total $'000
2014					
Carrying amount at 1 July	203	2 934	1 601	510	5 248
Additions	-	-	-	92	92
Asset reclassified to assets held for sale	(145)	-	(412)	-	(557)
Other - disposals	-	(2 810)	(187)	-	(2 997)
Depreciation and amortisation expense	-	(124)	(62)	(299)	(485)
Carrying amount at 30 June	58	-	940	303	1 301

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

	Land $'000	Land imrpvmnts $'000	Standing timber $'000	Buildings $'000	Building fitouts $'000	Office equipment $'000	Total $'000
2013							
Carrying amount at 1 July	46	-	-	822	745	4	1 617
Additions	-	-	-	-	62	-	62
Prior period adjustment	145	-	-	-	-	-	145
Transfer through administrative restructure	435 951	3 075	587 693	640	-	-	1 027 359
Revaluation increment/decrement	12	-	-	175	-	-	187
Other - disposals	(435 951)	-	(587 693)	-	-	-	(1 023 644)
Depreciation and Amortisation expense	-	(141)	-	(36)	(297)	(4)	(478)
Carrying amount at 30 June	203	2 934	-	1 601	510	-	5 248

53. Intangible assets

	2014 $'000	2013 $'000
At cost	325	325
Total water licences	325	325
Total intangible assets	325	325

Reconciliation of intangible assets

There has been no movement in intangibles.

Impairment

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

54. Fair value measurement

Fair value hierarchy

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

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

The Department had no valuations categorised into level 1.

Fair value hierarchy (continued)

2014		Level 3	Total
Recurring fair value measurements:	Note	$'000	$'000
Buildings	52	940	940
Building fitouts	52	303	303
Land	52	58	58
Total recurring fair value measurements		1 301	1 301
Non-recurring fair value measurements:			
Buildings held for sale	51	412	412
Land held for sale	51	145	145
Total non-recurring fair value measurements		557	557
Total fair value measurements		1 858	1 858

There were no transfers of assets into or out of the level 3 hierarchy in 2014. The Department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Comparative information for non-financial assets is not required under the transitional provisions of the new standard.

Valuation techniques and inputs

Building fitouts are recognised at cost less accumulated depreciation. In accordance with APF III, property, plant and equipment is only revalued when its fair value at acquisition date exceeds $1 million and its estimated useful life is greater than three years. Building fitouts do not meet this threshold. Because estimates of residual value and useful life are not based on observable market data, building fitouts are categorised into level 3. Land and buildings that exceeded the threshold set by APF III were valued as follows:

Description	*Fair value*	*Valuation technique*	*Unobservable inputs*	*Range*
Land and buildings	$999 000	Income approach (discounted cash flow)	Discount rate	6.82%
			Lease payment (per sqm)	
			Projected cost of refurbishment at lease termination	

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3):

	Buildings	Building fitouts	Land
2014	$'000	$'000	$'000
Opening balance at 1 July:	1 601	510	203
Acquisitions	-	92	-
Reclassifications	(412)	-	(145)
Disposals	(187)	-	-
	1 002	602	58
Gains (Losses) for the period recognised in net result	-	-	-
Depreciation	(62)	(299)	-
	(62)	(299)	-
Closing balance at 30 June	940	303	58

55. Payables

	2014	2013
Current:	$'000	$'000
Creditors - electricity entities lease proceeds	5 341	4 855
Creditors - revenue received on behalf of the Consolidated Account	1 280 679	1 047 864
Creditors - other	24 878	29 520
Accrued expenses	16 755	12 778
Employment on-costs	157	135
GST payable	-	15
Paid Parental Leave Scheme payable	4	-
Total current payables	1 327 814	1 095 167
Non-current:		
Creditors - electricity entities lease proceeds	64 862	70 202
Employment on-costs	78	88
Creditors - other	2 501	2 502
Super SA Select loan	500	-
Total non-current payables	67 941	72 792
Total payables	1 395 755	1 167 959

55. Payables (continued)	2014	2013
Payables to entities within SA Government:	$'000	$'000
Creditors - electricity entities lease proceeds	70 203	75 057
Creditors - revenue received on behalf of the Consolidated Account	1 280 679	1 047 864
Creditors - other	-	257
Accrued expenses	10 871	11 908
Employment on-costs	101	96
Total payables to SA Government entities	1 361 854	1 135 182

Interest rate and credit risk

Creditors are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days of the invoice date provided the goods and services have been received. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand. In addition, there is no concentration of credit risk.

Maturity analysis of payables - refer note 63.3.

Categorisation of financial instruments and risk exposure information - refer note 63.

56. Employee benefits	2014	2013
Current:	$'000	$'000
Accrued salaries and wages	46	-
Annual leave	687	678
LSL	348	198
SERL	13	10
Total current employee benefits	1 094	886
Non-current:		
LSL	836	956
Total non-current employee benefits	836	956
Total employee benefits	1 930	1 842

The Department's LSL liability was estimated in accordance with AASB 119, using actuarial assumptions based on employee experience from a range of similar SA Government entities.

This estimate for 2014 used a salary inflation rate of 4%, which remained unchanged from the prior year.

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

57. Provisions	2014	2013
Current:	$'000	$'000
Provision for workers compensation	90	100
Total current provisions	90	100
Non-current:		
Provision for workers compensation	310	348
Total non-current provisions	310	348
Total provisions	400	448

Reconciliation of provisions

Carrying amount at 1 July	448	448
Reduction in provisions	(48)	-
Carrying amount at 30 June	400	448

A liability has been recognised to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by DPC. These claims are expected to be settled within the next financial year.

58. Other liabilities

	2014	2013
	$'000	$'000
Current:		
Unearned revenue	21	31
Total current other liabilities	21	31
Non-current:		
Unearned revenue	705	730
Total non-current other liabilities	705	730
Total other liabilities	726	761

All unearned revenue relates to prepaid lease income. Specifically, the Treasurer entered into an agreement with the University of Adelaide to lease land and buildings previously owned by the National Wine Centre over a 40 year period, for an upfront consideration of $1 million which has been recorded as unearned revenue and is being apportioned over the life of the lease.

59. Equity

	2014	2013
	$'000	$'000
Revaluation surplus	635	635
Accumulated surplus	237 082	443 990
Total equity	237 717	444 625

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 accumulated surplus when an asset is derecognised.

60. Unrecognised contractual commitments

(a) Remuneration commitments

	2014	2013
	$'000	$'000
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:		
Not later than one year	1 919	2 147
Later than one year but not later than five years	2 060	141
Later than five years	338	-
Total remuneration commitments	4 317	2 288

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

(b) Operating lease commitments

Department as lessee

At the reporting date, the Department has operating leases for office accommodation and motor vehicles.

Office accommodation is leased from the Department of Planning, Transport and Infrastructure. The leases are non-cancellable with terms ranging up to six years with some leases having right of renewal. Rent is payable in arrears.

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2014	2013
	$'000	$'000
Not later than one year	1 288	1 789
Later than one year but not later than five years	1 320	986
Later than five years	37	-
Total operating lease commitments	2 645	2 775

(c) Other commitments

The Department's other commitments primarily relate to distribution of Commonwealth funds to agencies in accordance with Schedule G of the Intergovernmental Agreement on Federal Financial Relations and industry assistance grants.

	2014	2013
	$'000	$'000
Not later than one year	73 524	170 822
Later than one year but not later than five years	20 267	26 075
Later than five years	1 050	1 750
Total other commitments	94 841	198 647

61. Contingent assets and liabilities

The following contingent assets and liabilities exist for the administered items:

Residual responsibilities for structural integrity of the National Wine Centre's buildings outside agreed maintenance regimes as required by the Memorandum of Lease - National Wine Centre. The lease expires in September 2043. The estimated maximum exposure of this liability is undefined.

On 26 November 2012 the State appointed Tatts Lotteries SA Pty Ltd as its exclusive master agent to operate SA Lotteries' brands and products for a term of 40 years, commencing 11 December 2012. Under this arrangement the Lotteries Commission of South Australia (LCSA) is required to pay the master agent a master agency fee (payment obligation). The Treasurer has unconditionally and irrevocably guaranteed the performance by LCSA of the payment obligation. The Treasurer has also indemnified the master agent against any cost, expense, loss or damage that the master agent may incur as a direct result of non-compliance by LCSA with the payment obligation. The Treasurer's maximum aggregate liability to the master agent under this agreement is limited to an amount equal to the total quantum of LCSA's liability to the master agent for the payment obligation.

The Treasurer unconditionally and irrevocably guarantees to each beneficiary the due and punctual payment and performance by the Adelaide Convention Centre Corporation of the Corporation's obligations to that beneficiary.

Under an agreement, dated 9 May 1996, with the Australian Energy Market Operator (AEMO), previously known as National Electricity Market Management Company (NEMMCO), the Treasurer may be required to contribute to the winding up of AEMO. The maximum exposure at 30 June 2014 is capped at $692 000.

Under section 15 of the *Government Financing Authority Act 1982*, all financial obligations incurred or assumed by SAFA are guaranteed by the Treasurer on behalf of the State of South Australia. This includes any derivative counterparties' default. As at 30 June 2014, derivative credit exposure was $551.5 million.

Under an agreement between Osborne Cogeneration Pty Ltd and SAFA for the Osborne Generation Plant, SAFA has guaranteed the performance of certain obligations by two Origin Energy subsidiaries. SAFA, in turn, is indemnified by Origin Energy for the performance of its subsidiaries and by the Treasurer for the performance of Origin Energy under this arrangement. The maximum exposure of the guarantee is estimated at $200 million.

Under an agreement with the South Australian Netball Association, the Treasurer has provided a deed of guarantee for the repayment of a loan, which the South Australian Netball Association has with an external banking institution with a total exposure of $347 041.

Under the *Housing Loans Redemption Fund Act 1962* the Treasurer is committed to meet any shortfall in the fund from appropriated general revenue.

The Treasurer has indemnified SAFA against any profit or loss as a result of activities in the Insurance Fund 2 and Fund 3 portfolios. Given the nature of the activities in these funds, the Treasurer has approved that any operating profit before tax will be nil. This is achieved by negating the operating profit or loss with either a payable to, or a receivable from, the Treasurer. In 2013-14 this policy resulted in a payable from SAFA to the Treasurer of $12.2 million.

The Treasurer has agreed to indemnify the Export Finance and Insurance Corporation, the Commonwealth Government's export finance agency, for a guarantee of up to $291 million to external lenders to the Port Pirie Smelter Transformation project being undertaken by Nyrstar. The indemnity is not expected to be issued before January 2015.

Liabilities incurred or assumed by the Local Government Finance Authority are guaranteed by the Treasurer. The Treasurer's exposure at 30 June 2013 was $662 million.

62. Cash flow reconciliation

	2014	2013
(a) Reconciliation of cash and cash equivalents at 30 June as per:	$'000	$'000
Statement of Administered Cash Flows	1 622 553	1 597 660
Statement of Administered Financial Position	1 622 553	1 597 660

(b) ***Reconciliation of net cash provided by (used in) operating activities to net result***	2014 $'000	2013 $'000
Net cash provided by (used in) operating activities	23 991	216 603
Non-cash items:		
Depreciation and amortisation expense	(485)	(478)
Bad debts	(306)	(917)
Doubtful debts	117	1 154
Discounted cash flow valuations for financial assistance loans - other revenues	3 701	1 967
Movements in financial assistance loans	-	657
Loans forgiven	(2 525)	19 055
Net loss on disposal of assets	(2 997)	(388 567)
Transfer to Consolidated Account - proceeds from Forestry SA	-	(635 077)
Movements in assets/liabilities:		
Receivables	(171)	(37 837)
Other financial assets (not operating)	(439)	(57)
Payables	(227 796)	134 535
Employee benefits	(88)	49
Provisions	48	-
Other liabilities	35	345
Net result	(206 915)	(688 568)

63. Financial instruments/Financial risk management

63.1 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.

		2014		2013	
Financial assets	Note	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Cash and cash equivalents::					
Cash and cash equivalents	48,62	1 622 553	1 622 553	1 597 660	1 597 660
Loans and receivables:					
Receivables(1)(2)	49	3 056	3 056	2 069	2 069
Investments - held to maturity:					
Other financial assets	50	150	150	589	589
Total financial assets		1 625 759	1 625 759	1 600 318	1 600 318
Financial liabilities					
Financial liabilities - at cost:					
Payables(1)	55	1 375 760	1 375 760	1 152 441	1 152 441
Total financial liabilities		1 375 760	1 375 760	1 152 441	1 152 441

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. All amounts recorded are carried at cost.

(2) Excludes prepayments which do not meet the definition of a financial asset as per AASB 132.

Fair value

DTF does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes.

The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair value due to the short-term nature of these (refer notes 49 and 55).

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.

Credit risk (continued)

The Department has minimal concentration of credit risk. The Department does not engage in 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 and other financial assets, there is no evidence to indicate that the financial assets are impaired (refer notes 49 and 55).

63.2 Ageing analysis of financial assets

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

	Past due by			
	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2014	$'000	$'000	$'000	$'000
Not impaired:				
Other financial assets	-	-	150	150
Impaired:				
Receivables[1]	-	-	2 487	2 487
	-	-	2 637	2 637
2013				
Not impaired:				
Other financial assets	-	-	589	589
Impaired:				
Receivables[1]	-	-	2 003	2 003
	-	-	2 592	2 592

(1) Receivable amounts disclosed here exclude amounts relating to statutory receivables. They are carried at cost.

63.3 Maturity analysis of financial assets and liabilities

		Contractual maturities		
2014	Carrying amount	Less than 1 year	1-5 years	More than 5 years
Financial assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents	1 622 553	1 622 553	-	-
Receivables	3 056	3 056	-	-
Other financial assets	150	150	-	-
Total financial assets	1 625 759	1 625 759	-	-
Financial liabilities:				
Payables	1 375 760	1 310 898	-	64 862
Total financial liabilities	1 375 760	1 310 898	-	64 862
2013				
Financial assets:				
Cash and cash equivalents	1 597 660	1 597 660	-	-
Receivables	2 069	2 069	-	-
Other financial assets	589	414	175	-
Total financial assets	1 600 318	1 600 143	175	-
Financial liabilities:				
Payables	1 152 441	1 082 239	-	70 202
Total financial liabilities	1 152 441	1 082 239	-	70 202

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.

Liquidity risk (continued)

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 63.3 represents the Department's maximum exposure to financial liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk. The Department is not exposed to any significant market risk.

64. Transferred functions

2013-14

As a result of a committal of acts proclamation outlined in The South Australian Government Gazette on 1 August 2013, the Department took on responsibility for the Local Government Taxation Equivalents Fund as prescribed in the *Local Government Finance Authority Act 1983*. Assets relating to this fund were transferred to the Department effective as per the gazette date.

	Total
Current assets:	$'000
Cash and cash equivalents	6
Receivables	1
Total assets	7
Current liabilities:	
Payables	-
Total liabilities	-
Net assets transferred	7

	DPC 1.07.13 to 31.07.13	DTF 01.08.13 to 30.06.14	Total
Total income and expenses attributable to the Local Government Taxation Equivalent Fund for 2013-14:	$'000	$'000	$'000
Interest income	-	4	4
Other income	-	1 392	1 392
Total income	-	1 396	1 396
Grants and subsidies	-	1 398	1 398
Total expenses	-	1 398	1 398
Net result	-	(2)	(2)

2012-13

The following assets and liabilities of ForestrySA transferred to the Treasurer in 2012-13.

Certain assets and liabilities of ForestrySA transferred to the Treasurer effective 17 October 2012.

	Total
Non-current assets:	$'000
Standing timber	587 693
Land	435 951
Land improvements	3 075
Building and infrastructure	640
Water licences	325
Total non-current assets	1 027 684
Non-current liabilities:	
Loan from SAFA	23 598
Total non-current liabilities	23 598
Net assets transferred	1 004 086

65. Events after the end of the reporting period

There were no events occurring after the end of the reporting period that have material financial implications on these financial statements.

University of Adelaide

Functional responsibility

Establishment

The University of Adelaide (the University) is established by the *University of Adelaide Act 1971*.

Functions

The University has the objective of advancing learning and knowledge which it achieves through the provision of university education and the conduct of research activities.

The University has financial interests in a number of entities as detailed in notes 2, 32, 33 and 34 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Regulations under the PFAA provide that the University is a public authority. Consequently, section 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of the University for each financial year.

Assessment of controls

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

Scope of audit

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

During 2013, specific areas of audit attention included:

- corporate governance
- payroll
- expenditure
- Commonwealth financial assistance
- research grants revenue
- student fee revenue
- accounts receivable and other revenue
- cash
- property, plant and equipment
- general ledger journal creation, approval and processing
- procurement
- contract management.

Internal audit activities and reports were also reviewed.

The audits of the controlled entities for the year ending 31 December 2013 were carried out by private accounting firms.

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 University of Adelaide and its controlled entities (the Consolidated Entity) as at 31 December 2013, their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, the *Higher Education Support Act 2003* and Australian Accounting Standards.

Assessment of controls

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

Communication of audit matters

Matters identified during the course of the audit were detailed in a management letter to the Vice-Chancellor. The University's response to the letter indicated that appropriate action would be taken to address the matters raised. The main matters raised with the University and the related responses are detailed below.

Governance

Timely update of financial and procurement policies and procedures

The 2013 audit indicated that many of the University's financial and procurement policies and procedures were not being reviewed, updated and finalised in a timely manner. This included policies and procedures related to the following areas:

- credit cards
- student loans
- travel and entertainment
- accounts receivable
- invoicing, receipting and banking
- purchasing and outgoing payments
- tendering for purchases of $100 000 or more
- capital expenditure
- asset disposals
- general ledger journals.

The timely review, update and finalisation of financial and procurement policies and procedures was also raised as an issue in prior year audits.

The University responded that a new financial services policies and procedures handbook is currently being drafted to provide direction and guidance on key financial and procurement functions. The first tranche of policies and procedures in the handbook was released for consultation in May 2014.

Compliance with contract management handbook

The 2013 audit identified instances where schools and branches were not complying with the University's contract management handbook, particularly in relation to the maintenance of contract registers and records management practices.

These instances of non-compliance with the contract management handbook increase the risk that key contract information such as milestones and deliverables may not be identified and recorded in a systematic and consistent manner across the University. This may result in schools and branches not being able to effectively and efficiently monitor compliance with contractual obligations.

The University responded that the relevant schools and branches will amend their practices to ensure compliance with the contract management handbook. The requirement for a cyclical contract register will also be considered as part of the implementation of the University's new accountability framework.

Establishment of cyclical conflict of interest declarations

The University has established a conflict of interest policy and supporting guidelines. The conflict of interest guidelines outline the obligations of employees when potential or actual conflicts of interest arise. However, there is no requirement in the policy or guidelines for employees to complete conflict of interest declarations on a cyclical basis. As a result, employees may not be fully aware of their responsibilities to actively declare conflicts of interest and conflicts of interest may not be identified and actively monitored.

The University responded that policies and procedures relating to managing conflicts of interest are currently under review as part of the development of a new behaviour and conduct policy suite. This review will give consideration to establishing new forms for declaring conflicts of interest and the establishment of formal plans to clarify how conflicts of interest will be managed.

Establishment of gifts and benefits register

The conflicts of interest policy outlines the action to be taken by University staff when they receive gifts or benefits. However, the policy does not require gifts or benefits offered to and/or accepted by University staff to be recorded on a register. The use of formal registers facilitates monitoring to ensure no inappropriate gifts or benefits have been accepted.

The University responded that consideration would be given to establishing gifts and benefits registers when reviewing and updating conflicts of interest policies and procedures as part of the new behaviour and conduct policy suite.

Procurement

Update of preferred supplier arrangements

The University has established preferred supplier arrangements in a number of areas, including for stationary and office products, laboratory and chemical supplies and printing services.

Audit review of preferred supplier arrangements identified the following:

- there is no formal guidance regarding the award of preferred supplier contracts and the circumstances in which preferred suppliers should be used
- there is no formal monitoring or reporting to confirm whether faculties and divisions are utilising preferred supplier arrangements

- several contracts on the preferred supplier contract register have expired
- formal signed contracts do not exist for all preferred supplier arrangements
- preferred supplier contracts have been rolled over without formal approval prior to rollover
- preferred supplier contracts have been rolled over without formal review of the preferred supplier's performance.

The University responded that a newly established Associate Director, Strategic Procurement position was filled in April 2014. The Associate Director, Strategic Procurement is currently developing a procurement strategy which will include the identification of key procurement categories, the establishment of new preferred supplier arrangements and the development of strategies to ensure benefit realisation.

Approval of waivers of competitive process

The University's delegation framework establishes delegated authorities for specific positions to commit or incur expenditure. However, the delegation framework does not specifically provide for the approval of waivers of competitive process in the conduct of procurement activities, for example waivers of tender process, direct approaches to single suppliers or procurement contract rollovers.

The University responded that a new tendering for purchases over $200 000 procedure will include guidance on the waiving of competitive processes.

Payroll

Leave management

The 2013 audit identified that continued monitoring and management of excess annual leave balances is required given the significant number of University employees with excess annual leave balances.

Audit also noted that leave management practices in faculties and divisions may not ensure that all leave taken by employees is identified and recorded in the Staff Services Online system. As a result, annual leave entitlements may not be reduced for all leave taken. This may contribute to the accumulation of excess leave.

The University responded that a suite of leave management reports is provided to faculties and divisions on a regular basis. These reports incorporate information that enables the management of leave by local areas (eg current leave balances, leave taken records, excess leave balances, leave plans and leave performance measures).

The University will also update applicable policies and procedures to clearly specify the leave management responsibilities of managers.

Expenditure

Purchase order authorisation limits review

The University's procurement and expenditure delegations of authority are updated on an annual basis. The University performed a review in 2013 to confirm that all purchase order authorisation limits in the Peoplesoft workflow accurately reflected the approved procurement and expenditure delegations of authority. This involved sending registers of authorisation limits reflected within Peoplesoft to faculties and divisions for confirmation and checking.

Audit identified that no formal procedures have been established to outline the required checking process, such as the frequency of review, responsible officers and timeframes for the return of registers from faculties and divisions. As a result, the checks may not be performed effectively on a consistent and regular basis.

The University responded that a timetable has been developed and distributed advising faculties and divisions of the required timing for the distribution and return of registers.

Timely acquittal of credit card transactions

The 2013 audit identified instances where credit card transactions had not been acquitted on a timely basis.

The University responded that it will give continued focus to reducing the level of unacquitted credit card transactions. This includes providing faculties and divisions with monthly reports detailing unacquitted transactions and a formal escalation process for transactions not acquitted within 90 days.

Delegated expenditure authority for credit card holders

The University's credit card policy and procedures and delegations of authority state the positions that have the authority to issue credit cards. However, the majority of credit card holders do not have specific procurement and expenditure delegations under the delegations of authority. As a result, the issue of credit cards may be appropriately approved, but subsequent expenditure incurred on the credit cards may not be in accordance with the delegations of authority.

The University responded that the delegations of authority will be reviewed to ensure expenditure delegations for credit cards are appropriately addressed.

Property, plant and equipment

Maintenance of attractive asset registers

The 2013 audit identified that there were no formal policies and procedures detailing the responsibilities of faculties and divisions for the management of attractive assets. Audit also noted that system modifications to Peoplesoft to facilitate the central recording of attractive assets were yet to be completed.

The University responded that a draft asset management procedure has been prepared as part of the new financial services policies and procedures handbook which details responsibilities for managing attractive assets. This procedure was issued for consultation in May 2014.

An attractive assets register was also established within the Peoplesoft system in September 2014.

Investments

Lack of formal policy governing investments into Endowment Fund

The University has established an endowment fund which is used to fund research projects, prizes and scholarships. The key financial objective of the Endowment Fund is to provide long-term capital growth as well as a stable annual income stream in perpetuity. It is general practice that donations and bequests from benefactors and alumni are placed in the University's Endowment Fund.

Audit review indicated that there is no formal policy that provides guidance on the factors to be considered in determining whether monies should be placed in the Endowment Fund.

The University responded that a decision matrix is being developed to provide guidance on when monies are to be placed into the Endowment Fund.

Student fees

Approval of student fee debt write-offs

The 2013 audit indicated that student fee debt write-offs during the year were not approved in accordance with the University's delegations of authority.

The University responded that the delegations of authority would be reviewed and updated to ensure appropriate positions have the authority to approve student fee debt write-offs.

Information and communications technology and control

The previous Report confirmed the completion of remedial actions identified in a prior internal audit report for the enhancement of security and control at the University. More recently Audit commenced an updated review process of the overall governance, security and control arrangements for ICT at the University. This includes a follow-up of internal audit reports and an assessment of areas of information classification, general ICT security, backup and disaster recovery. The outcome of this review, including the University's response to any matters raised for action, will be included in a subsequent report to Parliament.

Interpretation and analysis of the financial report (Consolidated)

The revenue and expense items for the interpretation and analysis of the financial report have been sourced from notes 36 and 37 as these notes are prepared in accordance with the Australian Government Department of Education reporting guidelines and provide consistency and comparability with the other universities.

Highlights of the financial report (Consolidated)

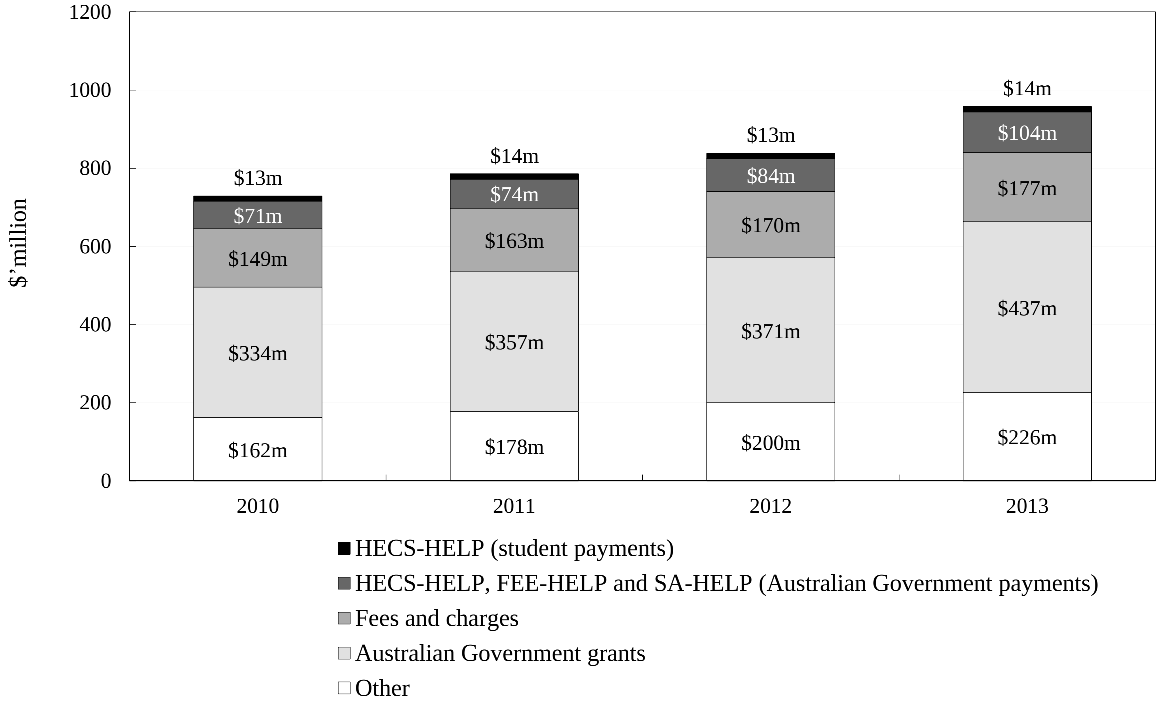
	2013 $'million	2012 $'million
Revenue		
Australian Government grants	437	371
HECS-HELP, FEE-HELP and SA-HELP (Australian Government payments)	104	84
HECS-HELP (student payments)	14	13
Fees and charges	177	170
Other	226	200
Total revenue	958	838
Expenses		
Salaries and related expenses	444	418
Other expenses	367	360
Total expenses	811	778
Operating result from continuing operations	147	60

	2013 $'million	2012 $'million
Net cash flows provided by (used in) operating activities	125	98
Net cash flows provided by (used in) investing activities	(100)	(104)
Assets		
Current assets	137	120
Non-current assets	1 540	1 409
Total assets	1 677	1 529
Liabilities		
Current liabilities	114	123
Non-current liabilities	211	230
Total liabilities	325	353
Total equity	1 352	1 176

Statement of Comprehensive Income

Revenue

A structural analysis of operating revenues for the University in the four years to 2013 is presented in the following chart.



The chart shows that the University has a diversity of revenue sources. The following provides more detail on the major revenue components.

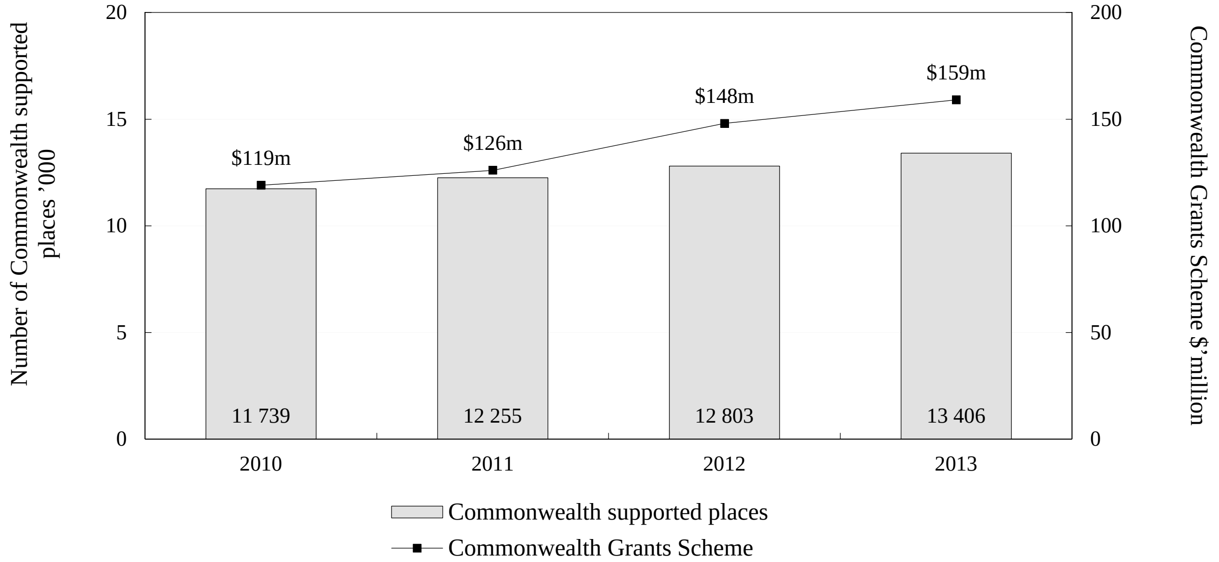
Australian Government grants and payments

Australian Government grants increased by $66 million to $437 million in 2013. This is mainly due to a $60 million capital grant from the Department of Industry for the new Adelaide Medical and Nursing Schools (AMNS) building in the Adelaide West End precinct. This grant will be spent over the period of the building's construction which is planned for completion in semester 1, 2017.

There was also an $11 million increase in Commonwealth Grants Scheme funding for Commonwealth supported places in 2013. This was primarily attributable to an additional 603 Commonwealth supported student places ($6 million) and CPI increases ($6 million), partly offset by a prior year adjustment ($1 million).

The additional Commonwealth supported places and CPI increases also contributed to a $16 million increase in HECS-HELP revenue.

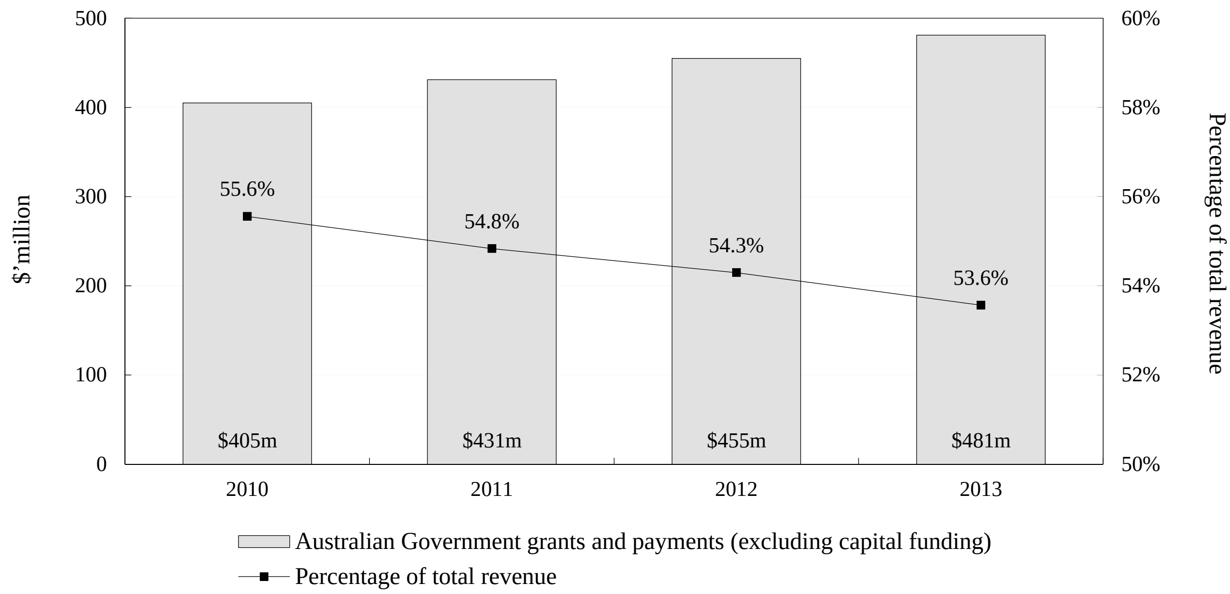
The following chart highlights the upward trend in Commonwealth Grants Scheme funding and supported places.



Source: Commonwealth supported places figures, which are based on equivalent full-time student load (EFTSL), were obtained from the University and are unaudited figures.

The total Australian Government grants and payments received by the University during 2013 were $541 million, which represents 56% of total revenue.

The following chart shows that Australian Government grants and payments (excluding capital funding) as a percentage of total revenue is trending downwards and hence the University is increasingly diversifying its revenue base.

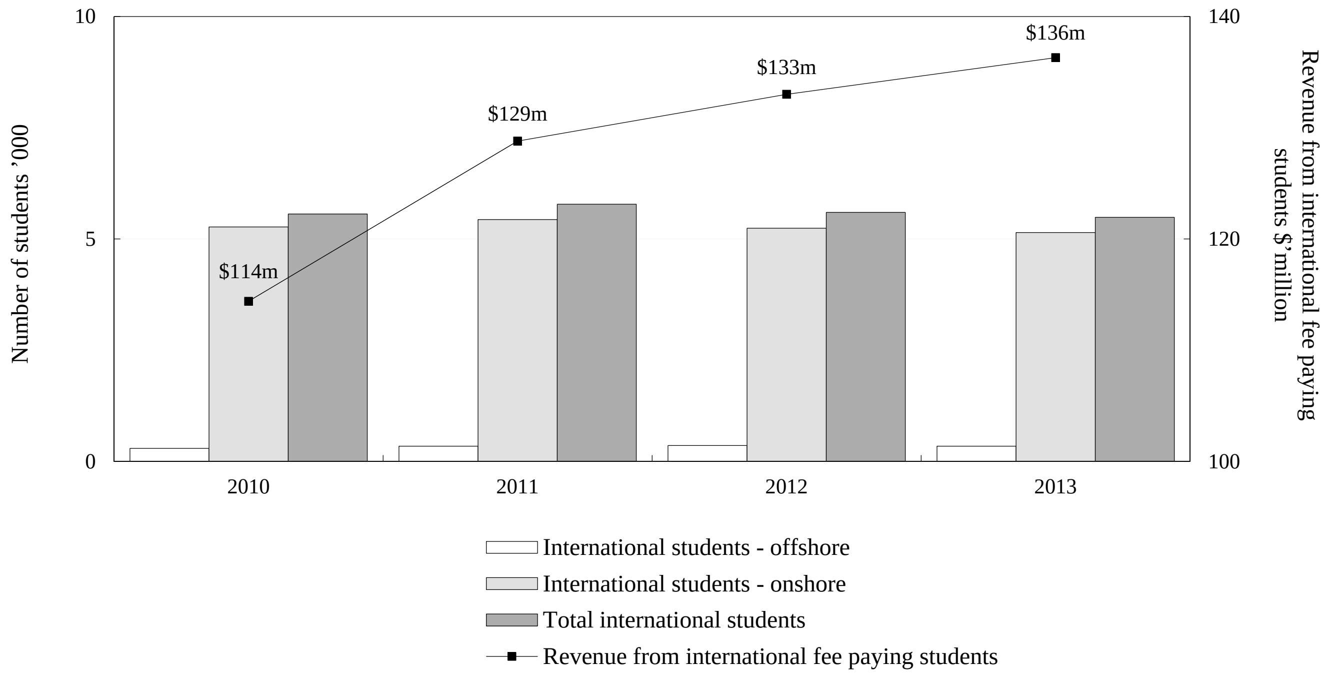


The chart excludes capital funding as this is not necessarily comparable from year to year.

Fees and charges

Fees and charges totalled $177 million in 2013 compared to $170 million in 2012. This is primarily attributable to an increase in revenue from international fee paying students ($3 million) and non-award courses ($2 million).

The following chart highlights the upward trend in revenue received from international fee paying students, despite a fall in their number in recent years.



Source: Student numbers, which are based on equivalent full-time student load (EFTSL), were obtained from the University and are unaudited figures.

The $3 million increase in student fee income from international fee paying students between 2012 and 2013 is primarily due to price increases ($8 million), offset partly by the impact of a decrease in total international fee paying student numbers ($5 million).

The University's total international fee paying students decreased by 2% between 2012 (5597) and 2013 (5485). There has been a downward trend in the University's total international student numbers during the last three years, with a 5% decrease in international student numbers since 2011.

The increase in revenue from non-award courses is primarily attributable to an increase in student load for the Bradford Degree Transfer program and an increase in study abroad fees resulting from a large intake of Brazilian students in 2013.

Other revenue

Other revenue increased by $26 million to $226 million. The increase in other revenue is mainly related to the following items reflected in note 4:

- the $15 million increase in the general and Endowment Fund investment market valuation adjustment which reflects the improved performance of the University's investment portfolio compared to 2012 in line with financial markets

- the gain on acquisition of the Women's and Children's Health Research Institute (WCHRI) controlled entity on 1 January 2013 ($9 million)

- the reversal of impairment of other buildings associated with the independent revaluation of the University's property holdings as at 31 December 2013 ($5 million).

Further information regarding the WCHRI acquisition is contained in note 32.

Expenses

Expenditure in 2013 totalled $811 million compared to $778 million in 2012. This increase in expenditure mainly reflects a $26 million increase in salaries and related expenses and a $7 million increase in other expenses.

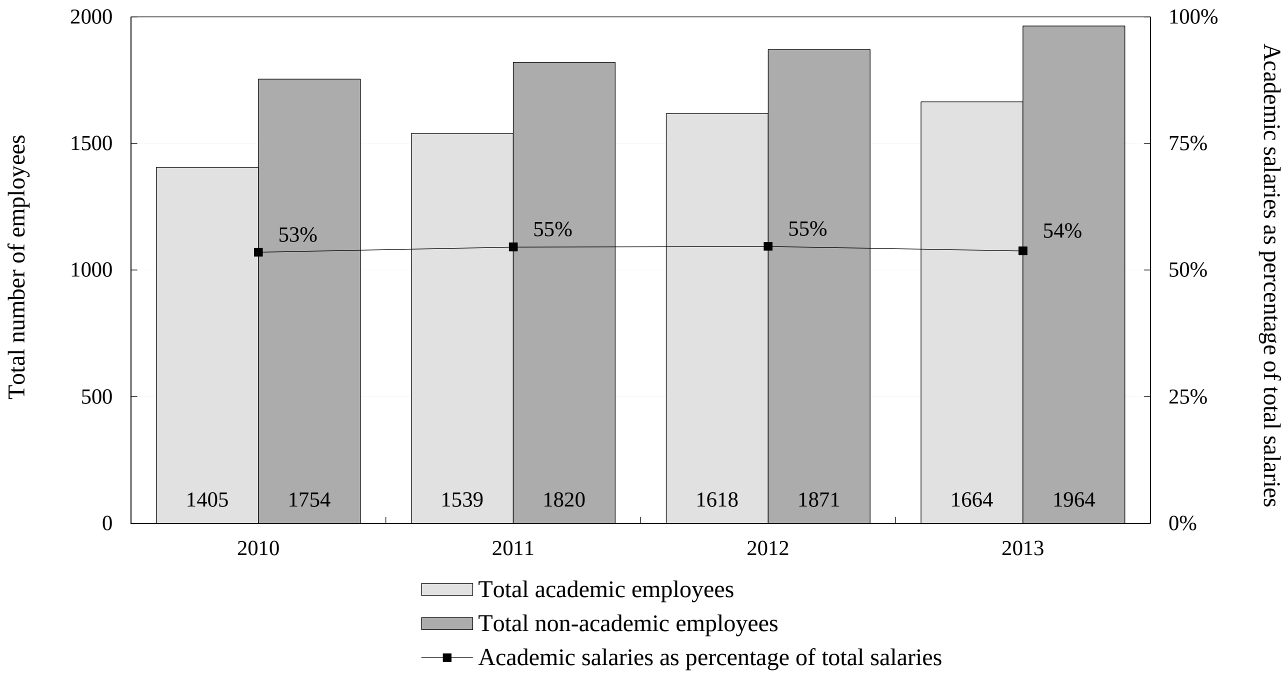
The increase in salaries and related expenses is mainly related to:

- the impact of enterprise bargaining agreement and salary increment increases

- new senior management positions to meet strategic plan objectives (eg systems development and the establishment of a new engagement office).

The University had 1664 academic employees and 1964 non-academic employees in 2013. Academic and non-academic employees comprised 54% and 46% respectively of total salaries and related expenses in 2013.

The following chart shows that academic staff numbers and salaries and related expenses have been relatively consistent in relation to non-academic staff numbers and salaries and related expenses over the four years to 2013.

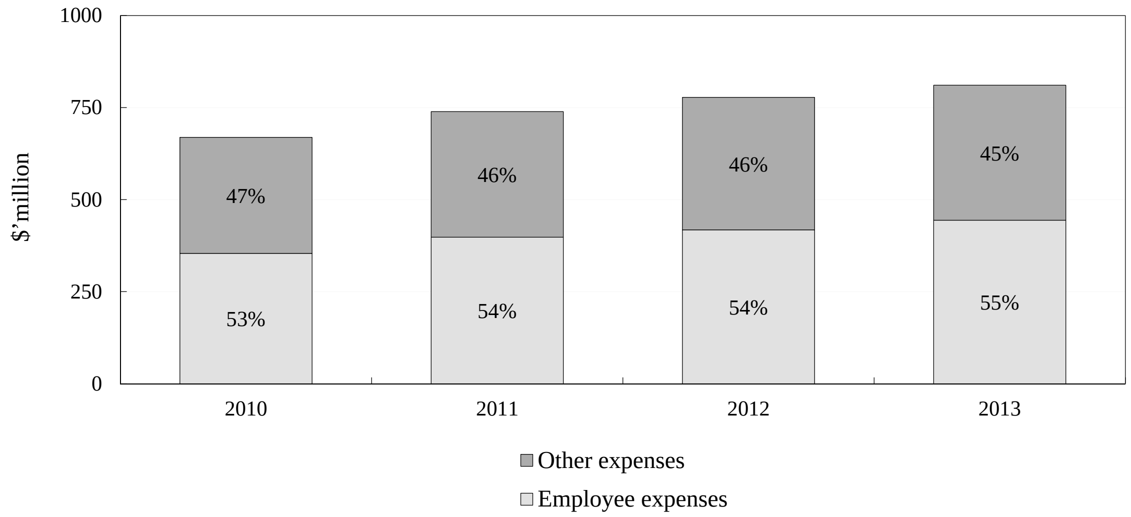


Source: Staff numbers, which are based on the total number of employees, were obtained from the University and are unaudited figures.

Other expenses increased primarily due to:

- a $4 million increase in depreciation and amortisation expenses, mainly relating to the impact of property, plant and equipment and intangibles additions in 2012 and 2013
- a $3 million increase in buildings and grounds expenses, mainly relating to higher building leases and rent expenses and utilities expenses
- a $2 million increase in scholarships, grants and prizes, due primarily to an increase in postgraduate scholarships and stipends. The increase in postgraduate scholarships and stipends forms part of the University's strategy to recruit more research students.

The following chart shows employee expenses compared to other expenses over the four years to 2013.



There is a slight upward trend in employee expenses compared to other expenses.

Operating result from continuing operations

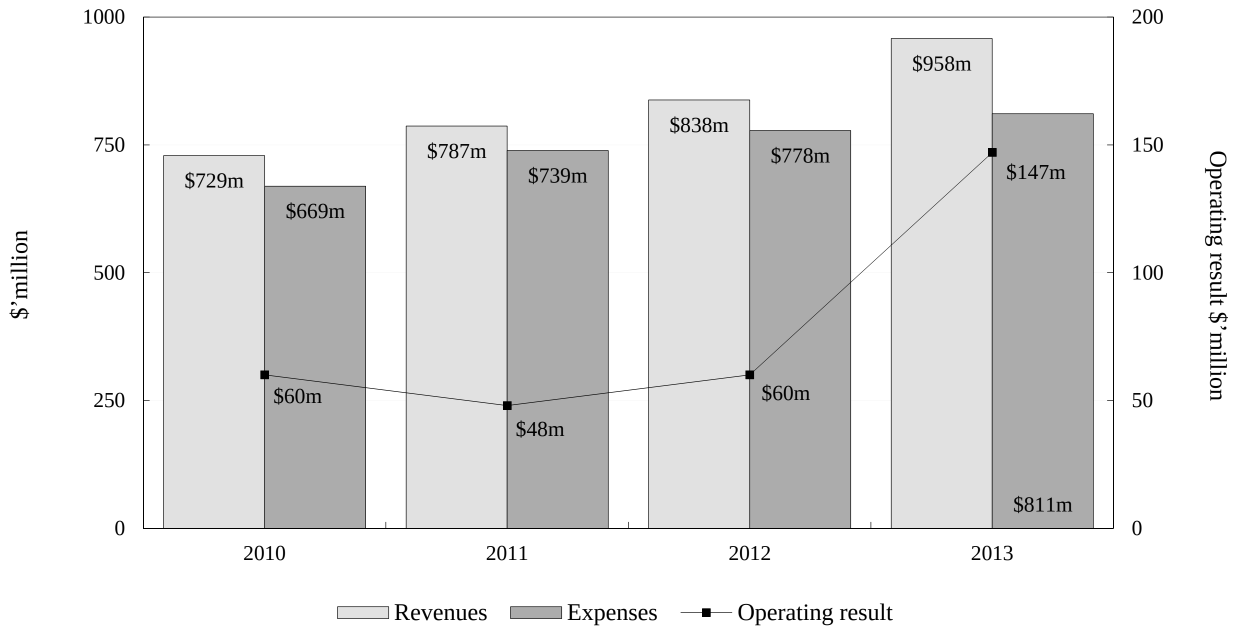
The consolidated operating result for 2013 was a surplus of $147 million compared to $60 million in 2012. The significant increase in the University's consolidated operating result is predominately due to:

- the capital grant received for the new AMNS building in the Adelaide West End precinct ($60 million)
- the improved investment performance of the University's Endowment Fund ($15 million)
- the gain on acquisition of the WCHRI controlled entity ($9 million).

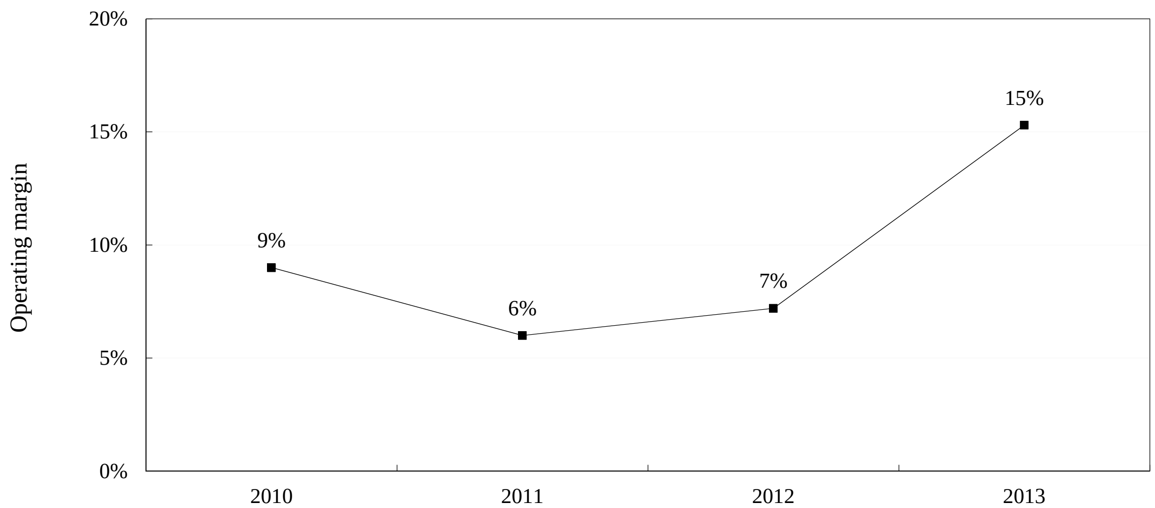
The funding agreement with the Commonwealth for the capital grant restricts the purposes for which the funds can be used. Expenditure against the capital grant will be incurred in 2014 and future years and reflected through buildings additions in the Statement of Financial Position.

The University's Endowment Fund is used to fund research projects, prizes and scholarships. It is general practice that donations and bequests from benefactors and alumni are placed in the University's Endowment Fund. The investment earnings on the Endowment Fund can only be used in accordance with the conditions of relevant donations or bequests.

The following chart shows the operating revenues, operating expenses and operating result for the four years to 2013.



The following chart shows the University's operating margin over the four years to 2013.



The University's operating margin is the operating result as a percentage of total revenue.

There is an upward trend in the University's operating result and operating margin. The significant increase in the operating result and operating margin in 2013 is primarily attributable to one-off transactions including the $60 million capital grant received for the new AMNS building and the $9 million gain on acquisition of the WCHRI controlled entity.

Statement of Financial Position

The consolidated net assets of the University at 31 December 2013 totalled $1352 million ($1176 million), an increase of $176 million.

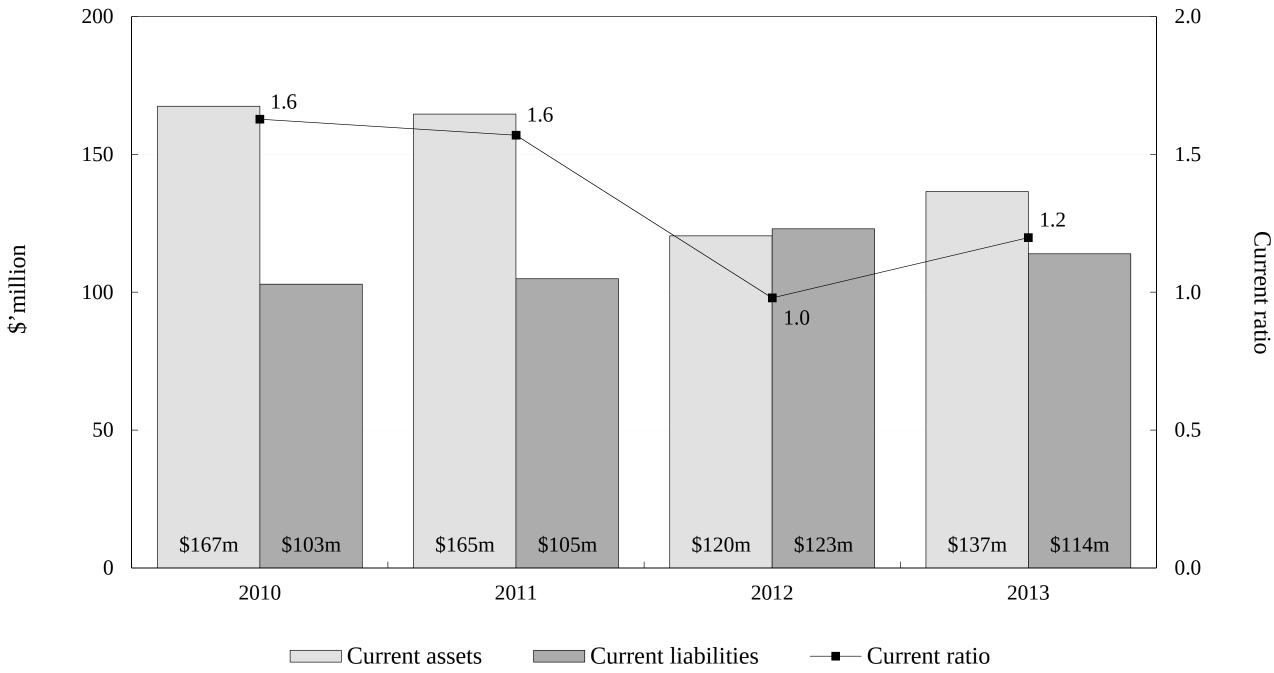
Assets

The value of the University's assets increased by $148 million to $1677 million. The major items causing this change were:

- an increase in non-current other financial assets due mainly to the capital grant received for the new AMNS building and the improved investment performance of the Endowment Fund
- an increase in the value of property, plant and equipment mainly relating to land and building revaluation increments associated with independent valuations performed as at 31 December 2013 and additions associated with the completion of the new Braggs building and Equine Health facility during 2013.

As at 31 December 2013, current assets of $137 million exceeded current liabilities of $114 million.

The following chart shows the University's current assets, current liabilities and current ratio for the four years to 2013.



The chart highlights that the University's current ratio has improved in 2013, following a significant deterioration in 2012. The improvement is mainly due to increases in cash and cash equivalents attributable to lower than budgeted capital expenditure and increased investments in deposits at call to better manage daily cash requirements.

Independent valuation of University land and buildings

The University's land and buildings were independently revalued on a fair value basis as at 31 December 2013. The previous revaluation of land and buildings was performed as at 30 June 2010.

The University holds both Trust and other land and buildings. Trust land is land provided to the University by the Government to be held in trust for the specific purpose of operating the University or is land acquired by settlement under a binding trust. Buildings constructed on land classified as Trust land are classified as Trust buildings.

Trust buildings have been valued using the depreciated replacement cost method, where the depreciated replacement cost is defined as the current replacement cost of an asset less accumulated depreciation calculated on the basis of the already consumed or expired service potential/estimated remaining useful life of the asset.

Land and other buildings have been valued using the direct comparison approach, which determines the current value of an asset by reference to recent comparable transactions involving the sale of similar assets. Adjustments are subsequently made for specific attributes including size, topography and zoning to determine the value of the subject property.

Further information regarding the revaluations is contained in notes 3(o), 14 and 31.

Major capital works projects

The University completed the construction of the Braggs building on the North Terrace campus in February 2013. The Braggs building houses the Institute for Phototonics and Advanced Sensing and has more than 10 000 square metres of research and teaching facilities, including specialised laboratories for glass processing, optical fibre fabrication, luminescence dating and atmospheric sensing. The total construction cost of the Braggs building was $90 million.

A new Equine Health and Performance Centre was completed at the Roseworthy campus in December 2013. The centre incorporates a new horse hospital which has facilities for complex diagnostic and surgical procedures, medical investigations and rehabilitation, isolation and treatment of contagious diseases and advanced reproductive technologies. The new hospital brings together a wide range of equine specialist services for the first time in South Australia. The total construction cost of the Equine Health and Performance Centre was $12 million.

In May 2014, the University Council approved the construction of the new AMNS building in the South Australian Health and Biomedical precinct located in Adelaide's west end. The 13 storey AMNS building will support over 1500 medicine and nursing students and nearly 1100 University health sciences researchers.

The AMNS building project has a total budgeted cost of $206 million. Construction of the building commenced in August 2014 with completion planned in semester 1, 2017. The project is funded in part by the $60 million capital grant received from the Australian Government in June 2013.

Liabilities

The value of the University's liabilities decreased by $28 million to $325 million. The major items causing this change were:

- a decrease in payables, primarily due to decreases in annual leave and LSL on-costs and salary and wage deductions payable
- decreases in LSL and defined benefit fund net liability provisions arising from increases in the discount rates used to calculate the liabilities (refer note 19)
- a decrease in derivative financial instruments, primarily due to decreases in the interest rate swap liability arising from changes in interest rate projections
- a decrease in the defined benefit obligation, mainly due to an increase in the discount rate used to calculate the liability (refer note 26(d)).

Statement of Cash Flows

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

	2013 $'million	2012 $'million	2011 $'million	2010 $'million
Net cash flows				
Operating	124.7	97.9	112.6	97.2
Investing	(100.4)	(103.8)	(102.4)	(108.0)
Financing	(6.3)	(5.9)	(9.9)	21.2
Cash in new controlled entity	3.4	-	-	-
Effects of exchange rate changes	0.6	0.4	0.1	0.1
Change in cash	18.0	(11.8)	0.3	10.5
Cash at 31 December	42.9	20.9	32.3	31.9

The net cash provided by operating activities increased by $27 million due mainly to the capital grant received for the new AMNS building, offset partly by increased payments for salaries and related expenses, student services and goods and services.

The net cash flows used in investing activities and net cash flows used in financing activities were consistent with 2012.

Further commentary on operations

South Australian Health and Medical Research Institute (SAHMRI)

SAHMRI was formally established as a company limited by guarantee under the Commonwealth *Corporations Act 2001* on 21 December 2009.

The primary objective of SAHMRI is to develop a centre of excellence both in Australia and internationally for the benefit of the community in undertaking, promoting and expanding research relating to:

- human medicine and health, including research relating to the detection, prevention, control and treatment of diseases in humans
- the social determinants of health, including the health of particular sections of the community
- health service delivery.

The founding members of SAHMRI are:

- the South Australian Treasurer
- the South Australian Minister for Health
- the South Australian Minister for Science and Economy
- the University of Adelaide
- the Flinders University of South Australia
- the University of South Australia.

The University does not control or exercise significant influence over SAHMRI operations under current constitutional and board membership arrangements.

The University has entered into a license agreement and building fitout contribution agreement with SAHMRI in relation to the SAHMRI building in the Adelaide West End precinct. Under these agreements, the University has a licence to occupy space in the SAHMRI building in return for a contribution to the building fitout.

The University made an interim payment of $3 million in December 2013 to contribute to its portion of the SAHMRI building fitout. This transaction has been reflected as a non-current prepayment in the Statement of Financial Position as at 31 December 2013 (refer note 11).

The University made a further payment of $3 million in April 2014 to pay for the remainder of the fitout works. The University's researchers commenced their relocation to the SAHMRI building premises in March 2014.

Under the license agreement, the University will be obliged to contribute to outgoings associated with their space (eg utilities costs), however no ongoing licence fee will be payable. A memorandum of understanding under the license agreement provides details on how the University's share of SAHMRI's building space is to be determined.

Statement of Comprehensive Income
for the year ended 31 December 2013

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000	University 2013 $'000	University 2012 $'000
Revenue from continuing operations:					
Received under *Higher Education Support Act 2003:*					
Base operating financial assistance	4	205 140	193 985	205 140	193 985
Other operating financial assistance	4	5 862	3 912	5 862	3 912
Higher Education Contribution Scheme	4	106 288	97 672	106 288	97 672
		317 290	295 569	317 290	295 569
Learning and teaching:					
Student fees	4	167 230	157 216	167 230	157 216
Grants	4	88 409	30 230	88 060	26 819
		255 639	187 446	255 290	184 035
Research grants and fees:					
National competitive grants		99 524	99 232	99 524	99 232
Public sector - other		49 393	54 540	36 731	40 283
Industry and other		49 610	46 040	35 157	33 317
		198 527	199 812	171 412	172 832
Research - other:					
Cooperative Research Centre direct funding		3 541	3 661	3 240	3 661
Research Infrastructure Program		17 310	14 332	17 310	14 332
Sustainable Excellence Research funding		9 194	9 234	9 194	9 234
		30 045	27 227	29 744	27 227
Other:					
Investment revenue	4	49 444	32 525	45 077	45 950
Property revenue	4	15 001	14 833	14 962	14 874
Specialist services and trading	4	40 814	43 492	17 280	18 568
Bequests, donations and other revenue	4	51 338	37 481	37 388	30 677
		156 597	128 331	114 707	110 069
Total revenue from continuing operations		958 098	838 385	888 443	789 732
Expenses from continuing operations:					
Salaries and related expenses	5	444 293	418 214	427 702	405 181
Student services		44 069	41 097	44 069	41 097
Teaching and research	5	79 718	85 376	84 471	85 300
Buildings and grounds	5	56 823	53 663	55 718	52 669
Finance costs	5	7 138	6 964	7 269	7 208
Administration, communication and travel	5	118 788	115 539	74 132	71 002
Finance and fund administration	5	2 143	3 170	2 140	3 166
Miscellaneous equipment, depreciation and net loss on disposal of assets	5	58 527	54 638	57 832	54 216
Total expenses from continuing operations		811 499	778 661	753 333	719 839
Net operating result for the year		146 599	59 724	135 110	69 893
Items that may be reclassified to net operating result:					
Gain (Loss) on swap contracts	9	4 903	(3 787)	4 903	(3 787)
Gain (Loss) on value of available-for-sale financial assets, net of tax	13	-	-	10 341	(10 246)
		4 903	(3 787)	15 244	(14 033)
Items that will not be reclassified to net operating result:					
Gain (Loss) on revaluation of land and buildings	4,14	19 969	-	21 190	-
Gain (Loss) on revaluation of library	14	641	-	641	-
Share of other comprehensive income of associates and joint ventures, net of tax	4	(356)	516	-	-
Remeasurements of defined benefit plans	26(c)	4 222	(22)	4 222	(22)
Non-controlling equity interest distribution paid		-	16	-	-
		24 476	510	26 053	(22)
Total other comprehensive income		29 379	(3 277)	41 297	(14 055)
Total comprehensive income		175 978	56 447	176 407	55 838
Total comprehensive income attributable to non-controlling interest		-	-	-	-
Total comprehensive income attributable to the University of Adelaide		175 978	56 447	176 407	55 838

Statement of Financial Position
as at 31 December 2013

		Consolidated		University	
		2013	2012	2013	2012
	Note	$'000	$'000	$'000	$'000
Current assets:					
Cash and cash equivalents	6	42 932	20 921	30 997	14 371
Receivables	7	30 039	29 280	28 111	26 620
Other financial assets	8	49 523	57 106	49 578	57 161
Derivative financial instruments	9	161	-	161	-
Inventories	10	2 442	2 538	983	1 077
Other non-financial assets	11	11 414	10 590	11 243	10 475
Total current assets		136 511	120 435	121 073	109 704
Non-current assets:					
Other financial assets	8	264 613	182 394	258 206	182 614
Investments accounted for using the equity method	12	1 992	2 348	841	841
Available-for-sale financial assets	13	-	-	26 926	16 585
Property, plant and equipment	14	1 171 650	1 117 867	1 159 189	1 104 258
Investment property	15	20 402	17 970	20 402	17 970
Intangible assets	16	15 354	17 044	15 354	17 044
Other non-financial assets	11	4 030	1 165	4 030	1 165
Deferred government superannuation contribution	26(d)	61 894	69 985	61 894	69 985
Total non-current assets		1 539 935	1 408 773	1 546 842	1 410 462
Total assets		1 676 446	1 529 208	1 667 915	1 520 166
Current liabilities:					
Payables	17	60 912	67 268	51 070	56 847
Borrowings	18	5 006	5 006	5 006	5 006
Provisions	19	28 107	33 572	27 123	32 830
Defined benefit obligation	26(d)	4 200	4 300	4 200	4 300
Other	20	15 719	13 475	19 821	17 757
Total current liabilities		113 944	123 621	107 220	116 740
Non-current liabilities:					
Payables	17	9 917	11 300	9 877	11 280
Borrowings	18	77 524	78 031	77 524	78 031
Provisions	19	54 229	58 669	53 870	58 365
Derivative financial instruments	9	11 265	16 007	11 265	16 007
Defined benefit obligation	26(d)	57 694	65 685	57 694	65 685
Total non-current liabilities		210 629	229 692	210 230	229 368
Total liabilities		324 573	353 313	317 450	346 108
Net assets		1 351 873	1 175 895	1 350 465	1 174 058
Equity:					
Capital reserves	22	579 114	558 504	601 338	569 166
Specific purpose reserves	22	537 462	436 994	537 462	436 994
Retained surplus	22	235 299	180 399	211 665	167 898
Total University interest		1 351 875	1 175 897	1 350 465	1 174 058
Non-controlling interest		(2)	(2)	-	-
Total equity		1 351 873	1 175 895	1 350 465	1 174 058

Statement of Changes in Equity
for the year ended 31 December 2013

Consolidated	Capital reserves $'000	Specific purpose reserves $'000	Retained surplus $'000	Non-controlling interest $'000	Total $'000
Balance at 1 January 2012	564 680	374 681	180 089	(2)	1 119 448
Net operating result	-	62 313	(2 573)	(16)	59 724
Other comprehensive income:					
Gain (Loss) on interest rate swap contracts	-	-	(3 787)	-	(3 787)
Share of other comprehensive income of associates and joint ventures, net of tax	-	-	516	-	516
Remeasurements of defined benefit plans	-	-	(22)	-	(22)
Non-controlling equity interest distribution paid	-	-	-	16	16
Transfer from revaluation reserves to retained surplus for asset sales	(6 176)	-	6 176	-	-
Total other comprehensive income	(6 176)	-	2 883	16	(3 277)
Balance at 31 December 2012	558 504	436 994	180 399	(2)	1 175 895
Balance at 1 January 2013	558 504	436 994	180 399	(2)	1 175 895
Net operating result	-	100 468	46 131	-	146 599
Other comprehensive income:					
Gain (Loss) on revaluation of land and buildings	19 969	-	-	-	19 969
Gain (Loss) on revaluation of library	641	-	-	-	641
Gain (Loss) on swap contracts	-	-	4 903	-	4 903
Share of other comprehensive income of associates and joint ventures, net of tax	-	-	(356)	-	(356)
Remeasurements of defined benefit plans	-	-	4 222	-	4 222
Non-controlling equity interest distribution paid	-	-	-	-	-
Total other comprehensive income	20 610	-	8 769	-	29 379
Balance at 31 December 2013	579 114	537 462	235 299	(2)	1 351 873
University					
Balance at 1 January 2012	579 412	374 681	164 127	-	1 118 220
Net operating result	-	62 313	7 580	-	69 893
Other comprehensive income:					
Gain (Loss) on value of available-for-sale financial assets, net of tax	(10 246)	-	-	-	(10 246)
Gain (Loss) on interest rate swap contracts	-	-	(3 787)	-	(3 787)
Remeasurements of defined benefit plans	-	-	(22)	-	(22)
Total other comprehensive income	(10 246)	-	(3 809)	-	(14 055)
Balance at 31 December 2012	569 166	436 994	167 898	-	1 174 058
Balance at 1 January 2013	569 166	436 994	167 898	-	1 174 058
Net operating result	-	100 468	34 642	-	135 110
Other comprehensive income:					
Gain (Loss) on revaluation of land and buildings	21 190	-	-	-	21 190
Gain (Loss) on value of available-for-sale financial assets, net of tax	10 341	-	-	-	10 341
Gain (Loss) on revaluation of library	641	-	-	-	641
Gain (Loss) on swap contracts	-	-	4 903	-	4 903
Remeasurements of defined benefit plans	-	-	4 222	-	4 222
Total other comprehensive income	32 172	-	9 125	-	41 297
Balance at 31 December 2013	601 338	537 462	211 665	-	1 350 465

Statement of Cash Flows
for the year ended 31 December 2013

		Consolidated		University	
		2013	2012	2013	2012
		Inflows	Inflows	Inflows	Inflows
Cash flows from operating activities:		(Outflows)	(Outflows)	(Outflows)	(Outflows)
Inflows:	Note	$'000	$'000	$'000	$'000
Australian Government financial assistance	37(h)	541 492	451 244	541 067	447 888
OS-HELP (net)	37(h)	400	(887)	400	(887)
Higher education superannuation	37(h)	3 629	3 601	3 629	3 601
State Government financial assistance		24 354	27 294	23 882	26 940
HECS-HELP student upfront payments		14 394	13 223	14 394	13 223
Fee paying student revenue received		154 175	144 206	154 175	144 206
Fees and charges		22 049	20 984	22 049	20 984
Donations and bequests		4 574	7 401	4 371	7 401
Interest and dividends received		8 895	11 021	3 795	6 406
Consultancy and contract research		77 802	82 607	44 997	46 880
Specialist services and produce trading		13 164	16 429	4 756	5 602
GST received		27 463	28 801	26 810	26 539
Other		36 082	39 934	22 570	44 451
Total inflows		928 473	845 858	866 895	793 234
Outflows:					
Salaries and related expenses		(459 825)	(407 512)	(443 216)	(394 657)
Student services		(44 056)	(41 156)	(44 056)	(41 080)
Goods and services		(268 343)	(265 687)	(231 992)	(218 103)
Costs of finance		(1 155)	(744)	(912)	(744)
GST paid		(30 329)	(32 908)	(25 459)	(28 170)
Total outflows		(803 708)	(748 007)	(745 635)	(682 754)
Net cash provided by (used in) operating activities	23	124 765	97 851	121 260	110 480
Cash flows from investing activities:					
Inflows:					
Proceeds from sale of property, plant and equipment		458	11 265	421	82
Proceeds from sale of financial assets		6 147	3 900	6 000	3 900
Proceeds from sale of financial assets held to maturity		7 583	23 471	7 583	23 471
Increase in loans		40	-	-	-
Repayment of loans by related parties		116	132	172	282
Increase in funds held on deposit		254	-	254	-
Total inflows		14 598	38 768	14 430	27 735
Outflows:					
Payments for property, plant and equipment		(64 317)	(91 679)	(62 739)	(88 211)
Payments for intangible assets		(7 009)	(3 260)	(7 009)	(3 260)
Purchase of financial assets		(3 690)	(47 620)	(3 604)	(47 620)
Purchase of financial assets held to maturity		(40 000)	-	(40 000)	-
Payment of loans		(7)	(6)	(6)	(116)
Repayment of funds held on deposit		-	-	-	(2 000)
Total outflows		(115 023)	(142 565)	(113 358)	(141 207)
Net cash provided by (used in) investing activities		(100 425)	(103 797)	(98 928)	(113 472)
Cash flows from financing activities:					
Outflows:					
Repayment of borrowings		(500)	-	(500)	-
Borrowings - interest repayments		(5 832)	(5 878)	(5 832)	(5 878)
Total outflows		(6 332)	(5 878)	(6 332)	(5 878)
Net cash provided by (used in) financing activities		(6 332)	(5 878)	(6 332)	(5 878)
Net increase (decrease) in cash and cash equivalents		18 008	(11 824)	16 000	(8 870)
Cash and cash equivalents at 1 January		20 921	32 339	14 371	22 835
Cash and cash equivalents in new controlled entity		3 377	-	-	-
Effects of exchange rate changes on cash and cash equivalents	4	626	406	626	406
Cash and cash equivalents at 31 December	6	42 932	20 921	30 997	14 371

The University invests its surplus working capital into bank term investments. These bank term investments are reported as financial assets held to maturity within note 8 (2013: $89.4 million, 2012: $57 million). As a consequence these amounts are not reported within cash and cash equivalents and the movement in these assets is not reported within the Statement of Cash Flows.

Notes to and forming part of the financial statements

1. Basis of preparation

These notes, prepared in conjunction with the financial statements, provide an explanation of significant accounting policies and practices adopted in the preparation of the statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements and notes collectively constitute a general purpose financial report prepared in accordance with AASs, AASB interpretations, the *Higher Education Support Act 2003* (Cwlth), financial statement guidelines of the Australian Government Department of Education (AGDE), the South Australian TIs and the APF issued under the provisions of the PFAA (except where in conflict with AGDE requirements).

(a) Compliance with International Financial Reporting Standards

The financial statements and notes of the University of Adelaide (the University) comply with AASs, some of which contain requirements specific to not-for-profit entities that are inconsistent with International Financial Reporting Standards requirements.

(b) Critical accounting estimates

Preparation of financial statements in conformity with AASs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed where applicable, in the relevant notes to the financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2. Scope of reporting

The financial statements and notes disclose the 2013 operating results and 2012 comparative results of the University as follows:

University – refers to all aspects of operation of the University of Adelaide only.

Consolidated – refers to the financial results of the University of Adelaide together with the financial results of its controlled entities (refer note 32). It includes the University's interests in associated entities (note 33) and its joint venture operations (note 34), recognised using the equity accounting method.

The controlled entities of the University, included in this report are:

- Adelaide Research & Innovation Pty Ltd as trustee for the Adelaide Research & Innovation Investment Trust:
  - ACN 008 123 466 Pty Ltd (formerly Repromed Pty Ltd)
- Adelaide Unicare Pty Ltd as trustee for the Unihealth Research & Development Trust
- Martindale Holdings Pty Ltd as trustee for:
  - J S Davies Estate
  - J A T Mortlock Trust
  - The Roseworthy Farm
- National Wine Centre Pty Ltd as trustee for the National Wine Centre Trust
- Roseworthy Piggery Pty Ltd
- Women's and Children's Health Research Institute (controlled from 1 January 2013).

3. Statement of significant accounting policies

(a) Basis of accounting

This general purpose financial report has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of non-current assets.

These accounting policies have been consistently applied by each entity in the Consolidated Entity, and these policies have been consistently applied to all the years presented, unless otherwise stated.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures. Where comparatives have been reclassified, the impact of this reclassification has been disclosed in the relevant note.

(b) Principles of consolidation

The consolidated financial statements of the Consolidated Entity include the financial statements of the University, being the Parent Entity, and its controlled entities (the Consolidated Entity). All entities have a 31 December reporting period.

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The balances, and effects of transactions, between controlled entities have been eliminated in the consolidated financial statements. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Non-controlling interest in the equity and results of the entities that are controlled by the University are shown as a separate item in the consolidated financial statements.

(c) Foreign currency

The University and its controlled entities financial statements are prepared in Australian dollars as their primary activities are conducted within Australia where the functional currency is Australian dollars.

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions and brought to account in the net operating result. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

(d) Revenue recognition

The University recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the University and specific criteria have been met for each of the University's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the transaction have been resolved. The Consolidated Entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Grant revenue

Grant revenue is recognised in the accounting period that the University obtains control of the revenue which is generally when it is received or where the University obtains control of the right to receive the grant and when the revenue recognition criteria are met.

HELP payments

Revenue from HELP is categorised into those received from the Australian Government and those received directly from students. Revenue is recognised in the year in which the service is provided.

Student tuition fees and charges

Student tuition fees and charges are recognised in the year in which the service is provided.

Consultancy, contract and industry research

Consultancy, contract and industry research income is recognised in the accounting period in which the service is provided.

Bequests and donations

Bequests and donations are recognised as income in the accounting period they are received.

Interest and investment income

Interest and income from investments are recognised as they accrue (refer note 3(j)).

Royalties, trademarks and licences

Revenue from royalties, trademarks and licences is recognised as income when earned.

Asset sales

The net gain/loss from asset sales is included in the Consolidated Entity net operating result. The profit or loss on disposal of assets is brought to account at the date the contract of sale becomes unconditional.

(e) GST

Revenues, expenses, assets and liabilities 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 are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

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

(f) Intangible assets

Research expenditure is expensed in the period in which it is incurred. Where no internally generated asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

Any intangible assets arising from development (or from the development phase of an internal project) are recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

All computer software other than operating systems is treated as intangible assets.

Intangible assets are stated at cost less accumulated amortisation and impairment, whereby impairment is tested annually (refer note 16). Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

(g) Employee benefits

Wages and salaries

The employees' entitlements to wages and salaries represent the amount which the Consolidated Entity has a present obligation to pay resulting from employees' services provided up to the balance date. The entitlements have been calculated at the wage and salary rates as at the balance date and have been recognised in payables.

Annual leave

The employees' entitlements to annual leave expected to be settled within 12 months of the balance date have been calculated at the amounts expected to be paid when the liabilities are settled and recognised in current provisions. Where the employees' entitlements to annual leave are not expected to be settled within 12 months of the balance date, the provision has been discounted to present value using the Australian Government three year bond rate and recognised in non-current provisions. The employee on-costs related to annual leave provision are recognised in payables.

LSL

The liability for employees' entitlements to LSL represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

Liabilities for employees' entitlements, which are not expected to be settled within 12 months, are discounted using the rates attaching to Australian Government securities at balance date, which most closely match the terms of maturity of the related liabilities, and recognised in non-current provisions.

In determining the liability for employees' entitlements, consideration has been given to future increases in wage and salary rates, and the Consolidated Entity's experience with staff departures. Related on-costs have been recognised in payables.

Superannuation
Superannuation schemes exist to provide benefits to University employees and their dependents upon retirement, disability or death. The contributions made to these schemes by the University, and emerging costs from unfunded schemes, are expensed in the net operating result. For defined benefit plans, the remeasurement gains and losses are recognised immediately in other comprehensive income in the year in which they occur and the liability in relation to the defined benefit obligation, net of assets, has been recognised in the Statement of Financial Position. Refer note 26 for details relating to the individual schemes.

(h) Receivables
Trade receivables are initially recognised at fair value. The collectability of receivables is assessed at balance date and provision is made for any amounts considered to be doubtful. Any debts considered to be non-collectable have been expensed as bad debts.

(i) Cash and cash equivalents
Cash and cash equivalents include cash at bank or on hand and deposits held at call with financial institutions.

(j) Other financial assets
The Consolidated Entity classifies its investments into the following categories: financial assets at fair value through profit or loss, financial assets held to maturity, available-for-sale financial assets and loans and receivables. The classification depends on the purpose for which the investments were acquired. The classification of the investments is made at initial recognition and is reviewed at each balance date.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified in this category if acquired for the purpose of selling in the short-term. Financial assets at fair value through profit or loss are classified as current assets in the Statement of Financial Position, with any realised and unrealised gains or losses recognised in the net operating result.

- *Endowment Fund*
  The majority of specific purpose endowments received by the University to fund research activities, scholarships, prizes and lectures are included in the Endowment Fund. This fund is invested in cash deposits and longer term investments managed by independent investment managers. It includes a mix of Australian equities, overseas equities, fixed interest securities and property trusts. These securities are traded by the investment managers, however, the Endowment Fund represents a long-term investment holding. As a consequence, these investments are reported in non-current financial assets in the Statement of Financial Position at market values obtained from the investment managers.

Financial assets held to maturity
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the University's management has the positive intention and ability to hold to maturity.

The University places its surplus operating funds into bank term deposits with fixed maturity dates. Financial assets held to maturity are carried at cost.

Available-for-sale financial assets
The financial assets are classified in this category where there is an intention to dispose of the investment, rather than replacing the investment through trading. Available-for-sale financial assets are recorded at fair value less impairment in the Statement of Financial Position. Unrealised gains and losses arising from changes in fair value are recognised directly in equity, until the investment is disposed of or is determined impaired, at which time the cumulative unrealised gain or loss previously recognised in the reserve is included in the net operating result for the period. The University's investments in controlled entities are classified as non-current available-for-sale financial assets as the University does not intend to dispose of these assets in the near future.

