[P.P.4G

Government
of South Australia

Report

of the

Auditor-General

Supplementary Report

for the

year ended 30 June 2011

Tabled in the House of Assembly and ordered to be published, 22 November 2011

First Session, Fifty-Second Parliament

Agency audit reports: November 2011

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

2011

General enquiries regarding this report should be directed to:

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

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

Website: www.audit.sa.gov.au

ISSN 0815-9157

Government of South Australia
Auditor-General's Department

9th Floor
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

21 November 2011

The Hon R K Sneath, MLC
President
Legislative Council
Parliament House
ADELAIDE SA 5000

The Hon L R Breuer, MP
Speaker
House of Assembly
Parliament House
ADELAIDE SA 5000

Dear President and Speaker

Report of the Auditor-General: Supplementary Report for the year ended 30 June 2011: Agency audit reports: November 2011

Pursuant to the provisions of the *Public Finance and Audit Act 1987*, I herewith provide to each of you a copy of my Supplementary Report for the year ended 30 June 2011 'Agency audit reports: November 2011'.

At the time of submission of my 2011 Annual Report which was tabled in Parliament on the 18 October 2011, I indicated that the audited financial statements and audit commentary for seven agencies would be included in a Supplementary Report to Parliament.

This Supplementary Report presents the audited financial statements and commentary on the operations for the:

- Attorney-General's Department
- Land Management Corporation
- South Australian Country Fire Service
- South Australian Fire and Emergency Services Commission
- South Australian Metropolitan Fire Service
- South Australian State Emergency Service.

At the time of preparation of this Supplementary Report, audits of the Department of Health's financial report and the health regions/services' financial reports were continuing.

I intend to present the 2010-11 audited financial statements of the Department of Health with related audit commentary in a further Supplementary Report to Parliament in early 2012.

Yours sincerely

S O'NEILL
AUDITOR-GENERAL

Table of contents

Page

Attorney-General's Department

Functional responsibility

Establishment

The Attorney-General's Department (the Department or AGD) is an administrative unit established pursuant to the PSA.

Functions

The functions of the Department are to help create a safe and secure environment in which the public of South Australia can live and work and where the rights of individuals are protected; and to advise government agencies and statutory authorities in minimisation of the Government's exposure to legal and business risk.

The Department aims to provide:

- a legal infrastructure for South Australia that fosters:
  - a legislative framework that is just, equitable, robust and appropriate for our State
  - increased understanding and adoption of crime prevention strategies, and timely and just resolution of cases before the courts
  - increased public and industry awareness of their rights and responsibilities
  - an inclusive, fair and cohesive society where cultural, linguistic and religious diversity is supported and valued.
- public access to:
  - impartial, timely and appropriate resolution of complaints
  - improved systems and processes to reduce causes of complaints
  - a fair and balanced market place
  - increased public confidence in the protection of people's rights
  - equitable services for all South Australians regardless of culture, language, religion or English language proficiency
  - programs and a range of facilities in the area of sport and recreation.

For more information about the Department refer notes 1 and 2(c) to the financial statements.

Transferred functions

As a result of restructuring of administrative arrangements, DPC transferred responsibility for the following to the Department from 1 July 2010:

- Industrial Relations Court and Commission

- Workers Compensation Tribunal
- Office of the Employee Ombudsman
- Office for the WorkCover Ombudsman
- Medical Panels SA.

Under amendments to the *Trade Measurements Act 1993*, effective 1 July 2010 Trade Measurement was transferred from the Department to the Commonwealth.

Refer notes 1(d) and 29 to the financial statements for details.

Refer notes A10 and A25 to the administered financial statements for details.

Audit mandate and coverage

Audit authority

Audit of the financial report

Subsection 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

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

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

Scope of audit

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

During 2010-11, specific areas of audit attention included:

- administrative restructures
- cash, debtors and investments
- non-current assets, including revaluations
- payroll and employee entitlements
- expenditure, including grants and subsidies
- revenue
- taxation receipts and payments
- statutory funds including the Crown Solicitor's Trust Account
- financial accounting
- corporate governance and risk management
- financial management compliance programs (FMCP)
- follow-up of 2009-10 findings.

The audit also considered the transfer of the SA Aquatic and Leisure Centre (SAALC) and management to the Department from the former Department for Transport, Energy and Infrastructure (DTEI). DTEI is now titled the Department of Planning, Transport and Infrastructure.

Internal audit activities were reviewed to assess the risks of material misstatement of the financial report and to design and perform audit procedures. Use was made of the work performed by internal audit, including an assessment of compliance with aspects of TIs 2 and 28.

Preparation of the 2010-11 financial statements

As stated in Part B of the 2010-11 Auditor-General's Annual Report to Parliament, the financial report presented in August 2011 for audit did not meet the expected quality standard. Audit, departmental and Shared Services SA staff have focused on completing the Department's 2010-11 statements included in this Report. A review of the processes used to prepare the 2010-11 statements will be performed to identify necessary improvements to allow timely completion and reporting in the future.

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 Attorney-General's Department as at 30 June 2011, 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 Attorney-General's Department in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters in relation to SA Aquatic and Leisure Centre, Office for Recreation and Sport, delegations, Crown Solicitor's Office, Office of Consumer and Business Affairs, information technology and system matters, TIs 2 and 28 and Shared Services SA as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Attorney-General's Department have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive and officers responsible for the governance of the Department, including administered activities. Responses to the management letters were generally considered to be satisfactory. Major matters raised with the Department and the related responses are detailed below.

SA Aquatic and Leisure Centre

Introduction

The SAALC at Marion was opened in April 2011. The Department, in conjunction with DTEI and private contractors were involved in the construction and operation of the facility with support from the Federal and Local Government.

The design and construction phase of the SAALC, incorporating a GP Plus centre on the site was predominantly managed by DTEI. The revised total project cost is $137.3 million and was completed in time for the Australian Aged Swimming Championships in April 2011.

In September 2010, Cabinet approved the calling of a public tender for the management and operation of the SAALC. DTEI was responsible for this process including recommending a preferred provider, contract finalisation and asset handover.

In March 2011 Cabinet approved that YMCA Aquatic and Event Services Pty Ltd and Victorian YMCA Community Programming Pty Ltd (YMCA) be awarded the contract to operate and maintain the SAALC and associated amenities. The contract term was proposed as five years and four months, to cover the expected four transition months with an option to renew for a further five years with Cabinet approval.

The March Cabinet approval also provided for an operating adjustment and additional expenditure authority to the Department to manage and make payments under the contract. Audit was advised that the Department was therefore responsible for operating the SAALC jointly with YMCA for an initial period of three to four months from the commencement of the Australian Aged Swimming Championships in April 2011 to assist in the transition. These responsibilities also include contract management, coordination and operation responsibilities together with administering financial aspects of the arrangement.

DTEI's responsibilities would conclude on the successful completion of quality assurance processes associated with the design and construction phase of the SAALC and handing over control of the asset to the Department.

Review of the March Cabinet approval for the operation and maintenance of the SAALC revealed that an uncapped funding model was recommended where the Government effectively underwrites the financial performance of the YMCA. Essential elements of the contract would include an agreed state subsidy payment, a management fee and payment to an operations and maintenance fund are payable over the initial contract term. In the event that the SAALC performance is less than agreed projections, the Government would fund any shortfall. Conversely, if the performance exceeds projections the excess would be retained in the operations and maintenance fund.

The SAALC was granted practical completion on 24 March 2011 and the Office for Recreation and Sport (ORS) was handed responsibility for the property and operation. The value of the asset transferred from DTEI to the Department was $104.1 million. The YMCA commenced operational responsibilities shortly before the Australian Aged Swimming Championships in April 2011.

Contract finalisation

Audit reviewed the SAALC project, arrangements and responsibilities in early June 2011 and identified that a contract with YMCA was not finalised and executed before commencement of the operations of the centre. Review of the March Cabinet Submission identified that performance of the YMCA will be required to be monitored regularly throughout the contract to ensure compliance and achievement of the requirements relating to scope, time, cost and quality and service and stakeholder objectives.

Audit was provided with a letter of intent provided to and advising YMCA that they were approved as the recommended proponent for the operation and maintenance of the SAALC. This does not however, detail the responsibilities of the YMCA or arrangements in place to operate the SAALC and Audit could not be provided with any other documentation on this relationship at this time.

The Department advised that it was responsible for jointly managing the SAALC with YMCA and managed the transition period to a draft agreement and various other management tools collaboratively with the YMCA. This however, may have exposed the Department, DTEI and the Government to financial and operational risk if disagreements occurred with YMCA in the transitional period.

Accountability mechanisms such as independent audits of YMCA annual accounts and Auditor-General access to underlying records of the operator were provided for in the draft contract. These however, would not commence until the contract was finalised.

A contract with YMCA was executed on 29 June 2011.

Contract management

The State Procurement Board's Contract Management Guideline requires a contract management plan be developed outlining specific contract management requirements and specific task responsibilities. This would be appropriate for the operation of a significant public sector asset involving other agencies and private contractors such as the SAALC.

Notwithstanding the status of the contract, discussions with Departmental staff at the time of the audit indicated that management and documentation processes were being considered. Audit could not, however be provided with a documented and endorsed contract management plan, or temporary plan during the transition and contract finalisation phase.

Audit recommended that a formal contract management plan be developed as a matter of priority.

In response to the issues raised, the Chief Executive advised:

- the YMCA agreed through the Operator Negotiation Workshops in February 2011 to comply and act in accordance with the requirements and responsibilities detailed and listed in the mobilisation clauses of the draft Operating and Maintenance Agreement

- the transition or mobilisation period was managed and assessed by ORS against the mobilisation plan, mobilisation budget and event plans maintained by YMCA. YMCA gave full and open access to ORS to this information and regular meetings were held

- risks associated with the SAALC were managed through monitoring YMCA information, regular meetings and a draft management plan

- no payments were made to YMCA until the contract was executed

- ORS reviewed information provided by YMCA and the operations of the SAALC during the mobilisation period and allocated two staff to this task, operating either adjacent to or from the SAALC until the opening of the centre and then met weekly to manage the responsibilities of the Department.

Audit will review the important matter of progress with a contract management plan during 2011-12.

Office for Recreation and Sport (ORS)

Outstanding acquittals

Review of outstanding ORS grant acquittals during the 2010-11 audit revealed over $1.1 million of grants either overdue or acquittal information received but not assessed. At the time of the audit, $590 000 of the outstanding grants were over 120 days old.

The outstanding acquittals report at 30 June 2011 was reviewed and revealed that the value of grant acquittals overdue or received but not assessed had reduced to $299 000. Those grant acquittals over 120 days overdue had also reduced to $100 000.

Attorney-General's

The results of the audit revealed scope for improvement in the follow-up, documentation and reporting of acquitted funds. Audit recommended that ORS consider implementing sign-off procedures and follow-up outstanding acquittals at the end of each month. Consideration should also be given to amending reports to management to include acquittals that are received but not assessed to complement existing reporting.

Grant monitoring and review

TI 15.15 requires the grant recipient to provide appropriate and regular financial information to ORS to enable monitoring of the entity's compliance with the terms of the grant and assess the effectiveness of grant programs.

Audit review of ORS monitoring of funding agreements and information provided revealed that while grant recipients were reporting on required elements of the funding agreement, the reported data was not assessed against the funding terms.

Audit recommended that ORS review the data provided by grant recipients to the requirements of each funding agreement.

In response to the ORS issues raised, the Chief Executive advised:

- ORS outstanding acquittals vary over time due to various factors
- the reduction in outstanding acquittals, as well as the trend information demonstrates management processes are effective in managing the complexities of five grant programs and the varying size and nature of grant recipient organisations
- management reporting captures all outstanding acquittals including acquittals received but not processed
- ORS will review its processes to ensure that compliance with obligations are reviewed.

Delegations

Review of delegations of authority for 2010-11 revealed that the Chief Executive has a 'procurement authority' and a 'financial authorisation - contract authorisation' up to a limit of $11 million. This delegation limit is not generally in compliance with TI 8 paragraph 8.11.1 which states:

> *Unless the public authority's enabling legislation has alternative specific arrangements that are inconsistent with this clause, a contract, including for the purchase of goods and services, can only be executed if approved "when purchase or contract consideration is between $1 100 000 to $11 000 000" by Cabinet, or the Minister; or an employee nominated by the Minister in writing by specific Ministerial delegation that specifies the employee, the amount and the nature of the contract including the parties.*

Where another employee is nominated for specific Ministerial delegation, the approval is generally limited to a transaction or project and not annual standing delegations for operational purposes. Audit suggested that clarification be sought if this type of delegation is required on an ongoing basis.

Audit also identified that approved 2010-11 delegations do not align with some approved policies.

It was recommended that the delegation of authority and affected policies be reviewed and updated.

In response the Chief Executive advised that the Department is currently considering this matter in light of the requirements of the TIs, PFAA and the *State Procurement Act 2004*.

Crown Solicitor's Office (CSO)

Debtrack

In 2008, the CSO implemented the Debtrack system to manage criminal injury compensation debts supporting the Victims of Crime Fund. Total debt was $120.9 million at 30 June 2011 which includes $72.1 million in outstanding managed debt and $48.8 million in debt notionally written off.

Review of criminal injury compensation debt and previous audit findings during 2010-11 revealed that the CSO has continued to work on identified issues. However, issues raised in the previous two audits are still outstanding. Specifically, the audit identified the following:

- Work continues on the validity of recorded debtor balances and unresolved variances at the time of the audit were $181 000. At 30 June 2011, unresolved variances were $111 000 representing 1291 adjustments to be corrected.

- Reconciliations between Debtrack and the general ledger were completed but balancing items existed during 2010-11 and reconciliations were not reviewed.

- A timeframe for the completion of verification and validity work was estimated at January 2012 but a documented action plan indicating dedicated resources to address these issues was not prepared.

Audit recommended that an updated timeframe and action plan to resolve remaining issues should be developed and assigned to a responsible officer to address the identified issues. Regular reconciliations between Debtrack and the general ledger should be performed; balancing items cleared and be reviewed by an appropriate officer.

Legal services revenue

Review of the Lawmaster system and the control environment covering compliance with TIs revealed the following issues:

- Policies and procedures - TI 2.5 requires the Chief Executive to ensure policies and procedures are regularly reviewed and revised where necessary. Review of existing policies and procedures revealed instances where they had not been revised in accordance with TI 2 requirements and where further documentation of current practices would be beneficial.

- Approved delegations - the current policy and practice regarding write-offs and invoice adjustments does not align with Chief Executive approved delegations.

- Reconciliation of subsidiary systems - TI 2.8.3 requires the Chief Executive to ensure reconciliations between the general and relevant subsidiary ledgers are performed on a timely basis. Audit's review revealed instances where reconciliations were not performed on a timely basis. Audit review also revealed discrepancies between Lawmaster transfers to the general ledger that could not be explained.

- Supporting documentation - review of key management control activities revealed instances where documentation of activities performed was not maintained or could not be located by CSO staff.

In response to the CSO issues raised, the Chief Executive advised that:

- an action plan is being drafted and an assessment of Debtrack variances will be undertaken
- most of the Debtrack variances were isolated to the initial recording of GST
- reconciliations of Debtrack are now completed each month
- CSO staff shortages were experienced and policy review will be a priority including alignment with delegations
- processes were implemented to ensure reconciliations are performed, documentation maintained and issues investigated on a timely basis.

Office of Consumer and Business Affairs

Various acts under administration of the Office of Consumer and Business Affairs state that if a licensed dealer fails to pay the annual fee or lodge the annual return the Commissioner may, by notice in writing, require the dealer to make good the default and, in addition, to pay to the Commissioner the amount fixed by regulation as a penalty for default.

Review of the Penalties Due Summary report in 2009-10, identified some penalties that should have been issued but were not. A system information technology error in processing such penalties and printing a report for review may have contributed to this matter. Follow-up of this issue during 2010-11 revealed a significant increase in the number of penalties due from 152 in 2009-10 to 1206 to be reviewed on the Penalties Due Summary report.

Audit recommended that the supervisor of each system/area should regularly review the Penalties Due Summary report and determine whether it is appropriate to issue a penalty and ensure these decisions are appropriately documented and evidenced to ensure compliance with each Act.

In response the Chief Executive advised that the Department acknowledges the issue and will seek to address it in 2011-12. The Department noted that the number of penalties appearing on the report can fluctuate depending on the timing of when the report is produced during the month.

Information technology and system matters

In early 2011 as requested by Audit, AGD provided an update and comprehensive documentation relating to its high level ICT management controls and control aspects of a number of selected systems and infrastructure environments. Additional information was provided during the year.

A particular focus of Audit was on obtaining an understanding of AGD's business continuity planning arrangements and key aspects of security control for the following selected systems:

- Justice information system of the Justice Technology Services Division
- Fixed asset system of the SA Government Radio Network
- Grants system of the Office for Recreation and Sport
- Lawmaster system of the Crown Solicitors Office
- Occupational licensing system of the Office of Consumer and Business Affairs
- SACREDD DNA system of Forensic Science SA.

Audit's observations from the review of the information provided were communicated to AGD in October 2011. The observations were as follows:

Across the AGD business continuity/disaster recovery

Examination of the information provided for the selected systems and infrastructure highlighted that the Department had identified two business unit systems at risk to their continuity of operation. The specific systems included the Occupational Licensing system and the SACREDD DNA system.

The risks to these systems relate to the areas of business continuity/disaster recovery planning and the adequacy of supporting ICT infrastructure. The Department recognises that the risks have a wider context across AGD than the two systems specifically identified above.

In particular the Office of Consumer and Business Affairs business unit identified an extreme risk of the lack of a disaster recovery plan for some of its systems. The Forensic Science SA business unit identified as high risk inadequacies in its ICT infrastructure and recognised that the development of business continuity/disaster recovery plans would be dependent on the specific requirements of planned new systems.

The AGD Audit and Risk Management Committee was advised at its July 2011 meeting of the need and commitment to update existing business continuity plans and develop and implement a high level AGD business continuity plan which integrates with business unit requirements.

A proposed methodology framework is expected to be completed by early 2012 and be fully implemented within two years.

At the time of preparation of this Report the proposed methodology framework and implementation program was under development.

Corporate ICT infrastructure

In an overall context, the Department is also progressing an upgraded across agency Corporate ICT infrastructure. This is expected to provide the capability to then implement a corporate disaster recovery solution. The ICT infrastructure upgrade is anticipated to be completed by mid-2012.

Other examples of ICT infrastructure to be addressed separately from the upgrade of Corporate ICT infrastructure include the legacy technology underpinning the Justice Information System, and the operational infrastructure for the South Australian Government Radio Network (SAGRN). These are also significant systems.

Given the importance of these matters Audit intends to maintain an ongoing focus on the remediation activity progress during 2011-12.

TIs 2 and 28

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

Policies and procedures

TI 2.5 requires each Chief Executive to ensure that policies, procedures and systems are properly documented and are regularly reviewed, revised where necessary and readily available to relevant staff.

Attorney-General's

The 2010-11 audit identified documentation from a number of business units that was not regularly reviewed or evidence of the last review date was not present.

It was recommended that senior management remind business units of the need to regularly review and update all policies, procedures and system documentation. Business units should ensure that documentation is aligned with corporate level policies and appropriately evidenced with the date of last review to assist in scheduling subsequent review functions.

FMCP completion

TI28 requires agencies to develop and maintain an FMCP to review relevant policies and procedures, internal controls and financial reporting.

The FMCP framework applicable during 2010-11 requires business units to complete an annual compliance program with certain higher risk business units required to complete FMCPs twice a year.

The framework required larger and complex business units to submit a completed and approved FMCP to the coordinator for the period ending 31 December 2010 by 11 February 2011. The Chief Executive identified the CSO to be a business unit that should prepare FMCPs twice a year.

Audit review revealed the CSO FMCP was not completed, approved and submitted until March 2011. As a result any partial or non-compliant matters were delayed in being reported to management and rectified.

Review of the Public Safety Communications FMCP and evidence files maintained to support control assessment and action for this business unit revealed the following areas that could be improved:

- no comments/findings of asset and liability reviews were identified. A similar finding was communicated to the Department in 2009-10
- the officer performing asset and liability reviews was not identified
- template reviews appear to have been used with limited detail. Standard comments of 'Reviewed current process in place' or 'Transferred on an as is basis' for the majority of process elements were noted for existing controls rather than developing an appropriate review to ensure the controls were effective
- template comments/findings of the review also appear to have been used including 'procedure effective and simple to understand' for the majority of process element existing controls.

In addition, the 2010-11 audit revealed that Veterans SA did not complete a FMCP for the year ending 30 June 2010.

Audit recommended that senior management should ensure FMCPs are completed, approved and submitted in accordance with deadlines and appropriate supporting documentation maintained as identified in the FMCP framework.

Risk management

Examination of the risk register during the interim audit revealed the following business units that transferred from DPC to AGD on 1 July 2010 did not appear to have prepared risk assessments or treatment plans for 2010-11:

- Employee Ombudsman
- Industrial Relations Court and Commission
- Medical Panels SA
- Workers Compensation Tribunal
- WorkCover Ombudsman.

In addition, review of the risk management cycle status report during the interim audit revealed the following business units with out-of date risk assessments and treatment plans:

- CSO: last review 30 June 2009
- Forensic Services SA: last review 25 November 2009.

Audit recommended that the Department ensure that these business units prepare and maintain risk assessments and associated treatment plans and that they are integrated into AGD risk management policy and frameworks.

Partial and non-compliant matters

Audit observed a number of FMCPs that indicated partial or non-compliant areas with original timeframes that had elapsed.

It was suggested that actions to address these areas be integrated into other existing business plans and monitoring frameworks to ensure identified matters are progressed.

In response to the TI 2 and TI 28 issues raised, the Chief Executive advised that the Department will undertake to address these matters in 2011-12.

Shared Services SA (SSSA)

Expenditure - the e-Procurement control environment at SSSA

The audit review of departmental expenditure processes considered controls implemented by SSSA for the common e-Procurement systems. The e-Procurement systems were implemented during 2010-11 and provide a common automated systems platform for processing procurement and accounts payable transactions.

The review identified a number of areas of control weaknesses in the e-Procurement systems control environment at SSSA. The audit findings were communicated to SSSA and agencies at the conclusion of the review. SSSA has advised proposed action to address the audit findings and recommendations. This matter is discussed in more detail in the Department of Treasury and Finance section in Part B of the 2010-11 Auditor-General's Annual Report to Parliament.

Other SSSA findings:

Other SSSA matters raised by Audit include:

- policies and procedures for all major control activities should be documented and regularly reviewed and revised where necessary in accordance with TIs

- service level agreements for e-Procurement and Forensic Science SA were out of date

- system access for AGD users should be reviewed

- long outstanding cash at bank reconciling items should be investigated and addressed and stale cheques actioned on a regular basis

- long outstanding variances between subsidiary ledgers and the general ledger should be investigated and corrected

- suspense accounts should be cleared on a regular basis.

SSSA is currently considering these issues. Follow-up of the management response and actions taken by SSSA and/or the Department will be performed as part of the 2011-12 audit.

Interpretation and analysis of the financial report

Highlights of the financial report

	2011 $'million	2010 $'million
Expenses		
Employee benefit expenses	140	137
Supplies and services	75	66
Other expenses	43	31
Total expenses	258	234
Income		
Revenue from fees and charges	78	77
Resources received free of charge	104	-
Other	34	20
Total income	216	97
Net cost of providing services	(42)	(137)
Revenues from SA Government	143	134
Net result	101	(3)
Other comprehensive income	-	26
Total comprehensive result	101	23
Net cash provided by (used in) operating activities	3	(2)
Assets		
Current assets	44	37
Non-current assets	273	177
Total assets	317	214
Liabilities		
Current liabilities	25	23
Non-current liabilities	34	34
Total liabilities	59	57
Total equity	258	157

Statement of Comprehensive Income

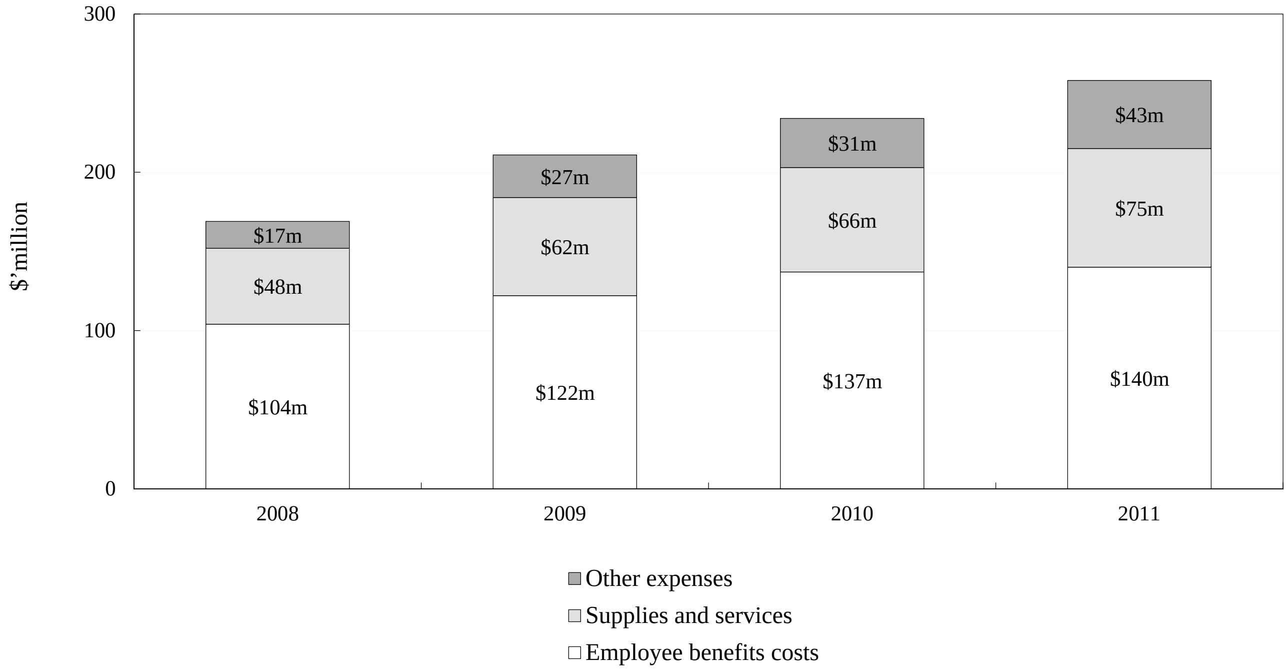
Expenses

During 2010-11 total expenses increased by $24 million to $258 million. Additional expenditure during the year included employee benefits expenses up $3 million and supplies and services up $9 million.

These increases were largely due to the Department assuming responsibility for the Employee Ombudsman, WorkCover Ombudsman, Industrial Relations Court and Commission (IRCC), Workers Compensation Tribunal and Medical Panels SA from 1 July 2010.

Grants and subsidies also increased $7 million reflecting increased funding for the ORS grant programs.