Loans and receivables
Financial assets are classified in this category when the Consolidated Entity provides money, goods or services to a debtor with no intention of selling the receivable. Financial assets classified as loans and receivables are recorded at amortised cost less impairment. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets.

(k) Derivative financial instruments
The Consolidated Entity enters into interest rate swaps (derivative financial instruments) to manage its exposure to movements in interest rates on its borrowings.

In addition, the Consolidated Entity enters into foreign currency swaps (derivative financial instruments) to manage its exposure to movements in exchange rates on its capital expenditure and library subscriptions.

(k) Derivative financial instruments (continued)

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised as an asset or liability as the swaps are effective hedging instruments.

The fair value of hedging derivatives is classified as a non-current asset or a non-current liability if the remaining maturity of the hedge relationship is more than 12 months and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than 12 months.

Hedge accounting

The Consolidated Entity has designated the interest rate and foreign currency swaps as cash flow hedges.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Consolidated Entity documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting cash flows of the hedged item.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in the Statement of Comprehensive Income. The gain or loss relating to the ineffective portion is recognised immediately in the net operating result. As at 31 December 2013 there are no ineffective hedge instruments.

Amounts deferred in equity are recorded in the net operating result in the periods when the hedged item is recognised in the net operating result. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Consolidated Entity revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the net operating result.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in other comprehensive income is recognised immediately in the net operating result.

(l) Fair value measurement

The fair value of assets and liabilities must be measured for recognition and disclosure purposes.

The Consolidated Entity classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of financial assets or liabilities traded in active markets is based on quoted market prices for identical assets or liabilities at the balance sheet date (level 1). The quoted market price used for assets held by the Consolidated Entity is the most representative of fair value in the circumstances within the bid-ask spread.

The fair value of financial assets or liabilities that are not traded in an active market is determined using valuation techniques. The Consolidated Entity uses a variety of methods and makes assumptions that are based on market conditions existing at balance date. Quoted market prices or dealer quotes for similar instruments (level 2) are used for long-term debt instruments held. Other techniques that are not based on observable market data (level 3) are used to determine fair value for the remaining assets and liabilities. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance date. The level in the fair value hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Fair value measurement of non-financial assets is based on the highest and best use of the asset. The Consolidated Entity considers market participants use of, or purchase price of the asset, to use it in a manner that would be highest and best use.

The carrying value less impairment provision of trade receivables is assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

(m) Investments in business undertakings

Controlled entities

Investments in controlled entities are carried in the University's financial statements at fair value. Dividends and distributions are brought to account in the net operating result when they are declared by the controlled entities.

Associates

An associate is an entity, other than a partnership, over which the Consolidated Entity exercises a significant influence but not control over the financial and operating policies, generally accompanying a shareholding of between 20% and 50% of the voting rights.

In the University's financial statements, investments in associates are carried at cost.

In the consolidated financial statements, investments in associates are accounted for using the equity method of accounting. The Consolidated Entity's share of the associates' net profit or loss after tax is recognised in consolidated other comprehensive income after the elimination of unrealised profits and losses on transactions between the associate and any entities in the Consolidated Entity or another associate of the Consolidated Entity.

Joint ventures

Joint ventures are those entities over whose activities the Consolidated Entity has joint control.

The University derives income as part of its participation in Cooperative Research Centres, as listed in note 34(a)(i). In the ordinary course of events this income, which is recognised in the financial statements of the University, is used to meet operational costs and/or acquire equipment. As a participant, the University will be entitled to a proportionate share of any intellectual property arising, which in time, it would be required to account for under the rules of joint venture accounting. As at the balance date, the University is not aware of any material intellectual property with commercial value. As such no accounting entries have been recorded.

The Consolidated Entity's interest in other joint ventures, as described in note 34(a)(ii), is accounted for using the equity method of accounting.

Other business undertakings

The Consolidated Entity holds a number of investments. In the case of publicly listed investments, these have been valued at market value. In the case of non-publicly listed investments, these have been valued at lower of cost or net realisable value (refer note 3(j)).

(n) Inventories

Consumable materials and trading stock

The University has a number of inventory stores at several locations. The inventory is valued at cost based on the weighted average cost method.

Livestock

The University breeds animals for teaching and research activities and not for profit. Consequently it does not attribute a value to livestock for recording in the Statement of Financial Position. Where controlled entities have reported livestock, this is included at net realisable value.

(o) Property, plant and equipment

Acquisitions

Items of property, plant and equipment are initially recorded at cost in the Statement of Financial Position (unless otherwise indicated) and depreciated in accordance with note 3(q).

Revaluations

During 2013 land and buildings were independently valued on a fair value basis in accordance with AASs.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation.

Increases in the carrying amounts arising on revaluation of land and buildings, library collection and works of art are credited to capital reserves in equity within the Statement of Financial Position except to the extent that they reverse previous reductions in the carrying amounts which were charged to the net operating result. Decreases that reverse previous increases of the same class of asset are first charged against the capital reserves in equity to the extent of the remaining reserve attributable to the class of asset. All other decreases are charged to the net operating result.

Disposal of revalued assets
The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal and is included in the results in the year of disposal.

Land and buildings
The University differentiates between 'trust' and 'other' land and buildings. Trust land is land provided to the University by government to be held in trust for the specific purpose of operating the University, or acquired by settlement under a binding trust. Buildings constructed on land classified as trust land are classified as trust buildings.

All land and buildings are recorded at fair value which has been assessed via an independent valuation on the basis of market value for existing use. The valuation of land and buildings has been carried out by Mr Martin Oldfield AAPI BBus(Prop)(Val), Mr Graham Martin AAPI BBus(Prop)(Val), Mr Darcy Bruce AAPI BAppSc(Val) of Maloney Field Services (Australia) Pty Ltd on 31 December 2013.

Other collections
The University owns a number of collections of cultural, historical and scientific significance. Many of these collections are unique or extremely rare. The University is not able to reliably measure the value of these collections and therefore has not recognised them as an asset in the Statement of Financial Position. Furthermore, collections which are irreplaceable (excluding works of art) are not covered by University insurance due to difficulty in determining an insurable value, the costs associated with deriving such a value, and the premium load an insurer would require to carry such a risk.

Library collection
The library collection was revalued on 31 December 2013 using an internal valuation based on the annual price movement of books.

Works of art
Works of art $2000 and greater are recorded at fair value on the basis of an independent valuation carried out by Mr J F B Bruce Valuer (MSAV) of Theodore Bruce Auctions Pty Ltd on 31 December 2011. No provision for depreciation is made for works of art.

Leased property, plant and equipment
Leases of property, plant and equipment where the University, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. As at 31 December 2013 there are no finance leases.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the net operating result on a straight-line basis, over the period of the lease.

(p) Impairment of assets
The Consolidated Entity assesses at balance date whether there is objective evidence that an asset or group of assets is impaired.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the net operating result for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if changes in circumstances indicate they might be impaired. An impairment loss is recognised if the carrying amount of the asset or its related cash-generating-unit exceeds its recoverable amount.

(q) Depreciation and amortisation
Depreciation on freehold buildings is calculated on a diminishing value basis. Depreciation is provided on other property, plant and equipment, excluding land and works of art, on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its remaining expected useful life. Leasehold improvements are amortised over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The following estimated useful lives are used in the calculation of depreciation/amortisation:

Buildings	80-100 years
Leasehold improvements	5-50 years
Library collection	10 years
Plant and equipment including motor vehicles	5-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

(r) Investment properties

Investment properties are distinct from property, plant and equipment, in that they are held to earn rentals, rather than for use in the production or supply of goods and services.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the University. Where an investment property is acquired at no cost or for nominal consideration, its cost is deemed to be its fair value, as at the date of acquisition.

Subsequent to initial recognition at cost, investment properties are revalued to fair value, which is based on active market prices, with changes in the fair value recognised in the net operating result in the period that they arise. The properties are not depreciated. Rental revenue from the leasing of investment properties is recognised in the net operating result in the periods in which it is receivable, as this represents the pattern of service rendered though the provision of the properties.

An independent valuation of investment properties has been carried out by Mr Martin Oldfield AAPI BBus(Prop)(Val) of Maloney Field Services (Australia) Pty Ltd on 31 December 2013.

(s) Workers compensation

The University is responsible for payments of workers compensation claims and is registered with the WorkCover Corporation of South Australia as an exempt employer.

The actuarial assessment of the provision for workers compensation claims has been prepared by Brett & Watson Pty Ltd using the case estimation methodology. This methodology comprises the assessment of individual independent case estimates of all open claims. A separate allowance for incurred but not reported claims, unforeseen escalation of the case estimates and re-opening of finalised claims is then made.

(t) Payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(u) Salaries and related expenses

Items attributed to salaries and related expenses include salaries and wages, employee entitlements and other costs incidental to the employment of staff such as professional development costs and FBT.

(v) Borrowings

Borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date and does not expect to settle the liability for at least 12 months after the balance sheet date.

(w) Borrowings costs

Borrowing costs incurred for the construction of buildings are capitalised during the period of time that is required to complete and prepare the building for its intended use. Other borrowing costs are expensed.

(x) Rounding

All amounts in this report are rounded to the nearest thousand dollars.

4. Revenue from continuing operations

	Consolidated		University	
Received under *Higher Education Support Act 2003*:	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Base operating financial assistance:				
Commonwealth Grants Scheme (Commonwealth supported places)	158 765	148 180	158 765	148 180
Institutional Grants Scheme	14 872	15 879	14 872	15 879
Research Training Scheme	31 503	29 926	31 503	29 926
	205 140	193 985	205 140	193 985
Other operating financial assistance:				
Other operating financial assistance	5 862	3 912	5 862	3 912
	5 862	3 912	5 862	3 912
Higher Education Contribution Scheme:				
HECS-HELP student upfront payments	14 394	13 223	14 394	13 223
Australian Government financial assistance	91 894	84 449	91 894	84 449
	106 288	97 672	106 288	97 672
	317 290	295 569	317 290	295 569

4. Revenue from continuing operations (continued)

	Consolidated		University	
	2013	2012	2013	2012
Student fee income includes:	$’000	$’000	$’000	$’000
Fee paying student revenue received				
Award courses:				
Australian fee paying undergraduate students	1 052	1 175	1 052	1 175
Australian fee paying postgraduate students	4 237	4 106	4 237	4 106
International fee paying students	136 322	133 025	136 322	133 025
	141 611	138 306	141 611	138 306
Non-award courses:				
Continuing education	568	574	568	574
Australian fee paying	5 275	3 767	5 275	3 767
Other teaching service fees	4 464	3 506	4 464	3 506
	10 307	7 847	10 307	7 847
Non-course income:				
Student services and amenities fees	2 212	1 751	2 212	1 751
	2 212	1 751	2 212	1 751
	154 130	147 904	154 130	147 904
Australian Government financial assistance:				
FEE-HELP	9 489	6 596	9 489	6 596
SA-HELP	2 614	1 769	2 614	1 769
Overseas postgraduate research scholarship	997	947	997	947
	167 230	157 216	167 230	157 216
Learning and teaching grants:				
Other Australian Government financial assistance	60 000	-	60 000	-
Learning and teaching grants	28 409	30 230	28 060	26 819
	88 409	30 230	88 060	26 819
	255 639	187 446	255 290	184 035

During 2013 the University received an Australian Government capital grant of $60 million towards a new medical and nursing school building, with construction due to commence in 2014.

	Consolidated		University	
	2013	2012	2013	2012
Investment revenue:	$’000	$’000	$’000	$’000
General fund earnings	4 631	7 213	4 129	6 892
Net realised gains on endowment fund investments	6 827	4 214	6 827	4 214
General and endowment fund investment market valuation adjustment	31 916	16 462	31 223	16 462
Unrealised gains on investment properties	849	701	849	701
Royalties, trademarks and licences	4 780	3 935	1 283	1 870
Dividends received	441	-	-	-
Distributions from controlled entities	-	-	766	15 811
	49 444	32 525	45 077	45 950
Property revenue:				
Rental charges/accommodation fees	11 139	11 301	11 023	11 224
Parking fees	1 671	1 635	1 671	1 635
Building development and maintenance recovery	1 520	1 281	1 520	1 281
Other property revenue	671	616	748	734
	15 001	14 833	14 962	14 874
Specialist services and trading:				
Consultancy fees	11 954	12 607	7 218	7 625
Library charges and fines	608	851	608	851
Sale of services	22 324	23 540	6 265	6 219
Sale of goods	3 041	3 045	743	684
Sponsorship and conference income	931	1 636	870	1 636
Other specialist services and trading	1 956	1 813	1 576	1 553
	40 814	43 492	17 280	18 568

4. Revenue from continuing operations (continued)

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000	University 2013 $'000	University 2012 $'000
Bequests, donations and other revenue:					
Bequests and donations received for:					
Research		3 190	3 905	2 987	3 905
General operational purposes		1 984	2 985	1 984	2 985
		5 174	6 890	4 971	6 890
Prizes and scholarships		2 016	1 890	2 016	1 890
Recharge of costs to other organisations		687	390	524	390
Application management and late fee		1 613	1 597	1 613	1 597
Franchise fees		2 104	1 356	2 104	1 356
Insurance claim recovery		624	271	624	271
Salary recharges		1 237	926	1 237	926
AusAID scholarships and stipends		7 433	7 475	7 433	7 475
Net foreign exchange gain		626	406	626	406
Reversal of impairment of other buildings		5 097	-	6 308	-
Gain on acquisition of controlled entity	32	9 389	-	-	-
Other revenue		15 338	16 280	9 932	9 476
		51 338	37 481	37 388	30 677
Share of other comprehensive income of associates and joint ventures accounted for using the equity method:					
Joint venture operations	34	(27)	340	-	-
Associates	33	(329)	176	-	-
		(356)	516	-	-

5. Expenses from continuing operations

Salaries and related expenses

	Consolidated 2013 $'000	Consolidated 2012 $'000	University 2013 $'000	University 2012 $'000
Salaries and related expensed - academic:				
Salaries	182 962	170 503	182 822	170 503
Contributions to superannuation schemes	25 783	26 185	25 775	26 185
Payroll tax	10 439	10 224	10 439	10 224
Annual leave	11 618	12 192	11 618	12 192
LSL	2 927	3 849	2 927	3 849
Workers compensation	271	884	263	884
Other	4 882	4 770	4 845	4 770
Total academic salaries and related expenses	238 882	228 607	238 689	228 607
Salaries and related expenses - non-academic:				
Salaries	157 856	140 879	143 908	129 833
Contributions to superannuation schemes	21 781	21 207	20 347	20 126
Payroll tax	8 688	8 208	8 304	7 845
Annual leave	9 819	11 292	9 290	10 900
LSL	2 253	3 257	2 165	3 139
Workers compensation	695	700	695	688
Other	4 319	4 064	4 304	4 043
Total non-academic salaries and related expenses	205 411	189 607	189 013	176 574
Total salaries and related expenses	444 293	418 214	427 702	405 181
Teaching and research:				
Agriculture, animals and cropping	1 857	1 134	1 857	1 134
Books, subscriptions and printed material	7 599	7 112	7 583	7 112
Laboratory expenses	18 257	16 661	17 548	16 661
Research transfer to other institutions	22 165	30 269	27 643	30 269
Other teaching and research	29 840	30 200	29 840	30 124
	79 718	85 376	84 471	85 300
Buildings and grounds:				
Cleaning and security	9 764	9 115	9 376	8 724
Property maintenance	17 011	18 028	16 842	17 931
Building leases and rent	15 183	13 471	14 824	13 076
Utilities	14 865	13 049	14 676	12 938
	56 823	53 663	55 718	52 669

Salaries and related expenses (continued)		Consolidated		University	
		2013	2012	2013	2012
Finance costs:	Note	$'000	$'000	$'000	$'000
Interest		6 257	6 220	6 388	6 464
Finance charges		881	744	881	744
		7 138	6 964	7 269	7 208
Administration, communication and travel:					
Consultants and specialist services		19 973	20 469	15 503	15 584
Fees and licenses		14 298	12 414	14 268	12 384
Insurance		3 112	3 007	2 959	2 843
Administration and communication		53 508	54 132	13 898	14 876
Publicity and fundraising		4 866	3 604	4 636	3 452
Travel, accommodation and entertainment		23 031	21 913	22 868	21 863
		118 788	115 539	74 132	71 002
Finance and fund administration:					
Bad and doubtful debts:					
Student loans		(8)	(57)	(8)	(57)
Student tuition		57	(41)	57	(41)
Other debtors		549	1 352	546	1 348
		598	1 254	595	1 250
Management and merchant fees		577	831	577	831
FBT payments		944	1 057	944	1 057
Other		24	28	24	28
		2 143	3 170	2 140	3 166
Miscellaneous equipment, depreciation and net loss on disposal of assets includes:					
Amortisation of intangible assets:					
Software		6 459	5 664	6 459	5 664
Amortisation:	3(q)				
Leasehold improvements		2 464	3 551	2 424	3 540
		8 923	9 215	8 883	9 204
Depreciation:	3(q)				
Buildings		23 604	21 367	23 505	21 302
Plant, equipment and motor vehicles		10 693	8 782	10 169	8 444
Library collection		2 897	2 823	2 897	2 823
		37 194	32 972	36 571	32 569
		46 117	42 187	45 454	41 773
Non-capitalised equipment		10 681	11 058	10 673	11 050
Net loss on disposal of assets		1 729	1 393	1 705	1 393
		58 527	54 638	57 832	54 216

6. Cash and cash equivalents

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000	University 2013 $'000	University 2012 $'000
Cash and cash equivalents	3(i)				
Cash at bank or on hand		29 877	15 574	20 997	9 371
Deposits at call		13 055	5 347	10 000	5 000
		42 932	20 921	30 997	14 371

The University invested its surplus working capital into bank term investments (2013: $89.4 million, 2012: $57 million). These bank term investments have been reported as financial assets held to maturity in note 8. As a result these funds are not reported within cash and cash equivalents or within the Statement of Cash Flows.

7. Receivables

		Consolidated		University	
		2013	2012	2013	2012
	Note	$'000	$'000	$'000	$'000
Current:	3(h)				
Student tuition fees		5 219	4 676	5 219	4 676
Provision for impaired receivables		(47)	(155)	(47)	(155)
		5 172	4 521	5 172	4 521
Trade debtors		22 150	18 717	20 139	15 775
Provision for impaired receivables		(567)	(588)	(484)	(306)
		21 583	18 129	19 655	15 469

7. Receivables (continued)

	Consolidated		University	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Sundry debtors and accrued income	4 914	7 988	4 914	7 988
Provision for impaired receivables	(1 670)	(1 414)	(1 670)	(1 414)
	3 244	6 574	3 244	6 574
Student loans	180	204	180	204
Provision for impaired receivables	(140)	(148)	(140)	(148)
	40	56	40	56
	30 039	29 280	28 111	26 620

(a) Impaired receivables

As at 31 December 2013 current receivables of the group with a nominal value of $2.6 million ($2.5 million) were impaired. The amount of the provision was $2.4 million ($2.3 million). The individually impaired receivables mainly relate to outstanding trade and student debtors. It was assessed that a portion of these receivables is expected to be recovered.

The ageing of impaired receivables is as follows:	Consolidated		University	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Zero to three months	96	110	96	110
Three to six months	40	53	40	53
Over six months	2 488	2 354	2 405	2 072
	2 624	2 517	2 541	2 235

As at 31 December 2013 current receivables of the group of $29.8 million ($29.1 million) were not impaired. These receivables mainly relate to a number of government agencies and independent customers for whom there is no recent history of default.

The ageing analysis of these receivables is as follows:	Consolidated		University	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Zero to three months	23 375	22 153	22 344	20 280
Three to six months	6 175	5 762	5 325	5 483
Over six months	289	1 153	242	645
	29 839	29 068	27 911	26 408

The movement in the provision for impaired receivables is as follows:

At 1 January	2 305	1 405	2 023	1 050
Net provision for impairment recognised (reversed) during the year	538	1 130	543	1 180
Receivables written off during the year as uncollectable	(419)	(230)	(225)	(207)
At 31 December	2 424	2 305	2 341	2 023

The creation and release of the provision for impaired receivables has been included in finance and fund administration in the Statement of Comprehensive Income. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash. The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

8. Other financial assets

	Consolidated		University	
	2013	2012	2013	2012
Current:	$'000	$'000	$'000	$'000
Other loans	117	117	172	172
Held to maturity - bank term investments	49 406	56 989	49 406	56 989
	49 523	57 106	49 578	57 161

8. Other financial assets (continued)

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000	University 2013 $'000	University 2012 $'000
Non-current:					
Fair value through profit or loss (held for trading)					
Endowment Fund at fair value:	3(j)				
Australian fixed interest securities		10 569	10 295	10 569	10 295
Overseas fixed interest securities		10 487	10 376	10 487	10 376
Australian equities		88 277	72 946	88 277	72 946
Overseas equities		71 389	53 398	71 389	53 398
Property trusts		15 609	14 532	15 609	14 532
Cash and liquid assets		8 016	7 886	8 016	7 886
Alternative strategies		12 150	11 301	12 150	11 301
		216 497	180 734	216 497	180 734
Other shares		7 799	1 225	1 226	1 225
Total fair value through profit or loss (held for trading)		224 296	181 959	217 723	181 959
Other loans		317	435	483	655
Held to maturity - bank term investments		40 000	-	40 000	-
Total non-current other financial assets		264 613	182 394	258 206	182 614

Held to maturity - bank term investments

The University invests its surplus working capital into bank term investments and these bank term investments have been reported as financial assets held to maturity. As a result these funds are not reported within cash and cash equivalents in note 6 or within the Statement of Cash Flows.

9. Derivative financial instruments

	Consolidated 2013 $'000	Consolidated 2012 $'000	University 2013 $'000	University 2012 $'000
Current assets:				
Foreign currency swap contracts - cash flow hedges	161	-	161	-
Non-current liabilities:				
Interest rate swap contracts - cash flow hedges	11 265	16 007	11 265	16 007

During 2007 the University entered into nine $10 million forward start interest rate swaps (totalling $90 million), to manage its interest rate exposures on planned borrowings for its North Terrace Development Strategy. The swaps commenced in February 2010 and amortise on a straight-line basis over 20 years. The University is obligated to pay a fixed interest rate of 6.65%. These interest rate swaps are effective hedges and the fair value of these hedges are recorded as a non-current liability.

During 2013 the University entered into foreign currency swaps totalling $3.6 million to manage USD foreign currency exposures. As at 31 December 2013, USD3.35 million remained with maturities out to December 2014 at a weighted average exchange rate of 0.9206. These foreign currency swaps were effective hedges and the fair value of these hedges were recorded as a current asset.

10. Inventories

	Note 3(n)	Consolidated 2013 $'000	Consolidated 2012 $'000	University 2013 $'000	University 2012 $'000
Consumable materials and trading stock		2 115	2 321	1 003	1 117
Livestock		307	257	-	-
Provision for obsolescence		(20)	(40)	(20)	(40)
		2 442	2 538	983	1 077

The University wrote down inventories by $20 000 during the year ended 31 December 2013 ($12 000) on identification of obsolete and overvalued items.

11. Other non-financial assets

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000	University 2013 $'000	University 2012 $'000
Current:					
Prepayments		8 374	8 060	8 271	7 945
Accrued income		2 634	1 724	2 566	1 724
OS-HELP receivable from Australian Government		406	806	406	806
		11 414	10 590	11 243	10 475
Non-current:					
Prepayments		4 030	1 165	4 030	1 165
Total other non-financial assets		15 444	11 755	15 273	11 640

12. Investments accounted for using the equity method

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000	University 2013 $'000	University 2012 $'000
Investments accounted for using the equity method	3(m)				
Investments in associates:	33				
At cost		-	-	456	456
Equity accounted		240	569	-	-
Interests in joint ventures:	34				
At cost		-	-	385	385
Equity accounted		1 752	1 779	-	-
		1 992	2 348	841	841

13. Available-for-sale financial assets

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000	University 2013 $'000	University 2012 $'000
Non-current:					
Investments in controlled entities	32	-	-	26 926	16 585

14. Property, plant and equipment

Consolidated	Trust land $'000	Other land $'000	Trust buildings $'000	Other buildings $'000	WIP $'000
As at 1 January 2012:					
Cost	4	770	64 050	19 198	43 793
Valuation	145 325	71 988	588 014	50 487	-
Accumulated depreciation/amortisation	-	-	(18 157)	(2 027)	-
Net book amount	145 329	72 758	633 907	67 658	43 793
Year ended 31 December 2012:					
Opening net book amount	145 329	72 758	633 907	67 658	43 793
Revaluation increments (decrements)	-	-	-	-	-
Additions	-	-	-	-	87 651
Disposals	-	-	-	-	-
Transfers	-	1 390	16 344	4 583	(27 025)
Depreciation/Amortisation	-	-	(19 140)	(2 227)	-
Closing net book amount	145 329	74 148	631 111	70 014	104 419
As at 31 December 2012:					
Cost	4	770	80 394	23 781	104 419
Valuation	145 325	73 378	588 014	50 487	-
Accumulated depreciation/amortisation	-	-	(37 297)	(4 254)	-
Net book amount	145 329	74 148	631 111	70 014	104 419
Year ended 31 December 2013:					
Opening net book amount	145 329	74 148	631 111	70 014	104 419
Revaluation increments (decrements)	5 620	(2 445)	18 495	3 396	-
Additions	-	626	-	2	58 043
Disposals	-	-	-	-	-
Transfers	(655)	-	131 918	2403	(146 584)
Depreciation/Amortisation	-	-	(21 265)	(2 339)	-
Closing net book amount	150 294	72 329	760 259	73 476	15 878
As at 31 December 2013:					
Cost	-	-	-	-	15 878
Valuation	150 294	72 329	760 259	73 476	-
Accumulated depreciation/amortisation	-	-	-	-	-
Net book amount	150 294	72 329	760 259	73 476	15 878

14. Property, plant and equipment (continued)

Consolidated (continued)

	Leasehold improvements	Library collections	Works of art	Plant and equipment	Total
	$'000	$'000	$'000	$'000	$'000
As at 1 January 2012:					
Cost	25 720	2 151	-	132 987	288 673
Valuation	-	26 079	7 653	-	889 546
Accumulated depreciation/amortisation	(16 271)	(2 717)	-	(84 933)	(124 105)
Net book amount	9 449	25 513	7 653	48 054	1 054 114
Year ended 31 December 2012:					
Opening net book amount	9 449	25 513	7 653	48 054	1 054 114
Revaluation increments (decrements)	-	-	-	-	-
Additions	9	1 742	15	15 365	104 782
Disposals	-	(998)	-	(478)	(1 476)
Transfers	1 678	-	-	-	(3 030)
Depreciation/Amortisation	(3 551)	(2 823)	-	(8 782)	(36 523
Closing net book amount	7 585	23 434	7 668	54 159	1 117 867
As at 31 December 2012:					
Cost	27 407	3 893	15	147 874	388 557
Valuation	-	25 081	7 653	-	889 938
Accumulated depreciation/amortisation	(19 822)	(5 540)	-	(93 715)	(160 628)
Net book amount	7 585	23 434	7 668	54 159	1 117 867
Year ended 31 December 2013:					
Opening net book amount	7 585	23 434	7 668	54 159	1 117 867
Revaluation increments (decrements)	-	641	-	-	25 707
Additions	29	1 191	2	15 823	75 716
Disposals	-	(707)	-	(1 486)	(2 193)
Transfers	3 004	-	-	4 125	(5 789)
Depreciation/Amortisation	(2 464)	(2 897)	-	(10 693)	(39 658)
Closing net book amount	8 154	21 662	7 670	61 928	1 171 650
As at 31 December 2013:					
Cost	17 265	-	15	162 512	195 670
Valuation	-	21 662	7 655	-	1 085 675
Accumulated depreciation/amortisation	(9 111)	-	-	(100 584)	(109 695)
Net book amount	8 154	21 662	7 670	61 928	1 171 650

University

	Trust land	Other land	Trust buildings	Other buildings	WIP
	$'000	$'000	$'000	$'000	$'000
As at 1 January 2012:					
Cost	4	50	64 050	13 717	43 181
Valuation	145 325	71 443	588 014	49 477	-
Accumulated depreciation/amortisation	-	-	(18 157)	(2 019)	-
Net book amount	145 329	71 493	633 907	61 175	43 181
Year ended 31 December 2012:					
Opening net book amount	145 329	71 493	633 907	61 175	43 181
Revaluation increments (decrements)	-	-	-	-	-
Additions	-	-	-	-	84 912
Disposals	-	-	-	-	-
Transfers	-	1 390	16 344	4 583	(27 025)
Depreciation/Amortisation	-	-	(19 140)	(2 162)	-
Closing net book amount	145 329	72 833	631 111	63 596	101 068
As at 31 December 2012:					
Cost	4	50	80 394	18 300	101 068
Valuation	145 325	72 833	588 014	49 477	-
Accumulated depreciation/amortisation	-	-	(37 297)	(4 181)	-
Net book amount	145 329	72 883	631 111	63 596	101 068
Year ended 31 December 2013:					
Opening net book amount	145 329	72 883	631 111	63 596	101 068
Revaluation increments (decrements)	5 620	(2 925)	18 495	6 308	-
Additions	-	626	-	-	57 548
Disposals	-	-	-	-	-
Transfers	(655)	-	131 918	(1 443)	(142 738)
Depreciation/Amortisation	-	-	(21 265)	(2 240)	-
Closing net book amount	150 294	70 584	760 259	66 221	15 878
As at 31 December 2013:					
Cost	-	-	-	-	15 878
Valuation	150 294	70 584	760 259	66 221	-
Accumulated depreciation/amortisation	-	-	-	-	-
Net book amount	150 294	70 584	760 259	66 221	15 878

14. Property, plant and equipment (continued)

University (continued)

	Leasehold improvements	Library collections	Works of art	Plant and equipment	Total
	$'000	$'000	$'000	$'000	$'000
At 1 January 2012:					
Cost	25 603	2 151	-	129 598	278 354
Valuation	-	26 079	7 653	-	887 991
Accumulated depreciation/amortisation	(16 255)	(2 717)	-	(83 682)	(122 830)
Net book amount	9 348	25 513	7 653	45 916	1 043 515
Year ended 31 December 2012:					
Opening net book amount	9 348	25 513	7 653	45 916	1 043 515
Revaluation increments (decrements)	-	-	-	-	-
Additions	-	1 742	15	14 689	101 358
Disposals	-	(998)	-	(478)	(1 476)
Transfers	1 678	-	-	-	(3 030)
Depreciation/Amortisation	(3 540)	(2 823)	-	(8 444)	(36 109)
Closing net book amount	7 486	23 434	7 668	51 683	1 104 258
As at 31 December 2012:					
Cost	27 281	3 893	15	143 809	374 814
Valuation	-	25 081	7 653	-	888 383
Accumulated depreciation/amortisation	(19 795)	(5 540)	-	(92 126)	(158 939)
Net book amount	7 486	23 434	7 668	51 683	1 104 258
Year ended 31 December 2013:					
Opening net book amount	7 486	23 434	7 668	51 683	1 104 258
Revaluation increments (decrements)	-	641	-	-	28 139
Additions	-	1 191	2	14 336	73 703
Disposals	-	(707)	-	(1 420)	(2 127)
Transfers	3 004	-	-	4 125	(5 789)
Depreciation/Amortisation	(2 424)	(2 897)	-	(10 169)	(38 995)
Closing net book amount	8 066	21 662	7 670	58 555	1 159 189
As at 31 December 2013:					
Cost	15 790	-	15	154 664	186 347
Valuation	-	21 662	7 655	-	1 076 675
Accumulated depreciation/amortisation	(7 724)	-	-	(96 109)	(103 833)
Net book amount	8 066	21 662	7 670	58 555	1 159 189

15. Investment property

	Consolidated		University	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Balance at 1 January	17 970	18 995	17 970	18 995
Transfer from WIP	603	349	603	349
Transfer from (to) land and buildings	980	(2 075)	980	(2 075)
Net gain (loss) from fair value adjustments	849	701	849	701
Balance at 31 December	20 402	17 970	20 402	17 970

(a) Amount recognised in income statement for investment property

The University has recognised $1.8 million ($1.8 million) of rental income from investment properties within the Statement of Comprehensive Income. Any direct operating expenses from generating rental income are included within the Statement of Comprehensive Income and are immaterial.

(b) Valuation basis

The basis of valuation of investment properties is 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 in the same location, condition and subject to similar leases.

An independent valuation of investment properties has been carried out by Mr M. Oldfield AAPI BBus(Prop)(Val) Certified Practicing Valuer and Mr Graham Martin AAPI BBus(Prop)(Val) Certified Practising Valuer of Maloney Field Services on 31 December 2013.

(c) Non-current assets pledged as security

No non-current assets have been pledged.

(d) Contractual obligations

There are no capital commitments for investment properties.

(e) Leasing arrangements

The investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on investment properties are as follows:

	Consolidated		University	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Within one year	1 406	1 158	1 406	1 158
Later than one year but not later than five years	3 426	473	3 426	473
Later than five years	-	-	-	-
	4 832	1 631	4 832	1 631

16. Intangible assets

	Note	Consolidated	University
	3(f)	$'000	$'000
Non-current:			
As at 1 January 2012:			
Cost		34 271	34 271
Accumulated amortisation and impairment		(17 032)	(17 032)
Net book amount		17 239	17 239
Year ended 31 December 2012:			
Opening net book amount		17 239	17 239
Additions - internal development		713	713
Transfer from WIP		4 756	4 756
Amortisation charge		(5 664)	(5 664)
Closing net book amount		17 044	17 044
As at 1 January 2013:			
Cost		39 740	39 740
Accumulated amortisation and impairment		(22 696)	(22 696)
Net book amount		17 044	17 044
Year ended 31 December 2013:			
Opening net book amount		17 044	17 044
Additions		563	563
Transfer from WIP		4 206	4 206
Amortisation charge		(459)	(459)
Closing net book amount		15 354	15 354
As at 31 December 2013:			
Cost		44 509	44 509
Accumulated amortisation and impairment		(29 155)	(29 155)
Net book amount		15 354	15 354

17. Payables

	Note	Consolidated		University	
		2013	2012	2013	2012
Current:	Note	$'000	$'000	$'000	$'000
Accounts payable		42 089	45 223	37 558	39 610
Annual and LSL on-costs	21	4 800	5 981	4 685	5 892
Accruals		7 010	6 116	1 814	1 397
Salary and wage deductions		7 013	9 948	7 013	9 948
		60 912	67 268	51 070	56 847
Non-current:					
Annual and LSL on-costs	21	9 917	11 300	9 877	11 280
Total payables		70 829	78 568	60 947	68 127

18. Borrowings

	Consolidated 2013 $'000	Consolidated 2012 $'000	University 2013 $'000	University 2012 $'000
Current:				
Other - unsecured	5 006	5 006	5 006	5 006
Non-current:				
Other - unsecured	77 524	78 031	77 524	78 031
Total borrowings	82 530	83 037	82 530	83 037

The University maintains an unsecured $20 million multi-option facility (as a standby working capital facility) and a further unsecured multi-option facility which had an initial limit of $100 million and was used to part fund the North Terrace Development Strategy. As at 31 December 2013 the standby working capital facility has not been drawn down.

19. Provisions

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000	University 2013 $'000	University 2012 $'000
Current:					
Workers compensation provision		380	494	380	494
Annual and LSL	21	25 184	30 356	24 200	29 614
Insurance provision		2 543	2 722	2 543	2 722
		28 107	33 572	27 123	32 830
Non-current:					
Workers compensation provision		509	632	509	632
Annual and LSL	21	48 762	48 858	48 403	48 554
Defined benefit fund net liability	26(c)	4 958	9 179	4 958	9 179
		54 229	58 669	53 870	58 365
Total provisions		82 336	92 241	80 993	91 195

Movements in provisions

	Workers compensation provision $'000	Annual and LSL $'000	Insurance provision $'000	Defined benefit fund net liability $'000
Consolidated - current:				
Carrying amount at 1 January	494	30 356	2 722	-
Additional (Reductions in) provisions recognised	(114)	(5 172)	(179)	-
Carrying amount at 31 December	380	25 184	2 543	-
Consolidated - non-current:				
Carrying amount at 1 January	632	48 858	-	9 179
Additional (Reductions in) provisions recognised	(123)	(96)	-	(4 221)
Carrying amount at 31 December	509	48 762	-	4 958

Workers compensation provision
Provision is made based on an actuarial assessment of workers compensation estimated claims liability for future years (refer note 3(s)).

Annual and LSL
Provision is made for benefits accruing to employees in respect of annual leave and LSL when it is probable that settlement will be required and they are capable of being measured reliably (refer note 3(g)).

Insurance provision
Provision has been made for the actuarial assessment of future liability to the University for losses incurred prior to 31 December 2013 that were expected to be paid subsequent to 1 January 2014 and are below the University deductible in the University insurance policies.

Defined benefit fund net liability
Provision is made for the Super Scheme A 1985 defined benefit obligation in accordance with AASB 119 (refer notes 3(g) and 26(c)).

20. Other liabilities

	Consolidated		University	
	2013	2012	2013	2012
Current:	$'000	$'000	$'000	$'000
Outside funded positions	162	168	162	168
Income in advance	1 168	1 072	470	615
Student tuition fees received in advance	11 628	9 167	11 628	9 167
Residential bonds	319	326	319	326
Employee benefits - separation packages	1 511	2 214	1 486	2 214
Funds held on deposit for controlled entities	-	-	4 870	4 739
Other	931	528	886	528
	15 719	13 475	19 821	17 757

21. Employee benefits and related on-cost liabilities

In accordance with the requirements of AASB 119, employee on-costs are required to be reported as payables whilst leave liability amounts are reported separately in note 19. Below is a composite note disclosure showing the total liabilities the Consolidated Entity has as at 31 December 2013 relating to employee benefits:

		Consolidated		University	
		2013	2012	2013	2012
Annual leave:	Note	$'000	$'000	$'000	$'000
On-costs included in payables - current	17	3 726	3 575	3 676	3 541
Employee benefits - current	19	19 703	19 995	19 194	19 581
		23 429	23 570	22 870	23 122
On-costs included in payables - non-current	17	1 476	1 464	1 472	1 458
Employee benefits - non-current	19	7 832	8 100	7 794	8 062
		9 308	9 564	9 266	9 520
LSL:					
On-costs included in payables - current	17	1 074	2 406	1 009	2 351
Employee benefits - current	19	5 481	10 361	5 006	10 033
		6 555	12 767	6 015	12 384
On-costs included in payables - non-current	17	8 441	9 836	8 405	9 822
Employee benefits - non-current	19	40 930	40 758	40 609	40 492
		49 371	50 594	49 014	50 314
		88 663	96 495	87 165	95 340

22. Retained surplus and reserves

(a) Summary

Capital reserves:				
Capital reserve	2 971	2 971	-	-
Capital profits reserve	1 481	1 481	-	-
Revaluation surplus	295 538	274 928	295 288	273 457
Initial asset recognition reserve	279 124	279 124	279 124	279 124
Available-for-sale investments revaluation reserve	-	-	26 926	16 585
	579 114	558 504	601 338	569 166
Specific purpose reserves:				
Special reserve	287 423	229 808	287 423	229 808
Bequests/Donations unspent income reserve	6 631	7 801	6 631	7 801
Restricted purpose bequest capital reserve	163 937	157 963	163 937	157 963
Endowment Fund revaluation reserve	79 471	41 422	79 471	41 422
	537 462	436 994	537 462	436 994
Retained surplus	235 299	180 399	211 665	167 898

(b) *Movements in reserves*

	Consolidated		University	
	2013	2012	2013	2012
Capital reserve:	$'000	$'000	$'000	$'000
Opening balance	2 971	2 971	-	-
Current year movement	-	-	-	-
Closing balance	2 971	2 971	-	-
Capital profits reserve:				
Opening balance	1 481	1 481	-	-
Current year movement	-	-	-	-
Closing balance	1 481	1 481	-	-
Revaluation surplus:				
Opening balance	274 928	281 104	273 457	273 457
Revaluation increment on property, plant and equipment	20 610	-	21 831	-
Transfer from (to) retained surplus	-	(6 176)	-	-
Closing balance	295 538	274 928	295 288	273 457
Initial asset recognition reserve:				
Opening balance	279 124	279 124	279 124	279 124
Current year movement	-	-	-	-
Closing balance	279 124	279 124	279 124	279 124
Available-for-sale financial assets revaluation reserve:				
Opening balance	-	-	16 585	26 831
Current year movement	-	-	10 341	(10 246)
Closing balance	-	-	26 926	16 585
Special reserve:				
Opening balance	229 808	209 749	229 808	209 749
Transfer from (to) retained surplus	57 615	20 059	57 615	20 059
Closing balance	287 423	229 808	287 423	229 808
Bequests/Donations unspent income reserve:				
Opening balance	7 801	36 601	7 801	36 601
Transfer from (to) retained surplus	(1 170)	(28 800)	(1 170)	(28 800)
Closing balance	6 631	7 801	6 631	7 801
Restricted purpose bequest capital reserve:				
Opening balance	157 963	107 345	157 963	107 345
Transfer from (to) retained surplus	5 974	50 618	5 974	50 618
Closing balance	163 937	157 963	163 937	157 963
Endowment Fund revaluation reserve:				
Opening balance	41 422	20 986	41 422	20 986
Transfer from (to) retained surplus	38 049	20 436	38 049	20 436
Closing balance	79 471	41 422	79 471	41 422

(c) *Nature and purpose of reserves*

Capital reserve
Represents capital accounts held within controlled entities of the University.

Capital profits reserve
Represents the accumulation of realised revalued increments of assets sold.

Revaluation surplus
Is used to record increments and decrements on the revaluation of non-current assets (refer note 3(o)).

Initial asset recognition reserve
Represents the equity impact arising from the recognition of assets which until the first time the University prepared a set of accrual financial statements, had not previously been recognised.

Available-for-sale financial assets revaluation reserve
Is used to record increments and decrements on the revaluation of available-for-sale financial assets (refer note 3(j)).

Specific purpose reserves
Represents a number of reserves generated through a series of specific purpose transactions, that can only be used in accordance with the attributes of the generating transactions. The special reserve is created for surplus funds which will be specifically acquitted in future accounting periods.

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

		Consolidated		University	
		2013	2012	2013	2012
	Note	$'000	$'000	$'000	$'000
Net operating result		146 599	59 724	135 110	69 893
Non-cash items:					
Amortisation	5	8 923	9 215	8 883	9 204
Depreciation	5	37 194	32 972	36 571	32 569
Write-down (Write-up) of investments		(39 592)	(21 377)	(38 899)	(21 377)
Other revenue/expenses		(5 245)	(5 270)	4 546	(5 222)
Reversal of impairment of other buildings		(5 097)	-	(6 308)	-
Funds held on deposit		-	-	-	2 000
Loss (Profit) on sale of property, plant and equipment		1 735	(560)	1 705	1 393
Movements in assets/liabilities:					
Inventories		96	1 225	94	(14)
Receivables		(759)	2 071	(1 491)	1 210
Other assets		(3 689)	(3 050)	(3 633)	(3 070)
Payables		(7 739)	19 471	(7 180)	22 372
Other current liabilities		2 244	1 851	2 064	116
Provisions		(9 905)	1 579	(10 202)	1 406
Net cash provided by (used in) operating activities		124 765	97 851	121 260	110 480

24. Commitments

Operating expenditure

	2013	2012	2013	2012
Contracted but not provided for and payable:				
Within one year	25 119	21 276	24 520	20 724
Between one and five years	12 573	12 081	11 593	10 549
Total operating expenditure commitments	37 692	33 357	36 113	31 273

Capital commitments

Property, plant and equipment

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:				
Within one year	16 253	29 635	16 253	29 635
Total capital commitments	16 253	29 635	16 253	29 635

Lease commitments

Operating leases

The operating lease commitments primarily relate to leases of photocopiers, computers, office equipment and office space.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	9 143	9 512	9 143	9 512
Between one and five years	18 535	11 548	18 535	11 548
Later than five years	1 599	250	1 599	250
Total future minimum lease payments	29 277	21 310	29 277	21 310

25. Contingencies

(a) Guarantees

The University in 1997 provided a $120 000 guarantee to the Commonwealth Government, Department of Human Services, for an interest free, 20 year loan of $126 000 to be used for the construction of the Observatory Child Care Centre. In 2009 the original guarantee of $120 000 was cancelled and a new guarantee for the amount of $46 000 was issued to reflect the reduction in the outstanding loan balance.

On 1 July 2006 the University ceased to be a Crown exempt employer and was required to register as an exempt employer with WorkCoverSA and provide a bank guarantee to cover projected workers compensation outstanding claims liabilities. Currently, the University has provided a $2.2 million bank guarantee to WorkCoverSA. The amount of the guarantee was based on an actuarial assessment of the projected workers compensation claims liabilities. In May 2013 the University was advised by WorkCoverSA that it had approved a self-insurance renewal for a period of three years from 1 July 2013.

(b) Superannuation

(i) The University of Adelaide Superannuation Scheme A 1985 (Scheme A 1985)

The University has guaranteed that members of this superannuation scheme will receive defined benefits in the event that this closed scheme has insufficient assets to meet the benefits. Employer contributions of 14% of salaries recommenced on actuarial advice as from 1 January 2003 to ensure there are sufficient assets in the scheme to meet expected future liabilities of remaining members (refer note 26(c)).

(ii) UniSuper Limited superannuation schemes

Refer note 26(b).

(c) Litigation

In the ordinary course of its operations, the University and its controlled entities become involved in legal disputes. At the date of adoption of these financial statements, some matters remain outstanding. On legal advice, the University is of the opinion that no material losses are likely to arise. The University or its controlled entities will make a provision where a material loss is identified. Claims of an insurance nature have been covered by a provision of $2.5 million under the self-insurance component of the University program (refer note 19).

26. Superannuation schemes

(a) Categories

The University contributes to a range of superannuation schemes, which are divided into the following categories:

(i) Those operative and open to membership:
- UniSuper Defined Benefit Plan or Accumulation Super 2 (formerly Investment Choice Plan)
- Accumulation Super 1 (formerly UniSuper Award Plus Plan).

(ii) Those operative but closed to future membership:
- The University of Adelaide Superannuation Scheme A 1985 (Scheme A 1985).

(iii) State Government schemes closed to future membership by University employees:
- State Pension Scheme
- State Lump Sum Scheme.

(b) UniSuper Limited superannuation schemes

The employees' UniSuper plan is determined by the terms of employment and is administered by UniSuper Management Pty Ltd with UniSuper Ltd as the trustee.

The employer contribution rate during 2013 for employees in either the Defined Benefit Division or Accumulation Super 2 (formerly Investment Choice Plan) was 14% of salaries plus 3% of salaries. The contribution to the Accumulation Super 1 (formerly Award Plus Plan) and for employees only in the Accumulation Super 1 was 9% of salaries from 1 January 2013 and 9.25% of salaries from 1 July 2013.

The operation of clause 34 of the Trust Deed (as amended in 2006) means that the UniSuper Defined Benefit Division is a defined contribution fund for the purpose of AASB 119, allowing participating employers to treat the UniSuper Defined Benefit Division as a defined contribution fund.

While remaining a defined benefits plan under superannuation law, the change in the UniSuper Trust Deed effectively alters the nature of the scheme to a defined contribution scheme under AASB 119.

(b) UniSuper Limited superannuation schemes (continued)

Clause 34 states that where the trustee considers the assets to be insufficient to provide benefits payable under the Deed, the trustee must reduce the benefits of its members on a fair and equitable basis.

As set out under paragraph 28 of AASB 119 a defined contribution plan is a plan where the employer's legal or constructive obligation is limited to the amount it agrees to contribute to the fund and the actuarial risk and investment risk fall on the employee.

As at 30 June 2013 there is no funding surplus or deficit which currently affects, or is expected to affect, the amount of future contributions payable by participating employers to the Defined Contribution Plan.

As at 30 June 2013 the assets of the Defined Benefit Division in aggregate were estimated to be $691 million ($2010 million) in deficiency of vested benefits ($770 million after allowing for various reserves). The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of indexed pensions being provided by the Defined Benefit Division.

As at 30 June 2013 the assets of the Defined Benefit Division in aggregate were estimated to be $861 million ($906 million in deficiency) above accrued benefits ($782 million after allowing for various reserves). The accrued benefits have been calculated as the present value of expected future benefit payments to members and indexed pensioners which arise from membership of UniSuper up to the reporting date.

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary, Russell Employee Benefits, using the actuarial demographic assumptions outlined in their report dated 14 November 2013 on the actuarial investigation of the Defined Benefit Division as at 30 June 2013. The financial assumptions used were:

	Vested benefits	Accrued benefits
Gross of tax investment return - Defined Benefit Division pensions	6.10% p.a.	7.80% p.a.
Gross of tax investment return - commercial rate indexed pensions	3.70% p.a.	3.70% p.a.
Net of tax investment return - non-pensioner members	5.50% p.a.	7.00% p.a.
CPI	2.75% p.a.	2.75% p.a.
Inflationary salary increases long-term	3.75% p.a.	3.75% p.a.

Assets have been included at their net market value, ie allowing for realisation costs.

(c) The University of Adelaide Superannuation Scheme A 1985

The University of Adelaide Superannuation Scheme A 1985 (Scheme) is a defined benefit plan in accordance with AASB 119 that provides superannuation benefits for employees who had not transferred to UniSuper. The trustee and administrator of the Scheme is Tidswell Financial Services Ltd. The Scheme is governed by a separate trust deed and the general laws relating to trusts and superannuation.

Nature of the benefits provided by the Scheme

The Scheme provides insurance benefits for death and disability income benefits to normal retirement age. In addition, members of the Scheme receive lifetime reversionary pension benefits on resignation (deferred), retirement and disability. Members may elect to commute their pensions to a lump sum. Lump sum benefits are paid on resignation (immediate payment), retrenchment and death (partial). Spouse and child pensions are also payable on death. The Scheme is closed to new members.

Description of the regulatory framework

The Superannuation Industry (Supervision) (SIS) legislation governs the superannuation industry and provides the framework within which superannuation plans operate. The SIS Regulations require an actuarial valuation to be performed for each defined benefit superannuation plan every three years, or every year if the plan pays defined benefit pensions.

Description of other entities' responsibilities for the governance of the Scheme

The Scheme's trustee is responsible for the governance of the Scheme. The trustee has a legal obligation to act solely in the best interests of the Scheme beneficiaries. The trustee has the following roles:

- administration of the Scheme and payment to the beneficiaries from Scheme assets when required in accordance with the Scheme rules
- management and investment of the Scheme assets
- compliance with superannuation law and other applicable regulations.

The prudential regulator, the Australian Prudential Regulation Authority, licenses and supervises regulated superannuation plans.

Description of risks
There are a number of risks to which the Scheme exposes the University. The more significant risks relating to the defined benefits are:

- Investment risk – the risk that investments returns will be lower than assumed and the University will need to increase contributions to offset this shortfall.
- Salary growth risk – the risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- Legislative risk – the risk is that legislative changes could be made which increase the cost of providing the defined benefits.
- Pension risk – the risk is firstly that pensioner mortality will be lighter than expected, resulting in pensions being paid for a longer period. Secondly, that a greater proportion of eligible members will elect to take a pension benefit, which is generally more valuable than the corresponding lump sum benefit.
- Inflation risk – the risk that inflation is higher than anticipated, increasing pension payments, and thereby requiring additional employer contributions.
- Timing of members leaving service – as the Scheme has only a small number of members, members leaving may have an impact on the financial position of the Scheme, depending on the financial position of the Scheme at the time they leave. The impact may be positive or negative, depending upon the circumstances and timing of the withdrawal.

The defined benefit assets are invested in the investment options with benchmark exposure to growth assets such as shares and property of about 65%, with the remaining 35% exposed to defensive assets such as cash and bonds. The assets are diversified within these investment options and therefore the Scheme has no significant concentration of investment risk.

Description of significant events
There were no plan amendments affecting the defined benefits payable, curtailments or settlements during the year.

Reconciliation of the net defined benefit liability (asset)	2013	2012
	$'000	$'000
Net defined benefit liability (asset) at 1 January	9 179	8 927
Current service costs	424	438
Net interest	256	278
Actuarial losses (gains) arising from changes in demographic assumptions	-	-
Actuarial losses (gains) arising from changes in financial assumptions	(3 129)	585
Actuarial losses (gains) arising from liability experience	(294)	426
Actual return on Scheme assets less interest income	(799)	(989)
Employer contributions	(679)	(486)
Net defined benefit liability (asset) at 31 December	4 958	9 179

Reconciliation of the defined benefit obligation		
Present value of defined benefit obligations at 1 January	21 742	21 098
Current service costs	424	438
Interest cost	657	714
Contributions by Scheme participants	31	43
Actuarial losses (gains) arising from changes in financial assumptions	(3 129)	585
Actuarial losses (gains) arising from liability experience	(294)	426
Benefits paid	(733)	(1 317)
Taxes, premiums and expenses paid	(262)	(245)
Present value of defined benefit obligations at 31 December	18 436	21 742

Reconciliation of the fair value of Scheme assets	Note	2013 $'000	2012 $'000
Fair value of Scheme assets at 1 January		12 563	12 171
Interest income		401	436
Actual return on Scheme assets less interest income		799	989
Employer contributions		679	486
Contributions by Scheme participants		31	43
Benefits paid		(733)	(1 317)
Taxes, premiums and expenses paid		(262)	(245)
Fair value of Scheme assets at 31 December		13 478	12 563
Reconciliation of the assets and liabilities recognised in the Statement of Financial Position			
Defined benefit obligation including contributions tax provision		18 436	21 742
Fair value of Scheme assets		(13 478)	(12 563)
Defined benefit fund net liability	19	4 958	9 179
Expense recognised in the Statement of Comprehensive Income			
Service cost		424	438
Net interest		256	278
Defined benefit cost recognised in net operating result		680	716
Amounts recognised in other comprehensive income			
Actuarial losses (gains)		(3 423)	1 011
Actual return on Scheme assets less interest income		(799)	(989)
Total remeasurements recognised in other comprehensive income		(4 222)	22

Reconciliation of the effect of the asset ceiling
The asset ceiling has no impact on the defined benefit liability.

Fair value of Scheme assets at 31 December:	2013 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Asset category:				
Investment funds	13 478	-	13 478	-
	13 478	-	13 478	-

Scheme assets	2013	2012
The percentage invested in each asset class at the reporting date:	%	%
Australian equity	38	30
International equity	21	22
Fixed income	20	29
Property	11	12
Cash	10	7

Fair value of University's own financial instruments
The fair value of Scheme assets does not include amounts relating to any of the University's own financial instruments or any property occupied by, or other assets used by, the University.

	2013 $'000	2012 $'000
Actual return on scheme assets	1 200	1 425

Significant actuarial assumptions at the balance date	2013	2012
Assumptions to determine defined benefit cost:	%	%
Discount rate	3.30	3.70
Expected salary increase rate	4.00	n/a
Expected salary increase rate (for the first year)	n/a	7.50
Expected salary increase rate (thereafter)	n/a	4.50
Expected pension increase rate	2.50	2.50
Assumptions to determine defined benefit obligation:		
Discount rate	4.50	3.30
Expected salary increase rate	3.00	4.00
Expected pension increase rate	2.50	2.50

Sensitivity analysis
The defined benefit obligation as at 31 December 2013 under several scenarios is presented below.

Scenarios A and B relate to discount rate sensitivity. Scenarios C and D relate to expected salary increase rate sensitivity. Scenarios E and F relate to expected pension increase rate sensitivity.

Scenario A: 0.5% pa lower discount rate assumption
Scenario B: 0.5% pa higher discount rate assumption
Scenario C: 0.5% pa lower assumed salary increase rate assumption
Scenario D: 0.5% pa higher assumed salary increase rate assumption
Scenario E: 0.5% pa lower assumed pension increase rate assumption
Scenario F: 0.5% pa higher assumed pension increase rate assumption

		A	B	C	D	E	F
		Discount rate		Salary increase rate		Pension increase rate	
	Base case	-0.5% p.a.	+0.5% p.a.	-0.5% p.a.	+0.5% p.a.	-0.5% p.a.	+0.5% p.a.
	% p.a.	% p.a.	% p.a.	% p.a.	% p.a.	% p.a.	% p.a.
Discount rate	4.50	4.00	5.00	4.50	4.50	4.50	4.50
Salary increase rate	3.00	3.00	3.00	2.50	3.50	3.00	3.00
Pension increase rate	2.50	2.50	2.50	2.50	2.50	2.00	3.00
Defined benefit obligation* ($'000)	18 436	19 584	17 405	18 379	18 502	17 478	19 479

* Includes defined benefit contributions tax provision.

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset/Liability matching strategies
We are not aware of any asset and liability matching strategies adopted by the Scheme.

Expected contributions
The expected employer contributions for the year ended 31 December 2013 are $300 000 ($300 000).

Maturity profile of defined benefit obligation
The weighted average duration of the defined benefit obligation is 10 years.

Expected benefit payments for the financial year ending	$'000
31 December 2014	978
31 December 2015	977
31 December 2016	973
31 December 2017	968
31 December 2018	960
Following years	4 703

(d) State Government superannuation schemes

In 1991, employees of the City Campus of the South Australian College of Advanced Education and Roseworthy Agricultural College were transferred to the University. Their terms of appointment to the University protected their membership of the State Pension Scheme and State Lump Sum Scheme. The schemes are administered by the South Australia Superannuation Board. The schemes provide defined benefits and are mainly unfunded. The only employer contributions made in 2013 were 3% of salaries, and remaining benefits are met on an emerging cost basis.

Super SA estimates that, as at 31 December 2013, using AASB 119 assumptions there is an unfunded liability of $61.9 million ($70 million). This represents a decrease in liability of $8.1 million since 31 December 2012.

The Commonwealth Government has agreed to provide assistance under section 20 of the *Higher Education Funding Act 1988* to meet the additional costs in respect of State Government emerging cost schemes, where costs are in excess of funding provided for this purpose in the base operating grant. Under the Commonwealth legislation titled *State Grants (General Purposes) Amendment Act 1982*, the method of payment of these costs by the Commonwealth to the state governments was promulgated. Further, the accounting methodology employed in these financial statements is in accordance with 'Financial Statement Guidelines for Australian Higher Education Providers for 2013 Reporting Period' provided by AGDE. The accounting treatment employed is also consistent with the approach taken by other Australian Universities. Accordingly, total assets of $61.9 million have been recorded as a deferred government superannuation contribution which offsets the current and non-current liability for the State Government superannuation schemes recorded as defined benefit obligation.

Summary	Consolidated		University	
Deferred government superannuation	2013	2012	2013	2012
contribution:	$'000	$'000	$'000	$'000
Non-current asset	61 894	69 985	61 894	69 985
Defined benefit obligation:				
Current liability	4 200	4 300	4 200	4 300
Non-current liability	57 694	65 685	57 694	65 685
	61 894	69 985	61 894	69 985

(e) Contributions	2013	2012
The total employer contributions were:	$'000	$'000
UniSuper Defined Benefit Division (UniSuper Defined Contribution Plan) or Accumulation Super 2 (formerly Investment Choice Plan)	35 259	32 136
Accumulation Super 1 (formerly UniSuper Award Plus Plan)	16 059	14 409
Super SA	87	94
State Government superannuation schemes (3%)	8	7
The University of Adelaide Superannuation Scheme A 1985	72	93
Self-managed funds	118	85
	51 603	46 824

27. Disaggregation information

The University predominantly operates in the field of higher education in Australia. Its primary activities are teaching and research. Income generated overseas from teaching and research activities is not so significant as to warrant disaggregation information disclosure.

28. Auditors' remuneration

During the year, the following fees were paid for services provided by the auditors of the University and its controlled entities.

	Consolidated		University	
	2013	2012	2013	2012
Audit and review of the financial statements	$'000	$'000	$'000	$'000
Fees paid to South Australian Auditor-General	273	265	273	265
Other auditors of controlled entities	103	83	-	-
	376	348	273	265
Other audit and assurance services				
Other auditors of controlled entities	17	28	-	-
	393	376	273	265

Amounts paid or payable for other audit and assurance services relate to the provision of accounting services.

29. The University Council members and senior management

(a) Names of the University Council members and senior management

University Council members

Ex officio	Hill, AC, The Hon Robert Murray	
	Bebbington, Professor Warren	
	Macintyre, Professor Clement	
Co-opted	Schacht, The Hon Christopher Cleland	
Appointed	Bagot, Mr Charles	
	Branson, QC, The Hon Catherine	appointed 29.07.2013
	Davidson, Ms Dianne	
	Johnson, Ms Wendy	
	Kowalick, AM, Mr Ian John	ceased 31.12.2013
	Steel, Ms Loewn	ceased 31.12.2013
	Young, Mr Stephen Elliott	
Elected staff	Buttfield, Mr Gerald	
	Hayford, Ms Julie	elected 06.03.2013
	Patrikeeff, Associate Professor Felix	
	Thomas, Mr Aaron	elected 06.03.2013
	Thomas, Professor Anthony	
	Yam, Ms Geraldine	ceased 05.03.2013

University Council members (continued)

Elected graduates	Maddocks, Professor Simon	
	Radcliffe, AM, Dr John Clive	
	Robinson, Dr Susan	
Students	Arthur, Mr Luke	ceased 05.03.2013
	Briggs, Mr Casey	
	Crowhurst, Mr Thomas	elected 06.03.2013
	Piccolo, Mr Raffaele	elected 06.03.2013
	Prescott, Mr William	ceased 05.03.2013

University senior management

	Bebbington, Professor Warren	
	Anderson, Professor Kent	
	Beilby, Professor Justin	
	Beynon, Professor John	
	Brooks, Professor Mike	
	Duldig, Mr Paul	
	Findlay AM, Professor Christopher	
	Harvey, Professor Nicholas	ceased 30.09.2013
	Hill, Professor Robert	
	Kirkpatrick, Professor Denise	
	Macintyre, Professor Clement	
	Mitchell, Mr Tony	
	Quester, Professor Pascale	
	Reid, Professor Iain	
	Russell, AM, Professor Richard	
	Saint, Professor Robert	commenced 01.07.2013
	Shaw, Professor Jennie	commenced 01.10.2013

(b) Remuneration of the University Council members and senior management

University Council members

No remuneration was paid to any members of Council, or members of its standing committees for the financial year in their role as councillor or members of those committees. Some members of Council are employees of the University or were contractors of the University, and as such receive remuneration in the course of their employment with the University.

University senior management	2013 $'000	2012 $'000
Amounts paid or payable to University senior management	5 328	4 940

	2013 Number	2012 Number
$115 000 - $129 999	-	2
$160 000 - $174 999	1	2
$190 000 - $204 999	2	-
$220 000 - $234 999	-	1
$235 000 - $249 999	-	4
$250 000 - $264 999	2	-
$265 000 - $279 999	3	1
$280 000 - $294 999	2	-
$310 000 - $324 999	2	1
$385 000 - $399 999	-	1
$400 000 - $414 999	-	1
$415 000 - $429 999	-	2
$430 000 - $444 999	2	-
$460 000 - $474 999	1	-
$865 000 - $879 999	1	-
$910 000 - $924 999*	-	1
	16	16

* Includes end of contract entitlements.

(b) Remuneration of the University Council members and senior management (continued)

The Australian Government Department of Education Guidelines specify that key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the University, directly or indirectly, including any director (whether executive or otherwise) of the University.

Remuneration is based upon the total remuneration package which includes employer and employee (pre-tax) superannuation contributions and termination payments, due and receivable, by senior managers from the University while holding a University senior management position. Only senior managers with remuneration in excess of $100 000 have been included in salary bands.

30. Financial instruments

(a) Interest rate risk

The Consolidated Entity has placed its investments in a portfolio managed by independent investment managers. The fund managers may enter into interest rate swaps, futures contracts, interest rate options and other forms of agreements to manage cash flow risks associated with the interest rates on investments that are floating, or to alter interest rate exposures arising from mismatches in repricing dates between assets and liabilities.

The Consolidated Entity has entered into forward start interest rate swaps to manage its interest rate exposures on borrowings for its North Terrace Development Strategy. Further details are contained in note 9.

2013	Note	Weighted average effective rate %	Floating interest rate $'000	Fixed maturity dates: Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000
Financial assets:							
Cash and cash equivalents	6	2.43	41 761	-	-	-	-
Receivables	7	-	-	-	-	-	-
Financial assets held for trading	8	-	-	-	-	-	-
Financial assets held to maturity	8	3.98	-	49 406	40 000	-	-
Other financial assets	8,12	1.20	-	117	104	92	92
Derivative financial instruments	9	-	-	-	-	-	-
			41 761	49 523	40 104	92	92
Weighted average interest rate			2.50%	3.99%	3.99%	6.98%	7.00%
Financial liabilities:							
Derivative financial instruments	9	-	-	-	-	-	-
Payables	17	-	-	-	-	-	-
Borrowings	18	3.93%	-	5 000	5 000	5 000	5 000
			-	5 000	5 000	5 000	5 000
Weighted average interest rate			-	3.93%	3.93%	3.93%	3.93%

	Note	Fixed maturity dates: 4 to 5 years $'000	5+ years $'000	Non-interest bearing $'000	Total $'000
Financial assets:					
Cash and cash equivalents	6	-	-	1 171	42 932
Receivables	7	-	-	26 735	26 735
Financial assets held for trading	8	-	-	224 296	224 296
Financial assets held to maturity	8	-	-	-	89 406
Other financial assets	8,12	29	-	1 992	2 426
Derivative financial instruments	9	-	-	161	161
		29	-	254 355	385 956
Weighted average interest rate		7.00%	-		
Financial liabilities:					
Derivative financial instruments	9	-	-	11 265	11 265
Payables	17	-	-	67 691	67 691
Borrowings	18	5 000	57 500	30	82 530
		5 000	57 500	78 986	161 486
Weighted average interest rate		3.93%	3.93%		

(a) Interest rate risk (continued)

2012	Note	Weighted average effective rate %	Floating interest rate $'000	Fixed maturity dates: Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000
Financial assets:							
Cash and cash equivalents	6	2.84	20 622	-	-	-	-
Receivables	7	-	-	-	-	-	-
Financial assets held for trading	8	-	-	-	-	-	-
Financial assets held to maturity	8	4.98	-	56 989	-	-	-
Other financial assets	8,12	1.27	-	117	117	104	214
			20 622	57 106	117	104	214
Weighted average interest rate			2.89%	4.98%	6.38%	6.65%	7.00%
Financial liabilities:							
Derivative financial instruments	9	-	-	-	-	-	-
Payables	17	-	-	-	-	-	-
Borrowings	18	5.00	-	5 000	5 000	5 000	5 000
			-	5 000	5 000	5 000	5 000
Weighted average interest rate			-	5.00%	5.00%	5.00%	5.00%

		Fixed maturity dates: 4 to 5 years $'000	5+ years $'000	Non-interest bearing $'000	Total $'000
Financial assets:					
Cash and cash equivalents	6	-	-	299	20 921
Receivables	7	-	-	24 839	24 839
Financial assets held for trading	8	-	-	181 959	181 959
Financial assets held to maturity	8	-	-	-	56 989
Other financial assets	8,12	-	-	2 348	2 900
		-	-	209 445	287 608
Weighted average interest rate		-	-		
Financial liabilities:					
Derivative financial instruments	9	-	-	16 007	16 007
Payables	17	-	-	71 064	71 064
Borrowings	18	5 000	58 000	37	83 037
		5 000	58 000	87 108	170 108
Weighted average interest rate		5.00%	5.00%		

(b) Foreign exchange risk

The Consolidated Entity has placed its investments in a portfolio managed by independent investment managers. The fund managers may enter into forward foreign currency exchange contracts to hedge overseas fixed interest securities and a portion of overseas equities. The terms of the hedge contracts are usually less than three months.

The Consolidated Entity has entered into foreign currency swaps to manage foreign currency exposures on capital expenditure and library subscriptions. Further details are contained in note 3(k).

(c) Credit risk exposures

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

(i) On Statement of Financial Position financial instruments

The credit risk on financial assets recognised in the Statement of Financial Position is the carrying amount of those assets, net of any allowances for losses.

The credit risk relating to receivables is limited as it consists of a large number of customers across different industries and sectors, including a significant amount owing from government customers with minimal credit risk. The credit risk relating to cash holdings and investments is limited as the counterparties are banks and investment managers with high credit ratings assigned by international credit-rating agencies.

(ii) *Off Statement of Financial Position financial instruments*
The reporting entity and its controlled entities do not possess or trade any off Statement of Financial Position financial instruments.

(d) Liquidity risk
Liquidity risk is managed through maintaining a minimum level of readily accessible funds, by continuously monitoring forecast and actual cash flows, in line with the University's liquidity risk management policy.

(e) Fair values of financial assets and financial liabilities
Fair values of financial assets and financial liabilities are determined by the Consolidated Entity on the following basis:

(i) *On Statement of Financial Position financial instruments*
The Consolidated Entity has placed its investments in a portfolio managed by independent managers. Listed shares and equities included within these investments are traded in an organised financial market by the fund managers. The Consolidated Entity values these investments at current market value.

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at amounts due from customers (reduced for expected credit losses) or due to suppliers.

Bank term deposits, accounts receivable, accounts payable and bank loans are carried at nominal value which approximates fair value.

The fair value of investments in unlisted shares in other corporations is determined by reference to the underlying net assets of the respective corporations.

(ii) *Off Statement of Financial Position financial instruments*
The reporting entity and its controlled entities do not possess or trade any off Statement of Financial Position financial instruments.

31. Fair value measurements

(a) Fair value measurements
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

The carrying amounts and aggregate net fair values of financial assets and liabilities at balance date are:

	Note	2013 Carrying amount $'000	2013 Fair value $'000
Financial assets			
Cash and cash equivalents	6	42 932	42 932
Receivables	7	26 735	26 735
Derivative financial instruments	9	161	161
Investments using the equity method	12	1 992	1 992
Other financial assets	8	314 136	314 136
Total financial assets		385 956	385 956
Financial liabilities			
Payables	17	67 691	67 691
Borrowings	18	82 530	82 530
Derivative financial instruments	9	11 265	11 265
Total financial liabilities		161 486	161 486

(a) Fair value measurements (continued)

The Consolidated Entity measures and recognises the following assets and liabilities at fair value on a recurring basis:

- financial assets at fair value through profit or loss
- investments using the equity method
- derivative financial instruments
- other financial assets
- investment properties
- land and buildings
- library collection
- works of art
- borrowings.

(b) Fair value hierarchy

The Consolidated Entity categorises assets and liabilities measured at fair value into a hierarchy based on the level of inputs used in measurement.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices within level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Recognised fair value measurements

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 31 December 2013. Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of AASB 13.

Fair value measurements at 31 December 2013

Recurring fair value measurements:	Note	2013 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial assets					
Financial assets at fair value through profit or loss	8	224 296	223 070	-	1 226
Investments using the equity method	12	1 992	-	-	1 992
Derivative financial instruments	9	161	-	161	-
Other financial assets	8	89 840	89 406	434	-
Total financial assets		316 289	312 476	595	3 218
Non-financial assets					
Investment properties	15	20 402	-	20 402	-
Trust buildings	14	760 259	-	-	760 259
Land and other buildings	14	296 099	-	296 099	-
Library collection	14	21 662	-	-	21 662
Works of art	14	7 670	-	7 670	-
Total non-financial assets		1 106 092	-	324 171	781 921
Financial liabilities					
Borrowings	18	82 530	-	82 530	-
Derivative financial instruments	9	11 265	-	11 265	-
Total financial liabilities		93 795	-	93 795	-

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

For transfers in and out of level 3 measurements see note 31(d) below.

The Consolidated Entity's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Disclosed fair values

The fair value of assets or liabilities traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices for identical assets or liabilities at the balance sheet date (level 1). This is the most representative of fair value in the circumstances.

The fair values of held-to-maturity investments that are disclosed in note 8 were determined by reference to published price quotations in an active market (level 1).

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables.

The fair value of non-current borrowings disclosed in note 18 is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the group for similar financial instruments. For the period ending 31 December 2013, the borrowing rates were determined to be between 4% and 5%, depending on the type of borrowing. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant (level 2).

(c) Valuation techniques used to derive level 2 and level 3 fair values

(i) Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market (eg over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and investments using the equity method.

The Consolidated Entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Specific valuation techniques used to value financial instruments include:

- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities and investments using the equity method explained in note 31(d) below.

(d) Fair value measurements using significant unobservable inputs (level 3)

The following table is a reconciliation of level 3 items for the period ended 31 December 2013:

Level 3 fair value measurements 2013

	Trust buildings $'000	Investments using the equity method $'000	Other shares $'000	Library collection $'000	Total $'000
Opening balance	-	-	-	-	-
Adoption of AASB 13	631 111	2 348	1 225	23 434	658 118
Acquisitions	131 918	-	1	1 191	133 110
Sales	-	-	-	(707)	(707)
Recognised in net operating result	(21 265)	-	-	(2 897)	(24 162)
Recognised in other comprehensive income	18 495	(356)	-	641	18 780
	760 259	1 992	1 226	21 662	785 139

(i) Transfers between levels 2 and 3 and changes in valuation techniques

There were no transfers between levels 2 and 3 during the year. There were no changes in valuation techniques during the year.

(ii) *Valuation inputs and relationships to fair value*

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See 31(c) above for the valuation techniques adopted.

	Fair value at 31.12.13 $'000	Unobservable inputs	Range of inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Trust buildings	760 259	Estimated remaining useful lives of individual buildings	1-89 years	Increased remaining useful lives to buildings would result in higher fair values, lower remaining useful lives would result in lower fair values.
Investments using the equity method	1 992	Earnings growth factor	2.5%-3.5% (3%)	Increased earnings growth factor of 1% would increase fair value by $21 000; lower growth factor of 1% would decrease fair value by $21 000.
Other shares	1 226	Earnings growth factor	2.5%-3.5% (3%)	Increased earnings growth factor of 1% would increase fair value by $12 000; lower growth factor of 1% would decrease fair value by $12 000.
Library collection	21 662	Price of bound books	3%-4% (3.5%)	The higher the price of bound books, the higher the fair value, with a 1% increase increasing the library collection value by $200 000. A decrease of 1% will decrease the fair value by $200 000.

(iii) *Valuation processes*

The Financial Services Branch of the Consolidated Entity includes a team that performs the valuations of non-property items required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer.

The Consolidated Entity engages external, independent and qualified valuers to determine the fair value of the Consolidated Entity's investment properties at the end of every financial year and for other land and buildings at least every three years. As at 31 December 2013, the fair values of the investment properties, and land and buildings have been determined by Maloney Field Services (Australia) Pty Ltd.

Trust buildings have been valued using the depreciated replacement cost method, where the depreciated replacement cost is defined as the current replacement cost of an asset less accumulated depreciation calculated on the basis of the already consumed or expired service potential/estimated remaining useful life of the asset.

Land and other buildings have been valued using the direct comparison approach, which determines the current value of an asset by reference to recent comparable transactions involving the sale of similar assets. Adjustments are subsequently made for specific attributes including, but not limited to, size, topography and zoning to determine the value of the subject property.

Investment properties have been valued using the capitalisation of net income approach, which capitalises an actual or imputed net rental income at an appropriate yield as determined by the marketplace. The yield is an expression of the perceived risks associated with the investment relating to such factors as the protection of capital invested and anticipated appreciation, security of income and cash flow, timeframe for the return of capital, liquidity, saleability and investor demand for the property, as well as economic factors including inflation, term and covenants of the lease, rental structure and financial backing of the sitting tenant. Research, investigation and analysis of sales of similar type investment properties is undertaken to determine appropriate rental and capitalisation rates.

32. Investments in controlled entities

Controlled entities and contribution to operating result before elimination of consolidation items:

Controlled Entity	Holding		Investment at fair value		Investment at cost		Contribution to operating result	
	2013	2012	2013	2012	2013	2012	2013	2012
	%	%	$'000	$'000	$'000	$'000	$'000	$'000
The Adelaide Research and Innovation Investment Trust	100	100	896	746	-	-	660	481
Adelaide Unicare Pty Ltd	100	100	10 622	13 053	-	-	(581)	2 963
Martindale Holdings Pty Ltd as trustee for:								
J S Davies Estate	83	83	-	-	-	-	3	-
J A T Mortlock Trust	100	100	32	127	-	-	(5)	1 882
Roseworthy Farm	100	100	1 516	1 393	-	-	288	250
National Wine Centre Pty Ltd	100	100	1 372	1 033	-	-	253	430
Roseworthy Piggery Pty Ltd	100	100	140	233	100	100	(93)	17
The Women's and Children's Health Research Institute (WCHRI)	100	-	12 348	-	-	-	1 583	-
			26 926	16 585	100	100	2 108	6 023

All of the above controlled entities are incorporated in Australia.

Controlled Entity	**Principal activities**
The Adelaide Research and Innovation Investment Trust	The University commercial arm that connects the community with a network of University of Adelaide researchers for purpose of research, development and innovation. The connection extends to commercialisation of the research developed.
Adelaide Unicare Pty Ltd	Manages the activities and operations of medical practices to provide placements for the teaching of medical students from the University of Adelaide. The practices provide quality general medical care to students, staff and the public.
Martindale Holdings Pty Ltd as trustee for:	Trustee company for the following:
J S Davies Estate	Established to operate farming properties that were bequeathed to the University of Adelaide and Prince Alfred College. This venture is no longer operating.
J A T Mortlock Trust	Established to operate farming properties that were bequeathed to the University of Adelaide. This venture is no longer operating.
Roseworthy Farm	Manages the broadacre farm operations at the University Roseworthy campus.
National Wine Centre Pty Ltd	Operates the National Wine Centre complex undertaking banquets, events, conference space and wine tourism, and other catering operations as directed by the University of Adelaide.
Roseworthy Piggery Pty Ltd	Established to manage the piggery located on the Roseworthy campus. The piggery provides a source of pigs for research and supports the Veterinary school teaching.
WCHRI	Medical research institute involved in research towards improving the health of women and children, focussed on maternal and child nutrition, diseases of the blood and immune system and the development and repair of the digestive system, skull and skin.

WCHRI became a controlled entity of the University on 1 January 2013. As at 1 January 2013, WCHRI's net assets totalled $9.4 million and a gain on acquisition of $9.4 million has been recognised in other revenue (refer note 4) in the 2013 consolidated net operating result.

33. Investments in associates

(a) Equity and contribution to operating result

Associated entity	Principal activity	Holding 2013 %	Holding 2012 %	Consolidated carrying amount 2013 $'000	Consolidated carrying amount 2012 $'000	Investment at cost 2013 $'000	Investment at cost 2012 $'000
Held by the University							
Ngee Ann Adelaide Education Centre Pte Ltd	Operates a graduate education centre in Singapore.	50	50	240	285	456	456
Australian Centre for Plant Functional Genomics Pty Ltd	Responsible for the development of world-class capability in plant genomic research and its application for economic and social benefit to Australia.	45	45	-	-	-	-
Muradel Pty Ltd	Developing an approach to using salt water tolerant algae for second generation biofuel production.	15	21	-	284	-	-
SNAP Network Surveillance Pty Ltd	Production of software to simplify operation of large-scale video surveillance.	38	34	-	-	-	-
				240	569	456	456

Ngee Ann Adelaide Education Centre Pte Ltd is incorporated in Singapore. All other associates are incorporated in Australia.

The University has a 25% interest in an incorporated associate, SABRENet Ltd, which has been established to further the use of advanced data networking, for the conduct of research and education in South Australia. SABRENet Ltd is not accounted for using the equity method as the University does not have access to the residual assets of the entity.