The following chart analyses the main expense items for the Department for the four years to 2011.



Income

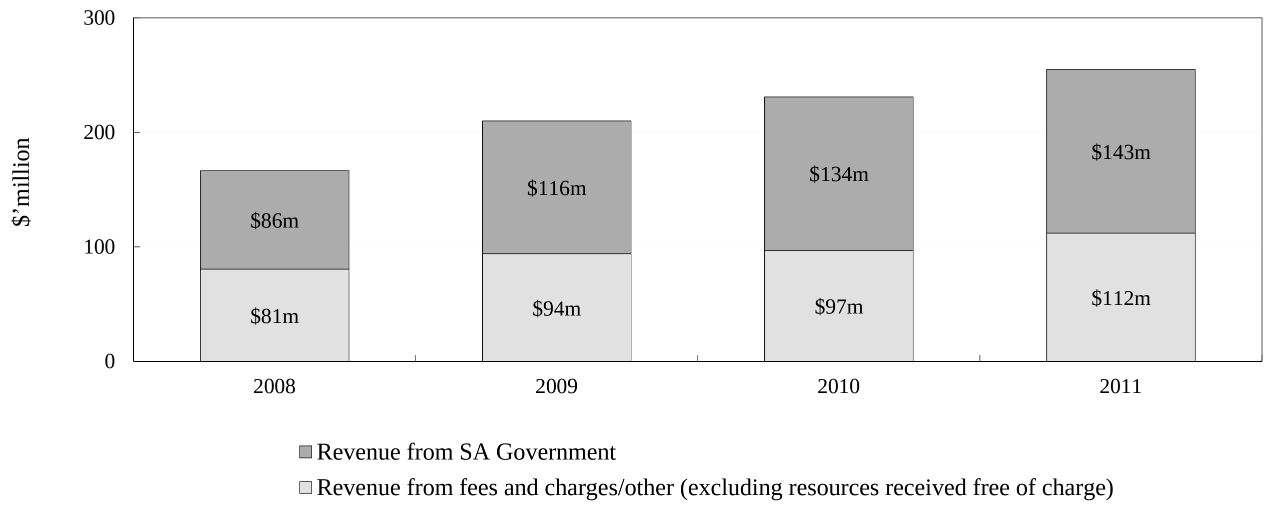
During 2010-11 total income increased by $119 million to $216 million.

This large increase mainly reflected the transfer of the SAALC to the ORS during 2010-11. The value of this transfer was $104.1 million and was recognised as resources received free of charge. Note 19(b) to the financial statements provides details.

The Department collected $78 million in fees and charges which represents 69 percent of total income from sources other than revenues from the SA Government and resources received free of charge. Note 12 to the financial statements discloses fees and charges.

In 2010-11 revenues from the SA Government increased by $9 million to $143 million due to funding for transferred functions and approved activities as detailed in the previous section titled 'Expenses'.

The following chart analyses the main sources of income, excluding resources received free of charge, for the Department for the four years to 2011.



Statement of Financial Position

In 2010-11 total assets increased by $103 million to $317 million. This increase is due mainly to the previously mentioned transfer of the SAALC.

Current assets at 30 June 2011 increased by $7 million, reflecting mainly a rise in receivables of $8 million. This was due to amounts due from WorkCover to the new units IRCC and Medical Panels SA. Current assets include cash of $20 million. The balance of cash includes $11 million held in an accrual appropriation account with the Treasurer which can only be used with the Treasurer's/ Under Treasurer's approval.

Total liabilities have increased by $2 million to $59 million due mainly to higher payables associated with trade creditors associated with ORS programs.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2010-11.

	2011 $'000	2010 $'000	2009 $'000	2008 $'000
Net cash flows				
Operating	3	(2)	7	(2)
Investing	(4)	(2)	(4)	(3)
Financing	-	-	1	-
Change in cash	(1)	(4)	4	(5)
Cash at 30 June	20	21	25	21

Interpretation and analysis of the financial statements for administered activities

Highlights of the financial statements - administered items

The administered items of the Department are identified in note A1 to the financial statements.

	2011 $'million	2010 $'million
Expenses		
Payments to Consolidated Account	323	315
Grants	46	45
Other expenses	77	56
Total expenses	446	416
Income		
Revenues from SA Government	76	70
Taxation revenue	318	311
Other income	112	74
Total income	506	455
Net cost of providing services	60	40
Other comprehensive income	1	24
Total comprehensive result	61	64
Net cash provided by (used in) operating activities	46	83

	2011 $'million	2010 $'million
Assets		
Current assets	347	307
Non-current assets	163	151
Total assets	510	458
Liabilities		
Current liabilities	97	120
Non-current liabilities	82	68
Total liabilities	179	188
Total equity	331	270

Statement of Administered Comprehensive Income

Income

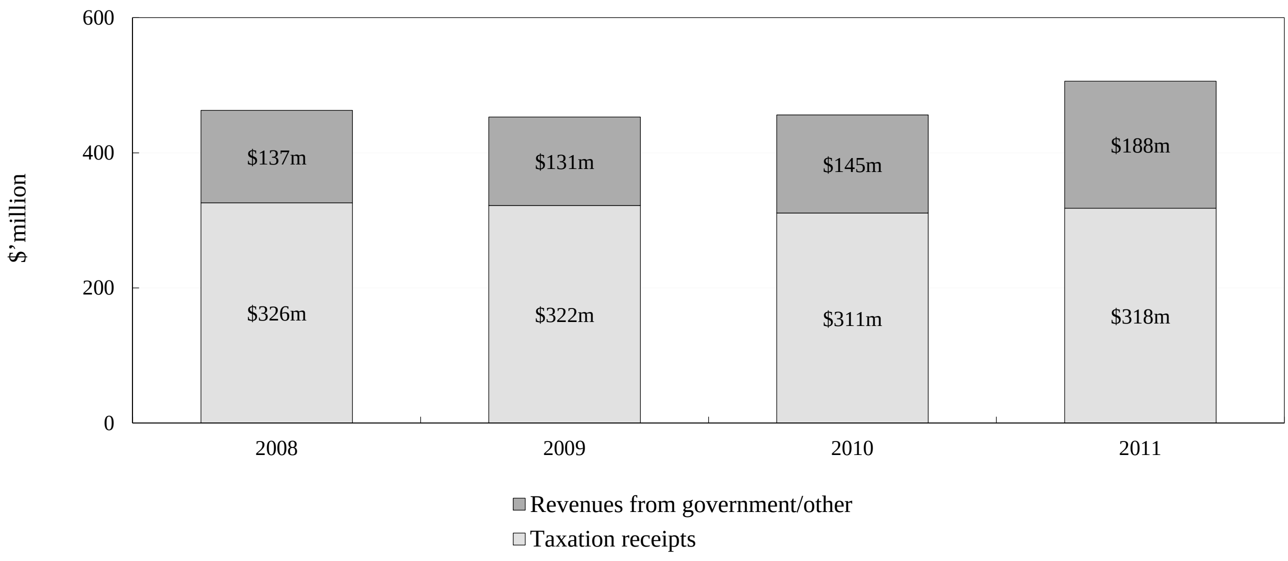
Income administered by the Department includes taxation receipts collected on behalf of government.

Taxation receipts comprise gaming tax collected pursuant to the *Gaming Machines Act 1992* (GM Act), taxation receipts collected from operations at the Adelaide Casino and off-course totalisator tax collected on racing operations. Note A2 to the administered financial statements provides further details on taxation revenue.

Total income increased by $51 million to $506 million. The main increases were:

- taxation revenue up $7 million, mainly from gaming machines
- revenues from SA Government $6 million
- interest revenues up $8 million, mainly from greater investment returns
- sales of goods and services up $21 million from the full year effects of the SAGRN which transferred to the Department from 1 April 2010.

The following chart analyses the main sources of income administered by the Department for the four years to 2011.



Expenses

Total expenses rose $30 million. Payments to the Consolidated Account of gaming taxation and other receipts are the Department's largest administered expenses. They have increased by $8 million.

Other large increases in 2010-11 were in other expenses which rose $7 million due to the full effect of the SAGRN expenditure. SAGRN transferred to the Department from 1 April 2010. Employee benefit expenses increased $6 million due to the transfer of the IRCC, Workers Compensation Tribunal, Employee Ombudsman and WorkCover Ombudsman to the Department.

Statement of Administered Financial Position

In 2010-11 total assets increased by $52 million to $510 million. This was due mainly to increases in investments (funds invested with the Public Trustee), which rose $27 million, cash and cash equivalents up $13 million and property, plant and equipment, up $10 million.

Cash and cash equivalents rose $13 million to $207 million. The balance of cash at 30 June 2011 includes taxation receipts totalling $28 million recorded as payable to the Consolidated Account. Note A21 to the administered financial statements discloses details. These amounts reflect accrual accounting timing differences between the Department and the Consolidated Account, which on a cash basis, was credited with the amounts when received by the Department.

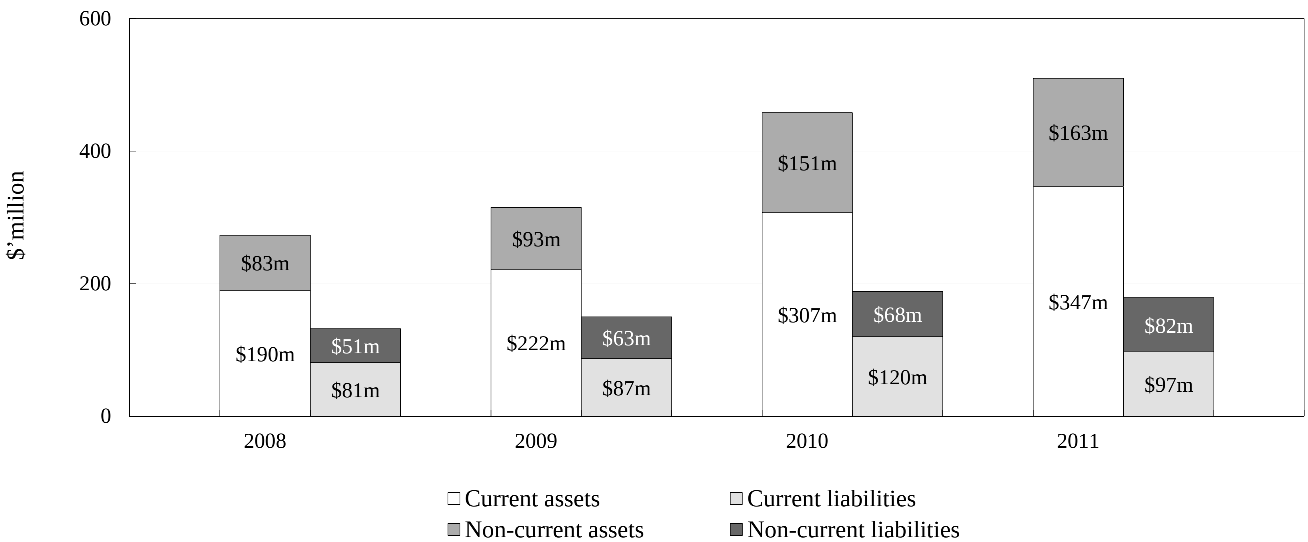
The cash position at 30 June 2011 is also attributable to the following activities:

- an increase in cash balances for Victims of Crime Fund ($23 million) and the Consumer and Business Affairs statutory funds ($9 million)
- an increase in cash held on behalf of the transferred SAGRN totalling $15 million
- cash balances associated with various administered trust accounts decreasing by $7 million which reflects the purchase of investments during 2010-11
- cash balances associated with the Office of Liquor and Gambling Services decreasing by $22 million which reflects the reduction in other current liabilities of $22 million.

The Department also administers investments totalling $187 million in common funds operated by the Public Trustee which are exposed to movements in the value of the underlying Common Fund assets. Investments increased by $27 million during 2010-11.

Total liabilities have decreased by $9 million to $179 million due mainly to a decrease in other current and non-current liabilities of $10 million mainly associated with the timing of taxation receipt transfers.

The following chart analyses the administered assets and liabilities of the Department for the four years to 2011.



Statement of Administered Cash Flows

The following table summarises the administered net cash flows for the four years to 2011.

	2011 $'000	2010 $'000	2009 $'000	2008 $'000
Net cash flows				
Operating	46	83	40	46
Investing	(33)	(23)	(25)	(26)
Financing	-	-	5	-
Change in cash	13	60	20	20
Cash at 30 June	207	194	134	114

Further commentary on operations

Taxation

Taxation revenue for 2010-11 totalled $318 million ($311 million). Taxation revenue principally comprises gaming machine taxes totalling $292 million ($283 million).

Gaming machine administration

Section 5 of the GM Act provides that the Liquor and Gambling Commissioner is responsible to the Independent Gambling Authority for the scrutiny of the operations of all licensees under the GM Act.

Under the GM Act, the operations of gaming machines in licensed premises must return winnings to players of not less than 85 percent in the case of machines installed prior to 31 May 2001, and 87.5 percent in the case of machines installed subsequent to that date. A prescribed percentage of the net gambling revenue is then required to be paid to the Treasurer (Consolidated Account).

The *Gaming Machines (Miscellaneous) Amendment Act 2005* was proclaimed on 13 January 2005. Key provisions of this Act included the:

- introduction of gaming machine entitlements for each authorised gaming machine licence
- transferability of gaming machine entitlements at a fixed price.

Provisions reflecting the maximum number of gaming machines that can be operated under a licence did not come into effect until 1 July 2005.

The following table summarises gaming machine activity for four years to 2011.

	2011 Number	2010 Number	2009 Number	2008 Number
Machines (installed as at 30 June)	12 726	12 744	12 737	12 682

	2011 $'000	2010 $'000	2009 $'000	2008 $'000
Turnover	7 989	7 747	7 900	7 814
Amount won	7 243	7 018	7 149	7 056
Net gambling revenue	745	751	751	158
Tax	292	283	293	295

Independent Gaming Corporation Limited

Pursuant to section 25 of the GM Act, the Liquor and Gambling Commissioner granted the gaming machine monitoring licence to the Independent Gaming Corporation Limited (IGC). IGC is, under this licence, responsible for monitoring the operations of gaming machine licensees.

Section 75 of the GM Act, specifically provides for the accounts and operations of IGC to be audited by the Auditor-General.

With respect to the 2010-11 operations, the audit of IGC is complete and an unmodified Independent Auditor's Report was issued for the 2010-11 financial statements of IGC.

Victims of Crime Fund

The Department is responsible for administering the *Victims of Crime Act 2001* (the VOC Act).

The VOC Act establishes principles for the treatment of victims of crime and provides rights to statutory compensation for injuries suffered as a result of criminal offences. Injury can include physical injury or mental illness if they are the result of the crime, but does not include property loss or damage.

The maximum compensation that may be awarded under the VOC Act is $50 000. Compensation is only available if an offence can be proved beyond a reasonable doubt. A claim can succeed without a known offender.

Payments made for the year through the Special Deposit Account titled 'Victims of Crime Fund' totalled $17 million ($13 million). Payments from the Fund include legal and other costs incurred in the administration of the Fund.

Recoveries from offenders

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

- The amounts recovered directly from offenders during the year totalled $704 000 ($762 000).
- Outstanding amounts at 30 June 2011 were $72 million ($64 million). Since the inception of the Fund, $49 million ($46 million) has been written off.

A further $2.2 million ($925 000) was recovered from offenders pursuant to the *Criminal Asset Confiscation Act 2005*.

In order to supplement these funds a levy is imposed by the VOC Act on all persons convicted of offences and on expiation notices. Levies for 2010-11 totalled $29 million ($22 million). In addition, for 2010-11 the Government appropriated $10 million ($7 million) to the Fund.

Residential Tenancies Fund

The Residential Tenancies Act 1995 is kept and administered by the Commissioner for Consumer Affairs and reflected as an administered activity of the Department. The Fund consists of amounts received by the Commissioner by way of security bonds and other amounts paid into the Fund under the Act. The Commissioner will make repayments in respect of security bonds from the Fund.

Income derived from investment of the Fund is applied towards the costs of administering and enforcing the Act, education of landlords and tenants about their statutory and contractual rights and obligations, and operations of the Residential Tenancies Tribunal.

During 2010-11 total expenses of the Fund decreased by $547 000 to $6 million due the effect of a reduction in staffing costs reimbursed to the Department.

Security bonds lodged with the Commissioner during 2010-11 increased by $5 million to $71 million and bond refunds also increased by $5 million to $58 million.

Other administered funds

The Commissioner for Consumer Affairs is also responsible for the following administered statutory funds that are separate reporting entities which are reflected in the administered activities of the Department:

- Agents Indemnity Fund
- Retail Shop Leases Fund
- Second-hand Vehicles Compensation Fund.

In addition, the Department is responsible for the Professional Standards Council in South Australia which is a separate reporting entity. The financial results of the Professional Standards Council are also reflected as an administered activity of the Department.

For more information on the purpose and financial activities of these funds, refer to note A1 to the administered financial statements and the Commissioner for Consumer Affairs Annual Report.

Statement of Comprehensive Income
for the year ended 30 June 2011

	Note	2011 $'000	2010 $'000
Expenses:			
Employee benefit expenses	5	140 422	136 510
Supplies and services	6	75 353	65 575
Grants and subsidies	7	31 041	24 212
Depreciation and amortisation	8	7 873	7 047
Donated assets	10(a)	2 094	-
Borrowing costs	9	254	281
Other expenses	10	1 166	1 200
Total expenses		258 203	234 825
Income:			
Revenues from fees and charges	12	77 571	76 846
Recoveries	13	23 162	8 981
Commonwealth revenue		4 765	3 842
Grants and subsidies	14	5 444	5 462
Resources received free of charge	15(a)	104 060	129
Other income	15	1 345	2 161
Total income		216 347	97 421
Net cost of providing services		(41 856)	(137 404)
Revenues from SA Government	16	142 522	134 785
Net result		100 666	(2 619)
Other comprehensive income:			
Changes in property, plant and equipment asset revaluation surplus	19(b)	-	25 729
Total comprehensive result		100 666	23 110

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

Statement of Financial Position
as at 30 June 2011

	Note	2011 $'000	2010 $'000
Current assets:			
Cash and cash equivalents	17	20 082	21 444
Receivables	18	19 773	12 129
Lease incentive receivable		2 899	3 200
Other current assets		853	24
Total current assets		43 607	36 797
Non-current assets:			
Property, plant and equipment	19(a)	272 193	171 788
Intangible assets	20(a)	1 027	1 289
Lease incentive receivable		-	3 580
Other non-current assets		116	125
Total non-current assets		273 336	176 782
Total assets		316 943	213 579
Current liabilities:			
Payables	21	13 950	9 608
Employee benefits	22	9 644	12 111
Provisions	23	532	545
Lease incentive liability		597	687
Current borrowings	25	375	322
Other current liabilities	24	45	22
Total current liabilities		25 143	23 295
Non-current liabilities:			
Payables	21	2 593	2 407
Employee benefits	22	23 002	21 768
Provisions	23	1 805	2 516
Lease incentive liability		3 487	4 182
Non-current borrowings	25	2 673	3 080
Total non-current liabilities		33 560	33 953
Total liabilities		58 703	57 248
Net assets		258 240	156 331
Equity:			
Asset revaluation surplus		33 896	33 896
Retained earnings		224 344	122 435
Total equity		258 240	156 331

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	27
Contingent assets and liabilities	28

Statement of Changes in Equity
for the year ended 30 June 2011

	Note	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2009		8 167	125 763	133 930
Change in asset recognition policy	3	-	(359)	(359)
Restated balance at 30 June 2009		8167	125 404	133 571
Net result for 2009-10		-	(2 619)	(2 619)
Gain on revaluation of non-current assets		25 729	-	25 729
Total comprehensive result of 2009-10		25 729	(2 619)	23 110
Transactions with SA Government as owner				
Net liabilities received from an administrative restructure	29	-	(350)	(350)
Balance at 30 June 2010		33 896	122 435	156 331
Net result for 2010-11		-	100 666	100 666
Total comprehensive result for 2010-11		-	100 666	100 666
Transactions with SA Government as owner:				
Net assets received from an administrative restructure	29	-	1 243	1 243
Balance at 30 June 2011		33 896	224 344	258 240

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

Statement of Cash Flows
for the year ended 30 June 2011

		2011	2010
		Inflows	Inflows
		(Outflows)	(Outflows)
Cash flows from operating activities:	Note	$'000	$'000
Cash outflows:			
Employee benefit payments		(141 754)	(135 445)
Payments for supplies and services		(73 880)	(82 361)
GST paid to the ATO		(10 078)	-
Grants and subsidies		(31 041)	(26 634)
Other payments		(937)	(1 233)
Cash used in operations		(257 690)	(245 673)
Cash inflows:			
Fees and charges		69 667	81 725
Receipts from Commonwealth		4 765	3 842
GST recovered from the ATO		11 082	5 838
Recoveries		23 162	9 673
Grants and subsidies received		5 444	5 883
Other receipts		4 391	2 254
Cash generated from operations		118 511	109 215
Cash flows from SA Government:			
Receipts from SA Government		142 522	134 785
Cash generated from SA Government		142 522	134 785
Net cash provided by (used in) operating activities	26	3 343	(1 673)
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(4 665)	(1 759)
Purchase of intangible assets		(40)	(342)
Net cash provided by (used in) investing activities		(4 705)	(2 101)
Cash flows from financing activities:			
Cash outflows:			
Sale of property, plant and equipment		-	-
Cash received from restructuring activities		-	-
Net cash provided by (used in) financing activities		-	-
Net increase (decrease) in cash and cash equivalents		(1 362)	(3 774)
Cash and cash equivalents at 1 July		21 444	25 218
Cash and cash equivalents at 30 June	17	20 082	21 444

Disaggregated Disclosures - Expenses and Income
for the year ended 30 June 2011

(Activities - refer note 4)	1	2	3	4	5	6	7
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	7 048	8 998	12 089	1 563	1 988	3 464	49 719
Supplies and services	8 368	11 987	4 646	602	704	912	12 607
Grants and subsidies	37	18 285	86	269	1	91	1 403
Depreciation and amortisation	47	4 891	105	1	173	2	332
Donated assets	-	-	2 094	-	-	-	-
Borrowing costs	-	254	-	-	-	-	-
Other expenses	-	-	304	34	88	4	384
Total expenses	15 440	44 345	19 324	2 469	2 954	4 473	64 675
Income:							
Revenues from fees and charges	26	3 428	17 200	-	-	1 305	17 862
Recoveries	12 726	828	413	2	4	45	6 988
Commonwealth revenues	233	466	-	-	-	-	-
Grants and subsidies	-	4 867	40	-	-	-	100
Resources received free of charge	-	104 060	-	-	-	-	-
Other income	-	-	-	-	-	806	-
Total income	12 950	113 533	17 605	2	4	2 508	24 881
Net cost of providing services	(2 490)	69 187	(1 719)	(2 467)	(2 950)	(1 965)	(39 794)
Revenues from SA Government	-	-	-	-	-	-	-
Net result	(2 490)	69 187	(1 719)	(2 467)	(2 950)	(1 965)	(39 794)

(Activities - refer note 4)	8	9	10	11	12	13
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	14 045	4 670	1 070	981	2 939	18 948
Supplies and services	8 287	1 039	251	568	2 593	19 412
Grants and subsidies	220	6 899	1	1	31	155
Depreciation and amortisation	1 643	15	31	18	97	334
Donated assets	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Other expenses	-	105	8	9	95	62
Total expenses	24 097	12 728	1 361	1 577	5 755	38 911
Income:						
Revenues from fees and charges	4 231	7	-	-	16 973	13 098
Recoveries	81	678	2	15	221	1 023
Commonwealth revenues	-	3 771	-	-	-	131
Grants and subsidies	-	220	-	-	-	-
Resources received free of charge	-	-	-	-	-	-
Other income	-	-	-	-	-	539
Total income	4 300	4 663	2	15	17 147	14 791
Net cost of providing services	(19 797)	(8 065)	(1 359)	(1 561)	11 392	(24 120)
Revenues from SA Government	-	-	-	-	-	-
Net result	(19 797)	(8 065)	(1 359)	(1 561)	11 392	(24 120)

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2011 (continued)

(Activities - refer note 4)	14	15	16	17	18	Total
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	1 125	4 265	371	7 139	-	140 422
Supplies and services	446	1 081	29	1 821	-	75 353
Grants and subsidies	16	2	195	3 349	-	31 041
Depreciation and amortisation	54	103	-	27	-	7 873
Donated assets	-	-	-	-	-	2 094
Borrowing costs	-	-	-	-	-	254
Other expenses	19	43	-	11	-	1 166
Total expenses	1 660	5 494	593	12 347	-	258 203
Income:						
Revenues from fees and charges	92	-	-	3 349	-	77 571
Recoveries	1	7	-	128	-	23 162
Commonwealth revenues	10	-	-	154	-	4 765
Grants and subsidies	-	196	-	21	-	5 444
Resources received free of charge	-	-	-	-	-	104 060
Other income	-	-	-	-	-	1 345
Total income	102	202	-	3 642	-	216 347
Net cost of providing services	(1 558)	(5 292)	(593)	(8 705)	-	(41 856)
Revenues from SA Government	-	-	-	-	142 522	142 522
Net result	(1 558)	(5 292)	(593)	(8 705)	142 522	100 666

Disaggregated Disclosures - Expenses and Income
for the year ended 30 June 2010

(Activities - refer note 4)	1	2	3	4	5	6	7
Expenses:	$'000		$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	49 256	5 199	1 398	1 098	1 172	4 142	14 291
Supplies and services	13 912	1 091	654	271	532	1 088	7 494
Grants and subsidies	1 713	838	20	-	10	27	240
Depreciation and amortisation	350	7	55	31	18	104	2 267
Borrowing costs	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-
Total expenses	65 231	7 135	2 127	1 400	1 732	5 361	24 292
Income:							
Revenues from fees and charges	16 317	3 164	151	-	-	-	4 396
Recoveries	6 205	26	3	5	12	38	52
Commonwealth revenues	5	-	10	-	-	-	1
Grants and subsidies	115	36	-	-	-	61	4
Resources received free of charge	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Total income	22 642	3 226	164	5	12	99	4 453
Net cost of providing services	(42 589)	(3 909)	(1 963)	(1 395)	(1 720)	(5 262)	(19 839)
Revenues from SA Government	-	-	-	-	-	-	-
Net result	(42 589)	(3 909)	(1 963)	(1 395)	(1 720)	(5 262)	(19 839)

(Activities - refer note 4)	8	9	10	11	12	13
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	5 427	2 428	18 807	14 266	711	1 666
Supplies and services	1 369	1 688	16 283	5 831	310	793
Grants and subsidies	6 662	-	150	22	461	116
Depreciation and amortisation	17	122	248	246	19	2
Borrowing costs	-	-	-	-	-	-
Other expenses	-	-	85	(3)	-	-
Total expenses	13 475	4 238	35 573	20 362	1 501	2 577
Income:						
Revenues from fees and charges	-	14 985	13 752	19 118	-	-
Recoveries	630	176	562	526	7	99
Commonwealth revenues	3 274	-	55	1	-	-
Grants and subsidies	333	1	284	4	-	1
Resources received free of charge	-	-	-	-	-	-
Other income	-	-	1	-	-	-
Total income	4 237	15 162	14 654	19 649	7	100
Net cost of providing services	(9 238)	10 924	(20 919)	(713)	(1 494)	(2 477)
Revenues from SA Government	-	-	-	-	-	-
Net result	(9 238)	10 924	(20 919)	(713)	(1 494)	(2 477)

Disaggregated Disclosures - Expenses and Income
for the year ended 30 June 2010 (continued)

(Activities - refer note 4)	14	15	16	17	18	Total
Expenses:	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefit expenses	2 709	3 577	9 224	1 139	-	136 510
Supplies and services	1 523	431	11 940	365	-	65 575
Grants and subsidies	88	-	12 159	1 706	-	24 212
Depreciation and amortisation	174	5	3 381	1	-	7 047
Borrowing costs	-	-	281	-	-	281
Other expenses	-	1 126	(8)	-	-	1 200
Total expenses	4 494	5 139	36 977	3 211	-	234 825
Income:						
Revenues from fees and charges	1 201	19	3 703	40	-	76 846
Recoveries	98	5	481	56	-	8 981
Commonwealth revenues	-	-	466	30	-	3 842
Grants and subsidies	1	1	4 566	55	-	5 462
Resources received free of charge	-	-	129	-	-	129
Other income	1 015	1 102	43	-	-	2 161
Total income	2 315	1 127	9 388	181	-	97 421
Net cost of providing services	(3 305)	(2 886)	(27 589)	(3 030)	-	(137 404)
Revenues from SA Government	-	-	-	-	134 785	134 785
Net result	(3 305)	(2 886)	(27 589)	(3 030)	134 785	(2 619)

Disaggregated Disclosures - Assets and Liabilities
as at 30 June 2011

(Activities - refer note 4)	1	2	3	4	5	6	7
Current assets:	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	10	132	-	246	-	-	-
Receivables	7 468	238	1 895	25	-	44	4 492
Lease incentive receivable	1 031	95	264	37	-	6	624
Other current assets	65	325	29	2	-	2	68
Non-current assets:							
Property, plant and equipment	1 310	262 039	282	-	194	283	1 780
Intangible assets	14	-	-	-	-	-	-
Other non-current assets	-	116	-	-	-	-	-
Total assets	9 898	262 945	2 470	310	194	335	6 964
Current liabilities:							
Payables	625	4 707	586	57	62	95	1 719
Employee benefits	509	651	857	87	178	231	3 362
Provisions	43	123	31	3	5	7	109
Lease incentive liability	129	116	30	3	5	7	104
Current borrowings	-	375	-	-	-	-	-
Other current liabilities	1	8	2	-	-	-	18
Non-current liabilities:							
Payables	245	133	244	13	62	81	817
Employee benefits	1 134	1 156	2 250	125	571	745	7 588
Provisions	113	252	158	9	40	52	532
Lease incentive liability	196	489	307	17	78	102	1 036
Non-current borrowings	-	2 673	-	-	-	-	-
Total liabilities	3 195	10 683	4 465	314	1 001	1 320	15 285
Net assets	6 703	252 262	(1 995)	(4)	(1 826)	(34)	(8 321)

(Activities - refer note 4)	8	9	10	11	12	13
Current assets:	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	173	-	-	-	-	1
Receivables	839	143	3	2	1 910	2 426
Lease incentive receivable	150	22	-	-	264	357
Other current assets	87	20	-	1	17	183
Non-current assets:						
Property, plant and equipment	2 275	108	60	29	155	2 625
Intangible assets	626	-	-	-	-	387
Other non-current assets	-	-	-	-	-	-
Total assets	4 150	293	63	32	2 346	5 979
Current liabilities:						
Payables	1 394	458	35	45	174	2 980
Employee benefits	1 030	284	75	90	197	1 366
Provisions	52	16	2	3	8	93
Lease incentive liability	50	15	2	3	8	89
Current borrowings	-	-	-	-	-	-
Other current liabilities	4	1	-	-	-	5
Non-current liabilities:						
Payables	319	90	19	28	65	333
Employee benefits	2 980	840	179	255	597	3 047
Provisions	209	59	13	18	42	214
Lease incentive liability	407	115	24	35	82	417
Non-current borrowings	-	-	-	-	-	-
Total liabilities	6 445	1 878	349	477	1 173	8 544
Net assets	(2 295)	(1 585)	(286)	(445)	1 173	(2 565)

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2011 (continued)

(Activities - refer note 4)	14	15	16	17	18	Total
Current assets:	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	-	-	-	13	19 507	20 082
Receivables	51	18	1	218	-	19 773
Lease incentive receivable	7	3	1	38	-	2 899
Other current assets	1	1	3	49	-	853
Non-current assets:						
Property, plant and equipment	242	378	-	433	-	272 193
Intangible assets	-	-	-	-	-	1 027
Other non-current assets	-	-	-	-	-	116
Total assets	301	400	5	751	19 507	316 943
Current liabilities:						
Payables	32	72	50	859	-	13 950
Employee benefits	45	181	30	471	-	9 644
Provisions	2	5	2	28	-	532
Lease incentive liability	2	5	2	27	-	597
Current borrowings	-	-	-	-	-	375
Other current liabilities	7	-	-	1	-	45
Non-current liabilities:						
Payables	8	29	3	104	-	2 593
Employee benefits	75	279	24	955	-	23 002
Provisions	5	20	2	67	-	1 805
Lease incentive liability	10	38	3	131	-	3 487
Non-current borrowings	-	-	-	-	-	2 673
Total liabilities	186	629	116	2 643	-	58 703
Net assets	115	(229)	(111)	(1 892)	19 507	258 240

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2010

(Activities - refer note 4)	1	2	3	4	5	6	7
Current assets:	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	-	-	-	-	-	-	-
Receivables	3 031	606	84	-	3	2	806
Lease incentive receivable	806	161	22	-	1	-	214
Other current assets	-	-	-	-	-	-	-
Non-current assets:							
Property, plant and equipment	2 006	-	283	90	46	478	3 008
Intangible assets	-	-	-	-	-	-	900
Lease incentive receivable	49	-	7	2	1	12	95
Other non-current assets	-	-	-	-	-	-	-
Total assets	5 892	767	396	92	51	492	5 023
Current liabilities:							
Payables	2 300	130	56	35	75	127	1 239
Employee benefits	4 233	375	100	98	135	270	1 382
Provisions	155	12	4	3	5	9	62
Lease incentive liability	196	15	5	4	6	12	79
Current borrowings	-	-	-	-	-	-	-
Other current liabilities	4	-	4	-	-	-	2
Non-current liabilities:							
Payables	760	97	16	18	32	37	292
Employee benefits	6 897	881	147	160	291	333	2 650
Provisions	705	90	15	16	30	34	271
Lease incentive liability	1 175	150	25	27	50	57	451
Non-current borrowings	-	-	-	-	-	-	-
Total liabilities	16 425	1 750	372	361	624	879	6 428
Net assets	(10 533)	(983)	24	(269)	(573)	(387)	(1 405)

(Activities - refer note 4)	8	9	10	11	12	13
Current assets:	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	-	-	-	-	-	-
Receivables	276	12	1 896	4 590	-	2
Lease incentive receivable	80	3	469	1 219	-	1
Other current assets	-	-	-	-	-	-
Non-current assets:						
Property, plant and equipment	118	205	1 410	2 474	124	-
Intangible assets	-	-	389	-	-	-
Lease incentive receivable	3	5	44	60	3	-
Other non-current assets	-	-	-	-	-	-
Total assets	477	225	4 208	8 343	127	3
Current liabilities:						
Payables	197	192	2 004	576	146	98
Employee benefits	514	211	1 816	1 198	89	124
Provisions	17	10	88	42	6	5
Lease incentive liability	21	12	111	53	7	7
Current borrowings	-	-	-	-	-	-
Other current liabilities	-	8	2	2	-	-
Non-current liabilities:						
Payables	112	60	348	260	24	17
Employee benefits	1 016	550	3 144	2 364	214	158
Provisions	104	56	322	242	22	16
Lease incentive liability	173	94	536	403	36	27
Non-current borrowings	-	-	-	-	-	-
Total liabilities	2 154	1 193	8 371	5 140	544	452
Net assets	(1 677)	(968)	(4 163)	3 203	(417)	(449)

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2010 (continued)

	14	15	16	17	18	Total
(Activities - refer note 4)	2011	2010	2011	2010	2011	2010
Current assets:	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	-	-	-	-	21 444	21 444
Receivables	-	89	658	74	-	12 129
Lease incentive receivable	-	23	181	20	-	3 200
Other current assets	-	-	24	-	-	24
Non-current assets:						
Property, plant and equipment	366	283	160 897	-	-	171 788
Intangible assets	-	-	-	-	-	1 289
Lease incentive receivable	9	7	3 283	-	-	3 580
Other non-current assets	-	-	125	-	-	125
Total assets	375	402	165 168	94	21 444	213 579
Current liabilities:						
Payables	234	104	1 987	108	-	9 608
Employee benefits	200	348	905	113	-	12 111
Provisions	10	11	101	5	-	545
Lease incentive liability	13	13	126	7	-	687
Current borrowings	-	-	322	-	-	322
Other current liabilities	-	2	2	-	-	22
Non-current liabilities:						
Payables	62	99	146	27	-	2 407
Employee benefits	565	896	1 257	245	-	21 768
Provisions	58	92	418	25	-	2 516
Lease incentive liability	96	153	687	42	-	4 182
Non-current borrowings	-	-	3 080	-	-	3 080
Total liabilities	1 238	1 714	9 031	572	-	57 248
Net assets	(2 095)	(80)	156 137	(478)	21 444	156 331

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Attorney-General's Department (the Department)

The aim of the Department is to help create a safe and secure environment in which the public of South Australia can live and work and where the rights of individuals are protected; and to advise government agencies and statutory authorities in minimisation of the government's exposure to legal and business risk.

The Department aims to provide:

- a legal infrastructure for South Australia that fosters:
  - a legislative framework that is just, equitable, robust and appropriate for our state
  - increased understanding and adoption of crime prevention strategies, and timely and just resolution of cases before the courts
  - increased public and industry awareness of their rights and responsibilities
  - an inclusive, fair and cohesive society where cultural, linguistic and religious diversity is supported and valued
- public access to:
  - impartial, timely and appropriate resolution of complaints
  - improved systems and processes to reduce causes of complaints
  - a fair and balanced market place
  - increased public confidence in the protection of people's rights

1. Objectives of the Attorney-General's Department (the Department) (continued)

— equitable services for all South Australians regardless of culture, language, religion or English language proficiency

— programs and a range of facilities in the area of sport and recreation.

The Department believes that the following corporate objectives are critical to its operational success. The Department will:

- recognise the importance of good leadership by managers, supervisors and team leaders
- facilitate and encourage open communications and participative decision making and provide easy access to all information and publications of relevance to staff
- foster client satisfaction by providing high quality services which meet their needs
- maintain high professional and management standards, including encouraging professional membership and participation of professional bodies, and provide identified training programs which are consistent with the strategic direction of government and departmental objectives
- recognise performance management and quality principles as tools which assist the organisation to evaluate the contribution of its people in day-to-day activities and which contributes to continuous performance improvement and learning
- recognise that through policy and planning the organisation's values are communicated, adopted and reinforced throughout the organisation
- Facilitate a cooperative and participative industrial relations culture through the enterprise bargaining process.

2. Summary of significant accounting policies

(a) Statement of compliance

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

Except for AASB 2009-12, which the Department has adopted early, AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2010.

(b) Basis of preparation

The preparation of the financial statements requires:

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

  (i) 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

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

  (iii) employee TVSP information

  (iv) 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

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

(b) Basis of preparation (continued)

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.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010 and the comparative information presented.

(c) Reporting entity

The Department is a government department of the State of South Australia, established pursuant to the PSA. The Department is an administrative unit acting on behalf of the Crown.

The Department produces both departmental and administered financial statements. The departmental financial statements include income, expenses, assets and liabilities, controlled or incurred by the Department in its own right. The administered financial statements include income, expenses, assets and liabilities which the Department administers on behalf of the SA Government but does not control. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for controlled items.

For the purposes of accrual accounting and external financial reporting, the Ombudsman Services, Police Complaints Authority, Guardianship Board and Office of the Public Advocate are included in the financial reporting entity of the Department.

The Ombudsman and the Police Complaints Authority undertake investigations into complaints or matters under their respective Acts without interference from the Department and both report separately to Parliament on their operations. The Guardianship Board is a court-like tribunal which has the power to make important decisions affecting the lives and property of persons over whom it has jurisdiction. The Public Advocate provides education, investigation, advocacy and guardianship services in accordance with its statutory functions. The Guardianship Board and Public Advocate were established pursuant to the *Guardianship and Administration Act 1993* and are not subject to the direction of the Minister in the performance of their functions under the Act.

Administered items of the Department include:

- Liquor and Gambling Services
  - — payment of liquor subsidies to licensees
  - — racing services
  - — taxation receipts (casino, gaming, gambling, liquor, lottery licenses).

- Consumer and Business Affairs
  - — Agents Indemnity Fund
  - — Companies Liquidation Account
  - — Cooperatives Liquidation Account
  - — HIH Fund
  - — Second-hand Vehicles Compensation Fund
  - — Residential Tenancies Fund
  - — Retail Shop Leases Fund

- Victims of Crime Fund
- Crown Solicitor's Trust Account
- SA Computer Aided Dispatch
- SA Government Radio Network
- Contribution to Legal Services Commission for legal aid
- State Rescue Helicopter Service
- Recreation and Sport Fund
- Sport and Recreation Fund
- Other
  - — Child Abuse Protection Program

(c) Reporting entity (continued)

— Expensive State criminal cases
— Legal Practitioners Act Fund
— Professional Standards Council
— Native Title claims
— Special Acts - payment of Ministerial salary and allowances
— Special Acts - payment of statutory officer salaries
— War graves
— Duke of Edinburgh's Award Trust Account
— Industrial Relations Court and Commission and Workers Compensation Tribunal.

(d) Transferred functions

The Department assumed responsibility for the Employee Ombudsman, WorkCover Ombudsman, Medical Panels SA, Industrial Relations Court and Commission and the Workers Compensation Tribunal functions. Certain assets and liabilities relating to these business units were transferred to the Department from DPC on 1 July 2010.

(e) Comparative information

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

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

Where the Department has applied an accounting policy retrospectively; retrospectively restated items in the financial statements; reclassified items in the financial statements, it has provided three Statements of Financial Position and related notes.

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

(f) Rounding

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

(g) Taxation

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

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

- when the GST incurred on a purchase of goods or services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable

- receivables and payables, which are stated with the amount of GST included.

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

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

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

(h) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provides information about conditions that existed at 30 June. Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

(i) Income

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

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

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

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

The following are specific recognition criteria:

Fees and charges

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

Contributions (grants)

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.

Contributions can be either for general assistance or a particular purpose and will usually be subject to terms and conditions set out in a contract, correspondence, or by legislation governing the contribution.

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

- contributions with unconditional stipulations - this will be when the agreement becomes enforceable ie the earlier of when the receiving entity has formally been advised that the contribution (eg grant application) has been approved; agreement/contract is executed; and/or the contribution is received
- contributions with conditional stipulations - this will be when the enforceable stipulations specified in the agreement occur or are satisfied that is income would be recognised for contributions received or receivable under the agreement.

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

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated. The SA Aquatic & Leisure Centre transferred to the Office for Recreation and Sport during 2010-11. The amount recognised with respect to this transfer was $104.1 million.

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.

Net gain on non-current assets

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

Other income

Other income consists of refunds and other recoveries.

(j) Expenses

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

(j) Expenses (continued)

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

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

The following are specific recognition criteria:

Employee benefit expenses

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

Superannuation

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

Depreciation and amortisation

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

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

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

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

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

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

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

Grants and subsidies

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

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

Contributions can be either for general assistance or a particular purpose and will usually be subject to terms and conditions set out in a contract, correspondence, or by legislation governing the contribution.

Borrowing costs

All borrowing costs are recognised as expenses.

Payments to SA Government

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy.

(k) Current and non-current classification

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

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

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

(l) Assets

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

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

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

Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables

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

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

Other debtors arise outside the normal course of providing goods and services to other agencies and to the public.

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. These are generally receivables that are 90 days or more overdue. Bad debts are written off when identified.

Other financial assets

Investments represent funds deposited with the Public Trustee. These investments have been designated as available for sale financial assets as they are held with the intention to dispose of the asset if required to ensure sufficient cash flow to meet bond repayments or claims on administered funds. Investments are made by way of notional unit holdings in a selection of common funds managed by Public Trustee. The proportion of unit holdings is dependent upon the investment strategy adopted.

Investments are measured at fair value in accordance with unit prices at balance date as advised by the applicable fund manager.

Investments are classified as either current or non-current. Those to be rolled over within 12 months are classified as current investments.

Revaluation increments and decrements are recognised in the asset revaluation surplus except where, and to the extent, the decrement exceeds the balance of the surplus which is recognised as expenses or the increment reverses previous decrements which are recognised as revenue.

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

The Department capitalises all non-current physical assets with a value of $10 000 or greater. Items with an acquisition cost less than $10 000 are expensed in the year of acquisition.

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

Every three years, the Department revalues its land, buildings, leasehold improvements, furniture, specialised plant and equipment and mobile transport assets. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Land, buildings, leasehold improvements, furniture, specialised plant and equipment and mobile transport assets were revalued in accordance with the 'fair value' method of valuation as at 1 July 2008. A desk top valuation was undertaken for the Recreation, sporting and stadia infrastructure as at 30 June 2011. Library collections were revalued in May 2002. Information technology assets are valued at cost. The SA Government Radio Network (SAGRN) assets were revalued as at 30 June 2010.

Any revaluation increment is credited to the asset 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 asset revaluation surplus to the extent of the credit balance existing in revaluations reserve for that asset class.

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

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

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

For revalued assets an impairment loss is offset against the respective asset 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 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.

(m) Liabilities

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

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

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

Payables

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

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

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

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

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

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

Borrowings/Financial liabilities

The Department measures financial liabilities including borrowings/debt at historical cost, except for interest free loans (measured at the present value of expected repayments).

Leases

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

The Department has a number of operating leases and payments are expensed on a basis which is representative of the pattern of benefits derived from the leased asset.

The Department leases sporting venues and office accommodation to various external sporting organisations through operating leases as well as access rights to State owned land sites. Income from operating leases is recognised as rental income in the period incurred, and is representative of the pattern of benefits derived from the leased assets.

- *Lease incentives*

  All incentives for the agreement of new or renewed operating leases are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received to enter into operating leases are recognised as a liability.

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

  Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement whichever is shorter.

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

- *Wages, salaries, annual leave and sick leave*
  The liability for salaries and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date for 2009-10. In 2010-11 employees were paid on 30 June for the pay period ending 1 July 2011. This represents a prepayment of one day's salary and wages, which has been recognised as an asset at 30 June 2011 at the remuneration rate for that day. Prepayments are included in note 18.

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

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

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

  The unconditional portion of the long service leave provision is classified as current as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

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.

A liability has been reported to reflect workers compensation claims. The workers compensation liability, which was based on an actuarial assessment, was provided by the Public Sector Workforce Relations Division of DPC.

The workers compensation provision is based on an actuarial assessment prepared by Taylor Fry Consulting Actuaries. The Department's liability is an allocation of the Justice Portfolio's total assessment.

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

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

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

3. New and revised accounting standards and policies

In accordance with amendments to APS 4.8 within APF II, effective 1 July 2010 the Department has disclosed all employees whose normal remuneration is equal to or greater than the base executive level remuneration. Previously APS 4.8 within APF II required the Department to disclose all employees whose normal remuneration was equal to or greater than $100 000. This change is reflected in note 5.

A change in accounting policy was adopted by the Department with effect from 1 July 2009. Assets will now be expensed in the period in which they are acquired if they have an acquisition cost of less than $10 000.

During 2009-10, the operations of the SAGRN shifted from the Department for Transport, Energy and Infrastructure to the Department. As at 30 June 2010, the capitalisation policy for SAGRN assets was a threshold of $500. However, the departmental policy at the time was $10 000. During 2010-11, the Department has amended the accounting treatment of the assets. The SAGRN will now be reflected as a network asset with a capitalisation threshold of $1000. Adjustments have now been made to the 2009-10 and 2010-11 figures to reflect this treatment where appropriate.

The Office for Recreation and Sport administers a number of grant schemes. During 2010-11, the Department amended the accounting treatment for these grant schemes. This has resulted in the recognition of an obligation for these grants when a binding agreement is entered into with a third party. Previously, grants were recognised upon approval of the grant. Adjustments have now been made to the 2009-10 and 2010-11 figures to reflect this treatment where appropriate.

The following funds are included within the Department's administered items: Residential Tenancies Fund, Agents Indemnity Fund, Second-hand Vehicles Compensation Fund and the Retail Shop Leases Fund. Up until 2009-10, these funds have been recorded at fair value. The APSs requires financial assets to be recorded at their 'historical cost'. In accordance with TI 1, an exemption to the requirement to record the value of these investments at historical cost was sought from the Treasurer. This request was approved. Adjustments have now been made to the 2009-10 and 2010-11 figures to reflect this treatment where appropriate.

Except for AASB 2009-12, which the Department has adopted early, the 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 2011. 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

Information about the Department's activities are set out in the disaggregated disclosures schedule. An activity is a grouping of related sub activities that contribute to the achievement of agency and government objectives.

Activities from 2010-11

Activity 1: Employee Advocacy

This activity covers the fair trading legislation, regulating defined business activities and maintaining business and civil records for South Australia through the provision of court and tribunal case resolution, alternative dispute resolution, licensing, and regulatory services.

Activity 2: Recreation, Sport and Racing

This activity is responsible for the provision of strategic policy, programs, services, sporting infrastructure and elite sport pathways aimed at all South Australians enjoying lives enriched through participation in active recreation and sport. This activity also includes the provision of strategic policy advice to the Minister for Recreation, Sport and Racing on matters relating to the South Australian racing industry.

Activity 3: Consumer and Business Affairs

This activity covers the fair trading legislation, regulating defined business activities and maintaining business and civil records for South Australia through the provision of court and tribunal case resolution, alternative dispute resolution, licensing, and regulatory services.

Activity 4: Building Communities - Status of Women

Pursuit of the full and equal participation of women in the social and economic life of the State by providing innovative and balanced public policy advice to government. Providing high quality statewide information and referral services through the Women's Information Service.

Activity 5: ***Liquor Regulatory Services***
This activity deals with encouraging responsible attitudes towards the promotion, sale, supply, consumption and use of liquor products.

Activity 6: ***Gambling Regulatory Services***
This activity encourages responsible attitudes towards the promotion, sale, supply and use of gambling products; to minimise the harm associated with these products; and to maintain public confidence in the State's gambling industries.

Activity 7: ***Legal Services***
This activity is focused on increasing the SA community's and industry's awareness of their rights and responsibilities and increasing confidence that the system of justice is fair, equitable and accessible. It also provides the people of South Australia with an independent and effective prosecution service which is timely, efficient and just.

Activity 8: ***Forensic Science***
Provision of forensic science services, primarily in relation to coronial and police investigations.

Activity 9: ***Policy, Planning and Legislation***
This activity provides advice on policy development, review and reform of the law and strategic planning for the Department and Justice Portfolio.

Activity 10: ***Police Complaints Authority***
Included in this activity is the requirement to maintain public confidence in, and proper accountability of South Australia Police through the provision of complaint investigation and resolution services.

Activity 11: ***Ombudsman Services***
This activity covers the investigation and complaints resolutions against state and local government agencies. It is focused on ensuring that the public receives fair treatment from government bodies and that public administration is reasonable and just.

Activity 12: ***Registration Services***
This activity is responsible for registering and maintaining the particulars relating to births, deaths and marriages, business names, incorporated associations and security and investigation agents. The registration of these particulars assists with ensuring transparency in business dealings.

Activity 13: ***Justice Portfolio Services***
This activity is focused on providing excellence in customer service in the delivery of the following support services: financial, business and contract management, Justice technology, portfolio human resources, information knowledge management, strategic development and communications, business reform, Ministerial offices and support, Justice executive and legal community centre along with other grants.

Activity 14: ***Building Communities - Equal Opportunity***
This activity is focused on promoting equality of opportunity for the community through the administration of anti-discrimination legislation by examining and responding to complaints and providing information, education and training to encourage compliance with legislation.

Activity 15: ***Building Communities - Advocacy and Guardianship Services***
This activity covers services to promote and protect the rights and interests of people with reduced mental capacity and, where appropriate, their carers, through the Guardianship Board and the Office of the Public Advocate.

Activity 16: ***Building Communities - Veterans' Affairs***
The activity is focussed on providing assistance to ex-servicemen and women and those who support them.

Activity 17: ***Building Communities - Multicultural, Youth and Volunteer Services***
This activity is focused on building community capacity and safe communities by having sound public sector programs that are designed to implement the State Government's policy commitments and promote equity of access to services. It also covers the provision of services that facilitate the implementation of the 'Advancing the Community Together' partnership in order to build stronger communities and increase volunteer rates in accordance with South Australia's Strategic Plan and provides a leadership role in coordinating a whole-of-government and community response in supporting young people.

Activity 18: General/Not attributable
Certain items of the Department are not allocated to activities.

Activities from 2009-10
Information about the Department's activities are set out in the disaggregated disclosures schedule. An activity is a grouping of related sub activities that contribute to the achievement of agency and government objectives.

Activity 1: Policy Advice and Legal Services
This activity is focused on increasing the SA community's and industry's awareness of their rights, responsibilities and confidence that the system of justice is fair, equitable and accessible. It also provides the people of South Australia with an independent and effective prosecution service which is timely, efficient and just.

Activity 2: Multicultural Services
This activity is focused on building community capacity and safe communities by having sound public sector programs that are designed to implement the State Government's policy commitments and promote equity of access to services.

Activity 3: Equal Opportunity
This activity is focused on promoting equality of opportunity for the community through the administration of anti-discrimination legislation by examining and responding to complaints and providing information, education and training to encourage compliance with legislation.

Activity 4: Police Complaints Authority
Included in this activity is the requirement to maintain public confidence in, and proper accountability of South Australia Police through the provision of complaint investigation and resolution services.

Activity 5: Ombudsman Services
This activity covers the investigation and complaints resolutions against state and local government agencies. It is focused on ensuring that the public receives fair treatment from government bodies and that public administration is reasonable and just.

Activity 6: Guardianship Services
This activity covers services to promote and protect the rights and interests of people with reduced mental capacity and, where appropriate, their carers, through the Guardianship Board and the Office of the Public Advocate.

Activity 7: Forensic Science
Provision of forensic science services, primarily in relation to coronial and police investigations.

Activity 8: Policy, Planning and Legislation
This activity provides advice on policy development, review and reform of the law and strategic planning for the Department and Justice Portfolio.