All associated entities have a 31 December reporting period, except for Muradel Pty Ltd and SNAP Network Surveillance Pty Ltd, which have a 30 June reporting period.

During the year the University ceased to have significant influence over Muradel Pty Ltd and thus the entity ceased to be an associated entity.

(b) Movements in carrying amounts of investments in associates

	Consolidated 2013 $'000	Consolidated 2012 $'000	University 2013 $'000	University 2012 $'000
At 1 January	569	236	-	-
Additional investment in associates	-	157	-	-
Share of operating result	(329)	176	-	-
	240	569	-	-

(c) Results attributed to associates

	Consolidated 2013 $'000	Consolidated 2012 $'000	University 2013 $'000	University 2012 $'000
Operating result	(329)	176	-	-
Additional investment in associates	-	157	-	-
Retained surplus attributable to associates at 1 January	569	236	-	-
Retained surplus attributable to associates at 31 December	240	569	-	-

(d) Accounting for associates

(i) Capital and other expenditure commitments

There are no material capital and other expenditure commitments relating to associated entities.

(ii) Contingent liabilities

There are no material contingent liabilities relating to associated entities.

(iii) *Post balance date events*
There are no material post balance date events to report for associated entities.

(iv) *Assets, liabilities, revenue and expenditure*
Since the above activities do not materially affect the Consolidated Entity figures, assets, liabilities, revenue and expenditure have been reported as net amounts.

(v) *Off Statement of Financial Position financial instruments*
Neither the Consolidated Entity, nor any of its associated entities, have any off Statement of Financial Position financial instruments.

34. Interests in joint ventures

(a) Groups

The University participates in a number of joint ventures. For reporting purposes these have been segregated into two groups as follows:

(i) *Cooperative Research Centres (CRCs)*
CRCs have the characteristics of joint ventures. These operations are not material to the University and there is no separate disclosure for 2013 in accordance with AASB 131.

A CRC is a research initiative of the Australian Government established to pursue specific areas of research. One of the desired outcomes of a CRC is the creation of specific intellectual property with commercial value. The participants in CRCs are an amalgam of research institutions, eg CSIRO, government agencies, universities and private enterprise. Direct participants in these schemes are vested with joint venture interest based on their contribution proportion. The funding of the CRC is coordinated through either a company formed by the core participants or by a centre agent who is appointed generally from one of the participating entities.

Funding transfers between the CRC and the University are accounted for as general revenue and expenditure.

			Participation %
CRC for Greenhouse Gas Technologies	(I)	(C)	5
Energy Pipelines CRC	(I)	-	19
Deep Exploration Technologies CRC	(I)	(C)	8
CRC for High Integrity Australian Pork	(I)	-	12
Future Farm Industries CRC	(I)	(C)	1
Plant Biosecurity CRC	(I)	(C)	1
Invasive Animals CRC	(U)	(C)	-
Bushfire and Natural Hazards CRC	(I)	-	-

(I) Incorporated (U) Unincorporated (C) CSIRO is a partner

The University was a supporting participant for the Australian Seafood CRC, the Poultry CRC and the CRC for Water Sensitive Cities.

The University over the next five years will make both cash and in-kind contributions to support the work of the CRCs. The University has committed to participate in the work of these CRCs, with contributions in constant dollars, $1.1 million in cash ($1.4 million) and $19.3 million in-kind ($20.2 million).

(ii) *Joint ventures accounted for using the equity method*

Name	**Principal activity**		**Participation %**
Middleback Field Centre	To provide pastoral-zone courses and range land ecology research programs.	(U)	33
Professional Certificate in Arbitration	To develop and deliver tertiary courses in arbitration.	(U)	50
South Australian Centre for Economic Studies	To obtain quality research regarding regional economic development with particular application to South Australia.	(U)	50

(ii) *Joint ventures accounted for using the equity method (continued)*

Name	**Principal activity**		**Participation %**
South Australian Tertiary Admissions Centre	Established as the agent for tertiary institutions in Adelaide for the purpose of receiving and processing applications from intending students.	(U)	25
South Australian Consortium for Information Technology & Telecommunications (IT&T)	Represents the three South Australian universities by providing a focal point for the State in pursuing and winning major research funding in IT&T.	(I)	-
Ethics Centre of South Australia (ECSA)	ECSA draws on expertise from the three South Australian universities to conduct research and provide education and advice on ethical issues. ECSA also aims to provide discussion and understanding of ethical issues in the South Australian community.	(U)	-
Water Ed Australia Pty Ltd	A centre of leadership and innovation in collaborative water resources management education and training.	(I)	25
Adelaide Proteomics Centre	Provision of cost effective and high quality proteomic analysis to researchers conducting basic and applied research.	(U)	50
Adelaide MicroArray Centre	Provision of services for MicroRNA profiling using microarrays.	(U)	50
Defence Systems Innovation Centre	A centre to conduct contract-based studies and consultancies, post-graduate and under-graduate education programs, and collaborative research projects focussed on the needs of the defence community.	(U)	50
Mining Education Australia	Provision of a collaborative national mining education program for the benefit of mining engineering students.	(U)	25
eResearch SA	To provide expertise, facilities and advice to the South Australian research community for research collaboration, data management, high performance computing and visualisation technologies.	(U)	33

(I) Incorporated (U) Unincorporated

All joint ventures have a 31 December reporting period, except for Water Ed Australia Pty Ltd, which has a 30 June reporting period.

The Consolidated Entity's reported interest in the assets employed in the joint ventures totals $1.8 million ($1.8 million). These are included in the consolidated Statement of Financial Position, in accordance with the accounting policy described in note 3(m).

During 2013, South Australian Consortium for IT&T and ECSA ceased as joint ventures.

(b) *Equity and contribution to operating result*

Joint venture entity	2013 %	2012 %	Carrying amount 2013 $'000	Carrying amount 2012 $'000	Investment at cost 2013 $'000	Investment at cost 2012 $'000
Held by the University						
Middleback Field Centre	33	33	10	12	-	-
Professional Certificate in Arbitration	50	50	49	75	35	35
South Australian Centre for Economic Studies	50	50	256	288	-	-
South Australian Tertiary Admissions Centre	25	25	630	625	-	-
South Australian Consortium for IT&T	-	33	-	1	-	-
Ethics Centre of South Australia	-	25	-	-	-	-
Water Ed Australia Pty Ltd	25	20	282	359	350	350
Adelaide Proteomics Centre	50	50	13	11	-	-
Adelaide MicroArray Centre	50	50	45	57	-	-
Defence Systems Innovation Centre	50	33	-	-	-	-
Mining Education Australia	25	-	215	-	-	-
eResearch SA	33	33	252	351	-	-
			1 752	1 779	385	385

(c) *Movements in carrying amounts of joint ventures*

	Consolidated 2013 $'000	Consolidated 2012 $'000	University 2013 $'000	University 2012 $'000
At 1 January	1 779	1 439	-	-
Share of operating result	(27)	340	-	-
Additional investment in joint ventures	-	-	-	-
	1 752	1 779	-	-

(d) *Results attributed to joint ventures*

	Consolidated 2013 $'000	Consolidated 2012 $'000	University 2013 $'000	University 2012 $'000
Operating result	(27)	340	-	-
Additional investment in joint ventures	-	-	-	-
Retained surplus attributable at 1 January	1 779	1 439	-	-
Retained surplus attributable at 31 December	1 752	1 779	-	-

(e) *Accounting for joint ventures*

(i) Capital and other expenditure commitments

There are no material capital and other expenditure commitments relating to joint ventures.

(ii) Contingent liabilities

There are no known material contingent liabilities relating to joint ventures.

(iii) Post balance date events

There are no material post balance date events to report for joint ventures.

(iv) Assets, liabilities, revenue and expenditure

Since the above activities do not materially affect the University group figures, assets, liabilities, revenue and expenditure have been reported as net amounts.

(v) Off Statement of Financial Position financial instruments

Neither the reporting entity, nor any of its joint ventures, have any off Statement of Financial Position financial instruments.

35. Related parties

(a) *Parent Entity*

The ultimate Parent Entity within the group is the University of Adelaide.

(b) *Controlled entities, joint ventures and associated entities*

Investments in controlled entities are detailed in note 32, investments in associates are detailed in note 33 and interests in joint ventures are detailed in note 34.

(c) *Council members and senior management*

Disclosures relating to the University Council members and senior management are detailed in note 29.

(d) Councillor related transactions

Certain councillors are members of incorporated and unincorporated associations that are an integral part of the University. Transactions between these bodies, the University and council members, in respect of services provided to council members, are trivial and domestic in nature.

Certain council members hold positions and interests in entities that provide goods and services to the University and its subsidiaries. The provision of these goods and services is on normal trading terms.

(e) Property leases

The University is the lessor of long-term leases at peppercorn rents to the CSIRO and SARDI. On this land, these organisations have erected or leased buildings. These buildings become property of the University at the termination of the lease.

The University and the CSIRO are partners in a number of CRCs (refer note 34).

(f) Fees paid to members of Council

No remuneration was paid to any members of Council, or members of its standing committees for the financial year in their role as councillor or members of those committees. Some members of Council are employees of the University or were contractors of the University, and as such receive remuneration in the course of their employment with the University.

(g) Students at the University

From time to time, council members will have members of their immediate family who are students at the University. Unless specifically stated within the financial statements, such students are subject to the same fee structure and scholarships as any other students. This also applies to members of Council who are enrolled as students.

36. Income Statement for the year ended 31 December 2013

The following information in notes 36 to 41 has been prepared in accordance with the AGDE reporting guidelines.

		Consolidated		University	
		2013	2012	2013	2012
	Note	$'000	$'000	$'000	$'000
Revenue from continuing operations					
Australian Government financial assistance	37(g)	540 831	455 054	540 482	451 643
State and Local Government financial assistance	39	24 891	27 075	24 313	26 550
HECS-HELP - student payments	4	14 394	13 223	14 394	13 223
Fees and charges	40	176 725	169 943	176 446	169 866
Investment income		44 664	28 590	43 794	44 080
Royalties, trademarks and licenses	4	4 780	3 935	1 283	1 870
Consultancy and contracts	41	78 118	78 564	46 439	46 696
Other revenue		73 695	62 001	41 292	35 804
Total revenue from continuing operations		958 098	838 385	888 443	789 732
Expenses from continuing operations					
Salaries and related expenses	5	444 293	418 214	427 702	405 181
Depreciation and amortisation	5	46 117	42 187	45 454	41 773
Buildings and grounds	5	56 823	53 663	55 718	52 669
Bad and doubtful debts	5	598	1 254	595	1 250
Finance costs	5	7 138	6 964	7 269	7 208
Scholarships, grants and prizes		40 754	38 354	40 754	38 354
Non-capitalised equipment	5	10 681	11 058	10 673	11 050
Advertising, marketing and promotional expenses		4 866	3 622	4 636	3 452
Net losses on disposal of assets	5	1 729	1 393	1 705	1 393
Other expenses		198 500	201 952	158 827	157 509
Total expenses from continuing operations		811 499	778 661	753 333	719 839
Net operating result for the year		146 599	59 724	135 110	69 893

37. Australian Government financial assistance

	Consolidated		University	
(a) AGDE - Commonwealth Grants Scheme and other AGDE grants	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Commonwealth Grants Scheme	158 715	148 133	158 715	148 133
Teaching hospitals grant	1 042	940	1 042	940
Indigenous Support Program	571	666	571	666
Partnership & Participation Program	2 939	1 320	2 939	1 320
Disability Support Program	50	47	50	47
Promotion of Excellence in Learning & Teaching Program	530	82	530	82
Diversity and Structural Adjustment Fund	-	140	-	140
Reward Funding Program	780	758	780	758
Transitional Cost Program	-	8 535	-	8 535
	164 627	160 621	164 627	160 621
(b) Higher education loan programmes				
HECS-HELP	91 894	75 914	91 894	75 914
FEE-HELP	9 489	6 596	9 489	6 596
SA-HELP	2 614	1 769	2 614	1 769
	103 997	84 279	103 997	84 279
(c) Learning scholarships				
Australian postgraduate awards	11 588	10 494	11 588	10 494
International postgraduate research scholarships	997	947	997	947
Commonwealth education costs scholarships	(27)	805	(27)	805
Commonwealth accommodation scholarships	(256)	166	(256)	166
Indigenous access scholarships	(99)	239	(99)	239
	12 203	12 651	12 203	12 651
(d) AGDE research				
Joint Research Engagement Program	14 872	15 879	14 872	15 879
Research Training Scheme	31 503	29 926	31 503	29 926
Research infrastructure block grants	13 550	13 682	13 550	13 682
Sustainable research excellence in universities	9 194	9 234	9 194	9 234
	69 119	68 721	69 119	68 721
(e) Other capital funding				
Education Investment Fund	-	325	-	325
	-	325	-	325
(f) Australian Research Council (ARC)				
(i) Discovery				
Projects	14 624	12 750	14 624	12 750
Fellowships	10 178	8 521	10 178	8 521
Indigenous researchers development	-	55	-	55
	24 802	21 326	24 802	21 326
(ii) Linkages				
Infrastructure	3 760	650	3 760	650
Projects	5 759	5 703	5 759	5 703
Industrial Transformation Research Program	809	-	809	-
	10 328	6 353	10 328	6 353
(iii) Networks and Centres				
Centres	5 549	5 344	5 549	5 344
	5 549	5 344	5 549	5 344
Total ARC	40 679	33 023	40 679	33 023

(g) ***Other Australian Government financial assistance received***	Consolidated		University	
	2013	2012	2013	2012
Non-capital:	$'000	$'000	$'000	$'000
AusAID	757	677	757	677
Australian Centre for International Agricultural Research	1 058	1 631	1 058	1 631
Australian Institute of Health and Welfare	500	673	500	673
CSIRO	1 856	1 579	1 856	1 579
Defence, Science and Technology Organisation	1 773	2 693	1 773	2 693
Department of Agriculture, Fisheries and Forestry	17 517	15 241	17 517	15 241
Department of Climate Change and Energy Efficiency	310	590	310	590
Department of Defence	740	3 427	740	3 427
Department of Sustainability, Environment, Water, Population and Communities	1 058	701	1 058	701
Department of Families, Housing, Community Services and Indigenous Affairs	448	288	448	288
Department of Health and Ageing	54 336	59 068	53 987	55 657
Department of Immigration and Citizenship	55	20	55	20
Department of the Prime Minister and Cabinet	-	206	-	206
Department of Industry	5 865	2 811	5 865	2 811
Department of Veterans' Affairs	215	401	215	401
Health Workforce Australia	1 076	3 677	1 076	3 677
Other	2 642	1 751	2 642	1 751
	90 206	95 434	89 857	92 023
Capital:				
Department of Industry	60 000	-	60 000	-
	60 000	-	60 000	-
	150 206	95 434	149 857	92 023
Reconciliation:				
Australian Government grants	436 834	370 775	436 485	367 364
HECS-HELP payments	91 894	75 914	91 894	75 914
FEE-HELP payments	9 489	6 596	9 489	6 596
SA-HELP payments	2 614	1 769	2 614	1 769
	540 831	455 054	540 482	451 643

(h) ***Australian Government grants received - cash basis***				
CGS and other AGDE grants	164 627	160 487	164 627	160 487
Higher education loan programmes	105 377	83 612	105 377	83 612
Scholarships	12 203	12 651	12 203	12 651
AGDE research	69 119	68 721	69 119	68 721
Other capital funding	-	325	-	325
ARC grants - Discovery	24 802	20 801	24 802	20 801
ARC grants - Linkages	10 328	6 626	10 328	6 626
ARC grants - Networks and Centres	5 549	5 344	5 549	5 344
Other Australian Government grants	149 487	92 677	149 062	89 321
	541 492	451 244	541 067	447 888
OS-HELP (net)	400	(887)	400	(887)
Higher Education Superannuation	3 629	3 601	3 629	3 601
	545 521	453 958	545 096	450 602

38. Acquittal of Australian Government financial assistance

(a) ***AGDE - Commonwealth Grants Scheme and other AGDE grants***		Parent Entity (University) only			
		Commonwealth Grants Scheme		Teaching Hospitals Grant	
		2013	2012	2013	2012
Financial assistance received in cash during the reporting period	Note	$'000 158 715	$'000 148 133	$'000 1 042	$'000 940
Net accrual adjustments		-	-	-	-
Revenue for the period	37(a)	158 715	148 133	1 042	940
Surplus (Deficit) from the previous year		-	-	-	-
Total revenue including accrued revenue		158 715	148 133	1 042	940
Expenses including accrued expenses		(158 715)	(148 133)	(1 042)	(940)
Surplus (Deficit) for the reporting period		-	-	-	-

(a) ***AGDE - Commonwealth Grants Scheme and other AGDE grants (continued)***

Parent Entity (University) only

		Indigenous Support Program		Partnership & Participation Program	
		2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		571	666	2 939	1 320
Net accrual adjustments		-	-	-	-
Revenue for the period	37(a)	571	666	2 939	1 320
Surplus (Deficit) from the previous year		-	-	-	1 549
Total revenue including accrued revenue		571	666	2 939	2 869
Expenses including accrued expenses		(571)	(666)	(2 568)	(2 869)
Surplus (Deficit) for the reporting period		-	-	371	-

		Disability Support Program		Promotion of Excellence in Learning & Teaching Program	
		2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		50	47	530	82
Net accrual adjustments		-	-	-	-
Revenue for the period	37(a)	50	47	530	82
Surplus (Deficit) from the previous year		-	-	50	-
Total revenue including accrued revenue		50	47	580	82
Expenses including accrued expenses		(26)	(47)	(90)	(32)
Surplus (Deficit) for the reporting period		24	-	490	50

		Diversity and Structural Adjustment Fund		Reward Funding Program	
		2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		-	140	780	758
Net accrual adjustments		-	-	-	-
Revenue for the period	37(a)	-	140	780	758
Surplus (Deficit) from the previous year		-	-	758	-
Total revenue including accrued revenue		-	140	1 538	758
Expenses including accrued expenses		-	(140)	(545)	-
Surplus (Deficit) for the reporting period		-	-	993	758

		Transitional Cost Program		Total	
		2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		-	8 401	164 627	160 487
Net accrual adjustments		-	134	-	134
Revenue for the period	37(a)	-	8 535	164 627	160 621
Surplus (Deficit) from the previous year		-	-	808	1 549
Total revenue including accrued revenue		-	8 535	165 435	162 170
Expenses including accrued expenses		-	(8 535)	(163 557)	(161 362)
Surplus (Deficit) for the reporting period		-	-	1 878	808

(b) Higher education loan programmes

		Parent Entity (University) only			
		HECS-HELP		FEE-HELP	
		2013	2012	2013	2012
	Note	$'000	$'000	$'000	$'000
Cash payable (receivable) at 1 January		654	(195)	(1 029)	(173)
Financial assistance received in cash during the reporting period		91 683	76 763	10 475	5 740
Cash available for period		92 337	76 568	9 446	5 567
Revenue earned	37(b)	(91 894)	(75 914)	(9 489)	(6 596)
Cash payable (receivable) at 31 December		443	654	(43)	(1 029)

		SA-HELP		Total	
		2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Cash payable (receivable) at 1 January		(660)	-	(1 035)	(368)
Financial assistance received in cash during the reporting period		3 219	1 109	105 377	83 612
Cash available for period		2 559	1 109	104 342	83 244
Revenue earned	37(b)	(2 614)	(1 769)	(103 997)	(84 279)
Cash payable (receivable) at 31 December		(55)	(660)	345	(1 035)

(c) Learning scholarships

		Parent Entity (University) only			
		Australian Postgraduate Awards		International Postgraduate Research Scholarships	
	Note	2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		11 588	10 494	997	947
Net accrual adjustments		-	-	-	-
Revenue for the period	37(c)	11 588	10 494	997	947
Surplus (Deficit) from the previous year		191	895	-	-
Total revenue including accrued revenue		11 779	11 389	997	947
Expenses including accrued expenses		(11 525)	(11 198)	(997)	(947)
Surplus (Deficit) for the reporting period		254	191	-	-

		Commonwealth Education Cost Scholarships		Commonwealth Accommodation Scholarships	
		2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		(251)	805	(32)	166
Net accrual adjustments		224	-	(224)	-
Revenue for the period	37(c)	(27)	805	(256)	166
Surplus (Deficit) from the previous year		1 016	452	45	308
Total revenue including accrued revenue		989	1 257	(211)	474
Expenses including accrued expenses		(64)	(241)	(214)	(429)
Surplus (Deficit) for the reporting period		925	1 016	(425)	45

(c) Learning scholarships (continued)

	Note	Parent Entity (University) only			
		Indigenous Access Scholarships		Total	
		2013 $'000	2012 $'000	2013 $'000	2012 $'000
Financial assistance received in cash during the reporting period		(99)	239	12 203	12 651
Net accrual adjustments		-	-	-	-
Revenue for the period	37(c)	(99)	239	12 203	12 651
Surplus (Deficit) from the previous year		343	236	1 595	1 891
Total revenue including accrued revenue		244	475	13 798	14 542
Expenses including accrued expenses		(172)	(132)	(12 972)	(12 947)
Surplus (Deficit) for the reporting period		72	343	826	1 595

(d) AGDE research

	Note	Parent Entity (University) only			
		Joint Research Engagement		Research Training Scheme	
		2013 $'000	2012 $'000	2013 $'000	2012 $'000
Financial assistance received in cash during the reporting period		14 872	15 879	31 503	29 926
Net accrual adjustments		-	-	-	-
Revenue for the period	37(d)	14 872	15 879	31 503	29 926
Surplus (Deficit) from the previous year		-	-	-	-
Total revenue including accrued revenue		14 872	15 879	31 503	29 926
Expenses including accrued expenses		(14 872)	(15 879)	(31 503)	(29 926)
Surplus (Deficit) for the reporting period		-	-	-	-

	Note	Research Infrastructure Block Grants		Sustainable Research Excellence	
		2013 $'000	2012 $'000	2013 $'000	2012 $'000
Financial assistance received in cash during the reporting period		13 550	13 682	9 194	9 234
Net accrual adjustments		-	-	-	-
Revenue for the period	37(d)	13 550	13 682	9 194	9 234
Surplus (Deficit) from the previous year		-	-	-	-
Total revenue including accrued revenue		13 550	13 682	9 194	9 234
Expenses including accrued expenses		(13 550)	(13 682)	9 194	(9 234)
Surplus (Deficit) for the reporting period		-	-	-	-

	Note	Commercialisation Training Scheme		Total	
		2013 $'000	2012 $'000	2013 $'000	2012 $'000
Financial assistance received in cash during the reporting period		-	-	69 119	68 721
Net accrual adjustments		-	-	-	-
Revenue for the period	37(d)	-	-	69 119	68 721
Surplus (Deficit) from the previous year		110	131	110	131
Total revenue including accrued revenue		110	131	69 229	68 852
Expenses including accrued expenses		-	(21)	(69 119)	(68 742)
Surplus (Deficit) for the reporting period		110	110	110	110

(e) Other capital funding

		Parent Entity (University) only			
		Teaching and Learning Capital Fund		Education Investment Fund	
		2013	2012	2013	2012
	Note	$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		-	-	-	325
Net accrual adjustments		-	-	-	-
Revenue for the period	37(e)	-	-	-	325
Surplus (Deficit) from the previous year		213	347	215	2 120
Total revenue including accrued revenue		213	347	215	2 445
Expenses including accrued expenses		(138)	(134)	(215)	(2 230)
Surplus (Deficit) for the reporting period		75	213	-	215

		Total	
		2013	2012
		$'000	$'000
Financial assistance received in cash during the reporting period		-	325
Net accrual adjustments		-	-
Revenue for the period	37(e)	-	325
Surplus (Deficit) from the previous year		428	2 467
Total revenue including accrued revenue		428	2 792
Expenses including accrued expenses		(353)	(2 364)
Surplus (Deficit) for the reporting period		75	428

(f) Australian Research Council grants - Discovery

		Parent Entity (University) only			
		Projects		Fellowships	
		2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		14 624	12 750	10 178	8 521
Net accrual adjustments		-	-	-	-
Revenue for the period	37(f)	14 624	12 750	10 178	8 521
Surplus (Deficit) from the previous year		7 520	6 277	5 454	3 338
Total revenue including accrued revenue		22 144	19 027	15 632	11 859
Expenses including accrued expenses		(12 414)	(11 507)	(8 729)	(6 405)
Surplus (Deficit) for the reporting period		9 730	7 520	6 903	5 454

		Indigenous Researchers Development		Total	
		2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		-	55	24 802	21 326
Net accrual adjustments		-	-	-	-
Revenue for the period	37(f)	-	55	24 802	21 326
Surplus (Deficit) from the previous year		41	56	13 015	9 671
Total revenue including accrued revenue		41	111	37 817	30 997
Expenses including accrued expenses		(22)	(70)	(21 165)	(17 982)
Surplus (Deficit) for the reporting period		19	41	16 652	13 015

Australian Research Council grants - Linkages		Parent Entity (University) only			
		Infrastructure		International	
		2013	2012	2013	2012
	Note	$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		3 760	650	-	-
Net accrual adjustments		-	-	-	-
Revenue for the period	37(f)	3 760	650	-	-
Surplus (Deficit) from the previous year		222	495	11	25
Total revenue including accrued revenue		3 982	1 145	11	25
Expenses including accrued expenses		(2 885)	(923)	(11)	(14)
Surplus (Deficit) for the reporting period		1 097	222	-	11

		Projects		Industrial Transformation Research Program	
		2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		5 759	5 703	809	-
Net accrual adjustments		-	-	-	-
Revenue for the period	37(f)	5 759	5 703	809	-
Surplus (Deficit) from the previous year		3 745	3 666	-	-
Total revenue including accrued revenue		9 504	9 369	809	-
Expenses including accrued expenses		(5 950)	(5 624)	-	-
Surplus (Deficit) for the reporting period		3 554	3 745	809	-

		Total	
		2013	2012
		$'000	$'000
Financial assistance received in cash during the reporting period		10 328	6 353
Net accrual adjustments		-	-
Revenue for the period	37(f)	10 328	6 353
Surplus (Deficit) from the previous year		3 978	4 186
Total revenue including accrued revenue		14 306	10 539
Expenses including accrued expenses		(8 846)	(6 561)
Surplus (Deficit) for the reporting period		5 460	3 978

Australian Research Council grants - Networks and Centres		Parent Entity (University) only			
		Centres		Total	
		2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		5 549	5 344	5 549	5 344
Net accrual adjustments		-	-	-	-
Revenue for the period	37(f)	5 549	5 344	5 549	5 344
Surplus (Deficit) from the previous year		1 813	2 226	1 813	2 226
Total revenue including accrued revenue		7 362	7 570	7 362	7 570
Expenses including accrued expenses		(6 217)	(5 757)	(6 217)	(5 757)
Surplus (Deficit) for the reporting period		1 145	1 813	1 145	1 813

(g) Other Australian Government financial assistance

	Note	Parent Entity (University) only OS-HELP 2013 $'000	2012 $'000
Cash received during the reporting period		2 386	546
Cash spent during the reporting period		1 986	1 433
Net cash received	37(h)	400	(887)
Surplus (Deficit) from the previous year		(806)	81
Surplus (Deficit) for the reporting period		(406)	(806)

	Note	Parent Entity (University) only Higher Education Superannuation 2013 $'000	2012 $'000
Cash received during the reporting period		3 629	3 601
University contribution in respect of current employees		-	-
Cash available	37(h)	3 629	3 601
Surplus (Deficit) from the previous year		280	267
Cash available for current period		3 909	3 868
Contributions to specified defined benefit funds		(3 456)	(3 588)
Surplus (Deficit) for the reporting period		453	280

	Note	Student Services and Amenities Fee 2013 $'000	2012 $'000
Unspent (Overspent) revenue from previous period		684	-
SA-HELP revenue earned	37(b)	2 614	1 769
Student services fees direct from students	40	2 212	1 751
Total revenue expendable in period		5 510	3 520
Student services expenses during period		(2 571)	2 836
Unspent (overspent) student services revenue		2 939	684

39. State and Local Government financial assistance

(a) SA Government and Local Government financial assistance

	Consolidated 2013 $'000	Consolidated 2012 $'000	University 2013 $'000	University 2012 $'000
Arts SA	10	29	10	29
Bio Innovation SA	337	2 362	231	2 191
Central Adelaide Local Health Network	1 878	1 889	1 878	1 889
Defence SA	294	340	294	340
Department of Environment, Water and Natural Resources	1 613	1 457	1 613	1 457
Department for Communities and Social Inclusion	35	339	35	339
Department of Further Education, Employment, Science and Technology	4 473	3 303	4 373	3 303
Department for Health and Ageing (SA)	1 941	3 134	1 941	3 134
DPC	141	773	141	773
Department for Education and Child Development	557	556	557	556
Department for Manufacturing, Innovation, Trade, Resources and Energy	1 284	919	1 284	919
Department of Planning, Transport and Infrastructure	763	589	763	589
Motor Accident Commission	673	684	673	684
Northern Adelaide Local Health Network	926	901	926	901
Department of Primary Industries and Regions (SA)	501	514	501	514

	Consolidated		University	
***(a)* SA Government and Local Government financial assistance (continued)**	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Royal Adelaide Hospital	5 464	5 498	5 464	5 498
SA Murray-Darling Basin NRM Board	6	49	6	49
SafeWork SA	453	174	453	174
South Australian Dental Service	142	317	142	317
South Australian Museum	423	327	423	327
Southern Adelaide Health Service	372	354	-	-
Women's and Children's Health Network	435	247	435	247
WorkCover Corporation of South Australia	36	125	36	125
Other	1 255	1 032	1 255	1 032
Total SA Government and Local Government financial assistance	24 012	25 912	23 434	25 387

	Consolidated		University	
	2013	2012	2013	2012
(b) Other State Government and Local Government	$'000	$'000	$'000	$'000
financial assistance	879	1 163	879	1 163
Total State and Local Government financial assistance	24 891	27 075	24 313	26 550

40. Fees and charges

		Consolidated		University	
		2013	2012	2013	2012
Course fees and charges:	Note	$'000	$'000	$'000	$'000
Student fee income	4	151 918	146 153	151 918	146 153
Non-course fees and charges:					
Student services and amenities fees	4	2 212	1 751	2 212	1 751
Library charges and fines	4	608	851	608	851
Application management and late fees	4	1 613	1 597	1 613	1 597
Parking fees	4	1 671	1 635	1 671	1 635
Rental charges/accommodation fees	4	11 139	11 301	11 023	11 224
Recharge of costs to other organisations	4	687	390	524	390
Franchise fees	4	2 104	1 356	2 104	1 356
Other		4 773	4 909	4 773	4 909
		176 725	169 943	176 446	169 866

41. Consultancy and contract revenue

Consultancy	11 954	12 607	7 218	7 625
Contract research	66 164	65 957	39 221	39 071
	78 118	78 564	46 439	46 696

University of South Australia

Functional responsibility

Establishment

The University of South Australia (the University) is established under the *University of South Australia Act 1990*.

Functions

To provide tertiary education programs, preserve, extend and disseminate knowledge through teaching, research, scholarship and consultancy and to provide educational programs for the benefit of the wider community or the enhancement of its cultural life.

The University has a financial interest in a number of entities as detailed in notes 1(b), 32, 33 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 University for each financial year.

Assessment of controls

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

Scope of the audit

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

During 2013 areas reviewed included:

- payroll
- expenditure
- revenue including Commonwealth financial assistance, student fee revenue and research grants revenue
- receipting and banking
- cash and term deposits
- general ledger and financial accounting
- property, plant and equipment.

Internal audit activities were also reviewed.

Audit findings and comments

Auditor's report on the financial report

The following is an extract from the 2013 Independent Auditor's Report, which details the qualification to the University's financial report.

> ***Basis for Qualified Opinion***
>
> *The University has recognised $35.5 million of unspent funding as a liability for the year ended 31 December 2013. This amount has been accounted for as income received in advance and included in 'Other Liabilities - Commonwealth and State Government Grants', 'Other Liabilities - Income in advance on incomplete projects' and 'Other Liabilities – Other' in note 25 to the financial report. The University has disclosed its accounting treatment of these funds in note 1(d) to the financial report.*
>
> *In my opinion, the funds represent contributions and meet the recognition criteria of income in accordance with Accounting Standard AASB 1004 Contributions and the Department of Treasury and Finance Accounting Policy Framework V Income Framework. The University controls these funds upon receipt and it is highly probable that any unspent funds will be spent in accordance with stipulated conditions. It is highly unlikely that unspent funds will need to be repaid to the granting bodies and as such funds received, including any unspent portion, should be recognised as income at the time of receipt.*
>
> *As a result, the following has been misstated in the 2013 financial report:*
>
> - *the revenue recognised as Australian Government grants is overstated by $4.9 million ($5.8 million overstated in 2012)*
> - *the revenue recognised as State and Local Government financial assistance is overstated by $60 000 ($600 000 overstated in 2012)*
> - *the revenue recognised as Consultancy and contract research is overstated by $2.5 million ($4.5 million understated in 2012)*
> - *Operating result attributable to members of University of South Australia is overstated by $7.5 million ($1.9 million overstated in 2012)*
> - *Other liabilities is overstated by $35.5 million ($43 million overstated in 2012*)
> - *Retained earnings is understated by $43 million ($44.9 million understated in 2012).*
>
> ***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 University of South Australia and its controlled entities as at 31 December 2013, their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the* Public Finance and Audit Act 1987, *the* Higher Education Support Act 2003 *and Australian Accounting Standards.*

Assessment of controls

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

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Vice-Chancellor and a response has been received from the University. Major matters raised with the University and the related responses are detailed below.

Grant funding

As occurred in past years, the University has recognised a liability for grants that were unspent as at 31 December 2013.

In my opinion, the grants represent contributions that are non-reciprocal and the University obtained control of the grant funding on receipt. As a consequence, in accordance with AASB 1004, the grants should be recognised as revenue in the year of receipt.

As a result the Independent Auditor’s Report on the University’s financial report for 2013 (and 2012) was qualified with respect to the treatment of these grants. The financial effect of the non-compliance with the accounting standard is provided above under the heading ‘Auditor’s report on the financial report’.

Revenue

Management of students in bad financial standing

The audit of student fee revenue included a review of the management processes applied to students in bad financial standing with the University. A student is defined as being in bad financial standing with the University if they fail to pay their fees in full within 15 calendar days after the invoice due date, or by the relevant census date. Students who remain in bad financial standing for more than one study period and who are no longer actively enrolled with the University are referred to the accounts receivable team for follow-up.

Following referral, a final notice letter is to be sent to the student which provides an opportunity for the student to enter into a payment plan for the payment of outstanding fees. The audit identified instances where students had not been sent a final notice letter, in some cases more than two months after the end of the study period. The audit also identified that the majority of payment plans maintained by the University had not been signed by the students.

The University responded that it will seek to maintain signed payment plans wherever possible, noting this can be problematic with some students. The University indicated the business rules regarding issuing final notice letters would be amended to require a final notice to be issued a maximum of 40 business days from the end of the study period, with the majority to be issued in a shorter timeframe.

System access

Consistent with prior reviews, the 2013 review of revenue system access identified a number of instances where system access was inconsistent with user roles and responsibilities within the University.

The University advised that role-based security will be reviewed in the first half of 2014 in order to establish the available options for improving system access arrangements.

Research and consultancy revenue

An audit of the systems used by the University to monitor research grants identified that there was not a review performed to ensure contract details, amendments and milestones are accurately entered or updated in the systems. The absence of this review could result in contract details and milestones being monitored through the systems differing from the amended contractual relationships in place with external parties.

The University expects revised guidelines covering these processes to be in place by end of the first quarter in 2014.

Payroll

Leave management

The audit review of arrangements implemented by the University to record leave taken by academic staff has, for some years, concluded that control arrangements did not provide assurance that all leave taken was recorded in the University's leave records. Follow-up in 2013 concluded that the processes that have been implemented by the University to manage academic leave continue to rely on the review of payroll information forwarded to schools and divisions on a monthly basis.

Review of the practices undertaken in verifying those reports identified varying approaches and that the reports alone, consistent with prior year findings, may not be adequate for the management of academic leave.

The University has noted Audit's view that it would be beneficial to consider the practices undertaken at other universities to manage this issue.

In relation to leave management across all staff within the University, Audit has noted a number of staff with recreation leave balances greater than 40 days for a number of years. In 2013 the audit identified that a monthly review process is now undertaken for all staff with a recreation leave balance in excess of 40 days. This review process was previously undertaken less frequently. Despite the more frequent monitoring process, the number of staff with excess leave balances has continued to increase. To strengthen the process in place Audit recommended the University investigate further escalation processes for the reporting of excess leave balances.

The University responded that it will actively consider options for the further escalation of identified excess leave balances, noting the need to work within current industrial relations provisions.

Independent review and authorisation of pay disbursement

The audit of the processes in place within the University highlighted that the process to review fortnightly payroll reconciliations did not provide for the review process to be completed prior to payroll disbursement. It was further noted that the EFT file for payroll disbursement was not subject to specific review prior to processing.

The University indicated that it would review the current process for the approval of the EFT file prior to payroll disbursement.

Processing casual staff pays

Previous audits have identified that key payroll reports outlining payments made to casual employees, who make up a significant component of the University's workforce, were not being reviewed as required in all instances. The 2013 audit revealed the level of compliance with University policy has improved but that there still remains a large number of casual payment reports that are not being reviewed as required. The University responded that it will continue to write to responsible managers where reports are not being received.

Expenditure

Independent review and authorisation of expenditure

Consistent with findings reported in previous years, Audit found that the University:

- has not implemented controls that ensure two officers are involved in the ordering, receipting and authorisation functions to substantiate each expenditure transaction
- does not confirm that all payments are appropriately authorised but, instead, relies on testing a sample of payments.

Since Audit initially reported these findings, the University has advised it would implement a workflow authorisation system. Follow-up as part of the 2013 audit confirmed that the implementation of the workflow authorisation system, anticipated in the second half of 2013, had been delayed. The University has advised implementation is expected in July 2014.

General ledger

Audit follow-up of previous years' findings with respect to controls over general journals found a workflow authorisation system commenced implementation in November 2013. The timing of this implementation means the control weaknesses reported in previous years (no preventative or monitoring controls to ensure general journals were independently reviewed and authorised) still existed for the majority of 2013.

The University advised it will monitor the effectiveness of the newly implemented workflow authorisation system in 2014.

Information and communications technology and control

The previous Report confirmed the completion of remedial actions identified in a prior internal audit report for the enhancement of security and control at the University. More recently Audit commenced an updated review process of the overall governance, security and control arrangements for ICT at the University. This includes a follow-up of internal audit reports and an assessment of areas of information classification, general ICT security, backup and disaster recovery. The outcome of this review, including the University's response to any matters raised for action, will be included in a subsequent report to Parliament.

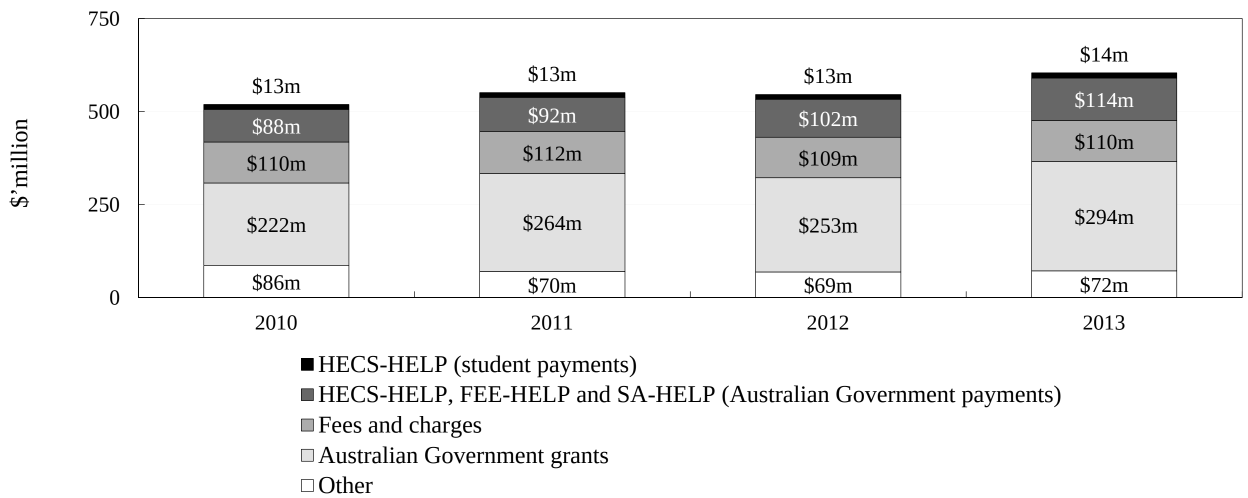
Interpretation and analysis of the financial report

Highlights of the financial report (Consolidated)	2013 $'million	2012 $'million
Income		
Australian Government grants	294	253
HECS-HELP, FEE-HELP and SA-HELP (Australian Government payments)	114	102
HECS-HELP (student payments)	14	13
Fees and charges	110	109
Other	72	69
Total income	604	546
Expenses		
Employee related expenses	338	318
Other expenses	194	195
Total expenses	532	513
Operating result before income tax	72	33
Net cash provided by (used in) operating activities	90	80
Net cash provided by (used in) investing activities	(74)	(48)
Assets		
Current assets	377	361
Non-current assets	1 187	1 180
Total assets	1 564	1 541
Liabilities		
Current liabilities	157	166
Non-current liabilities	426	485
Total liabilities	583	651
Total equity	981	890

Statement of Comprehensive Income

Income

A structural analysis of the University's income for the four years to 2013 is presented in the following chart.



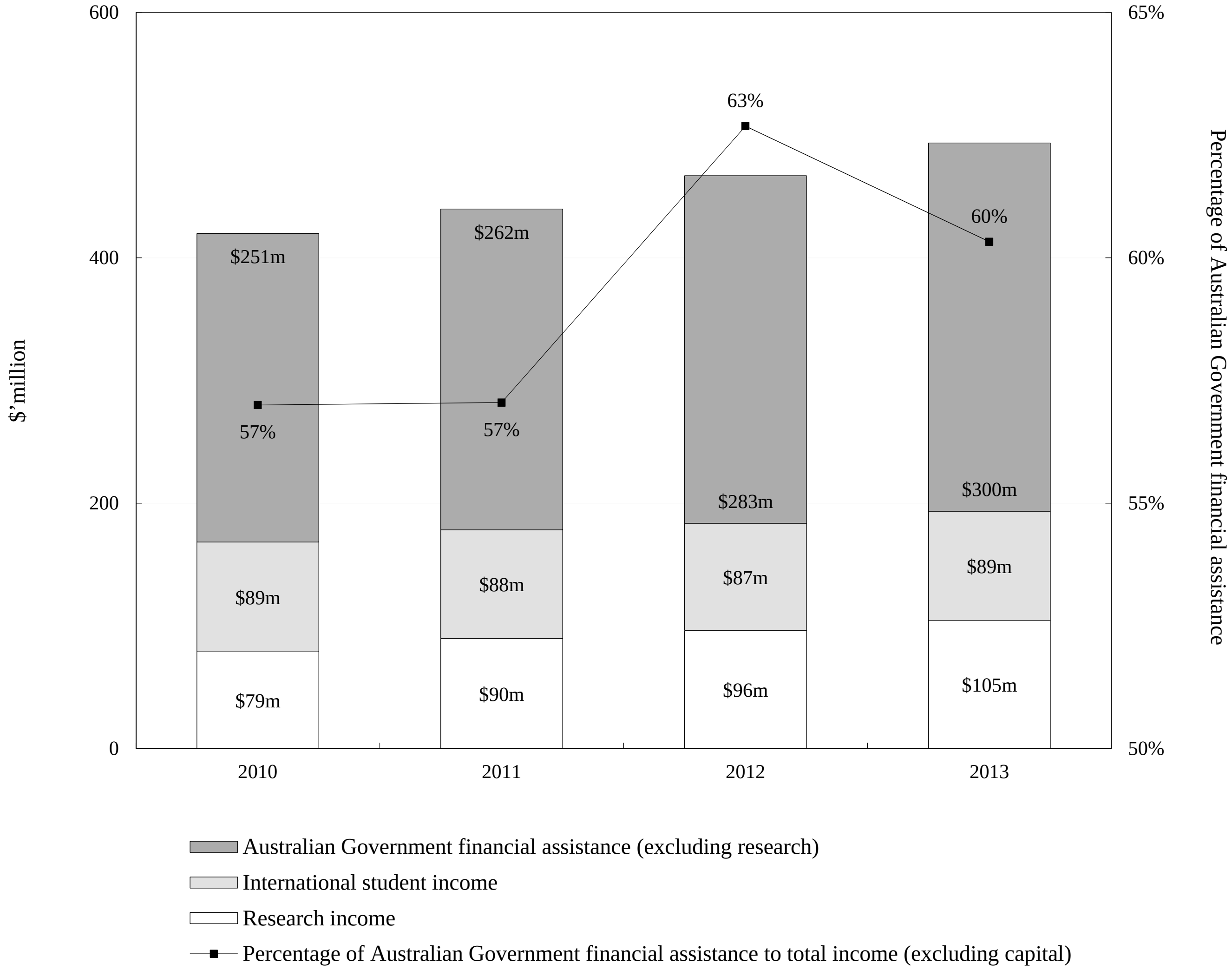
Total income increased by $58 million to $604 million. The main movements in the University's income were:

- Australian Government grants increased by $41 million. This increase is attributable to one-off capital funding of $40 million from the Commonwealth, received for the Centre for Cancer Biology

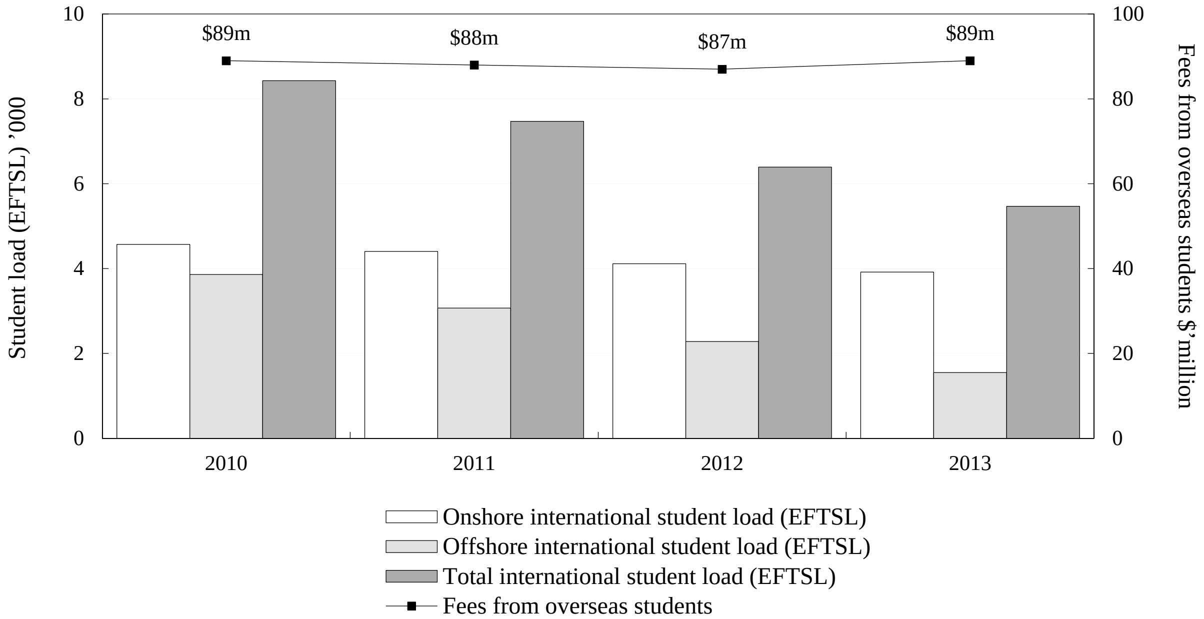
- HECS-HELP - Australian Government payments increased by $13 million, due to the increase in student load.

The $40 million in grant funding for the Centre for Cancer Biology will go towards funding new accommodation for the Centre. It is anticipated that the construction of new accommodation will be completed in 2018.

Total Australian Government financial assistance provided to the University, adjusted to remove the impact of capital grants which are not comparable between years, is shown in the chart below. This highlights that University reliance on Australian Government financial assistance, excluding capital funding, has decreased slightly in 2013.



The following chart shows that income from fees from overseas students has remained relatively consistent over the last four years, despite falling numbers of overseas students.

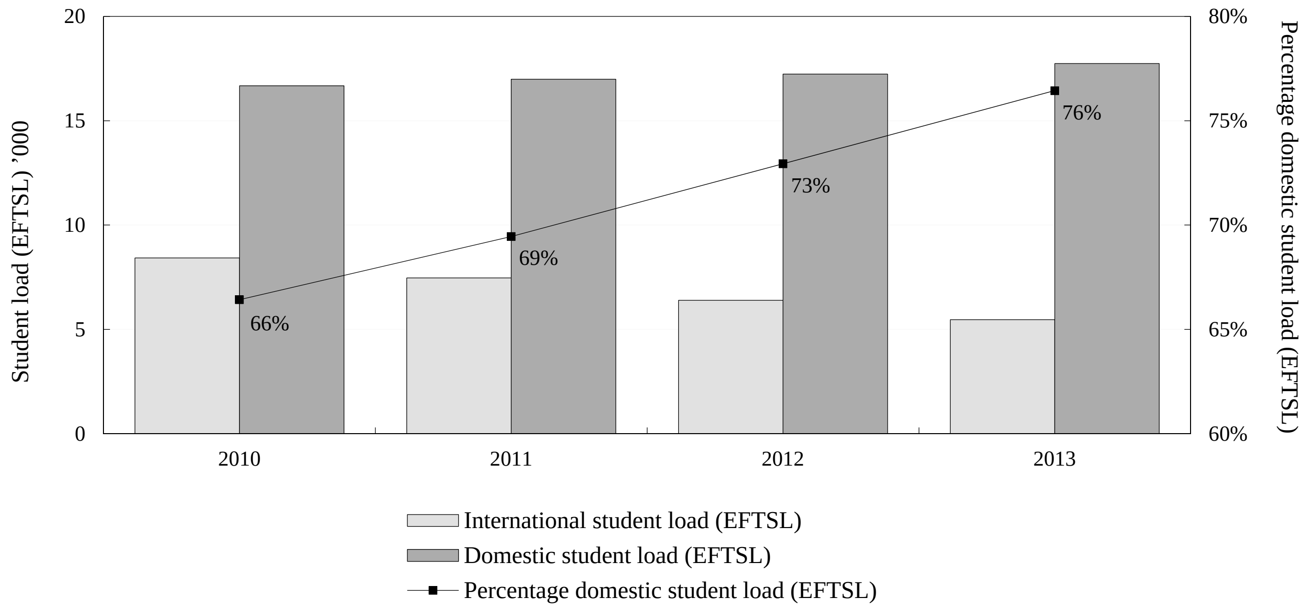


Source: Student numbers, which are based on equivalent full-time student load (EFTSL), were obtained from the University's annual reports and are unaudited figures.

International student load reduced by 14% in 2013. This comprised a fall of 195 EFTSL in the onshore international student load and a fall of 731 EFTSL in the offshore international student load reflecting the University's scale back of its offshore operations.

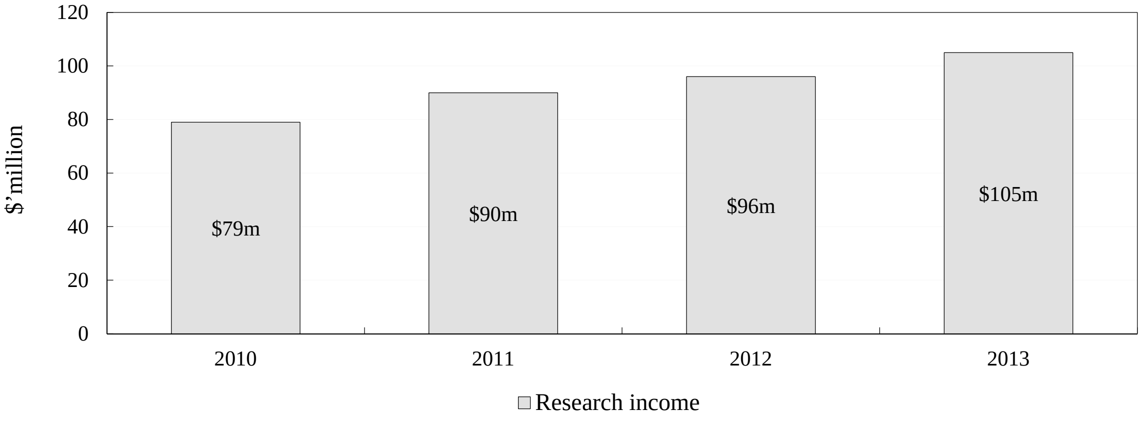
Revenue from fee-paying overseas students represents 15% of total revenue, a ratio that has fallen steadily since 2010 when it represented 17% of total revenue.

Over the past four years the total student load has increased. Over this time the percentage of student load related to domestic students has steadily increased, in line with an overall reduction in international student load. The chart below illustrates the changing student load since 2010.



Research

The following chart shows that research income, excluding capital amounts, has increased by 9% to $105 million in 2013. Research income is disclosed in the notes to the financial statements as AGDE Research - note 3(d), Australian Research Council - note 3(f), other Australian Government research grants - note 3(g) (excluding capital funding), State and Local Government research grants - note 4 and contract research - note 7.



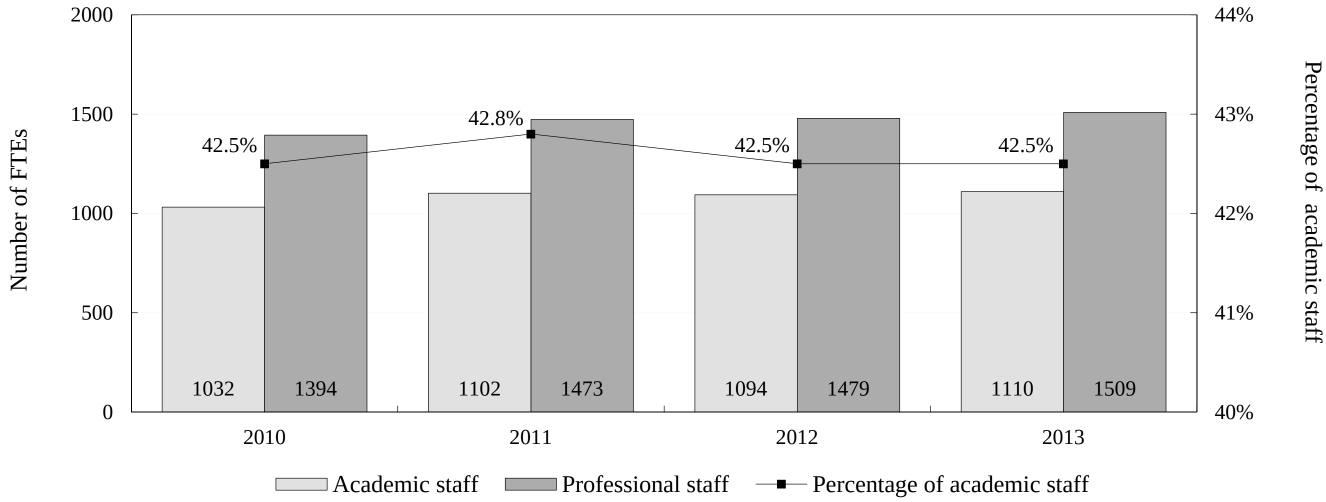
When interpreting research income it is important to note that the University has deferred significant amounts of research revenue into future reporting periods. In Audit's opinion these grants should be recognised as revenue in the year of receipt. The University's accounting treatment is qualified in the Independent Auditor's Report - refer to the comments made earlier under the heading 'Auditor's report on the financial report'.

Expenses

Total expenses increased by $19 million to $532 million. The main expense of the University is employee related expenses which increased by $20 million to $338 million, as a result of enterprise agreement increases and changes to staffing levels.

Other expenses remained stable.

The following chart shows a breakdown of employee full-time equivalent (FTE) numbers between academic and professional employees, along with the percentage of total staff classified as academic staff since 2010. While there has been an overall increase in staff over this time, the ratio of academic staff to professional staff has remained fairly constant.

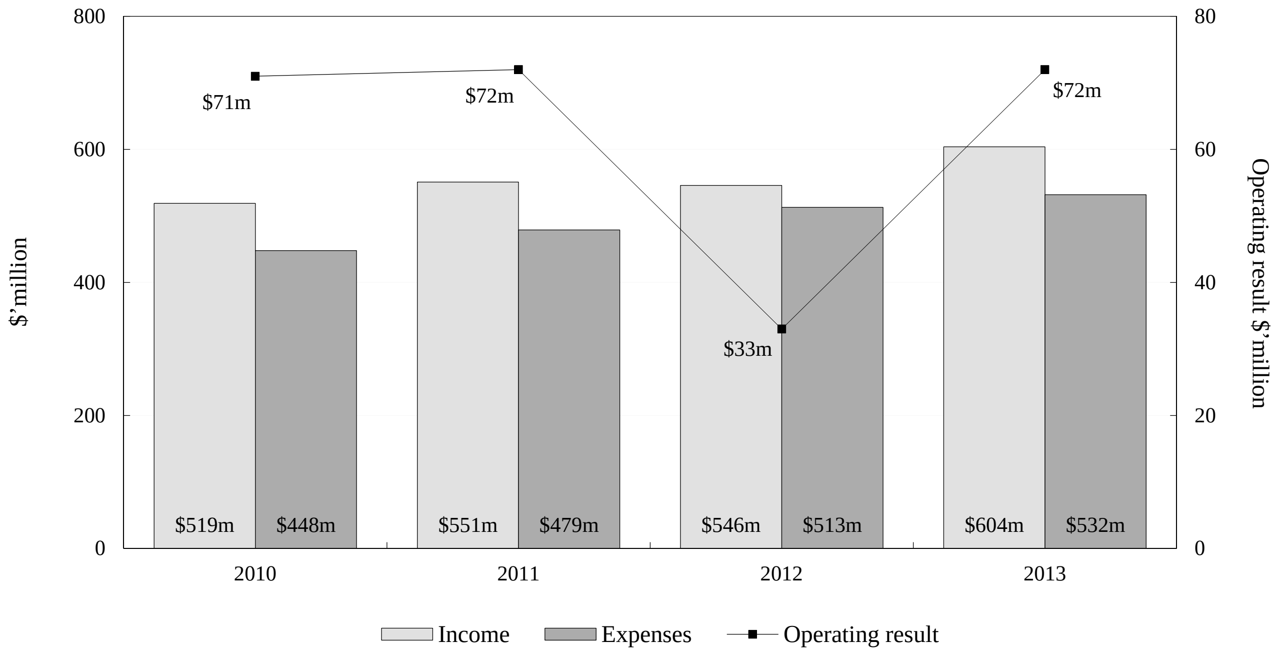


Source: Staff numbers, which are based on FTEs, were obtained from the University's annual reports and are unaudited figures.

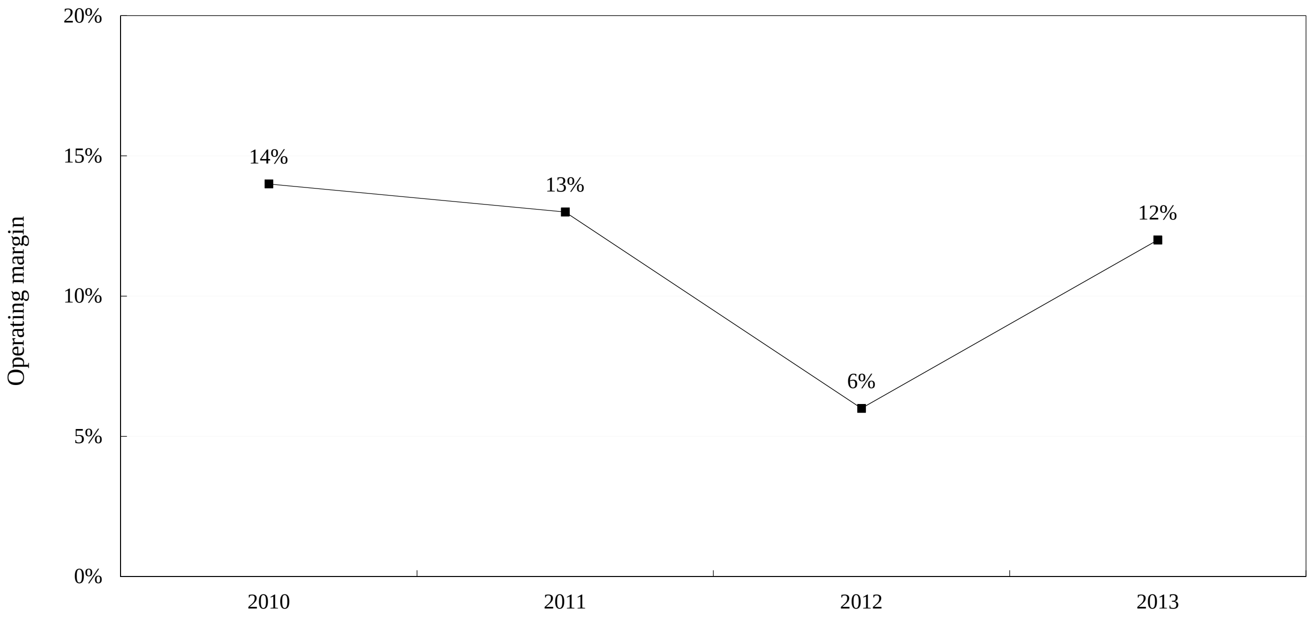
Operating result

The consolidated operating result before income tax for the year was a surplus of $72 million ($33 million). The increase is predominately due to the $40 million non-recurring capital funding received in 2013 from the Australian Government for the Centre for Cancer Biology.

The following chart shows the movement in income, expenses and the operating result before income tax for the last four years.



The following chart shows the University's operating margin (the operating result as a percentage of total income) over the four years to 2013.



This chart illustrates that the University's operating margin has increased in 2013, returning to a similar level as in earlier periods.

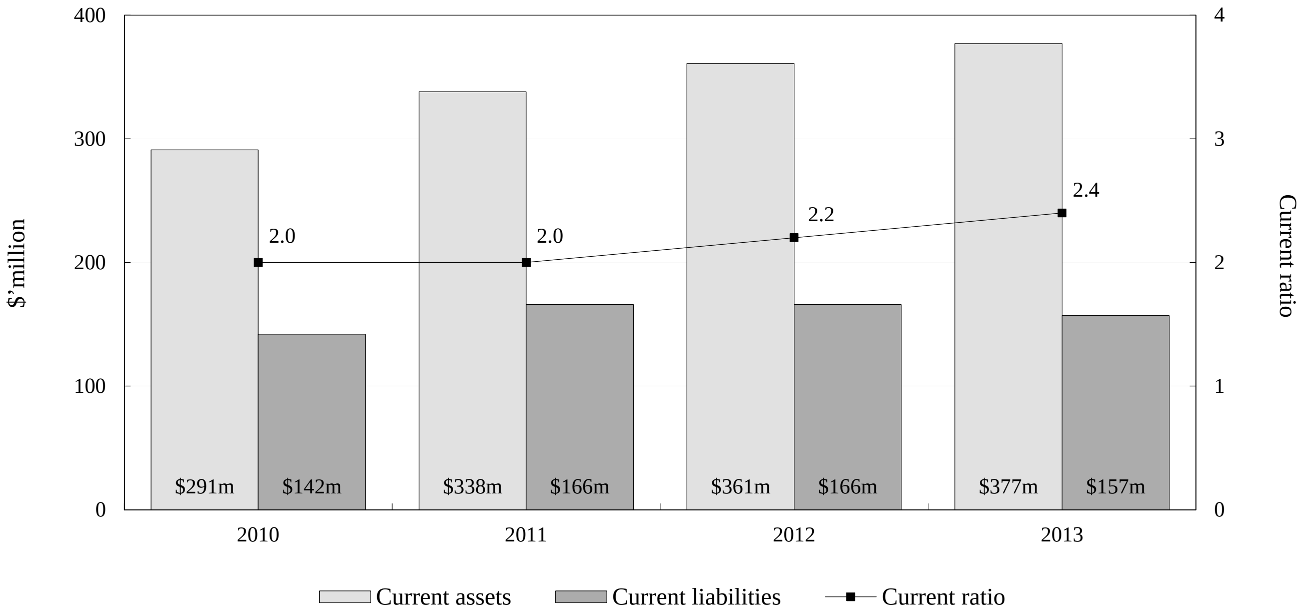
Statement of Financial Position

The main item of the University's Statement of Financial Position is property, plant and equipment, representing 51% of total assets. The carrying value of property, plant and equipment increased by $63 million to $794 million due mainly to:

- a revaluation of land and buildings which resulted in an increase in value of $18 million
- expenditure on major capital infrastructure projects of $63 million
- other asset additions of $12 million, which includes major IT equipment, equipment and costs for capital campus projects.

These increases were offset by depreciation charges of $30 million.

The following chart shows the University's current assets and liabilities. As at 31 December 2013 current assets, $377 million, exceeded current liabilities, $157 million, by $220 million.



Revaluation of land and buildings

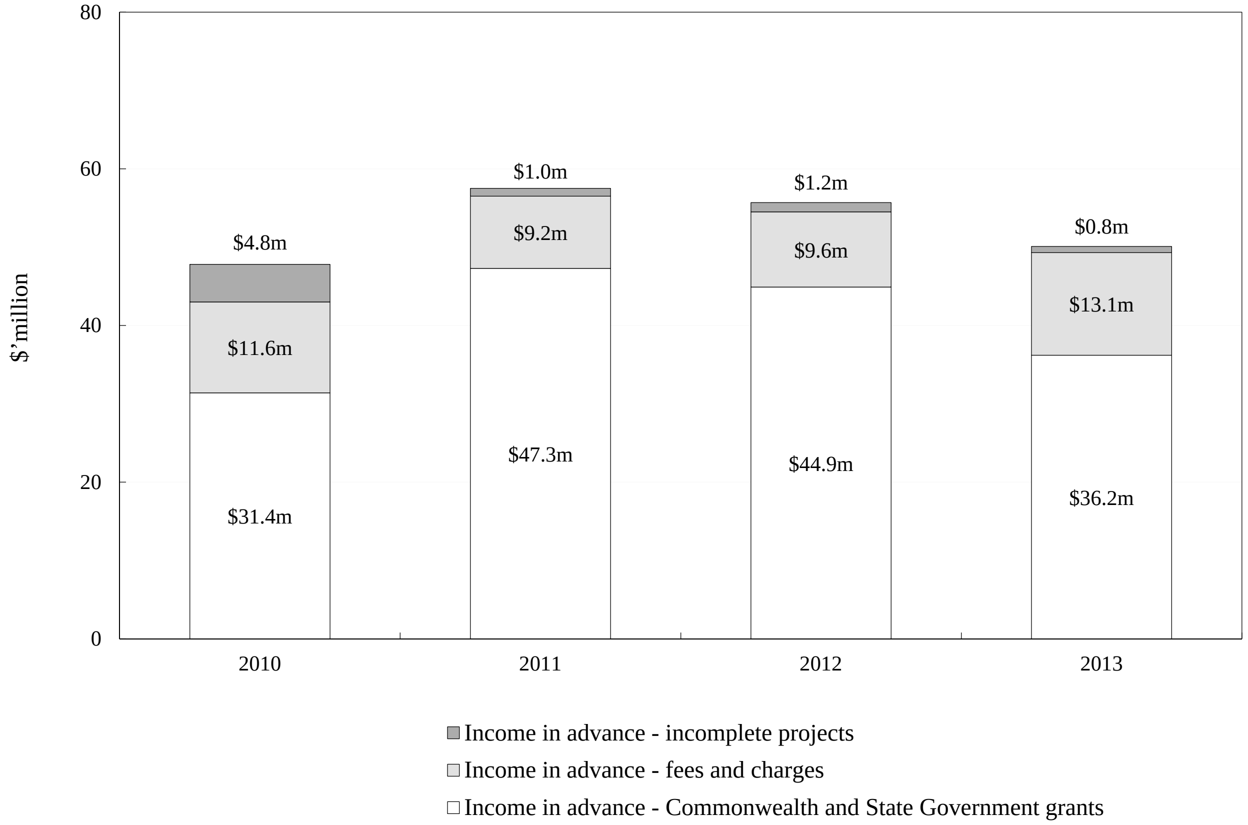
During 2013 the University revalued land and buildings. The valuation process involved an independent valuer assessing the written-down replacement cost of the University's buildings, as a means of determining fair value. Land was valued by reference to similar land sales data, adjusted where necessary to reflect restrictions over certain land holdings. The revaluation resulted in an increase in the value of land and buildings by $18 million. Further information regarding the revaluation is contained in notes 1(i), 20 and 40 to the financial statements.

Capital program

The University has a significant ongoing capital investment program across a number of campuses. The major activity for 2013 involved the continued construction of the $85 million Learning Centre at the City West Campus. The Learning Centre, named the Jeffrey Smart Building, opened for student use during 2014.

Income in advance

The following chart shows the movement, since 2010, of income in advance within the University's other liabilities. These liabilities represent deferral of income into future reporting periods in accordance with the University's income recognition policies. Reference should be made to note 1(d) to the financial statements and the audit qualification described under the heading 'Auditor's report on the financial report' earlier in this section of this Report.



Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2013 and illustrates the continued growth in the University's cash balance.

	2013 $'million	2012 $'million	2011 $'million	2010 $'million
Net cash flows				
Operating	90	80	132	98
Investing	(74)	(48)	(84)	(30)
Change in cash	16	32	48	68
Cash at 31 December	310	294	262	214

Operating cash inflows include capital grants that are used for investing purposes, primarily payments for property, plant and equipment. The net cash flows provided by operating activities increased by $10 million due mainly to an increase in Australian Government grants received.

The increase of $26 million in net cash used in investing activities is due to the work undertaken on a major capital infrastructure project in 2013. The University's last major capital infrastructure project is reflected in the 2011 figures.

Further commentary on operations

South Australian Health and Medical Research Institute (SAHMRI)

SAHMRI was formally established as a company limited by guarantee under the Commonwealth *Corporations Act 2001* on 21 December 2009.

The primary objective of SAHMRI is to develop a centre of excellence both in Australia and internationally for the benefit of the community in undertaking, promoting and expanding research relating to:

- human medicine and health, including research relating to the detection, prevention, control and treatment of diseases in humans
- the social determinants of health, including the health of particular sections of the community
- health service delivery.

The founding members of SAHMRI are:

- the South Australian Treasurer
- the South Australian Minister for Health
- the South Australian Minister for Science and Economy
- the University of Adelaide
- the Flinders University of South Australia
- the University of South Australia.

The University does not control or exercise significant influence over SAHMRI operations under current constitutional and board membership arrangements.

The University has entered into a license agreement and building fitout contribution agreement with SAHMRI. Under these agreements, the University has a license to occupy space in the SAHMRI building in return for a contribution to the building fitout.

The University made an interim payment of $1.8 million in December 2013 to contribute to its portion of the SAHMRI building fitout. This transaction has been reflected as construction in progress in the Statement of Financial Position as at 31 December 2013 (refer note 20).

The University made a further payment of $1 million in April 2014 to pay for the remainder of the fitout works. The University's researchers commenced their relocation to the SAHMRI building premises in April 2014.

Under the license agreement, the University will be obliged to contribute to outgoings associated with their space (eg utilities costs), however no ongoing license fee will be payable. A memorandum of understanding under the license agreement details how the University's share of the SAHMRI's building space is to be determined.

Statement of Comprehensive Income
for the year ended 31 December 2013

		Consolidated		University	
		2013	2012	2013	2012
	Note	$'000	$'000	$'000	$'000
Revenue from continuing operations:					
Australian Government financial assistance:					
Australian Government grants	3	294 222	252 918	294 222	252 918
HECS-HELP - Australian Government payments	3	104 990	91 700	104 990	91 700
FEE-HELP	3	6 079	8 998	6 079	8 998
SA-HELP	3	2 609	1 124	2 609	1 124
State and Local Government financial assistance	4	12 628	10 359	12 435	10 190
HECS-HELP - student payments		13 702	12 896	13 702	12 896
Fees and charges	5	110 312	108 510	110 312	108 510
Investment revenue	6	15 151	18 040	14 925	17 750
Royalties		325	437	126	306
Consultancy and contract research	7	32 012	29 783	32 192	29 936
Other revenue	8	13 910	11 200	13 942	11 096
Total revenue from continuing operations		605 940	545 965	605 534	545 424
Gains (Losses) on disposal of assets	9	(1 808)	(553)	(328)	(556)
Total income from continuing operations		604 132	545 412	605 206	544 868
Expenses from continuing operations:					
Employee related expenses	10	338 030	318 289	336 539	317 126
Depreciation and amortisation	11	31 732	31 683	31 714	31 662
Repairs and maintenance	12	11 116	10 443	11 115	10 442
Other expenses	13	151 130	151 909	152 302	152 808
Bad and doubtful debts	14	468	401	468	401
Total expenses from continuing operations		532 476	512 725	532 138	512 439
Operating result before income tax		71 656	32 687	73 068	32 429
Income tax expense		87	148	78	144
Operating result attributable to members of the University of South Australia	26(b)	71 569	32 539	72 990	32 285
Items that may be reclassified to profit or loss:					
Gain (Loss) on revaluation of available-for-sale financial assets	26(a)	1 315	915	1 315	915
		1 315	915	1 315	915
Items that will not be reclassified to profit or loss:					
Gain (Loss) on revaluation of land and buildings	26(a)	17 841	-	17 841	-
Gain (Loss) on revaluation of art collection	26(a)	665	-	665	-
		18 506	-	18 506	-
Total comprehensive income attributable to members of the University of South Australia		91 390	33 454	92 811	33 200

Statement of Financial Position
as at 31 December 2013

		Consolidated		University	
		2013	2012	2013	2012
	Note	$'000	$'000	$'000	$'000
Current assets:					
Cash and cash equivalents	15	310 083	294 031	307 676	288 036
Receivables	16	20 089	23 801	20 194	23 374
Deferred government superannuation contribution	31	29 800	30 100	29 800	30 100
Other non-financial assets	19	16 990	13 080	16 968	13 064
Total current assets		376 962	361 012	374 638	354 574
Non-current assets:					
Other financial assets	18	8 847	7 437	11 575	11 782
Property, plant and equipment	20	793 722	730 564	793 701	730 533
Deferred tax assets		251	153	-	-
Intangible assets	21	4 173	5 836	4 173	5 836
Deferred government superannuation contribution	31	380 133	435 700	380 133	435 700
Total non-current assets		1 187 126	1 179 690	1 189 582	1 183 851
Total assets		1 564 088	1 540 702	1 564 220	1 538 425
Current liabilities:					
Trade and other payables	22	27 259	29 258	27 512	28 957
Provisions	24	27 444	17 422	27 203	17 280
Current tax liabilities		900	859	821	762
Other liabilities	25	71 464	88 027	71 707	87 755
Defined benefit obligation	31	29 800	30 100	29 800	30 100
Total current liabilities		156 867	165 666	157 043	164 854
Non-current liabilities:					
Trade and other payables	22	5 390	5 814	5 390	5 814
Provisions	24	40 527	43 741	40 527	43 741
Defined benefit obligation	31	380 133	435 700	380 133	435 700
Total non-current liabilities		426 050	485 255	426 050	485 255
Total liabilities		582 917	650 921	583 093	650 109
Net assets		981 171	889 781	981 127	888 316
Equity:					
Reserves	26(a)	180 446	160 625	180 446	160 625
Retained earnings	26(b)	800 725	729 156	800 681	727 691
Total equity		981 171	889 781	981 127	888 316

Statement of Changes in Equity
for the year ended 31 December 2013

	Reserves $'000	Retained earnings $'000	Total $'000
Consolidated			
Balance at 1 January 2012	159 710	696 617	856 327
Profit (Loss)	-	32 539	32 539
Gain (Loss) on available-for-sale financial assets	915	-	915
Total comprehensive income	915	32 539	33 454
Balance at 31 December 2012	160 625	729 156	889 781
Balance at 1 January 2013	160 625	729 156	889 781
Profit (Loss)	-	71 569	71 569
Gain (Loss) on available-for-sale financial assets	1 315	-	1 315
Gain (Loss) on revaluation of land and buildings	17 841	-	17 841
Gain (Loss) on revaluation of art collection	665	-	665
Total comprehensive income	19 821	71 569	91 390
Balance at 31 December 2013	180 446	800 725	981 171
University			
Balance at 1 January 2012	159 710	695 406	855 116
Profit (Loss)	-	32 285	32 285
Gain (Loss) on available-for-sale financial assets	915	-	915
Total comprehensive income	915	32 285	33 200
Balance at 31 December 2012	160 625	727 691	888 316
Balance at 1 January 2013	160 625	727 691	888 316
Profit (Loss)	-	72 990	72 990
Gain (Loss) on available-for-sale financial assets	1 315	-	1 315
Gain (Loss) on revaluation of land and buildings	17 841	-	17 841
Gain (Loss) on revaluation of art collection	665	-	665
Total comprehensive income	19 821	72 990	92 811
Balance at 31 December 2013	180 446	800 681	981 127

Statement of Cash Flows
for the year ended 31 December 2013

		Consolidated		University	
		2013	2012	2013	2012
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
	Note	$'000	$'000	$'000	$'000
Cash flows from operating activities:					
Inflows:					
Australian Government grants received	3(h)	400 541	362 818	400 541	362 818
OS-HELP (net)	3(h)	50	60	50	60
Superannuation supplementation	3(h)	29 679	29 271	29 679	29 271
State and Local Government grants		12 785	10 040	12 592	9 871
HECS-HELP - student payments		13 702	12 896	13 702	12 896
Receipts from student fees and other customers		121 389	117 054	121 634	116 883
Dividends received		2 896	2 027	2 896	2 027
Interest received		13 067	15 816	12 841	15 525
Royalties		325	437	126	306
Consultancy and contract research		32 257	30 574	31 373	31 098
Other receipts		11 136	15 898	12 650	15 700
GST recovered/paid		11 109	7 917	11 272	8 063
Outflows:					
Payments to suppliers and employees (GST inclusive)		(558 797)	(524 099)	(557 354)	(524 096)
Net cash provided by (used in) operating activities		90 139	80 709	92 002	80 422
Cash flows from investing activities:					
Inflows:					
Proceeds from sale of plant and equipment		61	24	61	24
Proceeds from sale of investments		16	5	1 733	5
Outflows:					
Payments for property, plant and equipment		(73 953)	(47 937)	(73 945)	(47 916)
Payments for investments		(211)	(386)	(211)	(386)
Net cash provided by (used in) investing activities		(74 087)	(48 294)	(72 362)	(48 273)
Net increase (decrease) in cash and cash equivalents		16 052	32 415	19 640	32 149
Cash and cash equivalents at 1 January		294 031	261 616	288 036	255 887
Cash and cash equivalents at 31 December	15	310 083	294 031	307 676	288 036
Non-cash investing and financing activities	37				

Notes to and forming part of the financial statements

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years reported unless otherwise stated. The financial statements include separate statements for the University of South Australia (the University) and the University and its subsidiaries (Consolidated Entity).

(a) Basis of preparation

The annual financial statements represent the audited general purpose financial statements which have been prepared on an accrual basis in accordance with AASs, AASB interpretations, requirements of the Australian Government Department of Education (AGDE) and other State/Australian Government legislative requirements.

(a) Basis of preparation (continued)

Except where in conflict with AGDE requirements, the financial statements are prepared in accordance with the South Australian TIs and APSs issued under the provisions of the PFAA.