Activity 9: Registration Services
This activity is responsible for registering and maintaining the particulars relating to births, deaths and marriages, business names, incorporated associations and security and investigation agents. The registration of these particulars assists with ensuring transparency in business dealings.

Activity 10: Justice Portfolio Services
This activity is focused on providing excellence in customer service in the delivery of the following support services: financial, business and contract management, Justice technology, portfolio human resources, information knowledge management, strategic development and communications, business reform, Ministerial offices and support, Justice executive and legal community centre along with other grants.

Activity 11: Consumer and Business Affairs
This activity covers the fair trading legislation, regulating defined business activities and maintaining business and civil records for South Australia through the provision of court and tribunal case resolution, alternative dispute resolution, licensing, and regulatory services.

Activity 12: ***Office for Volunteers***

Provision of services that facilitate the implementation of the 'Advancing the Community Together' partnership in order to build stronger communities and increase volunteer rates in accordance with South Australia's Strategic Plan; provision of policy and strategic advice that enhances the Government's capacity to identify, prioritise and respond appropriately to the needs of the volunteer community in South Australia; and initiate programs that support and promote volunteering.

Activity 13: ***Office for Women***

Pursuit of the full and equal participation of women in the social and economic life of the State by providing innovative and balanced public policy advice to government. Providing high quality statewide information and referral services through the Women's Information Service.

Activity 14: ***Liquor Regulatory Services***

This activity deals with encouraging responsible attitudes towards the promotion, sale, supply, consumption and use of liquor products.

Activity 15: ***Gambling Regulatory Services***

This activity encourages responsible attitudes towards the promotion, sale, supply and use of gambling products; to minimise the harm associated with these products; and to maintain public confidence in the State's gambling industries.

Activity 16: ***Recreation, Sport and Racing***

This activity is responsible for the provision of strategic policy, programs, services, sporting infrastructure and elite sport pathways aimed at all South Australians enjoying lives enriched through participation in active recreation and sport. This activity also includes the provision of strategic policy advice to the Minister for Recreation, Sport and Racing on matters relating to the South Australian racing industry.

Activity 17: ***Office for Youth***

This activity has a significant leadership role in coordinating a whole-of-government and community response in supporting young people, aged 12 to 25, and addressing issues affecting them.

Activity 18: ***General/Not attributable***

Certain items of the Department are not allocated to activities.

5. Employee benefit expenses

	2011	2010
	$'000	$'000
Salaries and wages	102 328	95 778
Employee on-costs - superannuation	13 640	12 738
Employee on-costs - other	6 568	6 160
Annual leave	9 371	8 354
Long service leave	4 101	4 194
Board fees	1 940	1 888
Other	2 474	7 398
Total employee benefit expenses	140 422	136 510

TVSPs

Amount paid to these employees:		
TVSPs	2 391	6 120
Annual leave and long service leave paid to 30 June	693	1 773
Recovery from DTF	(2 155)	(5 922)
Net cost to the Department	929	1 971

The number of employees who were paid TVSPs to 30 June 2011 was 21 (61).

Remuneration of employees	2011	2010
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
$127 500 - $130 699	-	14
$130 700 - $140 699*	39	27
$140 700 - $150 699	15	17
$150 700 - $160 699*	7	6

Remuneration of employees (continued)	2011 Number	2010 Number
$160 700 - $170 699*	11	6
$170 700 - $180 699*	8	7
$180 700 - $190 699	5	17
$190 700 - $200 699*	12	15
$200 700 - $210 699*	15	5
$210 700 - $220 699*	1	-
$220 700 - $230 699*	2	3
$230 700 - $240 699	3	6
$240 700 - $250 699*	3	12
$250 700 - $260 699	9	8
$260 700 - $270 699*	11	3
$270 700 - $280 699*	-	3
$280 700 - $290 699*	6	-
$290 700 - $300 699*	3	1
$300 700 - $310 699*	-	-
$310 700 - $320 699	1	1
$320 700 - $330 699	2	1
$330 700 - $340 699*	1	3
$340 700 - $350 699*	2	1
$350 700 - $360 699	-	1
$360 700 - $370 699*	1	-
$370 700 - $380 699*	2	-
$380 700 - $390 699	-	1
$400 700 - $410 699*	2	-
$460 700 - $470 699	-	2
$470 700 - $480 699	-	1
$480 700 - $490 699*	2	-
$490 700 - $500 699	3	-
Total	166	161

* Includes payment of long service leave, annual leave, termination benefits and TVSPs for employees who have left the Department.

Remuneration of employees by category	2011 Number	2010 Number
Legal officers	102	90
Executive	31	38
Other	33	33
Total	166	161

The table includes all employees who received remuneration of $130 700 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. Total remuneration received or due and receivable by these employees was $34.5 million ($31.3 million).

An increase in enterprise bargaining outcomes has led to some officers now being included in this note. The number of officers included in this note has also increased due to functions that transferred to the Department in 2010-11.

Accounting policy change
In accordance with the revised APF II, the Department has changed its accounting policy and now discloses all employees who receive remuneration equal to or greater than the base executive remuneration rather than all employees who receive remuneration equal to or greater than $100 000. The impact of this change in accounting policy is the number of employees disclosed has reduced by 174 (116).

6. Supplies and services	2011 $'000	2010 $'000
ICT	14 845	15 353
Accommodation	18 815	15 779
Contract staff	4 159	3 491
Staff payments	3 776	3 625

6. Supplies and services (continued)

	Note	2011 $'000	2010 $'000
Legal fees		2 952	3 430
Office expenses		2 573	2 591
Laboratory supplies		1 392	1 274
Telephone related expenses		1 944	1 639
Motor vehicle expenses		1 675	1 738
Promotions and publications		1 661	2 125
Tax and taxable payments		987	985
Repairs, maintenance and minor purchases		1 706	2 025
Shared Services SA charges		3 710	2 713
Minor works		2 683	662
Cost of goods sold		770	960
Project costs		719	1 022
Consultancies		457	698
Storage and archive costs		365	265
Outsourced services		595	587
Facilitator costs		13	50
Fingerprinting costs		93	101
Insurance		262	261
Other		9 201	4 201
Total supplies and services		75 353	65 575
Supplies and services provided by entities within the SA Government:			
ICT		3 695	2 954
Accommodation		17 403	14 129
Contract staff		187	-
Staff payments		378	306
Legal fees		19	78
Office expenses		-	24
Laboratory supplies		-	1
Telephone related expenses		1 159	1 079
Motor vehicle expenses		1 507	1 606
Promotions and publications		168	196
Repairs, maintenance and minor purchases		373	410
Shared Services SA charges		3 710	2 691
Minor works		-	305
Cost of goods sold		-	3
Project costs		-	49
Consultancies		6	9
Storage and archive costs		-	9
Fingerprinting costs		-	68
Insurance		-	107
Other (including audit fees)	11	1 961	672
Total supplies and services - SA Government entities		30 566	24 696

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

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	2011 Number	2011 $'000	2010 Number	2010 $'000
Below $10 000	30	94	47	121
Between $10 000 and $50 000	10	216	17	409
Above $50 000	1	147	2	169
Total paid/payable to the consultants engaged	41	457	66	699

7. Grants and subsidies

	2011	2010
Grants to:	$'000	$'000
Community legal centres	4 741	4 049
South Australian Native Title Service	1 000	1 300
Grants by:		
Office for Recreation and Sport	18 484	11 967
Policy, Planning and Legislation Division	1 765	2 369
Native Title Claims Resolution Unit	375	400
Multicultural SA	1 009	832
Other	3 667	3 295
Total grants and subsidies	31 041	24 212

Grants and subsidies provided to entities within the SA Government:		
Policy, Planning and Legislation Division	338	655
Office for Recreation and Sport	419	276
Native Title Claims Resolution Unit	375	400
Multicultural SA	-	38
Other	565	397
Total grants and subsidies - SA Government entities	1 697	1 766

8. Depreciation and amortisation expenses

Depreciation:		
Information technology	148	157
Leasehold improvements	1 322	1 331
Plant and equipment	1 515	1 639
Buildings and other structures	4 590	3 006
Mobile transport assets	-	26
Total depreciation	7 575	6 159

Amortisation:		
Intangible assets	298	888
Total amortisation	298	888
Total depreciation and amortisation expense	7 873	7 047

9. Borrowing costs

Interest paid/payable on short-term and long-term borrowings	254	281
Total borrowing costs	254	281

10. Other expenses

Witness expenses	831	857
Doubtful debt expense	58	-
Other	277	343
Total other expenses	1 166	1 200

Other expenses paid/payable to entities within the SA Government:		
Witness expenses	736	857
Other	276	273
Total other expenses - SA Government entities	1 012	1 130

(a) Donated assets

Trade measurement transferred from the Department to the Commonwealth on 1 July 2010.

11. Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department	263	273
Total auditor's remuneration	263	273

Other services

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

12. Revenues from fees and charges

	2011	2010
	$'000	$'000
Licence and regulatory fees	29 916	29 376
Legal services	17 288	15 481
Network services	13 075	13 701
Recovery of administration expenditure	6 244	6 741
Forensic services	4 224	4 385
Interpreting and translating services	3 290	3 157
Sale of goods	2 151	2 618
Rental income	1 155	1 135
Other	228	252
Total revenues from fees and charges	77 571	76 846
Fees and charges received/receivable from entities within the SA Government:		
Legal services	17 105	15 457
Network services	13 075	13 701
Recovery of administration expenditure	6 244	6 741
Forensic services	3 554	4 385
Interpreting and translating services	2 710	2 598
Other	47	88
Total revenues from fees and charges - SA Government entities	42 735	42 970

13. Recoveries

	2011	2010
Recovery of expenditure for:		
Crown Solicitor's Office	6 726	5 370
Medical Panels SA	6 343	-
Industrial Relations Court	5 561	-
WorkCover Ombudsman	411	-
Office of Consumer and Business Affairs	551	614
Office for Recreation and Sport	554	423
Justice business services	483	353
Human resource services	121	198
Other	2 412	2 023
Total recoveries	23 162	8 981
Recoveries received/receivable from entities within the SA Government:		
Crown Solicitor's Office	6 621	5 183
Medical Panels SA	6 343	-
Industrial Relations Court	5 545	-
WorkCover Ombudsman	410	-
Office of Consumer and Business Affairs	343	441
Justice business services	393	249
Human resource services	110	198
Other	1 266	1 256
Total recoveries - SA Government entities	21 031	7 327

14. Grants and subsidies

	2011	2010
Grants received by:		
Office for Recreation and Sport	4 864	4 559
Policy, Planning and Legislation division	210	331
Crown Solicitor's Office	100	100
Other	270	472
Total grants and subsidies received	5 444	5 462
Grants received from SA Government entities:		
Office for Recreation and Sport	4 175	3 924
Policy, Planning and Legislation division	210	331
Crown Solicitor's Office	100	100
Other	153	370
Total grants from SA Government entities	4 638	4 725

15. Other income revenue

	2011 $'000	2010 $'000
Other income	1 345	2 161
Total other income	1 345	2 161
Other income received/receivable from entities within the SA Government:		
Other	-	-
Total other income - SA Government entities	-	-

(a) Resources received free of charge

The SA Aquatic & Leisure Centre was transferred to the Office for Recreation and Sport on 24 March 2011. The amount recognised with respect to the transfer was $104.1 million.

16. Revenues from SA Government

Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the *Appropriation Act*	142 522	134 785
Total revenues from SA Government	142 522	134 785

Total revenues from SA Government consist of $142.5 million ($134.7 million) for operational funding received - refer notes 5 to 11. There were no material variations between the amount appropriated and the expenditure associated with the appropriation.

17. Cash and cash equivalents

	2011 $'000	2010 $'000
Deposits with the Treasurer(1)	19 941	21 159
Cash and cheques in transit	13	153
Cash on hand (including petty cash)(2)	128	132
Total cash and cash equivalents	20 082	21 444

(1) Includes funds held in the Accrual Appropriation Excess Funds Account of $10.8 million ($16 million). The balances of these funds are not available for general use ie funds can only be used in accordance with the Under Treasurer's approval.

(2) Cash on hand is non-interest bearing.

18. Receivables

	2011 $'000	2010 $'000
Receivables	18 965	10 893
Allowance for doubtful debts	(642)	(595)
GST receivable	401	1 406
Prepayments	1 048	305
Other	1	120
Total receivables	19 773	12 129
Receivables from SA Government entities:		
Receivables	17 329	9 608
Allowance for doubtful debts	(642)	(539)
Prepayments	861	-
Other	-	120
Total receivables from SA Government entities	17 548	9 189

Movement in the allowance for doubtful debts

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

Carrying amount at 1 July	595	1 606
Increase in the allowance	47	1
Amounts recovered	-	(953)
Amounts written off	-	(59)
Carrying amount at 30 June	642	595

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.

Interest rate and credit risk (continued)

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 31.

(b) Categorisation of financial instruments and risk exposure information - refer note 31.

19. ***(a) Property, plant and equipment***

	2011 Cost/ Valuation $'000	2011 Accumulated depreciation/ amortisation $'000	2011 Written down value $'000	2010 Cost/ Valuation $'000	2010 Accumulated depreciation/ amortisation $'000	2010 Written down value $'000
Leasehold improvements(1)	10 095	(4 216)	5 879	6 771	(2 679)	4 092
Plant and equipment(1)	13 697	(9 306)	4 391	13 528	(8 025)	5 503
Recreation and Sport infrastructure(1)	265 724	(4 594)	261 130	159 657	(3)	159 654
Land(1)	-	-	-	1 060	-	1 060
Information technology	6 021	(5 686)	335	6 008	(5 536)	472
Library collections(2)	407	-	407	407	-	407
Mobile transport assets	-	-	-	255	(52)	203
Capital work in progress	51	-	51	397	-	397
	295 995	(23 802)	272 193	188 083	(16 295)	171 788

(1) Valuations of land and buildings, leasehold improvements, furniture, mobile transport assets and specialised plant and equipment were performed as at 1 July 2008 by Martin Burns, MBA, BAppSc Property Resource Management, AAPI, Certified Practising Valuer of Liquid Pacific. Valuations of recreation, sport and stadia infrastructure were performed by Andrew Lucas, MBA DipAcc, AAPI, BAppSc(Val), ASA, Certified Practising Valuer of Valcorp Australia Pty Ltd as at 30 June 2010.

(2) Library collections were valued by M Treloar as at 15 May 2002.

There were no indications of impairment of property, plant and equipment, infrastructure at 30 June 2011.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated. The SA Aquatic & Leisure Centre transferred to the Office for Recreation and Sport during 2010-11. The amount recognised with respect to this transfer was $104.1 million.

(b) Property, plant and equipment movement schedule

	Land $'000	Leasehold imprvmnts $'000	Mobile transport assets $'000	Capital works in progress $'000	Recreation and sport infrastructure $'000
Carrying amount at 1 July	1 060	4 092	203	397	159 654
Additions	-	1 885	-	1 851	18
Depreciation and amortisation	-	(1 322)	-	-	(4 590)
Transfer from (to) work in progress	-	1 170	-	3 367	1 988
Transfers in	-	54	-	1 170	-
Asset donated free of charge	(1 060)	-	(203)	-	-
Asset received free of charge	-	-	-	-	104 060
Disposals	-	-	-	-	-
Carrying amount at 30 June	-	5 879	-	51	261 130

(b) *Property, plant and equipment movement schedule (continued)*

	Information technology $'000	Library collections $'000	Plant and equipment $'000	Total property, plant and equipment $'000
Carrying amount at 1 July	472	407	5 503	171 788
Additions	-	-	915	4 669
Disposals	-	-	-	-
Depreciation and amortisation	(148)	-	(1 515)	(7 575)
Transfer from (to) work in progress	-	-	209	-
Transfers in[(1)]	11	-	130	1 365
Assets donated free of charge	-	-	(831)	(2 094)
Asset received free of charge	-	-	-	104 060
Disposals	-	-	(20)	(20)
Carrying amount at 30 June	335	407	4 391	272 193

(1) Transfers in per note 29.

20. (a) *Intangible assets*

	2011 $'000	2010 $'000
Computer software:		
Internally developed computer software	2 933	2 055
Accumulated amortisation	(1 935)	(1 637)
Total computer software	998	418
Work in progress:		
Intangible work in progress at cost	29	871
Total work in progress	29	871
Total intangible assets	1 027	1 289

The internally developed computer software relates to Forensic Science SA's case management database software. There were no indications of impairment of intangible assets at 30 June 2011.

(b) *Intangibles movement schedule*

	Computer software $'000	Intangible work in progress $'000	Total intangibles $'000
Carrying amount at 1 July	418	871	1 289
Additions	-	36	36
Transfers from work in progress	878	(878)	-
Depreciation and amortisation	(298)	-	(298)
Carrying amount 30 June	998	29	1 027

21. Payables

	2011 $'000	2010 $'000
Current:		
Creditors	9 951	5 707
Employee on-costs	2 268	2 309
Other current payables	1 436	1 303
Accruals	295	289
Total current payables	13 950	9 608
Non-current:		
Employee on-costs	2 593	2 407
Total non-current payables	2 593	2 407
Total payables	16 543	12 015
Payables to SA Government entities:		
Creditors	3 869	1 848
Employee on-costs	4 861	4 716
Accruals	295	289
Total payables to SA Government entities	9 025	6 853

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of long service leave taken as leave has not changed from the 2010 rate of 45 percent.

Interest rate and credit risk
Creditors and accruals are raised for all amounts billed but unpaid and are settled within the normal terms of payment of 30 days, unless otherwise agreed. 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 31.
(b) Categorisation of financial instruments and risk exposure information - refer note 31.

22. Employee benefits

	2011	2010
Current:	$'000	$'000
Annual leave	7 631	7 205
Accrued salaries and wages	178	3 268
Accrued termination payment payable	104	-
Long service leave	1 731	1 638
Total current employee benefits	9 644	12 111
Non-current:		
Long service leave	23 002	21 768
Total non-current employee benefits	23 002	21 768
Total employee benefits	32 646	33 879

Based on an actuarial assessment performed by DTF, the benchmark for the measurement of the long service leave liability has changed from the 2010 benchmark of 5.5 years to five years.

The total current and non-current employee expense for 2011 is $11.912 million and $24.595 million respectively.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of $1.327 million and decrease in employee benefit expense of $1.233 million. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions. A key assumption is the long-term discount rate.

23. Provisions

	2011	2010
Current:	$'000	$'000
Provisions for workers compensation	532	545
Total current provisions	532	545
Non-current:		
Provisions for workers compensation	1 805	2 516
Total non-current provisions	1 805	2 516
Total provisions	2 337	3 061
Carrying amount at 1 July	3 061	2 171
Additional provisions recognised	(724)	890
Carrying amount at 30 June	2 337	3 061

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

24. Other liabilities

	2011	2010
Current:	$'000	$'000
Unearned revenue	21	11
Control and working account balances	24	11
Total current other liabilities	45	22
Other liabilities from SA Government entities:		
Unearned revenue	8	1
Control and working account balances	14	11
Total other liabilities from SA Government entities	22	12

25. Borrowings

	2011	2010
Current borrowings:	$'000	$'000
Loans from non-SA Government	375	322
Total current borrowings	375	322
Non-current borrowings:		
Loans from non-SA Government	2 673	3 080
Total non-current borrowings	2 673	3 080
Total borrowings	3 048	3 402

Borrowings represent loans underwritten by the Department as guarantor to external organisations. Borrowings consist of two loans at fixed interest rates of 7.99 percent and 7.34 percent and have maturity dates of 2017 and 2018 respectively.

26. Cash flow reconciliation

	2011	2010
Reconciliation of cash at 30 June as per:	$'000	$'000
Statement of Cash Flows	20 082	21 444
Statement of Financial Position	20 082	21 444
Reconciliation of net cash provided by (used in) operating activities to net cost of providing services:		
Net cash provided by (used in) operating activities	3 343	(1 673)
Revenues from SA Government	(142 522)	(134 785)
Non-cash items:		
Depreciation and amortisation expense	(7 873)	(7 047)
Loss on disposal	(20)	-
Bad debt write-off	(10)	-
Resources received free of charge	104 060	129
Donated assets	(2 094)	-
Movement in assets and liabilities:		
Increase (Decrease) in receivables	3 762	183
Increase (Decrease) in other assets	831	(18)
Increase (Decrease) in other non-current assets	(9)	(9)
Decrease (Increase) in payables	(4 528)	5 748
Decrease (Increase) in employee benefits	1 233	(666)
Decrease (Increase) in provisions	724	(890)
Decrease (Increase) in lease incentive liability	785	886
Decrease (Increase) in other liabilities/borrowings	331	388
Transfer of current assets on restructure	(2 568)	-
Transfer of current liabilities on restructure	1 575	132
Transfer of non-current liabilities on restructure	1 124	218
Net cost of providing services	(41 856)	(137 404)

27. Unrecognised contractual commitments

Operating leases commitments

Commitments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	13 684	10 890
Later than one year but not longer than five years	40 750	32 927
Later than five years	13 677	13 411
Total operating leases commitments	68 111	57 228

The accommodation and office equipment leases are non-cancellable leases with rental payable monthly in advance.

Contingent rental provisions within the accommodation lease agreements provide for the minimum lease payments to be increased on specified rent review dates.

Options exist to renew the accommodation leases at the end of the term of the lease.

Department as lessor	2011	2010
Leases receivable contracted for at the reporting date but not recognised as assets are receivable as follows:	$'000	$'000
Within one year	274	227
Later than one year but not longer than five years	569	404
Later than five years	372	375
Total operating leases commitments	1 215	1 006

The Department's leases as lessor are non-cancellable leases of sporting venues and office accommodation leased to various sporting organisations. The leases have terms ranging from one to 25 years with some having a right of renewal.

Remuneration commitments	2011	2010
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:	$'000	$'000
Within one year	19 413	19 838
Later than one year but not longer than five years	34 465	29 561
Total remuneration commitments	53 878	49 399

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

Other commitments		
Grants(1)	7 608	12 621
Capital(2)	-	-
Motor vehicles(3)	1 673	1 628
Other(4)	59	36
Total	9 340	14 285
Within one year	7 989	8 063
Later than one year but not longer than five years	1 351	6 222
Total other commitments	9 340	14 285

(1) Grant amounts payable under agreements in respect of which the grantee has yet to provide the services required under the agreement. The grants cover the period 2010-2012.

(2) Outstanding contractual payments for building works and maintenance under construction.

(3) Agreements for the provision of motor vehicles to senior executive officers or sections (ie pool vehicles) with Fleet SA. There are no purchase options available to the Department.

(4) Other commitments relate to purchase orders placed for goods and services before 30 June 2011.

28. Contingent assets and liabilities

In 1997 the Government entered into formal arrangements with the South Australian Netball Association (SANA) regarding the construction of a netball stadium at Mile End. The arrangements resulted in SANA securing a loan of $3.5 million from an external banking institution to be applied with government funding toward the stadium construction. As part of the arrangement the Government underwrites the loan of SANA. As such the Department is contingently liable for the outstanding balance of the loan of the SANA. At balance date the outstanding balance of the loan was $1.29 million. The Department was not required to make any contributions during the reporting period.

29. Transferred functions

2010-11

Transferred in

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2010, as a result of restructuring of administrative arrangements, DPC transferred responsibility for the Industrial Relations Court and Commission, Workers Compensation Tribunal (WCT), Office of the Employee Ombudsman, Office for the WorkCover Ombudsman, Medical Panels SA.

Transferred in (continued)

Assets and liabilities relating to these business units were transferred to the Department as at 1 July 2010.

	Industrial Relations Court and Commission and WCT $'000	Office of the Employee Ombudsman $'000	Office for the WorkCover Ombudsman $'000	Medical Panels SA $'000	Total $'000
Assets:					
Current:					
Cash and cash equivalents	10	-	-	-	10
Receivables	743	-	89	1 736	2 568
	753	-	89	1 736	2 578
Non-current:					
Property, plant and equipment	65	-	22	1 278	1 365
	65	-	22	1 278	1 365
Liabilities:					
Current:					
Payables	205	6	-	421	632
Employee benefits	649	14	4	-	667
Provisions	16	-	36	121	173
Other	-	-	-	103	103
	870	20	40	645	1 575
Non-current:					
Payables	97	-	3	-	100
Employee benefits	976	-	35	2	1 013
Provisions	12	-	-	-	12
Other	-	-	-	-	-
	1 085	-	38	2	1 125
Net assets transferred in	(1 137)	(20)	33	2 367	1 243

Net assets transferred in

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

Transferred out

Under the amendments to the *Trade Measurement Act 1993*, effective from 1 July 2010 Trade Measurement transferred the following assets from the Department to the Commonwealth.

	Trade Measurement $'000	Total $'000
Assets:		
Non-current:		
Property, plant and equipment	2 094	2 094
Net assets transferred out	2 094	2 094

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

2009-10

Transferred in

Under the Public Sector Management (Office for Youth) Proclamation 2009, from 1 July 2009 the Office for Youth was transferred from the Department of Further Education, Employment, Science and Technology. This included 27 employees.

On transfer of the functions, the following assets, liabilities and equities were transferred to the Department:

	Office for Youth $'000
Liabilities:	
Current	132
Non-current	218
Total liabilities	350
Net assets (liabilities)	(350)
Net gain (loss) from transferred functions	(350)

Transferred in (continued)
The net assets transferred in were treated as a contribution by the Government as owner.

Transferred out
In September 2006 the SA Government announced a shared services initiative to streamline and simplify internal corporate and business support services to deliver savings. In late 2007 State Cabinet approved the shared services model developed by the Shared Services Reform Office for the creation of Shared Services SA in DTF.

The business services of SA Government agencies are transferring to Shared Services SA in a series of transition programs known as Tranches. In most cases these services transition in their current state with the current employees who have been providing these services within the agencies. Cabinet approved Tranche 2 (group 2) services on 15 October 2009, which comprised certain financial and taxation services.

As part of this reform from 19 October 2009, certain financial accounting and taxation services from Business and Financial Services transitioned to Shared Services SA. The effective date of the transfer is 19 October 2009 and involved the transfer of three employees.