In our opinion, the financial statements and notes of the Consolidated Entity comply with Australian standards, some of which contain requirements specific to not-for-profit entities that are inconsistent with International Financial Reporting Standards.

Unless otherwise indicated, all amounts are rounded to the nearest thousand dollars and presented in Australian dollars.

Historical cost convention

The financial statements have been prepared on an accrual basis and under the historical cost convention, except for certain assets and liabilities that were valued in accordance with the applicable valuation policy.

Critical accounting estimates

Compliance with AASs requires certain critical accounting estimates and assumptions to be applied in preparing the financial statements. Further, it requires management to exercise judgement in applying the University's accounting policies. Management's judgement is based on estimates and associated assumptions which are supported by historical experience and other reasonable factors.

The areas involving a high degree of judgement where assumptions and estimates are significant to the financial statements are superannuation receivable and provisions, LSL provision, and the valuation and depreciation of property, plant and equipment. Further details are disclosed in the relevant notes to the financial statements.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period which it affects. If the revision affects both current and future periods, the revision is recognised in the period of the revision and future periods.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the University as at 31 December 2013 and the results of all subsidiaries for the year then ended. The University and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Details of subsidiaries are set out in note 32.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the Parent Entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The Group has no material investments in associates and therefore they are not incorporated in the financial statements (refer note 33).

(iii) Joint venture operations

If material, the proportionate interests in the assets, liabilities and expenses of a joint venture operation are incorporated in the financial statements under the appropriate headings.

Details of joint venture operations are set out in note 34(a). The University's interests in these joint ventures are not considered to be material to the University's core activities and therefore are not incorporated in the financial statements.

(iv) *Joint venture entities*
If material, the interest in a joint venture entity is accounted for in the consolidated financial statements using the equity method and is carried at cost by the University.

Under the equity method the Group's share of the profits or losses of the entity are recognised in the Statement of Comprehensive Income, and the share of movements in reserves in the Statement of Comprehensive Income and the Statement of Changes in Equity.

Details of joint venture entities are set out in note 34(b). The University's interests in these joint ventures are not considered to be material to the University's core activities and therefore are not incorporated in the financial statements.

(c) Foreign currency translation

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised for the major business activities as follows:

(i) *Financial assistance*

- *AGDE financial assistance (including Commonwealth Grant Scheme, Higher Education Loan programs, scholarships and AGDE research)*
  The University recognises AGDE financial assistance as revenue in the year in which it had been designated for the funding of teaching and research.

- *Other financial assistance (including Australian Research Council (ARC), National Health and Medical Research Council, Australian Government and State Government)*
  Grants received which have specified conditions which give the grantor the right to recall funds not spent in accordance with the specific agreement imposes on the University a performance obligation. That is, the University is required to consume the future economic benefits of the grant as specified, or return the grant to the grantor. Therefore these grants are deferred until this performance obligation has been extinguished and the grant funds have been expended in accordance with their respective agreement or the grantor has exercised the right for funds to be repaid or transferred.

  Other grants which do not contain specified conditions are recognised on receipt.

(ii) *Fees and charges*
Fees and charges comprise revenue earned from the provision of programs and other services. Fees and charges are recognised in the period in which the programs or services are provided.

(iii) *Investment income*
Interest income is recognised as it accrues. Dividend income is recognised only when it is declared, determined or recommended by external entities before the 31 December reporting date.

(iv) *Consultancy and contract research*
Revenue from consultancy and contract research is recognised in the period in which the services are provided.

(v) *Other revenue*
Other revenue is recognised when the University obtains control or the right to receive the monies and the recognition criteria is met.

(e) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are due for settlement no more than 14 days from the date of recognition.

Student fees receivables are recognised initially at fair value as at census date and are collectable at that point. Periodically these receivables are adjusted for any provision for impairment.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of receivables. The movement in the provision is recognised in the Statement of Comprehensive Income in the period in which receivables are adjusted to an estimated recoverable amount (at least annually).

(h) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade date (the date on which the University commits to purchase or sell the asset). Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the University has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available for sale are recognised in equity in the available-for-sale investments revaluation surplus. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the Statement of Comprehensive Income as gains and losses from investment securities.

If the market for a financial asset is not active (eg unlisted securities), the University attempts to establish fair value by using other valuation techniques. If no relevant or reliable fair value can be determined then the valuation basis reverts to original cost adjusted for impairment.

The University assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss is removed from equity and recognised in the Statement of Comprehensive Income.

The University has investments in shares, property trusts and managed funds, which are classified as available-for-sale financial assets and measured at fair value.

(i) Property, plant and equipment

Property, plant and equipment original cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably. Repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred (refer note 12).

Revaluation increments are credited directly to the revaluation surplus except to the extent that the net increment reverses a net revaluation decrement previously recognised as an expense, in which case the revaluation increment is charged to the Statement of Comprehensive Income.

Revaluation decrements are debited directly to the revaluation surplus to the extent that a credit balance exists for that asset class. Any remainder of the net revaluation decrement is charged to the Statement of Comprehensive Income.

(i) Property, plant and equipment (continued)

Revaluation increments and decrements are offset against one another within asset classes, but not otherwise.

Items of property, plant and equipment have been recognised in the financial statements as identified below. Expenditure on a single item of less than $10 000 is generally not capitalised.

(i) Land

Land occupied by the University is either owned by the University or by the State Government. All land is recognised on the basis that the University effectively controls the land occupied and is shown at fair value based on periodic, but at least triennial, valuations by external independent valuers.

The last valuation was as at 31 December 2013 and was performed by R Wood BAppSc PRM (Val) AAPI from Opteon Pty Ltd (formerly Southwick Goodyear Pty Ltd). Land fair value estimates were based on the highest and best use of the land, being the existing use as University campuses and valued separately from any structures or improvements residing on it, but having regard to any restrictions of its use. Detail of restrictions on assets is provided in note 1(l).

(ii) Buildings

Buildings, other than buildings under construction, have been recognised on a fair value basis which management has concluded is approximated by written down current cost. These fair value estimates are based on periodic, but at least triennial, valuations by external independent valuers.

As at 31 December 2013, the entire buildings portfolio was revalued independently by R Wood BAppSc PRM(Val) AAPI from Opteon Pty Ltd (formerly Southwick Goodyear Pty Ltd). Buildings fair value estimates were based on the highest and best use, being the existing use as University campuses. The valuation approach adopted has been to assess the written down current cost for the buildings. New replacement costs on the basis of a modern equivalent were assessed and then generally depreciated using the straight-line method, having regard to the estimated useful and remaining life for each structure.

Buildings under construction and buildings commissioned or purchased after the valuation are measured at cost.

(iii) Library collection

The library collection is valued at fair value. The University has concluded that the collection's fair value is best approximated by written down current cost based on a University valuation which is completed at the end of each year. The 2013 valuation resulted in an increase of $559 000 (decrease of $3.218 million). The full amount of the revaluation has been recognised as a gain in the Statement of Comprehensive Income recorded within other expenses, as it partly reverses the 2012 revaluation decrease which was previously recognised within other expenses.

(iv) Plant and equipment

Plant and equipment includes computer hardware and software, general equipment and vehicles. Plant and equipment is depreciated in accordance with note 1(k). The carrying value, cost less accumulated depreciation, is deemed to approximate fair value.

(v) Art collection

As at 31 December 2013, the University internally valued its art collection at fair value with the offsetting adjustments to the art collection revaluation surplus. The 2013 valuation resulted in an increase to the fair value of the art collection of $665 000. The art collection will be internally revalued by the Director, Samstag Museum of Art every three years giving consideration to current sales and auctions of works by the same artist and/or similar genre.

(vi) Leased assets

Leases of property, plant and equipment where the University has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest bearing liabilities. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding finance balance. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. The Consolidated Entity has no finance leases for 2013 (nil). Refer note 30(b) for details on operating leases.

(j) Fair value measurement

The fair value of assets and liabilities must be measured for recognition and disclosure purposes.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of assets or liabilities traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices for identical assets or liabilities at the balance sheet date (level 1). The quoted market price used for assets held by the Group is the most representative of fair value in the circumstances within the bid-ask spread.

The fair value of assets or liabilities that are not traded in an active market (eg over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments (level 2) are used for long-term debt instruments held. Other techniques that are not based on observable market data (level 3) such as estimated discounted cash flows, are used to determine fair value for the remaining assets and liabilities. The level in the fair value hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Fair value measurement of non-financial assets is based on the highest and best use of the asset. The Group considers market participants use of, or purchase price of the asset, to use it in a manner that would be highest and best use.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(k) Depreciation

Depreciation is provided for all property, plant and equipment other than land, art collection and buildings under construction. The Consolidated Entity does not depreciate the art collection because it believes that the service potential of the art collection has not, in any material sense, been consumed during the reporting period. Depreciation is calculated on a straight-line basis to allocate the written down current cost of an asset over its estimated remaining useful life.

Assets class	*Useful life*
Property:	
Buildings	50-150 years
Leasehold improvements	Lease term
Library collection:	
Books	10 years
Journals	15 years
Electronic materials	10 years
Plant and equipment:	
IT infrastructure	5 years
IT systems	7 years
IT other	3 years
Motor vehicles	5 years
Other	10 years
Leased plant and equipment:	
IT infrastructure	5 years
IT other	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(l) Restrictions on assets

Land includes \$49.659 million (\$48.085 million) of Crown lands and \$14.9 million (\$16.49 million) of land dedicated for educational use.

The University has restrictions on the above land by application of the *University of South Australia Act 1990* section 6(3).

(m) Intangible assets and amortisation

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the Statement of Comprehensive Income as an expense when it is incurred.

With respect to internally generated intangible assets, expenditure on development activities is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the Statement of Comprehensive Income as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit, which is currently between six and seven years.

Intangibles in progress represent capitalised expenditure where the project was incomplete at balance date. The expenditure is capitalised upon the completion of the project.

(n) Unfunded superannuation

An arrangement exists between the Australian Government and the SA Government to share the unfunded liability of the University's beneficiaries of the South Australian State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by the *Higher Education Funding Act 1988* and subsequent amending legislation. Accordingly, the unfunded liabilities have been recognised in the Statement of Financial Position as a liability with a corresponding asset. The recognition of both the asset and the liability consequently does not affect the year end net asset position of the University or the Group (refer note 31).

The recognition of the expense in the face statements is offset by the revenue received from the Australian Government. The Superannuation Supplementation program funding is not recognised as revenue in the Statement of Comprehensive Income since it is in respect of an existing liability. Rather a net amount is shown as an ordinary expense within employee related expenses. As the University has a defined benefit plan which is fully covered by the Superannuation Supplementation program it has reported a nil expense in the Statement of Comprehensive Income.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the University prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Employee benefits provisions

Employee benefits expected to be settled within one year have been recognised at their nominal amount. These liabilities are measured at the amounts expected to be paid when the liability is settled. Employee entitlements to be settled later than one year have been measured at the present value of the estimated applicable future cash flows.

(i) Short-term obligations

Liabilities for short-term employee benefits including wages and salaries and non-monetary benefits are measured at the amount expected to be paid when the liability is settled, if it is expected to be settled wholly before 12 months after the end of the reporting period, and is recognised in provision for employee benefits. 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.

(ii) Other long-term obligations

The liability for other long-term employee benefits such as annual leave and LSL is recognised in current provisions for employee benefits if it is not expected to be settled wholly before 12 months after the end of the reporting period. It is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(ii) Other long-term obligations (continued)

Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlements of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

The LSL and annual leave liability is independently actuarially estimated each year in accordance with AASB 119. The last update was performed at 31 December 2013 by Bruce Watson FIA FIAA of Brett & Watson Pty Ltd.

(iii) Superannuation

Superannuation schemes exist to provide benefits to University employees and their dependents upon resignation, retirement, disability or death. The University recognises an expense in the Statement of Comprehensive Income for contributions paid to the funded schemes and on an emerging cost basis for the unfunded schemes. Note 31 provides details of the individual schemes.

(q) Workers compensation

The University is responsible for payments of workers compensation.

The provision for workers compensation is independently actuarially estimated each year. The last update was performed at 31 December 2013 by Laurie Brett FIA FIAA of Brett & Watson Pty Ltd using case estimation methodology. Under this methodology, consideration is given to individual case estimates of all open claims plus an allowance for incurred but not reported claims, re opening of claims regarded as closed and unforeseen escalation of case estimates as more information becomes available.

(r) Funds held on behalf of external entities

The University holds funds on behalf of a number of external entities which are managed by the University. As at balance date, the funds held are included in cash and cash equivalents and a corresponding liability is included in other liabilities (refer note 25).

(s) GST

Revenues and expenses 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 are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included in receivables or payables in the Statement of Financial Position.

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

(t) Income tax

The University is exempt from income tax pursuant to Division 50 of the ITAA. The University subsidiaries are not exempt from income tax. Income tax expense or benefit for the period is calculated as the tax payable on the current period’s taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities. In relation to foreign operations, the University is subject to tax under the Tax Acts applicable in some foreign countries. Tax in respect of these operations has been brought to account in the year it is incurred.

(u) Changes in accounting policies

AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the University for the reporting period ending 31 December 2013. The University has assessed the impact of the new and amended standards and interpretations and considers the impact to be immaterial.

(v) Comparative amounts

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year.

(w) Rounding of amounts

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

2. Disaggregated information (Consolidated)

	Revenue		Results		Total assets	
	2013	2012	2013	2012	2013	2012
Geographical	$'000	$'000	$'000	$'000	$'000	$'000
Australia	600 467	539 302	71 323	32 239	1 563 974	1 540 659
Asia	5 473	6 663	246	300	114	43
Total	605 940	545 965	71 569	32 539	1 564 088	1 540 702

The University operates in the field of higher education principally in Australia and provides teaching and research services. The results of the geographical segments, other than Australia, are based upon consideration of the variable costs associated with those operations.

3. Australian Government financial assistance including HECS-HELP and FEE-HELP

		Consolidated		University	
(a) Commonwealth Grant Scheme and other grants		2013	2012	2013	2012
	Note	$'000	$'000	$'000	$'000
Commonwealth Grant Scheme		168 759	161 951	168 759	161 951
Indigenous Support Fund		1 197	1 146	1 197	1 146
Partnership & Participation Program		5 348	6 038	5 348	6 038
Disability Support Program		84	97	84	97
Diversity & Structural Adjustment Fund		1 546	3 260	1 546	3 260
Transitional Cost Program		235	333	235	333
Chair in Child Protection		2 719	914	2 719	914
Promotion of Excellence in Learning and Teaching		458	129	458	129
Reward funding		804	835	804	835
Total Commonwealth Grant Scheme and other grants	41.1	181 150	174 703	181 150	174 703
(b) Higher Education Loan programs					
HECS-HELP - Australian Government payments		104 990	91 700	104 990	91 700
FEE-HELP		6 079	8 998	6 079	8 998
SA-HELP		2 609	1 124	2 609	1 124
Total Higher Education Loan programs	41.2	113 678	101 822	113 678	101 822
(c) Scholarships					
Australian Postgraduate Awards		5 522	4 926	5 522	4 926
International Postgraduate Research Scholarships		465	448	465	448
Commonwealth Education Costs Scholarship		(614)	846	(614)	846
Commonwealth Accommodation Scholarships		(24)	490	(24)	490
Indigenous Access Scholarships		(9)	49	(9)	49
Total scholarships	41.3	5 340	6 759	5 340	6 759
(d) AGDE Research					
Joint Research Engagement Scheme		7 281	7 677	7 281	7 677
JRE Engineering Cadetships		59	30	59	30
Research Training Scheme		13 287	12 548	13 287	12 548
Research Infrastructure Block Grants		2 791	2 956	2 791	2 956
Commercialisation Training Scheme		-	(184)	-	(184)
Sustainable Research Excellence in Universities		2 017	1 937	2 017	1 937
Total AGDE Research	41.4	25 435	24 964	25 435	24 964
(e) Other capital funding					
Education Investment Fund		3 080	12 500	3 080	12 500
Total other capital funding	41.5	3 080	12 500	3 080	12 500

			Consolidated		University	
			2013	2012	2013	2012
(f)	***Australian Research Council***					
(i)	*Discovery*	Note	$'000	$'000	$'000	$'000
	Projects		2 722	2 913	2 722	2 913
	Fellowships		1 763	1 508	1 763	1 508
	Indigenous Researchers Development		232	63	232	63
	Discovery - Early Career Research		560	412	560	412
	Total discovery	41.6(i)	5 277	4 896	5 277	4 896
(ii)	*Linkages*					
	Linkages Special Research Initiatives		137	249	137	249
	Infrastructure		800	65	800	65
	International		-	4	-	4
	Projects		2 445	3 337	2 445	3 337
	Total linkages	41.6(ii)	3 382	3 655	3 382	3 655
(iii)	*Networks and centres*					
	Centres		163	71	163	71
	Total networks and centres	41.6(iii)	163	71	163	71
	Total Australian Research Council		8 822	8 622	8 822	8 622
(g)	***Other Australian Government financial assistance***					
	Non-capital:					
	Indigenous Tutorial Assistance Scheme grant		310	268	310	268
	Other Commonwealth grants		7 637	4 876	7 637	4 876
	Other Australian Government research grants		21 998	20 226	21 998	20 226
	Total non-capital		29 945	25 370	29 945	25 370
	Capital:					
	Other Australian Government financial assistance		40 450	-	40 450	-
	Total capital		40 450	-	40 450	-
	Total other Australian Government financial assistance		70 395	25 370	70 395	25 370
	Total Australian Government financial assistance		407 900	354 740	407 900	354 740
	Reconciliation:					
	Australian Government grants		294 222	252 918	294 222	252 918
	HECS-HELP payments		104 990	91 700	104 990	91 700
	FEE-HELP		6 079	8 998	6 079	8 998
	SA-HELP		2 609	1 124	2 609	1 124
	Total Australian Government financial assistance		407 900	354 740	407 900	354 740
(h)	***Australian Government grants received - cash basis***					
	CGS and other AGDE grants		177 520	170 744	177 520	170 744
	Higher Education Loan programmes		116 803	99 405	116 803	99 405
	Scholarships		4 640	6 211	4 640	6 211
	AGDE Research		25 435	25 148	25 435	25 148
	Other capital funding		3 080	23 866	3 080	23 866
	ARC grants - discovery		5 236	5 606	5 236	5 606
	ARC grants - linkages		2 344	2 612	2 344	2 612
	Other Australian Government grants		65 483	29 226	65 483	29 226
	Total Australian Government grants received - cash basis		400 541	362 818	400 541	362 818
	OS-HELP (net)		50	60	50	60
	Superannuation supplementation		29 679	29 271	29 679	29 271
	Total Australian Government funding received - cash basis		430 270	392 149	430 270	392 149

4. **State and Local Government financial assistance**	Consolidated		University	
	2013	2012	2013	2012
Non-capital:	$'000	$'000	$'000	$'000
Research grants	8 378	7 515	8 444	7 577
Other	461	392	202	161
Total non-capital	8 839	7 907	8 646	7 738
Capital:				
State and Local Government financial assistance	3 789	2 452	3 789	2 452
Total capital	3 789	2 452	3 789	2 452
Total State and Local Government financial assistance	12 628	10 359	12 435	10 190

5. Fees and charges

Course fees and charges:				
Continuing education	718	793	718	793
Fee-paying overseas students	88 777	87 335	88 777	87 335
Fee-paying domestic postgraduate students	3 058	3 238	3 058	3 238
Total course fees and charges	92 553	91 366	92 553	91 366
Other fees and charges:				
Other fees and charges	9 238	9 688	9 238	9 688
Miscellaneous enrolment fees	6 552	5 920	6 552	5 920
Seminar/Workshops	886	1 062	886	1 062
Student services fees from students	1 083	474	1 083	474
Total other fees and charges	17 759	17 144	17 759	17 144
Total fees and charges	110 312	108 510	110 312	108 510

6. Investment revenue

Dividends and distributions	1 706	1 618	1 706	1 618
Interest	13 445	16 422	13 219	16 132
Total investment revenue	15 151	18 040	14 925	17 750

7. Consultancy and contract research

Consultancy	3 975	4 762	3 722	4 691
Contracts	28 037	25 021	28 470	25 245
Total consultancy and contract research	32 012	29 783	32 192	29 936

8. Other revenue

Donations and bequests	1 887	1 233	1 887	1 233
Scholarships and prizes	1 649	1 308	1 649	1 308
Other fees and charges	7 245	6 041	7 258	5 905
Other*	3 129	2 618	3 148	2 650
Total other revenue	13 910	11 200	13 942	11 096

* Net foreign exchange gains included in other revenue for 2013 were $530 000 University ($531 000 Consolidated) (2012: Net foreign exchange loss included in other expenses $301 000 University and $307 000 Consolidated).

9. **Gains (Losses) on disposal of assets**	Consolidated		University	
	2013	2012	2013	2012
(a) Disposal of property, plant and equipment	$'000	$'000	$'000	$'000
Proceeds from sale	61	24	61	24
Carrying amount of assets sold	(1 875)	(580)	(1 875)	(578)
Net gain (loss) on disposal of property, plant and equipment	(1 814)	(556)	(1 814)	(554)
(b) Sale of shares				
Realised gain (loss) on disposal of investments	6	3	1 486	(2)
Total of net gain (loss) on disposal of assets	(1 808)	(553)	(328)	(556)

10. Employee related expenses

(a) *Employee related expenses*

	Consolidated 2013 $'000	Consolidated 2012 $'000	University 2013 $'000	University 2012 $'000
Academic:				
Salaries	148 027	136 962	148 010	136 962
Contributions to superannuation and pension schemes:				
Emerging cost	707	761	707	761
Funded	20 667	19 598	20 667	19 598
Payroll tax	8 551	8 268	8 551	8 268
Workers compensation	490	(167)	490	(167)
LSL	1 615	3 935	1 615	3 935
Annual leave	9 455	9 230	9 455	9 230
Total academic	189 512	178 587	189 495	178 587
Non-academic:				
Salaries	112 116	104 508	110 830	103 473
Contributions to superannuation and pension schemes:				
Emerging cost	235	236	129	142
Funded	17 138	15 742	17 138	15 742
Payroll tax	7 199	6 441	7 129	6 379
Workers compensation	897	500	897	500
LSL	1 923	3 810	1 897	3 858
Annual leave	8 782	8 264	8 796	8 244
Total non-academic	148 290	139 501	146 816	138 338
Total academic and non-academic employee related expenses	337 802	318 088	336 311	316 925
Council member remuneration	228	201	228	201
Total employee related expenses	338 030	318 289	336 539	317 126

(b) *Voluntary separation packages*

Employee related expenses include voluntary separation packages paid during the year as follows:

	Consolidated 2013 Number	Consolidated 2012 Number	University 2013 Number	University 2012 Number
Number of voluntary separation packages	7	16	7	16

	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Voluntary separation package expenses	423	2 198	423	2 198
Annual leave and LSL entitlements paid	148	801	148	801
Total amount associated with separations	571	2 999	571	2 999

11. Depreciation and amortisation

Depreciation:				
Buildings	18 774	18 576	18 774	18 576
Leasehold improvements	766	660	766	660
Library collection	1 978	2 442	1 978	2 442
Plant and equipment	8 571	8 463	8 553	8 442
Total depreciation	30 089	30 141	30 071	30 120
Amortisation:				
Intangibles	1 643	1 542	1 643	1 542
Total amortisation	1 643	1 542	1 643	1 542
Total depreciation and amortisation	31 732	31 683	31 714	31 662

12. Repairs and maintenance

Buildings	9 806	9 268	9 805	9 267
Grounds	1 310	1 175	1 310	1 175
Total repairs and maintenance	11 116	10 443	11 115	10 442

13. Other expenses

	Consolidated		University	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Scholarships, grants and prizes	25 056	22 589	25 056	22 586
Non-capitalised equipment	6 158	5 220	6 158	5 217
Advertising, marketing and promotional expenses	6 709	6 872	6 693	6 860
Telecommunications	4 109	4 657	4 098	4 645
Travel, staff development and entertainment	17 933	19 130	17 860	19 080
External services*	48 034	46 633	49 768	48 080
IT hardware and software	10 588	10 762	10 568	10 714
Library subscriptions	4 311	4 445	4 311	4 445
Printing	1 098	1 147	1 098	1 147
Operating lease rental expenses	1 958	2 607	1 958	2 607
Bank charges, legal costs, insurance and taxes	5 626	5 521	5 313	5 236
General consumables	8 309	6 961	8 294	6 944
Other	11 241	15 365	11 127	15 247
Total other expenses	151 130	151 909	152 302	152 808

* Included within external services for 2013 is an amount for consultants of $2.236 million University ($2.426 million Consolidated) exclusive of GST ($2.18 million University, $2.415 million Consolidated). This amount excludes consultant payments for the capital works program.

14. Bad and doubtful debts

	Consolidated		University	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Bad and doubtful debts	468	401	468	401
Total bad and doubtful debts	468	401	468	401

15. Cash and cash equivalents

Cash at bank and on hand	7 139	19 973	6 784	19 871
Deposits	302 944	274 058	300 892	268 165
Total cash and cash equivalents	310 083	294 031	307 676	288 036

(a) ***Reconciliation to cash at 31 December***

Balances per Statement of Financial Position	310 083	294 031	307 676	288 036
Balances per Statement of Cash Flows	310 083	294 031	307 676	288 036

(b) ***Cash at bank and on hand***

During the year cash earned an average of 3.35% (3.36%) and interest is credited to the University on a monthly basis.

(c) ***Deposits***

During the year cash deposits earned interest at a fixed rate which ranged between 3.49% and 6.44% (range between 4.34% and 6.44%). These deposits had an average maturity of 169 days (170 days).

16. Receivables

	Consolidated		University	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Trade debtors	13 534	13 079	13 495	12 896
Provision for impaired receivables	(160)	(197)	(160)	(197)
	13 374	12 882	13 335	12 699
Student fees	3 566	4 336	3 566	4 336
Provision for impaired receivables	(692)	(640)	(692)	(640)
	2 874	3 696	2 874	3 696
Commonwealth receivables	1 374	5 241	1 374	5 241
Other	2 467	1 982	2 611	1 738
Total receivables	20 089	23 801	20 194	23 374

(a) Impaired receivables

As at 31 December 2013 current trade receivables of the Group with a nominal value of $146 000 ($183 000) were specifically identified as impaired. The individually impaired receivables were assessed in consultation with local responsible managers. Factors considered in the assessment included the age of the debt combined with the particular circumstances and experience with similar debt types. In addition, current trade receivables were collectively evaluated for impairment based upon past due status and historical collection experience resulting in a further provision of $14 000 ($14 000). The total amount of the provision for impaired trade receivables was $160 000 ($197 000).

Trade receivables	Consolidated	
	2013	2012
The ageing analysis of impaired trade receivables is as follows:	$'000	$'000
Less than three months	-	-
Three to six months	41	42
Over six months	119	155
Total impaired trade receivables	160	197

As at 31 December 2013, trade receivables of $6.966 million ($5.17 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

	Consolidated	
The ageing analysis of past due but not impaired	2013	2012
receivables is as follows:	$'000	$'000
Less than three months	5 912	4 203
Three to six months	568	741
Over six months	486	226
	6 966	5 170
Movements in the trade debtors provision for impaired receivables are as follows:		
At 1 January	197	213
Provision for impairment recognised during the year	133	175
Receivables written off during the year as uncollectable	(18)	(3)
Unused amount reversed and debts collected	(152)	(188)
At 31 December	160	197

Student receivables

As at 31 December 2013, student receivables of $2.788 million ($3.478 million) were past due but not impaired. The ageing analysis of these receivables is as follows:

Less than three months	598	952
Three to six months	1 275	1 781
Over six months	915	745
	2 788	3 478
Movements in the student fees provision for impaired receivables are as follows:		
At 1 January	640	517
Provision for impairment recognised during the year	478	435
Receivables written off during the year as uncollectable	(413)	(259)
Unused amount reversed and debts collected	(13)	(53)
At 31 December	692	640

The creation and release of the provision for impaired receivables has been included in bad and doubtful debts expense in the Statement of Comprehensive Income. Amounts charged to the provision account are written off when there is no expectation of recovering additional cash.

The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

(b) Foreign exchange and interest rate risk

The carrying amount of the Group and the University's receivables are denominated in Australian dollars.

(c) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

17. Investments accounted for using the equity method

The University has no material investments in associates or joint venture entities which would be accounted for in the consolidated financial statements using the equity method of accounting.

18. Other financial assets

		Consolidated		University	
		2013	2012	2013	2012
Non-current:	Note	$'000	$'000	$'000	$'000
Shares in subsidiaries	32	-	-	4 000	5 730
Available-for-sale financial assets		8 847	7 437	7 575	6 052
Total other financial assets		8 847	7 437	11 575	11 782

19. Other non-financial assets

Current:				
Prepayments	11 808	8 411	11 786	8 395
Accrued income	5 182	4 669	5 182	4 669
Total other non-financial assets	16 990	13 080	16 968	13 064

20. Property, plant and equipment

Land:				
At valuation	128 030	114 900	128 030	114 900
At cost	-	11 396	-	11 396
Net book amount	128 030	126 296	128 030	126 296
Buildings:				
At valuation	1 022 527	909 164	1 022 527	909 164
At cost	-	79 841	-	79 841
Accumulated depreciation	(492 149)	(472 149)	(492 149)	(472 149)
Net book amount	530 378	516 856	530 378	516 856
Construction in progress:				
At cost	77 843	32 663	77 843	32 663
Net book amount	77 843	32 663	77 843	32 663
Plant and equipment:				
At cost	80 249	76 827	80 155	76 742
Accumulated depreciation	(45 174)	(39 691)	(45 101)	(39 637)
Net book amount	35 075	37 136	35 054	37 105
Leasehold improvements:				
At cost	7 215	5 863	7 215	5 863
Accumulated amortisation	(4 443)	(3 655)	(4 443)	(3 655)
Net book amount	2 772	2 208	2 772	2 208
Art collection:				
At valuation	3 279	1 535	3 279	1 535
At cost	-	59	-	59
Net book amount	3 279	1 594	3 279	1 594
Library:				
At valuation	21 584	21 962	21 584	21 962
Accumulated depreciation	(7 847)	(8 842)	(7 847)	(8 842)
Net book amount	13 737	13 120	13 737	13 120
Plant and equipment in progress:				
At cost	2 608	691	2 608	691
Net book amount	2 608	691	2 608	691
Total property, plant and equipment	793 722	730 564	793 701	730 533

20. Property, plant and equipment (continued)

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Consolidated	Construction in progress	Land	Buildings	Plant and equipment	Plant and equipment in progress
Year ended 31 December 2012:	$'000	$'000	$'000	$'000	$'000
Opening net book amount	11 450	126 296	520 603	36 935	1 745
Revaluation	-	-	-	-	-
Additions	36 265	-	306	7 136	691
Disposals	-	-	-	(342)	-
Reclassifications	(15 052)	-	14 523	1 870	(1 640)
Depreciation/Amortisation charge	-	-	(18 576)	(8 463)	-
Other changes, movements	-	-	-	-	(105)
Closing net book amount	32 663	126 296	516 856	37 136	691
Year ended 31 December 2013:					
Opening net book amount	32 663	126 296	516 856	37 136	691
Revaluation	-	1 598	16 243	-	-
Additions	63 120	-	47	5 834	2 608
Disposals	-	-	(59)	(357)	-
Reclassifications	(17 911)	136	16 065	1 033	(653)
Depreciation/Amortisation charge	-	-	(18 774)	(8 571)	-
Other changes, movements	(29)	-	-	-	(38)
Closing net book amount	77 843	128 030	530 378	35 075	2 608

	Leasehold imprvmnts	Library collection	Art collection	Total
Year ended 31 December 2012:	$'000	$'000	$'000	$'000
Opening net book amount	2 569	15 779	1 566	716 943
Revaluation	-	(3 218)	-	(3 218)
Additions	-	3 227	28	47 653
Disposals	-	(226)	-	(568)
Reclassifications	299	-	-	-
Depreciation/Amortisation charge	(660)	(2 442)	-	(30 141)
Other changes, movements	-	-	-	(105)
Closing net book amount	2 208	13 120	1 594	730 564
Year ended 31 December 2013:				
Opening net book amount	2 208	13 120	1 594	730 564
Revaluation	-	559	665	19 065
Additions	-	3 437	1 020	76 066
Disposals	-	(1 401)	-	(1 817)
Reclassifications	1 330	-	-	-
Depreciation/Amortisation charge	(766)	(1 978)	-	(30 089)
Other changes, movements	-	-	-	(67)
Closing net book amount	2 772	13 737	3 279	793 722

University	Construction in progress	Land	Buildings	Plant and equipment	Plant and equipment in progress
Year ended 31 December 2012:	$'000	$'000	$'000	$'000	$'000
Opening net book amount	11 450	126 296	520 603	36 903	1 745
Revaluation	-	-	-	-	-
Additions	36 265	-	306	7 114	691
Disposals	-	-	-	(340)	-
Reclassifications	(15 052)	-	14 523	1 870	(1 640)
Depreciation/Amortisation charge	-	-	(18 576)	(8 442)	-
Other changes, movements	-	-	-	-	(105)
Closing net book amount	32 663	126 296	516 856	37 105	691

20. Property, plant and equipment (continued)

University (continued)

Year ended 31 December 2013:	Construction in progress $'000	Land $'000	Buildings $'000	Plant and equipment $'000	Plant and equipment in progress $'000
Opening net book amount	32 663	126 296	516 856	37 105	691
Revaluation	-	1 598	16 243	-	-
Additions	63 120	-	47	5 826	2 608
Disposals	-	-	(59)	(357)	-
Reclassifications	(17 911)	136	16 065	1 033	(653)
Depreciation/Amortisation charge	-	-	(18 774)	(8 553)	-
Other changes, movements	(29)	-	-	-	(38)
Closing net book amount	77 843	128 030	530 378	35 054	2 608

Year ended 31 December 2012:	Leasehold Imprvmnts $'000	Library collection $'000	Art collection $'000	Total $'000
Opening net book amount	2 569	15 779	1 566	716 911
Revaluation	-	(3 218)	-	(3 218)
Additions	-	3 227	28	47 631
Disposals	-	(226)	-	(566)
Reclassifications	299	-	-	-
Depreciation/Amortisation charge	(660)	(2 442)	-	(30 120)
Other changes, movements	-	-	-	(105)
Closing net book amount	2 208	13 120	1 594	730 533
Year ended 31 December 2013:				
Opening net book amount	2 208	13 120	1 594	730 533
Revaluation	-	559	665	19 065
Additions	-	3 437	1 020	76 058
Disposals	-	(1 401)	-	(1 817)
Reclassifications	1 330	-	-	-
Depreciation/Amortisation charge	(766)	(1 978)	-	(30 071)
Other changes, movements	-	-	-	(67)
Closing net book amount	2 772	13 737	3 279	793 701

21. Intangible assets

	Consolidated 2013 $'000	Consolidated 2012 $'000	University 2013 $'000	University 2012 $'000
Intangibles in progress:				
At cost	-	744	-	744
Net closing book amount	-	744	-	744
Other intangible assets:				
At cost	10 548	10 146	10 548	10 146
Accumulated amortisation and impairment	(6 375)	(5 054)	(6 375)	(5 054)
Net closing book amount	4 173	5 092	4 173	5 092
Total intangibles	4 173	5 836	4 173	5 836

University

Year ended 31 December 2013:	Intangibles in progress $'000	Other intangible assets $'000	Total $'000
Balance at 1 January	744	5 092	5 836
Additions	19	19	38
Disposals	-	(58)	(58)
Reclassifications	(763)	763	-
Amortisation charge	-	(1 643)	(1 643)
Closing value at 31 December	-	4 173	4 173
Year ended 31 December 2012:			
Balance at 1 January	395	6 585	6 980
Additions	349	61	410
Disposals	-	(12)	(12)
Amortisation charge	-	(1 542)	(1 542)
Closing value at 31 December	744	5 092	5 836

21. Intangible assets (continued)

Consolidated

Year ended 31 December 2013:	Intangibles in progress $'000	Other intangible assets $'000	Total $'000
Balance at 1 January	744	5 092	5 836
Additions	19	19	38
Disposals	-	(58)	(58)
Reclassifications	(763)	763	-
Amortisation charge	-	(1 643)	(1 643)
Closing value at 31 December	-	4 173	4 173
Year ended 31 December 2012:			
Balance at 1 January	395	6 585	6 980
Additions	349	61	410
Disposals	-	(12)	(12)
Amortisation charge	-	(1 542)	(1 542)
Closing value at 31 December	744	5 092	5 836

22. Payables

	Consolidated		University	
	2013	2012	2013	2012
Current:	$'000	$'000	$'000	$'000
Trade creditors	20 694	16 996	20 978	16 695
Accrued salaries	2 954	8 792	2 923	8 792
Annual leave on-costs	2 971	2 928	2 971	2 928
LSL on-costs	590	542	590	542
OS-HELP liability to Australian Government	50	-	50	-
Total current payables	27 259	29 258	27 512	28 957
Non-current:				
Annual leave on-costs	1 685	1 649	1 685	1 649
LSL on-costs	3 705	4 165	3 705	4 165
Total non-current payables	5 390	5 814	5 390	5 814
Total payables	32 649	35 072	32 902	34 771

(a) Foreign exchange and interest rate risk

The carrying amounts of the Group and the University's payables are denominated in Australian dollars.

23. Borrowings

The University does not hold any borrowings.

(a) Financing arrangements

Unrestricted access was available at reporting date to the following lines of credit:

	Consolidated		University	
Credit standby arrangements:	2013	2012	2013	2012
Total facilities:	$'000	$'000	$'000	$'000
Credit card facility with National Australian Bank (NAB)	8 000	8 000	8 000	8 000
Credit card facility with American Express (Amex)	1 230	1 530	1 230	1 530
Documentary letter of credit facility with NAB	200	200	200	200
Pre-approved lease/lease purchase with NAB	-	500	-	500
IT lease facility with Commonwealth Bank	-	5 000	-	5 000
Bank guarantee	5 100	5 100	5 100	5 100
Total credit standby arrangements	14 530	20 330	14 530	20 330
Used at balance date:				
Credit card facility with NAB	11	13	11	13
Credit card facility with Amex	-	105	-	105
Documentary letter of credit facility with NAB	-	-	-	-
Pre-approved lease/lease purchase with NAB	-	-	-	-
IT lease facility with Commonwealth Bank	-	-	-	-
Bank guarantee	2 600	2 600	2 600	2 600
Total used at balance date	2 611	2 718	2 611	2 718

(a) ***Financing arrangements (continued)***	Consolidated		University	
	2013	2012	2013	2012
Unused at balance date:	$'000	$'000	$'000	$'000
Credit card facility NAB	7 989	7 987	7 989	7 987
Credit card facility with Amex	1 230	1 425	1 230	1 425
Documentary letter of credit facility with NAB	200	200	200	200
Pre-approved lease/lease purchase with NAB	-	500	-	500
IT lease facility with Commonwealth Bank	-	5 000	-	5 000
Bank guarantee	2 500	2 500	2 500	2 500
Total unused at balance date	11 919	17 612	11 919	17 612

24. Provisions

Current:				
Annual leave	12 913	12 331	12 853	12 258
LSL	6 213	4 391	6 118	4 322
Separation Scheme	7 707	442	7 621	442
Workers compensation liability	611	258	611	258
Total current provisions	27 444	17 422	27 203	17 280
Non-current:				
Annual leave	6 985	6 799	6 985	6 799
LSL	32 538	36 475	32 538	36 475
Workers compensation liability	1 004	467	1 004	467
Total non-current provisions	40 527	43 741	40 527	43 741
Total provisions	67 971	61 163	67 730	61 021

Movements in the workers compensation liability are set out below:

Carrying amount 1 January	725	1 029	725	1 029
Additional provisions recognised	660	355	660	355
Amounts used	(261)	(345)	(261)	(345)
Unused amounts adjustment	468	(336)	468	(336)
Increase (Decrease) in discounted amount	23	22	23	22
Carrying amount 31 December	1 615	725	1 615	725

25. Other liabilities

Current:				
Funds held on behalf of external entities	16 841	30 443	16 762	30 407
Income in advance on incomplete projects	813	1 212	813	1 212
Fees and charges	13 063	9 632	13 063	9 632
Commonwealth and State Government grants	36 241	44 937	36 241	44 937
Other	4 506	1 803	4 828	1 567
Total other liabilities	71 464	88 027	71 707	87 755

26. Reserves and retained earnings

(a) Reserves

Property plant and equipment revaluation surplus:				
Land and buildings	176 680	158 839	176 680	158 839
Art collection	1 089	424	1 089	424
Library	-	-	-	-
	177 769	159 263	177 769	159 263
Available-for-sale investments revaluation surplus	2 677	1 362	2 677	1 362
Total reserves	180 446	160 625	180 446	160 625

Movements

Property, plant and equipment revaluation surplus:				
Land and buildings:				
Balance 1 January	158 839	158 839	158 839	158 839
Asset revaluation increment	17 841	-	17 841	-
Balance 31 December	176 680	158 839	176 680	158 839

Movements (continued)	Consolidated		University	
	2013	2012	2013	2012
Art collection:	$'000	$'000	$'000	$'000
Balance 1 January	424	424	424	424
Asset revaluation increment	665	-	665	-
Balance 31 December	1 089	424	1 089	424
Available-for-sale investments revaluation surplus:				
Balance 1 January	1 362	447	1 362	447
Asset revaluation increment	1 315	915	1 315	915
Total available-for-sale investments revaluation surplus	2 677	1 362	2 677	1 362

(b) *Retained earnings*

Retained earnings at 1 January	729 156	696 617	727 691	695 406
Operating result for the period	71 569	32 539	72 990	32 285
Retained earnings at 31 December	800 725	729 156	800 681	727 691

(c) *Nature and purpose of reserves*

The University has three reserves. The land and buildings revaluation surplus records revaluations in land and buildings, the art collection revaluation surplus records revaluations in the art collection and the available-for-sale investments revaluation surplus records revaluations in investments.

27. Key management personnel disclosures

(a) *Names of responsible persons*

The following persons were responsible persons of the University during the 2013 year. Council members include University employees who may be ex officio members or elected staff members.

2013 Council members

Dr Ian Gould, AM, Chancellor
Professor David Lloyd, Vice-Chancellor and President (term commenced 21 January 2013)
Professor Joanne Wright, acting Vice-Chancellor and President (term completed 20 January 2013)
Dr Wendy Craik, AM, Deputy Chancellor
Mr Terry Evans, Pro-Chancellor
Associate Professor Pat Buckley
Ms Pauline Carr
Mr Andrew Friebe
Mr Eric Granger (term commenced 20 February 2013)
Mr Bruce Linn
Mr Stephen McCullum (term commenced 1 January 2013, resigned 31 January 2013)
Ms Paula Nagel
Ms Corinne Namblard (term completed 31 December 2013)
Professor Leanna Read
Professor Rick Sarre
Ms Miriam Silva (term commenced 20 February 2013)
Ms Carol Sutherland
Mr Arun Thomas (term commenced 1 February 2013)

Directorships held by Council members during the 2013 year in subsidiaries and associates of the University

Mr Bruce Linn, ITEK Ventures Pty Ltd and SABRENet Ltd.

(b) *Remuneration of key management personnel*

	Consolidated		University	
	2013	2012	2013	2012
Remuneration of Council members	Number	Number	Number	Number
$0	6	6	6	6
$1 - $9 999	-	1	-	1
$10 000 - $19 999	7	8	7	8
$20 000 - $29 999	3	1	4	2
$40 000 - $49 999	1	1	-	-
$50 000 - $59 999	-	1	-	1
$60 000 - $69 999	1	-	1	-
	18	18	18	18

(b) Remuneration of key management personnel (continued)

Remuneration received and receivable by Council members for their services as Council members was $228 225 ($200 750). The total remuneration received and receivable by Council members in their position as Council members and as Directors of subsidiary companies was $256 225 ($227 250).

	Consolidated		University	
	2013	2012	2013	2012
Remuneration of executive officers	Number	Number	Number	Number
$140 000 - $149 999	1	-	1	-
$150 000 - $159 999	2	-	2	-
$220 000 - $229 999	1	-	1	-
$310 000 - $319 999	1	1	1	1
$330 000 - $339 999	1	-	1	-
$340 000 - $349 999	-	1	-	1
$350 000 - $359 999	-	2	-	2
$370 000 - $379 999	1	-	1	-
$390 000 - $399 999	1	1	1	1
$430 000 - $439 999	-	1	-	1
$440 000 - $449 999	-	1	-	1
$450 000 - $459 999	-	1	-	1
$470 000 - $479 999*	1	-	1	-
$500 000 - $509 999	1	-	1	-
$540 000 - $549 999	1	-	1	-
$740 000 - $749 999*	-	1	-	1
	11	9	11	9

* includes leave paid on termination.

Executives are defined as the Vice-Chancellor and President and the University's Senior Management Group. The remuneration includes all normal salary, leave, allowances and other benefits paid during the reporting year. No executive received any remuneration from the University other than by way of salary and related benefits from a normal employment relationship.

(c) Executive officers' compensation

	Consolidated		University	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Short-term employee benefits	3 378	3 429	3 378	3 429
Post-employment benefits	436	484	436	484
Total executive officers' compensation	3 814	3 913	3 814	3 913

(d) Related party transactions

From time to time University Council members have interests or positions in entities with which the University conducts business. In all cases, transactions with these entities are undertaken on a normal commercial basis.

28. Remuneration of auditors

During the year, the following fees were paid for services provided by the auditor of the University, its related practices and non-related audit firms:

	Consolidated		University	
	2013	2012	2013	2012
Audit and review of the financial statements:	$'000	$'000	$'000	$'000
Fees paid to Auditor-General's Department	258	262	258	262
Fees paid to BDO Australia Ltd	9	9	-	-
Total paid for audit and review	267	271	258	262

29. Contingencies

The University entered into an agreement with the Minister responsible for the Department of Education, Training and Employment on 20 February 1997 to provide 35 spaces in a child care centre built in 1997 at the University's City West campus. If the agreement is terminated at any time after the commencement of the eighth year of the term, a sum of $680 000 is to be repaid on a pro-rata basis reducing to zero after 21 years. As at 31 December 2013 this contingent liability reduced to $243 000.

No material losses are anticipated in respect of the above contingent liability.

The University has no other material contingent liabilities.

30. Commitments

(a) *Capital commitments*

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		University	
	2013	2012	2013	2012
Property, plant and equipment:	$’000	$’000	$’000	$’000
Within one year	5 820	39 265	5 820	39 265
Later than one year	195	91	195	91
Total property, plant and equipment commitments	6 015	39 356	6 015	39 356

(b) *Lease commitments - operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Commitments in relation to leases contracted for at the reporting date, but not recognised as liabilities (ie operating leases), are payable as follows:

	Consolidated		University	
	2013	2012	2013	2012
	$’000	$’000	$’000	$’000
Within one year	2 504	2 755	2 504	2 755
Between one and five years	6 400	6 944	6 400	6 944
Later than five years	3 805	2 064	3 805	2 064
Total future minimum lease payments	12 709	11 763	12 709	11 763

Major operating leases include leases for office space, vehicles and computers. The terms of the office space lease agreements include renewal or purchase options ranging between one and 10 years.

(c) *Other expenditure commitments*

Commitments for other expenditure in existence at the reporting date but not recognised as liabilities, are payable as follows:

	Consolidated		University	
	2013	2012	2013	2012
	$’000	$’000	$’000	$’000
Within one year	8 760	8 953	8 760	8 953
Between one and five years	17 177	22 082	17 177	22 082
Later than five years	663	1 415	663	1 415
Total other expenditure commitments	26 600	32 450	26 600	32 450

Other expenditure commitments includes cleaning, contributions to Cooperative Research Centres (CRC) and material commitments arising from grants received from the National Health and Medical Research Council.

31. Superannuation plan

(a) *Categories*

The University contributes to a number of superannuation schemes, divided into the following categories:

(i) Those operative and open to membership:
- UniSuper Defined Benefit Plan or Accumulation Super 2
- Accumulation Super 1.

(ii) State Government schemes closed to future membership by University employees:
- State Pension Scheme
- State Lump Sum Scheme.

(b) *UniSuper Limited Superannuation Scheme*

The employees’ UniSuper plan is determined by the terms of employment and is managed by a corporate trustee, UniSuper Limited. The plan is administered by UniSuper Management Pty Ltd, a wholly-owned subsidiary company.

(b) UniSuper Limited Superannuation Scheme (continued)

The employer contribution rate for 2013 for employees in either the Defined Benefit Division (DBD) or Accumulation Super 2 was 14% of salaries plus 3% of salaries. For employees in Accumulation Super 1 the contribution rate was 9% of salaries for January 2013 to June 2013 and 9.25% of salaries from July 2013 to December 2013.

The UniSuper DBD is a defined benefit plan under superannuation law but is considered to be a defined contribution plan under AASB 119. As set out under paragraph 25 of AASB 119 a defined contribution plan is a plan where the employer's legal or constructive obligation is limited to the amount it agrees to contribute to the funds and the actuarial risk and investment risk fall on the employee.

Clause 34(b) states that the 'Trustee must consider whether it is in the interests of the Members of Division A and Division B as a whole to reduce the benefits payable under Division A and Division B and, if it so considers that it should reduce benefits (which may include benefits in the course of payment), it must do so on a fair and equitable basis and at a time or times it decides.'

As at 30 June 2013 the assets of the DBD aggregate (ie entire multi-employer DBD plan) were estimated to be:

- $691 million ($2011 million) in deficiency of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of indexed pensions being provided by the DBD
- $861 million in excess ($907 million in deficit) of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and indexed pensioners which arise from membership of UniSuper up to the reporting date.

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary Russell Employee Benefits using the actuarial demographic assumptions outlined in their report dated 14 November 2013 on the actuarial investigation of the DBD as at 30 June 2013. The financial assumptions used were:

	Vested benefits % p.a.	Accrued benefits % p.a.
Gross of tax investment return - DBD pensions	6.10	7.80
Gross of tax investment return - commercial rate indexed pensions	3.70	3.70
Net of tax investment return - non-pensioners members	5.50	7.00
CPI	2.75	2.75
Inflationary salary increases long-term	3.75	3.75

Assets have been included at their net market value, ie allowing for realisation costs.

As at 30 June 2013 there is no funding surplus or deficit which currently affects, or is expected to affect, the amount of future contributions payable by participating employers to the Defined Benefit Plan.

(c) Super SA superannuation plan

A number of present and past employees of the University and its predecessor institutions are members of the South Australian Superannuation Scheme. This scheme is administered by Super SA on behalf of the South Australian Superannuation Board (the Board) which is responsible for managing this scheme. The board was established under section 5 of the *Superannuation Act 1988*. The funds are managed by the specialist investment manager, Superannuation Funds Management Corporation of South Australia.

Under this scheme, benefits are paid as a continuing pension or lump sum to members eligible to claim their entitlement. The Pension Scheme is a defined benefit scheme where member benefits are calculated as a percentage of final salary. Benefits are generally payable fortnightly and are indexed by CPI. The Lump Sum Scheme is part accumulation and part defined benefit where member basic entitlements represent a refund of the member's contributions with investment returns plus a defined multiple of final salary.

Under current arrangements, Super SA pays eligible members their benefit and is reimbursed by the University for the shortfall in the employer's contribution. The Commonwealth Government fully funds the University on an emerging cost basis for the costs and recovers the State's share of the cost directly from the State Government under the Commonwealth State Agreement. The agreement provides that the employer component of the superannuation benefits payable to former employees of the University who were members of one of the main State schemes, be shared.

(c) Super SA superannuation plan (continued)

An actuarial assessment (the Assessment) of the University's superannuation liability with respect to future benefits for current pensioners and employees was performed by PricewaterhouseCoopers Securities Ltd as at 31 December 2013. The actuarial valuation was based on 30 June 2013 membership data which was projected to 31 December 2013 using the project unit credit method. The University's present value of the defined benefit obligations was assessed to be $444.3 million ($495.7 million).

The University's liability under the scheme has been partly funded by an amount of $34.3 million ($29.9 million) arising from 3% productivity employer contributions. This results in an unfunded liability of $409.9 million ($465.8 million).

The weighted average duration of the defined benefit obligation is 14.43 years (14.88 years). The expected maturity analysis of undiscounted benefit obligations is as follows:

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	More than 5 years $'000	Total $'000
Defined benefit obligation - 31 December 2013	29 838	30 581	92 023	639 068	791 510
Defined benefit obligation - 31 December 2012	30 137	30 124	92 414	671 441	824 116

The analysis of the plan assets at balance sheet date is as follows:

	2013		2012	
	Active market %	Non-active market %	Active market %	Non-active market %
Equity instruments	52.2	-	48.1	-
Property	2.6	12.2	2.7	12.9
Diversified strategies growth	0.9	7.6	1.2	4.8
Diversified strategies income	13.3	-	13.0	-
Inflation linked securities	-	7.6	-	9.4
Debt instruments	2.5	-	4.2	-
Cash	1.1	-	3.7	-
	72.6	27.4	72.9	27.1

Balance sheet amounts	2013	2012
Reconciliation of the present value of the defined benefit obligation:	$'000	$'000
Present value of defined benefit obligation at 1 January	495 700	491 113
Current service cost	1 025	1 111
Interest	18 263	19 532
Actuarial losses (gains):		
Impact of changes in demographic assumptions	-	-
Impact of changes in financial assumptions	(38 802)	13 955
Experience items	(1 306)	(571)
Benefits and expenses paid	(30 608)	(29 440)
Present value of defined benefit obligation at 31 December	444 272	495 700
Reconciliation of the fair value of the defined benefit plan assets:		
Fair value of scheme assets at 1 January	29 900	26 605
Interest income	1 116	-
Actual return on assets less interest income	3 217	3 154
Employer contributions	30 714	29 869
Benefits and expenses paid	(30 608)	(29 728)
Fair value of scheme assets at 31 December	34 339	29 900
Net liability:		
Defined benefit obligation	444 272	495 700
Fair value of scheme assets	(34 339)	(29 900)
Net liability	409 933	465 800

The net unfunded amount of $409.9 million ($465.8 million) has been recognised in the accounts of the University as a liability and a corresponding receivable from the Commonwealth Government. The asset and liability have been classified as current and non-current according to cash flow projections of the assessment.

(c) Super SA superannuation plan (continued)

Assumptions adopted by PricewaterhouseCoopers Securities Ltd in determining the University's liability were:

	2013	2012
	% p.a.	% p.a.
Long-term rate of increase in the CPI	2.5	2.5
Rate of salary increases	4.0	4.0
Discount rate	4.6	3.8
Return of fund assets	7.0	7.0

These rates provide for a 1.5% real gap between long-term CPI and salary increases and a 3% real gap between salary increases and investment earnings.

The sensitivity of the defined benefit obligation liability to changes in the significant assumptions are:

Significant assumption:	Change in assumption	Impact on liability	Change in assumption	Impact on liability
Discount rate	+0.5%	Decrease by 4.9%	-0.5%	Increase by 5.3%
Salary growth rate	+0.5%	Increase by 0.2%	-0.5%	Decrease by 0.2%
Pension increase rate	+0.5%	Increase by 5.5%	-0.5%	Decrease by 5.1%

32. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

			Ownership interest	
		Country of	2013	2012
Name of entity		incorporation	%	%
(a)	ITEK Pty Ltd	Australia	-	100
(b)	University of South Australia Foundation Incorporated	Australia	100	100
(c)	ITEK Ventures Pty Ltd	Australia	100	100
(d)	UniSA Health Pty Ltd	Australia	100	100

(a) ITEK Pty Ltd (ITEK)

ITEK was formed on 1 July 1999 and was the trustee for the ITEK Trust. The ITEK Trust provided the University with business incubation and technology commercialisation services. Its role was to support the commercialisation of University research through the formation of spin-off companies, licensing and the sale of intellectual property to generate returns for the University, and also for the staff and students involved in the creation of intellectual property.

In October 2011, the University's Council approved moving the Trust's operations to a for-profit company structure. An asset sale agreement was executed and became effective on 1 December 2011 transferring investment assets, plant and equipment and employee liabilities of the Trust to the newly incorporated for-profit entity, ITEK Ventures Pty Ltd.

In October 2013 the ITEK Trust was dissolved. The remaining funds were distributed to the University and the Trustee company ITEK deregistered.

(b) University of South Australia Foundation Incorporated (the Foundation)

The Foundation is a dormant entity with no assets, liabilities or equity as at 31 December 2013. This company will remain legally intact indefinitely to ensure that any future bequests, which have named the Foundation as the beneficiary, will ultimately flow to the University as intended.

(c) ITEK Ventures Pty Ltd

ITEK Ventures Pty Ltd was incorporated on 15 November 2011 and is wholly owned by the University. The University was allotted four million ordinary shares, issued at $1.00 per share.

ITEK Ventures Pty Ltd provides the University with business incubation and technology commercialisation services. Its role is to support the commercialisation of University research through the formation of spin-off companies, licensing and the sale of intellectual property to generate returns for the University, and also for the staff and students involved in the creation of intellectual property.

(d) UniSA Health Pty Ltd

UniSA Health Pty Ltd was incorporated on 13 September 2011 and is wholly owned by the University. The University was allotted 10 ordinary shares, issued at $1.00 per share.

The core business of UniSA Health Pty Ltd will initially be to contribute to quality teaching through the provision of placements to undergraduate and postgraduate students through a private clinic and to provide high quality patient care and health prevention/promotion to UniSA staff and students.

33. Investments in associates

SABRENet Ltd (SABRENet)

SABRENet is incorporated in Australia and was registered on 28 September 2005 as a non-profit company limited by guarantee and has been recognised by the ATO as a tax exempt entity. The founding members are the three South Australian universities and the SA Government. The Defence Science and Technology Organisation is a contractual partner.

The objects for which the company was established are to be a non-profit institution to further the use of advanced data networking for the conduct of research and education in South Australia for the benefit of South Australia and for the purposes of economic and social advancement in Australia generally.

While the University has significant influence over SABRENet, its interest in SABRENet is limited to the use of SABRENet's asset (the network). That is, the University receives no return for its interest in SABRENet. To date, the University has provided $250 000 to SABRENet which has been recognised as an expense in the year payment was made. Consequently, the University's interest in SABRENet has not been recognised in the accounts on an equity basis.

34. Interests in joint ventures

(a) Joint venture operations

The University's interests in joint venture operations are as follows:

			Ownership interest	
			2013	2012
Entity		Reporting date	%	%
(i)	Mawson Centre Building	31 December	63	63
(ii)	e-Research SA	31 December	33	33

(i) Mawson Centre Building

The University, the City of Salisbury, the Land Management Corporation, Delfin Lend Lease and the Department for Education and Child Development (DECD) entered into an agreement in 2003 to design, develop, construct and operate the Mawson Centre at Mawson Lakes. This multi-purpose community centre will assist in meeting the cultural, entertainment, recreational and educational needs of the Mawson Lakes residents, employees and adjacent community. The University has a 63% share of the joint venture and management responsibility for the centre, with the City of Salisbury holding a 19% share and DECD holding an 18% share.

In 2013 the building was independently revalued and the University's 63% share of the asset's carrying amount as at 31 December 2013 is $6.678 million ($6.994 million) which is included in buildings.

(ii) eResearch SA (formerly South Australian Partnership for Advanced Computing (SAPAC))

eResearch SA is a collaborative joint venture of the three South Australian universities and its mission is to support the development, implementation and use of eResearch methodologies and activities in South Australia and to provide access to eResearch facilities and practical support for researchers from all disciplines. The University's 33% share of this joint venture has not been included in the consolidated report as this is immaterial to the University's activities.

(b) Joint venture entities

The University has an interest in a number of joint venture entities as described below. The University's interests in these joint ventures are not considered to be material to the University's financial results. Consequently, they have not been taken up in the accounts on an equity basis as per AASB 131.

(b) Joint venture entities (continued)

	Entity	Reporting date	Ownership interest 2013 %	Ownership interest 2012 %
(i)	Australian Centre for Community Ageing	30 June	-	25.00
(ii)	Cooperative Research Centre for Infrastructure and Engineering Asset Management	30 June	-	12.27
(iii)	South Australian Consortium for Information Technology and Telecommunications	31 December	-	33.33
(iv)	South Australian Tertiary Admissions Centre	31 December	25.00	25.00
(v)	Automotive Australia 2020 CRC (previously AutoCRC)	30 June	8.83	8.20
(vi)	Cooperative Research Centre for Contamination Assessment and Remediation of the Environment II	30 June	8.30	8.30
(vii)	Cooperative Research Centre for Rail Innovation	30 June	7.90	8.98
(viii)	Australian Synchrotron	30 June	1.90	1.00
(ix)	Defence Systems Innovation Centre	30 June	-	33.33
(x)	Cooperative Research Centre for Remote Economic Participation	30 June	6.81	6.70
(xi)	Australian Centre for Plant Functional Genomics	31 December	2.00	1.10
(xii)	Wound Management Innovation Cooperative Research Centre	30 June	10.80	10.80
(xiii)	Bushfire Cooperative Research Centre	30 June	-	2.80
(xiv)	Cooperative Research Centre for Low Carbon Living	30 June	8.05	-
(xv)	Cooperative Research Centre for Cell Therapy Manufacturing	30 June	17.30	-

(i) Australian Centre for Community Ageing (ACCA)

The ACCA is a joint venture collaboration involving internationally recognised education and training organisations, a major aged care provider, an international developer of urban communities and an internationally respected research centre. In 2013 the University withdrew its interest in the ACCA.

(ii) Cooperative Research Centre for Infrastructure Engineering Asset Management (CIEAM)

The CIEAM is a national cooperative research centre which involves a multidisciplinary team of Australia's leading researchers in engineering, IT, business and humanities, and six major industry partners in a novel, coordinated and comprehensive approach to the maintenance of Australia's national engineering infrastructure. The CIEAM completed operations in June 2013.

(iii) South Australian Consortium for Information Technology and Telecommunications (SACITT)

The SACITT brings together the three universities of South Australia and is supported by an advisory board comprising industry and government representatives. Its purposes are to establish South Australia as an international centre for IT&T research and academic excellence, to create a single point of focus for marketing the state as centre for IT&T research and academic excellence, to create a forum for information sharing and collaboration, to coordinate future IT&T research demands by South Australian industry. The SACITT was deregistered in 2013.

(iv) South Australian Tertiary Admissions Centre (SATAC)

The SATAC is a joint venture of the three South Australian universities and the Minister for Education, Training and Employment. The SATAC receives and processes undergraduate and postgraduate applications for admission to TAFE SA, Charles Darwin University and the three universities in South Australia.

(v) Automotive Australia 2020 CRC (previously AutoCRC)

The Automotive Australia 2020 CRC was established in July 2012, in succession of the AutoCRC. The research agenda of Automotive Australia 2020 is focussed on vehicle electrification, gaseous fuels and sustainable automotive manufacturing. New international participants in the CRC complement the skills of the existing cohort, ensuring that outputs and knowledge created from the AutoCRC are integrated into high growth global supply chains.

(vi) Cooperative Research Centre for Contamination Assessment and Remediation of the Environment (CRC CARE II)

The CRC CARE was established under the Federal Government's CRC program in 2005 to bring together Australia's foremost expertise in science, industry and government. The CRC CARE is a research and development organisation providing cutting edge technologies and knowledge in assessing, preventing and remediating contamination of soil, water and air. The CRC entered its second phase in 2011 with a completion date of 2020.

(vii) *Cooperative Research Centre for Rail Innovation (CRC for Rail Innovation)*
The CRC for Rail Innovation commenced 1 July 2007 and is a collaborative joint venture between leading organisations in the Australian rail industry and Australian universities and is supported by the Commonwealth Government. It seeks to build on the successful collaborative arrangements and approaches from the former Rail CRC by meeting growing transport needs identified by both the rail industry and researchers.

(viii) *Australian Synchrotron (via the SA/La Trobe consortium)*
The Australian Synchrotron is a joint venture entity funded by the Victorian State Government and various funding partners, one of which is the University of South Australia, a founding member as part of the South Australia/La Trobe University consortium. The Australian Synchrotron was established with an initial subscription of $150 million and is an essential tool for new science providing world leading technical capability to serve universities, research organisations and industry.

(ix) *Defence Systems Innovation Centre (DSIC)*
DSIC is an unincorporated joint venture between the University of South Australia, University of New South Wales and the University of Adelaide. Its purpose is to deliver joint projects, contractual based studies, consultancies, postgraduate courses, and an in-house research program focused on collaborative projects of direct relevance to the defence community. The term of the joint venture agreement came to an end in June 2013.

(x) *Cooperative Research Centre for Remote Economic Participation (CRC REP)*
The CRC REP delivers solutions to the economically disadvantaged in remote Australia. The CRC REP will systemically investigate and provide practical responses to the complex issues that drive economic participation in Australia's remote regions.

(xi) *Australian Centre for Plant Functional Genomics (ACPFG)*
The ACPFG focuses on improving wheat and barley's tolerance to environmental stresses such as drought, heat, salinity and nutrient toxicities. ACPFG research is helping to ensure Australia maintains its competitive position in cereal production.

(xii) *Wound Management Innovation Cooperative Research Centre (WMI CRC)*
The WMI CRC focuses on developing strategies, diagnostics and treatments to accelerate healing, prevent wound infection and reduce scar development in acute wounds. It will improve knowledge of key factors underlying chronic wound development, healing and effective care.

(xiii) *Bushfire Cooperative Research Centre (Bushfire CRC)*
The Bushfire CRC aims to improve the management of the bushfire risk to the community in an economically and ecologically sustainable manner. The CRC seeks to develop an internationally renowned centre of excellence to lead bushfire research in Australia, establish a research framework to enhance the effectiveness of bushfire management agencies, and to increase the self sufficiency of communities in managing the risks from bushfires. The term of the joint venture agreement came to an end in June 2013.

(xiv) *Cooperative Research Centre for Low Carbon Living*
The CRC for Low Carbon Living aims to provide government and industry with technological and policy tools to overcome market barriers preventing the adoption of cost effective low carbon products and services, while maintaining industry competitiveness and improving quality of life.

(xv) *Cooperative Research Centre for Cell Therapy Manufacturing*
The Cooperative Research Centre for Cell Therapy Manufacturing will bring together researchers and industry to increase the affordability, accessibility and efficacy of cell therapies. The centre is based at UniSA Mawson Lakes.

35. Events occurring after the balance sheet date

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction, event of a material and unusual nature likely to affect significantly the operation of the Consolidated Entity, the results, operations, or the state of affairs of the Consolidated Entity in future periods.

36. Reconciliation of operating results after income tax to net cash flows from operating activities

	Consolidated		University	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Operating result for the period	71 569	32 539	72 990	32 285
Non-cash items:				
Depreciation and amortisation	31 732	31 683	31 714	31 662
Non-cash donations	(1 045)	(330)	(1 045)	(330)
Capital assets accrual	(1 106)	308	(1 106)	310
Library collection revaluation	(559)	3 218	(559)	3 218
Net loss (gain) on sale of property, plant and equipment	1 814	556	1 814	554
Net loss (gain) on sale of available-for-sale financial assets	-	2	-	2
Fair value gains on other financial assets at fair value through profit or loss	100	90	-	-
Property, plant and equipment in progress adjustments	67	-	67	-
Movements in operating assets and liabilities:				
Receivables	3 712	11 621	3 180	12 079
Other assets	(4 008)	(616)	(3 904)	(507)
Payables	(2 423)	659	(1 869)	575
Provisions	6 808	2 483	6 709	2 480
Other liabilities	(16 522)	(1 504)	(15 989)	(1 906)
Net cash provided by (used in) operating activities	90 139	80 709	92 002	80 422

37. Non-cash investing and financing activities

Donations of works of art and library materials	1 045	330	1 045	330
Total non-cash investing and financing activities	1 045	330	1 045	330

38. Assets and liabilities of trusts for which the University is custodian

During the year the University was custodian for the Donald Dyer Scholarship Fund and Irene & David Davy Scholarship Fund.

39. Financial risk management

The University's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The University's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The University uses different methods to measure different types of risk to which it is exposed. These methods include informal sensitivity analyses and seeking professional advice to manage the market risk of its investments.

Risk management is coordinated by the University under policies approved by Council. The University identifies and evaluates financial risks in close cooperation with the University's operating units.

(a) Market risk

(i) Foreign exchange risk

The University assesses the likely foreign exchange risk for offshore activities and enters into hedging arrangements if appropriate. As at 31 December 2013 the University held MYR336 000 (AUD114 000) (MYR137 000 (AUD43 000)) in an offshore bank account.

During 2013 the University entered into four hedging contracts totalling USD5.51 million (AUD6.074 million) to mitigate foreign exchange risk for probable forecasted transactions in foreign currencies therefore classified as a fair value hedge. The fair value is recorded as a net receivable amount of AUD85 000 (net payable of AUD42 000).

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Consolidated Entity intends to hold fixed rate assets and liabilities to maturity.

(iii) *Risk associated with available-for-sale assets*

Investments mainly comprise investments in listed entities. The University has a prudent investment strategy. It is acknowledged there may be short-term fluctuations in asset values from time to time; however historical trends for such a strategy indicate that, with reasonable probability, unrealised losses will be recovered in the medium to long-term.

The nature of the University's activities are generally low risk. Investments tend to be largely held in term deposits with banking institutions and debtors are spread across a large number of customers. Due to the nature and value of the financial instruments held by the University, sensitivity analysis has not been provided.

(b) Credit risk

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

The credit risk on financial assets excluding investments of the University which have been recognised in the statement of financial position is the carrying amount net of any provisions for impaired receivables.

The University is not materially exposed to any specific overseas country or individual customer.

(c) Liquidity risk

The following tables summarise the maturity of the Group's financial assets and financial liabilities:

2013	Average interest rate %	Less than 1 year $'000	1 to 5 years $'000	5+ years $'000	Non-interest bearing $'000	Total $'000
Financial assets:						
Cash and cash equivalents	4.14	310 083	-	-	-	310 083
Receivables		-	-	-	20 089	20 089
Other financial assets		-	-	-	8 847	8 847
Total financial assets		310 083	-	-	28 936	339 019
Financial liabilities:						
Payables		-	-	-	23 698	23 698
Total financial liabilities		-	-	-	23 698	23 698
2012						
Financial assets:						
Cash and cash equivalents	5.30	294 031	-	-	-	294 031
Receivables		-	-	-	23 801	23 801
Other financial assets		-	-	-	7 437	7 437
Total financial assets		294 031	-	-	31 238	325 269
Financial liabilities:						
Payables		-	-	-	25 788	25 788
Total financial liabilities		-	-	-	25 788	25 788

40. Fair value measurement

(a) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Due to the short-term nature of the current receivable their carrying value is assumed to approximate their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

The carrying amounts and aggregate net fair values of the Group's financial assets and liabilities at balance date are:

	Carrying amount		Fair value	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Financial assets				
Cash and cash equivalents	310 083	294 031	310 083	294 031
Receivables	20 089	23 801	20 089	23 801
Other financial assets	8 847	7 437	8 847	7 437
Total financial assets	339 019	325 269	339 019	325 269
Financial liabilities				
Payables	23 698	25 788	23 698	25 788
Total financial liabilities	23 698	25 788	23 698	25 788

(a) Fair value measurements (continued)

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- financial assets at fair value through profit or loss
- available-for-sale financial assets
- land and buildings
- library collection
- art collection.

(b) Fair value hierarchy

The University categorises assets and liabilities measured at fair value into a hierarchy based on the level of inputs used in measurements.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Recognised fair value measurements

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 31 December 2013. Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new standard.

Fair value measurements at 31 December 2013

Recurring fair value measurements:	Note	2013 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial assets					
Available-for-sale financial assets:	18				
Equity securities		8 847	6 996	-	1 851
Total financial assets		8 847	6 996	-	1 851
Non-financial assets					
Land and buildings:	20				
Land		128 030	-	128 030	-
Buildings		530 378	-	-	530 378
Other non-financial assets:	20				
Library collection		13 737	-	-	13 737
Art collection		3 279	-	-	3 279
Total non-financial assets		675 424	-	128 030	547 394

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. There were also no transfers in and out of level 3 measurements.

The University's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Disclosed fair values

The fair value of assets or liabilities traded in active markets (such as trading and available-for-sale securities disclosed in note 18) is based on quoted market prices for identical assets or liabilities at the reporting date (level 1). This is the most representative of fair value in the circumstances.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables.

(c) Valuation techniques used to derive level 2 and level 3 fair values

(i) Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(i) Recurring fair value measurements (continued)

If there are significant inputs to a valuation which are not obtained from observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

(d) Fair value measurements using significant unobservable inputs (level 3)

The following table is a reconciliation of level 3 items for the period ended 31 December 2013:

Level 3 fair value measurement 2013

	Unlisted equity securities $'000	Buildings $'000	Library collection $'000	Art collection $'000	Total $'000
Opening balance	-	-	-	-	-
Adoption of AASB 13	1 880	516 856	13 120	1 594	533 450
Acquisitions	-	16 112	3 437	1 020	20 569
Disposals	(13)	(59)	(1 401)	-	(1 473)
Recognised in net operating result	-	(18 774)	(1 419)	-	(20 193)
Recognised in other comprehensive income	(16)	16 243	-	665	16 892
Closing balance	1 851	530 378	13 737	3 279	549 245

(i) Transfers between level 2 and level 3 and changes in valuation techniques

Other than described above, there were no changes in valuation techniques during the year.

(ii) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See 40(c) above for the valuation techniques adopted.

Description	Fair value at 31.12.13 $'000	Unobservable inputs*	Range of inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Unlisted equity securities	1 851	Market comparison based on internal assessment of net asset values and potential growth	Net asset position and future earnings	Increase in net assets and increase in future earnings would result in higher fair values; decrease in net assets and decrease in future earnings would result in lower fair values.
Buildings	530 378	Estimated useful lives of individual buildings	Useful life ranges for buildings provided by valuer	Increased remaining useful lives of buildings would result in higher fair values; lower remaining useful lives would result in lower fair values.
Library collection	13 737	Current year average purchase cost	Ranges of prices and volumes of purchases	Increased average purchased cost would result in higher fair values; lower average purchased cost would result in lower fair values.
Art collection	3 279	Market comparison based on internal assessment of the value of comparable artworks	Number and type of purchases and market value of comparable artworks	Increase in market value assessment of similar art would result in higher fair value; decrease in market value assessment of similar art would result in lower fair value.

(iii) Valuation processes

The Group performs the valuations of non-property items required for financial reporting purposes, including level 3 fair values.

The Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings at least every three years. As at 31 December 2013, the fair values of land and buildings have been determined by Opteon Pty Ltd.

The valuation technique for buildings adopted by Opteon Pty Ltd was to assess the written down current cost for the buildings. New replacement costs on the basis of a modern equivalent were assessed and then generally depreciated using the straight-line method, having regard to the estimated useful and remaining life for each structure.

Land has been assessed based upon its highest and best use of the property as a whole. The land value assessment for each property recognises the existing use rights and is made irrespective of the number of titles/parcels and underlying zoning. The land values have been split between Crown land and freehold land.

The library collection is revalued annually at the end of each year using an internal valuation based on the average purchase cost of books and journals.

The art collection is revalued at least every three years using an internal valuation carried out by the Director, Samstag Museum of Art giving consideration to current sales and auctions of works by the same artist and/or similar genre.

41. Acquittal of Australian Government financial assistance

41.1 Commonwealth Grant Scheme and other grants

	Commonwealth Grants Scheme		Indigenous Support Program		Partnership & Participation Program		Disability Support Program	
	2013	2012	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period	166 587	160 560	1 335	1 008	6 874	6 038	84	97
Net accrual adjustments	2 172	1 391	(138)	138	(1 526)	-	-	-
Revenue for the period (note 3(a))	168 759	161 951	1 197	1 146	5 348	6 038	84	97
Movement in deferred income	-	-	-	-	-	-	-	-
Surplus (Deficit) from the previous year	-	-	-	-	232	676	368	394
Total revenue including accrued revenue	168 759	161 951	1 197	1 146	5 580	6 714	452	491
Expenses including accrued expenses	(168 759)	(161 951)	(1 197)	(1 146)	(5 464)	(6 482)	(106)	(123)
Surplus (Deficit) for the reporting period	-	-	-	-	116	232	346	368

	Capital Development Pool		Diversity & Structural Adjustment Fund		Transitional Cost Program		Promo of Exc in Learning & Teaching	
	2013	2012	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period	-	-	-	-	-	638	599	378
Net accrual adjustments	-	-	1 546	3 260	235	(305)	(141)	(249)
Revenue for the period (note 3(a))	-	-	1 546	3 260	235	333	458	129
Movement in deferred income	-	-	(1 546)	(3 260)	-	-	141	249
Surplus (Deficit) from the previous year	4 900	4 900	5 037	8 284	-	-	310	-
Total revenue including accrued revenue	4 900	4 900	5 037	8 284	235	333	909	378
Expenses including accrued expenses	-	-	(1 559)	(3 247)	(235)	(333)	(429)	(68)
Surplus (Deficit) for the reporting period	4 900	4 900	3 478	5 037	-	-	480	310

	Reward Funding		Chair in Child Protection		Total	
	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period	804	835	1 237	1 190	177 520	170 744
Net accrual adjustments	-	-	1 482	(276)	3 630	3 959
Revenue for the period (note 3(a))	804	835	2 719	914	181 150	174 703
Movement in deferred income	-	-	(1 482)	276	(2 887)	(2 735)
Surplus (Deficit) from the previous year	-	-	1 482	1 206	12 329	15 460
Total revenue including accrued revenue	804	835	2 719	2 396	190 592	187 428
Expenses including accrued expenses	(804)	(835)	(2 719)	(914)	(181 272)	(175 099)
Surplus (Deficit) for the reporting period	-	-	-	1 482	9 320	12 329

41.2 Higher Education Loan programs (excluding OS-HELP)

	HECS-HELP (Aust. Govt payments only)		FEE-HELP		SA-HELP		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash payable (receivable) at 1 January	762	1 440	(1 269)	-	(470)	-	(977)	1 440
Financial assistance received in cash during the reporting period	105 264	91 022	8 446	7 729	3 093	654	116 803	99 405
Cash available for the period	106 026	92 462	7 177	7 729	2 623	654	115 826	100 845
Revenue earned (note 3(b))	104 990	91 700	6 079	8 998	2 609	1 124	113 678	101 822
Cash payable (receivable) at 31 December	1 036	762	1 098	(1 269)	14	(470)	2 148	(977)

41.3 Scholarships

	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Cost Scholarships		Commonwealth Accommodation Scholarships	
	2013	2012	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period	5 522	4 926	465	448	(1 085)	507	(202)	281
Net accrual adjustments	-	-	-	-	471	339	178	209
Revenue for the period (note 3(c))	5 522	4 926	465	448	(614)	846	(24)	490
Movement in deferred income	-	-	-	-	(471)	(339)	(178)	(208)
Surplus (Deficit) from the previous year	1 302	851	-	-	1 372	978	290	392
Total revenue including accrued revenue	6 824	5 777	465	448	287	1 485	88	674
Expenses including accrued expenses	(5 482)	(4 475)	(465)	(448)	(151)	(113)	(62)	(384)
Surplus (Deficit) for the reporting period	1 342	1 302	-	-	136	1 372	26	290

	Indigenous Access Scholarships		Indigenous Staff Scholarships		Total	
	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period	(60)	49	-	-	4 640	6 211
Net accrual adjustments	51	-	-	-	700	548
Revenue for the period (note 3(c))	(9)	49	-	-	5 340	6 759
Movement in deferred income	(51)	-	-	-	(700)	(547)
Surplus (Deficit) from the previous year	(5)	-	12	12	2 971	2 233
Total revenue including accrued revenue	(65)	49	12	12	7 611	8 445
Expenses including accrued expenses	93	(54)	-	-	(6 067)	(5 474)
Surplus (Deficit) for the reporting period	28	(5)	12	12	1 544	2 971

41.4 AGDE Research

	Joint Research Engagement		JRE Engineering Cadetships		Research Training Scheme		Research Infrastructure Block Grants	
	2013	2012	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period	7 281	7 677	59	30	13 287	12 548	2 791	2 956
Net accrual adjustments	-	-	-	-	-	-	-	-
Revenue for the period (note 3(d))	7 281	7 677	59	30	13 287	12 548	2 791	2 956
Surplus (Deficit) from the previous year	-	-	-	-	-	-	-	-
Total revenue including accrued revenue	7 281	7 677	59	30	13 287	12 548	2 791	2 956
Expenses including accrued expenses	(7 281)	(7 677)	(59)	(30)	(13 287)	(12 548)	(2 791)	(2 956)
Surplus (Deficit) for reporting period	-	-	-	-	-	-	-	-

	Commercialisation Training Scheme		Sustainable Research Excellence in Universities		Total	
	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period	-	-	2 017	1 937	25 435	25 148
Net accrual adjustments	-	(184)	-	-	-	(184)
Revenue for the period (note 3(d))	-	(184)	2 017	1 937	25 435	24 964
Surplus (Deficit) from the previous year	-	294	-	-	-	294
Total revenue including accrued revenue	-	110	2 017	1 937	25 435	25 258
Expenses including accrued expenses	-	(110)	(2 017)	(1 937)	(25 435)	(25 258)
Surplus (Deficit) for reporting period	-	-	-	-	-	-

41.5 Other capital funding

	Teaching & Learning Capital Fund		Education Investment Fund		Total	
	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period	-	-	3 080	23 866	3 080	23 866
Net accrual adjustments	-	-	-	(11 366)	-	(11 366)
Revenue for the period (note 3(e))	-	-	3 080	12 500	3 080	12 500
Surplus (Deficit) from the previous year	-	2 488	3 023	11 988	3 023	14 476
Total revenue including accrued revenue	-	2 488	6 103	24 488	6 103	26 976
Expenses including accrued expenses	-	(2 488)	(3 477)	(21 465)	(3 477)	(23 953)
Surplus (Deficit) for the reporting period	-	-	2 626	3 023	2 626	3 023

41.6 Australian Research Council grants

(i) Discovery

	Projects 2013	Projects 2012	Fellowships 2013	Fellowships 2012	Indigenous Researchers Development 2013	Indigenous Researchers Development 2012
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period	2 601	3 433	1 636	1 597	314	70
Net accrual adjustments	121	(520)	127	(89)	(82)	(7)
Revenue for the period (note 3(f)(i))	2 722	2 913	1 763	1 508	232	63
Movement in deferred income	(228)	499	(127)	90	81	7
Surplus (Deficit) from the previous year	2 538	2 039	953	864	70	63
Total revenue including accrued revenue	5 032	5 451	2 589	2 462	383	133
Expenses including accrued expenses	(2 722)	(2 913)	(1 763)	(1 509)	(231)	(63)
Surplus (Deficit) for the reporting period	2 310	2 538	826	953	152	70

	Discovery - Early Career Research 2013	Discovery - Early Career Research 2012	Total 2013	Total 2012
	$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period	685	506	5 236	5 606
Net accrual adjustments	(125)	(94)	41	(710)
Revenue for the period (note 3(f)(i))	560	412	5 277	4 896
Movement in deferred income	125	94	(149)	690
Surplus (Deficit) from the previous year	94	-	3 655	2 966
Total revenue including accrued revenue	779	506	8 783	8 552
Expenses including accrued expenses	(559)	(412)	(5 275)	(4 897)
Surplus (Deficit) for the reporting period	220	94	3 508	3 655

(ii) Linkages

	Special Research Initiatives 2013	Special Research Initiatives 2012	Infrastructure 2013	Infrastructure 2012	International 2013	International 2012
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period	-	-	-	300	-	-
Net accrual adjustments	137	249	800	(235)	-	4
Revenue for the period (note 3(f)(ii))	137	249	800	65	-	4
Movement in deferred income	(25)	(54)	(211)	247	-	(4)
Surplus (Deficit) from the previous year	25	79	247	-	-	3
Total revenue including accrued revenue	137	274	836	312	-	3
Expenses including accrued expenses	(137)	(249)	(800)	(65)	-	(3)
Surplus (Deficit) for the reporting period	-	25	36	247	-	-

	Projects 2013	Projects 2012	Total 2013	Total 2012
	$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period	2 344	2 312	2 344	2 612
Net accrual adjustments	101	1 025	1 038	1 043
Revenue for the period (note 3(f)(ii))	2 445	3 337	3 382	3 655
Movement in deferred income	(93)	(893)	(329)	(704)
Surplus (Deficit) from the previous year	3 008	3 901	3 280	3 983
Total revenue including accrued revenue	5 360	6 345	6 333	6 934
Expenses including accrued expenses	(2 445)	(3 337)	(3 382)	(3 654)
Surplus (Deficit) for the reporting period	2 915	3 008	2 951	3 280

(iii) Networks and Centres

	Centres 2013	Centres 2012	Total 2013	Total 2012
	$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period	-	-	-	-
Net accrual adjustments	163	71	163	71
Revenue for the period (note 3(f)(iii))	163	71	163	71
Movement in deferred income	-	-	-	-
Surplus (Deficit) from the previous year	-	-	-	-
Total revenue including accrued revenue	163	71	163	71
Expenses including accrued expenses	(163)	(71)	(163)	(71)
Surplus (Deficit) for the reporting period	-	-	-	-

41.7 Student services and amenities fee

	Note	2013 $'000	2012 $'000
SA-HELP revenue earned	3(b)	2 609	1 124
Student services fees direct from students	5	1 083	474
Total revenue expandable in period		3 692	1 598
Student services expenses during period		(3 642)	(1 598)
Unspent (Overspent) student services revenue		50	-

41.8 OS-HELP

	Note	2013 $'000	2012 $'000
Cash received during the reporting period		908	486
Cash spent during the reporting period		(858)	(426)
Net cash received		50	60
Net accrual adjustment		-	(60)
Cash surplus for the reporting period	22	50	-

41.9 Superannuation supplementation

	Note	2013 $'000	2012 $'000
Cash received during the reporting period	3(h)	29 679	29 271
Cash available		29 679	29 271
Cash surplus (deficit) from the previous period		857	(580)
Cash available for current period		30 536	28 691
Contributions to specified defined benefit funds		(29 879)	(27 834)
Cash surplus for this period		657	857

42. Acronyms and definitions

The following acronyms and terminology are used throughout the financial statements:

AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
AGDE	Australian Government Department of Education
ARC	Australian Research Council
ATO	Australian Taxation Office
AUD	Australian dollar
CPI	Consumer price index
CRC	Cooperative Research Centre
DBD	UniSuper Defined Benefit Division
DECD	SA Government Department for Education and Child Development
DETAFE	SA Government Department of Education, Training and Employment
GST	Goods and services tax
HECS	Higher Education Contribution Scheme
MYR	Malaysian ringgit
NAB	National Australia Bank
NHMRC	National Health and Medical Research Council
Safety margin	Operating result as a percentage of total
USD	United States dollar

Urban Renewal Authority

Functional responsibility

Establishment

The Urban Renewal Authority (the URA) is a statutory corporation established on 1 March 2012 by the Housing and Urban Development (Administrative Arrangements) (Urban Renewal Authority) Regulations 2012 under the *Housing and Urban Development (Administrative Arrangements) Act 1995.*

The trading name of the URA is Renewal SA.

Functions

The URA has responsibility for leading and coordinating urban renewal activity to ensure future housing needs are met through better planned, affordable and vibrant mixed use (residential and commercial) urban developments located near to transport, employment, education and other services.

Note 1 to the financial statements explains the objectives of the URA.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 27(4) of the *Housing and Urban Development (Administrative Arrangements) Act 1995* and section 31(1)(b) of the PFAA provide for the Auditor-General to audit the accounts of the URA 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 URA in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

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

Scope of the audit

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

During 2013-14, areas of review included:

- corporate governance
- sales
- property income
- expenditure
- payroll
- inventory
- cash
- general ledger.

Internal audit activities and reports were also reviewed.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Urban Renewal Authority as at 30 June 2014, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

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

Communication of audit matters

Matters identified during the course of the audit were detailed in a management letter to the Chief Executive of the URA. The URA's response to the letter indicated that appropriate action would be taken to address the matters raised. The main matters raised with the URA and the related responses are detailed below.

Finalisation and approval of the ownership framework

Audit review last year indicated the URA was in the process of updating the former Land Management Corporation's (LMC's) ownership framework to reflect the URA's specific arrangements.

Audit recommended the URA finalise the updated ownership framework and relate with the Minister and Treasurer to obtain formal approval for the framework as soon as possible.

Audit follow-up in 2013-14 indicated the URA's ownership framework is yet to be finalised and formally approved.

The finalisation and approval of a URA specific ownership framework is necessary to confirm the Minister's and Treasurer's expectations regarding the URA's role, functions and funding arrangements. It is of particular concern that the URA has operated without its own specific ownership framework for a period of more than two years.

Audit recommended the URA finalise the ownership framework and obtain appropriate approvals.

The URA responded that it is committed to finalising a new ownership framework for submission to the Minister and Treasurer. The URA has completed work to facilitate this, including benchmarking commercial rates of return and gearing ratios and modelling various options for dividend policy, capital structure and asset realisation.

The URA is also currently completing an integrated financial plan aligned to strategic objectives to present to the Minister. Once the integrated financial plan is agreed, the ownership framework will be finalised to ensure consistency with the plan and submitted for approval.

Contract management

Audit noted in prior years that a formalised contract management framework was not implemented to address internal audit recommendations for contract management, including the:

- development and implementation of contract management policies and supporting procedures and tools to achieve consistent and tailored contract management processes across agency operations
- development of a template contract management plan to be rolled out to a selective range of high value and/or high risk contracts.

Audit follow-up in 2013-14 indicated a contract management policy and framework with associated tools had been developed and was currently undergoing final review. However, completion of this documentation was delayed due to competing work priorities.

Given the significance of effective contract management practices to the URA's operations, it is critical that the URA establishes a robust approach to contract management.

Audit recommended the URA:

- implement the recommendations arising from the internal audit contract management review as soon as possible
- provide training to relevant URA staff on the new contract management policy and framework requirements and available tools
- perform and document periodic reviews to confirm compliance with contract management policy and framework requirements.

The URA responded that the contract management policy and framework and associated suite of tools, including simple contract management plan, standard contract management plan and contractor performance scorecard templates, were developed and in the final stages of staff consultation and feedback.

Following the consultation phase, the policy and framework will be approved and published for staff use in September 2014. A contract management training package will also be developed and provided by an external training provider by December 2014.

Board of Management vacancies

Section 5 of the Housing and Urban Development (Administrative Arrangements) (Urban Renewal Authority) Regulations 2012 states that the URA's Board of Management will be constituted of seven persons.

Audit review indicated that as at 30 June 2014, the URA's Board of Management comprised five members.

Audit recommended the URA relate with the Minister for Housing and Urban Development to ensure the vacancies on the Board of Management are filled as soon as possible.

The URA responded that it has advised the Minister of the vacancies on the Board of Management and the Minister is considering suitable appointments to recommend to the Governor.

Expenditure

Chief Executive approval of expenditure in e-Systems

Audit review indicated the former Chief Executive approved purchase orders and invoices through a manual process rather than electronically through the e-Systems workflow.

Audit recommended that all purchase orders and invoices be authorised directly through the e-Systems workflow by the appropriate officer, including all purchase orders and invoices requiring Chief Executive authorisation.

The URA responded that the manual process has now ceased and the new Chief Executive has e-Systems access for electronic authorisation.

Update of banking system user access and banking delegations

Audit review identified inconsistencies between current Commbiz banking system user access arrangements and the banking delegations. This included an officer who had system access to create and upload EFT files with no corresponding authority in the banking delegations.

Audit review also identified two people no longer employed by the URA who remained on the banking delegations.

Audit recommended the URA update the banking delegations to only reflect current staff members. Audit also recommended the URA update the Commbiz banking system user access arrangements to ensure they completely and accurately reflect the banking delegations.

The URA responded that the banking delegations will be updated to reflect current staff members. The URA also concluded a review to determine whether any invalid tasks were completed as a result of inconsistencies between the Commbiz user access arrangements and the banking delegations. The review confirmed that no tasks were completed within Commbiz that were inconsistent with the formal delegation.

The banking delegations will be monitored for consistency on an ongoing basis and updated as and when changes in staff movements or role responsibilities occur.

Purchase orders not raised in accordance with purchase order policy

Audit review identified instances where purchase orders were not raised for a major inventory purchase and significant development works transactions in accordance with the purchase order policy. This raises the possibility that expenditure commitments associated with the inventory purchase and development works may not be effectively tracked.

Audit recommended that the URA raise purchase orders for inventory additions and development works when required by the purchase order policy.

The URA responded that it is currently undertaking a review of purchase order policies and processes, including the purchase order exemption categories in the current policy. This review is expected to be finalised in October 2014.

The URA also indicated that purchase orders would be raised for all the transactions identified by Audit that have associated future expenditure commitments.

Sales and property income

Sale of real property policies and procedures not updated

Audit review indicated policies and procedures relating to the sale of real property had not been updated since the establishment of the URA (ie the policies and procedures related to the former LMC's organisational structures, processes and practices). As a result, there was a risk the policies and procedures may not reflect current land release and pricing strategies or current business processes, organisational structures and management expectations.

Audit recommended the URA review the policies and procedures covering the sale of real property as soon as possible and ensure appropriate training is provided to relevant staff to support the implementation of the revised policies and procedures.

The URA responded that a review of the policies and procedures relating to the sale of real property has been performed and is currently being finalised. It is planned that the approved policies and procedures will be made available to all staff on the URA intranet by October 2014. Management will also provide support to relevant staff to ensure policies and procedures relating to the sale of real property are implemented correctly.

Payroll

Timely review and update of human resources policies and procedures

Audit review last year indicated that human resources policies and procedures had not been reviewed or updated since the establishment of the URA.

Audit recommended the URA review and update the human resources policies and procedures as soon as possible to ensure they reflect current business processes, organisational structures and management expectations.

Audit follow-up in 2013-14 indicated human resources policies and procedures had been reviewed and updated. However, the updated policies and procedures were yet to be approved, rolled out to staff and implemented.

Audit recommended the URA finalise and approve the updated human resources policies and procedures as soon as possible and ensure appropriate training is provided to relevant staff to support the implementation of the revised policies and procedures.

The URA responded that human resources policies and procedures are currently being finalised in consultation with the Crown Solicitor's Office. It is planned that approved human resources policies and procedures will be made available to all staff on the URA intranet in early 2015 and supported by appropriate training.

Inventory

Development of work instructions for inventory capitalisations

The URA has established an inventory policy that details when land development and related costs should be capitalised. The policy states that the cost of inventory shall include all costs of purchase, conversion costs (eg direct labour and land tax) and other costs (eg borrowing costs) incurred in bringing inventories to their present location and condition.

However, there is no guidance either in the policy or in a formal work instruction that outlines the detailed steps and processes to be followed in calculating conversion costs and other costs to be capitalised.

Audit noted the current methodologies for capitalising inventory costs are relatively complex and require multiple steps and sources of information. In the event of staff departures from the finance team and the resulting loss of corporate knowledge, there may be a lack of clarity regarding the processes to be followed.

Audit recommended the URA establish a formal work instruction that outlines the detailed steps and processes to be followed in calculating the conversion costs and other costs to be capitalised to inventory.

The URA responded that a work instruction has been drafted to reflect current work practices and is currently with management for review. Once finalised the work instruction will be made available to all relevant staff, which is expected by October 2014.

Gillman site transaction

On 18 June 2013 the Premier received an unsolicited proposal from Adelaide Capital Partners (ACP) for the purchase and development of approximately 450 hectares of the Gillman Precinct (the Gillman site). As owners of the Gillman site, the Premier sought URA's advice on ACP's unsolicited proposal to enable the Premier and responsible Minister to make recommendations to Cabinet, the approving authority.

On 2 December 2013 Cabinet approved ACP's offer and for the URA to grant an exclusive call option for ACP to acquire up to 407 hectares of the Gillman site within three options over a nine year period for up to $122.1 million.

On 13 December 2013 the Minister for State Development and Premier, the Chief Executive of the URA and ACP entered into the Lipson Industrial Estate Option Deed.

At the time of preparation of this Report, Audit was progressing the finalisation of its review of the Gillman site transaction. When Audit has completed the review, a formal management letter will be provided to the URA for consideration and response. Audit findings and management's response will be subject to supplementary reporting to Parliament.

Interpretation and analysis of the financial report

Highlights of the financial report

	2014 $'million	2013 $'million
Income		
Sales	64	87
Cost of sales	(34)	(32)
Joint venture profit	4	8
Revenues from government	11	4
Property income	26	21
Interest and other revenues	10	8
Net gain from disposal of non-current assets	1	-
Net gain from administrative restructure	4	82
Total income	86	178

	2014 $'million	2013 $'million
Expenses		
Employee benefits expenses	20	18
Operating expenditure, depreciation and amortisation	68	46
Borrowing costs	14	9
Loss resulting from changes in value of non-current assets	23	98
Total expenses	125	171
Profit (Loss) before income tax equivalent	(39)	7
Total comprehensive result	(39)	7
Net cash provided by (used in) operating activities	(82)	(32)
Assets		
Current assets	96	120
Non-current assets	585	540
Total assets	681	660
Liabilities		
Current liabilities	314	335
Non-current liabilities	197	116
Total liabilities	511	451
Total equity	170	209

Statement of Comprehensive Income

Income

Income in 2013-14 totalled $86 million compared to $178 million in the prior year, representing a decrease of $92 million. This decrease is primarily attributable to a decrease in sales ($23 million), joint venture profit ($4 million) and net gain from restructure ($78 million), partly offset by increases in revenues from government ($7 million) and property income ($5 million).

The decrease in sales is mainly due to one-off englobo land sales at Blakes Crossing totalling $22 million in the prior year. There were no englobo land sales at Blakes Crossing in the current year owing to the staged nature of the development. Land sales in 2013-14 primarily related to Playford Alive ($15 million), Seaford Meadows ($13 million), Lightsview ($11 million), Woodville West ($9 million) and Bowden ($8 million).

The decrease in joint venture profit is mainly due to an additional profit distribution received from the Mawson Lakes Joint Venture in 2012-13 ($5 million) following a review of GST margin scheme calculations.

The net gain from administrative restructure in the previous year ($82 million) recognised the carrying value immediately prior to transfer of the Adelaide Station and Environs Redevelopment (ASER) property transferred to the URA from the Department of Planning, Transport and Infrastructure (DPTI) on 30 June 2013. The net gain from administrative restructure in the current year of $4 million relates to the transfer of 13 Woodville West project properties from the South Australian Housing Trust (the SAHT) to the URA on 15 August 2013 (refer note 39 to the financial statements).

The increase in revenues from government is mainly due to:

- higher community service obligations funding for the Port Activation project ($2 million)
- an indemnity payment received from the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) on the sale of the investment property in Felixstow ($3 million)
- Housing Affordability Fund funding received for the Bowden project ($2 million).

Further detail in respect of the indemnity payment is outlined in note 3.3 to the financial statements.

The increase in property income is primarily due to the first full year of rental income and recoveries for the ASER site, ownership of which transferred from DPTI to URA on 30 June 2013.

Cost of sales has increased despite sales decreasing. This is because sales in the previous year generally related to projects with higher gross profit margins. Gross profit margins are generally higher for projects with limited capital development obligations such as englobo land sales.

Refer note 3 to the financial statements for further details regarding material sales transactions.

Expenses

Total expenses for the year were $125 million, a decrease of $46 million from the previous year. This reflects a decrease in the loss resulting from changes in values of non-current assets ($75 million), offset partly by increases in employee benefits expenses ($2 million), operating expenditure ($23 million) and borrowing costs ($5 million).

Loss resulting from changes in value of non-current assets

The loss resulting from changes in values of non-current assets in 2013-14 relates to the write-down of inventories to the lower of cost or net realisable value based on internal valuations performed as at 30 June 2014 ($15 million) and downward investment property fair value adjustments based on independent valuations performed as at 30 June 2014 ($8 million).

The net realisable value write-down amount for inventories in 2013-14 is $62 million lower than the prior year.

The major factor contributing to inventory write-downs in the previous year was that capital expenditure incurred to date on relevant projects had not yielded corresponding increases in the net realisable value of relevant properties. The development works to date on relevant properties had limited market value given they were substantially incomplete and significant additional costs were required in order to make the relevant properties ready for sale.

The other major factor causing the write-downs in the prior year was a downward trend in Adelaide metropolitan area land values since the last independent valuation was performed as at 30 June 2009.

The inventory write-down in 2013-14 is significantly lower than the prior year given the net realisable values of inventories have generally increased in line with the cost of associated development works during the year (ie the net realisable value of properties has increased as development works are completed and sales commence). The inventory write-down is also lower given Adelaide metropolitan land values have remained relatively stable in the last 12 months.

For further commentary regarding the inventory valuations refer 'Inventory valuations' below.

The downward fair value adjustments for investment properties were $13 million lower than the prior year. The reduction in fair value in the prior year primarily related to the ASER property, which was independently revalued as at 30 June 2013 following its transfer from DPTI. For further commentary regarding the investment property fair value adjustments refer 'Investment properties' below.

Employee benefits expenses

The increase in employee benefits expenses is mainly due to an increase in salaries and wages ($2 million) arising from higher average employee numbers, enterprise bargaining agreement increases and a significant proportion of the new positions created in 2012-13 being filled in the last 6 months of the year.

Operating expenditure

The increase in operating expenditure of $23 million is primarily attributable to an increase in property expenditure ($4 million), land tax ($8 million), contractors and consultants ($8 million) and administration and other expenditure ($3 million).

The increase in property expenditure is mainly due to costs relating to the recently transferred ASER site ($2 million), the payment of Bowden housing affordability funds from the Commonwealth to Unity Housing ($2 million) and profit share distributions for Edinburgh Parks which were paid out for the first time in 2013-14 ($1 million).

The increase in land tax is mainly attributable to the former SAHT and Defence SA assets and the ASER site, which were not included in the previous financial year's land tax assessment given the timing of the relevant transfers.

The increase in contractors and consultants is mainly due to higher costs for Port Activation works ($4 million) and costs associated with the completion of intersection roadworks at Evanston ($4 million).

The increase in administration and other expenditure is primarily due to $4 million in damages and associated costs paid to Newport Quays Consortium (NQC) in settling the Port Adelaide Waterfront Redevelopment project legal dispute (refer note 3.7 to the financial statements for further details). This expenditure was partly offset by a prior year provision of $1 million (refer note 30 to the financial statements).

The increase in administration and other expenditure is also due to doubtful debts being raised for investment property tenants in administration and liquidation (refer note 20 to the financial statements).

Borrowing costs

The increase in borrowing costs is attributable to:

- the higher level of total borrowings in 2013-14 compared to 2012-13
- a reduction in the amount of interest costs eligible for capitalisation due to developments being put on hold (eg Osborne North project).

Loss before income tax equivalent

The URA made a loss before income tax equivalent in 2013-14 of $39 million, compared to a profit of $7 million in the prior year.

The $46 million decline between the years is primarily attributable to the lower gross profit from sales ($25 million) and higher operating expenditure ($23 million).

The decrease in the net loss resulting from changes in values of non-current assets ($75 million) was offset by the lower net gain from administrative restructure in the current year ($78 million).

As the URA made a loss before income tax equivalent in 2013-14, no income tax equivalents expense was payable.

Statement of Financial Position

Assets

Total assets increased by $21 million to $681 million. The increase in assets is mainly due to an increase in inventories ($56 million), offset partly by a decrease in the value of investment properties ($22 million) and mortgage debtor receivables ($8 million).

Inventory

The URA's primary activities involve holding and developing land assets. Land and other property held for sale in the ordinary course of business is classified as inventory. The value of inventory at 30 June 2014 was $455 million, representing 67% of total assets.

The value of inventory includes initial acquisition costs and capitalised development costs, reduced for cost of sales during the year. Annual valuations are performed to ensure inventories are reflected at the lower of cost or net realisable value.

The URA's inventory purchases during 2013-14 primarily related to the Incitec Pivot facility ($16 million) and the former Ross Smith Secondary School site ($8 million) (refer note 3 to the financial statements).

Capitalisation of inventory development costs

The URA capitalises salaries, land tax and borrowing costs to inventory, where those costs are directly attributable to land currently under development and are necessarily incurred in bringing the inventories to their present condition. These costs are then recognised as part of cost of sales when inventories are sold.

The total development costs capitalised in 2013-14 were $92 million ($61 million) (refer note 21 to the financial statements). These costs primarily relate to the Tonsley Park project ($50 million) and Playford Alive project ($17 million).

The salaries, land tax and borrowing costs capitalised to inventories are reflected in notes 11, 14 and 15 to the financial statements respectively.

Cost of sales

The cost of sales attributable to inventories sold during the year was $34 million. Cost of sales comprises all direct material acquisition, development and holding costs. The carrying amount of any inventory held for sale is expensed as a cost of sale when settlement occurs. Where applicable, a portion of future development obligations in respect of land that has been sold is also recognised in cost of sales when settlement occurs.

Inventory valuations

The URA performed an internal valuation process as at 30 June 2014 in order to ensure inventories were recognised at the lower of cost or net realisable value in accordance with AASB 102. This process involved comparing current book values to last year's independent valuations to identify all land holdings at risk of being carried in excess of net realisable value. For those land holdings considered to be at risk, further analysis was performed to determine whether a write-down was required. This analysis included reference to recent sale contracts, any independent valuations performed for relevant land parcels during 2013-14 and budgeted project cash flows.

The analysis identified that inventory write-downs were required in respect of the Tonsley Park project ($11 million) and Woodville West project ($4 million). The Tonsley Park project required a write-down given budgeted project cash flows indicated current book values would not be realised. The Woodville West project required a write-down given the capital expenditure on the project during 2013-14 had not yielded a corresponding increase in net realisable value.

Investment properties

The URA is a holder of significant investment properties, valued at $168 million as at 30 June 2014. The $22 million decrease in investment property is primarily attributable to disposals ($14 million) and downward fair value adjustments ($8 million).

Investment property disposals in 2013-14 related solely to the sale of the property at Felixstow (refer note 3.3 to the financial statements for further information). The proceeds from the sale were $15 million and the carrying amount of the property was $14 million, resulting in a gain on disposal of $1 million (refer note 10 to the financial statements).

Investment properties are initially measured at cost including transaction costs. Subsequent to initial recognition, the URA's portfolio of investment properties is reflected at fair value based on annual independent valuations.

The fair value adjustments primarily comprise write-downs relating to properties at Lefevre Peninsula ($4 million), Port Adelaide ($2 million), Port Waterfront ($2 million) and North Plympton ($2 million). The downward fair value adjustments are primarily driven by higher vacancy rates and lower projected rental returns for the relevant properties.

The total property income derived from investment properties during 2013-14 ($16 million) was 9% of the total carrying amount of investment properties (refer note 22 to the financial statements).

Mortgage debtor receivables

The decrease in mortgage debtor receivables is due to scheduled principal payments in the applicable contracts. Mortgage debtor receivables are gradually being paid down as the URA has not entered into any new arrangements of this nature.

Liabilities

Total liabilities increased by $60 million to $511 million. The increase in liabilities is mainly due to a $6 million increase in payables and $58 million increase in borrowings.

The increase in payables primarily relates to increased trade creditors associated with invoices payable to DPTI for Tonsley Park project enabling works. DPTI manages the Tonsley Park project on the URA's behalf and recharges the URA for development costs incurred.

Borrowings have increased in order to provide sufficient working capital to fund the URA's general operations and development obligations. Refer to 'Borrowings' below for further commentary on debt management.

Statement of Cash Flows

The following table summarises the net cash flows for 2014 and 2013.

	2014 $'million	2013 $'million
Net cash flows		
Operating	(82)	(32)
Investing	20	8
Financing	58	23
Change in cash	(4)	(1)
Cash at 30 June	16	20

The increase in net cash flows used in operating activities is primarily due to higher payments for land purchase and development attributable to the Tonsley Park and Playford Alive projects.

The increase in net cash provided by investing activities is primarily attributable to proceeds from the sale of the investment property in Felixstow.

The net cash provided by financing activities reflects proceeds from borrowings ($94 million), offset partly by repayments of borrowings ($36 million).

Further commentary on operations

Establishment of the URA

Cabinet approved the URA's establishment on 9 February 2012. The URA's functions are set out in Regulation 6 of the Housing and Urban Development (Administrative Arrangements) (Urban Renewal Authority) Regulations 2012.

The purpose of the URA is to accelerate urban renewal in line with the objectives and targets contained within The 30-Year Plan for Greater Adelaide. This is to be achieved through a focus on the delivery of more affordable housing and better social housing outcomes through targeted and strategic urban renewal projects. The URA also provides commercial and industrial land to support employment and economic opportunity.

The Cabinet submission approving the establishment of the URA also contained a number of recommendations relating to the transfer of additional functions and assets to the URA.

As at 30 June 2014, the resourcing arrangements for the recommended transfers of additional functions (eg infrastructure coordination) are yet to be resolved and the full transfer of assets set out in the Cabinet submission is yet to occur.

Borrowings

The URA's borrowings are held with SAFA and are comprised as follows:

- Premises SA Scheme loans relating to deferred purchase agreements ($19 million)
- Premises SA Scheme loans relating to tenure arrangements ($30 million)
- core debt loans for working capital purposes ($272 million)

- an asset transfer loan used to fund payments for assets transferred from SAHT and Defence SA in 2012 ($131 million)
- a working capital overdraft ($20 million)

Increase in debt ceiling

DTF requires the URA to adopt a core debt management facility approach, consistent with other public non-financial corporations. This requires approval by the Minister and Treasurer for an annual debt ceiling.

The approved debt ceiling for the URA in 2013-14 was $506 million, comprising a core debt facility of $456 million and a working capital overdraft of $50 million.

Based on cash flow projections performed in May 2014, the URA forecasted that the debt ceiling would be reached in June 2014.

The URA advised the Minister and Treasurer that an increase in the core debt facility from $456 million to $500 million was required while the working capital overdraft should remain unchanged at $50 million. This would result in the annual debt ceiling limit increasing to $550 million.

The URA indicated to the Minister and Treasurer that the debt ceiling increase was required given project cash flows and challenging market conditions continue to have a negative impact on the local South Australian and Adelaide property markets.

The Minister and Treasurer responded that a $4 million increase would be made to the URA's core debt facility to cover operational expenditure costs and cash outflows impacted by challenging market conditions. The working capital overdraft amount would remain unchanged.

The Minister and Treasurer noted that while an anticipated $44 million would be required as an annual increase to meet current forward commitments, the lower increase of $4 million is considered appropriate as the URA is currently progressing discussions with DTF regarding capital structure and financial sustainability.

Liquidity and cash management

The increase in the debt ceiling highlights the URA's current liquidity issues and the challenges it faces in maintaining sufficient cash reserves to fund its operations.

The need for additional borrowings to fund working capital and operations is primarily attributable to the slow real estate market and consequent impact on sales. The URA currently has insufficient sales revenue to cover operating costs. In order to address this issue, the URA has deferred capital expenditure on a number of major projects in 2013-14.

Audit also notes the URA's current borrowings ($290 million) significantly exceed the URA's total current assets ($96 million). The URA's borrowings are classified as current when the maturity date of the loan is within the next 12 months. Historically, SAFA has rolled over loans into subsequent periods when the URA has not had sufficient funds to repay the loan.

In the event the current borrowings were not rolled over by SAFA, the URA would encounter significant liquidity and cash management issues.

The URA is liaising with SAFA to ensure the maturity dates on its borrowings more closely align with the expected timing of sales income on relevant projects. This has resulted in a higher proportion of borrowings being classified as non-current in 2013-14 compared to the prior year (refer note 27 to the financial statements).

Inter-agency arrangements

Audit noted in the prior year that a number of agreements had been drafted to clarify the roles, responsibilities and service obligations of government agencies with housing and infrastructure responsibilities, including:

- the inter-ministerial agreement between the Minister for Social Housing and the Minister for Housing and Urban Development
- the agreement between the SAHT Board and the URA Board
- The memoranda of administrative arrangements (MOAA) with the Department for Communities and Social Inclusion (DCSI) and DPTI.

The URA has advised that the status of these agreements is as follows:

- work was undertaken in 2013 and 2014 on various drafts of the inter-ministerial agreement between the Minister for Social Housing and the Minister for Housing and Urban Development, however the current Minister for Housing and Urban Development has advised that such an agreement is not currently necessary and as a result the agreement will not be finalised.
- the agreement between the SAHT Board and the URA Board has not progressed
- the MOAA with DSCI has been executed and details the roles and responsibilities associated with project delivery services
- the MOAA with DPTI is in draft form and is currently being finalised.

Given the delay in finalising and approving these agreements, the URA's housing and infrastructure roles and responsibilities in relation to other relevant government agencies may be unclear. As a result, housing and infrastructure roles and responsibilities across relevant agencies may be duplicated or subject to dispute.

It is critical the inter-ministerial and inter-agency agreements are updated and approved as soon as possible.

Port Adelaide Waterfront Redevelopment

Termination of the Port Adelaide Waterfront Redevelopment agreement

On 31 October 2011, the Premier announced that the former LMC would exercise its discretionary right to terminate the Port Adelaide Waterfront Redevelopment agreement (the development agreement) with the NQC.

The URA assumed the liabilities of the former LMC and became obligated to pay the damages associated with the early termination of the development agreement.

On 18 March 2013, the URA, the State and NQC entered into a deed setting out the dispute resolution process relating to the calculation of the agreed damages amount and other matters.

Pursuant to the deed, the URA and NQC undertook non-binding negotiations with a view to reaching agreement on the quantum of the agreed damages amount contractually due from the URA to NQC. In March 2013, the URA paid NQC the amount of $5 million, which represented the monetary performance bond provided by the former LMC to NQC under the development agreement.

In February 2014, the URA and NQC executed a deed of settlement resulting in the payment of an additional $3.69 million to NQC. This payment comprised the remaining balance of the agreed damages amount ($3.4 million) and ancillary costs ($290 000). The payment has been reflected through administration and other expenditure and offset against the prior year provision of $967 000 (refer notes 14 and 30 to the financial statements).

Note 3.7 to the URA's financial statements provides further information on the settlement arrangements related to the termination.

Port Adelaide Renewal project

Following termination of the development agreement, the Port Adelaide Waterfront Redevelopment project has ceased. The URA is now responsible for planning a new approach to the redevelopment of Port Adelaide under a new project titled the Port Adelaide Renewal Project.

As part of this new project, the URA has developed proposals for $7.2 million in early activation works which have been jointly funded by the State Government and Port Adelaide Enfield Council.

Stage 1 of the early activation works was completed during 2013-14, including:

- façade restoration works to the Visitor Information Centre and Customs House
- landscaping at Hart's Mill
- establishment of a weekly market at Hart's Mill
- establishment of Inner Harbour loop path
- establishment of angle parking in St Vincent street

The URA has also completed precinct and implementation plans for the project during 2013-14. The project precinct plan anticipates an additional 2000-4000 dwellings and a doubling of public open space within the precinct area.

Playford Alive project

The Playford Alive project was approved in February 2006 by Cabinet. The project involves the physical and community renewal of the existing suburbs of Davoren Park and Smithfield Plains linked to the development of adjacent undeveloped land at Munno Para, Munno Para Downs and Andrews Farm. The project is planned to be completed over 15 to 20 years and will see the existing population of approximately 13 000 people expand to almost 40 000 people over the life of the project.

The URA manages the renewal areas of the project for the SAHT under a management agreement between the two agencies and develops the greenfield component of the project in its own right. The URA also undertakes a coordination role working with government agencies and the City of Playford to ensure the delivery of whole-of-government objectives.

During 2013-14, a number of activities relating to the project were undertaken including:

- the settlement of 172 allotment sales comprising 97 sales in the greenfield area and 75 sales in the renewal area

- engaging a preferred contractor to construct the Playford Alive town park

- the delivery of 139 lots within the greenfield and renewal areas and completion of civil works for the new Playford Alive display village

- obtaining agreement with seven builders to construct 12 homes within the new Playford Alive display village

- refurbishing 61 public housing assets with 19 sold to private purchasers and 42 retained by the SAHT.

The whole-of-life capital expenditure budgeted for the project is $260 million.

Bowden Urban Village

The Bowden project is an urban renewal project that is planned to be completed over 10 to 15 years. The project is expected to house approximately 3000 people in over 2400 dwellings in addition to a substantial commercial and retail component.

The project encompasses an area of approximately 16 hectares of which 10 hectares comprise the former Clipsal site and six hectares comprise the former Origin Energy site. In December 2009 Cabinet approved the purchase of the Origin Energy site at a price of $1 million with Origin Energy to pay the Government $12 million towards the cost of site remediation. The site will facilitate a transit oriented development on behalf of the Government.

A master plan for the project was completed in early 2010 and urban design guidelines, a Design Review Panel and a Ministerial Development Plan Amendment Report have been completed.

The Bowden Urban Village Ministerial Development Plan Amendment was gazetted in July 2012 for inclusion in the City of Charles Sturt Development Plan.

The URA is the master developer for the project and is responsible for managing land assembly, remediation, infrastructure works, community engagement and marketing, with the private sector purchasing vacant development parcels for building construction.

During 2013-14, a number of activities relating to the project were undertaken including the:

- contracting and settlement of six development site sales
- sale of 90 apartments
- commencement of first key worker housing site construction
- Cabinet approval of a rent then buy scheme for specified Bowden properties
- commencement of stage 2 streetscape design works
- commencement of Bowden town park design works
- design development for Western Parklands upgrade works
- revision of the project master plan.

The whole-of-life capital expenditure budgeted for the project is $192 million.

Tonsley Park project

In December 2009 Cabinet approved the purchase of the former Mitsubishi Motors Tonsley Park manufacturing site at Clovelly Park. The value of the land recognised by the former Department of Trade and Economic Development and subsequently DMITRE was $44 million, reflecting a $32 million cash component and a rent-free period provided to Mitsubishi Motors which was valued by the former LMC at $12 million.

The site will be established as an integrated mixed-use employment precinct that will support a shift from manufacturing industry to knowledge-intensive industries and economic growth of southern Adelaide in support of South Australia’s Strategic Plan.

During the year, the URA supported DMITRE as the lead agency in the ongoing management of the 61 hectare Tonsley Park redevelopment site. The URA, in conjunction with DPTI as project manager, coordinated the physical delivery of the redevelopment including site remediation, establishment of roads, infrastructure, public space and landscaping and sale of allotments to the private sector.

DMITRE is responsible for the jobs creation and industry attraction that will support the integration of education with industry, research and development.

During 2013-14, a number of activities relating to the project site were undertaken including:

- the completion of TAFE SA's Sustainable Industries Education Centre in January 2014, which has the capacity to accommodate over 6500 students per year
- the construction of the Flinders University Computer Science, Engineering and Mathematics School building at Tonsley Park. The building will accommodate over 2000 students per year and is planned for completion in February 2015 at a budgeted cost of $120 million
- the completion of stage 1 civil construction works in January 2014. Stage 2 civil construction works began in February 2014 and are planned for completion in November 2014
- the commencement of early works on a new $113 million facility for the Tier 5 data centre in September 2013
- the establishment of a number of centres of excellence (eg composites research and development and hybrid power development)
- the selection of the Canberra Investment Corporation as the preferred developer for preparing the master plan and financial model for the residential and residential mixed use precinct at Tonsley.

The whole-of-life capital expenditure budgeted for the project is $206 million.

Woodville West project

The Woodville West medium density residential development commenced in 2009 following Cabinet approval for DCSI to undertake a renewal project to demolish up to 183 outdated SAHT owned dwellings and create a minimum of 425 new dwellings. Under the project targets, 85% of the dwellings have been earmarked for private sale with the remaining 15% retained as social housing.

The majority of the rights, liabilities, assets, contracts and properties associated with the Woodville West project were transferred from the SAHT to the URA by notice in The South Australian Government Gazette on 26 April 2012.

At the time of the transfer, the SAHT had undertaken significant civil and building works within stage 1 and the carrying value of the land and improvements was $61.5 million.

The construction of stage 1 of the project was completed during 2012-13. Stage 1 of the project involved the construction of 69 apartment and townhouse properties. Eleven of the properties were transferred to the SAHT for social housing with the remainder made available for private sale.

During 2013-14, all of the remaining homes in stage 1 of the project were sold with the exception of one dwelling.

In May 2014, 37 new allotments within stage 2 of the project were created. A second land division for stage 2 was also lodged in June 2014 to create a further 18 new allotments.

The whole-of-life capital expenditure budgeted for the project is $131 million.

Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Income:			
Revenue from sales	4	63 853	87 345
Cost of sales	4	33 556	31 530
Gross profit		30 297	55 815
Share of net profits of joint ventures	5	3 820	7 566
Revenues from Commonwealth and SA Government	6	11 289	4 188
Interest revenues	7	2 099	3 023
Property income	8	25 830	20 723
Other revenues	9	7 768	4 635
Net gain from the disposal of non-current assets	10	1 277	-
Total other income		52 083	40 135
Net gain from administrative restructure	39	4 036	81 800
Total income		86 416	177 750
Expenses:			
Employee benefits expenses	11	20 659	17 980
Operating expenditure	14	67 538	44 816
Borrowing costs	15	13 685	8 885
Depreciation and amortisation	23	558	491
Loss resulting from changes in value of non-current assets	5,21,22	23 183	98 385
Net loss from the disposal of non-current assets	10	-	1
Total expenses		125 623	170 558
Profit (Loss) before income tax equivalent		(39 207)	7 192
Income tax equivalent expense	17	-	-
Profit (Loss) after income tax equivalent		(39 207)	7 192
Total comprehensive result		(39 207)	7 192

Profit (Loss) after income tax equivalent and total comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2014

	Note	2014 $'000	2013 $'000
Current assets:			
Cash and cash equivalents	37	16 285	19 717
Mortgage debtor receivables	19	6 775	7 555
Receivables	20	7 216	7 149
Inventories	21	60 768	78 731
Investment in joint ventures	5	5 293	7 009
Total current assets		96 337	120 161
Non-current assets:			
Mortgage debtor receivables	19	15 035	21 811
Receivables	20	3 556	3 556
Inventories	21	394 415	320 796
Investment properties	22	167 619	189 424
Property, plant and equipment	23	3 383	3 975
Investment in joint ventures	5	586	679
Total non-current assets		584 594	540 241
Total assets		680 931	660 402
Current liabilities:			
Payables	26	20 078	13 859
Unearned income	29	2 326	4 960
Borrowings	27	289 890	313 824
Provision	30	-	967
Employee benefits	31	1 718	1 554
Other liabilities		286	-
Total current liabilities		314 298	335 164
Non-current liabilities:			
Payables	26	347	313
Unearned income	29	9 832	10 184
Borrowings	27	182 586	101 041
Employee benefits	31	3 738	3 396
Other liabilities	32	-	967
Total non-current liabilities		196 503	115 901
Total liabilities		510 801	451 065
Net assets		170 130	209 337
Equity:			
Contributed capital		107 939	107 939
Retained earnings		62 191	101 398
Total equity		170 130	209 337

Total equity is attributable to the SA Government as owner

	Note
Remuneration commitments	11
Unrecognised contractual commitments - operating leases	33
Unrecognised contractual commitments - capital expenditure	34
Contingent liabilities	35

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

	Contributed capital $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2012	107 939	94 206	202 145
Profit after income tax equivalent for 2012-13	-	7 192	7 192
Total comprehensive result for 2012-13	-	7 192	7 192
Balance at 30 June 2013	107 939	101 398	209 337
Profit after income tax equivalent for 2013-14	-	(39 207)	(39 207)
Total comprehensive result for 2013-14	-	(39 207)	(39 207)
Balance at 30 June 2014	107 939	62 191	170 130

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

Statement of Cash Flows
for the year ended 30 June 2014

	Note	2014 Inflows (Outflows) $'000	2013 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash inflows:			
Receipts from sales		63 303	78 945
Receipts from SA Government		24 133	10 352
Receipts from Commonwealth		-	2 520
Interest received		427	533
Receipts from mortgage debtors (principal and interest)		9 423	10 157
Receipts from tenants (rent and recoveries)		23 734	16 992
Recoveries and sundry receipts		19 460	7 864
Funds held in trust		12	269
GST recovered from the ATO		15 231	11 238
Receipts for Paid Parental Leave Scheme		44	32
Cash generated from operations		155 767	138 902
Cash outflows:			
Payments for land purchase and development		(88 737)	(38 425)
Payments for salaries and related costs		(23 476)	(21 929)
Payments to suppliers		(64 108)	(50 299)
Land tax paid		(23 703)	(24 337)
Interest paid		(21 503)	(22 318)
Payments of funds held in trust		(693)	(3 949)
GST paid to the ATO		(15 138)	(9 911)
Payments for Paid Parental Leave Scheme		(48)	(27)
Cash used in operations		(237 406)	(171 195)
Net cash provided by (used in) operating activities	36	(81 639)	(32 293)
Cash flows from investing activities:			
Cash inflows:			
Capital repayments by joint ventures		5 460	8 577
Proceeds from sale of investment properties		15 350	-
Cash generated from investing activities		20 810	8 577
Cash outflows:			
Capital contributions to joint ventures		-	(400)
Purchase of property, plant and equipment and investment property		(214)	(381)
Payments for work in progress (property, plant and equipment and investment property)		-	(19)
Cash used in investing activities		(214)	(800)
Net cash provided by (used in) investing activities		20 596	7 777
Cash flows from financing activities:			
Cash inflows:			
Proceeds from borrowings		94 000	51 000
Cash generated from financing activities		94 000	51 000
Cash outflows:			
Repayment of borrowings		(36 389)	(27 242)
Cash used in financing activities		(36 389)	(27 242)
Net cash provided by (used in) financing activities		57 611	23 758
Net increase (decrease) in cash and cash equivalents		(3 432)	(758)
Cash and cash equivalents at 1 July		19 717	20 475
Cash and cash equivalents at 30 June	37	16 285	19 717

Notes to and forming part of the financial statements

1. Objectives of the Urban Renewal Authority (Renewal SA)

Renewal SA was established as a statutory authority on 1 March 2012 by the Housing and Urban Development (Administrative Arrangements) (Urban Renewal Authority) Regulations 2012 (the Regulations) under the *Housing and Urban Development (Administrative Arrangements) Act 1995*. In accordance with the Regulations, Renewal SA's Board of Management is appointed by His Excellency the Governor and comprises up to seven members, including a Presiding Member. The Presiding Member reports to the Minister for Housing and Urban Development. Renewal SA's functions are contained in regulation 6 of the Regulations and the specific powers of Renewal SA are contained in regulation 7.

In undertaking its functions, Renewal SA will make a significant contribution to creating a vibrant city; safe communities, healthy neighbourhoods; an affordable place to live; and growing advanced manufacturing. Renewal SA has the responsibility for leading and coordinating urban renewal activity to ensure that our future housing needs are met through better planned, affordable and vibrant mixed use (residential and commercial) urban developments located near to transport, employment, education and other services.

Renewal SA has the following key strategic objectives:

(a) Use (residential and commercial) urban developments located near to transport, employment, education and other services for:

- creating a vibrant city
- safe communities, healthy neighbourhoods
- an affordable place to live
- growing advanced manufacturing.

(b) As the key precinct planning and delivery agency responsible for The 30-year Plan for Greater Adelaide outcomes, work in partnership with communities and industry to help significantly reduce urban sprawl and progressively deliver 70% of urban growth within existing urban areas by 2038.

(c) Through innovation and excellence in design quality, create well connected and integrated neighbourhoods where people can afford to live in safe, vibrant and healthy communities.

(d) Show leadership to the market in social and environmental sustainability with smart planning and delivery for South Australia's expected population growth.

(e) Acquire and assemble land to generate agreed urban outcomes in strategic locations for development or redevelopment via commercial negotiation and by leveraging opportunities from government owned land assets.

(f) Facilitate opportunities to renew and improve social housing stock through urban renewal projects and by supporting the growth of the not-for-profit housing sector to meet future tenancy needs, to reduce current concentrations of social disadvantage and create safe healthy and vibrant communities.

(g) Undertake development, including precinct planning, infrastructure and human services planning and coordination, to ensure the appropriate delivery of approved projects.

(h) Engage, involve and consult with the community and other stakeholders during the planning and delivery of residential, commercial and mixed use projects that connect people to transport, services, employment and the community around them.

(i) Negotiate with key stakeholders financial arrangements for the delivery of necessary infrastructure in development areas.

(j) Ensure levels of affordable housing (purchase and rental) are increased, and overall levels of social rental housing (public, not-for-profit and community housing) are maintained across urban renewal projects.

(k) Improve opportunities for more affordable living by concentrating Renewal SA program and project activity in transport corridors, maximising access to public transport and designing for reduced energy and water consumption.

(l) Support economic development and employment growth through the creation and supply of employment lands and create opportunities for the private sector that will enable them to invest capital that will drive investment in urban renewal activities.

1. Objectives of the Urban Renewal Authority (Renewal SA) (continued)

(m) To be accountable and operate commercially in accordance with:

- sound business and financial management policies and practices
- government policy objectives
- prudent risk management practices.

2. Summary of significant accounting policies

2.1 Statement of compliance

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

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

Renewal SA has applied AASs that are applicable to for-profit entities, as Renewal SA is a for-profit entity.

Renewal SA did not voluntarily change any of its accounting policies during 2013-14.

AASs and interpretations that have been recently issued or amended but are not yet effective have not been adopted by Renewal SA for the reporting period ended 30 June 2014.

Renewal SA has assessed the impact of new and amended standards and interpretations and considers there will be no impact on the accounting policies or financial statements of Renewal SA, except as outlined below:

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

(a) reviewed its fair value valuation techniques (both internal estimates and independent valuation appraisal) for non-financial assets to ensure they are consistent with the standard. Previously, Renewal SA has used the cost approach or the market approach to determine fair value. Renewal SA will continue to measure its non-financial assets using either the cost or market approach. The application of AASB 13 has not had a material impact on the fair value measurements

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

Fair value hierarchy and other information is provided in notes 22, 23 and 25.

In accordance with the new AASB 10, which became effective for the first time in 2013-14, Renewal SA has reviewed its control assessments in accordance with the new standard and has concluded that there is no impact.

Renewal SA does not control (as subsidiaries or otherwise) any investees.

In accordance with the new AASB 11, which became effective for the first time in 2013-14, Renewal SA has:

(a) reviewed its classification assessment in accordance with the new standard and has concluded that all joint arrangements are classified as joint ventures and must apply the equity method of accounting. The application of AASB 11 does not have a material impact as Renewal SA's existing accounting policy is to equity account for investments in joint ventures

(b) included additional disclosures where required to help users evaluate the nature, risks and financial effects of Renewal SA's interest in joint ventures. Details of Renewal SA's interests in joint ventures are shown in note 5.

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and management to exercise its judgement in the process of applying Renewal SA's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- the selection and application of accounting policies in a manner 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

2.2 Basis of preparation (continued)

- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in this financial report:

  (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature

  (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)

  (c) employee TVSP information

  (d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by Renewal SA to those employees.

Renewal SA's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with 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 are presented in Australian currency.

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

2.3 Comparative information and rounding

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

Where presentation or classification of items in the financial statements has been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements if the impact is material. The restated comparative amounts do not replace the original financial statements for the preceding period.

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

2.4 Taxation

In accordance with TI 22, Renewal SA is required to pay to the State Government an income tax equivalent. The income tax liability is based on the State taxation equivalent regime, which applies the accounting profit method. This requires that the corporate income tax rate be applied to the net profit. The current income tax liability, if applicable, relates to the income tax expense outstanding for the current period (refer note 28).

Renewal SA is liable for payroll tax, FBT, GST, Emergency Services levy, land tax and local government rate equivalents.

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

- when the GST incurred on the 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 are recoverable from, or payable to, the ATO are classified as part of operating cash flows.

2.4 Taxation (continued)

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

2.5. Events after the end of the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event arose after 30 June 2014 and before the financial statements are authorised for issue, where those events provided information about conditions that existed at 30 June 2014.

Note disclosure is made about events between 30 June 2014 and the date the financial statements are authorised for issue where the events relate to a condition which occurred after 30 June 2014 and which may have a material impact on the results of subsequent years.

2.6 Income and expenses

Income

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

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

The following are specific recognition criteria:

Revenues from sales

(i) Inventories - land held for resale

Sales revenue in respect of land made available to the Northgate joint venture is brought to account when settlement occurs on individual allotments, on the basis of a percentage of gross sales revenue as specified in the joint venture agreement.

With respect to all other land sales, recognition of sales revenue occurs when settlement is completed and legal title transfers to the purchaser.

(ii) Investment properties

Sales revenue from the disposal of investment properties is recognised when settlement occurs and legal title transfers to the purchaser.

For investment properties that are the subject of a deferred purchase agreement, sales revenue is recognised at the commencement of the agreement (which coincides with expiration of the 12 month building defects liability period), however title to the property does not transfer to the purchaser until the deferred purchase agreement has been paid out in full.

Revenue from development fees

Development fee revenue is recognised when the right to develop parcels of land is transferred to the developer and the right to receive payment is established and it is expected that additional revenue will be realised from the subsequent sales of the allotments.

Property income

Property income arising on investment properties is accounted for on a straight-line basis over the lease term. Income received in advance is disclosed as unearned income to the extent that it relates to future accounting periods.

Interest income

Interest revenue includes interest received on bank term deposits, interest from investments, interest from mortgage debtors, and other interest received. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Joint venture income

Joint venture income is recognised when the right to receive payment is established.

Revenues from Commonwealth and SA Government

(a) Community service obligations

Renewal SA may be required under its charter to provide a number of non-commercial services to the community on behalf of the SA Government. The SA Government provides Renewal SA with funding to compensate for these non-commercial activities. Non-commercial activities include the provision of infrastructure, sustainable energy development and precinct and urban planning works.

(a) *Community service obligations (continued)*
Community service obligations relating to costs are deferred and recognised in the Statement of Comprehensive Income over the period necessary to match them with the costs that they are intended to compensate (refer note 6). Inventory development costs funded by community service obligations are capitalised against inventories and recognised in the Statement of Comprehensive Income as cost of sales when inventory is sold during the reporting period.

(b) *Government grants*
Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and Renewal SA will comply with all attached conditions.

Renewal SA receives government grants in the form of housing affordability funding from the Commonwealth Government.

Government grants relating to costs are deferred and recognised in the Statement of Comprehensive Income over the period necessary to match them with the costs that they are intended to compensate (refer note 6).

Other contributions
All contributions from non-government entities are recognised as income when Renewal SA obtains control of the contribution or the right to receive the contribution and the income recognition criteria are met.

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

Net gain from disposal of non-current assets
Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer and is determined by comparing proceeds with carrying amount.

Other revenues
Other revenue is derived from the provision of goods and services to the public and other SA Government agencies. This revenue is recognised upon delivery of the service or by reference to the stage of completion and is brought to account when earned (refer note 9).

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

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

The following are specific recognition criteria:

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

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

Supplies and services
Supplies and services generally represent day-to-day running costs, including maintenance costs, incurred in the normal operations of Renewal SA. These items are recognised as an expense in the reporting period in which they are incurred.

Cost of sales
Cost of sales comprises all direct material acquisition, development and holding costs, offset by deferred community service obligations relating to these costs in respect of inventory sold during the reporting period. The carrying amount of any inventory held for sale is expensed as a cost of sale when settlement occurs. A portion of the future development obligations in respect of land which has been sold is also recognised in cost of sales when settlement occurs where applicable.

Project expenditure
Costs associated with projects are capitalised where it is expected that future economic benefits will be derived by Renewal SA so as to recover those capitalised costs. Project costs are expensed where it is expected that the costs incurred will not be recovered.

Depreciation and amortisation
All plant and equipment, 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 assets such as leasehold improvements, while depreciation is applied to tangible assets such as plant and equipment.

Investment properties are not depreciated (refer note 2.13).

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

Class of asset	*Years*
Leasehold improvements	Life of lease
Plant and equipment	5-10
Furniture and fittings	5-10
Computer equipment	5

Borrowing costs
Borrowing costs include interest expense, guarantee fees and indemnity margin charges. In accordance with APF II and AASB 123, material borrowing costs directly attributable to the construction of a qualifying asset are capitalised. All other borrowing costs are expensed when incurred.

2.7 Current and non-current classification

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

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

2.8 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.

2.9 Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

2.10 Receivables

Receivables include amounts receivable from the sale of goods and services, GST input tax credits recoverable, prepayments and other accruals, measured at historical cost.

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

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

2.11 *Mortgage debtor receivables*

Mortgage debtor receivables include amounts receivable from deferred purchase arrangements, measured at historical cost.

Mortgage debtor receivables arise from the administering of deferred purchase agreements to the public and other government agencies. Mortgage debtor receivables are generally receivable as specified in the original contract payment schedule.

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

2.12 *Inventories*

Inventories include land and other property held for sale in the ordinary course of business. It excludes depreciating assets and investment properties.

Inventories are measured at the lower of cost or their net realisable value (refer note 21). Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

The amount of any inventory write-down to net realisable value or inventory losses is recognised as an expense in the period the write-down or loss occurred. Any write-down reversals are recognised as an expense reduction.

The following are specific recognition criteria:

(i) *Land held for resale*

Land held for resale is carried at the lower of cost or net realisable value. Costs comprise all direct material acquisition development and holding costs offset by deferred government grants relating to these costs. Net realisable value is the estimated selling price in the ordinary course of business less both the estimated costs of completion and the estimated cost necessary to make the sale. Renewal SA reviews its inventory balances periodically and writes off inventory where the net realisable value is less than the carrying amount.

All land inventory is classified as a non-current asset unless its value is anticipated to be realised through sale within 12 months.

Where inventory was acquired at no or nominal consideration as part of a restructuring of administrative arrangements, the inventory was recorded at the value recorded by the transferor, immediately prior to transfer.

2.13 *Investment property*

Investment properties are held to earn rentals and/or for capital appreciation purposes.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to Renewal SA.

Subsequent to initial recognition at cost, 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 property income, on a straight-line basis over the lease term.

Any gains or losses on the sale of investment property are recognised in the Statement of Comprehensive Income in the year of sale.

Where investment property was acquired at no or nominal consideration as part of a restructuring of administrative arrangements, the investment property was recorded at the value recorded by the transferor, immediately prior to transfer.

An independent valuation of all Renewal SA’s investment properties was conducted as at 30 June 2014.

2.14 Acquisition and recognition of non-current assets

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.

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

All non-current assets, having limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential. Depreciation is applied to tangible assets such as property, plant and equipment.

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

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

Land and investment properties are not depreciated.

Where non-current assets were acquired at no or nominal value as part of a restructuring of administrative arrangements, the non-current assets were recorded at the value recorded by the transferor, immediately prior to transfer.

2.15 Interests in joint ventures

Renewal SA's interest in joint ventures is measured by applying the equity method. Renewal SA's share of the assets and liabilities of joint ventures in which it has a participating interest is included in the Statement of Financial Position as investment in joint ventures. Renewal SA's share of net profit from joint ventures is included as revenue in the Statement of Comprehensive Income as share of net profits of joint ventures. Details of Renewal SA's interests in joint ventures are shown in note 5.

2.16 Work in progress

Expenditure associated with the construction of projects held for operational purposes is capitalised as work in progress as incurred (refer note 24). When a project of this nature reaches practical completion (which generally coincides with the commencement of the building defects liability period), the accumulated costs are transferred from work in progress to property, plant and equipment.

2.17 Impairment

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

2.18 Fair value measurement

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

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

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes were reviewed by the Chief Executive and Audit and Risk Committee at reporting date.

Non-financial assets
In determining fair value, Renewal SA has taken into account the characteristics of the asset (for example condition and location of the asset and any restrictions on the sale or use of the asset) and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

Renewal SA's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible.

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

Refer notes 22, 23 and 25 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurement for non-financial assets.

Financial assets/liabilities
Renewal SA does not recognise any financial assets or financial liabilities at fair value.

2.19 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.

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

Creditors represent the amounts owing for goods and services received 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 Renewal SA.

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 Renewal SA has received from the Commonwealth Government to forward onto eligible employees via Renewal SA's standard payroll processes. That is, Renewal SA is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

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

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

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

2.21 Borrowings/Financial liabilities
Renewal SA measures financial liabilities including borrowings/debt at historical cost. Financial liabilities that are due to mature within 12 months after the reporting date have been classified as current liabilities. All other financial liabilities are classified as non-current.

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

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases. Renewal SA has only entered into operating leases.

Renewal SA as lessor
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as income in a manner consistent with the basis on which they are determined.

Renewal SA as lessee
Operating lease payments are recognised as an expense in the income statement 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.

2.23 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, SERL and sick leave
Liabilities for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and SERL liability are expected to be payable within 12 months and are 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
The liability for LSL is measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with duration that match, as closely as possible, the estimated future cash outflows.

The portion of the LSL liability classified as current represents the amount that may be expected to be paid as leave taken or paid on termination of employment during Renewal SA's normal operating cycle.

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

2.24 Unearned income

Unearned income includes rental income and revenues from Commonwealth and SA Government received in advance. Rental income from the leasing of inventories and investment properties is recognised in the Statement of Comprehensive Income as part of property income, on a straight-line basis over the lease term. Government grants relating to costs are deferred and recognised in the Statement of Comprehensive Income over the period necessary to match them with the costs that they are intended to compensate.

2.25 Provisions

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

2.26 Guarantees and indemnities

Renewal SA constructs and owns specialised building premises which are leased or sold to private companies under the Premises SA Scheme. The construction of these buildings is financed through the use of SAFA loans. In some instances the outstanding loan amount in respect of construction exceeds the market value of the building. In order to address these value shortfalls, the former Industrial and Commercial Premises Corporation obtained guarantees and indemnities from the Minister for Industry and Trade for some of the arrangements entered into. Renewal SA is now the beneficiary of these guarantees and indemnities.

2.27 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 (refer notes 33 and 34).

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 35).

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

2.28 Insurance

Renewal SA has arranged through SAICORP, a division of SAFA, to insure all major risks of Renewal SA. The excess payable under this arrangement varies depending on each class of insurance held.

2.29 Financial risk management

Renewal SA is exposed to a variety of financial risks, ie market risk, credit risk and liquidity risk (refer note 38).

Risk management is overseen by the Corporate Services Division and risk management policies and practices are in accordance with AS/NZS ISO 31000:2009 Risk Management - Principles and Guidelines.

Renewal SA has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at Treasury and SAFA and mortgage debtor receivables) and liabilities (borrowings from the SA Government).

Renewal SA's exposure to foreign exchange risk and cash flow interest risk is minimal. Renewal SA is exposed to price risk for changes in interest rates that relate to long-term debt obligations.

Renewal SA has no significant concentration of credit risk. Renewal SA has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

3. Material transactions

3.1 Land acquisition - Incitec Pivot facility

Renewal SA acquired the Incitec Pivot facility at Port Adelaide for $15.792 million, comprising a cash payment of $13.977 million and a rent free period of $1.815 million. The facility has been leased back to Incitec Pivot Limited for an initial term of three years.

3.2 Land acquisition - Ross Smith Secondary School site

Renewal SA acquired 6.548 hectares of land that was formerly the Ross Smith Secondary School site at Northfield for $7.976 million.

The Northgate Stage 3 Precinct One Joint Venture between Renewal SA and CIC Northgate Pty Ltd will be extended to include the Ross Smith Secondary School site. The extension of the joint venture will contribute to the urban infill objectives of The 30-Year Plan for Greater Adelaide.

3.3 Land sale - 196 O.G. Road and Lot 200 Briar Road at Felixstow

Renewal SA received $15.35 million for the sale of 196 O.G. Road and $600 000 for the sale of Lot 200 Briar Road. The sale of 196 O.G. Road resulted in a net profit on disposal of non-current assets of $1.35 million (refer note 10), while the sale of Lot 200 Briar Road has been included in revenue from sales (refer note 4). The properties were originally acquired under the Industrial and Commercial Premises Scheme for $18.782 million, funded entirely by debt. The acquisition, development and sale is governed by an indemnity deed between the then Minister for Industry and Trade and the Industrial and Commercial Premises Corporation. In accordance with clause 2.1(l) of the indemnity deed the Minister for Manufacturing, Innovation and Trade has reimbursed Renewal SA the amount of $2.832 million which represents the shortfall between net sale proceeds and the loan against the properties.

3.4 Land sale - Seaford Meadows

Renewal SA received $6.695 million following settlement of the final instalment. In 2005, Land SA was awarded the tender for the purchase of 132 hectares of residential land at Seaford Meadows, to be settled in six stages which were included in separate contracts that came under the umbrella of a development deed to ensure that all of Renewal SA's mandatory requirements were met.

The last settlement for stage 6 took place in December 2013.

3.5 Land sale - Seaford Heights

Renewal SA received $6.059 million following settlement of stage 2. In 2008, Land SA was awarded the contract for the purchase of approximately 80 hectares of residential land at Seaford Heights to be settled in four stages which were included in separate contracts that came under the umbrella of a development deed to ensure that all of Renewal SA's mandatory requirements were met. Stage 1 settlement was conditional on a development plan approval which occurred in May 2011 with the first settlement completing in November 2012.

The final settlement for stage 4 is due in April 2018.

3.6 Land sale option - Dry Creek/Gillman

Renewal SA granted Adelaide Capital Partners (ACP) exclusive call options to acquire up to 407 hectares of industrial land within three tranches over a nine year period. The first exercisable option is due to expire in the next financial year and if exercised will result in an off market sale of approximately 150 hectares of land at Dry Creek for $45 million. If ACP exercises the first option, Renewal SA will also enter into a long-term licence with ACP to facilitate further development within the remaining 257 hectares of land which will form part of the second and third exercisable options. If ACP exercises the second and third options this will result in further off market sales of up to 257 hectares of land at Dry Creek for a combined total of $77.1 million.

3.7 Port Adelaide Waterfront Redevelopment (PAWR) project

In October 2011, the former Land Management Corporation exercised its discretionary termination right under the Port Adelaide Waterfront Redevelopment project development agreement (PDA) with Newport Quays Consortium (NQC). In March 2012, Renewal SA assumed responsibility for Land Management Corporation's obligations under the terminated PDA. As a result Renewal SA, by virtue of the PDA, was legally obliged to pay an agreed damages amount to NQC. In March 2013 Renewal SA, the State of South Australia and NQC entered into a dispute resolution deed in relation to the discretionary termination of the PDA, a component of which setting out a process relating to the calculation of the agreed damages amount. Pursuant to the dispute resolution deed, Renewal SA paid NQC $5 million in March 2013 as the base component of the agreed damages amount prescribed by the PDA, and agreed to non-binding negotiations with NQC to resolve the balance of the agreed damages amount. In February 2014, Renewal SA and NQC executed a deed of settlement resulting in a payment of $3.69 million on account of the remaining balance of the agreed damages amount (agreed as $3.4 million) and certain ancillary matters associated with activities undertaken as a consequence of the PAWR.

4. Sales revenue and cost of sales

Sales revenue comprises revenue earned from the sale of land for residential, commercial and community purposes, including land made available for joint venture developments.

Sales revenue for the reporting period is summarised as follows:	2014	2013
Land sales to:	$'000	$'000
Joint ventures	10 337	10 651
Entities within the SA Government	1 556	1 703
Other - sales to general public and developers	51 960	74 991
Total sales revenue	63 853	87 345

Cost of sales comprises all direct material acquisition, development and holding costs in respect of inventory sold during the reporting period.

Cost of sales for the reporting period is summarised as follows:		
Costs of sales associated with:		
Joint ventures	432	391
Entities within the SA Government	971	1 209
Other - cost of sales associated with sales to general public and developers	32 153	29 930
Total cost of sales	33 556	31 530

5. Joint ventures

5.1 Joint venture summary

Renewal SA's share of the profit from ordinary activities of joint ventures in which Renewal SA has a participating interest is as follows:

	Northgate Stage 3 Joint Venture		Total	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Revenues	14 071	13 049	15 214	19 317
Expenses	(10 744)	(10 487)	(11 394)	(11 751)
Profit from ordinary activities	3 327	2 562	3 820	7 566

Movements in Renewal SA's investment in joint ventures during the reporting period are summarised as follows:

5.1 Joint venture summary (continued)

Share of investment in joint ventures:

	Northgate Stage 3 Joint Venture		Total	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Carrying amount at the beginning of the period	6 937	6 476	7 688	8 300
Profit for the reporting period	3 327	2 562	3 820	7 566
Distribution of profit	(4 500)	(2 100)	(5 459)	(8 178)
Impairment	-	-	(170)	-
Total carrying amount of investment in joint ventures	5 764	6 938	5 879	7 688

Renewal SA's investment in joint ventures is represented by its share of assets and liabilities as follows:

	2014	2013	2014	2013
Current assets:				
Cash	3 322	2 992	3 891	4 028
Receivables	717	729	730	870
Inventories	5 566	6 869	5 764	7 276
Financial assets	-	-	197	197
Deferred tax asset	-	-	157	157
Prepayments	-	28	-	28
	9 605	10 618	10 739	12 556
Non-current assets:				
Inventories	-	118	-	118
Property, plant and equipment	586	561	586	561
	586	679	586	679
Total assets	10 191	11 297	11 325	13 235
Current liabilities:				
Creditors and other payables	4 427	4 359	4 986	5 258
Financial liabilities	-	-	226	225
Tax liabilities	-	-	64	64
Total liabilities	4 427	4 359	5 276	5 547
Net assets	5 764	6 938	6 049	7 688
Impairment	-	-	(170)	-
Net assets after impairment	5 764	6 938	5 879	7 688
The net assets are split as follows:				
Current	5 178	6 259	5 293	7 009
Non-current	586	679	586	679
	5 764	6 938	5 879	7 688

5.2 Northgate Stage 3 Joint Venture

In July 2006 documentation was executed with CIC Northgate Pty Ltd, a wholly-owned subsidiary of CIC Australia Limited, to establish a joint venture to develop the land subdivision component of Precinct One at Northgate Stage 3. In November 2010 documentation was executed with the same partner, to extend the Northgate Stage 3 Joint Venture over Renewal SA's adjoining Precinct Two land parcel. In November 2013 the Northgate Stage 3 Precinct One Joint Venture was extended to include the Ross Smith Secondary School site acquired by Renewal SA in June 2014.

The project primarily comprise the subdivision and sale of residential allotments and integrated housing sites together with the development of reserves and associated community facilities. The 100 hectare project is forecast to deliver in the order of 2100 allotments and 2600 dwellings and is required to achieve a number of paramount development objectives established by the Government, including the provision of a wide diversity of housing allotments and 15% of sites for high needs and affordable housing.

Renewal SA has a 50% interest in the joint venture. Under the terms of the agreements for the joint venture, Renewal SA will make available to the joint venture land for development and receive progressive land payments as development proceeds.

5.3 Mawson Lakes Economic Development Project

On 10 July 1997 joint venture agreements were executed with Delfin Property Group Limited (now Lend Lease Communities Australia Limited), Lend Lease Corporation Limited and associated subsidiary companies to commence the Mawson Lakes Economic Project at The Levels.

5.3 Mawson Lakes Economic Development Project (continued)

This project comprised residential, retail and industrial land to be developed over a 15 year timeframe. Other parties with commitments to the joint venture arrangements were the City of Salisbury, University of South Australia and the Government of South Australia.

Renewal SA had a 50% interest in the joint venture. Under the terms of the agreements for the joint venture, Renewal SA made available to the joint venture land for development. In addition the State Government had obligations for various infrastructure works associated with the project.

The joint venture terminated on 30 June 2011. A project completion arrangements deed is now in effect. This deed covers the sale of the remaining residential and commercial lots unsold at June 2011 and the completion of some remaining works. Obligations for Renewal SA project works have been completed. In the 2013-14 financial year, one residential allotment and two medium density development sites settled in July 2013 and the final residential allotment settled in October 2013. The Mawson Lakes Economic Development Project is scheduled to complete in December 2014.

5.4 PAWR Marina Joint Venture

Renewal SA has a 50% interest in a marina berth joint venture with NQC, the former developers of PAWR. The NQC comprises developers Urban Construct Pty Ltd and Brookfield Multiplex Developments Australia Pty Ltd. The PAWR Marina Joint Venture contemplated the construction of approximately 600 marina berths in the Port Adelaide inner harbour to be staged with the land-based PAWR development (which was terminated on 31 October 2011). As at 30 June 2014, two marinas have been constructed and leased by PAWR Marina Joint Venture, being Edgewater Marina and MC Marina South Marina (aggregating to 137 marina berths).

Under the PAWR Marina Joint Venture, marina berths were offered under leasehold arrangements, with Renewal SA retaining ownership of the inner harbour (subjacent land). Renewal SA has entered into lease arrangements with marina lessee companies (representing berth holders) which has placed obligations on lessees to procure the services of competent marina managers and achieve appropriate environmental standards in the management of the marinas.

On 13 February 2014, Renewal SA and the NQC executed a deed of settlement. Subject to various conditions precedent being met, the deed of settlement provides for the resolution of a number of issues arising between the parties following the termination of the PAWR PDA with the NQC, which occurred on 31 October 2011, including the dissolution of the PAWR Marina joint venture. Renewal SA and NQC are presently working through these conditions precedent, which conditions when fulfilled will dissolve the PAWR Marina Joint Venture. The dissolution of the PAWR Marina Joint Venture is anticipated to be finalised during the next financial year.

Renewal SA's investment of $170 000 in the PAWR Marina Joint Venture has been impaired as a result of the deed of settlement and has been written off.

6. Revenues from Commonwealth and SA Government

	2014	2013
	$'000	$'000
Community service obligations from SA Government	22 488	8 713
Housing affordability funding from Commonwealth Government	1 560	-
Other SA Government revenues	3 032	-
Gross revenues from Commonwealth and SA Government	27 080	8 713
Deferred community service obligations from SA Government for inventories development costs	(15 791)	(4 525)
Total revenues from Commonwealth and SA Government	11 289	4 188

7. Interest revenues

Interest revenue includes interest received on bank term deposits, interest from investments, interest from mortgage debtors, and other interest received. Interest revenue for the reporting period is summarised as follows:

	2014	2013
	$'000	$'000
Mortgage debtor interest	1 683	2 527
Interest from operating accounts	416	496
Total interest revenues	2 099	3 023

8. Property income

Property income includes rent and recoveries from leased properties. Property income for the reporting period is summarised as follows:

	2014 $'000	2013 $'000
Rental income	17 166	15 646
Recoveries	8 339	5 032
Other property income	325	45
Total property income	25 830	20 723

9. Other revenues

Other revenues includes consulting revenue and recoveries. Other revenues for the reporting period are summarised as follows:

Consulting revenue	4 508	4 037
Recoveries	2 530	280
Other revenues	730	318
Total other revenues	7 768	4 635

10. Net gain (loss) from the disposal of non-current assets

Net gain (loss) from the disposal of non-current assets is summarised as follows:

Plant and equipment:		
Proceeds from disposal	-	-
Net book value of assets disposed	(73)	(1)
Net gain (loss) on disposal of plant and equipment	(73)	(1)
Investment properties:		
Proceeds from disposal	15 350	-
Net book value of assets disposed	(14 000)	-
Net gain (loss) on disposal of investment properties	1 350	-
Total net gain (loss) from the disposal of non-current assets	1 277	(1)

11. Employee benefits expenses

Salaries and wages	20 070	18 419
LSL	504	(349)
Annual leave	(129)	83
SERL	(5)	41
Employment on-costs - superannuation	1 772	1 771
Employment on-costs - other	1 494	1 182
Board fees	247	298
Other employee related expenses	71	101
Gross employee benefits	24 024	21 546
Employee benefits capitalised to inventories	(3 365)	(3 566)
Total employee benefits expenses	20 659	17 980

No employees were paid TVSPs during the reporting period.

Remuneration of employees The number of employees whose remuneration received or receivable falls within the following bands:	2014 Number	2013 Number
$138 000 - $141 499*	-	1
$141 500 - $151 499	9	7
$151 500 - $161 499	10	9
$161 500 - $171 499	5	3
$171 500 - $181 499	4	2
$181 500 - $191 499	2	2
$191 500 - $201 499	3	6
$201 500 - $211 499	1	1
$211 500 - $221 499	2	1
$231 500 - $241 499	1	2
$241 500 - $251 499	1	1

Remuneration of employees (continued)

	2014 Number	2013 Number
$251 500 - $261 499	1	-
$261 500 - $271 499	1	-
$271 500 - $281 499	1	-
$281 500 - $291 499	-	1
$291 500 - $301 499	1	-
$391 500 - $401 499	1	1
Total	43	37

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2012-13.

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

Total remuneration received or due and receivable by the above employees for the period they held office was $7.982 million ($6.789 million).

The number of employees at the reporting date was 196.8 (199.7).

Remuneration commitments

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

	2014 $'000	2013 $'000
Within one year	14 922	14 825
Later than one year but not longer than five years	16 410	19 624
	31 332	34 449

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

For term contracted employees, Renewal SA does not offer fixed-term remuneration contracts greater than five years.

12. Key management personnel

12.1 Board members

The following persons held the position of governing board member during the financial year:

Hon P J Pike (Presiding Member)	From 1 July 2013 to 30 June 2014
P A Baker	From 12 December 2013 to 30 June 2014
A D Blair	From 12 December 2013 to 30 June 2014
R L Boorman	From 12 December 2013 to 30 June 2014
H M Fulcher	From 1 July 2013 to 30 June 2014
C A Holden	From 1 July 2013 to 18 December 2013
T S Maras AM	From 1 July 2013 to 2 December 2013
Dr A M Rischbieth	From 1 July 2013 to 17 December 2013
M J Terlet AO	From 1 July 2013 to 2 December 2013
J A Westacott	From 1 July 2013 to 31 July 2013

12.2 Other key management personnel

The following persons held authority and responsibility for planning, directing and controlling the activities of Renewal SA, directly or indirectly during the financial year:

F J Hansen	Chief Executive
J C Durand	Executive Director, Marketing and Corporate Relations
J A Meakins	Executive Director, Inter-Government Relations and Policy
W P Smith	Executive Director, Corporate Affairs and Strategy
M M P Young	Executive Director, People and Organisational Development
M J Buchan	General Manager, Major and Residential Project Delivery
D J DeConno	General Manager, Asset Management
I H Hodgen	General Manager, Industrial Project Delivery
D K Just	General Manager, Urban and Portfolio Planning
I R H McLachlan	General Manager, Riverbank, Infrastructure and Project Coordination
L A South	General Manager, Corporate Services

12.3 Key management personnel compensation

Key management personnel compensation for the period ended 30 June 2014 is set out below.

The key management personnel are the governing board members and the senior management team (including the Chief Executive) who have responsibility for the strategic direction and management of Renewal SA.

	2014	2013
	$'000	$'000
Short-term employee benefits	2 987	2 780
Total employee benefits	2 987	2 780

12.4 Remuneration of governing board members

The number of governing board members whose remuneration received or receivable falls within the following bands:	2014 Number	2013 Number
$0*	-	2
$1 - $9 999	1	1
$10 000 - $19 999	7	-
$30 000 - $39 999	1	5
$40 000 - $49 999	-	1
$70 000 - $79 999	1	1
Total	10	10

Total remuneration received and receivable by all governing board members for the period they held office was $247 000 ($298 000) which includes superannuation contributions.