On transfer of these functions, the following assets, liabilities and equities were transferred out of the Department:

	Financial Services $'000
Assets:	
Current	52
Total assets	52
Liabilities:	
Current	20
Non-current	32
Total liabilities	52
Net assets (liabilities)	-
Net gain (loss) from transferred functions	-

30. Remuneration of board and committee members
Members that were entitled to receive remuneration for membership during the 2010-11 financial year were:

Forensic Science Advisory Committee
Mr Peter Anderson*
Ms Christina Buckley*
Ms Jenny Hall*
Mr Mark Hanson*
Prof Brendon Kearney*
Mr Adam Kimber*
Dr Claire Lenehan
Mr John Lyons
Mr Edward Mullighan, QC
Mr Grant Stevens*
Mr Ross Vining*

SA Classification Council
Ms Barbara Biggins
Mr Michael Dawson
Mr Anthony Durkin
Mr George Karzis
Ms Katherine O'Neill*
Ms Julie Redman

Premier's Council for Women
Ms Alison Adair
Ms Eunice Aston
Ms Karen Bard
Prof Anne Edwards
Ms Lavinia Emmett-Grey
Ms Kate Gould
Ms Elizabeth Haebich
Ms Maria Hagias
Ms Anne-Marie Hayes*
Ms Katrine Hildyard
Ms Elizabeth Jensen
Ms Anuradha Mundkur
Ms Sonia Romeo
Ms Nerida Saunders*
Ms Louise Stock
Ms Katrina Webb-Denis

South Australian Multicultural and Ethnic Affairs Commission
Ms Daniella Conesa
Ms Michelle (Swee Ming) Dieu
Mr George Fomba
Mrs Promila Gupta
Ms Branka King
Mr Vikram Madan
Mrs Vahedeh Mansoury
Mr Peter Ppiros
Mr Norman Schueler
Mr Antonio (Tony) Simeone
Ms Sumeja Skaka
Ms Malgorzata Skalban, OAM
Mr Hieu Van Le
Mr Petar Zdravkovski

Residential Tenancies Tribunal
Mrs Marie Alvino
Ms Harrison Anderson
Mr Stuart Andrew
Mr Stavros Georgiadis
Ms Karen Hannon
Ms Barbara Johns
Mr Thomas Rymill
Mr Douglas Stott
Mr Gerard Twohig

Residential Tenancies Tribunal (continued)

Mr Peter Carey
Mr Peter Duffy
Ms Julia Dunstone
Ms Jane McCaffrie
Ms Patricia Mickan
Mrs Patricia Patrick
Mr Roger Vincent
Ms Pamela Wilkinson

Volunteer Ministerial Advisory Group

Ms Anne Bachmann
Ms Judith Bundy
Ms Cathy Chong
Mr Michael Dawson
Ms Monika Klein
Mr John Godwin
Mr Andrew Hamilton*
Ms Janine Keulen
Ms Alexandra Lawson
Mr David Mitchell
Ms Debra Petrys
Ms Leanne Powell
Ms Pat Rix
Ms Darilyn Roman
Mr Jock Statton, OAM
Ms Janet Stone
Ms Jan Sutherland
Mr Wayne Thorley
Ms Kathryn Zeitz

Physical Activity Council

Mr Stuart Clement
Mr Jeff Dry
Mr Adnres Osvaldo Munoz-Lamilla
Ms Cathy Sanders
Ms Emma Thompson

Ministerial Advisory Committee on Victims of Crime

Ms Jo Battersby*
Mr Terry Donald*
Ms Melissa Finocchio*
Mr Andrew Ford*
Ms Diana Gilcrist-Humphrey
Ms Julie Gunn*
Ms Nichole Hunter*
Mr George Korolis*
Mr Don Mackie*
Mr Peter May*
Mr Matthew Mitchell
Ms Fiona Mort*
Ms Lynette Nitschke
Mr Michael O'Connell*
Mr Dean Oliver*
Mr Thomas Osborn*
Ms Helen Rodwell
Ms Vanessa Swan*
Mr Gary Thompson*
Ms Sonia Waters*
Mr Tony Waters

Guardianship Board

Prof Jennifer Abbey
Ms Jane Anderson
Ms Gaby Berd
Mr Greg Box
Ms Lee-Anne Clark
Ms Jeanette Curtis, OAM
Ms Karen Dahl
Dr Linley Denson
Mr Anthony Durkin
Ms Julie Forgan
Dr Jonathan Fry
Ms Lindley Gilfillan
Ms Di Gursansky
Mr Rick Halliday
Ms Jan Harry
Dr Lothar Hoff
Ms Rosemary Hordern
Mrs Janet Howell
Ms Eugenia Koussidis
Ms Sally Langton
Miss Catheryne Lester
Ms Karen McAuley*
Dr Steve McLean
Ms Rebecca Maerschel
Ms Kate Miller
Mr Jeremy Moore*
Ms Helen Nichols
Ms Janece Petrie
Mr Lange Powell
Mr Neil Rainford
Dr George Rawson
Ms Elizabeth Salna
Ms Cecelia Quinn
Dr Lucy Sheppeard
Mr Ian Simpson
Mr Paul Simpson
Dr Elaine Skinner
Ms Patricia Sutton
Dr Maria Tomasic
Mr Noel Twohig
Ms Judith Worrall
Ms Penelope Wright

Veterans Advisory Council

Mr Michael Benyk
Mr Greg Blyth
Lt Col Moose Dunlop (Rtd), OAM
Mrs Brenda Fergusson
Mr Kenneth Gillman
Lt Com John Godwin
Mr Gerald Harrison
Squadron Leader David Helman (Rtd)
Mr David Kerr
Brigadier Laurie Lewis (Rtd), AM
Sir Eric Neal, AC, CVO
Mr William Schmitt, AM
Major Ian Smith
Lt Col John Spencer (Rtd), OAM
Mr Jock Statton, OAM
Mrs Janice Wallnet

Boxing and Martial Arts Advisory Committee

Dr Alex Alexander
Mr Tom Ferrauto
Ms Jenny Hughes*
Mr Tom Hunter*
Mr John Leondaris
Ms Mae-Lin Leow
Mr Sydney McDonald
Ms Rebecca Osborne
Ms Tania Robertson
Hon Rauf Soulio
Mr Alan Wong

Minister's Youth Council

Ms Janelle Abbott
Mr Jack Batty
Ms Dragana Calic
Mr Mathew Deane
Mr Lucas DeBoer
Ms Khadiia Gbla
Ms Emma Gillett
Ms Abby King
Mr Noby Leong
Mr Jared McLoughlin
Ms Emma Moulds
Mr Luke Parsons
Ms Rebecca Richards
Ms Saskia Scott
Ms Hannah Skehan
Mr Michael Thompson
Ms Vanessa Wong

Community Protection Panel

Mr James Armitage	Mr Keith Evans	Mr Sonny Morey
Mr Gary Burns*	Ms Anne Gale*	Ms Sonia Waters*
Ms Suzanne Carman*	Ms Janine Harvey*	
Ms Marja Elizabeth*	Ms Pauline McEntee*	

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

The number of members whose remuneration received or receivable falls within the following bands:	2011 Number	2010 Number
$0 - $9 999	108	104
$10 000 - $19 999	11	11
$20 000 - $29 999	9	6
$30 000 - $39 999	8	4
$40 000 - $49 999	1	4
$50 000 - $59 999	2	3
$60 000 - $69 999	2	3
$70 000 - $79 999	4	1
$80 000 - $89 999	2	-
$90 000 - $99 999	1	3
$100 000 - $109 999	-	1
$110 000 - $119 999	-	1
$130 000 - $139 999	1	-
$150 000- $159 999	1	-
$260 000 - $269 999	-	1
Total	150	142

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 $1.99 million ($2.06 million).

Amounts paid to a superannuation plan for board/committee members was $160 000 ($170 000).

Remuneration for members of the Residential Tenancies Tribunal is paid for by the Residential Tenancies Fund (the Fund). Activities of the Fund are administered by the Department and included within administered activity 6 'Trust Accounts'.

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.

31. Financial instruments/Financial risk management

(a) Categorisation of financial instruments

Financial assets

Cash and receivables are recorded at the carrying amount which approximates net fair value.

Financial liabilities

Financial liabilities principally represent security bonds held on behalf of third parties and taxation receipts payable to the Treasurer. The carrying amount of all financial liabilities is considered to be a reasonable estimate of net fair value.

Credit risk

Other than pooled investments, the Department has no significant concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

Allowances for impairment of financial assets are calculated on past experiences and expected changes in client credit rating. Currently the Department does not hold any collateral as security for any of its financial assets. Other than receivables there is no evidence to indicate that financial assets are impaired. The following table discloses the ageing of financial assets past due. There are no financial assets administered by the Department past due.

(b) ***Ageing analysis of financial statements***

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

	Past due by			
	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2011	$'000	$'000	$'000	$'000
Not impaired:				
Receivables	992	344	1 051	2 387
Impaired:				
Receivables	-	-	642	642
2010				
Not impaired:				
Receivables	759	578	1 161	2 498
Impaired:				
Receivables	-	-	596	596

(c) ***Maturity analysis of financial assets and liabilities***

		Contractual maturity		
	Carrying amount	Less than 1 year	1-5 years	More than 5 years
2011	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	20 082	20 082	-	-
Receivables(1)	18 324	18 324	-	-
Other financial assets	3 868	3 752	116	-
Total financial assets	42 274	42 158	116	-
Financial liabilities:				
Payables(1)	11 387	11 387	-	-
Borrowings	3 048	375	2 673	-
Finance lease liability	4 084	597	3 487	-
Other financial liabilities	45	45	-	-
Total financial liabilities	18 564	12 404	6 160	-

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

Liquidity risk

The Department is funded principally from appropriations by the SA Government. The Department works with DTF to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash outflows.

The continued existence of the Department in its present form, and with its present programs, 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.

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

Market risk

Market risk for the Department is primarily through interest rate risk. The Department currently holds no interest bearing Financial Instruments and is not exposed to interest rate risk.

Sensitivity disclosure analysis

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

32. Events after the reporting date

As per The South Australian Government Gazette Notice (dated 30 June 2011) it is proclaimed that effective from 1 July 2011 the Office for Recreation and Sport and the Office for Racing will transfer to the Department of Planning and Local Government. The financial effect of this machinery of government change has not been reflected in the financial statements. This division comprises 137 employees and includes estimated net assets of $252.2 million.

Statement of Administered Comprehensive Income
for the year ended 30 June 2011

	Note	2011 $'000	2010 $'000
Expenses:			
Payments to Consolidated Account		323 493	315 162
Grants	A7	45 911	45 249
Victims of Crime payments	A8	17 254	12 918
State Rescue Helicopter Service charges	A9	10 453	9 970
Employee benefit expenses	A10	13 458	7 591
Depreciation and amortisation	A11	5 628	2 380
Other expenses	A12	29 327	22 295
Total expenses		445 524	415 565
Income:			
Taxation revenue	A2	318 089	310 657
Revenues from SA Government	A3	75 785	69 911
Grants and subsidies received	A4	19 860	18 702
Interest revenues	A5	24 518	16 089
Victims of Crime levies		28 535	21 980
Fees and charges		3 610	3 882
Sale of goods and services		26 825	5 781
Recoveries and other income	A6	8 548	8 297
Total income		505 770	455 299
Net cost of providing services		60 246	39 734
Other comprehensive income:			
Changes in property, plant and equipment asset revaluation surplus		-	27 094
Change in asset recognition policy		(915)	(5)
Asset revaluation reserve		2 138	(2 381)
Total comprehensive result		61 469	64 442

Total comprehensive result is attributable to the SA Government as owner

Statement of Administered Financial Position
as at 30 June 2011

	Note	2011 $'000	2010 $'000
Current assets:			
Cash and cash equivalents	A13	207 176	194 393
Receivables	A14	42 177	39 654
Investments	A15	97 144	72 535
Other current assets	A16	295	281
Total current assets		346 792	306 863
Non-current assets:			
Investments	A15	89 528	87 390
Intangible assets	A18	8	12
Property, plant and equipment	A17a	73 795	63 655
Total non-current assets		163 331	151 057
Total assets		510 123	457 920
Current liabilities:			
Payables	A19	10 631	10 576
Employee benefits	A20	384	243
Other current liabilities	A21	85 955	109 465
Total current liabilities		96 970	120 284
Non-current liabilities:			
Payables	A19	83	38
Employee benefits	A20	668	342
Other non-current liabilities	A21	81 176	67 195
Total non-current liabilities		81 927	67 575
Total liabilities		178 897	187 859
Net assets		331 226	270 061
Equity:			
Asset revaluation surplus		24 710	22 572
Retained earnings		306 516	247 489
Total equity		331 226	270 061

Total equity is attributable to the SA Government as owner

Commitments	A23
Contingent assets and liabilities	A24

Statement of Administered Changes in Equity for the year ended 30 June 2011

	Note	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2008		1 729	139 019	140 748
Adjustments to asset revaluation reserve - prior period adjustment		(1 855)	-	(1 855)
Adjustments to retained earnings - prior period adjustment		-	1 855	1 855
Restated balance at 30 June 2008		(126)	140 874	140 748
Net result for 2008-09		-	20 756	20 756
Gain on revaluation of property, plant and equipment and intangibles during 2008-09		124	-	124
Loss on revaluation of investments during 2008-09		(937)	-	(937)
Total comprehensive result for 2008-09		(813)	20 756	19 943
Transactions with SA Government as owner:				
Net assets received from an administrative restructure		-	4 808	4 808
Balance at 30 June 2009		(939)	166 438	165 499
Adjustments to asset revaluation reserve - prior period adjustment		(5 964)	-	(5 964)
Adjustments to retained earnings - prior period adjustment		-	5 964	5 964
Restated balance at 30 June 2009		(6 903)	172 402	165 499
Change in asset recognition policy		-	(5)	(5)
Net result for 2009-10		-	39 734	39 734
Gain on revaluation of property, plant and equipment and intangibles during 2009-10		27 094	-	27 094
Adjustments to retained earnings - prior period adjustment		-	(2 381)	(2 381)
Total comprehensive result of 2009-10		27 094	37 348	64 442
Transactions with SA Government as owner:				
Net assets received from an administrative restructure	A25	-	35 358	35 358
Balance at 30 June 2010		20 191	245 108	265 299
Adjustments to asset revaluation reserve - prior period adjustment		2 381	-	2 381
Restated balance at 30 June 2010		22 572	247 489	270 061
Net result for 2010-11		-	60 246	60 246
Asset revaluation reserve		2 138	-	2 138
Change in asset recognition policy		-	(915)	(915)
Total comprehensive result for 2010-11		2 138	59 331	61 469
Transactions with SA Government as owner:				
Net liabilities received from an administrative restructure	A25	-	(304)	(304)
Balance at 30 June 2011		24 710	306 516	331 226

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

Statement of Administered Cash Flows
for the year ended 30 June 2011

		2011 Inflows (Outflows)	2010 Inflows (Outflows)
Cash flows from operating activities:	Note	$'000	$'000
Cash inflows:			
Taxation receipts		312 654	286 353
Bond lodgements		71 758	67 035
GST recovered from the ATO		7	-
Receipts from SA Government		75 035	69 957
Grants and subsidies received		19 860	18 702
Interest received		13 714	16 195
Victims of Crimes levies		28 535	21 522
Bond guarantee receipts		-	3 253
Sales of goods and services		26 990	4 156
Fees and charges		8 879	7 601
Other receipts		8 551	32 432
Cash generated from operations		565 983	527 206
Cash outflows:			
Payments to Consolidated Account		(345 794)	(293 206)
Grants		(45 911)	(45 249)
GST paid to the ATO		(100)	-
Victims of Crime compensation payments		(17 254)	(12 918)
Employee benefit payments		(12 934)	(7 382)
Bond refunds		(58 290)	(53 758)
Bond guarantee payments		-	(3 253)
Other payments		(40 029)	(28 423)
Cash used in operations		(520 312)	(444 189)
Net cash provided by (used in) operating activities	A22	45 671	83 017
Cash flows from investing activities:			
Cash outflows:			
Payments for investments		(16 000)	(19 124)
Purchase of property, plant and equipment		(16 584)	-
Adjustment to cash investments		(304)	(3 986)
Cash used in investing activities		(32 888)	(23 110)
Net cash provided by (used in) investing activities		(32 888)	(23 110)
Cash flows from financing activities:			
Cash inflows:			
Receipts from restructure activities		-	210
Cash provided by financing activities		-	210
Net cash provided by (used in) financing activities		-	210
Net increase (decrease) in cash and cash equivalents		12 783	60 117
Cash and cash equivalents at 1 July		194 393	134 276
Cash and cash equivalents at 30 June	A13	207 176	194 393

Schedule of Income and Expenses attributable to Administered Activities for the year ended 30 June 2011

(Activities - refer note A1)	1	2	3	4	5
Income:	$'000	$'000	$'000	$'000	$'000
Taxation receipts	318 089	-	-	-	-
Revenues from SA Government	6 200	164	9 567	7 373	-
Grants and subsidies received	-	-	25	578	-
Interest revenues	-	12 690	2 783	-	9 033
Victims of Crime levies	-	-	28 535	-	-
Fees and charges	3 583	2	2	-	-
Sale of goods and services	-	-	-	-	-
Recoveries and other income	1	597	3 022	3 823	400
Total income	327 873	13 453	43 934	11 774	9 433
Expenses:					
Payments to Consolidated Account	321 247	1	-	2 045	-
Grants	5 845	-	2 562	-	-
Victims of Crime payments	-	-	17 254	-	-
State Rescue Helicopter Service charges	-	-	-	10 453	-
Employee benefit expenses	-	39	931	-	3 653
Depreciation expense	-	-	3	-	60
Other expenses	140	1 185	2 914	48	1 583
Total expenses	327 232	1 225	23 664	12 546	5 296
Net cost of providing services	641	12 228	20 270	(772)	4 137

(Activities - refer note A1)	6	7	8	9	Total
Income:	$'000	$'000	$'000	$'000	$'000
Taxation receipts	-	-	-	-	318 089
Revenues from SA Government	7 868	18 047	16 181	10 385	75 785
Grants and subsidies received	290	14 946	-	4 021	19 860
Interest revenues	-	-	-	12	24 518
Victims of Crime levies	-	-	-	-	28 535
Fees and charges	-	-	-	23	3 610
Sale of goods and services	-	-	26 766	-	26 825
Recoveries and other income	132	-	-	632	8 548
Total income	8 290	32 993	42 947	15 073	505 770
Expenses:					
Payments to Consolidated Account	-	-	-	200	323 493
Grants	-	32 993	-	4 511	45 911
Victims of Crime payments	-	-	-	-	17 254
State Rescue Helicopter Service charges	-	-	-	-	10 453
Employee benefit expenses	640	-	1 297	6 915	13 458
Depreciation expense	64	-	5 472	29	5 628
Other expenses	2 251	-	19 211	1 978	29 327
Total expenses	2 955	32 993	25 980	13 633	445 524
Net cost of providing services	5 335	-	16 967	1 440	60 246

Schedule of Income and Expenses attributable to Administered Activities for the year ended 30 June 2010

(Activities - refer note A1)	1	2	3	4	5	6
Income:	$'000	$'000	$'000	$'000	$'000	$'000
Taxation receipts	310 657	-	-	-	-	-
Revenues from SA Government	5 900	1 116	6 990	7 421	-	-
Grants and subsidies received	-	-	7	564	-	-
Interest revenues	-	8 787	1 594	-	-	3 317
Victims of Crime levies	-	-	21 980	-	-	-
Fees and charges	3 747	-	-	-	-	-
Sale of goods and services	-	-	-	-	-	-
Recoveries and other income	25	1 370	1 712	3 400	-	1 958
Total income	320 329	11 273	32 283	11 385	-	5 275
Expenses:						
Payments to Consolidated Account	314 960	1	-	-	-	-
Grants	7 586	-	2 653	336	-	-
Victims of Crime payments	-	-	12 918	-	-	-
State Rescue Helicopter Service charges	-	-	-	9 970	-	-
Employee benefit expenses	-	24	-	176	-	4 068
Depreciation expense	-	-	3	-	-	172
Other expenses	127	1 601	2 380	151	-	1 594
Total expenses	322 673	1 626	17 954	10 633	-	5 834
Net cost of providing services	(2 344)	9 647	14 329	752	-	(559)

(Activities - refer note A1)	7	8	9	10	Total
Income:	$'000		$'000		$'000
Taxation receipts	-	-	-	-	310 657
Revenues from SA Government	16 760	16 446	3 550	11 728	69 911
Grants and subsidies received	290	14 054	-	3 787	18 702
Interest revenues	-	-	-	10	13 708
Victims of Crime levies	-	-	-	-	21 980
Fees and charges	-	-	-	135	3 882
Sale of goods and services	-	-	5 781	-	5 781
Recoveries and other income	240	-	1 577	396	10 678
Total income	17 290	30 500	10 908	16 056	455 299
Expenses:					
Payments to Consolidated Account	-	-	-	201	315 162
Grants	100	30 500	-	4 074	45 249
Victims of Crime payments	-	-	-	-	12 918
State Rescue Helicopter Service charges	-	-	-	-	9 970
Employee benefit expenses	742	-	293	2 288	7 591
Depreciation expense	58	-	2 097	50	2 380
Other expenses	2 834	-	7 239	6 369	22 295
Total expenses	3 734	30 500	9 629	12 982	415 565
Net cost of providing services	13 556	-	1 279	3 074	39 734

Schedule of Assets and Liabilities attributable to Administered Activities as at 30 June 2011

(Activities - refer note A1)	1	2	3	4	5
Current assets:	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	32 334	49 695	75 547	347	8 214
Receivables	25 380	2 843	3 364	298	3 239
Investments	-	21 336	-	-	75 808
Other current assets	-	9	-	90	-
Non-current assets:					
Investments	-	23 745	-	-	65 783
Intangible assets	-	-	-	-	-
Property, plant and equipment	-	1 379	10	-	13
Total assets	57 714	99 007	78 921	735	153 057
Current liabilities:					
Payables	283	106	871	1 124	3 059
Employee benefits	-	2	29	-	-
Other current liabilities	28 609	-	4	-	57 326
Non-current liabilities:					
Payables	-	-	7	-	-
Employee benefits	-	-	65	-	-
Other non-current liabilities	-	-	-	-	81 176
Total liabilities	28 892	108	976	1 124	141 561
Net assets (liabilities)	28 822	98 899	77 945	(389)	11 496

(Activities - refer note A1)	6	7	8	9	Total
Current assets:	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	13 178	2	18 497	9 362	207 176
Receivables	608	-	6 210	235	42 177
Investments	-	-	-	-	97 144
Other current assets	17	-	80	99	295
Non-current assets:					
Investments	-	-	-	-	89 528
Intangible assets	-	-	8	-	8
Property, plant and equipment	12 311	-	59 761	321	73 795
Total assets	26 114	2	84 556	10 017	510 123
Current liabilities:					
Payables	183	-	4 599	406	10 631
Employee benefits	19	-	89	245	384
Other current liabilities	3	-	13	-	85 955
Non-current liabilities:					
Payables	4	-	18	54	83
Employee benefits	39	-	165	399	668
Other non-current liabilities	-	-	-	-	81 176
Total liabilities	248	-	4 884	1 104	178 897
Net assets (liabilities)	25 866	2	79 672	8 912	331 226

Schedule of Assets and Liabilities attributable to Administered Activities as at 30 June 2010

(Activities - refer note A1)	1	2	3	4	5	6
Current assets:	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	54 143	40 947	52 905	1 459	1 084	15 213
Receivables	25 019	1 865	2 116	3	-	2 013
Investments	-	19 071	-	-	-	53 464
Other current assets	-	-	-	-	-	-
Non-current assets:						
Investments	-	22 983	-	-	-	64 407
Intangible assets	-	-	-	-	-	-
Property, plant and equipment	-	1 014	13	-	-	71
Total assets	79 162	85 880	55 034	1 462	1 084	135 168
Current liabilities:						
Payables	20	91	459	935	-	3 502
Employee benefits	-	2	-	15	-	-
Other current liabilities	50 963	-	-	124	-	58 378
Non-current liabilities:						
Payables	-	-	-	-	-	-
Employee benefits	-	-	-	4	-	-
Other non-current liabilities	-	-	-	-	-	67 195
Total liabilities	50 983	93	459	1 078	-	129 075
Net assets	28 179	85 787	54 575	384	1 084	6 093

(Activities - refer note A1)	7	8	9	10	Total
Current assets:	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	14 962	2	3 863	9 817	194 393
Receivables	103	-	8 523	12	39 654
Investments	-	-	-	-	72 535
Other current assets	-	-	-	281	281
Non-current assets:					
Investments	-	-	-	-	87 390
Intangible assets	-	-	12	-	12
Property, plant and equipment	5 705	-	56 560	292	63 655
Total assets	20 770	2	68 958	10 402	457 920
Current liabilities:					
Payables	88	-	5 206	275	10 576
Employee benefits	49	-	81	96	243
Other current liabilities	-	-	-	-	109 465
Non-current liabilities:					
Payables	10	-	15	13	38
Employee benefits	91	-	133	114	342
Other non-current liabilities	-	-	-	-	67 195
Total liabilities	238	-	5 435	498	187 859
Net assets	20 532	2	63 523	9 904	270 061

NOTES TO AND FORMING PART OF THE ADMINISTERED FINANCIAL STATEMENTS

The disclosures in notes 1 to 3 of the controlled statements are equally applicable to the administered items of the Department.

An error correction has been made to the expenses, asset revaluation reserve and retained earnings for the Residential Tenancies Fund, Retail Shop Leases Fund and the Second-hand Vehicles Compensation Fund. Under AASB 139, investments held with the Public Trustee have now been classified as available-for-sale. Any gains or losses as a result of holding these investments, is now recognised through an asset revaluation reserve, rather than through profit and loss. The treatment of revaluation gains or losses has been amended to comply with the requirements of AASB 139 and have been recognised directly in the equity of the funds. In the following table, comparative figures have been retrospectively restated from 2006-07 where required, with gains or losses on investments moved to the asset revaluation reserve.

For the Residential Tenancies Fund, the error correction has resulted in a decrease in the value of other expenses in 2009 $4.295 million and 2008 $1.776 million. There is also an equivalent increase in the retained earnings and decrease in the asset revaluation reserve of the Fund for the same periods. There was no change to 2007 figures.

For the Retail Shop Leases Fund, the error correction has resulted in a decrease in the value of decrement on revaluation of investments in 2009 of $225 000 and 2008 of $29 000. There is also an equivalent increase in the retained earnings and decrease in the asset revaluation reserve of the Fund for the same periods. There was no change to 2007 figures.

For the Second-hand Vehicles Compensation Fund, the error correction has resulted in a decrease in the value of other expenses in 2009 of $138 000 and 2008 of $50 000. There is also an equivalent increase in the retained earnings and decrease in the asset revaluation reserve of the Fund for the same periods. There was no change to 2007 figures.

	2010	2009	2008	Total
Expenses:	$'000	$'000	$'000	$'000
Residential Tenancies Fund	1 549	(4 295)	(1 776)	(4 522)
Retail Shop Leases Fund	69	(225)	(29)	(185)
Second-hand Vehicles Compensation Fund	44	(138)	(50)	(144)
Agents Indemnity Fund	719	(1 306)	-	(587)
	2 381	(5 964)	(1 855)	(5 438)
Retained earnings:				
Residential Tenancies	(1 549)	4 295	1 776	4 522
Retail Shop Leases Fund	(69)	225	29	185
Second-hand Vehicles Compensation Fund	(44)	138	50	144
Agents Indemnity Fund	(719)	1 306	-	587
	(2 381)	5 964	1 855	5 438
Asset revaluation reserve:				
Residential Tenancies Fund	1 549	(4 295)	(1 776)	(4 522)
Retail Shop Leases Fund	69	(225)	(29)	(185)
Second-hand Vehicles Compensation Fund	44	(138)	(50)	(144)
Agents Indemnity Fund	719	(1 306)	-	(587)
	2 381	(5 964)	(1 855)	(5 438)

A1. Administered activities

Administered activities 2010-11

Activity 1: Liquor and Gambling Services

This administered activity recognises activities in relation to the receipt of payments associated with casino operations, gaming machines and gaming taxation. It also recognises receipts and payments associated with betting services, racing operations, lottery licences and liquor licence subsidies.