The number of board members who held office at 30 June 2014 was 5 (7).

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

Unless otherwise disclosed, transactions between members and Renewal SA 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.

12.5 Remuneration of committee members

Committee members during the financial year were:

Port Adelaide Steering Committee

P Bicknell
C Duncan
J Ford
T Kearney
B McFarlane
S Melville
M O'Brien
C Siegfriedt

Playford North Urban Renewal Project Steering Committee

J Blaess
M Buchan
B Dunning
P Fagan Schmidt
M Hemmerling
T Jackson
S Kennedy
G Martin
D O'Donovan
P Reardon
L Stevens
R Veitch
M White

The number of committee members whose remuneration received or receivable falls within the following bands:	2014 Number	2013 Number
$0	14	12
$1 - $9 999	6	6
$20 000 - $29 999	1	1
Total	21	19

Remuneration of committee members reflects all costs of performing committee member duties including sitting fees, superannuation contributions and salary sacrifice benefits. Total remuneration received by all committee members for the period they held office was $29 000 ($29 000).

12.5 Remuneration of committee members (continued)

Unless otherwise disclosed, transactions between members and Renewal SA 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.

13. Related party disclosures

Directors

Details of the directors of Renewal SA appointed in accordance with the Housing and Urban Development (Administrative Arrangements) (Urban Renewal Authority) Regulations 2012 are set out in note 12.

During the period of their appointment to Renewal SA the Directors disclosed the following:

Hon B J Pike was the Presiding Member of the Board of Management of Renewal SA and is employed on a part-time basis by Telstra Health.

Mr P A Baker was a Director of Philbak Pty Ltd, Chairman of the Adelaide Convention Bureau, Non-Executive Director of Flinders Ports Holdings, Director of Health First Network, Honorary Life Member of the Airports Association of Australia and National Awards Judge for the Property Council of Australia.

Ms A D Blair was a Member of the Board of Management of the South Australian Housing Trust and a member of the Independent Gambling Authority.

Mr R L Boorman was a Director of Bob Boorman and Associates, Member and Deputy Chairman of the Board of Management of the South Australian Housing Trust, Director of Atomix Pty Ltd and Director of Haslop Pty Ltd.

Ms H M Fulcher was a member of the Board of Uniting Care Wesley Port Adelaide and a Deputy Member of the Aquaculture Advisory Committee.

Mr C A Holden was a Director of Forme Projex and a member of the Board of Common Ground Ltd.

Mr T S Maras AM was owner/director of the Maras Group and Director of Mancorp Group. He was Chairman of the Rundle Mall Management Authority, Chairman of the University of Adelaide Heritage Foundation, Member of the South Australian Government Expert Panel on Planning Reform, Member of the City of Unley Development Strategy and Policy Committee, Alternate Chair of the Bowden Design Review Panel, Member of the Australian Centre for Child Protection Fundraising Board, Foundation Fellow of the Australian Institute of Company Directors, Fellow of the Australian Property Institute, Member of the Royal Australian Institute of Construction, and Member of the Flinders University Foundation of Modern Greek.

Dr A M Rischbieth was Chief Executive of the Heart Foundation (South Australia), member of the South Australian Motor Sport Board, Director of Middleton Consulting and Director of Outcomes Australia and Better Off Australia.

Mr M J Terlet AO was Chairman of Tidswell Financial Services Ltd and Chairman of Operation Flinders. He was a Director of Equity and Advisory Limited, the ACHA Health Group, Statewide Superannuation, the Australian Government Centre for Plant Functional Genomics and the International Centre of Excellence in Water Research Management. He was a Board member of Business SA.

Ms J A Westacott was Chief Executive of the Business Council of Australia, a Non-Executive Director of Wesfarmers and Chair of the Mental Health Council of Australia.

From time to time Renewal SA may have dealings with the above entities. Any transactions entered into with these entities are carried out in the ordinary course of business and on normal commercial terms and conditions.

Apart from the above interests, no directors have declared a pecuniary interest, either direct or indirect, in any firm, trust or company with which Renewal SA had entered into a transaction during the financial year.

14. Operating expenditure

	2014	2013
	$'000	$'000
Property expenditure	19 370	15 722
Land tax	23 703	15 558
Contractors and consultants	13 624	5 405
Accommodation costs	2 127	1 760
Administration and other expenditure	15 791	12 571
Gross supplies and service expenditure	74 615	51 016
Land tax capitalised to inventories	(7 077)	(6 200)
Total operating expenditure	67 538	44 816

14.1 External consultants

The number and dollar amount of external consultancies paid/payable included in the Statement of Comprehensive Income that fell within the following bands:

	2014		2013	
	Number	$'000	Number	$'000
Below $10 000	62	274	41	184
Between $10 000 and $50 000	28	507	19	510
Above $50 000	9	1 066	9	857
Total paid/payable to consultants engaged	99	1 847	69	1 551

15. Borrowing costs

	2014	2013
Borrowing costs:	$'000	$'000
Industrial and Commercial Premises Scheme loans	2 549	3 818
Other loans	11 645	11 202
Overdraft	832	1 662
Guarantee fees:		
Industrial and Commercial Premises Scheme loans	344	328
Other loans	5 612	4 364
Overdraft	494	684
Gross borrowing costs	21 476	22 058
Borrowing costs capitalised to inventories	(7 791)	(13 173)
Total borrowing costs	13 685	8 885

The average rate of interest capitalised in the reporting period was 4.8% (5.3%).

16. Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department relating to the financial statements audit	212	180
Total auditor's remuneration	212	180

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

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of administration and other expenditure (refer note 14).

17. Income tax equivalent

In accordance with TIs issued under the PFAA, Renewal SA is required to pay to the SA Government an income tax equivalent. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate (presently 30%) be applied to the profit for the reporting period.

The Treasurer approved the exemption of the net gain from administrative restructure from Renewal SA's income tax calculation in the prior year. Excluding the net gain from restructure Renewal SA made a financial loss in the prior year. Renewal SA has also made a financial loss in the current year, therefore no income tax equivalent is payable in both current and prior years.

18. Dividends paid to the SA Government

Pursuant to the *Housing and Urban Development (Administrative Arrangements) Act 1995*, Renewal SA may be required to pay dividends to the Minister. After consultation with the Treasurer, the Minister determined that there is no dividend payable in respect of the reporting period.

19. Mortgage debtor receivables

	2014	2013
Current:	$'000	$'000
Mortgage debtor receivables	6 775	7 555
	6 775	7 555
Non-current:		
Mortgage debtor receivables	15 035	21 811
	15 035	21 811
Total mortgage debtor receivables	21 810	29 366

(a) Maturity analysis of receivables - refer note 38.5.
(b) Categorisation of financial instruments and risk exposure information - refer note 38.1.

20. Receivables

	2014	2013
Current:	$'000	$'000
Trade and other debtors	8 852	7 720
Allowance for doubtful debts	(1 668)	(579)
Prepayments	32	8
Total current receivables	7 216	7 149
Non-current:		
Marina Adelaide	3 556	3 556
Total non-current receivables	3 556	3 556
Total receivables	10 772	10 705

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in note 14 for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movements in carrying amounts	2014	2013
	$'000	$'000
Carrying amount at beginning of the period	579	579
Debts no longer legally enforceable	(395)	-
Debts extinguished on legal settlement	(115)	-
Increase in the allowance	1 669	-
Decrease in the allowance	(70)	-
Carrying amount at 30 June	1 668	579

Bad and doubtful debts expense		
Bad debts written off - trade debtors	21	-
Transfer to provision for doubtful debts - trade debtors	1 599	-
Total bad and doubtful debts expense	1 620	-

The bad and doubtful debts expense is recorded in operating expenditure (refer note 14).

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.

Maturity analysis of receivables

Refer note 38.5.

Categorisation of financial instruments and risk exposure information

Refer note 38.1.

21. Inventories

	2014	2013
Current:	$'000	$'000
Inventories	60 768	78 731
	60 768	78 731
Non-current:		
Inventories	394 415	320 796
	394 415	320 796
Total inventories	455 183	399 527

Movements in carrying amounts		
Carrying amount at 1 July	399 527	451 852
Transfer in from administrative restructure	4 036	-
Land purchases	23 961	-
Development costs capitalised	92 040	60 869
Community service obligations for development costs	(15 791)	(4 525)
Cost of sales	(33 556)	(31 530)
Inventories write-down	(15 034)	(80 879)
Reversal of inventories write-down	-	3 740
Carrying amount at 30 June	455 183	399 527

21. Inventories (continued)

Inventories acquired for development and sale in the ordinary course of business are carried at the lower of cost and net realisable value.

The net realisable value is the estimated selling price in the ordinary course of business less costs of acquisition, holding costs such as borrowing costs, rates and taxes, estimated costs of completion and selling expenses. Estimates of net realisable value are based on the most recent reliable evidence available at the time the estimates are made including the amount the inventories are expected to realise and the estimate of costs to complete.

The recoverable amount of each property is assessed at each balance date and where cost (including costs to complete) exceeds net realisable value that inventory is written down with the amount being recognised as an expense in the period the write-down occurred. Any write-down reversals are recognised as a reduction to expense. In determining the recoverable amount, regard is given to the market conditions affecting each property and the underlying strategy for selling the property. This requires the use of management judgement and key assumptions in estimates are reviewed on a regular basis.

Renewal SA performed an internal review of the net realisable values for all inventories as at 30 June 2014. The review involved comparing current book values to the independent valuations performed as at 30 June 2013 to identify all land holdings at risk of being carried in excess of net realisable value. For those land holdings considered to be at risk, further analysis was performed to determine whether a write-down was required. This analysis included reference to recent sale contracts, independent valuations performed for relevant land parcels during the financial year and project cash flows.

As a result of this review inventory was written down by $15.034 million ($80.879 million). There were no reversal of inventory write-downs during the financial year ($3.74 million).

Renewal SA has recognised land inventory within the Statement of Financial Position at the lower of cost or net realisable value. The total net realisable value of inventories based on independent valuations performed as at 30 June 2013 was $1.122 billion.

22. Investment properties

	2014	2013
Investment properties at fair value:	$'000	$'000
Freehold land at fair value:		
Independent valuation - 2014	89 892	-
Independent valuation - 2013	-	100 928
	89 892	100 928
Buildings at fair value:		
Independent valuation - 2014	77 727	-
Independent valuation - 2013	-	88 496
	77 727	88 496
Total investment properties	167 619	189 424

Movements in carrying amounts

	2014	2013
Freehold land at fair value:		
Carrying amount at 1 July	100 928	68 527
Transfer in from administrative restructure	-	17 100
Disposals	(3 080)	-
Net gain (loss) on fair value adjustments	(7 956)	15 301
Carrying amount at 30 June	89 892	100 928
Buildings at fair value:		
Carrying amount at 1 July	88 496	59 820
Transfer in from administrative restructure	-	64 700
Additions	174	30
Transfer from work in progress	-	493
Disposals	(10 920)	-
Net gain (loss) on fair value adjustment	(23)	(36 547)
Carrying amount at 30 June	77 727	88 496
Total carrying amount at 30 June	167 619	189 424

Movements in carrying amounts (continued)		2014	2013
Amounts recognised in the Statement of Comprehensive Income:	Note	$'000	$'000
Property income	8	15 517	11 446
Direct operating expenses arising from investment properties that generated rental income	14	(8 083)	(5 754)
Direct operating expenses arising from investment properties that did not generate rental income	14	(43)	(1 654)
Total amount recognised in the Statement of Comprehensive Income		7 391	4 038

An independent valuation of all Renewal SA's investment properties was conducted as at 30 June 2014. Valuations of all investment properties were undertaken by the firm of McGees Property and prepared by qualified Certified Practising Valuers with extensive experience in the local market with equivalent properties. Valuations were carried out in accordance with the relevant provisions of the Australian Property Institute of Australia and New Zealand's Valuation and Property Standards and as per AASB 140. The valuer arrived at fair value using the direct comparison approach. The valuation was based on recent market transactions for similar land and buildings in the area and includes adjustments for factors specific to the land and building being valued such as size, location and current use. In instances where an alternative use for an asset was identified the highest and best use was determined and the asset valued accordingly.

23. Property, plant and equipment

Leasehold improvements	2014 $'000	2013 $'000
At cost (deemed fair value)	3 152	3 152
Accumulated amortisation	(759)	(423)
Total leasehold improvements	2 393	2 729

Carrying amount of leasehold improvements

The carrying value of these items are deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the assets condition and remaining useful life.

Impairment

There were no indications of impairment of leasehold improvements at 30 June 2014.

Movements in carrying amounts	2014	2013
Leasehold improvements:	$'000	$'000
Carrying amount at 1 July	2 729	2 823
Additions	-	224
Amortisation	(336)	(318)
Carrying amount at 30 June	2 393	2 729

Plant and equipment		
At cost (deemed fair value)	1 319	1 464
Accumulated depreciation	(329)	(218)
Total plant and equipment	990	1 246

Carrying amount of plant and equipment

The carrying value of these items are deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the assets condition and remaining useful life.

Plant and equipment includes $332 000 ($958 000) of fully depreciated assets still in use.

Impairment

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

Movements in carrying amounts	2014	2013
Plant and equipment:	$'000	$'000
Carrying amount at 1 July	1 246	653
Transfer in from work in progress	-	640
Additions	39	127
Disposals	(73)	(1)
Depreciation	(222)	(173)
Carrying amount at 30 June	990	1 246
Total property, plant and equipment	3 383	3 975

24. Work in progress

Movements in carrying amounts	2014 $'000	2013 $'000
Carrying amount at 1 July	-	1 114
Additions	-	19
Transfer to property, plant and equipment	-	(640)
Transfer to investment property	-	(493)
Carrying amount at 30 June	-	-

25. Fair value measurement

The fair value of non-financial assets must be estimated for recognition, measurement and disclosure purposes. Renewal SA categorises non-financial assets measured at fair value into a hierarchy based on the level of inputs used in measurement of fair value.

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

Renewal SA had no valuations categorised into level 1.

2014 Recurring fair value measurements:	Note	Level 2 $'000	Level 3 $'000	Total $'000
Investment properties	22	167 619	-	167 619
Leasehold improvements	23	-	2 393	2 393
Plant and equipment	23	-	990	990
Total recurring fair value measurements		167 619	3 383	171 002

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

There were no transfers of assets between level 1 and 2 fair value hierarchy levels during the financial year. Renewal SA's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques and inputs

Valuation techniques used to derive level 2 and 3 fair values are at notes 22 and 23. Although unobservable inputs were used in determining fair value, and are subjective, Renewal SA considers that the overall valuation would not be materially affected by changes to the existing assumptions. There were no changes in valuation techniques during the financial year.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3):

Fair value measurements - level 3 **2014**	Leasehold imprvmnts $'000	Plant and equipment $'000
Opening balance at 1 July	2 729	1 246
Acquisitions	-	39
Disposals	-	(73)
Total losses for the period recognised in net result:		
Depreciation	(336)	(222)
Closing balance at 30 June	2 393	990

26. Payables

	2014 $'000	2013 $'000
Current:		
Trade creditors	10 060	4 357
Sundry creditors and accrued expenses	9 665	9 155
Paid Parental Leave Scheme	1	4
Employment on-costs	352	343
	20 078	13 859
Non-current:		
Employment on-costs	347	313
	347	313
Total payables	20 425	14 172

Interest rate and credit risk

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

Maturity analysis of payables

Refer note 38.5.

Categorisation of financial instruments and risk exposure information

Refer note 38.1.

27. Borrowings

	2014	2013
Current:	$'000	$'000
Loans:		
SAFA[(a)]	18 789	38 473
SAFA[(b)]	271 101	275 351
	289 890	313 824
Non-current:		
Loans:		
SAFA[(a)]	21 686	28 391
SAFA[(b)]	160 900	72 650
	182 586	101 041
Total borrowings	472 476	414 865

(a) Comprises borrowings from SAFA in respect of funding for industrial and commercial construction projects under the Premises SA Development Scheme.

(b) Comprises borrowings from SAFA in respect of other activities of Renewal SA.

Maturity analysis of borrowings

Refer note 38.5.

Categorisation of financial instruments and risk exposure information

Refer note 38.1.

Defaults and breaches

There were no defaults or breaches on any of the above borrowings during the year.

28. Tax liabilities

In accordance with TIs issued under the PFAA, Renewal SA is required to pay to the State Government an income tax equivalent. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate (presently 30%) be applied to the profit for the reporting period.

The Treasurer approved the exemption of the net gain from administrative restructure from Renewal SA's income tax calculation in the prior year. Excluding the net gain from restructure Renewal SA made a financial loss in the prior year. Renewal SA has also made a financial loss in the current year, therefore no income tax equivalent is payable in both current and prior years.

29. Unearned income

	2014	2013
Current:	$'000	$'000
Unearned income	2 326	4 960
	2 326	4 960
Non-current:		
Unearned income	9 832	10 184
	9 832	10 184
Total unearned income	12 158	15 144

Movements in carrying amounts

Carrying amount at 1 July	15 144	20 637
Received during the year	1 961	4 423
Recognised in the Statement of Comprehensive Income	(4 947)	(9 916)
Carrying amount at 30 June	12 158	15 144

29. Unearned income (continued)

Includes rental income of $10.945 million ($10.957 million) and revenues from Commonwealth and SA Government of $1.211 million ($4.159 million) received in advance.

30. Provision

	2014	2013
Current:	$'000	$'000
Provision for general expenditure	-	967
Total provision for general expenditure	-	967

Movements in carrying amounts

Provision for general expenditure:		
Carrying amount at 1 July	967	5 967
Reductions in provisions	(967)	(5 000)
Total carrying amount at 30 June	-	967

The reduction in the provision of $967 000 ($5.000 million) relates to the payment of the agreed damages amount in respect of the termination of the PAWR PDA with NQC (refer note 3.7).

31. Employee benefits

Current:		
Accrued wages and salaries	78	-
Annual leave	1 260	1 377
LSL	345	136
SERL	35	41
Total current employee benefits	1 718	1 554
Non-current:		
LSL	3 738	3 396
Total non-current employee benefits	3 738	3 396
Total employee benefits	5 456	4 950

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

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

This decrease in the bond yield, which is used as the rate to discount future LSL cash flows, results in an increase in the reported LSL liability. The net financial effect of the changes in actuarial assumptions in the current financial year is immaterial.

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.

32. Other liabilities

	2014	2013
Current:	$'000	$'000
Funds held in trust	286	-
	286	-
Non-current:		
Funds held in trust	-	967
	-	967
Total other liabilities	286	967

These funds are being held in trust on behalf of the Minister for Housing and Urban Development. The funds are to be disbursed by Renewal SA to the developer of the land formerly occupied by the Cheltenham racecourse upon achievement of key deliverables related to affordable housing and the development of open spaces.

33. Unrecognised contractual commitments - operating leases

Operating lease receivables	2014	2013
Future minimum rental revenues under non-cancellable operating property leases held at balance date but not provided for in the accounts:	$'000	$'000
Due within one year	12 394	9 999
Due later than one year but not later than five years	35 731	25 781
Due later than five years	9 995	17 153
Total operating lease receivables	58 120	52 933

Operating lease payables		
Non-cancellable operating leases contracted for at balance date but not provided for in the accounts, net of GST:		
Payable within one year	1 578	1 579
Payable later than one year but not later than five years	6 362	6 266
Payable later than five years	2 650	4 326
Total operating lease payables	10 590	12 171

These amounts comprise property leases and leases for motor vehicles. The property leases are non-cancellable and will expire on 31 December 2020, with rent payable monthly in advance. Motor vehicles are leased over varying terms up to three years.

34. Unrecognised contractual commitments - capital expenditure

Capital expenditure commitments arising from general operations	2014 $'000	2013 $'000
At reporting date Renewal SA had capital expenditure commitments from general operations as follows:		
Payable within one year	22 436	15 604
Payable later than one year but not later than five years	11 556	2 192
Payable later than five years	-	159
	33 992	17 955

As at 30 June 2014 commitments relating to Playford Alive were $13.759 million ($7.598 million), commitments for Bowden were $2.156 million ($2.647 million), commitments for Tonsley were $3.295 million ($4.444 million) and commitments for Gillman were $13.348 million ($523 000).

Estimates of additional commitments in respect of the Edinburgh Parks acquisition are detailed below and are not included in the above amounts.

Capital expenditure commitments arising from Edinburgh Parks acquisition

On 10 May 2004 Cabinet approved the transfer of the management of the land known collectively as Edinburgh Parks to the former Land Management Corporation, from the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE), to be exercised in stages and effective from 1 July 2004. At balance date commitments for the purchase are summarised as follows:

Stage 0 land and buildings

Based on the contractual agreements, an amount may be payable to DMITRE, representing 25% of the net profit arising from completion of the development and sale of stage 0. At balance date, this amount is estimated to be $1.299 million ($2.498 million).

	2014 $'000	2013 $'000
Payable within one year	-	200
Payable later than one year but not later than five years	606	1 052
Payable later than five years	693	1 246
	1 299	2 498

Stages 1 and 3

Assets included in stages 1 and 3 have been acquired by Renewal SA on a deferred payment basis. Payments are made to DMITRE and the Commonwealth Department of Defence based on the land area sold. Expenditure commitments are summarised below, subject to the sale of remaining allotments.

	2014	2013
Stages 1 and 3 land:	$'000	$'000
Payable within one year	-	1 682
Payable later than one year but not later than five years	4 851	4 273
Payable later than five years	6 246	7 055
	11 097	13 010

Stages 1 and 3 (continued)
Stage 2 was completed by the former Department of Trade and Economic Development.

Stages 4 to 11
On 1 June 2005, a further 505.6 hectares was acquired from the Commonwealth. Commitments for the purchase of this land, based on current sales forecasts, are summarised below:

	2014	2013
Stages 4 to 11 land:	$'000	$'000
Payable within one year	107	96
Payable later than one year but not later than five years	926	933
Payable later than five years	6 455	5 297
	7 488	6 326

Total capital expenditure commitments

	2014	2013
Payable within one year	22 543	17 582
Payable later than one year but not later than five years	17 939	8 450
Payable later than five years	13 394	13 757
	53 876	39 789

35. Contingent liabilities

Dean Rifle Range (DRR)

In October 2009, Cabinet approved the compulsory acquisition of the interest held by the Corporation of the City of Adelaide (the ACC) in the DRR, being a 50% interest in the DRR, with the remaining 50% equitable interest owned by the former Land Management Corporation (now owned by Renewal SA). The compulsory acquisition of the ACC's 50% equitable interest was completed on 11 February 2010 by the Minister for Environment and Conservation (the Minister). In 2011, the ACC instituted proceedings against the Minister disputing the compensation payable for the compulsory acquisition of the ACC's interest in the DRR.

The Land Management Corporation was nominated as the Minister's agent in relation to the compulsory acquisition of the ACC's 50% equitable interest in the DRR.

The Minister transferred the ACC's 50% equitable interest and, as a result, the Land Management Corporation became the owner of 100% legal and equitable interest in the DRR.

As at 30 June 2014, the Minister (acting through Renewal SA as the Minister's agent) and the ACC was still disputing the compensation amount. As this relates to ongoing court proceedings, no value has been disclosed.

Pursuant to the arrangement between Renewal SA and the Minister in respect of Renewal SA becoming the 100% legal and equitable owner of the DRR, Renewal SA will be responsible for any compensation which may be determined to be payable, which exceeds the compensation amount paid by Renewal SA to the Court.

36. Cash flow reconciliation

	2014	2013
Reconciliation of cash and cash equivalents - cash at 30 June:	$'000	$'000
Statement of Cash Flows	16 285	19 717
Statement of Financial Position	16 285	19 717

Reconciliation of profit (loss) after income tax equivalent to net cash provided by (used in) operating activities

	2014	2013
Profit (Loss) after income tax equivalent	(39 207)	7 192
Non-cash items:		
Share of net profits of joint ventures	(3 820)	(7 566)
Net loss on disposal of plant and equipment	73	1
Net gain on disposal of investment property	(1 350)	-
Depreciation and amortisation	558	491
Inventories write-down	15 034	80 879
Reversal of inventory write-down	-	(3 740)
Investment property net loss on fair value adjustments	7 979	21 246
Impairment of joint ventures	170	-
Net gain from restructure	(4 036)	(81 800)
Movements in assets/liabilities:		
Mortgage debtor receivables	7 556	7 582
Other receivables	(1 132)	(2 292)

	2014	2013
36. Cash flow reconciliation (continued)		
Movements in assets/liabilities: (continued)	$'000	$'000
Doubtful debts	1 089	-
Prepayments	(24)	7
Inventories	(66 654)	(24 814)
Payables	6 213	(14 919)
Unearned income	(2 986)	(5 493)
Provisions	(967)	(5 000)
Employee benefits	546	(387)
Other non-current liabilities	(681)	(3 680)
Net cash provided by (used in) operating activities	(81 639)	(32 293)

37. Cash and cash equivalents

	2014	2013
Deposits with the Treasurer	14 295	18 531
Short-term deposits with SAFA	164	159
Cash held in Cheltenham Trust Account	286	967
Cash at bank and on hand	1 540	60
Total cash and cash equivalents	16 285	19 717

Deposits with the Treasurer

Includes funds held in Renewal SA's operating account.

Short-term deposits

Short-term deposits are made for varying periods of between one day and three months, are lodged with SAFA and earn the respective short-term deposit rates.

Interest rate risk

Cash at bank and on hand is non-interest bearing. Deposits with SAFA and with the Treasurer, and cash held in the Cheltenham Trust Account, earn a floating interest rate, based on daily bank deposit rates.

38. Financial instruments disclosure/Financial risk management

38.1 Categorisation of financial instruments

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

The carrying amounts and fair values of financial assets and liabilities at balance date are:

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	$'000	$'000	$'000	$'000
Cash and cash equivalents	16 285	16 285	19 717	19 717
Loans and receivables:				
Receivables[(1)(2)]	11 727	11 727	11 276	11 249
Mortgage debtors receivables	21 810	20 600	29 366	27 366
Allowance for doubtful debts	(1 668)	(1 668)	(579)	(579)
Total financial assets	48 154	46 944	59 780	57 753
Financial liabilities				
Financial liabilities at cost:				
Payables[(1)]	19 523	19 523	12 203	12 203
Borrowings	472 476	447 456	414 865	395 001
Total financial liabilities	491 999	466 979	427 068	407 204
Net financial assets (liabilities)	(443 845)	(420 035)	(367 288)	(349 451)

(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.

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 20 as 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 benefits of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

38.2 Fair value

Renewal SA does not recognise any financial assets or financial liabilities at fair value but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable (refer note 2.18 for information on Renewal SA's fair value measurement hierarchy).

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to their short-term nature (refer notes 2, 20 and 26).
- Borrowings are recognised at historical cost, plus any transaction costs directly attributable to the borrowings. The fair value of borrowings approximates the carrying amount, as the impact of discounting is not significant (refer notes 2 and 27).
- Held-to-maturity investments are initially recognised at historical cost. The fair value of held-to-maturity investments approximates the carrying amount as the impact of discounting is not significant (refer notes 2 and 19).

38.3 Credit risk

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

The carrying amount of financial assets as detailed in note 38.1 represents Renewal SA's maximum exposure to credit risk.

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

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired (refer note 20).

38.4 Ageing analysis of receivables

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

	Past due by			
2014	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
Not impaired:	$'000	$'000	$'000	$'000
Receivables	583	100	164	847
Impaired:				
Receivables	78	120	1 397	1 595
Receivables at 30 June	661	220	1 561	2 442
2013				
Not impaired:				
Receivables	1 212	51	2	1 265
Impaired:				
Receivables	-	-	579	579
Receivables at 30 June	1 212	51	581	1 844

38.5 Maturity analysis of financial assets and liabilities

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

		Contractual maturities		
	Carrying amount	Less than 1 year	1-5 years	More than 5 years
2014	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	16 285	16 285	-	-
Loans and receivables:				
Receivables	11 727	8 171	3 556	-
Mortgage debtors receivables	21 810	6 775	15 035	-
Allowance for doubtful debts	(1 668)	(1 668)	-	-
Total financial assets	48 154	29 563	18 591	-

38.5 Maturity analysis of financial assets and liabilities (continued)

	Carrying amount	Contractual maturities: Less than 1 year	1-5 years	More than 5 years
2014 (continued)	$'000	$'000	$'000	$'000
Financial liabilities:				
Financial liabilities at cost:				
Payables	19 523	19 523	-	-
Borrowings	472 476	289 890	176 185	6 401
Total financial liabilities	491 999	309 413	176 185	6 401

38.6 Liquidity risk

Liquidity risk arises where Renewal SA is unable to meet its financial obligations as they fall due. Renewal SA settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

Renewal SA's exposure to liquidity risk is insignificant based on past experience and current assessment of risk. The largest risk is loan default by third parties secured over property assets, thus affecting Renewal SA's ability to service loans payable, and is assessed to be low. If default should occur, cash facilities have been secured to manage this risk in the short-term.

The carrying amount of financial liabilities recorded in note 38.1 represents Renewal SA's maximum exposure to financial liabilities.

38.7 Market risk

Market risk for Renewal SA is primarily through price risk. Prices for residential, industrial and commercial property have been depressed as a consequence of slow market conditions within the local South Australian and Adelaide markets. Renewal SA also has exposure to interest rate risk arising through its borrowings. Renewal SA's borrowings are managed through SAFA and any movement in interest rates are monitored regularly. There is no exposure to foreign currency risks.

38.8 Sensitivity analysis

A sensitivity analysis has not been undertaken for the interest rate risk of Renewal SA as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial. The impact of property price movements on the financial results is impractical to estimate as the analysis would be overly assumptive.

39. Net gain from administrative restructure

Transfer of assets from the South Australian Housing Trust

Pursuant to the provisions of section 23 of the *South Australian Housing Trust Act 1995*, the Minister for Social Housing, with the concurrence of the Treasurer, gazetted on 26 September 2013 the transfer of assets from the South Australian Housing Trust to Renewal SA effective 15 August 2013.

	2014
Renewal SA recognised the following income upon the transfer of these assets from the South Australian Housing Trust:	$'000
Net gain from administrative restructure	4 036
Net result	4 036

Renewal SA recognised the assets transferred from the South Australian Housing Trust in the Statement of Financial Position as follows:	
Inventories	4 036
Total assets transferred	4 036

Transfer of land and buildings from the Department of Planning, Transport and Infrastructure

The Administrative Arrangements (Transfer of Land to Urban Renewal Authority) Proclamation 2013 gazetted on 27 June 2013, transferred land defined by regulation under the *ASER (Restructure) Act 1997* as the site, from the Minister for Transport and Infrastructure to Renewal SA effective 30 June 2013.

	2013
Renewal SA recognised the following income upon the transfer of the ASER site on 30 June 2013:	$'000
Net gain from administrative restructure	81 800
Net result	81 800

Transfer of land and buildings from the Department of Planning, Transport and Infrastructure (continued)

	2013
Renewal SA recognised the following assets upon the transfer of the ASER site on 30 June 2013:	$'000
Investment property	81 800
Total assets transferred	81 800

40. Transactions with SA Government

		SA Government		Non-SA Government		Total	
		2014	2013	2014	2013	2014	2013
	Note	$'000	$'000	$'000	$'000	$'000	$'000
Income							
Revenues from sales	4	1 556	1 703	62 297	85 642	63 853	87 345
Cost of sales	4	(971)	(1 209)	(32 585)	(30 321)	(33 556)	(31 530)
Gross profit		585	494	29 712	55 321	30 297	55 815
Share of net profits of joint ventures	5	-	-	3 820	7 566	3 820	7 566
Revenues from Commonwealth and SA Government	6	9 729	4 188	1 560	-	11 289	4 188
Interest revenues	7	409	308	1 690	2 715	2 099	3 023
Property income	8	7 639	1 123	18 191	19 600	25 830	20 723
Other revenues	9	4 587	4 147	3 181	488	7 768	4 635
Net gain from disposals	10	-	-	1 277	-	1 277	-
Net gain from administrative restructure	39	4 036	81 800	-	-	4 036	81 800
Total income		26 985	92 060	59 431	85 690	86 416	177 750
Expenses							
Employee benefits expenses	11	2 509	2 178	18 150	15 802	20 659	17 980
Operating expenditure	14	35 006	16 767	32 532	28 049	67 538	44 816
Borrowing costs	15	13 683	8 885	2	-	13 685	8 885
Depreciation and amortisation	23	-	-	558	491	558	491
Impairment loss	5,21,22	-	-	23 183	98 385	23 183	98 385
Net loss from disposals	10	-	-	-	1	-	1
Total expenses		51 198	27 830	74 425	142 728	125 623	170 558
Financial assets							
Receivables	20	4 670	4 692	7 770	6 592	12 440	11 284
Mortgage debtor receivables	19	-	-	21 810	29 366	21 810	29 366
Allowance for doubtful debts	20	-	-	(1 668)	(579)	(1 668)	(579)
Total financial assets		4 670	4 692	27 912	35 379	32 582	40 071
Financial liabilities							
Payables	26	12 793	6 746	7 632	7 426	20 425	14 172
Borrowings	27	472 476	414 865	-	-	472 476	414 865
Total financial liabilities		485 269	421 611	7 632	7 426	492 901	429 037

WorkCover Corporation of South Australia

Functional responsibility

Establishment

The WorkCover Corporation of South Australia (the Corporation) was established under the *WorkCover Corporation Act 1994* to administer the WRCA.

Functions

The main objectives of the Corporation are to reduce the incidence and severity of work related injuries and to fairly compensate and rehabilitate injured workers while keeping employers' costs to a minimum.

The Corporation administers four funds, the main fund being the Compensation Fund. Refer note 1 to the financial statements which describes the nature of operation of the funds.

Regarding the Compensation Fund, employers must pay a premium to the Corporation based on remuneration provided to their workers and, for certain employers, their claims experience. The Corporation invests the premium revenue until it is needed to compensate and rehabilitate injured workers. The premium revenue is also used to pay administration expenses and claim management fees. The claim management fees are paid to Employers Mutual Limited (EML) and Gallagher Basset Services Pty Ltd (GB). EML was the Corporation's sole agent in managing and providing workers compensation and rehabilitation. From 1 January 2013 this responsibility was split equally between EML and GB.

Legislative changes

On 17 June 2008 the South Australian Parliament passed the *Workers Rehabilitation and Compensation (Scheme Review) Amendment Act 2008* which made some significant legislative amendments to the WorkCover Scheme (the Scheme). The amendments made changes to both the WRCA and the *WorkCover Corporation Act 1994*. Many of the changes to the Scheme (that would particularly affect the Compensation Fund) came into effect on 1 July 2008, with some of the more complex changes following later.

WRCA

Amendments to this Act were aimed at significantly increasing worker return to work rates in South Australia thereby minimising the negative impacts of injured workers remaining on the Scheme, and enabling a reduction in the cost of premiums paid by employers and ensuring the achievement of full funding.

A notable change included work capacity reviews to strengthen the test that determines whether an injured worker is well enough to return to work or is entitled to ongoing compensation beyond 2.5 years.

Other amendments changed the method for determining premiums from 1 July 2012. In 2009-10 the Corporation stopped its bonus penalty scheme whereby an employer's levy (premium) would be adjusted for a bonus or penalty depending on whether they were a higher or lower claims risk based on their past claims history. The Corporation did not introduce an alternative to the bonus penalty scheme until 1 July 2012. On this date a new employer premium system commenced. It introduced claims experience rating for medium and large employers. Small employers pay the base premium for their industry whilst other employers will generally pay the base premium for their industry rate adjusted for their claims experience. Employers with poor claims experience have to pay higher premiums than similar sized employers in the same industry with good claims experience. This new method provides financial incentives to employers to improve their claim performance by focusing on injury prevention and supporting injured workers to return to work. Overall the premium charged to all employers should result in the Board of Management's approved average premium rate of 2.75%.

WorkCover Corporation Act 1994

Amendments to this Act made changes to the governance arrangements of the Corporation.

A notable change was that the Corporation is required to be audited by the Auditor-General, effective 1 July 2008.

Proposed legislative change

As outlined in note 33 to the Corporation's financial statements, the SA Government introduced into Parliament in August 2014 a Bill to replace the WRCA.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 19 of the *WorkCover Corporation Act 1994* and section 31(1)(b) of the PFAA provide for the Auditor-General to audit the accounts of the Corporation 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 Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

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

Scope of the audit

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

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

- premiums
- investments
- workers compensation payments such as income maintenance and medical costs
- actuarial estimates of outstanding claim liabilities
- procurement activities
- general operating expenses such as payroll and other administrative expenses
- ICT infrastructure and systems.

The Corporation has a comprehensive internal audit program. Planned and actual internal audit activities for 2013-14 were considered and reviewed to assist the planning, conduct and assessment reporting for specific areas of the Corporation's operations that were subject to audit review.

Audit findings and comments

Auditor's report on the financial report

Since 2008-09 the Independent Auditor's Reports (IARs) on the financial reports of the Corporation have been unmodified. The IARs, however, have included a comment on the inherent uncertainty regarding the outstanding claims provisions and funding ratio implications.

The comment reflects acknowledgement of uncertainty about the financial impact of the 2008 legislative reforms on the Scheme. The impact of reform will only become clearer as actual claims experience emerges under the reforms in upcoming periods.

The legislative reform program came into effect on 1 July 2008, with reforms progressively implemented in 2008-09 and 2009-10. The nature of the comment included in the previous years' unmodified IARs remains relevant for the 2013-14 IAR in view of the reported performance of the Scheme for 2013-14.

The following is an extract from the 2013-14 IAR on the Corporation's 2013-14 report, which is unmodified and again includes the comment on the inherent uncertainty of the outstanding claims provisions and funding ratio implications.

> ***Opinion***
>
> *In my opinion, the financial report gives a true and fair view of the financial position of the WorkCover Corporation of South Australia as at 30 June 2014, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the* Public Finance and Audit Act 1987 *and Australian Accounting Standards.*
>
> ***Inherent uncertainty - outstanding claims liability and funding ratio***
>
> *Without qualification to the opinion expressed above, attention is drawn to notes 4, 21 and 22 to the financial statements.*
>
> *There is significant uncertainty surrounding the financial impact of the WorkCover Scheme legislative reform program. As the reform program was progressively implemented in 2008-09 and 2009-10 its impact will only become clearer as outstanding claims experience emerges in future financial periods. If in future years the actual cost of claims described in notes 21 and 22 are greater than the balances recorded in the financial statements, this will adversely impact the funding ratio described in note 31 and the future average premium rate. The Board of Management will need to take this matter into account when setting the average levy rate in future years.*

Assessment of controls

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

Communication of audit matters

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

Premiums

The Corporation's auditing of declared workers' remuneration and data matching with other government agencies

The Corporation has implemented a number of Audit's previous recommendations to improve controls over premiums. In particular, the Corporation:

- expanded its audit of the validity and accuracy of workers' remuneration declared by certain types of employers to also include the audit of declarations made by a representative sample of all employers. The declarations made by employers are used to calculate their premiums. The results of the audits enabled the Corporation to conclude that employers in general were making valid and accurate declarations

- compared its data with other Government agencies, such as RevenueSA and the ATO, to detect employers not registered with the Corporation who consequently have not paid any premiums and to identify employers significantly misstating their declared workers' remuneration, hence not paying the correct premium.

The audit of premiums did not identify any matters of concern that required management attention.

Workers compensation monitoring controls

The claims agent agreements (CAA) between the Corporation and its two claim agents (EML and GB) require claim agents to determine compensation and approve payments in accordance with the CAA and the law, the most relevant law being the WRCA.

The CAA includes processes for auditing and penalising claim agents for not determining and paying compensation correctly and for not quickly getting injured workers back to work. The penalties involve reducing performance fee components of claim management fees for not achieving key performance indicators (KPIs) and performance targets set from time to time by the Corporation. KPI targets are linked to determining and paying workers compensation correctly whilst performance targets are linked to quickly getting injured workers back to work.

The CAA specifies an internal auditing framework to monitor the achievement of KPIs and performance targets. The audits in the framework comprise the:

- Claim Agent External Assurance program
- claim agent's own quality assurance audits
- KPI audits
- Active Management program including special purpose reviews.

Audit identified the following opportunities to improve the internal audit framework.

Potential duplication in internal audit framework

Audit recommended the structure of the internal auditing framework be reviewed to identify and remove any unnecessary duplication of assurance processes. For example, the KPI audit program may be achieving the same goals as the audits performed under the Claim Agent External Assurance program which are both funded by the Corporation. Duplicated assurance processes may result in unnecessary costs and increased disruptions to claim agent officers.

The Corporation responded that it will redesign the assurance framework and associated programs.

Completeness of Agent Performance Operational Risk Register

The Agent Performance Operational Risk Register is a key document for providing the Corporation with assurance that all requirements of the WRCA are covered by a control and is integral to the Claim Agent External Assurance program. Similar to prior years, Audit identified issues with the completeness of the register. In particular, Audit noted this year that it omitted the WRCA requirements for claim determinations.

The Corporation responded that it will consider improving the WRCA mapping in the register.

Timeliness of reporting claim agent issues to the Corporation's audit committee

The Claim Agent External Assurance program requires the two claim agents to certify at the end of each year that their controls in the Agent Performance Operational Risk Register have been operating throughout the year. The two claim agents are each required to have an auditing firm provide an independent opinion on the reasonableness of the design and operation of certain agent controls included in the register. The Corporation's audit committee is notified of deficiencies in controls operating at claim agents when it receives the opinions of the auditing firms after the end of the financial year. Audit noted that the audit committee is not provided with the results and findings of the following audits and reviews conducted earlier during the year:

- claim agents' own quality assurance audits
- KPI audits
- Active Management program, including special purpose reviews.

Audit noted the issues detected across these different forms of audit are often consistent. Hence, providing the audit committee with the results and findings of these audits periodically would keep it more abreast of emerging issues and risks at claim agents and remedial action being taken on issues identified.

The Corporation responded that it agreed that expanded interaction with the audit committee would be beneficial and has proposed the implementation of an assurance scorecard.

KPI targets and determining the cost of errors made by claim agents

Fee penalties for not achieving KPI targets must be sufficient enough to ensure the risks and potential costs of incorrectly providing compensation are transferred from the Corporation to the claim agents. Audit recommended the value of errors, unreported overpayments and missed recoveries detected by KPI audits be projected across the whole Scheme to estimate the value of undetected errors. This would assist senior management in determining whether fee penalties and KPI targets have been set at sufficient levels.

The Corporation responded that it:

- considers the KPI audit sampling methodologies are in line with standard statistical methodology

- continues to design and implement KPIs that recognise the most important areas of compliance to monitor which provide acceptable levels of assurance and achieve continued Scheme improvement

- has comprehensive overpayment processes in place at claim agents and the Corporation which have a direct interface with operations staff at the claim agents to develop and implement appropriate corrective actions
- monitors trends and performance closely with the claim agents on a monthly basis.

Audit will continue to review these processes and monitoring measures.

Workers compensation system controls

The Corporation's main system application for managing workers compensation is Curam. The claim agents manage workers compensation using this system together with their own processes and system controls.

Audit noted a number of issues with the system controls of claim agents, including some issues that have been raised in prior years. Audit considers the application of the KPI audit program, if appropriately applied, will induce claim agents to address those system control issues.

The Corporation responded that it is moving to an enhanced assurance model for the 2015 calendar year with supporting programs designed to meet the needs of technical, financial and service reform that will drive continuing performance and governance in the Scheme.

The main issues with claim agent processes and system controls together with the Corporation's responses are detailed below.

Determination of eligibility of claims for workers compensation

Audit testing identified some checklists were missing that case managers use to evidence critical checks performed when determining the eligibility of injured workers to compensation under the WRCA. Furthermore, one claim agent was not requiring its supervisors to always check the decisions of case managers to accept claims involving income maintenance before notifying the workers of their decisions. Not performing these checks increases the risk of ineligible claims being accepted thus increasing the Corporation's claim liabilities.

Audit's review of the results of the Corporation's KPI audit for the three months to 31 March 2014 indicated the Corporation had concluded all claims audited were correctly assessed. Irrespective of these results Audit recommended that, due to the Corporation's significant reliance on the KPI audit program, its effectiveness be independently reviewed to ensure it is providing reasonable assurance through statistical evidence that only claims eligible for compensation are accepted by the claim agents. This recommendation was also made against the background of a quality assurance audit conducted by a claims agent in November 2013 of a sample of claims to assess whether an independent medical examination or factual investigation had been considered where appropriate and arranged promptly. The claims agent concluded this had not occurred for a significant number of the claims examined.

The Corporation responded that it is satisfied that appropriate controls are in place at claim agents to ensure accurate and timely determination decisions are made. The Corporation also advised that it is moving to an enhanced assurance model for the 2015 calendar year.

Determination of income maintenance entitlements

The WRCA requires income maintenance determination for new claims be based on the worker's pre-injury earnings and used as the basis for calculating the worker's ongoing weekly income maintenance payments.

Audit testing identified some income maintenance determinations for new claims were not checked properly for completeness, accuracy and correct keying into Curam. The Corporation advised that the results of its KPI audits indicated about 93% of income maintenance determinations were completely and accurately determined. The Corporation further advised this was above the KPI target for this item.

Audit noted that the 7% of determinations that were not completely and accurately determined may cause ongoing under or overpayments. Audit also noted that even small percentages of inaccurate determinations could, in the longer term, result in significant costs to the Corporation given income maintenance forms the majority of the Corporation's outstanding claims liability of $3.8 billion.

Given the potential significant costs associated with this issue, Audit recommended the effectiveness of the KPI audit program be independently reviewed to ensure it is providing reasonable assurance through statistical evidence that income maintenance determinations are complete, accurate and correctly keyed into Curam and, where appropriate, quantifies and penalises claim agents for the potential cost of mistakes.

The Corporation responded that it considers the KPI audit sampling methodologies are in line with standard statistical methodology. The Corporation also advised that it is moving to an enhanced assurance model for the 2015 calendar year.

Waiver of employer's obligation to pay the first two weeks of income maintenance

Audit testing identified some employers had their obligation to pay the first two weeks of income maintenance of an injured worker waived without satisfying the criteria specified in the WRCA. Furthermore, prerequisites for a waiver on the checklists used by the claim agents were not consistent with the WRCA. Providing waivers in contravention of the WRCA results in overpayments.

The Corporation responded that it will raise and discuss checklists and controls with claim agents and is developing a system report to better monitor the application of waivers.

Application of income maintenance reductions

Audit noted some income maintenance reductions called step downs were not applied on time at the intervals required by the WRCA. Applying step downs late will cause overpayments.

The Corporation responded that both the Corporation and claim agents now monitor missed step downs through a newly developed report.

Validating requests from employers for reimbursement of wages for time not worked by injured workers

Audit noted that case managers were not required to evidence their check of weekly payment reimbursement request forms against the worker's expected reduced earnings based on their knowledge of the worker's degree of incapacity. Employers who pay the workers' entire income maintenance entitlement use these forms to seek reimbursements for the time not worked by the worker. The check by the case managers is necessary to confirm the validity of earnings stated by employers on the forms and authenticity of attached pay slips. Not performing this check increases the risk of invalid reimbursement requests being paid to employers. Income maintenance reimbursements paid to employers in 2014 were $64 million.

The Corporation responded that it will modify the weekly payment reimbursement request forms to include a confirmation by the case manager (or other delegate) that the worker's reduced earnings are consistent with their knowledge of the worker's degree of incapacity.

Validating requests from workers to top-up their wages

Audit noted that case managers were not required to evidence their check of income maintenance top-ups requested by each worker against the worker's expected earnings based on their knowledge of the worker's degree of incapacity. Workers seek top-ups when their employers pay them a wage based on their actual earnings that is below their income maintenance entitlement. The check by the case managers is necessary to confirm the authenticity of pay slips or validity of earning declarations submitted by workers in support of their top-up requests. Not performing this check increases the risk of invalid top-up requests being paid to workers.

The Corporation responded that it will discuss options for improved controls with the claim agents.

Referral to specialist recovery officers of monies potentially recoverable from parties who injured workers

Audit noted that some claims meeting the Corporation's criteria for potential recovery of monies from parties that injured workers were not referred by case managers to specialist recovery officers to assess the viability of such recoveries. Compensation Fund recoveries reduced from $21 million in 2013 to $16 million in 2014 whilst Compensation Fund claim payments increased from $439 million in 2013 to $473 million in 2014.

The Corporation responded that it will implement a governance framework to monitor the recovery programs of claim agents.

Review of reports identifying multiple service plans for the same items

Audit noted that reports were not reviewed to identify the potential for case managers to spread invoices for medical, physiotherapy and other treatment items across multiple service plans in Curam to possibly authorise expenditure above their limits. This increases the risk of potential over servicing by providers. Payments to providers are significant. For example, payments in 2014 for medical treatment were $81 million and for hospital treatment $14 million.

The Corporation responded that it will discuss the findings further internally with a view to developing better exception reporting to identify non-conformances.

Review of report of possible lump sum overpayments

At the time of audit in April 2014, reports that identified possible overpaid lump sum amounts for non-economic loss were not being reviewed by claim agents. The Corporation developed the report for claim agents to review in response to Audit's testing of transactions in 2013, which identified an instance of a control being evidenced by a claim agent as performed but which had not been performed properly, resulting in a lump sum overpayment of $214 000. After April 2014, the Corporation advised that it now reviews the overpayments report in addition to the claim agents' review. Lump sum payments in 2014 were $47 million.

The Corporation responded that it will continue to reinforce to claim agents to review the overpayments report.

Procurement of curative and therapeutic devices

The Corporation had not established a framework and controls for the procurement of housing modifications, motor vehicle modifications and curative and therapeutic devices. There was also no requirement to obtain evidence that the goods had been delivered and meet required specifications. Payments for curative and therapeutic devices increased by almost $2 million to $10 million in 2014.

The Corporation responded that it agrees that the procurement of such goods requires further consideration.

Information and communications technology and control

The Corporation maintains a number of ICT systems to support day-to-day operations as well as being integral to the completeness and accuracy of its financial management, accounting and reporting. These systems include Curam and the WIRE data warehouse system.

The Corporation has continued to maintain strong internal audit review activity of its systems and facilities during 2013-14. This internal audit coverage involved review of key internal ICT controls including computer operations, IT security (database, application and operating systems), access to programs and data and program changes. Testing was also undertaken of controls in place to ensure the integrity of certain key reports available on the WIRE data warehouse system.

The internal audit ICT report raised no significant matters requiring management attention.

Audit's review for 2013-14 took into account the Corporation's internal audit coverage and results and focused on obtaining a remediation status of the issues raised in last year's Report. These issues included:

- reviewing and updating ICT documentation consistent with the Corporation's ICT documentation register review cycle. In addition, the Corporation needed to ensure all ICT procedure documents were recorded in the register and procedure documentation was developed for the new claim agent engaged in 2012-13
- the system incident classification process within the Corporation's service desk system needed to be improved
- the payment card industry data security standard self-assessment (PCI DSS) questionnaire needed to be revisited, with regular monitoring of the wireless access points attached to the Corporation's network undertaken.

The Audit review concluded that the above issues had been appropriately addressed. In particular, policies and procedures had been incorporated into the ICT document register, and all documents were assigned to be reviewed on an as-needed basis. The Corporation had developed a generic procedure document that applied to both claims agents and the incident classification had been revised appropriately. Lastly, the PCI DSS compliance questionnaire had been reviewed and an external firm had been engaged to commence quarterly scanning of wireless access points.

Interpretation and analysis of the financial report

Highlights of the financial report (WorkCoverSA)

	2014 $'million	2013 $'million
Underwriting result		
Registered employer premium revenue	662	667
Claims paid	(474)	(441)
Claim recoveries	20	22
Increase in net outstanding claims liability	(122)	(373)
Claim management fees	(65)	(44)
Other underwriting expenses	(15)	(11)
Underwriting result	6	(180)

	2014 $'million	2013 $'million
Net investment and other income		
Net investment profit	285	249
Other income	19	20
Net investment profit (loss) and other income	304	269
Operating expenses		
Employee benefit expenses	(34)	(33)
Other expenses	(42)	(38)
Total operating expenses	(76)	(71)
Result from operating activities	234	18
Other comprehensive income		
Remeasurements of defined benefit liability	1	5
Total comprehensive result	235	23
Net cash provided by (used in) operating activities	184	213
Assets		
Investments	2 647	2 258
Other assets	120	140
Total assets	2 767	2 398
Liabilities		
Outstanding claims	3 848	3 725
Other liabilities	51	39
Total liabilities	3 899	3 764
Total equity	(1 132)	(1 366)

Statement of Comprehensive Income

Total comprehensive result

The comprehensive result of the Corporation depends significantly on:

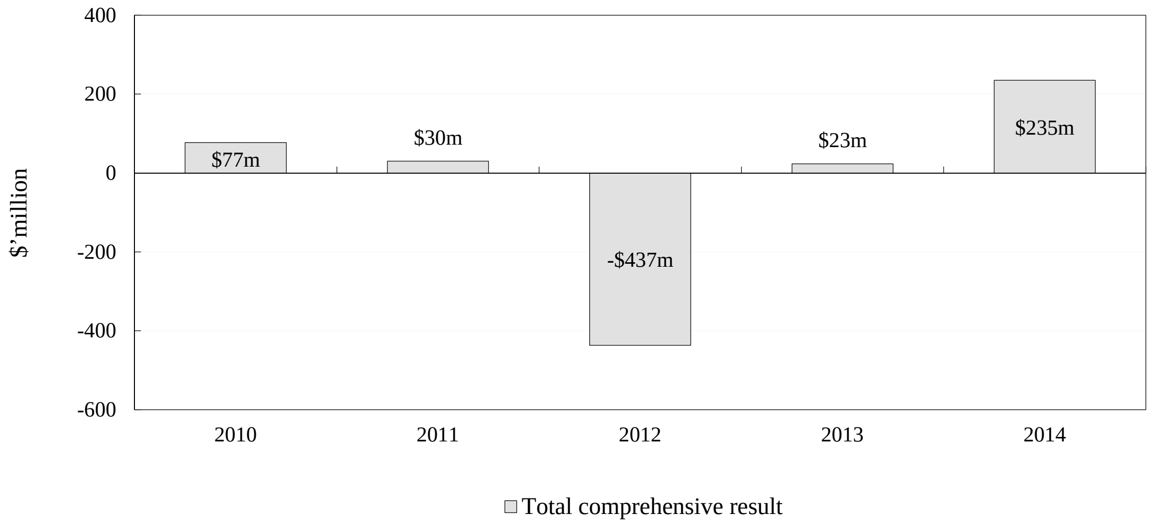
- premium rates being set before the start of the financial year with the aim of ensuring premium revenue and investment income will at least cover the cost of new claims received during the financial year and administrative costs. The premium setting process depends significantly on the actuarial estimate of the cost of new claims likely to be received during the forthcoming year and other factors determined by the Board of Management of the Corporation

- actuarial estimate of the outstanding claims provision

- the market value of its investments.

The total comprehensive result for the year was a profit of $235 million ($23 million). The $212 million increase in the total comprehensive result was due mainly to an increase in net investment profit of $36 million coupled with a $186 million improvement in the underwriting result caused mainly by a lower increase in the net outstanding claims liability.

The following chart shows the total comprehensive result of the Corporation for the five years to 2014.



Underwriting result

The underwriting result is essentially registered employer premium revenue less claims expense. Investment income does not form part of the underwriting result. AASB 1023 requires the underwriting result to be shown separately in the Statement of Comprehensive Income to help show the extent to which underwriting activities rely on investment income for the payment of claims.

There was a $186 million improvement in the underwriting result reflecting:

- a $251 million lower increase in the actuarial estimate of the net outstanding claims liability comprising:

  — a $274 million lower increase in the actuarial estimate of net outstanding claims liability of the Compensation Fund which moved from a $389 million increase at 30 June 2013 to a $115 million increase at 30 June 2014. The increase in the liability at 30 June 2014 is due mainly to inflation on benefits and changes in inflation and discount rate assumptions together with increases that usually occur when new long-term claims are received. This is reflected in the weighted average expected term to settlement of claims increasing from 8.9 years in 2013 to 9.5 years in 2014

  — offset by a $23 million higher increase in the net outstanding claims liability for the Statutory Reserve Fund which moved from a decrease of $16 million at 30 June 2013 to an increase of $7 million at 30 June 2014. The increase of $7 million comprised a $3 million increase in the actuarial estimate due mainly to a decrease in the discount rate and a $4 million reduction in claim recoveries receivable which were actually received in 2014

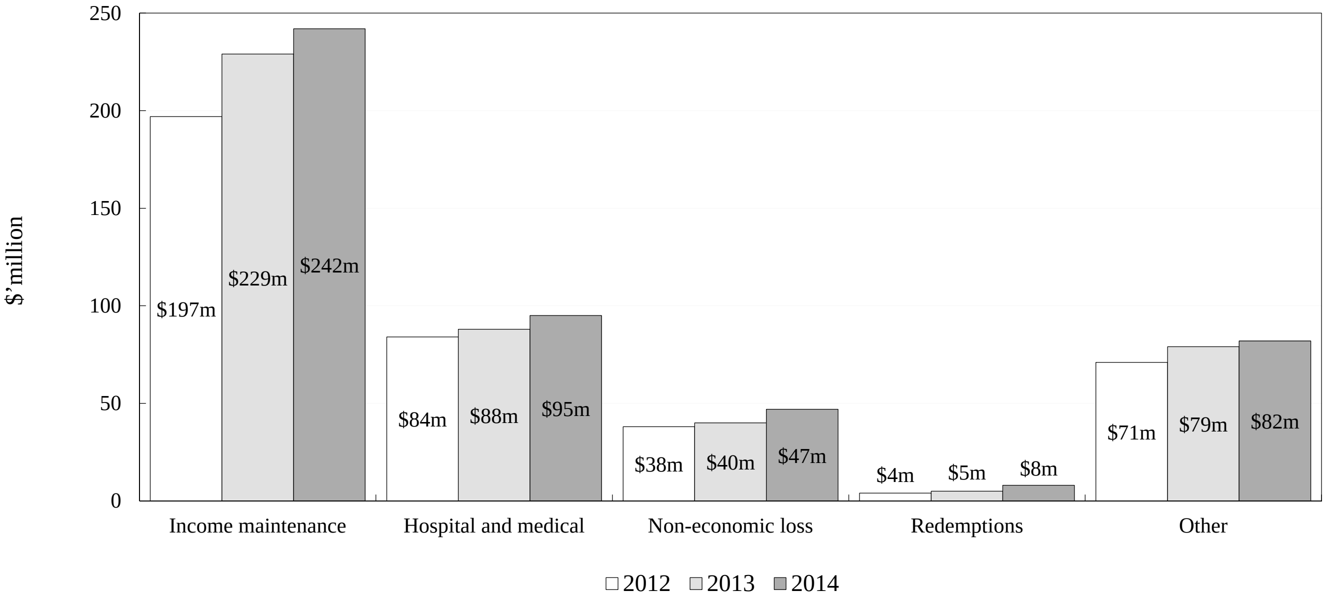
- a $33 million increase in claim payments across all Funds due mainly to higher income maintenance payments and higher legal costs, resulting from higher referrals for advice and higher numbers of workers disputing determinations to cease their benefits as a result of more timely performance of work capacity assessments by claim agents

- a $21 million increase in claim management fees due mainly to higher performance fees coupled with incentives paid to claim agents to implement the Corporation's new initiatives. For example, the Corporation's new claim acceptance and response initiatives which the Corporation's actuary considers are impacting favourably on the outstanding claims liability

- a $5 million decrease in premiums due mainly to changing the method of calculating each experience rated employer's hindsight premium adjustment at year end. The hindsight premium calculation previously used the higher of each claim estimate or paid cost for both open and closed claims. However, for closed claims the Corporation considers that amount actually paid is the most accurate value of the claim's cost, hence this is now used when determining the hindsight premium adjustment for closed claims.

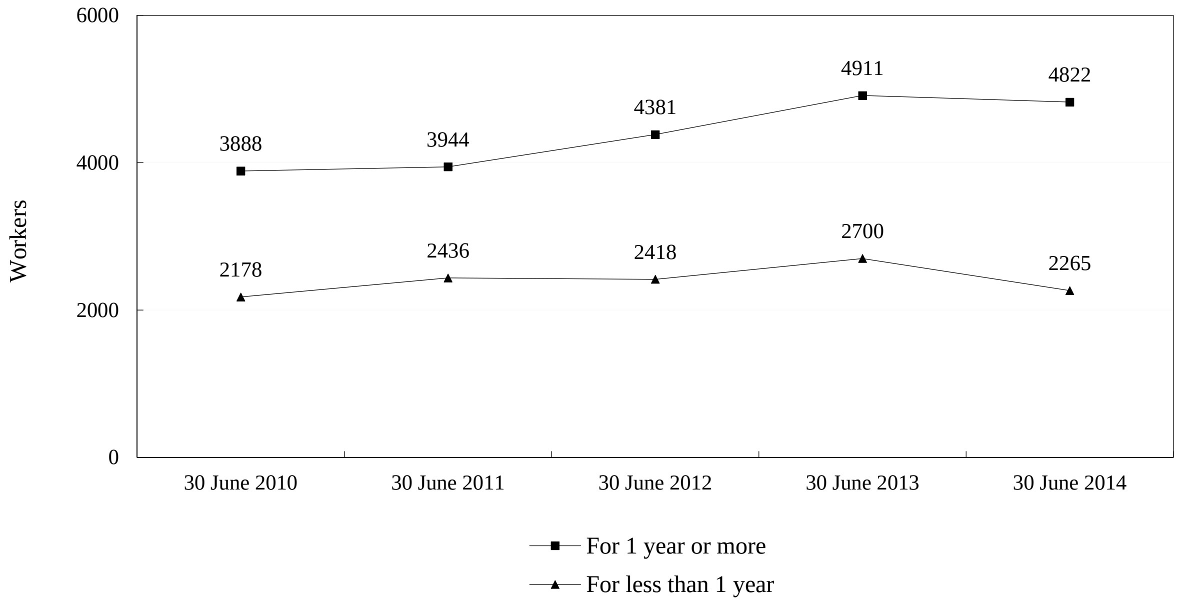
Claim payments

The following chart analyses claim payments for the three years to 2014.



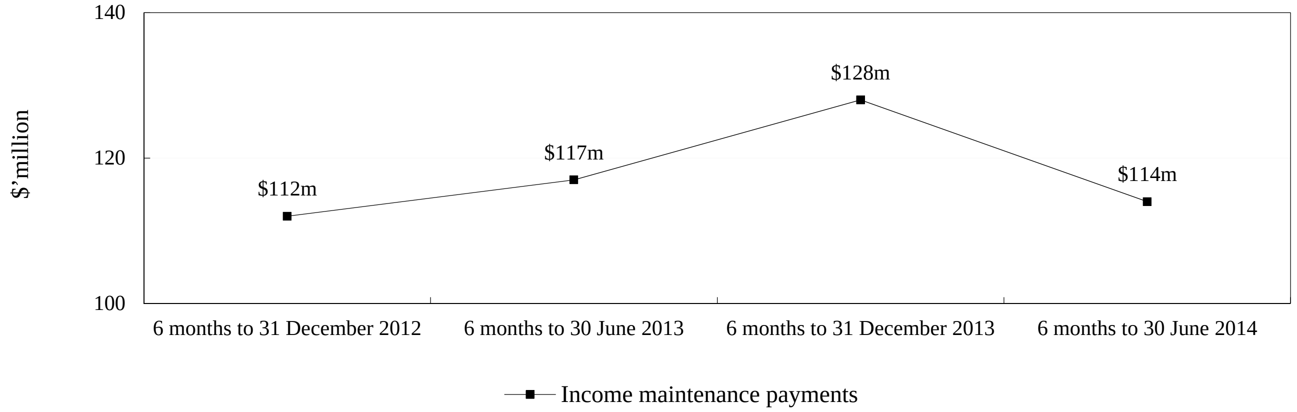
The above chart shows the growth in claim payments due mainly to more workers receiving benefits until late 2013. Thereafter, the new initiatives of the Corporation resulted in reductions in the number of workers receiving benefits. Although claim payments increased in 2014, the new initiatives reduced income maintenance after late 2013 as reflected in the following two charts.

The change in the number of workers receiving income maintenance is reflected in the following chart.



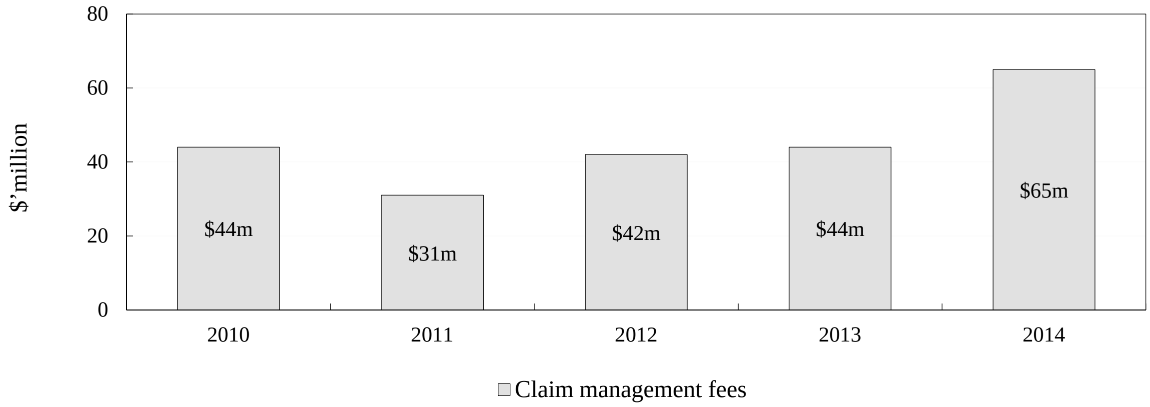
The numbers shown in the above chart were provided by the Corporation and are unaudited.

The previous chart shows that up until 2013 the number of workers receiving income maintenance for a year or more was increasing but has reduced in 2014. The Corporation's actuary has attributed the reduction to the Corporation's new claim acceptance and response initiatives, progressively implemented in late 2013, together with an increased focus on improving the timeliness of the claim agents' conduct of work capacity assessments. According to the Corporation's actuary, about 75% of the assessments have resulted in a determination to cease benefits. The following chart shows income maintenance payments were increasing until the introduction of the initiatives.



Claim management fees

The following chart shows claim management fees for the five years to 2014.



Claim management fees are paid to EML and GB for managing workers compensation claims and rehabilitation. Claim management fees are earned by the claim agents in accordance with the CAA on a calendar year basis.

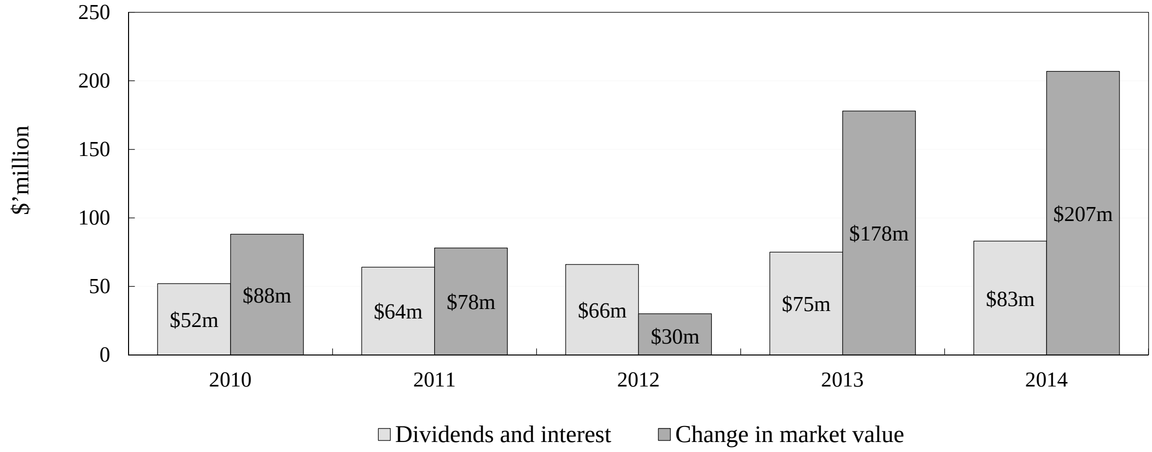
EML was the Corporation's sole agent in managing and providing workers compensation and rehabilitation. From 1 January 2013 this responsibility was split equally between EML and GB. The claim management fees were higher in 2010 mainly due to higher performance fees for reducing the number of long-term benefit claims, essentially by using Scheme monies to pay these injured workers redemptions. The method of determining performance fees, coupled with stricter laws that virtually ended redemptions in September 2010, made it harder for the claim agents to earn performance fees. Instead of paying workers redemptions to exit the Scheme, thus reducing the outstanding claims liability, they had to focus more on rehabilitating workers back into the workforce.

In 2012 the method of determining the performance fees was amended resulting in higher fees. In 2013 the new contractual arrangement with the two claim agents resulted in the method of determining the performance fees being amended again resulting in higher fees. The higher fees in 2013 also resulted from more claims to manage and transition costs associated with moving from one claim agent to two claim agents. The amended method of determining performance fees resulted in claim management fees continuing to increase in 2014. The higher fees in 2014 also resulted from incentives paid to claim agents to implement the Corporation's new initiatives. For example, the Corporation's new claim acceptance and response initiatives which are impacting favourably on the outstanding claims liability.

Investment profits

The Corporation's investment profits have fluctuated significantly over recent years as a result of changes in the market value of its investments which depend on financial market conditions. Financial markets improved significantly in 2013 and 2014.

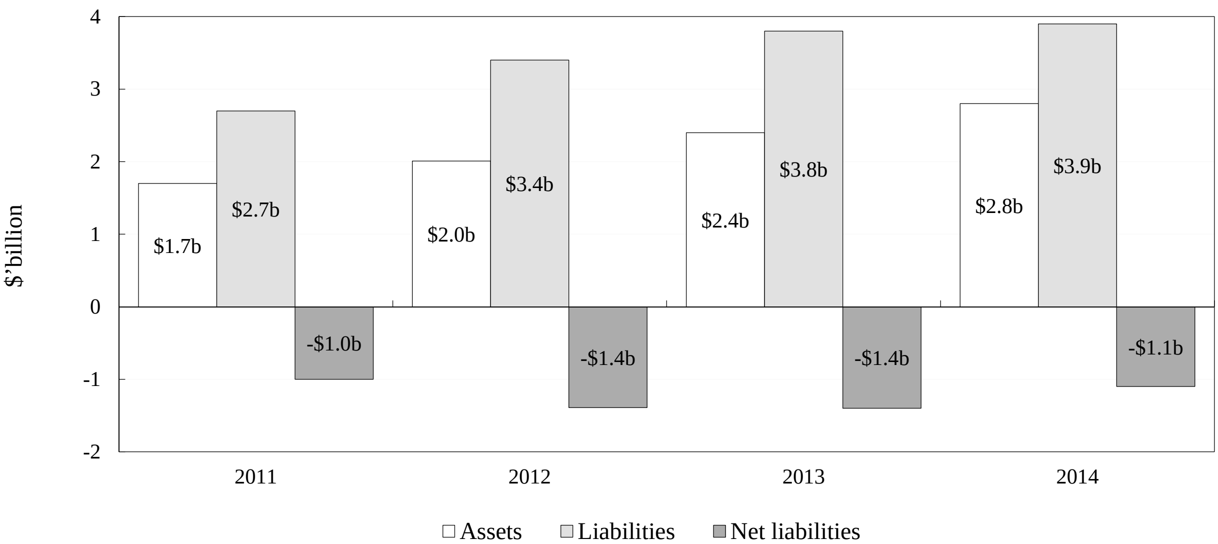
The following chart shows the investment income of the Corporation for the five years to 2014.



Statement of Financial Position

The net liabilities of the Corporation reduced by $234 million in 2014 due mainly to an increase of $389 million in investments offset by a reduction of $20 million in other assets and an increase of $123 million in the outstanding claims liability. The reduction of $20 million in other assets was due mainly to the $12 million increase in premium refunds payable which were offset against receivables. The increase in premium refunds payable was due to changing the method of calculating each experience rated employer's hindsight premium adjustment at year end.

The following chart analyses the assets and liabilities of the Corporation for the four years to 2014.



Outstanding claims - Compensation Fund

Outstanding claims for the Compensation Fund comprised 96% (97%) of the Corporation's liabilities. The outstanding claims liability covers expected future payments including those related to claims reported but not yet paid, incurred but not yet reported and incurred but underreported.

The liability is determined on the basis of consideration and assessment by the management and Board of Management of the Corporation of a comprehensive actuarial review of claims exposures by an independent actuary. Relevant information relating to the actuarial estimation of outstanding claims liabilities is provided in notes 4, 21 and 22 to the financial statements.

The actuarial estimation is primarily based on the observed post-legislative reform experience to date, although some judgement is still required about the future outworkings of the reform implementation. This acknowledges, as previously commented, that legislative reform came into effect from 2008 and its impact will only become clearer as actual claims experience emerges under the reforms. Further, note 21 specifies the nature of a number of key uncertainties associated with the actuarial estimation. Of particular note are the uncertain favourable effects of the Corporation's new claim acceptance and response initiatives. The independent actuary made reference in their report to the following initiatives:

- the Corporation's changes made progressively in late 2013 to speed up claim determination decisions to accept or reject claims. In particular, mental injury claims that would have previously received up to 13 weeks of provisional liability benefits will now have their determination made within one or two weeks
- the employment of 'early return to work' consultants by claim agents to visit small employers usually within 48 hours of a worker being injured. Most of these employers have very infrequent claims, so the consultant guides them and the injured worker through the recovery and return to work process. This is coupled with the utilisation of job placement agencies to help workers with job skills find new employment where a return to the pre-injury employer is not possible.

There are also the uncertain effects of the Corporation's increased focus on improving the timeliness of the claim agents' conduct of work capacity assessments of workers receiving income maintenance for 130 weeks. According to the actuary, since late 2013 about 75% of assessments have resulted in a determination to cease benefits with a dispute rate of about 55% on these decisions. There are uncertainties associated with the outcomes of workers disputing these assessments.

The actuarial estimate of the net outstanding claims liability moved from a $389 million increase at 30 June 2013 to a $115 million increase at 30 June 2014. The central estimate of the liability increased at 30 June 2014 due mainly to inflation on benefits and changes in inflation and discount rate assumptions with the remainder of the increase mainly due to new long-term claims received during 2014. The liability for long-term claims may extend for many years beyond the current year causing the liability to grow. The rate of growth is not being offset by workers with large outstanding claims liabilities exiting the Scheme. This is reflected in the weighted average expected term to settlement of claims increasing from 8.9 years in 2013 to 9.5 years in 2014 (refer note 21(a)).

Although changes to discount and inflation rate assumptions are impacted by events outside of the Corporation's control, the actuary determines the rates. The actuary reduced the discount rate from 4.4% in 2013 to 4.16% in 2014. A decrease in the discount rate by 1% results in an increase in the liability of $308 million. Meanwhile the actuary reduced the inflation rate for income maintenance, medical, legal and other costs by 0.25%. A 1% decrease in inflation rates reduces the liability by $359 million. Note 21(f) to the financial statements provides an analysis of the sensitivity of the outstanding claims liability to changes in discount and inflation rates.

Legislative reform and other developments affecting the uncertainty of the outstanding claims liability

Amendments to the WRCA in 2008 were aimed at significantly increasing worker return to work rates in South Australia, thereby minimising the negative impacts of injured workers remaining on the Scheme, and enabling a reduction in the cost of premiums paid by employers and ensuring the achievement of full funding.

However, there remains uncertainty around the effectiveness of these legislative reforms potentially affecting the uncertainty of the outstanding claims liability estimate. This matter is outlined in more detail together with other developments affecting the uncertainty of the outstanding claims liability estimate in note 21(a) to the financial statements.

Audit noted that amendments to the WRCA in 2008 affecting the uncertainty of the outstanding claims liability include:

- work capacity review experience and the extent to which future outcomes regarding long-term benefit claims are affected by the review process
- the outcomes of claims with pending disputes
- the mix of claims moving into the tail over time (becoming long-term benefit claims) which is different from the past after the removal of redemptions and the introduction of work capacity reviews.

The uncertainty of the outstanding claims liability estimate is also affected by amendments to the WRCA that changed the method for determining premiums from 1 July 2012. The intention of the changes is to increase the engagement of employers in the prevention and management of workplace injuries.

Probability of sufficiency

As disclosed in note 21 the estimate of outstanding claims liability is determined by reference to a 65% probability that the provision for outstanding claims will be adequate. The performance statement of the Corporation for 2013-14 authorised by the Treasurer and the Minister for Industrial Relations requires it to estimate its claims liabilities using a risk margin with at least 65% probability of sufficiency for the net liability. The Australian Prudential Regulation Authority sets a minimum of 75% in its Prudential Standard GPS 320. Public sector entities are not bound by this requirement. It is noted that the Motor Accident Commission uses 80% and some other schemes in Australia, some of which are fully funded, currently use 75%.

The impact of using a 75% probability of sufficiency on the outstanding claims liability is shown in note 21(f) to the financial statements.

Funding position

Note 31 to the financial statements discusses the funding position of the Corporation. There was an increase in the funding ratio from 63.7% as at 30 June 2013 to 71% as at 30 June 2014 mainly due to investments increasing by $389 million offset by an increase of $123 million in outstanding claims.

Investments

The Corporation's investment portfolio of $2.6 billion ($2.3 billion) mainly comprises investments in pooled funds, discrete mandate funds and fixed-term deposits.

Pooled funds

The Corporation trades unit holdings in pooled funds that have characteristics consistent with the Corporation's fund manager guidelines. Other organisations besides the Corporation also hold units in the pooled funds.

Discrete mandate funds

The Corporation has agreements with firms (fund managers) to manage investment portfolios in accordance with the Corporation's investment guidelines.

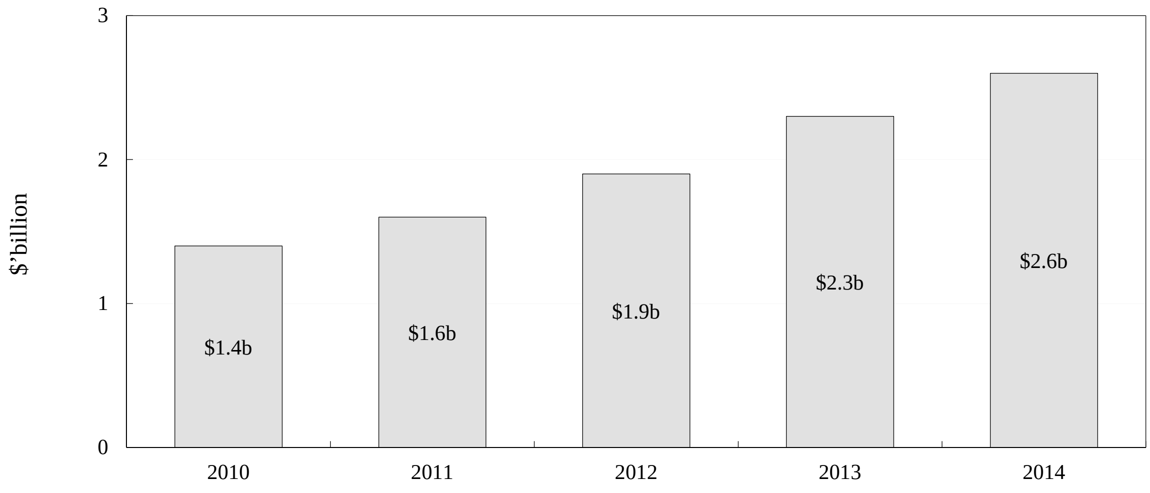
Custodian

The Corporation has appointed the National Australia Bank to be custodian of the pooled funds and discrete mandate funds.

Investment decisions

Investment officers of the Corporation implement the Corporation's investment strategy which involves balancing the investment portfolio held in pooled funds, discrete mandate funds and fixed-term deposits to minimise risk and achieve target returns. The investment officers also receive expert advice on investment matters from an external consultant.

The following chart shows the market value of the Corporation's investments for the five years to 2014.



Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Premium revenue	7(a)	662 454	667 375
Cost of claims	8	(583 647)	(794 905)
Claims management fees		(64 982)	(44 371)
Ombudsman, tribunal and panel fees	9	(8 239)	(7 674)
Underwriting result		5 586	(179 575)
Net investment profit	10	285 307	248 960
Self-insured employer fee	7(b)	17 694	18 095
Other income	7(c)	1 559	1 860
Net investment profit (loss) and other income		304 560	268 915
SafeWork SA		(11 396)	(11 281)
Return to Work Fund		(1 353)	(490)
General operating expenses	11	(63 275)	(59 483)
Total operating expenses		(76 024)	(71 254)
Result from operating activities		234 122	18 086
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit liability	13(b)	751	4 606
Total comprehensive result		234 873	22 692

Total comprehensive result is attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2014

	Note	2014 $'000	2013 $'000
Assets:			
Cash	14	3	5
Trade and other receivables	15	87 570	101 459
Investments	16,25	2 646 525	2 257 644
Property, plant and equipment	17	7 903	8 826
Intangible assets	18	25 535	29 923
Total assets		2 767 536	2 397 857
Liabilities:			
Trade and other payables	20	34 269	20 758
Outstanding claims	21,22	3 847 585	3 725 125
Employee benefits	13	16 484	17 046
Provisions	23	754	1 357
Total liabilities		3 899 092	3 764 286
Net assets (liabilities)		(1 131 556)	(1 366 429)
Equity:			
Retained earnings		(1 131 556)	(1 366 429)
Total equity		(1 131 556)	(1 366 429)

Total equity is attributable to the SA Government as owner

	Note
Commitments	28
Employer financial guarantees	29
Contingent liabilities	30

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

	2014 $'000	2013 $'000
Total equity at 1 July	(1 366 429)	(1 389 121)
Total comprehensive result	234 873	22 692
Total equity at 30 June	(1 131 556)	(1 366 429)

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

Statement of Cash Flows
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities:			
Premium receipts		763 391	760 268
Claim recoveries		22 195	24 213
Other receipts		1 862	3 375
Claim and other related payments		(508 216)	(471 546)
Interest received		41 894	37 971
Dividends received		40 986	36 879
Other payments to suppliers and employees		(119 707)	(119 588)
GST		(53 858)	(54 312)
Investment expenses		(4 904)	(4 314)
Net cash provided by (used in) operating activities	24	183 643	212 946
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment		-	3
Proceeds from the sale of investments		1 446 211	584 656
Acquisition of property, plant and equipment		(1 650)	(237)
Acquisition of investments		(1 589 678)	(754 886)
Net cash provided by (used in) investing activities		(145 117)	(170 464)
Net increase (decrease) in cash and cash equivalents		38 526	42 482
Cash and cash equivalents at 1 July		103 779	61 297
Cash and cash equivalents at 30 June	14	142 305	103 779

Notes to and forming part of the financial statements

1. Reporting entity

The WorkCover Corporation of South Australia (WorkCoverSA) is a statutory authority constituted under the *WorkCover Corporation Act 1994*. Domiciled in Australia, WorkCoverSA administers the WRCA and provides insurance protection for South Australian employers and their workers in the event of work-related injury.

For financial reporting purposes four separate funds are recognised as comprising WorkCoverSA:

- Compensation Fund
- Statutory Reserve Fund (SRF)
- Insurance Assistance Fund (IAF)
- Mining and Quarrying Industries Fund.

Compensation Fund

The Compensation Fund was established on 30 September 1987 under section 64 of the WRCA. Workers injured at work are supported and assisted in returning to work through the payment of income maintenance, medical and other treatment costs.

SRF

The SRF was established under the repealed *Workers Compensation Act 1971* and came into operation in 1980 against which claims relating to workers compensation could be made in the event of the insolvency of an insurance company or the insolvency of an uninsured employer.

The Compensation Fund is required to meet any liability arising from a shortfall of the SRF.

IAF

The IAF exists to support policies issued under section 118(g) of the repealed *Workers Compensation Act 1971*. These policies provided assistance to employers who were unable to obtain satisfactory workers compensation insurance under the repealed Act at a determined premium.

IAF (continued)
The SRF is required to meet any liability arising from a shortfall of the IAF.

Mining and Quarrying Industries Fund
Amendments to the WRCA provided for the establishment of the Mining and Quarrying Industries Fund to replace the Silicosis Fund. Funds standing to the credit of the Silicosis Fund were transferred to WorkCoverSA and credited to a special account titled 'Mining and Quarrying Industries Fund' which is divided into two parts:

Part A: to satisfy liabilities under the Silicosis Scheme established under the repealed Act.

Part B: to be available to the Mining and Quarrying Occupational Health and Safety Committee for the purposes referred to in the Fourth Schedule.

The Mining and Quarrying Occupational Health and Safety Committee has responsibility for the administration of the Fund.

2. Statement of compliance
WorkCoverSA has prepared these financial statements in compliance with section 23 of the PFAA.

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

WorkCoverSA has applied AASs that are applicable for not-for-profit-entities, as WorkCoverSA 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 WorkCoverSA for the reporting period ending 30 June 2014. None of these are expected to have a significant effect on the financial statements of WorkCoverSA, except for AASB 9 which becomes mandatory for WorkCoverSA's 2018 financial statements and could change the classification and measurement of financial assets. WorkCoverSA does not plan to adopt this standard early and the extent of the impact has not been determined.

3. Basis of preparation
The financial statements have been prepared based on a 12 month period and are presented in Australian currency and have been rounded to the nearest thousand dollars ($'000).

The preparation of financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement, or where assumptions and estimates are significant to the financial statements, are outlined in applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in this financial report:
  - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of $100 000 for separate identification of these items applies
  - (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)
  - (c) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees
  - (d) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

Judgements made by management in the application of AASBs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

The 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 financial assets that are stated at their fair value and outstanding claims and related recoveries that are discounted to present value using a risk-free rate.

3. Basis of preparation (continued)

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

The Statement of Financial Position is prepared using the liquidity format in which the assets and liabilities are presented broadly in order of liquidity. The assets and liabilities comprise both current amounts and non-current amounts. Information regarding the amount of an item that is expected to be outstanding longer than 12 months is included within the relevant note to the financial statements.

The accounting policies set out in note 5 have been applied in preparing the financial statements for the year ended 30 June 2014 and the comparative information presented.

4. Use of judgements and estimates

WorkCoverSA makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on WorkCoverSA and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are those related to the valuation of outstanding claims liability.

Outstanding claims liability

WorkCoverSA takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. Given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The details of the valuation of the outstanding claims liability are set out in notes 21 and 22.

The outstanding claims liability has been established on the basis of independent actuarial assessments of the estimated costs of settlement of claims, inflated for the anticipated effects of inflation and other factors and discounted to a present value at the reporting period. Risk-free rates are used when discounting liabilities to current values. WorkCoverSA has adopted a risk margin of 5.5% for the Compensation Fund (5.5%) and 5.5% for the SRF (5.5%) and the IAF (5.5%) to value all the outstanding claims liabilities (apart from the liabilities relating to asbestos related diseases where the applicable percentage adopted is 25% (25%)) at 65% (65%) probability of sufficiency as approved by the Board. The risk margins were determined based on advice from Finity Consulting Pty Ltd.

The outstanding claims liability includes a liability in respect of the estimated cost of claims incurred but not settled at the reporting period, including the cost of claims incurred but not yet reported (IBNR) to WorkCoverSA. The IBNR which relates principally to claims for asbestos related diseases affects mainly the SRF and the IAF. The outstanding liability for the Mining and Quarrying Industries Fund, which had its triennial valuation at 30 June 2013, is $100 000.

The estimated cost of claims includes estimates of the direct expenses to be incurred in settling claims net of the expected recoveries.

Premiums receivable

The premiums receivable balance is the estimate of premiums due up to 30 June to be received after allowing for impairment and refunds.

5. Significant accounting policies

(a) Administered items

The financial statements and accompanying notes include all the controlled activities of WorkCoverSA. Transactions and balances relating to administered resources are not recognised as corporation income, expenses, assets and liabilities. As administered items are insignificant in relation to WorkCoverSA's overall financial performance and position, they are disclosed under administered items at note 32. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as WorkCoverSA items.

(b) 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.

(c) Foreign currency

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. Amounts payable to and by WorkCoverSA in foreign currencies have been translated to Australian currency at rates of exchange current at the reporting period with resulting exchange differences brought to account at 30 June 2014.

(d) Cash and cash equivalents

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

(e) Trade and other receivables

Trade and other receivables are stated at fair value less impairment losses with the exception of claims recoveries receivable. Fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Claim recoveries receivables are stated at the amounts estimated in the actuarial valuation.

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

(f) Investments

Investments are measured at fair value. Changes in the fair values of investments at the reporting period from the end of the previous reporting period, or from cost of acquisition if acquired during the financial year, are recognised as gains or losses in the Statement of Comprehensive Income.

The fair value of investments represents their net fair value and is determined as follows:

- cash assets are carried at the face value of the amounts deposited or drawn which approximates their fair value
- receivables are initially recognised at fair value and subsequently at amortised cost less impairment losses
- listed securities and government securities are valued by reference to market quotations
- underlying property assets and investments in unlisted unit trusts are valued by reference to independent third parties.

All investments are classified as backing insurance liabilities (outstanding claims liabilities).

(g) Insurance contracts

Insurance contracts are contracts under which an entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified future event (the insured event) adversely affects the policyholder or other beneficiary. WorkCoverSA's liabilities for outstanding claims are similar in nature to general insurance contracts and accordingly are treated as general insurance contracts for the purpose of AASB 1023.

(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) Outstanding claims liability

The liability for outstanding claims is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date by WorkCoverSA, with an additional risk margin to allow for the inherent uncertainty in the central estimate. Under Actuarial Professional Standard 300 'Valuations of General Insurance Claims', the central estimate is the best estimate of the expected liabilities for outstanding claims based on information currently available and exhibits no bias either towards a pessimistic or an optimistic outcome. A risk margin is applied to the outstanding claims liability to reflect the inherent uncertainty in the central estimate of the outstanding claims liability. The risk margin increases the probability that the net liability is adequately provided to approximately a 65% probability of sufficiency as approved by the Board.

(i) Outstanding claims liability (continued)

The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not yet reported (IBNR), claims incurred but under reported and anticipated claims handling expenses including the run-off provision. The expected future payments are discounted to present value using an appropriate risk-free rate.

The claims expense or income in the Statement of Comprehensive Income comprise claims paid and the change in the liability for outstanding claims both reported and unreported, including the risk margin and claims handling expenses.

(j) Assets backing insurance liabilities

The assets backing insurance liabilities (outstanding claims) are those assets required to cover the insurance liabilities. Insurance liabilities are defined as outstanding claims and the liability for unearned premiums included in the Statement of Financial Position. As WorkCoverSA operates solely in one industry and substantially all of its liabilities are insurance liabilities, WorkCoverSA considers that substantially all of its assets, excluding property, plant and equipment, and intangible assets exist to back these insurance liabilities. As part of its investment strategy WorkCoverSA seeks to manage its assets allocated to insurance activities having regard to the characteristics of the insurance liabilities.

(k) Property, plant and equipment

All assets acquired, including leasehold improvements, computer and communications and general office equipment are stated at cost less accumulated depreciation and accumulated impairment losses, deemed to be fair value.

Refer note 19 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements.

Depreciation is calculated on a straight-line basis so as to write off the cost of each item over its expected useful life. The estimated useful life in years used for each class of asset is as follows:

Class of asset	*Useful life (years)*	
	2014	2013
Leasehold improvements including office furniture and fittings	5-10	5-10
Computer and communications	4-5	4-5
General office equipment	4-5	4-5

The cost of improvements to leasehold properties is amortised over the shorter of the unexpired period of the lease and the estimated useful lives of the improvements.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(l) 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. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

(m) Intangible assets - IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised can include external direct costs of materials and services, direct payroll and payroll related costs of employees' time spent on the project.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where WorkCoverSA has an intention and ability to use the asset.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Comprehensive Income as incurred.

(m) Intangible assets - IT development and software (continued)

Amortisation is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the intangible assets, from the date that they are available for use. The estimated useful life is five to 10 years.

(n) Trade and other payables

Trade and other payables are stated at cost. These amounts represent liabilities for goods and services provided to WorkCoverSA prior to the end of the financial year and which are unpaid. These amounts are unsecured and usually paid within 30 days of recognition.

(o) Provisions

Provisions are recognised when WorkCoverSA 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 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.

(p) Revenue

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

Revenue 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 with non-government transactions, classified according to their nature.

Premium revenue

Premiums are payable by all registered South Australian employers under the WRCA.

Premiums are calculated on the total remuneration paid by employers for the financial year, including consideration for claims experience and are recognised on an accruals basis in respect to the financial year for which the remuneration is paid. Estimates are included for premiums relating to the current financial year which are payable following the reporting period.

Premiums attributable to future years and received in the current financial year have been classified as unearned premiums (refer note 20).

Investment income

Interest income is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method. Dividend income is recognised in the Statement of Comprehensive Income on the date WorkCoverSA's right to receive payments is established which in the case of quoted securities is the ex-dividend date.

Claims recoveries

Claims recoveries are made from a range of parties in accordance with the WRCA.

Recoveries received are offset against the cost of claims. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims in that they are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims. Movements in recoveries receivable are also shown as a cost of claims.

(q) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits 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.

(q) Expenses (continued)

The notes accompanying the financial statements disclose expense 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 non-government transactions, classified according to their nature.

The following are specific recognition criteria:

Net profit (loss) on non-current assets
Any profit (loss) on disposal of property, plant and equipment is recognised at the date control of the asset is passed to the buyer and determined after deducting the proceeds from the carrying amount at the time of disposal.

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

Claims management fees
Claims management fees are determined on an accruals basis in accordance with the respective agreements between WorkCoverSA and its claims agents.

Employee benefits - wages, salaries, SERL and annual leave
Liabilities for employee benefits for wages, salaries, annual leave and SERL that are expected to be settled within 12 months of the reporting date and are measured at the undiscounted amount expected to be paid.

Where annual leave liability and SERL are expected to be payable later than 12 months, the liability is measured at present value.

Employee benefits - defined contribution superannuation plan
Obligations for contributions to defined contribution superannuation funds are recognised in the Statement of Comprehensive Income as incurred.

Employee benefits - defined benefits superannuation plan
WorkCoverSA contributes to two defined benefit superannuation plans.

WorkCoverSA's net obligation is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is then discounted to determine its present value from which the fair value of any plan assets is deducted. The discount rate is the yield at the reporting period on government bonds that have maturity dates approximating to the terms of WorkCoverSA's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

Under AASB 119, WorkCoverSA determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of the contributions and benefit payments.

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

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

The unconditional portion of the LSL provision is classified as current as WorkCoverSA does not have an unconditional right to defer the 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 ten years of service.

(r) Taxation

WorkCoverSA is not subject to income tax. WorkCoverSA 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 GST, except when the amount of 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 are stated inclusive of GST. 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.

(s) Futures contracts

Futures contracts are recorded in the financial statements at fair value. The fair value is the unrealised gain/loss on the outstanding contracts as at the reporting period. All open futures contracts mature within 12 months of the reporting period.

(t) Segment reporting

WorkCoverSA operates within the insurance industry predominantly providing for the recovery, return to work and compensation of workers with respect to injuries and diseases arising from their employment. WorkCoverSA operates solely in the State of South Australia.

6. Reporting by fund

Statement of Comprehensive Income for the year ended 30 June 2014

	Note	Compensation Fund $'000	Statutory Reserve Fund $'000	Insurance Assistance Fund $'000	Mining & Quarrying Industries Fund Part A $'000	Mining & Quarrying Industries Fund Part B $'000	Total funds 2014 $'000	Total funds 2013 $'000
Premium revenue		662 454	-	-	-	-	662 454	667 375
Cost of claims	8	(579 712)	(3 947)	12	-	-	(583 647)	(794 905)
Claims management fees		(64 982)	-	-	-	-	(64 982)	(44 371)
Ombudsman, tribunal and panel fees		(8 239)	-	-	-	-	(8 239)	(7 674)
Underwriting result		9 521	(3 947)	12	-	-	5 586	(179 575)
Net investment profit		267 251	14 037	2 264	27	1 728	285 307	248 960
Self-insured fee		17 694	-	-	-	-	17 694	18 095
Other income		1 559	-	-	-	-	1 559	1 860
Net investment profit		286 504	14 037	2 264	27	1 728	304 560	268 915
SafeWork SA		(11 396)	-	-	-	-	(11 396)	(11 281)
Return to Work Fund		(1 353)	-	-	-	-	(1 353)	(490)
General operating expenses		(62 649)	(141)	-	-	(485)	(63 275)	(59 483)
Total operating expenses		(75 398)	(141)	-	-	(485)	(76 024)	(71 254)
Result from operating activities		220 627	9 949	2 276	27	1 243	234 122	18 086
Other comprehensive income:								
Items that will not be reclassified to profit or loss:								
Remeasurements of defined benefit liability		751	-	-	-	-	751	4 606
Total comprehensive result		221 378	9 949	2 276	27	1 243	234 873	22 692

Statement of Financial Position as at 30 June 2014

	Note	Compensation Fund $'000	Statutory Reserve Fund $'000	Insurance Assistance Fund $'000	Mining & Quarrying Industries Fund Part A $'000	Mining & Quarrying Industries Fund Part B $'000	Total funds 2014 $'000	Total funds 2013 $'000
Assets:								
Cash		3	-	-	-	-	3	5
Trade and other receivables		87 557	-	-	-	13	87 570	101 459
Investments		2 480 758	129 654	20 523	239	15 351	2 646 525	2 257 644
Property, plant and equipment		7 903	-	-	-	-	7 903	8 826
Intangible assets		25 535	-	-	-	-	25 535	29 923
Total assets		2 601 756	129 654	20 523	239	15 364	2 767 536	2 397 857
Liabilities:								
Trade and other payables		34 215	-	-	-	54	34 269	20 758
Outstanding claims	21,22	3 762 292	84 838	355	100	-	3 847 585	3 725 125
Employee benefits		16 484	-	-	-	-	16 484	17 046
Provisions		754	-	-	-	-	754	1 357
Total liabilities		3 813 745	84 838	355	100	54	3 899 092	3 764 286
Net assets (liabilities)		(1 211 989)	44 816	20 168	139	15 310	(1 131 556)	(1 366 429)
Equity:								
Retained earnings		(1 211 989)	44 816	20 168	139	15 310	(1 131 556)	(1 366 429)
Total equity		(1 211 989)	44 816	20 168	139	15 310	(1 131 556)	(1 366 429)

7. Income

	Note	2014 $'000	2013 $'000
(a) Premium revenue			
Registered employer premium		661 225	666 431
Fines and penalties		1 229	944
Total premium revenue		662 454	667 375
(b) Self insured employer fee			
Self-insured employer fee - SA Government		8 185	8 491
Self-insured employer fee - non-SA Government		9 509	9 604
Total self-insured employer fee		17 694	18 095
(c) Other income			
Defined benefit fund	13(d)	602	481
Sundry income		957	1 379
Total other income		1 559	1 860

8. Cost of claims

	Note	Compensation Fund $'000	Other Funds $'000	Total funds 2014 $'000	Total funds 2013 $'000
Income maintenance		241 549	-	241 549	229 123
Redemptions		7 543	-	7 543	4 740
Lump sum payments		46 557	-	46 557	40 491
Hospital treatment		14 167	-	14 167	13 048
Medical treatment		81 210	-	81 210	75 086
Vocational rehabilitation		22 093	-	22 093	27 952
Physiotherapy		13 682	-	13 682	12 870
Legal costs		22 104	235	22 339	15 526
Other		24 052	838	24 890	22 188
Claims paid		472 957	1 073	474 030	441 024
Recoveries from other parties		(16 128)	(4 049)	(20 177)	(22 065)
Net claims paid		456 829	(2 976)	453 853	418 959
Increase (decrease) in net outstanding claims liability	21,22	115 012	6 911	121 923	373 489
Net self-insurer settlements		7 871	-	7 871	2 457
Cost of claims		579 712	3 935	583 647	794 905

9. Ombudsman, tribunal and panel fees

	Note	2014 $'000	2013 $'000
Workers Compensation Tribunal		5 110	4 370
WorkCover Ombudsman		747	693
Medical Panels SA		2 382	2 611
Ombudsman, tribunal and panel fees		8 239	7 674

10. Investment profit

Dividends		40 986	36 879
Interest received		41 894	37 971
Change in net market values:			
Investments held at 30 June		157 278	165 202
Investments realised during the financial year		49 607	12 848
Investment profit		289 765	252 900
Investment expenses		(4 458)	(3 940)
Net investment profit		285 307	248 960

11. General operating expenses

Employee benefits	13	34 003	33 087
Depreciation		1 515	1 272
Amortisation		4 388	4 400
Expenses relating to operating leases		2 386	2 206
Consultants		4 464	2 899
Loss on disposal of non-current assets		1	28
Other operating costs		16 518	15 591
Total general operating expenses		63 275	59 483

The number and dollar amount of consultancies paid/payable (included in general operating expenses) that fell within the following bands:

	2014 Number	2014 $'000	2013 Number	2013 $'000
Below $10 000	5	34	3	18
$10 000 to $50 000	17	503	19	534
Above $50 000	18	3 927	11	2 347
Total paid/payable to the consultants engaged	40	4 464	33	2 899

12. Auditor's remuneration

	Note	2014 $'000	2013 $'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements		443	479

No other services were provided by the Auditor-General's Department. Auditor's remuneration costs are included within other operating costs (refer note 11).

13. Employee benefits

Salaries and wages		28 925	27 911
LSL		746	1 140
Annual leave		665	467
SERL		22	68
Expenses relating to defined benefit plans:			
Service cost	13(e)	216	213
Interest cost	13(e)	1 064	945
Contributions to defined contribution plans		2 365	2 343
Total employee benefit expenses		34 003	33 087

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:	2014 Number	2013 Number
$138 000 - $141 499*	-	4
$141 500 - $151 499	4	4
$151 500 - $161 499	6	6
$161 500 - $171 499	6	5
$171 500 - $181 499	1	4

Remuneration of employees (continued)	2014 Number	2013 Number
$181 500 - $191 499	1	1
$191 500 - $201 499	1	1
$201 500 - $211 499	3	1
$211 500 - $221 499	3	2
$221 500 - $231 499	1	-
$231 500 - $241 499	1	1
$241 500 - $251 499	-	1
$251 500 - $261 499	-	1
$261 500 - $271 499	-	1
$271 500 - $281 499	1	-
$281 500 - $291 499	-	1
$291 500 - $301 499	1	1
$321 500 - $331 499	1	1
$421 500 - $431 499	1	-
$511 500 - $521 499	-	1
Total	31	36

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2012-13. DTF specifies the base level and band ranges which are updated annually.

The table includes all employees who received normal remuneration equal to or greater than the base executive remuneration level during the year. The remuneration amounts shown above include all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits, any FBT paid or payable in respect of those benefits, and payments of accumulated annual leave, LSL, superannuation and eligible termination payments, in respect of certain employees whose employment terminated in the financial year. The total remuneration received by these employees for the year was $6.1 million ($7.1 million).

(a) Liability for employee benefits	2014	2013
Current:	$'000	$'000
Annual leave	1 910	1 805
SERL	91	68
LSL	3 398	3 386
	5 399	5 259
Non-current:		
Recognised liability for defined benefit obligations	10 253	11 008
LSL	832	779
	11 085	11 787
Total employee benefits	16 484	17 046

(b) Movement in net liability for defined benefit obligations	2014	2013
Balance at 1 July	(11 008)	(15 594)
Included in result from operating activities:		
Service cost	(216)	(213)
Net interest	(462)	(464)
	(678)	(677)
Included in other comprehensive income:		
Remeasurements gain:		
Actuarial (losses) gain	(735)	3 022
Actual return on assets less interest income	1 486	1 584
	751	4 606
Other:		
Employer contributions	682	657
	682	657
Balance at 30 June	(10 253)	(11 008)

(c) Net liability for defined benefit obligations	2014	2013
Amounts reflected in the Statement of Financial Position:		
Assets	15 573	14 506
Liabilities	(25 826)	(25 514)
Net liability	(10 253)	(11 008)

(d)	***Reconciliation of the fair value of the defined benefit plan assets***	2014	2013
		$'000	$'000
	Opening fair value of defined benefit plan assets	14 506	12 916
	Interest income	602	481
	Actual return on assets less interest income	1 486	1 584
	Employer contributions	682	657
	Benefits and expenses paid	(1 703)	(1 132)
	Closing fair value of defined benefit plan assets	15 573	14 506

(e)	***Reconciliation of the present value of the defined benefit obligation***		
	Opening present value of defined benefit obligations	25 514	28 510
	Current service cost	216	213
	Interest cost	1 064	945
	Actuarial (gains) losses:		
	Impact of changes in demographic assumptions	(106)	-
	Impact of changes in financial assumptions	888	(2 933)
	Experience items	(47)	(89)
	Benefits and expenses paid	(1 703)	(1 132)
	Closing present value of defined benefit obligations	25 826	25 514

Employees who participate in the Defined Benefit Superannuation Fund are deemed to be members of the defined benefit categories of the State Superannuation Scheme. The Defined Benefit Superannuation Fund has been closed to new members since May 1994.

The State Superannuation Scheme's assets are under the Superannuation Funds Management Corporation of South Australia's management and invested in its Growth Sector Fund. The Growth Sector Fund was created on 1 April 2005. The net market value of individual assets or portfolios that comprise the Growth Sector Fund may vary from time to time due to movements in financial markets and/or capital placements and redemptions made in accordance with investment strategy. The Superannuation Funds Management Corporation of South Australia uses external fund managers to manage its growth portfolio. The investments are in wholesale pooled unit trusts or managed funds offered by each manager.

WorkCoverSA expects to contribute $705 722 to the defined benefit plans in the 2014-15 financial year.

(f) ***Each major asset category as a percentage of the fair value of the total plan assets***

	2014		2013	
	Active market	Non-active market	Active market	Non-active market
	%	%	%	%
Australian equities	23.9	-	25.0	-
International equities	27.4	-	27.2	-
Property	2.6	11.5	2.6	12.2
Diversified strategies growth	1.1	7.5	0.9	7.6
Diversified strategies income	14.0	-	13.3	-
Inflation linked securities	-	7.6	-	7.6
Long-term fixed interest	1.6	-	1.7	-
Short-term fixed interest	0.5	-	0.8	-
Cash	2.3	-	1.1	-
Total	73.4	26.6	72.6	27.4

(g)	***Major economic assumptions***	2014	2013
		%	%
	Discount rate	4.0	4.3
	Long-term salary rate increases	4.0	4.0
	Long-term CPI increases	2.5	2.5

(h) Sensitivity analysis

Scenario	Base case $'000	Discount rate +0.5% $'000	Discount rate -0.5% $'000	Salary increase rate +0.5% $'000	Salary increase rate -0.5% $'000	Pension increase rate +0.5% $'000	Pension increase rate -0.5% $'000
Present value of defined benefit obligation	25 826	-	-	-	-	-	-
Change in defined benefit obligation	-	24 375	27 431	25 970	25 689	27 307	24 483
Change in defined benefit obligation (%)	-	(5.6)	6.2	0.6	(0.5)	5.7	(5.2)

(i) Maturity profile

The weighted average duration of the defined benefit obligation is 16.4 years (16.6 years). The expected maturity analysis of undiscounted benefit obligations is as follows:

	Note	2014 $'000	2013 $'000
Less than one year		1 563	1 527
Between one to two years		1 514	1 633
Between two to five years		4 746	4 881
Between five to 10 years		8 194	8 418
Between 10 to 15 years		8 053	7 915
Between 15 to 20 years		6 917	6 922
Between 20-25 years		5 610	5 847
Over 25 years		10 967	11 739
Total		47 564	48 882

14. Cash and cash equivalents

	Note	2014 $'000	2013 $'000
Cash		3	5
Cash equivalents	25	142 302	103 774
Cash and cash equivalents in the Statement of Cash Flows		142 305	103 779

15. Trade and other receivables

	Note	2014 $'000	2013 $'000
Current receivables:			
Trade receivables		19 556	19 063
Allowance for doubtful debts		(11 500)	(8 639)
		8 056	10 424
Refunds		(17 000)	(5 000)
Recoverable claim payments	21,22	18 458	21 596
Sundry debtors and prepayments		1 088	1 146
Total current receivables		10 602	28 166
Non-current receivables:			
Recoverable claim payments	21	76 968	73 293
Total non-current receivables		76 968	73 293
Total trade and other receivables		87 570	101 459

Movement in the allowance for doubtful debts

	2014 $'000	2013 $'000
Opening balance	(8 639)	(22 239)
Amounts written off	1 822	14 661
Increase in allowance recognised	(4 683)	(1 061)
Total current receivables	(11 500)	(8 639)

16. Investments

	2014 $'000	2013 $'000
Deposits with financial institutions	430 403	333 104
Government/Semi-government securities	419 685	367 652
Non-government debt instruments	320 520	249 249
Securities listed on the Australian Stock Exchange	369 352	330 172
Securities listed on overseas stock exchanges	862 046	753 671
Unit trusts - unlisted property and debt security assets	241 869	232 559
Derivatives	2 650	(8 763)
Total investments	2 646 525	2 257 644

16. Investments (continued)

	2014 $'000	2013 $'000
Current	432 751	324 413
Non-current	2 213 774	1 933 231
Total	2 646 525	2 257 644

17. Property, plant and equipment

	Leasehold improvements including office furniture and fittings $'000	Computer and communications equipment $'000	General office equipment $'000	Total $'000
Fair value:				
Balance at 1 July 2012	8 000	3 552	206	11 758
Additions	-	1 122	-	1 122
Disposals	(660)	(1 930)	-	(2 590)
Balance at 30 June 2013	7 340	2 744	206	10 290
Balance at 1 July 2013	7 340	2 744	206	10 290
Additions	-	593	-	593
Disposals	-	(330)	-	(330)
Balance at 30 June 2014	7 340	3 007	206	10 553
Depreciation:				
Balance at 1 July 2012	(42)	(2 047)	(2)	(2 091)
Depreciation charge	(705)	(526)	(41)	(1 272)
Disposals	-	1 899	-	1 899
Balance at 30 June 2013	(747)	(674)	(43)	(1 464)
Balance at 1 July 2013	(747)	(674)	(43)	(1 464)
Depreciation charge	(881)	(593)	(41)	(1 515)
Disposals	-	329	-	329
Balance at 30 June 2014	(1 628)	(938)	(84)	(2 650)
Carrying amounts:				
At 30 June 2013	6 593	2 070	163	8 826
At 30 June 2014	5 712	2 069	122	7 903

18. Intangible assets

	IT development and software $'000
Cost:	
Balance at 1 July 2012	43 880
Additions - internal development	-
Additions - external costs	-
Balance at 30 June 2013	43 880
Balance at 1 July 2013	43 880
Additions - internal development	-
Additions - external costs	-
Balance at 30 June 2014	43 880
Amortisation:	
Balance at 1 July 2012	(9 557)
Amortisation charge	(4 400)
Balance at 30 June 2013	(13 957)
Balance at 1 July 2013	(13 957)
Amortisation charge	(4 388)
Balance at 30 June 2014	(18 345)
Carrying amounts:	
At 30 June 2013	29 923
At 30 June 2014	25 535

19. Fair value measurement (non-financial assets)

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

Fair value of non-financial assets, which must be estimated for recognition or for disclosure purposes, is measured using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs.

WorkCoverSA had no valuations categorised into levels 1 or 2.

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

Current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As no factors were identified to suggest an alternative use, fair value measurement was based on current use.

	Leasehold improvements including office furniture and fittings $'000	Computer and communications equipment $'000	General office equipment $'000	Total $'000
Balance at 1 July 2012	7 958	1 505	204	9 667
Acquisitions	-	1 122	-	1 122
Depreciation	(705)	(526)	(41)	(1 272)
Disposals	(660)	(31)	-	(691)
Balance at 30 June 2013	6 593	2 070	163	8 826
Balance at 1 July 2013	6 593	2 070	163	8 826
Acquisitions	-	593	-	593
Depreciation	(881)	(593)	(41)	(1 515)
Disposals	-	(1)	-	(1)
Balance at 30 June 2014	5 712	2 069	122	7 903

	Note	2014 $'000	2013 $'000
Total gains (losses) for level 3 non-financial assets in the period included in general operating expenses		(1 516)	(1 300)

20. Trade and other payables

	Note	2014 $'000	2013 $'000
Current:			
Trade payables		27 885	18 355
Unearned premiums		1 934	1 544
Employment on-costs		581	619
Non-current:			
Trade payables		3 646	27
Employment on-costs		223	213
Total trade and other payables		34 269	20 758

21. Outstanding claims liability - Compensation Fund

(a) Outstanding claims

	Note	2014 $'000	2013 $'000
Expected future gross claims payments (undiscounted)		5 764 810	5 566 092
Discount to present value		(2 198 656)	(2 113 162)
Central estimate		3 566 154	3 452 930
Risk margin		196 138	189 911
Liability for outstanding claims		3 762 292	3 642 841
Recoveries	15	(95 426)	(90 987)
Net liability for outstanding claims		3 666 866	3 551 854

(a) **Outstanding claims (continued)**	2014 $'000	2013 $'000
Current liability for outstanding claims	461 547	471 050
Non-current liability for outstanding claims	3 300 745	3 171 791
Total liability for outstanding claims	3 762 292	3 642 841
Change in liability for outstanding claims	119 451	391 608
Change in claim recoveries receivable	(4 439)	(2 342)
Movement in net outstanding claims liability	115 012	389 266

	2014 Years	2013 Years
Weighted average expected term to settlement	9.5	8.9

The value of the claims liability is determined by WorkCoverSA following an independent actuarial valuation by Finity Consulting Pty Ltd. The value of the outstanding claims liability is based on a central estimate and includes a risk margin of 5.5% (5.5%) to bring the estimated net liability to a 65% probability of sufficiency.

The split of the outstanding claims liability between current and non-current liabilities is based on actuarial advice from Finity Consulting Pty Ltd. Should the timing of cash flows vary from that projected by Finity Consulting Pty Ltd then the proportions of the overall claims liability that are shown as current and non-current may vary.

The WorkCoverSA Scheme is a scheme designed in part to provide long-term financial support for those injured at work. In some cases this long-term financial support can be provided over many years. Assumptions adopted in relation to the projected future payments made to claims are detailed below in note 21(e).

Operational changes have been made to introduce early intervention initiatives, speed up claims decisions and improve the on time completion of work capacity assessments.

The estimate of the value of the claims liability is primarily based on the observed experience to date including some recognition for the effects of the recent changes. Any divergence of the experience from the current valuation assumptions, whether favourable or adverse, will be reflected over time in relation to valuation assumptions.

Developments which potentially affect the Scheme's operating environment and the uncertainty of the liability estimate include:

- employer premium changes introduced with the intention of increasing the engagement of employers in the prevention and management of workplace injuries
- future cost growth in medical and treatment related expenditure items, particularly for long-term claims
- the potential for further reductions in new income maintenance claim numbers following the early success of recent operational initiatives
- work capacity review experience and the extent to which future outcomes regarding long-term benefit claims are affected by the review process
- the outcomes for claims with pending disputes
- the culture of the Scheme and the implications for front-end claim trends and return to work outcomes
- future changes in the overall economic environment
- the Government's policy position relating to Scheme reform.

The increase in the outstanding claims liability includes the net impact of the decrease in the average discount rate from 4.4% at 30 June 2013 to 4.16% at 30 June 2014.

Note 21(f) sets out the impact of changes in the key assumptions on which the valuation of the outstanding claims liability is based.

(b) Net claims incurred

	Current year $'000	Prior years $'000	2014 Total $'000	Current year $'000	Prior years $'000	2013 Total $'000
Undiscounted:						
Gross incurred	1 043 878	(318 855)	725 023	1 205 119	173 194	1 378 313
Recoveries	(18 655)	(4 066)	(22 721)	(18 683)	(8 942)	(27 625)
Net incurred - undiscounted	1 025 223	(322 921)	702 302	1 186 436	164 252	1 350 688
Discounted:						
Gross incurred	687 603	(52 776)	634 827	797 457	71 361	868 818
Recoveries	(15 949)	(6 969)	(22 918)	(15 861)	(10 026)	(25 887)
Net incurred - discounted	671 654	(59 745)	611 909	781 596	61 335	842 931
Discounted and discount movement:						
Gross incurred - discounted	(356 275)	266 079	(90 196)	(407 662)	(101 833)	(509 495)
Recoveries - discounted	2 706	(2 903)	(197)	2 822	(1 084)	1 738
Net incurred - undiscounted	(353 569)	263 176	(90 393)	(404 840)	(102 917)	(507 757)

The figures for current period claims relate to the risks borne in the current reporting period. The figures for prior period claims relate to the reassessment of the risks borne in all previous reporting periods.

(c) Claims development

Estimate of ultimate claims cost**	Prior years* $'000	2004 $'000	2005 $'000	2006 $'000	2007 $'000	2008 $'000	2009 $'000	2010 $'000	2011 $'000	2012 $'000	2013 $'000	2014 $'000
At end of year	-	332 168	395 377	396 059	422 794	445 035	471 917	506 902	527 850	625 012	665 173	574 982
One year later	1 419 462	368 048	382 259	419 758	435 848	447 935	480 472	487 196	586 296	616 974	602 689	
Two years later	1 496 492	375 409	408 008	452 514	460 605	461 964	489 652	521 046	562 035	581 152		
Three years later	1 574 174	387 244	406 101	437 354	475 519	457 878	517 651	499 973	545 014			
Four years later	1 649 296	375 531	368 271	417 646	484 162	492 947	525 857	515 277				
Five years later	1 625 194	361 281	383 879	417 524	496 736	513 198	542 833					
Six years later	1 614 553	357 003	368 005	420 017	499 395	510 115						
Seven years later	1 567 015	354 917	369 695	413 787	490 010							
Eight years later	1 561 437	354 263	369 890	406 540								
Nine years later	1 567 444	358 813	369 289									
10 years later	1 574 942	357 933										
11 years later	1 573 303											
Current estimate of cumulative claims costs**	1 573 303	357 933	369 289	406 540	490 010	510 115	542 833	515 277	545 014	581 152	602 689	574 982
Cumulative payments**	1 449 823	334 710	339 270	340 013	332 906	311 399	303 116	274 843	259 921	225 965	160 906	59 876
Outstanding payments**	123 480	23 223	30 019	66 527	157 104	198 716	239 717	240 434	285 093	355 187	441 783	515 106
Discount adjustment***	92 539	15 345	17 434	33 313	66 292	67 505	60 933	47 411	44 122	36 689	25 348	13 006
Net outstanding claims	216 019	38 568	47 453	99 840	223 396	266 221	300 650	287 845	329 215	391 876	467 131	528 112

* Development of outstanding claim estimate as at 30 June 2004 for accidents prior to 30 June 2003.

** Discounted to the beginning of the accident year using actual historical discount rates and the discount rates applied in the estimation.

*** Discount adjustment from beginning of accident year to current valuation date

	2014 $'000	2013 $'000
Prior years	216 019	224 380
Year ended 30 June 2004	38 568	40 784
Year ended 30 June 2005	47 453	50 589
Year ended 30 June 2006	99 840	115 893
Year ended 30 June 2007	223 396	254 487
Year ended 30 June 2008	266 221	289 631
Year ended 30 June 2009	300 650	305 421
Year ended 30 June 2010	287 845	303 328
Year ended 30 June 2011	329 215	395 063
Year ended 30 June 2012	391 876	496 348
Year ended 30 June 2013	467 131	620 256
Year ended 30 June 2014	528 112	-
Net outstanding claims	3 196 326	3 096 180
Claims handling expenses	279 376	270 506
Risk margin	191 164	185 168
Net liability for outstanding claims	3 666 866	3 551 854

(d) Maturity profile

The expected maturity of the discounted net outstanding claims provision is analysed below.

	2014 $'000	2013 $'000
Up to one year	443 089	453 356
One to three years	804 032	873 863
Three to five years	556 534	539 024
Five to 10 years	816 317	767 487
10 to 20 years	767 335	692 423
Over 20 years	279 559	225 701
Total	3 666 866	3 551 854

(e) Key assumptions

The key assumptions used by Finity Consulting Pty Ltd in developing the valuation of the claims liability are the economic assumptions relating to inflation and discount rates and the assumptions relating to the duration and severity of claims. The key assumptions have been developed through the actuarial analysis of historic trends in conjunction with analysis of current and likely future economic factors. The following key assumptions were used in the measurement of the outstanding claims liability:

	2014	2013
Economic assumptions:	%	%
Inflation rate - income maintenance	3.25	3.50
Inflation - medical, legal and other costs	3.50	3.75
Superimposed inflation rate - medical payments	2.00-4.00	2.00-4.00
Superimposed inflation rate - other	Refer below	
Discount rate	4.16	4.40
Duration and severity of claims	Refer below	
Claims handling expenses	8.50	8.50
Risk margin	5.50	5.50

Superimposed inflation of between 1% and 6% p.a. has been included in relation to hospital, vocational rehabilitation expenditure, travel, recoveries, and some other minor payment types.

Finity Consulting Pty Ltd has made a range of assumptions relating to the projected duration that claimants will remain in receipt of payments and the quantum of those payments having had regard to the particular characteristics of groups of claims including:

- the length of time that a group of claims has been in receipt of payments
- the analysis of past claims experience including the cost of claims.

The valuation of the outstanding claims liability is strongly dependent on the assumptions adopted in relation to the duration of claims and in particular long-term claims.

(f) Sensitivity to changes in key assumptions

The sensitivity of the discounted net outstanding claims estimate and profit (loss) impact at the 65th percentile (ie after allowing for the risk margin) to changes in key assumptions is shown in the following table:

	Increase (Decrease) in net liability $'million	Percentage of net liability
Economic and modelling assumptions:		
Increase in inflation rates by 1%	358.8	9.8
Increase in discount rate by 1%	(308.1)	(8.4)
Duration and severity of claims:		
Reduction by 10% in Work Capacity Assessment exits for the three most recent accident years	135.1	3.7
Reversal of the trend of lower income maintenance claims experienced in the 2013-14 accident year	37.0	1.0
Increase in the average size of death claims by 15%	0.9	0.0
Increase in worker legal utilisation by 20% for 5+ years duration	20.8	0.6

(f) Sensitivity to changes in key assumptions (continued)

In conducting its valuation, Finity Consulting Pty Ltd modelled a number of scenarios under which the assumptions for future claims experience differed from those used in the valuation. Under those scenarios the total value of the liability differed from the central estimate by up to plus or minus $150 million. These scenarios do not reflect either the maximum or minimum increase in the liability but reflect a range of scenarios.

The selection of the probability of sufficiency has a material impact on the valuation of the outstanding claims liability. The impact on the outstanding claims liability of adopting a 75% probability is shown in the following table:

	2014 $'million	2013 $'million
Increase in net outstanding claims liability at 75% probability of sufficiency	142.7	168.3

22. Outstanding claims liability - other funds

(a) Outstanding claims - SRF and IAF

			Combined	
	SRF	IAF	2014	2013
	$'000	$'000	$'000	$'000
Open claims	1 173	-	1 173	1 021
Total IBNR	61 563	262	61 825	60 016
Claims handling expenses	5 333	22	5 355	4 883
Central estimate	68 069	284	68 353	65 920
Risk margin	16 769	71	16 840	16 264
Liability for outstanding claims	84 838	355	85 193	82 184
Recoveries	-	-	-	(3 902)
Net liability for outstanding claims	84 838	355	85 193	78 282

The value of the claims liability is determined by WorkCoverSA following an independent actuarial valuation by Finity Consulting Pty Ltd. The claims liability estimate is based on a central estimate and includes a risk margin to bring the estimate of claims to a 65% probability of sufficiency.

The IBNR component is primarily made up of the estimated liability of the funds for asbestos related disease claims that will be made after 30 June 2014 due to exposure prior to 30 June 2014. Due to the latent nature of the disease there is a significant delay between the time of injury and reporting of the claim. Relatively few claims have been notified at the date of adopting these financial statements. The generally accepted opinion is that this delay is in the order of 40 years on average.

The asbestos related disease IBNR component was estimated by Finity Consulting Pty Ltd based on:

- forecast total future claim numbers derived by fitting projection models to the SRF/IAF claims data by disease recognising the varying nature of the exposure for different claims
- forecasts of average claim costs derived from analysis of SRF/IAF claims data, external data and information obtained from discussion with key parties. This analysis was based on disease type, size of claim and legal costs, adjusted to allow for the timing of claim payments and for future claims inflation, discounted to their present value.

(b) Maturity profile - SRF and IAF

The expected maturity of the discounted net outstanding claims provision is analysed below:

	2014 $'000	2013 $'000
Up to one year	2 048	(2 048)
One to three years	5 942	5 517
Three to five years	7 037	6 586
Five to 10 years	18 169	17 151
10 to 20 years	30 887	29 703
Over 20 years	21 110	21 373
Total	85 193	78 282

(c) Movement in liability - SRF and IAF

	SRF			IAF		
	2014	2013	Change	2014	2013	Change
Asbestos related:	$'000	$'000	$'000	$'000	$'000	$'000
Reported	485	374	111	-	-	-
IBNR/Re-opened claims	61 334	59 436	1 898	262	272	(10)
	61 819	59 810	2 009	262	272	(10)
Non-asbestos related:						
Reported	688	647	41	-	-	-
IBNR/Re-opened claims	229	308	(79)	-	-	-
	917	955	(38)	-	-	-
Central estimate	62 736	60 765	1 971	262	272	(10)
Claims handling expenses	5 333	4 861	472	22	22	-
Risk margin	16 769	16 191	578	71	73	(2)
Total outstanding claims liability	84 838	81 817	3 021	355	367	(12)

(d) Key assumptions

The key assumptions used in developing the estimate of the outstanding claims liability include economic assumptions relating to inflation and discount rates, the assumptions relating to severity of claims and the assumptions used to estimate the level of claims incurred but not reported. The key assumptions have been developed through the actuarial analysis of historic trends in conjunction with analysis of current and likely future economic factors.

The following key assumptions were used in this valuation of the outstanding claims liability as at 30 June 2014 shown together with those used at 30 June 2013 for comparison:

	2014	2013
Inflation rate:	%	%
Asbestos claims	5.8	5.8
Non-asbestos claims	3.8	3.8
Discount rate:		
Asbestos IBNR	4.3	4.5
Other	4.3	4.5
Claim handling expenses	8.5	8.0
Risk margin:		
Reported claims	5.5	5.5
IBNR claims	25.0	25.0

The significant assumptions underpinning the asbestos related disease IBNR are that the propensity to claim and the basis for compensating claims remain similar to the current situation, specifically:

- the number of diagnosed incidents of asbestos related disease continues to develop in line with past trends
- the proportion of incidents compensated by the funds remains similar to current levels but with an allowance for an increase in the proportion of claims which revert to the SRF from uninsured and insolvent employers
- there are no additional failures of insurance companies.

(e) Sensitivity to changes in key assumptions - SRF and IAF

The key sensitivity for the SRF and the IAF is in relation to the ultimate value of the IBNR for asbestos related claims.

(f) Mining and Quarrying Industries Fund - silicosis liability

The 30 June 2013 triennial valuation undertaken by Finity Consulting Pty Ltd estimated the extent of the existing and prospective liabilities for the Silicosis Scheme under the repealed WRCA as being $100 000. This is unchanged at 30 June 2014.

(g) Summary of other funds

	2014	2013
	$'000	$'000
Statutory Reserve Fund	84 838	81 817
Insurance Assistance Fund	355	367
Mining and Quarrying Industries Fund	100	100
Liability for outstanding claims	85 293	82 284
Statutory reserve fund - recoveries	-	(3 902)
Net liability for outstanding claims	85 293	78 382
Current liability for outstanding claims	2 048	1 853
Non-current liability for outstanding claims	83 245	80 431
Total liability for outstanding claims	85 293	82 284
Change in liability for outstanding claims	3 009	(11 875)
Change in claim recoveries receivable	3 902	(3 902)
Change in liability for net outstanding claims	6 911	(15 777)

23. Provisions

Balance at 1 July	1 357	2 251
Provisions made during the year	754	1 357
Provisions used during the year	(1 357)	(2 125)
Provisions reversed during the year	-	(126)
Balance at 30 June	754	1 357

The provision relates to redundancies arising from internal restructuring activities decided upon prior to 30 June 2014. The redundancy provision is calculated in accordance with the WorkCoverSA Award 2012 and WorkCoverSA Enterprise Agreement 2012. WorkCoverSA expects to extinguish the liability within the next 12 months.

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

	2014	2013
	$'000	$'000
Total comprehensive result	234 873	22 692
Depreciation	1 515	1 272
Amortisation	4 388	4 400
Net loss (profit) on disposal of non-current assets	1	28
Investment loss (profit)	(289 765)	(252 900)
Dividends received	40 986	36 879
Interest received	41 894	37 971
Increase (Decrease) in creditors	14 567	(13 850)
Decrease (Increase) in receivables	13 889	1 666
Increase (Decrease) in outstanding claims liability	122 460	379 733
Increase (Decrease) in provisions	(603)	(894)
Increase (Decrease) in employee benefits	(562)	(4 051)
Net cash provided by (used in) operating activities	183 643	212 946

25. Risk management

(a) Overview

WorkCoverSA's risk management framework is the principal means by which identified risks are managed. WorkCoverSA has developed a risk management strategy that supports the risk management framework. Each identified risk is analysed according to an established risk management process and appropriate treatment strategies are adopted in order to manage WorkCoverSA's exposure to risk. The key aspects of the process established in the risk management framework to mitigate risk include:

- the establishment of a Board Audit and Risk Committee, which is responsible for developing and monitoring risk management policies
- the establishment and regular review by the Board and management of a corporate risk register
- the establishment of a system of internal controls to manage risk

(a) Overview (continued)

- the maintenance and use of management information systems which provide up to date, reliable data relevant to the risks to which the business is exposed
- the identification of operational risks and the establishment and implementation of processes to address and mitigate those risks.

The Board Audit and Risk Committee reports regularly to the Board on its activities. The Committee oversees how management monitors compliance with WorkCoverSA's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by WorkCoverSA. A risk management policy is in place to ensure risks are identified, analysed and managed appropriately by WorkCoverSA. WorkCoverSA's risk management framework is part of its governance risk and compliance system which is reviewed regularly to reflect changes in market conditions and in WorkCoverSA's activities. WorkCoverSA, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Committee is assisted in its oversight by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit and Risk Committee.

The broad categories of risk faced by WorkCoverSA are:

- insurance risk
- operational risk
- financial risk.

(b) Insurance risk

As set out in note 1, WorkCoverSA provides workers compensation coverage, in accordance with the WRCA, to workers employed in South Australia through the following funds:

- Compensation Fund
- Statutory Reserve Fund (SRF)
- Insurance Assistance Fund (IAF)
- Mining and Quarrying Industries Fund.

In accordance with the WRCA the Compensation Fund is funded by charging premiums to all employers covered by the WRCA which are calculated as a percentage of the remuneration paid or expected to be paid by each employer. The percentage or premium rate applicable to each employer is determined annually based on the industry in which the employer operates and the average premium rate. Large employers are also subject to an adjustment for their claims experience while small employers, with annual remuneration less than $12 031 (subject to indexation), are not required to register or pay a premium.

The average premium rate is set annually by the Board in accordance with its funding policy based on an actuarial assessment of the overall funding requirement of the Compensation Fund and an estimate of the likely overall remuneration for all the employers that are required to pay premiums under the WRCA. The average premium rate is then used as a basis for determining an individual premium rate for individual industry groups according to their South Australian WorkCover industrial classification. Under the WRCA, WorkCoverSA has the power to set premium rates to recover any shortfalls in premium collections. The funding policy is for WorkCoverSA to become fully funded as soon as practicable.

The risk of setting incorrect premium rates is controlled by taking external actuarial advice concerning the funding requirements of the Scheme and through the use of robust and historical models to translate the average premium rate into individual South Australian WorkCover industrial classification premium rates. The number of registered (non-self-insured) employers insured under the WRCA for the financial year was approximately 50 000.

The entitlements payable to injured workers are determined by the WRCA.

WorkCoverSA's approach to determining the outstanding claims provisions and related sensitivities is set out in notes 4, 21 and 22. WorkCoverSA relies on the following key controls in seeking to ensure the adequacy of the claims provision:

- there are established processes for managing claims in accordance with the WRCA and other relevant legislation

(b) Insurance risk (continued)

- the claims provision is reviewed by an external actuary as follows:
  - Compensation Fund – every six months
  - SRF (excluding IBNR arising from asbestos related matters) – every 12 months
  - IAF (excluding IBNR arising from asbestos related matters) – every 12 months
  - IBNR arising from asbestos related matters – every 12 months with a more detailed review every two years
  - Mining and Quarrying Industries Fund – every three years.

(c) Operational risk

Operational risk relates to the risk of loss arising from systems failure, human error or from other circumstances not related to insurance or financial risks. These risks are managed through the risk framework outlined above which includes a system of delegated authorities, effective segregation of duties, access controls and review processes.

(d) Financial risk

WorkCoverSA has exposure to the following financial risks:

- credit risk
- liquidity risk
- market risk.

WorkCoverSA's exposure to these risks arises primarily in relation to its investment portfolio but also in relation to its other financial assets. This note presents information about WorkCoverSA's exposure to each of the above risks, objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Investments - risk management framework

WorkCoverSA's Investment Policy and Strategy document describes the framework within which the WorkCoverSA investment program functions, including the Board's governance arrangements for the investment program.

The mission of the investment program is to contribute to an improved funding position for the Scheme. The investment program will achieve this by delivering, over the long-term, a rate of return that exceeds the average actuarial discount rate. It is expected, that, over the long-term, the actuarial discount rate will average approximately CPI + 3.25% pa.

The current long-term return objective for the investment program is a return of CPI + 3.5%. This will be achieved through adopting a moderate risk, balanced investment portfolio.

The formal investment policy is reviewed annually by the Board to ensure it remains appropriate to the organisation's current circumstances.

The investment portfolio is managed internally by experienced professionals supported by an internationally recognised investment firm that provides advice on asset allocation, selection of external fund managers, and undertakes specialised investment research and performance measurement.

The Board Investment and Finance Committee monitors the investment program on a regular basis.

WorkCoverSA has a master custody arrangement with National Australia Bank (NAB). All assets are held by NAB under safe custody, except for the internally managed cash.

At any particular time the composition of the portfolio will vary from the Board approved investment strategy targets depending on the decisions of individual fund managers and market movements.

The composition of each asset group at 30 June 2014 and 3013 was:

Investments - risk management framework (continued)

2014	Deposits with financial institutions $'000	Govt/ Semi-govt securities $'000	Non-govt debt instruments $'000	Securities listed on Australian Stock Exchange $'000	Securities listed on overseas stock exchanges $'000	Unit trust - unlisted property and debt security assets $'000	Derivatives $'000	Total $'000
Cash	142 302	-	-	-	-	-	-	142 302
Fixed interest	6 976	178 493	104 669	-	-	-	302	290 440
Inflation linked securities	258 372	232 158	-	-	-	-	-	490 530
Australian equities	6 177	-	-	281 003	6 724	-	1 578	295 482
Overseas equities - hedged	-	-	-	-	244 384	-	-	244 384
Overseas equities - unhedged	-	-	-	-	356 334	-	-	356 334
Property	2 496	-	-	6 112	107 228	55 494	-	171 330
Real return growth assets	7 178	-	81 407	82 237	147 376	186 375	-	504 573
Alternative income	6 902	9 034	134 444	-	-	-	770	151 150
	430 403	419 685	320 520	369 352	862 046	241 869	2 650	2 646 525
2013								
Cash	103 774	-	-	-	-	-	-	103 774
Fixed interest	5 418	160 471	81 266	-	-	-	(72)	247 083
Inflation linked securities	203 221	197 453	-	-	-	-	-	400 674
Australian equities	5 323	-	-	253 412	-	-	1 909	260 644
Overseas equities - hedged	-	-	-	-	209 890	-	-	209 890
Overseas equities - unhedged	-	-	-	-	328 613	-	-	328 613
Property	2 368	-	-	7 013	102 316	57 880	(5 306)	164 271
Real return growth assets	5 713	-	65 532	69 747	112 852	174 679	(1 920)	426 603
Alternative income	7 287	9 728	102 451	-	-	-	(3 374)	116 092
	333 104	367 652	249 249	330 172	753 671	232 559	(8 763)	2 257 644

Use of derivatives

In the normal course of its investment activities WorkCoverSA is party to arrangements involving derivatives. Derivatives held within portfolios through WorkCoverSA's custodian have three main objectives:

- risk management – minimisation or reduction of specific risks within a given portfolio. For example forward exchange contracts are used to hedge currency movements to remove their impact on international investment portfolio returns
- transactional efficiency – derivatives provide effective exposure to markets or individual securities while incurring transaction costs lower than the cost of purchasing the underlying security or basket of securities. In many instances the derivative markets provide much more liquidity than the underlying physical market
- value added strategies – given their low cost and high liquidity, derivatives can be an efficient way of taking active portfolio positions. As there can also be pricing anomalies between derivatives and underlying physical securities there can be opportunities to take advantage of different pricing.

Derivative exposures are subject to the same restrictions as physical assets within each portfolio's investment guidelines. Derivatives also need to comply with the fund managers individual derivative risk statement Part B and WorkCoverSA's derivative risk statement and derivatives policy. Where there is inconsistency, the fund manager guidelines will take precedence. Additionally no gearing or leverage is allowed from derivative positions with all net long derivative exposures covered by cash or cash equivalent securities.

The use of derivatives is restricted to appropriately credentialed counterparties. Unit trusts in which WorkCoverSA invests may use derivative instruments appropriate to the investment markets in which they invest. The use of derivatives within the unit trusts in which WorkCoverSA invests is approved and monitored by the responsible entity or trustee for the respective unit trust.

No single instrument is individually material to the future cash flows of WorkCoverSA. WorkCoverSA does not consider that the nature and extent of the use of derivatives warrants separate disclosure of individual contracts. WorkCoverSA, through its separate account investment portfolios, uses derivative instruments as follows:

Forward exchange contracts

- WorkCoverSA invests in global markets to access the risk reduction benefits of diversification. In order to protect against exchange rate movements for a portion of overseas exposures, WorkCoverSA has entered into forward exchange contracts, which require settlement of the net gain or loss at maturity.

Forward exchange contracts (continued)

- For diversification purposes WorkCoverSA intentionally maintains some un-hedged currency exposures
- the gain or loss on open contracts as at the reporting period has been taken up in the financial statements as an unrealised gain or loss based on the exchange rate current as at the end of the reporting period
- the use of forward exchange contracts for speculative purposes is prohibited.

Credit risk - investments
Credit risk is the risk of financial loss to WorkCoverSA if a premium payer, other debtor or counterparty to a financial instrument fails to meet their contractual obligations.

WorkCoverSA manages its exposure to credit risk related to fixed interest and cash investments through its investment strategy and investment guidelines and investment credit limits documents. Credit exposures are monitored against approved limits with breaches notified to the Board Investment and Finance Committee.

The following table outlines WorkCoverSA's credit risk exposure within the major debt securities asset classes as at balance date.

	Short-term issue ratings*			Long-term issue ratings**				Not rated***	
	A1+	A1	A2	AAA	AA	A	BBB	Deriva-tives	Total
2014	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash	142 302	-	-	-	-	-	-	-	142 302
Fixed interest	6 976	-	-	200 810	62 126	17 337	2 889	302	290 440
Inflation linked securities	230 283	28 089	-	232 158	-	-	-	-	490 530
Alternative income	6 902	-	-	25 407	17 935	47 826	52 310	770	151 150
	386 463	28 089	-	458 375	80 061	65 163	55 199	1 072	1 074 422
2013									
Cash	87 697	16 077	-	-	-	-	-	-	103 774
Fixed interest	5 418	-	-	186 349	42 494	11 549	1 345	(72)	247 083
Inflation linked securities	186 059	17 162	-	197 453	-	-	-	-	400 674
Alternative income	7 287	-	-	41 209	5 724	22 893	42 353	(3 374)	116 092
	286 461	33 239	-	425 011	48 218	34 442	43 698	(3 446)	867 623

* Standard & Poor's short-term financial strength ratings apply for cash portfolio and short-term investments. A1+ is the highest short-term strength rating.

** Standard & Poor's long-term credit ratings. AAA is the highest possible long-term credit rating.

*** Not rated assets for this table are non-defensive assets and consist of cash or investments in a pooled fund which is benchmarked against the UBS Composite Index.

Credit risk - other financial assets
The only significant exposure to credit risk in relation to assets, other than investments, relates to trade receivables which include premiums due and payable from registered and self-insured employers and overpayment recoveries from employers, workers and providers. WorkCoverSA is able to enforce the collection of debts due, under the WRCA or via restitution principles through a court of competent jurisdiction. WorkCoverSA has processes in place to monitor all material credit exposures and has an established policy to manage debt recovery.

25.9% of WorkCoverSA's trade receivables were past due greater than 30 days (6.5%). The ageing of WorkCoverSA's trade receivables at the reporting date was:

	2014	2013
	$'000	$'000
Not past due	5 676	9 698
Past due one to 30 days	293	50
Past due 31 to 60 days	329	168
Past due 61 days to one year	1 758	508
	8 056	10 424

There were no significant concentrations of credit risk.

Liquidity risk
Liquidity risk is the risk that WorkCoverSA will not be able to meet its financial obligations as they fall due.

Liquidity risk (continued)
WorkCoverSA's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to WorkCoverSA's reputation. At least 20% of WorkCoverSA's investments could be liquidated within seven business days if required.

Both the asset and liability liquidity risks are managed through management risk strategies. 87.2% (86.7%) of WorkCoverSA's liabilities are non-current and consist predominately of estimates of payments of entitlements to workers compensation made over the long-term to individual claimants. WorkCoverSA's asset allocation is such that if required it could be realisable as cash within a few months. Accordingly WorkCoverSA considers that its short-term liquidity risks are minimal.

The table below outlines the maturity profile of certain financial liabilities based on the remaining undiscounted obligations. The maturity profiles of outstanding claims are outlined in notes 21 and 22.

	2014	2013
	$'000	$'000
One year or less	30 400	20 518
One to three years	3 869	240
Three to five years	-	-
Over five years	-	-
No term	-	-
Total trade and other payables	34 269	20 758

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect WorkCoverSA'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.

WorkCoverSA is exposed to market risk primarily through:

- currency risk
- interest rate risk
- market price risk.

Currency risk
WorkCoverSA is directly exposed to currency risk on purchases and financial instruments that are denominated in a currency other than Australian dollars. WorkCoverSA uses forward exchange contracts for a portion of its international investments to hedge its exposure to foreign currency fluctuations. All overseas bond securities, overseas listed property and overseas infrastructure are covered by forward exchange contracts. Approximately 40% of the international equity securities are covered by forward exchange contracts, whilst remaining equities are left intentionally exposed to exchange rate movements. The changes in the valuations of these open contracts are disclosed in the financial statements as unrealised gains or losses as at the reporting period.

The analysis below demonstrates the impact on profit and equity of a movement in foreign exchange rates against the Australian dollar on our material un-hedged major currency exposures. This analysis is based on foreign currency exchange rate variances that WorkCoverSA considered to be reasonably possible at the reporting date and assumes that all other variables, in particular interest rates, remain constant.

	Residual exposure		Movement in variable	Profit (Loss)		Equity	
	2014	2013	against A$	2014	2013	2014	2013
	$'000	$'000	%	$'000	$'000	$'000	$'000
US dollar	163 350	160 455	+10	(16 335)	(16 045)	(16 335)	(16 045)
			-10	16 335	16 045	16 335	16 045
Euro	38 096	33 835	+10	(3 810)	(3 384)	(3 810)	(3 384)
			-10	3 810	3 384	3 810	3 384
Sterling	26 276	25 781	+10	(2 628)	(2 578)	(2 628)	(2 578)
			-10	2 628	2 578	2 628	2 578
JPY	24 493	26 934	+10	(2 449)	(2 693)	(2 449)	(2 693)
			-10	2 449	2 693	2 449	2 693
Other	104 117	81 609	+10	(10 411)	(8 160)	(10 411)	(8 160)
			-10	10 411	8 160	10 411	8 160

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed interest securities are exposed to changes in fair value due to fluctuating interest rates whilst floating rate securities are exposed to future cash flow variations as a result of changes to interest rates. The risk management approach adopted by WorkCoverSA to manage such risks is through its asset allocation whereby a mixture of high credit rated and readily liquidated fixed interest securities are held in conjunction with short-term deposits and cash to achieve the desired level of interest rate risk exposure.

WorkCoverSA's fixed interest investments are held predominately in domestic markets. Such holdings form part of WorkCoverSA's defensive or low risk exposure to provide capital stability and secure income. WorkCoverSA's investments in interest bearing securities consist of marketable securities which are not held for trading.

WorkCoverSA's sensitivity to movements in interest rates in relation to the value of interest bearing investments is shown in the table below. This analysis is based on interest rate variances that WorkCoverSA considered to be reasonably possible at the reporting date. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Movement in interest rate	Profit (Loss)		Equity	
		2014	2013	2014	2013
	%	$'000	$'000	$'000	$'000
Interest rate movement -	+1	(30 507)	(25 764)	(30 507)	(25 764)
interest bearing investments	-1	30 507	25 764	30 507	25 764

Market price risk
Market price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market pricing (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual instrument or its issuer (idiosyncratic risk), or factors affecting all similar financial instruments traded in the market (systematic risk).

WorkCoverSA is exposed to market price risk in all asset groups with the highest systematic risk in listed securities. These investments consist of investments listed on the Australian Stock Exchange and other major international exchanges (excluding listed debt). The market price risk in all other asset groups is considered less significant.

WorkCoverSA manages its exposure to market price risk through the adoption of a longer-term investment strategy based on extensive modelling of the expected return, volatility and correlation of each asset category included in the investment program to maximise returns for a given level of risk. By diversifying investments across a number of lowly correlated markets the volatility of the aggregate investment return is moderated over time.

The potential impact of movements in the market value of Australian and overseas listed equities asset groups on WorkCoverSA's Statement of Comprehensive Income and Statement of Financial Position is shown in the sensitivity analysis below. The calculation assumes that exposures are unhedged. Industry standard categorisations have been adopted for WorkCoverSA's equity exposures.

Listed securities	Exposure		Movement in variable	Profit (Loss)		Equity	
	2014	2013		2014	2013	2014	2013
	$'000	$'000	%	$'000	$'000	$'000	$'000
Domestic equities	281 003	253 412	+20	56 201	50 682	56 201	50 682
			-20	(56 201)	(50 682)	(56 201)	(50 682)
International equities	600 718	538 503	+20	120 144	107 701	120 144	107 701
			-20	(120 144)	(107 701)	(120 144)	(107 701)
Listed property	115 836	109 329	+20	23 167	21 866	23 167	21 866
			-20	(23 167)	(21 866)	(23 167)	(21 866)
Listed infrastructure	163 454	121 587	+20	32 691	24 317	32 691	24 317
			-20	(32 691)	(24 317)	(32 691)	(24 317)

Fair value measurements
The fair value of financial assets must be estimated for recognition and measurement or for disclosure purposes.

Fair value measurements (continued)

AASB 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset either directly (as prices) or indirectly (derived from prices).

Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

The following table presents WorkCoverSA's investments measured and recognised at fair value. There have been no transfers between levels during the period:

	Level 1	Level 2	Level 3	Total
2014	$'000	$'000	$'000	$'000
Deposits with financial institutions	430 403	-	-	430 403
Government/Semi-government securities	419 685	-	-	419 685
Non-government debt instruments	320 520	-	-	320 520
Securities listed on the Australian Stock Exchange	369 352	-	-	369 352
Securities listed on overseas stock exchanges	862 046	-	-	862 046
Unit trusts - unlisted property and debt security assets	-	208 173	33 696	241 869
Derivatives	-	2 650	-	2 650
Total investments at fair value through profit and loss	2 402 006	210 823	33 696	2 646 525
2013				
Deposits with financial institutions	333 104	-	-	333 104
Government/Semi-government securities	367 652	-	-	367 652
Non-government debt instruments	249 249	-	-	249 249
Securities listed on the Australian Stock Exchange	330 172	-	-	330 172
Securities listed on overseas stock exchanges	753 671	-	-	753 671
Unit trusts - unlisted property and debt security assets	-	198 024	34 535	232 559
Derivatives	-	(8 763)	-	(8 763)
Total investments at fair value through profit and loss	2 033 848	189 261	34 535	2 257 644

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by WorkCoverSA is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the Statement of Financial Position date with the resulting value discounted back to present value
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities.

The following table presents the changes in level 3 instruments for the years ended 30 June 2014 and 2013:

Fair value measurements (continued)

	Unit trusts - unlisted property and debt security
2014	$'000
Opening balance at 1 July	34 535
Contributions	709
Withdrawals	(2 054)
Gains (Losses) recognised in investment profit	506
Closing balance at 30 June	33 696
2013	
Opening balance at 1 July	38 110
Contributions	494
Withdrawals	(4 472)
Gains (Losses) recognised in investment profit	403
Closing balance at 30 June	34 535
Total gains (losses) for level 3 investments in the period included in investment profit:	
2014	506
2013	403

The fair value of level 3 instruments is valued by an independent third party with the appropriate skills, experience and resources.

26. Related parties transactions

Apart from the details disclosed in this note, no board member has entered into a contract with WorkCoverSA and there were no contracts involving board members' interests existing at year end.

Board members of WorkCoverSA hold positions in organisations in which WorkCoverSA invests or transacts in the ordinary course of business. The terms and conditions of those transactions with board member related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions with non-board member related entities on an arm's length basis.

Board member related entities also pay premiums and self-insured fees. The terms and conditions are no more favourable than those applying to all South Australian employers.

27. Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2013-14 financial year were:

Member	*Appointed/ Resigned*	*Board*	*Workplace Injury & Scheme Performance Committee*	*Investment and Finance Committee*	*Audit and Risk Committee*	*Human Resources Committee*
Ms J Yuile		Chair	Chair	-	-	Chair
Mr P Malinauskas		Member	-	Member	-	Member
Ms J Denley		Member	Member	-	Member	Member
Dr W Griggs	Appointed 1 November 2013	Member	-	Member	-	Member
Mr C Latham	Appointed 1 November 2013	Member	-	Chair	-	-
Mr N McBride	Appointed 1 November 2013	Member	Member	-	Member	-
Ms Y Sneddon	Appointed 1 November 2013	Member	-	-	Chair	-
Mr P Bentley	Resigned 31 October 2013	Chair	Chair	Member	-	Member
Mr P Vaughan	Resigned 31 October 2013	Member	Member	-	-	Chair
Ms R Buckler	Resigned 31 October 2013	Member	Member	-	-	-
Ms N Buddle	Resigned 31 October 2013	Member	-	Chair	Member	-
Mr D White	Resigned 31 October 2013	Member	-	Member	Member	-

27. Remuneration of board and committee members (continued)

The number of members whose remuneration received and receivable falls within the following bands:	2014 Number	2013 Number
$1 - $9 999	-	-
$10 000 - $19 999	1	-
$20 000 - $29 999	3	-
$30 000 - $39 999	5	2
$40 000 - $49 999	1	-
$50 000 - $59 999	1	6
$70 000 - $79 000	1	-
$90 000 - $99 999	-	-
$100 000 - $109 999	-	1

The total remuneration received and receivable by board members was $422 000 ($481 000) which includes superannuation contributions

The Workers Rehabilitation and Compensation Advisory Committee is established under WRCA and gives advice direct to the Minister and not the Board. The members remuneration paid/payable was $21 000 ($25 000) in total for the year ending 30 June 2014. Members during the 2014 financial year were: J Szakacs (Presiding Member), S Myatt, R Cairney, M Evans, J Camillo, D Black, A Costa and T Earls resigned on 30 November 2013. W Potter, B Mulholland, A Moeller, E Huxtable and T Hardie were appointed on 23 January 2014. Remuneration for this Committee is not included in the member remuneration table above.

28. Commitments

WorkCoverSA has entered into agreements to lease office accommodation and motor vehicles for terms in excess of one year. The aggregate non-cancellable lease commitments not provided for in the financial statements, were as follows:

	Other $'000	Office leases $'000	Motor vehicles $'000	2014 Total $'000	Other $'000	Office leases $'000	Motor vehicles $'000	2013 Total $'000
Within one year	1 703	2 197	187	4 087	1 331	2 075	199	3 605
Later than one year but not longer than five years	-	9 262	81	9 343	-	8 952	245	9 197
Later than five years	-	7 616	-	7 616	-	9 787	-	9 787
	1 703	19 075	268	21 046	1 331	20 814	444	22 589

A memorandum of understanding is in place between WorkCoverSA and the Department of Planning, Transport and Infrastructure on behalf of the Minister for Transport and Infrastructure, regarding the lease of office space at 400 King William Street, Adelaide.

WorkCoverSA leases motor vehicles under non-cancellable operating leases expiring from between one to three years.

Other commitments relate to expenditure on the Return to Work Fund initiative. WorkCoverSA established the $15 million Return to Work Fund initiative to implement initiatives that contribute to the improved return of injured workers to work. The amounts above represent known future funding commitments.

29. Employer financial guarantees

Under section 60 of the WRCA, WorkCoverSA administers financial guarantees lodged by self-insured employers. As at 30 June 2014, WorkCoverSA held security to the value of $380.7 million in financial guarantees for self-insured employers. These guarantees are held for the purpose of extinguishing the claim liabilities under the WRCA of the self-insured employer in the event of that employer no longer being able to meet these liabilities.

Under the terms of the retro paid loss contracts, WorkCoverSA administers financial guarantees lodged by retro paid loss employers. As at 30 June 2014, WorkCoverSA held security to the value of $98.3 million in financial guarantees for retro paid loss employers. These guarantees are held for the purpose of extinguishing the premium liabilities under the terms of the retro paid loss contracts of the retro paid loss employer in the event of that employer no longer being able to meet these liabilities.

30. Contingent liabilities

Contingent liabilities are disclosed when the possibility of a settlement is less than probable but more than remote.

30. Contingent liabilities (continued)

The normal course of business may generate exposure to contingent liabilities in relation to claims litigation for the four WorkCoverSA funds. The result of such litigation may result in a liability to WorkCoverSA different to that recognised in the financial statements.

Provisions are made in outstanding claims for obligations that are probable and quantifiable.

There are no individually significant amounts not provided for or that are considered likely to have a material impact on net liabilities.

31. Funding ratio

The Board approved policy requires a funding range of 90% to 110% with any shortfall in funding to be recovered over a Board approved time frame. The unfunded position at June 2014 with prior year comparative figures is provided below:

	2014 $'000	2013 $'000
Funded (unfunded) position	(1 131 556)	(1 366 429)
Funding percentage	71.0%	63.7%

The mechanism for managing the funding position is the average premium rate. Each year the average premium rate is reviewed and future projections of scheme liability and cost are analysed to determine the most appropriate average premium rate to achieve WorkCoverSA's desired long-term funding policy. A component of average premium rate is an allowance to recoup the unfunded position.

The Board has considered the following matters in preparing the financial statements on a going concern basis:

- the long-term view of the funding position
- WorkCoverSA retains sufficient funds to meet current expenditure for both claim payments and operating costs
- WorkCoverSA continues to manage its funding position through the average premium rate by setting that rate at a level which includes a contribution to the recovery of the unfunded position and this rate is assessed each year.

32. Transactions with SA Government

The table below details the transactions with SA Government departments and agencies for the financial years ending 30 June 2014 and 2013.

	Revenue $'000	Expenses $'000	Assets $'000	Liabilities $'000
2014				
Government	8 185	33 353	-	13 909
Non-SA Government	983 464	723 423	2 767 536	3 885 183
	991 649	756 776	2 767 536	3 899 092
2013				
Government	8 491	26 704	-	14 195
Non-SA Government	958 410	917 505	2 397 857	3 750 091
	966 901	944 209	2 397 857	3 764 286

Capital payments for leasehold improvements with SA Government departments amounted to $0 in the year ending 30 June 2014 ($563 000).

Administered items

The *Work Health and Safety Act 2012* requires employers to register with Safework SA and make payments in the form of fees. The registration and collection of these fees is administered by WorkCoverSA for SafeWork SA in conjunction with the registration of employers under the WRCA. WorkCoverSA pays these funds to SafeWork SA whilst retaining a portion of the funds to cover administration costs.

WorkCoverSA only recognises transactions from activities that it controls. It is considered that except for the portion of funds retained by WorkCoverSA to cover administration costs, WorkCoverSA does not control the funds that it collects on behalf of SafeWork SA. Therefore, WorkCoverSA does not recognise the fees collected and subsequent payments made in relation to SafeWork SA in its Statement of Comprehensive Income or Statement of Financial Position.

Administered items (continued)

Administered items for the financial year ending 30 June 2014:

	Revenue	Expenses	Assets	Liabilities
2014	$'000	$'000	$'000	$'000
Administered items	7 821	7 459	-	463
2013				
Administered items	7 584	7 241	-	101

33. Events after the reporting period

On 6 August 2014 the SA Government introduced the Return to Work Bill 2014 to Parliament. The intention of the Return to Work Bill is to replace the current WRCA with an entirely new Act. The Bill proposes significant changes to premiums and entitlements which will impact Scheme liabilities, however until the Bill's provisions are finalised and passed by Parliament the financial and policy impacts are not able to be estimated with certainty.

APPENDIX TO

AUDITOR-GENERAL'S

ANNUAL REPORT

TREASURER'S

STATEMENTS

(Pursuant to section 22 of the *Public Finance and Audit Act 1987*)

2013-14

STATEMENT A

SUMMARY OF THE CONSOLIDATED
ACCOUNT FOR THE YEAR ENDED 30 JUNE 2014
(Section 22 (a) (i) *Public Finance and Audit Act 1987*)
(Prepared on a Cash Basis)

	Budget $	Actual $
RECEIPTS		
Taxation	3 799 926 000	3 779 246 185
Commonwealth general purpose grants	4 595 000 000	4 646 818 514
Commonwealth specific purpose grants	578 576 000	607 822 734
Commonwealth National Partnership payments	90 918 000	106 281 285
Contributions from state undertakings	343 646 000	427 190 362
Fees and charges	404 013 000	382 778 432
Recoveries	148 100 000	439 125 440
Royalties	276 131 000	312 256 796
Other receipts	156 855 000	247 782 423
Total Receipts	10 393 165 000	10 949 302 171
PAYMENTS		
Appropriation Act	12 245 316 000	12 350 306 344
Specific appropriation authorised in various Acts	132 137 000	139 530 170
Total Payments	12 377 453 000	12 489 836 514
CONSOLIDATED ACCOUNT FINANCING REQUIREMENT	1 984 288 000	1 540 534 343

The deficit for 2013-14 has been funded by borrowings from the SA Government Financing Authority, pursuant to section 16(2) of the *Public Finance and Audit Act 1987*, increasing the level of debt serviced from the Consolidated Account.