Activity 2: Consumer and Business Affairs

This administered activity includes activities in relation to the Agents Indemnity Fund and the Second-hand Vehicles Compensation Fund.

Activity 3: Victims of Crime

This administered activity relates to receipts and payments associated with the *Victims of Crime Act 2001*. The Act provides for payment of compensation to persons who suffer injury as a result of criminal acts and the recovery from the offenders. Payments to victims and the monies recovered from offenders are processed through a special interest bearing deposit account.

Activity 4: ***State Rescue Helicopter Service***

This administered activity relates to the activities of the State Rescue Helicopter Service used by South Australia Police, Department of Health, South Australian Country Fire Service, SA Ambulance Service and other non-government organisations.

Activity 5: ***Trust Accounts***

This administered activity relates to activities associated with the Residential Tenancies Fund, Crown Solicitor's Trust Account and the Retail Shop Leases Fund. The Department receives monies which are held in trust pending the outcome of future events or settlements. The Department does not have direct control over these funds and acts in the capacity as trustee. Beneficiaries include other government departments for the sale of government property, claims from individuals and funding for the administration of these trusts (funded by the income earned from investing the Funds' monies).

Activity 6: ***Emergency Management Communications***

This administered activity relates to activities associated with the implementation of the SA Computer Aided Dispatch.

Activity 7: ***Legal Aid***

This administered activity relates to grant payments made to the Legal Services Commission. The Department receives annual specific grant funding from the Commonwealth which, together with the State Government component, is paid to the Legal Services Commission. The Commonwealth grant funding provides legal assistance for matters arising under Commonwealth law, while the State Government grant funding is expended on State law matters.

Activity 8: ***SA Government Radio Network (SAGRN)***

The SAGRN is a significant project focussed on the radio communication needs of South Australian public safety organisations and government agencies. The full year effect of SAGRN is reflected in the 2011 result for sales of goods and services of $27 million ($6 million).

Activity 9: ***Other***

This administered activity reflects the financial performance and position of various administered activities, including the payment of Special Act salaries, the Child Abuse Protection program, expensive state criminal cases, Community Court project, Professional Standards Council, Sport and Recreation Fund, Recreation and Sport Fund and Duke of Edinburgh Award Trust Account.

Administered activities 2009-10

Activity 1: ***Liquor and Gambling Services***

This administered activity recognises activities in relation to the receipt of payments associated with casino operations, gaming machines and gaming taxation. It also recognises receipts and payments associated with betting services and racing operations.

Activity 2: ***Consumer and Business Affairs***

This administered activity recognises activities in relation to the Agents Indemnity Fund, the Second-hand Vehicles Compensation Fund, the Co-operatives Liquidation Account and the Companies Liquidation Account. This activity also incudes the receipt of Commonwealth grants to State Government for 'forgone revenue' per the Corporations Agreement 2002. The Commonwealth funds received by the Department are paid to the Consolidated Account.

Activity 3: ***Victims of Crime***

This administered activity relates to receipts and payments associated with the *Victims of Crime Act 2001*. The Act provides for payment of compensation to persons who suffer injury as a result of criminal acts and the recovery from the offenders. Payments to victims and the monies recovered from offenders are processed through a special interest bearing deposit account.

Activity 4: ***State Rescue Helicopter Service***

This administered activity relates to the activities of the State Rescue Helicopter Service used by South Australia Police, Department of Health, South Australian Country Fire Service and the SA Ambulance Service.

Activity 5: ***Bodies in the Barrels***

This administered activity relates to the Bodies in the Barrels murder case. The Department administers the operations relating to this case. This activity concluded in 2006-07.

Activity 6: ***Trust Accounts***

This administered activity relates to activities associated with the Residential Tenancies Fund, Crown Solicitor's Trust Account and the Retail Shop Leases Fund. The Department receives monies which are held in trust pending the outcome of future events or settlements. The Department does not have direct control over these funds and acts in the capacity as trustee. Beneficiaries include other government departments for the sale of government property, claims from individuals and funding for the administration of these trusts (funded by the income earned from investing the funds' monies).

Activity 7: ***Emergency Management Communications***

This administered activity relates to activities associated with the implementation of the SA Computer Aided Dispatch and portfolio radio and telecommunications costs for the Justice portfolio.

Activity 8: ***Legal Aid***

This administered activity relates to grant payments made to the Legal Services Commission. The Department receives annual specific grant funding from the Commonwealth which, together with the State Government component, is paid to the Legal Services Commission. The Commonwealth grant funding provides legal assistance for matters arising under Commonwealth law, while the State Government grant funding is expended on State law matters.

Activity 9: ***SA Government Radio Network (SAGRN)***

The SAGRN is a significant project focussed on the radio communication needs of South Australian public safety organisations and government agencies.

Activity 10: ***Other***

This administered activity reflects the financial performance and position of various administered activities, including the payment of Special Act salaries, the Child Abuse Protection program, expensive state criminal cases, Children in State Care Commission of Inquiry, Professional Standards Council, Sport and Recreation Fund, Recreation and Sport Fund and Duke of Edinburgh Award Trust Account.

A2. Taxation revenue - administered items

	2011	2010
	$'000	$'000
Taxation - gaming machines	291 611	282 729
Taxation - casino operations	21 404	21 573
Taxation - off-course totalisator	5 074	6 355
Total taxation revenue	318 089	310 657

A3. Revenues from SA Government - administered items

Appropriations from Consolidated Account pursuant to the *Appropriation Act*	63 359	57 462
Appropriations under other Acts	12 426	12 449
Total revenues from SA Government	75 785	69 911

Total revenues from government consist of $63.3 million ($57.4 million) for operational funding. For details on the expenditure associated with the operational funding received refer notes A4 to A12. There were no material variations between the amount appropriated and the expenditure associated with this appropriation.

A4. Grants and subsidies received - administered items

	2011	2010
Commonwealth specific purpose grants:	$'000	$'000
Legal aid	14 946	14 054
Total Commonwealth specific purpose grants	14 946	14 054
Grants from SA Government:		
SACAD	290	290
Recreation and Sport	3 500	3 500
State Rescue Helicopter Service	578	564
Other	546	294
Total grants from SA Government	4 914	4 648
Total grants and subsidies received	19 860	18 702

		2011	2010
A5.	**Interest revenues - administered items**	$'000	$'000
	Interest from investments	10 154	6 236
	Agents Indemnity Fund interest from agents	7 787	5 796
	Interest from DTF	5 517	3 383
	Interest from Housing SA	1 060	674
	Total interest revenues	24 518	16 089
	Interest received/receivable from entities within the SA Government:		
	Interest from investments	10 154	6 236
	Interest from DTF	5 517	3 383
	Interest from Housing SA	1 060	674
	Total interest revenues - SA Government entities	16 731	10 293
A6.	**Recoveries and other income - administered items**		
	Confiscation of profits	2 220	925
	Recoveries from offenders	704	762
	Recoveries for State Rescue Helicopter Service	2 615	2 261
	Sundry recoveries	2 094	3 650
	Other	915	699
	Total recoveries and other income	8 548	8 297
	Recoveries and other income received/receivable from entities within the SA Government:		
	Recoveries for State Rescue Helicopter Service	1 798	2 028
	Sundry recoveries	1 839	2 245
	Other	285	-
	Total recoveries and other income - SA Government entities	3 922	4 273
A7.	**Grants - administered items**		
	Legal Services Commission	18 607	30 844
	Liquor licensees	5 845	7 586
	Victims of Crime	2 462	2 653
	Other	18 997	4 166
	Total grants	45 911	45 249
A8.	**Victims of Crime payments - administered items**		
	Victims of Crime payments	17 254	12 918
	Total Victims of Crime payments	17 254	12 918
	Victims of Crime payments paid/payable to entities within the SA Government:		
	Victims of Crime payments	646	456
	Total Victims of Crime payments - SA Government entities	646	456
A9.	**State Rescue Helicopter Service charges - administered items**		
	State Rescue Helicopter Service charges	10 453	9 970
	Total State Rescue Helicopter Service charges	10 453	9 970
	State Rescue Helicopter Service charges paid/payable to entities within the SA Government:		
	State Rescue Helicopter Service charges	-	30
	Total State Rescue Helicopter Service charges - SA Government entities	-	30
A10.	**Employee benefit expenses - administered items**		
	Salaries and wages	9 614	5 264
	Employee on-costs - superannuation	1 448	598
	Employee on-costs - other	581	297
	Board fees	979	1 058
	Annual leave	572	160
	Long service leave	264	214
	Total employee benefit expenses	13 458	7 591

Remuneration of employees	2011	2010
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
$127 500 - $130 699	n/a	-
$130 700 - $140 699*	4	-
$140 700 - $150 699*	2	-
$190 700 - $200 699*	-	1
$200 700 - $210 699*	2	-
$240 700 - $250 699*	-	1
$260 700 - $270 699*	1	1
$270 700 - $280 699*	1	-
$300 700 - $310 699*	1	-
$330 700 - $340 699*	1	-
$340 700 - $350 699*	1	-
$390 700 - $400 699*	1	-
$400 700 - $410 699*	3	-
$420 700 - $430 699*	2	-
$450 700 - $460 699	-	1
$500 700 - $510 699	1	-
Total	20	4

The table includes all employees who received remuneration of $130 700 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. Total remuneration received or due and receivable by these employees was $5.7 million ($1.2 million).

The number of officers included in this note has also increased due to functions that transferred to the Department in 2010-11.

Accounting policy change

In accordance with the revised APF II, the Department has changed its accounting policy and now discloses all employees who receive remuneration equal to or greater than the base executive remuneration rather than all employees who receive remuneration equal to or greater than $100 000. The impact of this change in accounting policy is the number of employees disclosed has reduced by 1 (2).

A11. Depreciation and amortisation expenses - administered items

	2011	2010
Depreciation:	$'000	$'000
Information technology	410	109
Leasehold improvements	52	126
Plant and equipment	15	54
Buildings and other structures	114	22
Radio network assets	5 033	2 068
Total depreciation expense	5 624	2 379
Amortisation:		
Intangible assets	4	1
Total amortisation	4	1
Total depreciation and amortisation expense	5 628	2 380

A12. Other expenses - administered items

Legal fees	895	370
Contract staff	448	916
Contract maintenance	1 129	952
Accommodation	1 103	853
Promotions and publications	487	548
ICT	981	1 101
Office expenses	187	219
Telephone related expenses	188	133
Betting services	46	27
Consultancies	22	316
Donated asset(1)	-	5 096

A12. Other expenses - administered items (continued)

	2011 $'000	2010 $'000
Radio network expenditure	16 189	5 641
Outsource Services	2 237	1 172
Transfer VOC Fund	2 537	2 249
Other (including audit fees - see note below)	2 878	2 702
Total other expenses	29 327	22 295

(1) Donated asset refers to assets associated with Sturt Street Court upgrade and Justice video conferencing transferred to other Justice agencies.

Other expenses paid/payable to entities within the SA Government:	2011	2010
Legal fees	60	10
Accommodation	335	835
ICT	54	44
Office expenses	-	1
Telephone related expenses	6	83
Contract staff	-	-
Betting services	-	4
Radio network expenditure		26
Other	1 483	2 937
Total other expenses - SA Government entities	1 987	3 940

The number and dollar amount of consultancies paid/payable (included in other expenses) that fell within the following bands:	2011 Number	2011 $'000	2010 Number	2010 $'000
Below $10 000	5	22	3	19
Between $10 000 and $50 000	-	-	3	57
Above $50 000	-	-	1	240
Total paid/payable to the consultants engaged	5	22	7	316

Auditor's remuneration

	2011 $'000	2010 $'000
Audit fees paid/payable to the Auditor-General's Department	39	33
Total auditor's remuneration	39	33

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

A13. Cash and cash equivalents - administered items

	2011	2010
Deposits with the Treasurer	207 176	194 393
Total cash and cash equivalents	207 176	194 393

Deposits with the Treasurer

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

Movement in trust accounts	Crown Solicitor's Trust Account		Residential Tenancies Fund		Retail Shop Leases Fund	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Balance at 1 July	4 897	8 323	9 400	12 375	917	301
Receipts	35 769	87 708	79 262	67 304	282	908
Payments	(36 309)	(91 134)	(85 126)	(70 279)	(878)	(292)
Balance at 30 June	4 357	4 897	3 536	9 400	321	917

A14. Receivables - administered items

	2011 $'000	2010 $'000
Receivables	34 957	36 390
Allowance for doubtful debts	(1)	-
Accrued interest	5 053	2 943
Prepayments	884	321
Other	1 281	-
GST receivable	3	-
Total receivables	42 177	39 654

A14. Receivables - administered items (continued)

	2011	2010
Receivables from SA Government entities:	$'000	$'000
Receivables	10 555	9 888
Allowance for doubtful debts	(1)	-
Accrued interest	5 053	2 943
Prepayments	870	-
Total receivables from SA Government entities	16 477	12 831

Interest rate and credit risk

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

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

(a) Maturity analysis of receivables - refer note 31.
(b) Categorisation of financial instruments and risk exposure information - refer note 31.

A15. Investments - administered items

	2011	2010
Current:	$'000	$'000
Funds invested with the Public Trustee	97 144	72 535
Total current investments	97 144	72 535
Non-current:		
Funds invested with the Public Trustee	89 528	87 390
Total non-current investments	89 528	87 390
Total investments	186 672	159 925
Investments represent funds invested with the Public Trustee as follows:		
Residential Tenancies Fund	135 964	113 543
Agents Indemnity Fund	42 248	39 403
Second-hand Vehicles Compensation Fund	2 833	2 651
Retail Shop Leases Fund	5 627	4 328
Total investments	186 672	159 925

A16. Other current assets - administered items

Other current assets	295	281
Total current assets	295	281
Other current assets from SA Government entities:		
Other current assets	295	281
Total other current assets from SA Government entities	295	281

A17. *(a) Property, plant and equipment - administered items*

	2011 Cost/ Valuation $'000	2011 Accumulated depreciation/ amortisation $'000	2011 Written down value $'000	2010 Cost/ Valuation $'000	2010 Accumulated depreciation/ amortisation $'000	2010 Written down value $'000
Leasehold improvements(1)	317	317	-	317	265	52
Information technology	2 613	1 090	1 523	1 020	677	343
Plant and equipment(1)	719	134	585	170	119	51
Buildings and other structures	3 409	114	3 295	3 409	-	3 409
Capital works in progress	13 810	-	13 810	7 261	-	7 261
Radio network assets(2)	59 615	5 033	54 582	52 539	-	52 539
	80 483	6 688	73 795	64 716	1 061	63 655

(1) Valuations of land and buildings, leasehold improvements, furniture, mobile transport assets and specialised plant and equipment were performed by Martin Burns, MBA, BAppSc Property Resource Management, AAPI, Certified Practising Valuer of Liquid Pacific as at 1 July 2008.

A17. ***(a)*** ***Property, plant and equipment - administered items (continued)***

(2) Valuations of Radio Network assets were performed by Cameron Dunsford, FAPI, MRICS, SPINZ, Chartered Valuer, Certified Practising Valuer of rhas, Chartered Valuers and Brokers as at 30 June 2010.

There were no indications of impairment of property, plant and equipment, infrastructure at 30 June 2010.

(b) ***Property, plant and equipment movement schedule - administered items***

	Leasehold imprvmnts $'000	Information technology $'000	Plant and equipment $'000	Capital works in progress $'000
Carrying amount at 1 July	52	343	51	7 261
Additions	-	1 645	-	7 098
Depreciation and amortisation	(52)	(410)	(15)	-
Transfers from (to) work in progress	-	-	549	(549)
Change in asset policy	-	(55)	-	-
Carrying amount at 30 June	-	1 523	585	13 810

	Buildings and other structures $'000	Radio network assets $'000	Total property, plant & equipment $'000
Carrying amount at 1 July	3 409	52 539	63 655
Additions	-	7 841	16 584
Depreciation and amortisation	(114)	(5 033)	(5 624)
Transfers from (to) work in progress	-	-	-
Change in asset policy	-	(765)	(820)
Carrying amount at 30 June	3 295	54 582	73 795

A18. ***(a)*** ***Intangible assets - administered items***

	2011 $'000	2010 $'000
SAGRN:		
SAGRN	12	12
Accumulated amortisation	(4)	-
Total computer software	8	12
Total intangible assets	8	12

There was no indication of impairment of intangible assets at 30 June 2011.

(b) ***Intangible movement schedule - administered items***

2011	Intangibles $'000	Total Intangibles $'000
Carrying amount 1 July 2010	12	12
Depreciation and amortisation	(4)	-
Carrying amount 30 June 2011	8	12

A19. **Payables - administered items**

	2011 $'000	2010 $'000
Current:		
Creditors	10 478	10 373
Employee on-costs	76	39
Accruals	36	35
GST payable	41	129
Total current payables	10 631	10 576
Non-current:		
Employee on-costs	83	38
Total non-current payables	83	38
Total payables	10 714	10 614

A19. Payables - administered items (continued)

	2011	2010
Payables to SA Government entities:	$'000	$'000
Creditors	3 243	3 654
Employee on-costs	161	77
Total payables to SA Government entities	3 404	3 731

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of long service leave taken as leave has not changed from the 2010 rate of 45 percent.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid and are settled within the normal terms of payment of 30 days, unless otherwise agreed. 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 31.
(b) Categorisation of financial instruments and risk exposure information - refer note 31.

A20. Employee benefits - administered items

	2011	2010
Current:	$'000	$'000
Annual leave	333	133
Accrued salaries and wages	1	84
Long service leave	50	26
Total current employee benefits	384	243
Non-current:		
Long service leave	668	342
Total non-current employee benefits	668	342
Total employee benefits	1 052	585

Based on an actuarial assessment performed by DTF, the benchmark for the measurement of the long service leave liability has decreased to five years from the 2010 benchmark of 5.5 years.

The total current and non-current employee expense for 2011 is $460 000 and $751 000 respectively.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of $350 000 and employee benefit expense of $467 000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions. A key assumption is the long-term discount rate.

A21. Other liabilities - administered items

	2011	2010
Current:	$'000	$'000
Gaming and other receipts payable to DTF	27 951	50 252
Security bonds lodged	52 982	53 481
Crown Solicitor's Trust Account	4 359	4 897
Other	663	835
Total other current liabilities	85 955	109 465
Non-current:		
Security bonds lodged	81 176	67 195
Total other non-current liabilities	81 176	67 195
Total other liabilities	167 131	176 660
Other current liabilities to SA Government entities:		
Gaming and other receipts payable to DTF	27 951	50 252
Total other current liabilities to SA Government entities	27 951	50 252

A22. Cash flow reconciliation - administered items

Reconciliation of cash - cash at 30 June as per:		
Statement of Administered Cash Flows	207 176	194 393
Statement of Administered Financial Position	207 176	194 393

A22. Cash flow reconciliation - administered items (continued)

	Note	2011 $'000	2010 $'000
Reconciliation of net cash provided by (used in) operating activities to net cost of providing services:			
Net cash provided by (used in) operating activities		45 671	83 017
Non-cash items:			
Depreciation expense	A11	(5 628)	(2 380)
Donated asset expense	A12	-	(5 096)
Movement in assets and liabilities:			
Increase (Decrease) in receivables	A14	2 523	5 478
Increase (Decrease) in other assets	A14,A16,A19	9 022	258
Increase (Decrease) in payables	A19	(100)	(5 823)
Decrease (Increase) in employee benefits	A20	(467)	(289)
Decrease (Increase) in other liabilities	A21	9 529	(31 859)
Increase (Decrease) in current liabilities from restructure	A25	(263)	3 808
Increase (Decrease) in non-current liabilities from restructure	A25	(133)	77
Decrease (Increase) in current assets from restructure	A25	92	(7 457)
Net cost of providing services		60 246	39 734

A23. Unrecognised contractual commitments - administered items

Operating leases commitments

	2011	2010
Commitments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	4 467	3 464
Later than one year but not longer than five years	5 574	2 756
Later than five years	121	56
Total operating leases commitments	10 162	6 276

The accommodation and office equipment leases are non-cancellable leases with rental payable monthly in advance.

Contingent rental provisions within the accommodation lease agreements provide for the minimum lease payments to be increased on specified rent review dates. Options exist to renew the accommodation leases at the end of the term of the lease.

Department as lessor	2011 $'000	2010 $'000
Leases receivable contracted for at the reporting date but not recognised as assets are receivable as follows:		
Within one year	600	182
Later than one year but not longer than five years	1 785	167
Later than five years	82	-
Total operating lease commitments	2 467	349

The Department's leases as lessor are non-cancellable leases of access rights to State-owned land sites. The leases have terms ranging from one to 25 years with some having a right of renewal.

Other commitments	2011	2010
Within one year	15 434	14 946
Later than one year but not longer than five years	31 667	47 101
Total other commitments(1)	47 101	62 047

(1) Grant amounts payable under agreements in respect of which the grantee has yet to provide the services required under the agreement. The grants cover the period 2010 - 2014.

A24. Contingent assets and liabilities - administered items

The Second-hand Vehicles Compensation Fund has an estimated contingent obligation to pay $48 000 relating to current and expected claims against the Fund.

The Department is of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Under the *Residential Tenancies Act 1995*, interest is paid to tenants when a bond is repaid to them, interest is not paid when a bond is paid to landlords or third parties such as Housing SA. The interest payable to tenants has not been recorded as a liability, as the Residential Tenancies Fund does not have a present obligation until the tenant lodges a claim for the repayment of the bond. It is estimated that the interest liability as at 30 June 2011 is $123 000.

A25. Transferred functions - administered items

Transferred in

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2010, as a result of restructuring of administrative arrangements, DPC transferred responsibility for the Employee Ombudsman and the WorkCover Ombudsman as at 1 July 2010.

The following assets and liabilities relating to these business units were transferred to the Department as at 1 July 2010.

As a result of restructuring of administrative arrangements, DPC transferred responsibility for salary payments for Judges and Magistrates as at 1 July 2010.

	Employee Ombudsman $'000	Judges and Magistrates $'000	2011 Total $'000
Assets			
Current:			
Receivables	92	-	92
	92	-	92
Liabilities			
Current:			
Payables	7	24	31
Employee benefits	57	175	232
	64	199	263
Non-current:			
Payables	2	11	13
Employee benefits	15	105	120
	17	116	133
Net liabilities transferred in	11	(315)	(304)

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

2009-10 transferred in

Under the Public Sector Management (Office for Youth) Proclamation 2009, from 1 July 2009 the Office for Youth was transferred from the Department of Further Education, Employment, Science and Technology. This included the transfer of the Duke of Edinburgh Award Trust Account administered item.

On transfer of this function, the following assets, liabilities and equities were transferred to the Department to administer:

	Duke of Edinburgh Trust Account $'000
Assets:	
Current	210
Total assets	210
Net assets (liabilities)	210
Net gain (loss) from transferred functions	210

The net assets transferred in were treated as a contribution by the Government as owner.

Effective 1 April 2010, the functions of the SAGRN were transferred to the Department.

The income and expenses attributable to this function for 2009-10 were:	SAGRN Jul 2009-Mar 2010 $'000	SAGRN Apr 2010-Jun 2010 $'000	Total $'000
Sales of goods and services	19 230	5 781	25 011
Recoveries and other income	-	2 228	2 228
Appropriation	-	3 550	3 550
Total income	19 230	11 559	30 789
Employee benefits	247	92	339
Depreciation	6 527	2 097	8 624
Supplies and services	10 581	7 048	17 629
Total expenses	17 355	9 237	26 592
Net result	1 875	2 322	4 197

2009-10 transferred in (continued)

On transfer of this function, the following assets, liabilities and equities were transferred to the Department:

	SAGRN
Assets:	$'000
Current	7 458
Non-current	31 575
Total assets	39 033
Liabilities	
Current	3 808
Non-current	77
Total liabilities	3 885
Net assets (liabilities)	35 148
Net gain (loss) from transferred functions	35 148

The net assets transferred in were treated as a contribution by the Government as owner.

A26. Financial instruments - administered items

(a) Categorisation of financial instrument

Financial assets

Cash and receivables are recorded at the carrying amount which approximates net fair value.

Investments represent funds held by the Public Trustee on behalf of the Residential Tenancies Fund, Retail Shop Leases Fund, Agents Indemnity Fund and Second-hand Vehicles Compensation Fund (the Funds). The Public Trustee has invested in collective investment vehicles for the purpose of gaining exposure to Australian and international equities. The managers of such vehicles have invested in a variety of financial instruments, including derivatives, which expose the Funds to investment risks, including market, credit, interest and currency risk. These investments are valued by the Public Trustee at reporting date and recognised at fair value.

Financial liabilities

Financial liabilities principally represent security bonds held on behalf of third parties and taxation receipts payable to the Treasurer. The carrying amount of all financial liabilities is considered to be a reasonable estimate of net fair value.

Credit risk

At reporting date funds totalling $186.7 million were invested with the Public Trustee. Pooled investment funds are not rated for credit risk. The Public Trustee considers the credit risk of individual fund managers prior to investing funds and reviews these assessments quarterly.

Other than pooled investments, the Department has no significant concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

Allowances for impairment of financial assets are calculated on past experiences and expected changes in client credit rating. Currently the Department does not hold any collateral as security for any of its financial assets. There are no financial assets administered by the Department past due.

(b) Ageing analysis of financial statements

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

	Past due by			
	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2011	$'000	$'000	$'000	$'000
Not impaired:				
Receivables	44	1 374	268	1 686
Impaired:				
Receivables	-	-	1	1
2010				
Not impaired:				
Receivables	-	-	-	-
Impaired:				
Receivables	-	-	-	-

(c) Maturity analysis of financial assets and liabilities

		Contractual maturity		
	Carrying amount	Less than 1 year	1-5 years	More than 5 years
2011	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	207 176	207 176	-	-
Investments	186 672	97 144	89 528	-
Receivables[(1)]	41 290	41 290	-	-
Other financial assets	295	295	-	-
Total financial assets	435 433	345 905	89 528	-
Financial liabilities:				
Payables[(1)]	10 478	10 478	-	-
Other financial liabilities	167 131	85 955	81 176	-
Total financial liabilities	177 609	96 433	81 176	-

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

Liquidity risk
Financial liabilities principally represent security bonds held on behalf of third parties and taxation receipts payable to the Treasurer. Security bonds are payable on receipt of an application from the tenant or lessee. All investments held with the Public Trustee are available at call.

(d) Market risk

Activities administered by the Department are exposed to price risk. Price risk represents the risk that the fair value of investments held with the Public Trustee will fluctuate due to changes in the market price for the underlying asset.