T. KOUTSANTONIS, Treasurer

STATEMENT A — *continued*

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL RECEIPTS
TO THE CONSOLIDATED ACCOUNT OF THE GOVERNMENT OF SOUTH AUSTRALIA
FOR THE YEAR ENDED 30 JUNE 2014
(Section 22 (a) (i) *Public Finance and Audit Act 1987*)
(Prepared on a Cash Basis)

	Budget 2013-14	Actual 2013-14
RECEIPTS	$	$
TAXATION		
Payroll Tax	1 358 688 000	1 300 805 499
Commonwealth Places Mirror Payroll Tax[(a)]	23 800 000	22 756 466
Stamp Duties	1 410 299 000	1 493 514 153
Commonwealth Places Mirror Stamp Duties[(a)]	300 000	930 574
Land Tax	576 024 000	571 612 155
Commonwealth Places Mirror Land Tax [(a)]	1 400 000	1 380 509
Other Taxes on Property	10 000	42 015
Save the River Murray Levy [(b)]	26 100 000	—
Gaming Machines Tax	300 402 000	288 990 424
Contribution from Lotteries Commission of South Australia	70 831 000	73 048 082
Contribution from Casino Operations	25 689 000	20 170 468
Contribution from South Australian Totalizator Agency Board	3 400 000	3 546 862
Contribution from On-course Totalizators, Bookmakers and Small Lotteries	2 983 000	2 448 978
Total Taxation Receipts	3 799 926 000	3 779 246 185
COMMONWEALTH GENERAL PURPOSE PAYMENTS		
GST Revenue Grants	4 595 000 000	4 646 818 514
Total Commonwealth General Purpose Payments	4 595 000 000	4 646 818 514
COMMONWEALTH SPECIFIC PURPOSE PAYMENTS [(c)]		
Council of Australian Governments funding arrangements	578 576 000	607 822 734
Total Commonwealth Specific Purpose Payments	578 576 000	607 822 734
COMMONWEALTH NATIONAL PARTNERSHIP PAYMENTS [(d)]		
Council of Australian Governments funding arrangements	90 918 000	106 281 285
Total Commonwealth National Partnership Payments	90 918 000	106 281 285

(a) Taxes akin to state taxes are levied on activities conducted on Commonwealth places under the authority of Commonwealth mirror tax legislation. Revenue is retained by the state.

(b) The budget for the Save River Murray Fund was transferred to the Department of Environment, Water and Natural Resources pursuant with the *Water Industry Act 2012.*

(c) Refers only to those Commonwealth specific purpose payments paid to Consolidated Account.

(d) Refers only to National Partnership payments that are paid to the Consolidated Account. The remainder of National Partnership payments are paid into the Intergovernmental Agreement on Federal Financial Relations special deposit account for subsequent disbursement to the relevant line agencies.

STATEMENT A — *continued*

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL RECEIPTS
TO THE CONSOLIDATED ACCOUNT, 2013-14 — *continued*

	Budget 2013-14	Actual 2013-14
RECEIPTS - *continued*	$	$
CONTRIBUTIONS FROM STATE UNDERTAKINGS		
Adelaide Convention Centre —		
Dividend	—	1 093 849
Income Tax Equivalent	—	1 407 352
Arrangements with private electricity entities —		
Local Government Rate Equivalent	232 000	226 056
Austraining Pty Ltd —		
Income Tax Equivalent	600 000	269 892
Department of Planning, Transport and Infrastructure —		
Income Tax Equivalent	2 632 000	344 126
Local Government Rate Equivalent	1 351 000	604 736
Flinders Port —		
Payment in lieu of other taxes	2 378 000	4 682 557
Funds SA —		
Local Government Rate Equivalent	209 000	209 628
HomeStart Finance —		
Dividend	6 887 000	7 176 018
Income Tax Equivalent	4 919 000	5 016 719
Public Trustee Office —		
Dividend	359 000	1 528 200
Income Tax Equivalent	89 000	475 077
Renewal SA —		
Dividend	9 548 000	—
Local Government Rate Equivalent	906 000	947 839
SA Lotteries —		
Income Tax Equivalent	—	47 915
SA Water Corporation —		
Dividend	186 103 000	196 171 000
Income Tax Equivalent	90 719 000	140 581 623
Local Government Rate Equivalent	1 510 000	1 478 304
South Australian Government Employee Residential Properties —		
Dividend	1 706 000	1 706 000
Income Tax Equivalent	407 000	109 127
South Australian Government Financing Authority —		
Dividend	28 230 000	32 780 000
Income Tax Equivalent	4 770 000	30 334 344
West Beach Trust —		
Income Tax Equivalent	91 000	—
Total Contributions from State Undertakings	343 646 000	427 190 362

STATEMENT A — *continued*

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL RECEIPTS
TO THE CONSOLIDATED ACCOUNT, 2013-14 — *continued*

	Budget 2013-14	Actual 2013-14
RECEIPTS — *continued*	$	$
FEES AND CHARGES [(e)]		
Auditor-General's Department — Fees for audit and other sundry receipts	14 764 000	15 591 334
Court fines	37 923 000	36 050 585
Court regulatory fees	34 871 000	22 691 432
Guarantee fees	77 453 000	75 926 101
Infringement Notice Schemes — Expiation fees	85 759 000	77 482 257
Land and business regulations	1 869 000	—
Land Services regulatory fees	151 019 000	154 898 579
Small lotteries	154 000	—
Sundry fees	201 000	138 144
Total fees and charges	404 013 000	382 778 432
RECOVERIES		
Department for Planning, Transport and Infrastructure — Indentured Ports	5 125 000	9 977 077
Department of Environment , Water and Natural Resources — Qualco Sunlands	250 000	250 000
Essential Services Commission of South Australia	7 341 000	7 354 200
Helicopter service — Recovery of costs and sponsorships	1 020 000	1 123 950
Independent Gaming Corporation contribution to Gamblers Rehabilitation Fund	2 000 000	2 000 000
Metropolitan Drainage Fund	7 000	7 409
Motor Accident Commission	100 000 000	100 000 000
National Tax Equivalent Program	50 000	—
Return of cash to Consolidated Account — Cash Alignment Policy	—	303 230 000
Return of deposit account balances	—	10 507 795
Return of deposit account balances — Superannuation	30 000 000	—
Sale of government publications and subscriptions	188 000	121 753
Sundry recoupments	146 000	—
Unclaimed monies and personal property	1 973 000	4 553 256
Total recoveries	148 100 000	439 125 440

(e) Refers to only those fees and charges paid to the Consolidated Account.

STATEMENT A — *continued*

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL RECEIPTS
TO THE CONSOLIDATED ACCOUNT, 2013-14 — *continued*

	Budget 2013-14	Actual 2013-14
RECEIPTS — *continued*	$	$
ROYALTIES		
Department of Manufacturing, Innovation, Trade, Resources and Energy	276 131 000	312 256 796
Total Royalties	276 131 000	312 256 796
OTHER RECEIPTS		
Interest —		
Interest on investments	66 245 000	70 800 229
Interest recoveries from general government entities	2 780 000	1 883 860
Interest recoveries from non-commercial public trading enterprises	12 868 000	4 915 552
Interest recoveries from the private sector	332 000	104 959
Repayment of advances —		
Administered items for the Department for Transport, Energy and Infrastructure	209 000	255 001
Department for Health and Ageing	—	1 347 361
Department of Primary Industries and Regions	3 780 000	5 790 000
Renmark Irrigation Trust	261 000	—
Royal Zoological Society of South Australia	219 000	219 197
South Australia Housing Trust	11 467 000	109 701 665
Other repayments	6 000	6 660
Other —		
Other recoveries	21 292 000	37 273 696
Sale of land and buildings	37 396 000	15 484 243
Total other receipts	156 855 000	247 782 423
TOTAL CONSOLIDATED ACCOUNT RECEIPTS	10 393 165 000	10 949 302 171

STATEMENT A — *continued*

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL PAYMENTS
FROM THE CONSOLIDATED ACCOUNT OF THE GOVERNMENT OF SOUTH AUSTRALIA
FOR THE YEAR ENDED 30 JUNE 2014
(Section 22 (a) (i) *Public Finance and Audit Act 1987*)
(Prepared on a Cash Basis)

	Budget 2013-14	Actual 2013-14
PAYMENTS - AUTHORISED BY VARIOUS ACTS	$	$
SALARIES AND ALLOWANCES		
Agent-General - *Pursuant to Agent-General Act 1901*	101 000	94 855
Auditor-General - *Pursuant to Public Finance and Audit Act 1987*	302 000	305 683
Commissioners of Environment, Resource and Development Court - *Pursuant to Remuneration Act 1990*	1 198 000	1 222 124
Commissioner of Police - *Pursuant to Police Act 1988*	422 000	414 104
State Coroner and Deputy Coroner - *Pursuant to Remuneration Act 1990*	857 000	856 603
Electoral Commissioner and Deputy Electoral Commissioner - *Pursuant to Electoral Act 1985*	376 000	380 038
Employee Ombudsman - *Pursuant to Fair Work Act 1994*	164 000	148 625
Governor - *Pursuant to Constitution Act 1934*	312 000	322 192
Health and Community Services Complaints Commissioner — *Pursuant to Remuneraton Act 1990*	—	98 249
Judges - *Pursuant to Remuneration Act 1990* —		
Chief Justice	684 000	686 134
Judges and Masters	24 215 000	21 580 051
Magistrates - *Pursuant to Remuneration Act 1990*	15 017 000	14 007 478
Members of various standing committees - *Pursuant to Parliamentary Remuneration Act 1990 and Parliamentary Committees (Miscellaneous) Act 1991*	895 000	834 405
Ombudsman - *Pursuant to Ombudsman Act 1972*	376 000	328 885
Parliamentary salaries and electorate other allowances - *Pursuant to Parliamentary Remuneration Act 1990*		
Ministers, officers and members of parliament	14 564 000	14 574 305
Senior Judge and judges of the Industrial Relations Court and Commission - *Pursuant to Remuneration Act 1990*	2 262 000	2 570 769
Solicitor-General - *Pursuant to Solicitor-General Act 1972*	614 000	558 542
South Australian Civil and Administrative Tribunal — *Pursuant to Remuneration Act 1990*	—	50 558
Valuer-General - *Pursuant to Valuation of Land Act 1971*	132 000	118 585
Total Salaries and Allowances	62 491 000	59 152 185
OTHER		
Compensation for injuries resulting from criminal acts - *Pursuant to Victims of Crime Act 2001*	7 824 000	7 824 000
First Home Owner Grant - *Pursuant to First Home Owner Grant Act 2000*	61 822 000	72 553 985
Total Other	69 646 000	80 377 985
TOTAL PAYMENTS FOR WHICH SPECIFIC APPROPRIATION IS AUTHORISED IN VARIOUS ACTS	132 137 000	139 530 170

STATEMENT A — *continued*

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL PAYMENTS
FROM THE CONSOLIDATED ACCOUNT, 2013-14 — *continued*

	Budget (*Appropriation Act 2013*)			Actual (f)
	Initial Section 4(1)	Transfers Section 5	Balance	2013-14
PAYMENTS	$	$	$	$
Arts SA	132 559 000		132 559 000	132 559 000
Attorney-General's Department	85 898 000		85 898 000	85 898 000
Administered items for the Attorney-General's Department	107 276 000		107 276 000	62 300 000
Auditor-General's Department	16 016 000		16 016 000	15 427 000
Courts Administration Authority	89 348 000		89 348 000	91 686 000
Defence SA	16 482 000		16 482 000	16 482 000
Department for Communities and Social Inclusion	1 040 343 000		1 040 343 000	962 921 000
Administered items for the Department for Communities and Social Inclusion	179 118 000		179 118 000	174 367 000
Department for Correctional Services	241 375 000		241 375 000	240 625 000
Department for Education and Child Development	2 777 471 000		2 777 471 000	2 821 749 000
Administered items of the Department for Education and Child Development	228 818 000		228 818 000	228 818 000
Department of Health and Ageing	3 021 228 000		3 021 228 000	3 021 228 000
Department of Manufacturing, Innovation, Trade, Resources and Energy	89 407 000		89 407 000	92 031 000
Administered items for the Department of Manufacturing, Innovation, Trade, Resources and Energy	1 325 000		1 325 000	1 420 000
Department of Environment, Water and Natural Resources	184 701 000		184 701 000	166 282 000
Administered items for the Department of Environment, Water and Natural Resources	19 361 000		19 361 000	34 782 170
Department of Further Education, Employment, Science and Technology	488 973 000		488 973 000	532 295 000
Department of Planning, Transport and Infrastructure	747 396 000		747 396 000	797 561 000
Administered items for the Department of Planning, Transport and Infrastructure	14 790 000		14 790 000	14 671 000
Department of Primary Industries and Regions	78 136 000		78 136 000	77 136 000
Administered items for the Department of Primary Industries and Regions	3 516 000	1 037 000	4 553 000	4 553 000
Department of the Premier and Cabinet	95 827 000		95 827 000	114 570 000
Administered items for the Department of the Premier and Cabinet	7 930 000	-1 037 000	6 893 000	8 052 000
Department of Treasury and Finance	61 572 000		61 572 000	61 265 000
Administered items for the Department of Treasury and Finance	1 702 329 000		1 702 329 000	1 780 673 000
Electoral Commission of South Australia	12 588 000		12 588 000	14 790 000
House of Assembly	8 615 000		8 615 000	7 514 115
Independent Gambling Authority	1 691 000		1 691 000	1 691 000
Joint Parliamentary Services	13 915 000		13 915 000	15 096 595
Legislative Council	5 575 000		5 575 000	4 511 464
Minister for Tourism	4 565 000		4 565 000	4 565 000
South Australia Police	713 028 000		713 028 000	706 274 000
Administered items for South Australia Police	173 000		173 000	173 000

(f) Actual payments includes those authorised under other provisions of the *Public and Finance Audit Act 1987* (refer to Statement K).

STATEMENT A — *continued*

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL PAYMENTS
FROM THE CONSOLIDATED ACCOUNT, 2013-14 — *continued*

	Budget (*Appropriation Act 2013*)			Actual (f)
	Initial Section 4(1)	Transfers Section 5	Balance	2013-14
PAYMENTS - *continued*	$	$	$	$
South Australian Tourism Commission	50 515 000		50 515 000	52 884 000
State Governor's Establishment	3 456 000		3 456 000	3 456 000
Total Payments Appropriated for Public Authorities and Ministers	12 245 316 000	—	12 245 316 000	12 350 306 344
TOTAL CONSOLIDATED ACCOUNT PAYMENTS	12 377 453 000	—	12 377 453 000	12 489 836 514

(f) Actual payments includes those authorised under other provisions of the *Public and Finance Audit Act 1987* (refer to Statement K)

T. KOUTSANTONIS, Treasurer

STATEMENT B

SUMMARY OF MOVEMENTS OF FUNDS OF THE TREASURER
DURING THE YEAR ENDED 30 JUNE 2014
(Section 22 (a) (ii) *Public Finance and Audit Act 1987*)
(Prepared on a Cash Basis)

	2013-14 $'000	2012-13 $'000
SOURCE OF FUNDS		
Consolidated Account Receipts —		
Taxation	3 779 246	3 733 554
Commonwealth General Purpose Grants	4 646 819	4 509 740
Commonwealth Specific Purpose Grants	607 823	596 398
Commonwealth National Partnership Payments	106 281	134 445
Contributions from State Undertakings	427 190	422 216
Fees and Charges	382 779	356 337
Recoveries	439 125	278 330
Royalties	312 257	171 899
Other Receipts	247 782	1 301 314
Total Receipts	10 949 302	11 504 233
Increase in balance of Special Deposit Accounts	—	71 159
Increase in balance of Deposits lodged with the Treasurer	42 178	—
Increase in borrowings from the South Australian Government Financing Authority [(a)]	1 540 534	1 115 249
Decrease in deposits by the Treasurer with LGFA	—	5 233
Decrease in the value of cheques drawn but not presented / Deposits not credited	66 277	—
Decrease in deposits by the Treasurer with SAFA	254 466	113 751
Decrease in Treasurer's loans to SAFA — payments to be settled [(b)]	—	205
Decrease in balance of Imprest Accounts	124	—
	12 852 881	12 809 830
APPLICATION OF FUNDS		
Consolidated Account Payments	12 489 837	12 619 482
Decrease in balance of Special Deposit Accounts	351 690	—
Decrease in balance of Deposits lodged with the Treasurer	—	70 962
Increase in cash at bank	11 223	107 901
Increase in deposits by the Treasurer with LGFA	131	—
Increase in the value of cheques drawn but not presented/Deposits not credited	—	11 485
	12 852 881	12 809 830

(a) As reported in Statement A and Statement J, the Consolidated Account deficit for 2013-14 was funded by the Treasurer's borrowings from the South Australian Government Financing Authority.

(b) Payments processed in respect of June transactions for the Treasurer's loans to the South Australian Government Financing Authority were not settled in that month but recorded as a payable in the Department of Treasury and Finance Administered Items special deposit account.

T. KOUTSANTONIS, Treasurer

STATEMENT C

FUNDS OF THE TREASURER AS AT 30 JUNE 2014
(Section 22 (a) (xiv) *Public Finance and Audit Act 1987*)

	2013-14 $'000	2012-13 $'000
BALANCE OF FUNDS		
CONSOLIDATED ACCOUNT — see Statement A	—	—
SPECIAL DEPOSIT ACCOUNT BALANCES — see Statement F	2 406 171	2 757 861
DEPOSITS LODGED WITH THE TREASURER — see Statement G	655 272	613 094
CHEQUES DRAWN BUT NOT PRESENTED/DEPOSITS NOT CREDITED	7 623	- 58 654
	3 069 066	3 312 301
REPRESENTED BY		
CASH AT BANK	274 776	263 553
DEPOSITS WITH SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY — see Statement J	2 765 539	3 020 005
DEPOSITS WITH LOCAL GOVERNMENT FINANCING AUTHORITY OF SA — see Statement E	28 419	28 287
DEPARTMENTAL IMPREST ACCOUNTS — see Statement H	332	456
	3 069 066	3 312 301

T. KOUTSANTONIS, Treasurer

STATEMENT D

ABSTRACT OF CONSOLIDATED ACCOUNT RECEIPTS AND PAYMENTS FOR OPERATING ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2014 [(a)]
(Section 22 (a) (iii) *Public Finance and Audit Act 1987*)

PAYMENTS FOR OPERATING ACTIVITIES MADE, AND RECOVERIES IN THE NATURE OF EARNINGS, FEES AND RECOVERIES, IN CARRYING OUT THE VARIOUS STATE FUNCTIONS WERE AS UNDER—

	$'000 Payments	$'000 Recoveries	$'000 Cost	$'000
Department of the Premier and Cabinet	122 622	321	122 301	
State Governor's Establishment	3 456		3 456	
Arts SA	132 559		132 559	
South Australian Tourism Commission	52 884		52 884	
Minister for Tourism	4 565		4 565	
Auditor-General's Department	15 427	15 591	- 164	
Department of Treasury and Finance	1 798 958	1 722 722	76 236	
Independent Gambling Authority	1 691		1 691	
Department of Manufacturing, Innovation, Trade, Resources and Energy	86 521		86 521	
Defence SA	16 482		16 482	
Department of Primary Industries and Regions	81 689		81 689	
Attorney-General's Department	148 198	41 515	106 683	
Courts Administration Authority	91 686	44 195	47 491	
Department for Correctional Services	227 500		227 500	
South Australia Police	706 447	70 112	636 335	
Electoral Commission of South Australia	14 790		14 790	
Department for Health and Ageing	2 922 158	2 340	2 919 818	
Department for Communities and Social Inclusion	1 137 288		1 137 288	
Department of Education and Child Development	3 050 567		3 050 567	
Department of Further Education, Employment, Science & Technology	471 298	1 411	469 887	
Department of Environment, Natural Resources and Water	201 064	15 271	185 793	
Department of Planning, Transport and Infrastructure	328 604	169 808	158 796	
Legislature	24 219		24 219	
Payments authorised under various acts	139 530		139 530	
Total	11 780 203	2 083 286	9 696 917	
TOTAL NET COST TO CONSOLIDATED ACCOUNT FOR OPERATING ACTIVITIES				9 696 917

(a) This statement meets the requirements of Section 22 (a) (iii) of the *Public Finance and Audit Act 1987* , which specifies a statement showing the 'net recurrent cost to the Consolidated Account'. The categorisation of Consolidated Account transactions as recurrent or capital has been replaced with classifications contained in the Generally Accepted Accounting Principles. Consequently amounts described in this statement as operating activities correspond to transactions of a 'recurrent' nature and similarly investing and financing activities correspond to the transactions of a 'capital' nature.

STATEMENT D — *continued*

ABSTRACT OF CONSOLIDATED ACCOUNT RECEIPTS AND PAYMENTS FOR OPERATING ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2014 [a] — *continued*
(Section 22 (a) (iii) *Public Finance and Audit Act 1987*)

RECEIPTS FROM THE FOLLOWING SOURCES WERE APPLIED TOWARDS MEETING THE ABOVE NET COST—

State Taxation —	$'000	$'000	$'000
Payroll tax	1 300 805		
Stamp duties	1 493 514		
Land tax	571 612		
Commonwealth places mirror tax	25 068		
Other taxes on property	42		
Gaming machines tax	288 990		
Contribution from Lotteries Commission	73 048		
Contribution from casino operations	20 170		
Contribution from Totalizator Agency Board	3 547		
Contribution from on-course totalizators, bookmakers and small lotteries	2 449		
Total Receipts from State Taxation		3 779 245	
Commonwealth government general purpose grants		4 646 819	
Royalties		312 257	
Total Direct Receipts			8 738 321
LEAVING A DEFICIT ON ACCOUNT OF OPERATING ACTIVITIES FOR THE YEAR OF			- 958 596
THIS WAS INCREASED BY THE NET OF —			
Payments for investing activities		- 706 116	
Payments for financing activities		- 3 517	
Receipts from investing activities		127 695	
			- 581 938
RESULTING IN A CONSOLIDATED ACCOUNT DEFICIT FOR THE YEAR OF			-1 540 534

(a) This statement meets the requirements of Section 22 (a) (iii) of the *Public Finance and Audit Act 1987* , which specifies a statement showing the 'net recurrent cost to the Consolidated Account'. The categorisation of Consolidated Account transactions as recurrent or capital has been replaced with classifications contained in the Generally Accepted Accounting Principles. Consequently amounts described in this statement as operating activities correspond to transactions of a 'recurrent' nature and similarly investing and financing activities correspond to the transactions of a 'capital' nature.

T. KOUTSANTONIS, Treasurer

STATEMENT E

ORGANISATIONS (OTHER THAN THE SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY) WITH WHICH THE TREASURER HAS INVESTED FUNDS DURING THE YEAR ENDED 30 JUNE 2014

(Section 22 (a) (iv) *Public Finance and Audit Act 1987*)

Local Government Finance Authority of South Australia

As a result of an agreement between the Local Government Association and the Government, the Local Government Disaster Fund was established in August 1990 to fund assistance to the Stirling Council and to help meet the cost of providing assistance to local authorities which face unusually high expenditures as a result of natural disasters. As part of the arrangements agreed between the Treasurer, the Minister for Local Government Relations and the Local Government Association the majority of the balance in the Fund is invested with the Local Government Finance Authority of South Australia.

At 30 June 2014 the amount invested with the Local Government Finance Authority of South Australia under these arrangements was $28.4 million.

T. KOUTSANTONIS, Treasurer

STATEMENT F

SPECIAL DEPOSIT ACCOUNTS — BALANCES AT 30 JUNE 2014
(Section 22 (a) (v) (C) *Public Finance and Audit Act 1987*)

Account	Balance $
Interest bearing—	
Adelaide Convention Centre Future Asset Replacement Account	21 771 037
Adelaide Convention Centre Operating Account	29 500 791
Adelaide Dolphin Sanctuary Fund	1 340
Adelaide Stormwater Project	26 952
ANZAC Day Commemoration Fund	27 829
Barossa Wine Industry Fund	384 240
Building the Education Revolution	5 297 389
Caring for our Country	490 050
Citrus Growers Fund	65 460
Clare Valley Wine Industry Fund	41 861
Commonwealth Funding for Specific Projects	2 385 406
Community Emergency Services Fund	25 674 197
Community Road Safety Fund	3 392 156
Coorong, Lower Lakes and Murray Mouth Recovery Project	7 053 077
Country Equalisation Scheme	17 271 916
Dog Fence Fund	29 138
Electricity Sale/Lease Proceeds Account	—
Eyre Peninsula Grain Growers Rail Fund	315 286
Farm Finance Concessional Loan Fund	10 020 008
Gamblers Rehabilitation Fund	963 757
Governors’ Pensions Account	5 884
Grain Industry Fund	1 809 703
Grain Industry Research and Development Fund	75 512
Health, Community and Disability Services Ministerial Council	12 440 351
HIH Builders' Indemnity Assistance Account	2 267 085
Homes for Incurables Trust	678 813
HomeStart Finance Account	—
Housing Loans Redemption Fund	10 756 752
Indigenous Program for Specific Projects	36 540 340
Judges’ Pensions Account	229 428
Local Government Disaster Fund	23 274
Mount Barker Urban Development	—
Murray Futures Fund	20 949 649
National Rail Safety Reform Account	5 387
National Water Initiative Fund	51
Olive Industry Fund	—
Parliamentary Superannuation Scheme Account	441 651
Peter Stephens Trust	63 715
Playford Centre Operating Account	—
Police Superannuation Scheme Contribution Account	523 297
Public Trustee Office Operating Account	1 891 026
Regional Investment Funds (Eyre Peninsula Natural Resources Management Board)	—
Rock Lobster Fishing Industry Fund	129 527
Rural Finance Account	34 262 304
Rural Industry Adjustment and Development Fund	23 167 449
SA Grape Growers Industry Fund	550 273
School Loans Scheme	—
Shared Services SA	—
South Australian Aboriginal Heritage Fund	955 675

STATEMENT F — *continued*

SPECIAL DEPOSIT ACCOUNTS — BALANCES AT 30 JUNE 2014 — *continued*
(Section 22 (a) (v) (C) *Public Finance and Audit Act 1987*)

Account	Balance $
Interest bearing—***continued***	
South Australian Ambulance Superannuation Scheme	508 736
South Australian Local Government Grants Commission Account	982 494
South Australian Lower Lakes Bioremediation and Revegetation	63 010
South Australian River Murray Sustainability Fund	12 446 183
South Australian Riverland Floodplains Integrated Infrastructure Project	2 228 224
South Australian Superannuation Fund Account	10 369 596
Southern State Superannuation Fund Account	22 517 023
Supported Residential Facilities Indemnity Fund	41 488
Treasury — Asset Management Account	2 592 698
Victims of Crime Fund	169 275 888
Sub-Total	493 504 376
Non-interest bearing—	
Accrual Appropriation Excess Funds	535 082 738
Adelaide Oval Redevelopment	22 988 004
Administrative and Information Services Administered Items Account	—
Administrative and Information Services Operating Account	—
Attorney-General's Administered Items Account	67 436 321
Attorney-General’s Operating Account	14 104 906
Auditor-General's Administered Items Account	1 371 249
Auditor-General’s Operating Account	2 313 154
Charitable and Social Welfare Fund	4 597 699
Commonwealth Mirror Taxes on Commonwealth Places Revenue Account	—
Communities and Social Inclusion Administered Items Account	18 815 155
Communities and Social Inclusion Operating Account	8 141 664
Community Development Fund	—
Complementary State Natural Resource Management Program	306 030
Correctional Services Operating Account	13 584 321
Defence SA	4 275 228
Education and Child Development Administered Items Account	33 212 484
Education and Child Development Operating Account	73 713 905
Egg Industry Deregulation Account	464 709
Electoral Commission of South Australia Operating Account	2 837 221
Environment, Water and Natural Resources Administered Items Account	2 927 634
Environment, Water and Natural Resources Operating Account	20 644 732
Environment Protection Authority Operating Account	9 782 720
Essential Services Commission of SA	8 942 731
Further Education, Employment, Science and Technology Operating Account	41 556 971
Government Workers Rehabilitation and Compensation Fund	2 527 737
Health and Ageing Administered Items Account	615 613
Health and Ageing Operating Account	147 112 197
Health and Medical Research Fund	16 173 532
Highways Fund	232 968 107
Hospitals Fund	—
Industry Financial Assistance Account	48 743 820
Living Murray Fund, The	—
Local Government Concessions — Seniors Cardholders	1 966 095

STATEMENT F — *continued*

SPECIAL DEPOSIT ACCOUNTS — BALANCES AT 30 JUNE 2014 — *continued*
(Section 22 (a) (v) (C) *Public Finance and Audit Act 1987*)

Account	Balance $
Non-interest bearing—*continued*	
Local Government Disaster Fund	28 418 558
Manufacturing, Innovation, Trade, Resources and Energy Administered Items Account	1 760 397
Manufacturing, Innovation, Trade, Resources and Energy Operating Account	18 188 971
Minister for Finance - Super SA Select	—
Minister for Gambling's Responsible Gambling Working Party	—
Motor Vehicles — Clearing Account	47 706 907
NRAH Operating Account	—
NRM Alliance Fund	—
Office of Public Employment Operating Account	—
Office of the Venture Capital Board Operating Account	—
Planning and Local Government Administered Items Account	—
Planning and Local Government Operating Account	—
Planning, Transport and Infrastructure Administered Items Account	2 024 045
Planning, Transport and Infrastructure Operating Account	51 473 777
Police and Emergency Services Administered Items Account	8 705 111
Police Operating Account	24 625 652
Premier and Cabinet Administered Items Account	3 474 719
Premier and Cabinet Operating Account	50 968 112
Primary Industries and Regions Administered Items Account	128 968
Primary Industries and Regions Operating Account	7 537 498
Professional Standards Council Fund	—
SA Lotteries Commission Operations	1 651 630
Sale of Government Land and Property	18 026 840
Save the River Murray Fund	4 402 700
Save the River Murray Voluntary Contributions Fund	4 415
South Australian Electricity Supply Industry Planning Council Operating Account	—
South Australian Film Corporation Unclaimed Investor Returns Account	55 103
Sport and Recreation Fund	3 322 002
State Governor's Establishment Operating Account	199 378
State Procurement Board Account	878 125
Support Services to Parliamentarians	6 595 062
Surplus Cash Working Account	—
TAFE SA	58 868 807
Targeted/Voluntary Separation Package Schemes	3 456
Treasurer's Interest in the National Wine Centre	672 792
Treasury and Finance Administered Items — Intergovernmental Agreement on Federal Financial Relations	73 577 370
Treasury and Finance Administered Items Account	149 175 981
Treasury and Finance Operating Account	11 190 266
Treasury — Working Account	1 823 338
Water Administered Items Account	—
Water Operating Account	—
Sub-Total	1 912 666 657
TOTAL SPECIAL DEPOSIT ACCOUNTS	2 406 171 033

T. KOUTSANTONIS, Treasurer

STATEMENT F (1)

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2014
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Accrual Appropriation Excess Funds	To record all receipts and payments associated with surplus cash balances generated in agencies by the shift to accrual appropriations.
Adelaide Convention Centre Future Asset Replacement Account	To record all receipts and payments associated with surplus cash balances generated by the Adelaide Convention Centre for future asset replacement.
Adelaide Convention Centre Operating Account	To record receipts and disbursements relating to the operation of the Adelaide Convention Centre and borrowings by the Minister of Tourism.
Adelaide Dolphin Sanctuary Fund	To record receipts and payments related to the Adelaide Dolphin Sanctuary Fund in accordance with the *Adelaide Dolphin Sanctuary Act 2005.*
Adelaide Oval Redevelopment	To record and identify all money made available and expended for the Adelaide Oval redevelopment.
Adelaide Stormwater Projects Fund	To record the financial activities in relation to the stormwater projects funded jointly by South Australia and the Commonwealth Government's *Water for the Future initiative*.
Administrative and Information Services Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Administrative and Information Services Operating Account	To record all the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
ANZAC Day Commemoration Fund	To record the receipts and payments relating to the ANZAC Day Commemoration Fund in accordance with the *ANZAC Day Commemoration Act*
Attorney-General's Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Attorney-General's Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
Auditor-General's Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Auditor-General's Operating Account	To record all activities of the Department (excluding those administered by the Auditor-General's Department) including recurrent expenditure, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Barossa Wine Industry Fund	To record receipts and payments relating to the Barossa wine industry in accordance with the *Primary Industries Funding Schemes (Barossa Wine Industry Fund) Regulations.*

STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2014 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Building the Education Revolution	To record the activities in relation to the Bilateral Agreement on the Nation Building and Jobs Plan (Building the Education Revolution Program) for government school's.
Caring for our Country	To receive funds from the Commonwealth, State and other sources for application towards the Caring for our Country Program.
Charitable and Social Welfare Fund	To record receipts and disbursements associated with the *Gaming Machines (Miscellaneous) Amendment Bill 1996* relating to supporting the work of not-for-profit charities and community based social welfare organisations.
Citrus Growers Fund	To receive funds and to make payments as prescribed by the *Primary Industries Funding Schemes (Citrus Growers Fund) Regulations 2005.*
Clare Valley Wine Industry Fund	To record the receipts and payments relating to the Clare Valley wine industry in accordance with the *Primary Industries Funding Schemes (Clare Valley Wine Industry Fund) Regulations.*
Commonwealth Funding Received for Specific Projects	To record all activities associated with funding provided by the Commonwealth for specific projects (interest bearing).
Commonwealth Mirror Taxes on Commonwealth Places Revenue Account	To receive amounts that are levied pursuant to the *Commonwealth Places (Mirror Taxes) Act 1998* of the Commonwealth as contemplated by the arrangements entered into by the State and the Commonwealth pursuant to that Act and to the *Commonwealth Places (Mirror Taxes Administration) Act 1999* of the State, and to deal with those amounts as contemplated by those Acts and arrangements.
Communities and Social Inclusion Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Communities and Social Inclusion Operating Account	To record all activities of the Department including recurrent and capital expenditure, revenues from various activities, injections of funds provided from the Consolidated Account and borrowings. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
Community Development Fund	To record the receipts and disbursements associated with the *Gaming Machines (Miscellaneous) Amendment Bill 1996* relating to the provision of government health, welfare or education services and financial assistance for non government welfare agencies and community development.
Community Emergency Services Fund	To record all of the activities of the Community Emergency Services Fund as outlined in Parts 3 and 4 of the *Emergency Services Funding Act 1998* and any amendments as approved by Parliament.
Community Road Safety Fund	To receive revenue derived from anti-speeding devices and other monies approved by both the Minister and the Treasurer and to make payments for road safety programs and policing.
Complementary State Natural Resource Management Program	To receive funds from the Commonwealth, State and other sources for application towards the Complementary State Natural Resources Management Program.

STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2014 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Coorong, Lower Lakes and Murray Mouth (CLLMM) Recovery Project	To record and identify all funds received and expended for the CLLMM Recovery Project.
Correctional Services Operating Account	To record all the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Country Equalisation Scheme	To record injections of funds provided from the Consolidated Account, and to make ‘refund’ payments to electricity retailers in accordance with the Country Equalisation Scheme.
Defence SA	To record all activities of Defence SA including operating and investing expenditures, revenue from various activities, injection of funds provided from the Consolidated Account and borrowings.
Dog Fence Fund	To record receipts and disbursements relating to the operation of the Dog Fence Board.
Education and Child Development Administered Items Account	To receive various Commonwealth grants, administered items appropriation for the Department, the SACE Board of South Australia and the Education and Early Childhood Services Board of South Australia pursuant to the Annual Appropriation Act and to disburse the associated payments.
Education and Child Development Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from the Consolidated Account, revenue from various activities, receipt of borrowings and receipt of various Commonwealth grants and associated payments.
Egg Industry Deregulation Account	To facilitate all transactions associated with or resulting from deregulation of the Egg Industry and the winding up of the SA Egg Board.
Electoral Commission of South Australia Operating Account	To record all of the activities of the Office and those formerly carried on by the Electoral Department including recurrent and capital expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Electricity Sale/Lease Proceeds Account	To receive proceeds of sale/lease agreement, sale or lease under the *Electricity Corporations (Restructuring and Disposal) Act 1999* and other funds as approved by the Treasurer, and to receive interest payments from other interest bearing accounts in which sale/lease agreement proceeds are placed, and to invest those monies and to apply those monies, and income from their investment, towards the retirement of the State debt.
Environment, Water and Natural Resources Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Environment, Water and Natural Resources Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Environment Protection Authority Operating Account	To record all of the activities of the Authority including recurrent and capital expenditures, revenue from various activities, injection of funds provided from Consolidated Account and borrowings.

STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2014 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Essential Services Commission of SA	To record the financial transactions of the Essential Services Commission of South Australia.
Eyre Peninsula Grain Growers Rail Fund	To record all receipts and expenditures related to the Eyre Peninsula Grain Growers Rail Fund as established by the *Primary Industry Funding Schemes (Eyre Peninsula Grain Growers Rail Fund) Regulations 2006.*
Farm Finance Concessional Loan Fund	To record all of the financial transactions undertaken by PIRSA in respect of loan funds, and funds contributed towards scheme operating costs, received by the South Australian Government form the Federal Government and made available to PIRSA for the purposes of the delivery by PIRSA of the Federal Government's Farm Finance Concessional Loan Scheme, including funds PIRSA receives from and repays to the Consolidated Account and funds PIRSA pays to and receives from recipients of loans under the scheme.
Further Education, Employment, Science and Technology Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from the Consolidated Account, revenue from various activities, receipt of borrowings and receipt of various Commonwealth grants and associated payments.
Gamblers Rehabilitation Fund	To record receipts and disbursements relating to programs for the rehabilitation of addicted gamblers, for counselling such gamblers and their families and for the development of early intervention strategies.
Government Workers Rehabilitation and Compensation Fund	To provide for the funding of rehabilitation programs and payment of workers compensation benefits for Government workers in accordance with current workers compensation legislation and in respect of claims for damages at common law for injury or disease suffered as a result of work.
Governors' Pensions Account	To record receipts and payments for the Governors' Pensions Scheme.
Grain Industry Fund	To hold and disburse funds collected in accordance with Section 4 of the Primary Industry Funding Scheme (Grain Industry Fund) Regulations 2012.
Grain Industry Research and Development Fund	To hold and disburse funds collected in accordance with the Primary Industry Funding Schemes (Grain Industry Research and Development Fund) Regulations 2013.
Health and Ageing Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Health and Ageing Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Health and Medical Research Fund	To record a portion of receipts from the commercialisation of intellectual property by the Health portfolio and the payments of these funds to support health and medical research activities in South Australia.
Health, Community and Disability Services Ministerial Council	To record receipts and disbursements relating to programs and projects of the Health, Community and Disability Services Ministerial Council.

STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2014 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Highways Fund	To record all transactions associated with the *Highways Act 1926* including the receipt of State and Commonwealth funds and expenditure on the construction and maintenance of roads and bridges.
HIH Builders' Indemnity Assistance Account	To account for the expenditure of funds made available from the Budget and from an increase in building work contractor licence fees to assist consumers relying on builders' warranty indemnity insurance with the HIH Group and to cover administrative costs of the assistance scheme.
Homes for Incurables Trust	To record receipts and payments incurred within the terms of the Home for Incurables Trust.
HomeStart Finance Account	To provide for the administration of loans under the Home Ownership Made Easy and HomeStart schemes, including the administration of borrowings required to fund the scheme.
Hospitals Fund	To record receipts from the State Lotteries Commission, Totalizator Agency Board and from Stamp Duty on Third Party Insurance policies to be used for the purpose of maintenance, development and improvement of public hospitals, to refund unclaimed dividends from unauthorised Racing Clubs and to make payments to the Racing Clubs and Trotting Clubs for a share of tax on winning bets made with book-makers.
Housing Loans Redemption Fund	Established under the *Housing Loans Redemption Fund Act 1962* to control amounts received in respect of a low cost insurance scheme established by the South Australian Government, which is administered through various lending authorities.
Indigenous Program for Specific Projects	To record receipts and expenditure of Commonwealth funds (and associated interest earnings) related to the operation of projects under the *Terms and Conditions of Funding Agreement with State/Territory/Local Government Agencies Relating to Indigenous Programs.*
Industry Financial Assistance Account	To record the financial transactions of industry financial assistance administered on behalf of the Treasurer, including operating and financing expenditures, revenues from various activities and injection of funds provided by the Consolidated Account.
Judges' Pensions Account	To record receipts and payments for the Judges' Pensions Scheme.
Living Murray Fund, The	To receive funds and make payments in relation to water recovery measures under the Living Murray initiative, including investments in, and/or received from, other Australian jurisdictions, together with proceeds generated through the temporary trade of water entitlements.
Local Government Concessions – Seniors Cardholders	To administer receipts and payments for Local Government Concessions — Seniors Cardholders.
Local Government Disaster Fund	To record transactions related to the administration of a local government disaster fund in a manner agreed between the Treasurer, the Minister of Local Government and the Local Government Association of South Australia.

STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2014 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Manufacturing, Innovation, Trade and Resources and Energy Operating Account	To record all the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
Manufacturing, Innovation, Trade, Resources and Energy – Administered Items	To record receipts and payments relating to Mining Royalties and various other programs, as well as, to receive administered items appropriation for the Department for Manufacturing, Innovation, Trade, Resources and Energy pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Minister for Finance – Super SA Select	To record receipts and payments relating to the provision of funds from the Minister for Finance to the Southern Select Super Corporation for the purpose of establishing, and assisting in the establishment of Super SA Select Fund.
Minister for Gambling's Responsible Gambling Working Party	To record the financial transactions related to the operation of the Minister for Gambling's Responsible Gambling Working Party.
Motor Vehicles – Clearing Account	To record the majority of Motor Registration Division receipts pending clearance at the end of each month.
Mount Barker Urban Growth Development Developer contributions	To record and identify all money made available and expended pursuant to the Infrastructure Deed of Agreement between the Minister and Developers.
Murray Futures Fund	To record the activities in relation to the projects funded from the Commonwealth Government's Water for the Future initiative.
National Rail Safety Reform Account	To receive revenue associated with the National Rail Safety Reform initiative and to disburse associated payments.
National Water Initiative Fund	To record receipts and expenditure of Commonwealth funds (and associated interest earnings) provided for projects funded from the Australian Government Water Fund, consistent with the funding agreement(s) entered into with the National Water Commission.
NRAH Operating Account	To record financial transactions of the Minister for Health and the Department of Health in respect of the NRAH PPP and financial arrangements associated with the securitisation structure set out in the NRAH PPP Project Documents.
NRM Alliance Fund	To receive funds and make payments in relation to initiatives relating to NRM science, technology and innovation, including investments in, and/or received from the NRM Alliance member organisations, together with proceeds generated through ancillary revenues.
Office of Public Employment Operating Account	To record all of the activities of the Office including operating and investing expenditures, revenues from various activities, injections of funds provided from the Consolidated Account and borrowings.
Office of the Venture Capital Board Operating Account	To record all the activities of the Office including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Olive Industry Fund	To record the receipts and payments relating to the Olive Industry in accordance with the Primary Industry Funding Schemes (Olive Industry Fund) Regulations 2009.

STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2014 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Parliamentary Superannuation Scheme Account	To record receipts and payments for the Parliamentary Superannuation Scheme.
Peter Stephens Trust	To record receipts and disbursements incurred within the terms of Peter Stephens Trust.
Planning and Local Government Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
Planning and Local Government Operating Account	To record all activities of the Department including operating and investing expenditures, revenue from various activities, injection of funds provided from the Consolidated Account and Borrowings. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
Planning, Transport and Infrastructure Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual Appropriation Act and to disburse the associated payments.
Planning, Transport and Infrastructure Operating Account	To record the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings other than those activities recorded in other specific deposit accounts. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
Playford Centre Operating Account	To reflect all financial transactions of the Playford Centre in its objective to encourage development of the information industry in South Australia.
Police and Emergency Services Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Police Operating Account	To record all the activities of the Police Department including operating and investing expenditures, revenues from various activities, injections of funds provided from the Consolidated Account and borrowings.
Police Superannuation Scheme Contribution Account	To record receipts and payments for the Police Superannuation Scheme.
Premier and Cabinet Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Premier and Cabinet Operating Account	To record all the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings and the receipt of Commonwealth funding for the APY Lands and associated payments. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
Primary Industries and Regions Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.

STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2014 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Primary Industries and Regions Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
Professional Standards Council Fund	Record receipts and payments related to the Professional Standards Council as set out in the *Professional Standards Act 2004*.
Public Trustee Office Operating Account	To record all the business and other activities of the Public Trustee Office including recurrent and capital expenditures, revenue raised from commercial activities, injections of funds provided from the Consolidated Account and borrowings.
Regional Investment Funds (Eyre Peninsula Natural Resources Management Board)	To record the receipt and expenditure of funds received by the Eyre Peninsula Natural Resources Management Board in accordance with the Regional Partnership Agreement.
Rock Lobster Fishing Industry Fund	To record the receipts and payments relating to the Rock Lobster industry in accordance with the *Primary Industries Funding Schemes (Rock Lobster Fishing Industry Fund) Regulations 2008*.
Rural Finance Account	To provide for the administration of separate funds covering·the agreement between the Commonwealth and the States relating to: - rural reconstruction entered into on 4 June 1971 - rural assistance entered into on 1 January 1977 - rural assistance entered into on 1 July 1985 - rural assistance entered into on 1 January 1989 - rural assistance entered into on 1 January 1993 - Marginal Dairy Farms and Dairy Adjustment; - loans under the Commercial Rural Loans Scheme; - loans made to producer Co-operatives and borrowings required to fund the scheme. To facilitate the Minister for Primary Industries becoming a unit holder in rural property trusts set up by the State Bank of South Australia to assist farmers on Eyre Peninsula and to make payments to the Rural Industry Adjustment and Development Fund and to make payments from profits on the Commercial Rural Loans Scheme to the Primary Industries Operating Account.
Rural Industry Adjustment and Development Fund	To record receipts and payments authorised by the *Rural Industry Adjustment and Development Act 1985*.
SA Grape Growers Industry Fund	To record receipts and payments relating to SA grape growers in accordance with the *Primary Industries Funding Schemes (SA Grape Growers Industry Fund) Regulations*.
SA Lotteries Commission Operations Account	To receipt and dispense funds associated with the Commissioner's regulatory, compliance and Master Agent contract management responsibilities under the *State Lotteries Act, 1966* and the transaction documents.
SA Lower Lakes Bioremediation and Revegetation	To record the activities in relation to SA's Lower Lakes bioremediation and revegetation projects in accordance with the Commonwealth Government Funding Deed — Bioremediation & Revegetation at South Australia's Lower Lakes.

STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2014 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
SA Riverland Floodplains Integrated Infrastructure Program	To record receipts and payments relating to the South Australian Riverland Floodplains Integrated Infrastructure Program.
SA River Murray Sustainability Fund	To record receipts and payments relating to the South Australian River Murray Sustainability Fund.
Sale of Government Land and Property	To record all receipts and payments associated with the sale of Crown lands and other Government land and property.
Save the River Murray Fund	To receive the proceeds of the Save the River Murray Levy via Consolidated Account and make payments as prescribed by the Waterworks (Save the River Murray Levy) Amendment Act 2003.
Save the River Murray Voluntary Contributions Fund	To receive voluntary payments and donations in relation to the Save the River Murray Fund and make payments as prescribed by the *Waterworks (Save the River Murray Levy) Amendment Act 2003*.
School Loans Scheme	To administer loans to schools.
Shared Services SA	To record all of the activities of Shared Services SA including operating and investing expenditure, revenue from various activities, and injections of funds provided from the Consolidated Account and borrowings.
South Australian Aboriginal Heritage Fund	To receive funds from the Commonwealth, State and other sources for application towards the protection and preservation of Aboriginal heritage.
South Australian Ambulance Superannuation Scheme	To record receipts and payments for the South Australian Ambulance Service Superannuation Scheme.
South Australian Electricity Supply Industry Planning Council Operating Account	To record all financial transactions for the South Australian Electricity Supply Industry Planning Council.
South Australian Film Corporation Unclaimed Investor Returns Account	To record all of the activities related to unclaimed investor returns managed by the South Australian Film Corporation.
South Australian Local Government Grants Commission Account	To record all transactions associated with the *South Australian Local Government Grants Commission Act 1992* including the receipt and payment of Commonwealth funds and expenditure on the administration of the Act.
South Australian Superannuation Fund Account	To record receipts and payments in respect of the South Australian Superannuation Fund.
Southern State Superannuation Fund Account	To record receipts and payments in respect of the Southern State Superannuation Fund.
Sport and Recreation Fund	To record receipts and disbursements associated with the *Gaming Machines (Miscellaneous) Amendment Bill 1996* relating to the provision of financial assistance to sporting and recreational organisations.
State Governor's Establishment Operating Account.	To record all the activities of the Establishment including recurrent and capital expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
State Procurement Board Account	To record all of the financial transactions associated with the State Procurement Board in accordance with the *State Procurement Act 2004*.

STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2014 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Supported Residential Facilities Indemnity Fund	To record the revenues and expenses of the Supported Residential Facilities Indemnity Fund.
Support Services to Parliamentarians	To record the financial transactions related to the administration of Support Services to Parliamentarians.
Surplus Cash Working Account	To record the movement of surplus cash to and from agencies' operating accounts, and to the Consolidated Account, in accordance with the requirements of the Cash Alignment Policy.
TAFE SA	To record receipts and disbursements incurred in relation to TAFE SA activities.
Targeted/Voluntary Separation Package Schemes	To administer the costs associated with the Targeted/Voluntary Separation Package Schemes.
Treasurer's Interest in the National Wine Centre	To record all of the financial transactions associated with the management of the *National Wine Centre (Restructuring and Leasing Arrangements) Act 2002* including injections of funds from the Consolidated Account.
Treasury and Finance Administered Items – Intergovernmental Agreement on Federal Financial Relations	To receive and disburse money paid to the State pursuant to the Intergovernmental Agreement on Federal Financial Relations for the National SPP purposes listed in Schedule F of that agreement and for the NPP payments for the purposes listed in Schedule G of that agreement.
Treasury – Asset Management Account	To record all financial transactions associated with the former South Australian Asset Management Corporation (SAAMC) and the dissolution of the SAAMC Board.
Treasury and Finance Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Treasury and Finance Operating Account	To record all the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
Treasury – Working Account	To hold charges incurred by the Agent-General in London for semi-Government and non-Government bodies, to record receipts and payments for small lotteries, to record certain receipts and payments arising from various superannuation arrangements, to record certain interest receipts and payments, to effect accounting adjustments and transfers and to hold amounts in suspense pending determination of appropriate treatment.
Victims of Crime Fund	To provide for the receipt of fines, levies and recoveries from offenders and for payment of compensation/costs to victims of crime and any other payments approved by the Attorney-General as being in the interests of victims of crime.
Water Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.

STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2014 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Water Operating Account	To record all the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.

T. KOUTSANTONIS, Treasurer

STATEMENT F (2)

SPECIAL DEPOSIT ACCOUNTS OPENED DURING THE YEAR ENDED 30 JUNE 2014
(Section 22 (a) (v) (A) *Public Finance and Audit Act 1987*)

Account	Purpose
Farm Finance Concessional Loan Fund	To record all of the financial transactions undertaken by PIRSA in respect of loan funds, and funds contributed towards scheme operating costs, received by the South Australian Government form the Federal Government and made available to PIRSA for the purposes of the delivery by PIRSA of the Federal Government's Farm Finance Concessional Loan Scheme, including funds PIRSA receives from and repays to the Consolidated Account and funds PIRSA pays to and receives from recipients of loans under the scheme.
Grain Industry Research and Development Fund	To hold and disburse funds collected in accordance with the Primary Industry Funding Schemes (Grain Industry Research and Development Fund) Regulations 2013.
SA Riverland Floodplains Integrated Infrastructure Program	To record receipts and payments relating to the South Australian Riverland Floodplains Integrated Infrastructure Program.
SA River Murray Sustainability Fund	To record receipts and payments relating to the South Australian River Murray Sustainability Fund.

T. KOUTSANTONIS, Treasurer

STATEMENT G

DEPOSITS LODGED WITH THE TREASURER — BALANCES AT 30 JUNE 2014
(Section 22 (a) (vi) *Public Finance and Audit Act 1987*)

The balances listed below represent amounts held by the Treasurer (pursuant to Section 21 of the *Public Finance and Audit Act 1987*) on behalf of various bodies.

Account	Balance $
Interest bearing—	
Adelaide and Mt Lofty Ranges Natural Resources Management Board	12 499 377
Adelaide Festival Centre Trust	13 612 397
Adelaide Hills Wine Industry Fund	211 798
Agents Indemnity Fund	65 750 464
Alinytjara Wilurara Natural Resources Management Board	2 878 545
Aquaculture Resource Management Fund	595 781
Art Gallery Board Bequests Account	1 410 125
Australian Council of State Emergency Services Fund	288 749
Bank of Tokyo-Mitsubishi Account	80 528
Bio Innovation SA	177 047
Boating Administration — Working Account	9 100 937
Botanic Gardens Board Endowment and Commercial Fund	2 906 180
Carrick Hill Trust	555 497
Cattle Compensation Fund	1 192 877
Cooperative Research Centre for Sustainable Aquaculture of Finfish	—
Correctional Services Prisoner Compensation Quarantine Fund Account	—
Crown Solicitor’s Trust Account	2 953 186
Daniel Livingston Scholarship	35 665
Deer Keepers’ Compensation Fund	117 189
Disability Services - Trust Funds, Donations and Bequests	—
Distribution Lessor Corporation Account	20 597
District Court Suitors’ Fund	2 368 953
Dog and Cat Management Fund	399 028
Domiciliary Care Services - Trust Funds, Donations and Bequests	—
Education Department — Scholarships and Prizes	184 954
Employment and Technical and Further Education — College Council Funds	141 268
Environment Protection Fund	6 685 569
Environment Resources and Development Court Suitors Fund	—
Eyre Peninsula Natural Resources Management Board	3 052 642
Facilities Fund (Marine)	7 113 736
Fleet SA	—
Generation Lessor Corporation Account	16 827
Grains Industry Levy Fund	11 698
History Trust of South Australia	2 712 790
Independent Gambling Authority	3 677 064
Industrial Court Commission	20 903
Institute of Medical and Veterinary Science	—
Kangaroo Island Natural Resources Management Board	1 262 627
Langhorne Creek Wine Industry Fund	252 278
Legal Practitioners Act	444 567
Libraries Board of South Australia	6 652 965
Lifetime Support Scheme Fund	877 390
Local Government Taxation Equivalents Fund	1 527
Market Projects Unit	3 008
McLaren Vale Wine Industry Fund	373 203

STATEMENT G — *continued*

DEPOSITS LODGED WITH THE TREASURER — BALANCES AT 30 JUNE 2014 — *continued*
(Section 22 (a) (vi) *Public Finance and Audit Act 1987*)

Account	Balance $
Interest bearing—***continued***	
Medical Research Trust Funds	289 663
Motor Accident Commission Account	667 794
Museum Board — Bequests Account	1 664 910
National Action Plan for Salinity and Water Quality	34 447
National Parks General Reserves Account	1 510 782
National Sirex Fund	—
Native Vegetation Fund	5 244 958
Natural Heritage Trust Extension (NHT2)	—
Natural Resources Management Fund	2 249 307
Onshore Petroleum Centre of Excellence	800 262
Outback Areas Community Development Fund	535 973
Passenger Transport Research and Development Fund	10 857
Phylloxera and Grape Industry Fund	1 603 411
Planning and Development Fund	5 837 624
Pleuro Pneumonia Fund	94 536
Police Superannuation Fund	117 091
Rail Transport Facilitation Fund	51 169 740
Real Property Act Assurance Fund	7 148 054
Real Property Act Trust Account	69 253
RESI Corporation Account	—
Residential Tenancies Fund	12 008 717
Retail Shop Leases Fund	961 809
Returned and Services League of Australia (South Australian Branch) Incorporated	22 784
Riverland Wine Industry Fund	728 059
SA BITS Funds Pty Ltd — Playford Centre Capital	—
SAFECOM Operating Account	26 858 463
Second-Hand Vehicles Compensation Fund	2 423 140
South Australian Apiary Industry Fund	265 566
South Australian Arid Lands Natural Resources Management Board	2 384 657
South Australian Country Arts Trust	2 837 643
South Australian Forestry Corporation	19 361 687
South Australian Government Financing Authority	46 248 510
South Australian Housing Trust	71 904 065
South Australian Murray Darling Basin Natural Resources Management Board	18 782 939
South Australian Pig Industry Fund	3 746 485
South Australian Sheep Industry Fund	6 854 276
South East Natural Resources Management Board	5 809 616
State Emergency Relief Fund	80 357
State Procurement Board — Gaming Machine Operations	—
Superannuation Funds Management Corporation Operating Account	5 750 436
Super SA Board	13 498 304
Super SA Flexible Rollover Product	6 766 575
Super SA Income Stream	16 306 348
Super SA Select	—
Supreme Court Suitors Fund	30 726 077

STATEMENT G — *continued*

DEPOSITS LODGED WITH THE TREASURER — BALANCES AT 30 JUNE 2014 — *continued*
(Section 22 (a) (vi) *Public Finance and Audit Act 1987*)

Account	Balance $
Interest bearing—***continued***	
Teachers' Registration Board	8 525 813
Transmission Lessor Corporation Account	26 454
Upper South East Dryland Salinity Project	—
Urban Renewal Authority	14 300 757
Urban Renewal Authority — Cheltenham Trust Account	286 169
Waste to Resources Fund	53 681 301
Wildlife Conservation Fund	633 049
Woods, Bagot, Jory and Laybourne-Smith — National War Memorial Account	2 261
Sub-Total	601 470 915
Non-interest bearing—	
Agriculture — Research and Services Grants	16 609 478
Children's Services Office — Capital Assistance Fund	192 235
Coast Protection Fund	442 195
Companies Liquidation Account	94 244
Contractors' Deposits	32 565
Co-operatives Liquidation Account	64 993
Correctional Services — Prisoners' Monies	694 691
Courts Administration Authority	9 883 668
Extractive Areas Rehabilitation Fund	19 051 823
Fisheries — Research and Development Fund	3 351 992
Metropolitan Drainage Maintenance Fund	19 455
Natural Gas Authority of South Australia	—
Recreation and Sport Fund	1 549 552
South Australian Film Corporation Investors Returns Account	149 299
South Australian Tourism Commission	327 146
South Eastern Water Conservation and Drainage Board	246 569
State Heritage Fund	349 848
Unclaimed Salaries and Wages Account	505 097
Workmen's Liens	236 671
Sub-Total	53 801 521
TOTAL DEPOSITS LODGED WITH THE TREASURER	655 272 436

T. KOUTSANTONIS, Treasurer

STATEMENT H

IMPREST ACCOUNTS
(Section 22 (a) (vii) *Public Finance and Audit Act 1987*)

These amounts represent monies advanced by the Treasurer to Chief Executive Officers pursuant to Section 9 of the *Public Finance and Audit Act 1987* . Imprest accounts provide funds to meet payments at short notice and are subsequently recovered from departmental monies.

By Whom Held	Agency	Unappropriated Funds Allocated
		$
Chief Executive	Attorney-General's Department	44 020
Chief Executive	Department of Education and Child Development	285 000
Electoral Commissioner	Electoral Commission of South Australia	200
Chief Executive	Department for Manufacturing, Innovation, Trade, Resources and Energy	3 000
TOTAL		332 220

T. KOUTSANTONIS, Treasurer

STATEMENT I

INDEBTEDNESS OF THE TREASURER AS AT 30 JUNE 2014
(Section 22 (a) (viii) *Public Finance and Audit Act 1987*)

As prescribed in Section 22 (a) (viii) of the *Public Finance and Audit Act 1987,* this statement provides details on the total indebtedness of the Treasurer.

Lending arrangements within the South Australian public sector give rise to a direct debt relationship between the South Australian Government Financing Authority (SAFA) and certain public non-financial corporations and the consolidation of general government sector debt with the Treasurer.

As the State's central financing authority, SAFA's main function is to develop and provide a range of borrowing, investment, and other financial services for South Australian public sector entities. The Treasurer has appointed SAFA to manage the portfolio forming the general government sector debt and is in turn indebted to SAFA.

As a result of these arrangements all of the Treasurer's indebtedness is to SAFA and the balance as at 30 June 2014 was $10 643 million. Details on the management of the Treasurer's debt portfolio can be found in SAFA's Annual Report.

The Consolidated Account is the Treasurer's main operating account and it is through this Account that public monies are received and expended pursuant to the requirements of the *Public Finance and Audit Act 1987*. Each year the Treasurer borrows from SAFA an amount equal to the Consolidated Account financing requirement. If there is a negative Consolidated Account financing requirement then an equivalent amount of the Treasurer's debt to SAFA is repaid.

In 2013-14 the Consolidated Account deficit was $1 540.5 million and was funded by borrowings of that amount from SAFA.

The indebtedness of the Treasurer to SAFA is serviced from the Consolidated Account and is recovered, in part, from loans provided by the Treasurer to public sector agencies and other bodies as described below. In addition, the Treasurer has provided equity contributions to certain agencies some of which pay dividends to the Consolidated Account as shown in Statement A.

The Treasurer's indebtedness to SAFA has been applied in the public accounts as follows:

	2013-14	2012-13
	$'000	$'000
Loans to State Government Departments		
Department of Primary Industries and Resources—Rural Loans	13 460	17 103
Department of Primary Industries and Resources—Farm Finance Loans	10 000	-
	23 460	17 103
Loans to Statutory Authorities and Other Bodies		
Flinders Medical Centre	18 215	19 562
Flinders Medical Centre Foundation	5 000	5 000
Lyrup Village Association	-	7
Renmark Irrigation Trust	716	716
Royal Adelaide Zoo	2 161	2 380
South Australian Housing Trust	-	109 994
South Western Suburbs Drainage	1 089	1 325
Woodville, Henley and Grange Drainage	134	154
	27 315	139 138

STATEMENT I — *continued*

INDEBTEDNESS OF THE TREASURER AS AT 30 JUNE 2014 — *continued*
(Section 22 (a) (viii) *Public Finance and Audit Act 1987*)

	2013-14	2012-13
	$'000	$'000
Equity Contributions		
Adelaide Convention Centre	78 294	78 294
Adelaide Entertainments Corporation	55 536	55 536
Arts SA	45 221	45 221
Department for Correctional Services	60 793	47 668
Courts Administration Authority	3 140	3 140
Defence SA	101 888	101 888
Distribution Lessor Corporation	28 273	28 273
Electoral Commission of South Australia	1 363	1 363
Generation Lessor Corporation	24 539	24 539
Department for Communities and Social Inclusion	74 325	74 325
Department for Health and Ageing	1 459 657	1 360 587
Joint Parliamentary Services	2 903	-
National Electricity Administrator	93	93
National Electricity Market Management Company	490	490
Department of Primary Industries and Regions	1 059	1 059
SA Water Corporation	173 610	173 610
South Australian Film Corporation	8 460	8 460
Sotuh Australian Housing Trust	37 316	-
South Australia Police	85 220	85 220
South Australian Tourism Commission	64	64
State Governor's Establishment	160	160
Urban Renewal Authority	107 938	107 938
Department of Treasury and Finance	547	547
Department of Planning, Transport and Infrastructure	2 610 057	2 136 804
Department of Environment, Water and Natural Resources [(a)]	22 612	22 612
Department of Further Education, Employment, Science and Technology	173 474	112 477
Department of Manufacturing, Innovation, Trade, Resources and Energy	6 930	-
	5 163 962	4 470 368
Other Indebtedness		
Debt associated with prior operations of the Consolidated Account	5 427 958	4 479 362
TOTAL TREASURER'S INDEBTEDNESS TO SAFA	10 642 695	9 105 971

Further information on the Treasurer's indebtedness to SAFA can be found in Statement J Financial Relationships and Transactions between the Treasurer and the South Australian Government Financing Authority.

(a) As a result of machinery of government changes during 2012-13, the Department for Water and the Department of Environment and Natural Resources were amalgamated to become the Department of Environment, Water and Natural Resources.

STATEMENT I — *continued*

INDEBTEDNESS OF THE TREASURER AS AT 30 JUNE 2014 — *continued*
(Section 22 (a) (viii) *Public Finance and Audit Act 1987*)

The Treasurer is authorised or required under a number of Acts to guarantee credit arrangements (eg repayment of borrowings) of various bodies. In the event of default, payment is made from the Consolidated Account. There is, therefore, a contingent liability of the Treasurer.

These fall into two main categories:

- general guarantees in respect of the operations of certain statutory bodies; and
- guarantees to assist the development of an industry or service (eg in respect of the indebtedness of companies and individuals pursuant to the *Industries Development Act 1941*).

In addition, the Treasurer may incur contingent liabilities under the *Government Financing Authority Act 1982* arising from SAFA's role in financing the South Australian Public Sector. These liabilities arise as a result of guarantees and indemnities provided, together with swap contracts and forward foreign currency transactions.

The Treasurer has residual liabilities arising from the sale/lease of the State's electricity assets. These liabilities represent prepaid lease rental payments received by the Treasurer on behalf of the Transmission Lessor Corporation, Distribution Lessor Corporation and Generation Lessor Corporation. The Treasurer's liability to the corporations at 30 June 2014 was $70.2 million. This amount will reduce over the remaining term of the lease, as lease rental revenue is brought to account. No cash payments are anticipated.

T. KOUTSANTONIS, Treasurer

STATEMENT J

FINANCIAL RELATIONSHIPS AND TRANSACTIONS BETWEEN THE TREASURER AND THE SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY
(Section 22 (a) (ix) *Public Finance and Audit Act 1987*)

The South Australian Government Financing Authority (SAFA) is an integral part of the management of the Government's finances. Transactions between SAFA and the Public Accounts are described below —

The indebtedness of the Government to SAFA largely stems from ongoing operations of Government including —

- direct loans from SAFA to the Government;
- indebtedness resulting from the assumption by SAFA of the obligations of the State to the Commonwealth Government under the Financial Agreement, Housing and other Specific Purpose Agreements;
- indebtedness resulting from debt rearrangements within the South Australian Public Sector whereby SAFA is assigned loan assets in return for assuming the associated debt servicing obligations of the South Australian Government; and
- the Government's assumption of obligations of semi-government authorities and Public Sector Financial Institutions for past loans from SAFA.

The overall movement in the Government's indebtedness to SAFA during 2013-14 is summarised as follows—

	$million
Balance at 30 June 2013	9 106
Add — Consolidated Account borrowings in 2013-14	1 541
Add — Realised loss (net)	-
Less — Repayment of borrowings	4
Balance at 30 June 2014	10 643
Market value at 30 June 2014 [(a)]	10 997

(a) SAFA manages its financial assets and liabilities on a market value basis (net fair value).

Arrangements for the management of cash require that virtually all funds under the control of the Treasurer which are not immediately required, are deposited with SAFA each day on an at call basis. In respect of the remaining funds deposited with SAFA, the Treasurer received interest at a rate determined by reference to SAFA's overnight borrowing rate.

At 30 June 2014 the Treasurer's deposit with SAFA was $2 766 million (SAFA's market valuation $2 888 million).

Statement C shows details of the Treasurer's cash balances at 30 June 2014 and the form in which those balances were held.

SAFA's 2013-14 operating profit before income tax was $89.5 million. SAFA operates within the Tax Equivalent Regime (TER) and under this arrangement the amount paid to the Consolidated Account in 2013-14, as reported in Statement A, was $30.3 million.

After taking account of the retained surplus carried forward from previous years and the net profit after tax in 2013-14, the amount of SAFA's surplus potentially available for distribution at 30 June 2014 was $372.6 million. The Treasurer determined that the distribution for 2013-14 would be $32.8 million.

Similar to many other semi-government authorities, SAFA operates a Deposit Account — see Statement G. Any surplus funds otherwise standing to the credit of the account are invested by SAFA each day.

The State unconditionally guarantees all the liabilities of SAFA pursuant to Section 15 of the *Government Financing Authority Act 1982*. The Government does not foresee any circumstances in which the guarantee is likely to be called upon.

STATEMENT J — *continued*

FINANCIAL RELATIONSHIPS AND TRANSACTIONS BETWEEN THE TREASURER AND THE SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY— *continued*
(Section 22 (a) (ix) *Public Finance and Audit Act 1987*)

On 1 July 2006 the South Australian Government Insurance Corporation (SAICORP) was amalgamated with SAFA.

As part of the amalgamation arrangements, SAFA assumed the assets and liabilities of the South Australian Government Insurance and Risk Management (SAGIRM) Fund sections 1 and 2. Fund 3 commenced operations on 1 July 2013 to administer Building Indemnity Insurance (Bll) offered to builders in South Australia. The Building Work Contractors Act 1995 (SA) and Regulations is compulsory in South Australia requiring builders to hold BII to protect home owners losses arising from the insolvency, death or disappearance of their builder up to a maximum sum insured of $80,000 per building project.

With respect to SAICORP Insurance Funds 2 and 3, the Treasurer has agreed to indemnify SAFA for the financial outcomes of the Funds to reflect the risks SAFA has assumed on the Treasurer's behalf. At 30 June each year the financial position of Fund 2 and 3 will be calculated and the Treasurer will be liable for any deficiency in the Fund. Conversely, SAFA will be liable to pay to the Treasurer any surplus in the Funds.

SAICORP Insurance Fund 2 recorded an operating profit of $5.0 million in 2013-14. The Treasurer has a net receivable from the Fund of $13.2 million representing the outstanding liability of $8.2 million as at 2012-13, plus the Treasurer's receivable of $5.0 million for 2013-14.

SAICORP Insurance Fund 3 recorded and operating loss of $1.0 million in 2013-14. The Treasurer has a net payable to the Fund of $1.0 million representing the Treasurer's payable of $1.0 million for 2013-14.

T. KOUTSANTONIS, Treasurer

STATEMENT K

STATEMENT OF APPROPRIATION AUTHORITIES

GOVERNOR'S APPROPRIATION FUND
(Section 22 (a) (xi) (A) and (B) *Public Finance and Audit Act 1987*)

	$
Maximum amount that could have been appropriated from the Fund in 2013-14	368 421 000

Purpose of Appropriation	Amounts Issued and Applied
	$
Courts Administration Authority	2 338 000
Department for Education and Child Development	44 278 000
Administered items for the Department of Environment, Water and Natural Resources	15 421 170
Department of Further Education, Employment, Science and Technology	43 322 000
Department of Manufacturing, Innovation, Trade, Resources and Energy	2 624 000
Administered items for the Department of Manufacturing, Innovation, Trade, Resources and Energy	95 000
Department of Planning, Transport and Infrastructure	50 165 000
Department of Premier and Cabinet	18 743 000
Administered items for the Department of the Premier and Cabinet	1 159 000
Administered items for the Department of Treasury and Finance	7 300 000
Electoral Commission of South Australia	2 202 000
Joint Parliamentary Services	1 948 000
Legislative Council	98 000
South Australian Tourism Commission	2 369 000
TOTAL	192 062 170

STATEMENT K — *continued*

STATEMENT OF APPROPRIATION AUTHORITIES — *continued*

TRANSFERS AUTHORISED PURSUANT TO SECTION 13 OF THE *PUBLIC FINANCE AND AUDIT ACT 1987*
(Section 22 (a) (xii) *Public Finance and Audit Act 1987*)

No transfers were made during 2013-14

REDUCTIONS AUTHORISED PURSUANT TO SECTION 14 OF THE *PUBLIC FINANCE AND AUDIT ACT 1987*
(Section 22 (a) (xiv) *Public Finance and Audit Act 1987*)

No reductions were made during 2013-14

APPROPRIATION AUTHORISED PURSUANT TO SECTION 15 OF THE *PUBLIC FINANCE AND AUDIT ACT 1987*
(Section 22 (a) (xiii) *Public Finance and Audit Act 1987*)

	$
Administered Items for the Department of Treasury and Finance	71 044 000
TOTAL	71 044 000

APPROPRIATION AUTHORITIES FOR ACTUAL PAYMENTS FROM THE CONSOLIDATED ACCOUNT, 2013-14
(Section 22 (a) (xiii) *Public Finance and Audit Act 1987*)

	Appropriation Authority	Actual Payments
	$	$
Appropriation Act 2013 , Section 4	12 245 316 000	12 087 200 174
Public Finance and Audit Act 1987 , Section 15	71 044 000	71 044 000
	12 316 360 000	12 158 244 174
The Governor's Appropriation Fund — *Public Finance and Audit Act 1987,* Section 12	368 421 000	192 062 170
	12 684 781 000	12 350 306 344
Specific appropriation authorised by various Acts	132 137 000	139 530 170
TOTAL	12 816 918 000	12 489 836 514

T. KOUTSANTONIS, Treasurer

STATEMENT L

STATEMENT OF OTHER TRANSFERS FROM THE ADMINISTERED ITEMS FOR THE DEPARTMENT OF TREASURY AND FINANCE FOR THE YEAR ENDED 30 JUNE 2014
(Section 22 (a) (xiv) *Public Finance and Audit Act 1987*)

Transfers were made to the following agencies:	$
Arts SA	560 376
Attorney-Generals Department	13 086 771
Administered Items for Attorney-Generals Department	1 304 000
Courts Administration Authority	115 000
Defence SA	16 000
Department for Communities and Social Inclusion	10 900 407
Department for Correctional Services	884 446
Department of Education and Child Development	19 404 419
Administered items for Education and Child Development	945 459
Department for Health and Ageing	115 911 334
Department for Manufacturing, Innovation, Trade, Resources and Energy	4 033 524
Administered Items for Department for Manufacturing, Innovation, Trade, Resources and Energy	2 000
Department of Environment, Water and Natural Resources	15 495 588
Department of Further Education, Employment, Science and Technology	5 187 356
Department of Planning, Transport and Infrastructure	22 081 252
Department of Primary Industries and Regions	20 445 155
Department of the Premier and Cabinet	9 963 453
Department of Treasury and Finance	2 752 265
Electoral Commission of South Australia	10 000
House of Assembly	130 000
Independent Gambling Authority	2 000
Joint Parliamentary Services	104 000
Legislative Council	129 000
Lotteries Commission of South Australia	2 666 611
South Australia Police	334 000
South Australian Ambulance Service	3 000
South Australian Fire and Emergency Services Commission	1 419 387
South Australian Tourism Commission	699 980
South Australian Water Corporation	1 250 000
State Governor's Establishment	28 000
TAFE SA	29 734 253
Zero Waste SA	566 579
TOTAL	280 165 615

T. KOUTSANTONIS, Treasurer

Part B

Acronyms used in this Report

Australian Accounting Standards - AASB

Reference	Title
AASB 1	First-time Adoption of Australian Accounting Standards
AASB 3	Business Combinations
AASB 4	Insurance Contracts
AASB 5	Non-current Assets Held for Sale and Discontinued Operations
AASB 7	Financial Instruments: Disclosures
AASB 8	Operating Segments
AASB 9	Financial Instruments
AASB 10	Consolidated Financial Statements
AASB 11	Joint Arrangements
AASB 12	Disclosure of Interests in Other Entities
AASB 13	Fair Value Measurement
AASB 101	Presentation of Financial Statements
AASB 102	Inventories
AASB 107	Statement of Cash Flows
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110	Events after the Reporting Period
AASB 111	Construction Contracts
AASB 112	Income Taxes
AASB 116	Property, Plant and Equipment
AASB 117	Leases
AASB 118	Revenue
AASB 119	Employee Benefits
AASB 120	Accounting for Government Grants and Disclosure of Government Assistance
AASB 121	The Effects of Changes in Foreign Exchange Rates
AASB 123	Borrowing Costs
AASB 124	Related Party Disclosures
AASB 127	Consolidated and Separate Financial Statements (NFP)
AASB 127	Separate Financial Statements (FP)
AASB 128	Investments in Associates (NFP)
AASB 128	Investments in Associates and Joint Ventures (FP)
AASB 131	Interests in Joint Ventures
AASB 132	Financial Instruments: Presentation
AASB 136	Impairment of Assets
AASB 137	Provisions, Contingent Liabilities and Contingent Assets
AASB 138	Intangible Assets
AASB 139	Financial Instruments: Recognition and Measurement
AASB 140	Investment Property
AASB 141	Agriculture
AASB 1004	Contributions
AASB 1023	General Insurance Contracts
AASB 1031	Materiality
AASB 1038	Life Insurance Contracts
AASB 1048	Interpretation of Standards
AASB 1049	Whole of Government and General Government Sector Financial Reporting
AASB 1050	Administered Items
AASB 1051	Land Under Roads

Australian Accounting Standards – AASB (continued)

Reference	Title
AASB 1052	Disaggregated Disclosures
AASB 1053	Application of Tiers of Australian Accounting Standards
AASB 1054	Australian Additional Disclosures
AASB 1055	Budgetary Reporting
AASB 1056	Superannuation Entities

Australian Interpretations

Reference	Title
Interpretation 4	Determining whether an Arrangement contains a Lease
Interpretation 21	Levies
Interpretation 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
Interpretation 115	Operating Leases - Incentives
Interpretation 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
Interpretation 132	Intangible Assets – Web Site Costs
Interpretation 1030	Depreciation of Long-Lived Physical Assets: Condition-Based Depreciation and Related Methods
Interpretation 1031	Accounting for the Goods and Services Tax (GST)
Interpretation 1038	Contributions by Owners Made to Wholly-Owned Public Sector Entities
Interpretation 1055	Accounting for Road Earthworks

Australian Accounting Standards - AAS

Reference	Title
AAS 25	Financial Reporting by Superannuation Plans

Treasurer's Instructions – TIs

Reference	Title
TI 1	Interpretation and Application
TI 2	Financial Management
TI 3	Appropriation
TI 4	Establishment of Merchant Facilities for Acceptance of Payments
TI 5	Debt Recovery and Write Offs
TI 6	Deposit Accounts and Banking
TI 7	Corporate Governance
TI 8	Financial Authorisations
TI 9	Payroll Deductions
TI 10	Engagement of Legal Practitioners
TI 11	Payment of Creditors' Accounts
TI 12	Government Purchase Cards and Stored Value Cards
TI 13	Expenditure Incurred by Ministers and Ministerial Staff

Treasurer's Instructions – TIs (continued)

Reference	Title
TI 14	Ex Gratia Payments
TI 15	Grant Funding
TI 17	Evaluation of and Approvals to Proceed with Public Sector Initiatives
TI 19	Financial Reporting
TI 20	Guarantees and Indemnities
TI 22	Tax Equivalent Payments
TI 23	Management of Foreign Currency Exposures
TI 25	Taxation Policies
TI 28	Financial Management Compliance Program

Accounting Policy Framework - APF

Reference	Title
APF I	Purpose and Scope
APF II	General Purpose Financial Statements Framework
APF III	Asset Accounting Framework
APF IV	Financial Asset and Liability Framework
APF V	Income Framework
APF VI	Definitions

Legislation

Reference	Title
ITAA	*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

[1] 'Australian Accounting Standards' means accounting standards issued by the Australian Accounting Standards Board that are in force in relation to the reporting period to which the financial report relates.

Acronyms (continued)

Reference	Title
CPE	Computer processing environment
CPI	Consumer price index
DPC	Department of the Premier and Cabinet
DTF	Department of Treasury and Finance
EFT	Electronic funds transfer
FBT	Fringe benefits tax
GST	Goods and services tax
ICT	Information and communications technology *(except in heading in write-up. In full for indexing purposes)*
LSL	Long service leave
SAFA	South Australian Government Financing Authority
SERL	Skills and experience retention leave
Service SA	Government Services Group - Service SA
SSSA	Government Services Group - Shared Services SA
TI	Treasurer's Instruction
TVSP	Targeted voluntary separation package

Part B

General index

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