Investments held with the Public Trustee are classified as available-for-sale financial assets. Net gains or losses resulting from movements in the fair value of investments are recognised directly in equity. Accordingly there is no impact on administered income and expenses.

Cash administered by the Department is also subject to interest rate risk.

Sensitivity analysis
The impact of a 1 percent movement in interest rates and a 1 percent movement in equity indexes on financial assets administered by the Department is shown in the following table.

		Interest rate risk		Price risk	
	Carrying amount	-1 percent Operating surplus	+1 percent Operating surplus	-1 percent Equity	+1 percent Equity
2011					
Financial assets:	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	207 176	(2 071)	2 071	-	-
Investments	186 672	-	-	(1 867)	1 867
Total increase (decrease)		(2 071)	2 071	(1 867)	1 867
2010					
Financial assets:					
Cash and cash equivalents	194 393	(1 943)	1 943	-	-
Investments	159 925	-	-	(1 599)	1 599
Total increase (decrease)		(1 943)	1 943	(1 599)	1 599

Department of Health

Functional responsibility

Establishment

The Department of Health (the Department) is an administrative unit established pursuant to the PSA.

The Department is responsible to the Minister for Health and Ageing and the Minister for Mental Health and Substance Abuse.

Functions

The Department is charged with broad ranging policy and administrative responsibilities associated with health. One of the functions delegated to the Chief Executive of the Department under the *Health Care Act 2008* (the HC Act) is to ensure that there is proper allocation and use of resources between health regions and health services incorporated under the HC Act.

The health regions and health services that operated during the 2010-11 financial year were:

- Adelaide Health Service
- Children, Youth and Women's Health Service
- Country Health SA Hospital
- South Australian Ambulance Service.

Status of the financial report

In my 2010-11 Annual Report, I indicated that the draft financial report of the Department for the year ended 30 June 2011 was received by 11 August 2011 as required by the PFAA. However, the draft financial reports for the four health regions/services were not submitted by 11 August 2011.

Financial reports for the Children, Youth and Women's Health Service and the South Australian Ambulance Service were received on 2 September 2011. The Department subsequently indicated that the financial reports for the Adelaide Health Service and Country Health SA Hospital would not be available until mid October and the end of October 2011 respectively.

The draft financial reports for the Adelaide Health Service and Country Health SA Hospital were received at the end of October 2011.

In my Annual Report, I also indicated that Audit was of the opinion that the integrity of the financial report of the Department could not be determined in isolation of the financial reports of the health regions/services. Accordingly, Audit determined that the financial report for the Department of Health for the year ended 30 June 2011 could not be concluded until the audits of the financial reports of the health regions/services were finalised.

The audits of the Department's financial report and health regions/services' financial reports were continuing at the time of preparing this Report.

The audited financial report of the Department for the year ended 30 June 2011 and financial highlights of the health regions/services will be included in a Supplementary Report to Parliament.

Land Management Corporation

Functional responsibility

Establishment

The Land Management Corporation (the Corporation) is a subsidiary corporation of the Minister for Transport and Infrastructure established pursuant to the provisions of the PCA. Its governing body is a Board whose members are appointed by the Minister.

Functions

The regulations establishing the Corporation provide for it to manage land and property through the acquisition, leasing and disposal of surplus and other land for commercial, industrial, residential or other purposes. In performing its functions the Corporation is required to ensure the orderly development of land. For more information about the Corporation's functions, refer note 1 to the financial statements.

The Corporation is involved in the Port Adelaide Waterfront Redevelopment. On 31 October 2011 the Government announced that the Corporation would terminate the development agreement with the private sector developer. Refer to the commentary under 'Joint venture accounting' and 'Port Adelaide Waterfront Development' and notes 5.5 and 38 to the financial statements.

On 8 November 2011 the Government announced it intends establishing a new urban development authority to bring together the Corporation and other SA Government agencies that are responsible for land and housing development. A taskforce has been established to determine the best model for the new authority.

Audit mandate and coverage

Audit authority

Audit of the financial report

Subsection 31(1)(b) of the PFAA and clause 13(3) of the Schedule to the PCA require the Auditor-General to audit the accounts and financial statements of the Corporation.

Assessment of controls

Subsection 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 and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial statements and internal controls.

During 2010-11, specific areas of audit attention included:

- expenditure
- inventory
- payroll
- property income
- land sales
- revenue receipting and banking
- cash
- financial accounting
- the financial management compliance program.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Land Management Corporation as at 30 June 2011, 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 Land Management Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to expenditure as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Land Management Corporation have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were conveyed in a management letter to the Chief Executive. The response to the management letter was considered to be generally satisfactory. The main matters raised with the Corporation and the related responses are provided below.

Expenditure

The Corporation implemented e-invoice, an online transaction processing system, in late 2009-10. The 2010-11 review considered the controls for the new system, the e-purchase system and accounts payable processing and disbursing activities.

The audit identified that:

- the Corporation had not documented policies and procedures related to the e-invoice system

- the e-purchase system permits an officer to both create and approve purchase orders if they have delegated authority

- the requirements for verification of the vendor audit log report were not formally documented

- the requirements for the review of the accounts payable to general ledger reconciliation were not documented in the Accounts Payable Reconciliation and AP Treasury Return procedure.

The audit also considered the adequacy of segregation of duties and found that officers who perform key reviews have system access to process transactions and are system administrators for e-purchase, e-invoice and the Corporate Online system. Audit also identified that access to the accounts payable EFT file is not secured to prevent unauthorised changes.

The Corporation responded that it will:

- review and formalise the e-invoice instruction document, which was developed on implementation of e-invoice
- investigate options to address the risk of officers creating and approving purchase orders
- update the Accounts Payable Reconciliation and AP Treasury Return procedure to require spot checking of the vendor audit log report and the review of the accounts payable to general ledger reconciliation.

The Corporation considered there were compensating controls in place that addressed the matter of segregation of duties but advised the following actions:

- The Corporation will implement an independent review of e-system administrator changes.
- System access for one officer who performs key independent reviews has been amended.
- The Corporation will investigate whether the EFT file can be loaded directly into the accounts payable system to prevent unauthorised access.

Cash

The audit of the Corporation's bank reconciliation considered the adequacy of segregation of duties. The review in 2010-11 identified the officer who performs the bank reconciliation could also:

- perform multiple functions within accounts receivable, including processing invoices and adjustments, receipting and customer masterfile maintenance
- perform multiple functions within accounts payable including invoice and batch processing, processing adjustments, payment processing and vendor masterfile maintenance
- create and post general ledger journals.

The matter of establishing appropriate segregation of roles and responsibilities for the processing of invoices and disbursements and the performance of the bank reconciliation provides assurance that only authorised and valid transactions are processed.

The Corporation responded that while it considered there were compensating controls in place, it would review the current bank reconciliation practice.

Interpretation and analysis of the financial statements

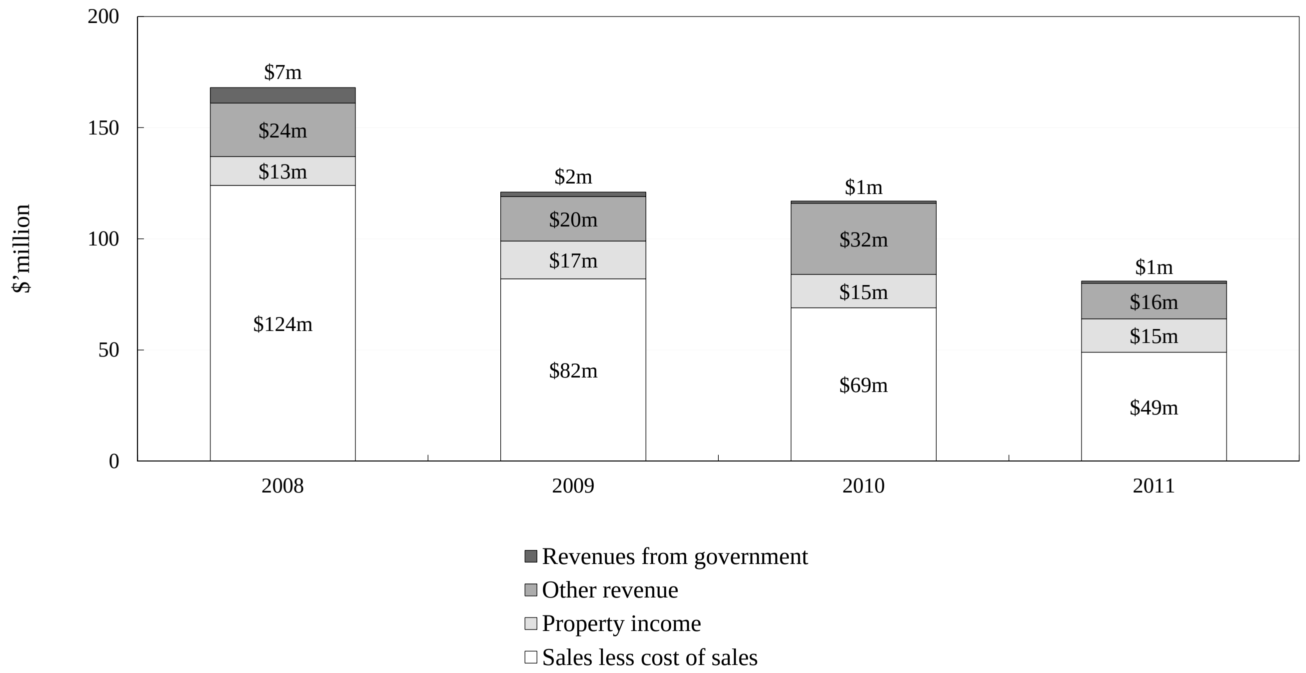
Highlights of the financial statements	2011 $'million	2010 $'million
Income		
Sales less cost of sales	49	69
Revenue from development fees	7	-
Joint venture profit	3	11
Revenues from government	1	1
Property income	15	15
Interest	4	5
Other revenue	2	16
Total income	81	117

	2011 $'million	2010 $'million
Expenses		
Employee benefit expense	10	10
Operating expenditure	42	35
Borrowing costs	13	11
Loss resulting from change in fair value of investment property	4	2
Other expenses	1	-
Total expenses	70	58
Profit before income tax equivalent	11	59
Income tax equivalent expense	3	18
Total comprehensive result	8	41
Net cash provided by (used in) operating activities	(5)	(23)
Assets		
Current assets	107	90
Non-current assets	296	311
Total assets	403	401
Liabilities		
Current liabilities	116	103
Non-current liabilities	151	157
Total liabilities	267	260
Total equity	136	141

Statement of Comprehensive Income

Income

The following chart shows the changing composition of the Corporation's income over the past four years.



Income from sales less cost of sales has decreased by $19.5 million (39 percent) compared to 2009-10 reflecting an increase in cost of sales in 2010-11 related predominantly to the cost of sale of the Woodville land swap. Overall other income has decreased by $16 million reflecting the $12 million contribution received in 2009-10 related to the purchase of the Origin Energy site at Bowden, and a reduction of $7.8 million in net profit from joint venture entities offset by increased revenue from development fees.

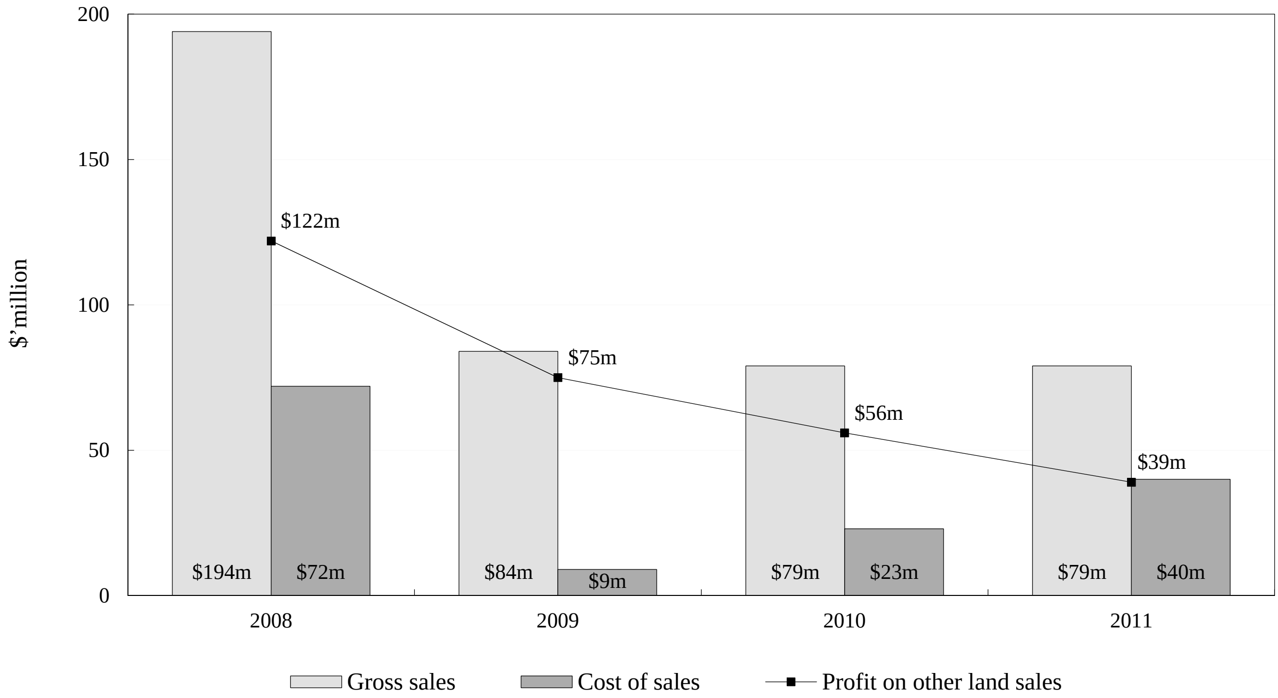
The Corporation’s total land sales are analysed below.

Joint venture land sales

Gross sales of land through joint venture entities, to which the Corporation is party, decreased by $2.4 million to $11 million in 2010-11. Cost of sales amounted to $680 000 resulting in a gross profit of $10.3 million.

Other land sales

The following chart shows the value of other land sales by the Corporation over the last four years.



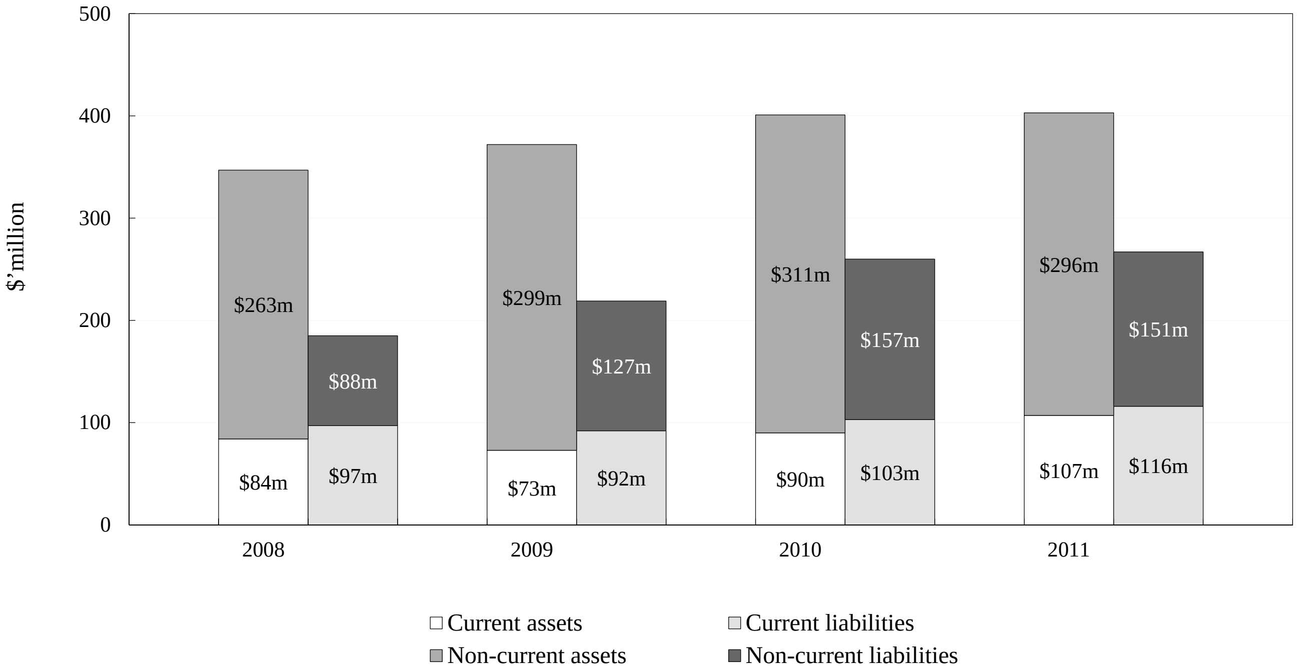
Analysis of the composition of other land sales over the past four years shows that the material land sales:

- for 2010-11 occurred in Munno Para, Woodville, Seaford Meadows and Largs North and totalled $62 million
- for 2009-10 occurred in Mawson Lakes, Munno Para, Golden Grove, Blakeview and Edinburgh Parks and totalled $72 million
- for 2008-09 occurred in Blakeview, Gillman, Seaford Meadows, Northgate and Port Adelaide Waterfront and totalled $76 million
- for 2007-08 occurred in Blakeview, Andrews Farm, Edinburgh Parks, Gillman and Osborne and totalled $165 million.

The land sold by the Corporation in 2010-11 was 39 percent industrial and 61 percent broad hectare land for residential development compared with 28 percent industrial land and 72 percent broad hectare land in 2009-10 and 29 percent industrial land and 71 percent broad hectare land in 2008-09.

Statement of Financial Position

A structural analysis of assets and liabilities for the four years to 2011 is shown in the following chart.



The Corporation's net assets decreased in 2010-11 by $5.1 million to $136 million.

Assets

The Corporation's total assets increased by $1.8 million to $403 million reflecting:

- an increase in inventories of $15 million reflecting the Woodville St Clair land swap, the capitalisation of development costs and decreases in inventory related to land sales
- a $3 million increase in property, plant and equipment as a result of the Corporation's accommodation upgrade
- a $7 million decrease in mortgage debtor receivables reflecting repayments received by the Corporation
- a decrease in the value of investment properties of $4 million reflecting the revaluation as at 30 June.

Liabilities

The Corporation's total liabilities increased by $6.9 million to $267 million reflecting:

- an increase in interest bearing liabilities related to increased loans to fund the Corporation's activities of $13 million
- an increase in the provision for development expenditures of $3 million
- a decrease in tax liabilities of $8 million as a result of a decrease in the Corporation's profit.

Asset valuations

Land held for resale is recognised in the Statement of Financial Position at the lower of cost or net realisable value in accordance with AASB 102.

In recognition that the market value is materially greater than the recorded book value, the Corporation has disclosed, by note to the financial statements (refer note 21), the estimated market value of $1.08 billion with respect to land held for sale, based on the 30 June 2009 valuations.

In determining the estimated market value consideration was given to the planned sales strategy adopted by the Corporation which anticipates that land held for sale will be disposed over an extended period of time. The valuation assumes the Corporation's entire land holding is not taken to market in its entirety. In addition the valuation does not take into consideration the development costs to be incurred to prepare the land for sale or future property market conditions.

Joint venture accounting

The Corporation has a 50 percent interest in the Port Adelaide Waterfront Redevelopment Marina joint venture with the Newport Quays Consortium. The financial statements of the joint venture are audited by private sector auditors appointed pursuant to relevant joint venture agreements. The financial report of the joint venture has not been finalised pending the resolution of certain matters associated with amounts owed by the joint venture to the Corporation (refer note 5.5 to the financial statements).

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2011.

	2011 $'000	2010 $'000	2009 $'000	2008 $'000
Net cash flows				
Operating	(5)	(24)	(34)	59
Investing	(3)	45	1	10
Financing	1	(23)	3	(33)
Change in cash	(7)	(2)	(30)	36
Cash at 30 June	14	21	23	53

An analysis of the Corporation's cash flows in 2010-11 is outlined below.

Operations

The Corporation's operating activities contributed to a net cash outflow of $5 million in 2010-11 compared to a net cash outflow of $23 million in 2009-10. The $18 million change in cash flows from operations was mainly attributable to a decrease in payments for land purchases and income tax offset by a decrease in receipts from sales and recoveries and sundry receipts.

Investing

Net cash flows from investing activities in 2010-11 decreased due to the effect of the $28.9 million proceeds received in 2009-10 from the sale of investment properties to Defence SA and a reduction in profit distributions by joint ventures.

Financing

The Corporation's net cash outflows from financing activities were $23 million in 2009-10 compared to a net cash inflow of $339 000 in 2010-11. The change in net cash flows from financing activities was mainly attributable to a decrease in the dividend paid to the SA Government offset by a reduction in proceeds from borrowings.

Further commentary on operations

Mawson Lakes Government Infrastructure project

The Corporation's obligations, under the original project commitment deed, amounted to $17.6 million (in 1996 dollars) over a nine year period. The Corporation's most recent forecast of its future commitments under the arrangements is $322 000 (in current dollars).

The joint venture was terminated on 30 June 2011. A Project Completion Arrangements Deed and other related deeds detailing the remaining obligations of all parties associated with the Mawson Lakes development have been drafted. The documents have not been executed at this date, notwithstanding the Joint Venture Management Committee resolved at the last meeting of the Committee on 23 June 2011 that the joint venture termination date will be 30 June 2011. For financial reporting, the future arrangements are considered to be a joint venture.

It is anticipated the Corporation will have satisfied all its obligations under the Project Commitment Deed and related Council Deed by 31 December 2012. The infrastructure works to be completed include drainage and landscaping works which will be undertaken by the Salisbury Council at the expense of the Corporation up to the amount agreed.

To date the Corporation has spent a total of $19.4 million meeting its component of the State Government's obligations on Mawson Lakes infrastructure.

Port Adelaide Waterfront Redevelopment

The Port Adelaide Waterfront Redevelopment project has provided for the renewal and redevelopment of waterfront land at Port Adelaide through a staged process of remediation, development and marketing of a number of sites. The project was being implemented by the Newport Quays Consortium which was selected in June 2002 by the Board to work with the Corporation on the project. The arrangements for implementing the project were formalised in a development agreement between the Corporation and the Newport Quays Consortium which was signed in October 2004.

The Corporation, with the approval of the Board and Cabinet, entered a joint venture arrangement with the Newport Quays Consortium for the construction and sale of marina berths. The Corporation and the Consortium formed an unincorporated joint venture in August 2005 for the development of the marina berths which were to be marketed and leased in conjunction with the Port Adelaide Waterfront Redevelopment residential allotments.

Key project development achievements since its establishment include:

- the first stage of precinct 1 Edgewater was completed in July 2007
- the Precinct 2A Marina Cove development, comprising 228 housing outcomes (including 64 townhouses and 164 apartments), 23 inlet marina berths and 76 Marina Joint Venture marina berths was completed in April 2009.

The development of further stages has been delayed due to a number of factors including an inability to obtain all development approvals for proposed stages and the effect of the global financial crisis on the financial viability of planned developments.

On 31 October 2011, the Premier announced that the Corporation will exercise its discretionary right to terminate the development agreement with the Newport Quays Consortium. As a result, the Corporation is obliged to pay the Newport Quays Consortium agreed damages which are estimated by the Corporation to amount to $5.967 million. Note 38 to the Corporation's financial statements describes the basis for the termination of the development agreement.

Playford Alive

The Playford Alive 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.

In February 2006 Cabinet approved the project, with the Corporation undertaking a project manager role for the former Department for Families and Communities in the renewal areas, and acting as the lead developer in the greenfield areas. The Corporation is also undertaking a coordination role working with government agencies and the City of Playford to ensure the delivery of whole-of-government objectives.

During 2010-11, a number of activities relating to the project were undertaken including the:

- opening of the Mark Oliphant Birth to Year 12 College at Munno Para and the John Hartley Birth to Year 7 School at Smithfield Plains
- opening of the GP Super Clinic
- market release of eight stages in Munno Para and Smithfield Plains resulting in 326 contract sales (241 in Munno Para and 85 in Smithfield Plains)
- development of 232 lots in Munno Para and 104 lots in Smithfield Plains
- settlement of 242 residential allotments (188 in Munno Para and 54 in Smithfield Plains).

Bowden Urban Village

The Bowden Urban Village project is an urban renewal project which is planned to be completed over 10 to 15 years. It is anticipated the first sites will be available for development in early 2012. The project is expected to house approximately 3000 people.

The project encompasses an area of approximately 16 hectares of which 10 hectares comprise the former Clipsal site and six hectares of the former Origin Energy site. In December 2009 Cabinet approved the purchase of the Origin Energy site at a price of $1 with Origin Energy to pay the Government $12 million towards the cost of site remediation. The site will facilitate a transit orientated 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 initiated.

In April 2011 Cabinet approved the project to proceed as a public sector initiative with the Corporation as the development coordinator.

Detailed design of the first stage of the public realm elements of the project, preparation and presentation of land parcels and selected demolition is under way.

Tonsley Park

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 (DTED) is $44 million reflecting a $32 million cash component and a rent-free period provided to Mitsubishi Motors which was valued by the Corporation 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 Corporation supported DTED as the lead agency in the ongoing management and investigations into the 61 hectare Tonsley Park Redevelopment site.

During 2010-11, a number of activities relating to the project were undertaken including:

- master planning for the 61 hectare site began
- the Corporation assisted DTED to develop and deliver the community engagement strategy associated with master planning for the former Mitsubishi industrial site at Tonsley
- the State Government announced that a Sustainable Industries Education Centre will be developed on site, as well as a TAFE campus.

Woodville St Clair land swap

In 2009-10 the Corporation purchased a 4.7 hectare land parcel at Woodville for $15.8 million. In August 2010 the site was swapped with a 4.7 hectare portion of the St Clair reserve.

The land swap transaction is reflected in the Corporation’s sales, cost of sales and inventory balances.

Statement of Comprehensive Income
for the year ended 30 June 2011

	Note	2011 $'000	2010 $'000
Income:			
Revenue from sales	4	90 041	93 005
Cost of sales	4	(40 935)	(24 370)
Gross profit		49 106	68 635
Revenue from development fees	3.2	7 500	-
Share of net profits of joint venture entities	5.1	2 786	10 559
Revenues from government	6	890	1 490
Interest revenues	7	4 026	4 855
Property income	8	14 922	14 995
Other revenues	9	1 636	14 934
Net gain from the disposal of non-current assets and investments	10	-	1 085
Total other income		31 760	47 918
Total income		80 866	116 553
Expenses:			
Employee benefit expense	11	10 251	10 029
Operating expenditure	14	42 569	34 806
Borrowing costs	15	12 792	11 075
Depreciation and amortisation	23	206	295
Net loss from the disposal of non-current assets and investments	10	2	-
Loss resulting from changes in fair value of investment properties	2.13,22	4 062	1 627
Total expenses		69 882	57 832
Profit before income tax equivalent		10 984	58 721
Income tax equivalent expense	17	3 295	17 617
Profit after income tax equivalent		7 689	41 104
Total comprehensive result		7 689	41 104

Total comprehensive result is attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2011

	Note	2011 $'000	2010 $'000
Current assets:			
Cash and cash equivalents	36	13 836	21 143
Mortgage debtor receivables	19	7 615	7 106
Receivables	20	5 911	6 136
Inventories	21	75 274	55 622
Investment in joint ventures	5.1	4 493	-
Total current assets		107 129	90 007
Non-current assets:			
Mortgage debtor receivables	19	38 479	46 091
Inventories	21	174 842	179 141
Investment property	22	72 555	76 950
Property, plant and equipment	23	3 667	492
Work in progress	24	5	-
Investment in joint ventures	5.1	6 239	8 446
Total non-current assets		295 787	311 120
Total assets		402 916	401 127
Current liabilities:			
Payables	25	21 138	23 051
Unearned income	28	2 020	2 504
Tax liabilities	17,27	751	8 717
Borrowings	26	78 064	57 904
Provision for development expenditures	29	13 269	10 109
Employee benefits	30	682	682
Total current liabilities		115 924	102 967
Non-current liabilities:			
Payables	25	85	106
Unearned income	28	12 027	13 497
Borrowings	26	135 263	142 327
Employee benefits	30	1 310	1 376
Other non-current liabilities	31	2 521	-
Total non-current liabilities		151 206	157 306
Total liabilities		267 130	260 273
Net assets		135 786	140 854
Equity:			
Contributed capital		35 000	35 000
Retained earnings		100 786	105 854
Total equity		135 786	140 854

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments - operating leases	32
Unrecognised contractual commitments - capital expenditure	33
Contingent assets and liabilities	34

Statement of Changes in Equity
for the year ended 30 June 2011

	Note	Contributed capital $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2009		35 000	118 353	153 353
Profit after income tax equivalent for 2009-10		-	41 104	41 104
Total comprehensive result for 2009-10		-	41 104	41 104
Dividend paid	18	-	(53 603)	(53 603)
Balance at 30 June 2010		35 000	105 854	140 854
Profit after income tax equivalent for 2010-11		-	7 689	7 689
Total comprehensive result for 2010-11		-	7 689	7 689
Dividend paid	18	-	(12 757)	(12 757)
Balance at 30 June 2011		35 000	100 786	135 786

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

Statement of Cash Flows
for the year ended 30 June 2011

	Note	2011 Inflows (Outflows) $'000	2010 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash inflows:			
Receipts from sales		73 998	93 005
Revenue from development fees		7 500	-
Receipts from SA Government		890	1 490
Interest received		452	758
Receipts from mortgage debtors (principal and interest)		10 667	10 783
Receipts from tenants (rent and recoveries)		12 604	14 166
Recoveries and sundry receipts		14 357	37 243
Funds held in trust		2 771	-
GST recovered from ATO		10 117	17 204
Cash generated from operations		133 356	174 649
Cash outflows:			
GST paid to ATO		(14 544)	(20 744)
Payments for land purchase and development		(33 606)	(83 154)
Employee benefit payments		(10 353)	(9 801)
Payments for supplies and services		(29 811)	(36 853)
Land tax paid		(25 869)	(17 873)
Interest paid		(13 019)	(10 919)
Income tax equivalent paid	17	(11 261)	(18 610)
Cash used in operations		(138 463)	(197 954)
Net cash provided by (used in) operating activities	35	(5 107)	(23 305)
Cash flows from investing activities:			
Cash inflows:			
Capital repayments by joint ventures	5.1	1 129	3 000
Distributions of profit by joint ventures	5.1	621	13 100
Proceeds from the sale of property, plant and equipment		1	64
Proceeds from the sale of investment properties		-	28 808
Cash generated from investing activities		1 751	44 972
Cash outflows:			
Capital contributions to joint ventures	5.1	(1 250)	(32)
Purchase of property, plant and equipment		(3 035)	(50)
Payments for work in progress (rental properties)		(5)	(54)
Cash used in investing activities		(4 290)	(136)
Net cash provided by (used in) investing activities		(2 539)	44 836
Cash flows from financing activities:			
Cash inflows:			
Proceeds from borrowings		49 000	66 750
Cash generated from financing activities		49 000	66 750
Cash outflows:			
Repayment of borrowings		(35 904)	(36 339)
Dividend paid to SA Government	18	(12 757)	(53 603)
Cash used in financing activities		(48 661)	(89 942)
Net cash provided by (used in) financing activities		339	(23 192)
Net increase (decrease) in cash held		(7 307)	(1 661)
Cash and cash equivalents at 1 July		21 143	22 804
Cash and cash equivalents at 30 June	36	13 836	21 143

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Land Management Corporation (the Corporation)

The Corporation was established on 24 December 1997 as a subsidiary corporation of the Minister for Infrastructure (the Minister) pursuant to the PCA. The Corporation is a body corporate, has perpetual succession and a common seal, and is capable of suing and being sued in its corporate name. It is governed by a Board of Directors consisting of eight members appointed by the Minister (refer note 12.1).

As at reporting date the Corporation's functions and performance were limited to the following by Regulations under the PCA:

(aa) To carry out the functions formerly carried out by the South Australian Urban Projects Authority and the Industrial and Commercial Premises Corporation under the Industrial Premises Development Scheme.

(a) To acquire, hold, manage, lease and dispose of surplus land, improvements and other property previously held by the MFP Development Corporation or other agencies or instrumentalities of the Crown.

(b) To acquire, hold, manage, lease and dispose of other land, improvements and property, particularly with a view to:

- (i) managing the release of large areas of undeveloped (or underdeveloped) land
- (ii) holding land and other property to be made available, as appropriate, for commercial, industrial, residential or other purposes
- (iii) ensuring the orderly development of areas through the management and release of land, as appropriate.

(c) To manage the Crown's interest in various joint ventures and land development projects as identified by the Minister.

(d) To manage, develop, lease and, where appropriate, dispose of land and improvements at Science Park at Bedford Park.

(f) To manage the sale of surplus government land on behalf of other agencies or instrumentalities of the Crown.

(g) To manage urban projects (on its own behalf or on behalf of other agencies or instrumentalities of the Crown) to achieve urban regeneration or other government policy outcomes.

(h) To carry out other functions conferred on the Corporation by the Minister.

The various functions and operations of the Corporation as described above are largely performed within the Adelaide urban growth boundary.

2. Summary of significant accounting policies

2.1 Statement of compliance

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

Except for AASB 2009-12, which the Corporation has adopted early, AASs and interpretations that have been recently issued or amended but are not yet effective have not been adopted by the Corporation for the reporting period ended 30 June 2011. 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.

2.2 Basis of preparation

The preparation of the financial statements requires:

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

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) 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 Corporation to those employees.

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 the historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011 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 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.

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, the Corporation 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 relates to the income tax expense outstanding for the current period (refer note 17).

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

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

- when the GST incurred on 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 is recoverable from, or payable to, the ATO is 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 and before the financial statements are authorised for issue, where those events provided 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 occur after 30 June and which may have a material impact on the results of subsequent years (refer note 38).

2.6 Income and expenses

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.

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

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

Transactions with SA Government entities have been recorded as government transactions in the relevant notes, classified according to their nature.

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 Mawson Lakes and Northgate joint ventures is brought to account when settlement occurs on individual allotments, on the basis of a percentage of gross sales revenue as specified in the respective joint venture agreements.

With respect to all other land sales, recognition of sales revenue occurs when settlements are completed and legal title has transferred to purchasers.

(ii) Work in progress - construction projects held for resale

Sales revenue for construction projects is recognised when settlement occurs and legal title transfers to the purchaser.

For construction projects which 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.

Construction projects held for resale are recognised at cost (refer note 2.12(ii)).

(iii) Revenue from land swap

Sales revenue under a land swap arrangement is recognised when settlement occurs and legal title transfers from the Corporation to the purchaser. There is also a corresponding cost of sales recognised in the Corporation’s Statement of Comprehensive Income.

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 the SA Government
Grants from the Government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Corporation will comply with all attached conditions.

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. Government grants relating to the purchase of property, plant and equipment are recognised as deferred income and are credited to the Statement of Comprehensive Income on a straight-line basis over the expected lives of the related assets.

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

Other contributions
All contributions from non-government entities are recognised as income when the Corporation obtains control of the contribution or the right to receive the contribution and the income recognition criteria are met.

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

Other revenues
Other income 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 the Corporation will occur and can be reliably measured.

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

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

Transactions with SA Government entities have been recorded as government transactions in the relevant notes, classified according to their nature.

The following are specific recognition criteria:

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

In accordance with amendments to APS 4.8 within APF II, effective 1 July 2010, the Corporation has disclosed all employees whose normal remuneration is equal to or greater than the base executive level remuneration. Previously APS 4.8 within APF II required the Corporation to disclose all employees whose normal remuneration was equal to or greater than $100 000. This change is reflected in note 11.

Superannuation
The amount charged to the Statement of Comprehensive Income represents the contributions made by the Corporation to superannuation plans in respect of services provided by staff employed by the Corporation during the reporting period. DTF centrally recognises the superannuation liability in the whole-of-government financial statements for contributions to state government superannuation schemes.

Supplies and services
Supplies and services generally represent day-to-day running costs, including maintenance costs, incurred in the normal operations of the Corporation. 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 costs of acquisition, planning, development and construction 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 future development obligations in respect of land which has been sold is also recognised in cost of sales when settlement occurs (refer note 3.5).

Project expenditure
Costs associated with projects are capitalised where it is expected that future economic benefits will be derived by the Corporation 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 non-current assets except land, 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 property, plant and equipment.

Depreciation and 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	3

Borrowing costs
Borrowing costs include interest expense, guarantee fees and indemnity margin.

In accordance with APF III and AASB 123 borrowing costs attributable to the construction of a qualifying asset is capitalised.

Payments to SA Government
Payments to the SA Government include income tax equivalent and dividend.

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

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

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.

2.8 Assets (continued)

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

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

Transactions with SA Government entities have been recorded as government transactions in the relevant notes, classified according to their nature.

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 the Corporation 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 in the normal course of administering deferred purchase agreements to the public and other government agencies. Mortgage debtor 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 mortgage debtor receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Corporation 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.

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

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 are assigned on the basis of specific identification and comprise all direct costs of acquisition, planning, development and construction. Net realisable values are determined by independent valuers on the basis of discounting expected net cash flows from holding and disposing of the land. All land inventory is classified as a non-current asset unless its value is anticipated to be realised through sale within 12 months.

(i) Land held for resale (continued)

At the establishment of the Corporation land inventories transferred to the Corporation were recognised at cost following prior revaluation by the transferring entities on the basis of discounted cash flows determined by independent valuers. Similar independent valuations obtained at subsequent balance dates have confirmed the appropriateness of the values for financial reporting purposes.

For the year ended 30 June 2009 the Corporation obtained an independent valuation of its entire inventory of land (with the exception of land quarantined for the Mawson Lakes and Northgate joint ventures and Port Adelaide Waterfront Redevelopment Precinct 3) which resulted in certain land holdings being written down to reflect a net market or realisable value which was lower than the carrying value for the particular asset (refer note 21). The valuation recognised that the Corporation has a planned sales strategy over an extended period of time and the valuation did not reflect any impact on value which may apply if the entire portfolio were taken to market. The valuation as at 30 June 2009 did not reflect the land development costs needed to prepare the land for sale or the market conditions which may apply at the actual time a land parcel is sold. The valuation was provided by a panel of independent qualified valuers.

(ii) Construction projects held for resale

Construction projects held for resale are recognised at cost. Costs are assigned on the basis of specific identification and comprise all direct costs of acquisition, planning, development and construction. All construction project inventory is classified as a current asset as its value is generally anticipated to be realised through sale within 12 months. Developments which are the subject of a deferred purchase agreement are classified as inventory for the duration of the building defects liability period.

(iii) Land swaps

Under a land swap arrangement inventory is increased for the land transferred to the Corporation and decreased for the land transferred out of the Corporation.

2.13 Investment property

The Corporation's investment properties consist of freehold land and buildings which are considered as having the function of an investment and therefore are regarded as a composite asset, the overall value of which is influenced by many factors, the most prominent being income yield, rather than by the diminution in value of the building content due to the passing of time. Accordingly, the buildings and all components thereof, including integral plant and equipment, are not depreciated.

Initially, investment properties are measured at cost including transaction costs. 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 Corporation. Subsequent to initial recognition, the Corporation's portfolio of investment properties is stated at fair value. Gains and losses arising from changes in the fair values of investment properties are included in the Statement of Comprehensive Income in the year in which they arise. Any gains or losses on the sale of an investment property are recognised in the Statement of Comprehensive Income in the year of sale.

At each reporting date the carrying value of the portfolio of investment properties is assessed and where the carrying value differs materially from the assessment of fair value, an adjustment to the carrying value is recorded as appropriate. The assessment of fair value of each investment property is confirmed by annual independent valuations conducted on a rolling basis. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used.

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.

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 $1000 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.

2.14 Acquisition and recognition of non-current assets (continued)

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.

2.15 Interests in joint venture entities

The Corporation's interest in joint ventures is measured by applying the equity method of accounting. The Corporation's share of the assets and liabilities of joint venture entities in which it has a participating interest is included in the Statement of Financial Position as 'Investment in joint ventures'. The Corporation's share of net profit from joint venture entities is included as revenue in the Statement of Comprehensive Income as 'Share of net profits of joint venture entities'. Details of the Corporation's interests in joint venture entities are shown in note 5.

2.16 Work in progress

(i) Construction projects in progress

Expenditure associated with the construction of projects held for resale is capitalised as work in progress as incurred, in accordance with note 2.6 (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 inventory.

(ii) Deposits received

The Corporation acts as a project manager and financier for the construction of buildings for clients under the Premises SA Scheme. Prior to the commencement of construction the client in most cases is required to pay a deposit towards the overall cost of construction. The deposit held is offset against construction projects in progress.

2.17 Impairment

All non-current tangible assets are tested for indication of impairment at each reporting date. If there is an indication of impairment, the asset's carrying value is compared to its recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the Statement of Comprehensive Income. Refer to note disclosures on inventories, financial assets and investment properties for further information in relation to these specific assets.

2.18 Liabilities

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

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

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

Transactions with SA Government entities have been recorded as government transactions in the relevant notes, classified according to their nature.

2.19 Payables

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

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

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

2.19 Payables (continued)

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, long service leave and annual leave.

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 various superannuation schemes.

2.20 Borrowings/Financial liabilities

The Corporation measures financial liabilities including borrowings/debt at historical cost.

2.21 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. The Corporation 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 Corporation as lessor
The Corporation has not entered into any finance leases 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.

The Corporation as lessee
The Corporation has not entered into any finance leases as lessee.

Operating leases 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.

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

2.22 Employee benefits

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

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

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

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

Long service leave
The liability for long service leave is recognised after an employee has completed five years of service (previously 5.5 years). An actuarial assessment of long service leave undertaken by DTF based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Corporation's experience of employee retention and leave taken.

Long service leave (continued)
The portion of the long service leave liability classified as current represents the amount that may be expected to be paid as leave taken or paid on termination of employment during the Corporation's normal operating cycle.

Employee benefit on-costs
Employee benefit on-costs (payroll tax, WorkCover levy, superannuation) are recognised separately under payables.

2.23 Provisions
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 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.

2.24 Guarantees and indemnities
The Corporation 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. The Corporation is now the beneficiary of these guarantees and indemnities.

2.25 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.

2.26 Insurance
The Corporation has arranged to insure all major risk of the authority through SAICORP, a division of SAFA. The excess payable under this arrangement varies depending on each class of insurance held.

2.27 Financial risk management
The Corporation is exposed to a variety of financial risks, market risk (foreign exchange and price), credit risk and liquidity risk.

Risk management is carried out by the corporate services section and risk management policies and practices are in accordance with International Risk Management Standards and internal written policies approved by the Board.

The Corporation has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at DTF and SAFA and mortgage debtor receivables) and liabilities (borrowings from the SA Government).

The Corporation's exposure to foreign exchange risk and cash flow interest risk is minimal. The Corporation is exposed to price risk for changes in interest rates that relate to long-term debt obligations and investments classified either as available-for-sale or fair value.

The Corporation has no significant concentration of credit risk. The Corporation has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

In relation to liquidity/funding risk, the continued existence of the Corporation in its present form, and with its present segments/services, is dependent on SA Government policy and on prevailing conditions in the property market, and on continuing appropriations from Parliament to maintain the Corporation's community service obligations.

Refer note 37.

3. Material transactions

3.1 Land swap - former Actil site at Woodville and the St Clair reserve

During 2009-10 the Corporation purchased a 4.7 hectare portion of the former Sheridan/Actil site at Woodville for $15.8 million. The site was swapped for a 4.7 hectare portion of St Clair reserve adjacent to Woodville train station on 6 August 2010 and is recorded as a sale and cost of sale in the Corporation's Statement of Comprehensive Income. The land swap will enable the Corporation to develop the St Clair reserve for Woodville station and residential use with the aim of maximising the use of and revitalising Woodville Road. Woodville is one of 14 nominated transit oriented developments in the '30 Year Plan for Greater Adelaide'.

The asset has been classified as non-current inventory in the Corporation's financial statements and is recognised at cost.

3.2 Land development fee - Penfield

AV Jennings Development Pty Ltd paid the Corporation a development fee of $7.5 million for the right to develop 121 hectares of residential land at Penfield. The development agreement provides that the Corporation is to receive a share of the revenue from the sale of allotments developed within the estate. Construction will commence following the completion of a master plan over the site by AV Jennings Developments Pty Ltd.

3.3 Land sale - Meyer Oval

The Corporation received $10.6 million from Defence Housing Australia for the right to develop 8.8 hectares of residential land at Largs North under a development agreement. The Corporation obtained development plan consent through the Development Assessment Commission under section 49 of the *Development Act 1993*, which requires the Corporation to retain an interest in the land during development. Defence Housing Australia has agreed to pay the Corporation a share of sales income in excess of an agreed benchmark.

3.4 Land sale - Seaford Meadows

The Corporation received $14.63 million following settlement of the Stage 4 contract between the Corporation and the South Australian Housing Trust as joint vendor and Land SA. 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 come under the umbrella of a development deed to ensure that all of the Corporation's mandatory requirements are met. Settlements under the remaining contracts are scheduled for May 2012 and November 2013.

3.5 Land sale - provision for future development obligations

An amount has been set aside to meet future development obligations in respect of land which has been sold or developed ready for sale. Provisions are recognised when the Corporation has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. During 2007-08 the Corporation sold 52.56 hectares of englobo land north of Petherton Road by way of open tender which set out certain obligations on both the Corporation and the successful tenderer. As a result the Corporation has recognised a provision for development expenditure of $4.719 million ($4.993 million). The Corporation also recognised a provision for the allotments sold at Lochiel Park and Playford Alive, $112 000 ($2.899 million) and $8.437 million ($2.216 million) respectively.

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 at Mawson Lakes and Northgate.

	2011	2010
Sales revenue for the reporting period is summarised as follows:	$'000	$'000
Land sales to:		
Joint ventures	11 043	13 501
Entities within the SA Government	3 881	24 554
Other	75 117	54 950
Total sales revenue	90 041	93 005

Cost of sales comprises all direct costs of acquisition, planning, development and construction in respect of inventory sold during the reporting period. The increase in the comparative cost of sales reflects the change in sales profile from low cost (greenfield) englobo land, to land with higher purchase and/or development costs.

4. Sales revenue and cost of sales (continued)

	2011	2010
Cost of sales for the reporting period is summarised as follows:	$'000	$'000
Cost of sales associated with:		
Joint ventures	608	597
Entities within the SA Government	2 233	5 472
Other	38 094	18 301
Total cost of sales	40 935	24 370

5. Joint venture entities

5.1 Joint venture summary

Income from joint venture entities of $2.786 million ($10.559 million) for the reporting period comprises the Corporation's share of the profit from ordinary activities of joint venture entities in which the Corporation has a participating interest, summarised as follows:

	2011	2010
	$'000	$'000
Revenues	17 660	34 750
Expenses	(14 874)	(24 191)
Profit from ordinary activities	2 786	10 559

Movements in the Corporation's investment in joint venture entities during the reporting period are summarised as follows:

Capital contributions and acquisition of additional interest:		
Balance at 1 July	1 241	4 209
Contributions during the reporting period	1 250	32
Repayments during the reporting period	(1 129)	(3 000)
Balance at 30 June	1 362	1 241
Share of accumulated profits:		
Balance at 1 July	7 205	9 746
Profit for the reporting period	2 786	10 559
Distribution of profit to the Corporation during the reporting period	(621)	(13 100)
Balance at 30 June	9 370	7 205
Total carrying amount of investment in joint venture entities	10 732	8 446

The Corporation's investment in joint venture entities is represented by its share of assets and liabilities as follows:

Current assets:		
Cash	4 839	5 047
Receivables	1 319	1 904
Inventories	7 625	5 481
Non-interest bearing financial assets	197	-
Deferred tax asset	157	83
Prepayments	-	5
	14 137	12 520
Non-current assets:		
Inventories	356	-
Property, plant and equipment	117	221
	473	221
Total assets	14 610	12 741
Current liabilities:		
Creditors and other payables	3 582	3 734
Non-interest bearing liabilities	232	187
Tax liabilities	64	374
	3 878	4 295
Total liabilities	3 878	4 295
Net assets	10 732	8 446

5.1 Joint venture summary (continued)

The net assets are split as follows:	2011 $'000	2010 $'000
Current	4 493	-
Non-current	6 239	8 446

The current component of net assets relates to the Mawson Lakes joint venture which is expected to be wound up in the next 12 months.

5.2 Northgate Stage 3 joint venture

On 31 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. The project primarily comprises the subdivision and sale of residential allotments and integrated housing sites together with the development of reserves and associated community facilities. The project 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 percent of sites for high needs and affordable housing.

The Corporation has a 50 percent interest in the joint venture. Under the terms of the agreements for the joint venture, the Corporation will make available to the joint venture land for development and receive progressive land payments as development proceeds.

In June 2010 Cabinet approved the extension of the joint venture to encompass development of the Corporation's adjoining Precinct 2 land parcel. This area comprises 45 hectares of residential development land and will deliver an additional 900 allotments/1176 dwelling sites. The structure, management and operation of the joint venture will remain unchanged, and the extended joint venture is forecast to run until 2018.

5.3 Mawson Lakes Economic Development project

On 10 July 1997 documentation was executed with Delfin Property Group Limited (now Delfin Mawson Lakes Pty Ltd), Lend Lease Corporation Limited (now Lend Lease Development Pty Ltd) and associated entities of those companies to establish a joint venture to develop the Mawson Lakes Economic Development project at The Levels. This project comprises residential, retail and industrial accommodation to be developed over a 10 to 12 year timeframe. Other parties with commitments to the joint venture arrangements are the City of Salisbury, University of South Australia and the Government of South Australia.

The Corporation has a 50 percent interest in the joint venture. Under the terms of the agreements for the joint venture, the Corporation will make available to the joint venture land for development. In addition the State Government has 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 12 lots unsold at 30 June 2011 and the completion of some remaining works. The lots are expected to be sold by December 2011 and the final works completed by June 2012. Sundry administrative activities are expected to be completed by June 2014. The Corporation will still have obligations under the Project Commitment Deed in the next financial year and as such is considered a joint venture for financial disclosure purposes.

5.4 SOHO joint venture

The Corporation has an interest in a joint venture with Holcon Australia Pty Ltd. This involves the environmentally sustainable, mixed use development of a parcel of lakefront land in Technology Park. The project was originally intended to create 13 waterfront SOHO (small office home office) homes and 10 commercial offices over six stages with an anticipated timeframe of approximately three years. Under the terms of the joint venture agreement, the Corporation provides the land for development and receives progressive land payments as development proceeds, together with a 35 percent share of profit or loss.

Stages 1 and 2 have been completed, however market response to this product has been slow and alternatives are now being investigated including sale of the remaining land and termination of the joint venture as one of the options under consideration. Resolution is expected during the 2012 financial year.

5.5 Port Adelaide Waterfront Redevelopment (PAWR) Marina joint venture

The Corporation has a 50 percent interest in a joint venture with Newport Quays Consortium, the developers of the PAWR. The Newport Quays Consortium comprises developers Urban Construct Pty Ltd and Brookfield Multiplex Developments Australia Pty Ltd. The PAWR Marina joint venture involves the construction of approximately 600 marina berths in the Port Adelaide inner harbour to be staged with the land-based development over the next 10 to 13 years.

5.5 Port Adelaide Waterfront Redevelopment (PAWR) Marina joint venture (continued)

Marina berths are being offered under leasehold arrangements, with the Corporation retaining ownership of the inner harbour (subjacent land). The Corporation will enter into lease arrangements with marina companies (representing berth holders) that will place obligations on lessees to procure the services of competent marina managers and achieve appropriate environmental standards in the management of the marinas. The marinas will be subject to statutory planning processes and regulatory requirements as with any other form of development. The Corporation will receive revenue by way of land payments for the subjacent land and individual marina berth sales.

The PAWR Marina joint venture has total assets of $1.7 million including $586 000 of cash and total liabilities of $1.5 million resulting in net assets of $198 000. This has been accounted for within the Corporation's accounts in accordance with the equity method of accounting.

Each head lease agreement between the Corporation and the marina companies includes a clause which allows the Corporation to recover all rates and taxes it has incurred in respect of the marina land from the joint venture. The Corporation has paid the land tax liabilities for the joint venture for land taxes accrued and in accordance with the agreement has sought to recover these. The total value of these receivables unpaid as at 30 June is $292 000 excluding GST and has been recognised as a liability in the joint venture accounts. The valuations used by the Valuer-General in the calculation of the land tax are currently being disputed by the joint venture with new valuations being sought. These land tax liabilities are material to the joint venture and have resulted in concern associated with the entity's ability to continue on as a going concern. As a result of this, the 2010-11 financial report of the joint venture has not yet been certified pending the outcome of the new valuations. Given this dispute, a total of $292 000 relating to these receivables has been included in the Corporation's doubtful debts. The Corporation has conducted a review of the potential impact on its financial position should the joint venture be unable to continue as a going concern and has determined that there is no material impact.

The joint venture agreement has not terminated by virtue of the termination of the Project Development Agreement with the Newport Quays Consortium announced on 31 October 2011. The Corporation is having discussions with the other joint venturer concerning the future operation of the PAWR Marina joint venture. Refer note 38 for further information on the PAWR project announcement.

6. Revenues from government

	2011	2010
Government transfers/subsidies received during the reporting period are as follows:	$'000	$'000
Recurrent transfer received from DTF, administered items	890	860
Capital transfer received from DTF, administered items	-	630
Total revenues from government	890	1 490

7. Interest revenues

Interest revenues include 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:

	2011	2010
Interest received/receivable from entities within the SA Government:	$'000	$'000
Interest from operations	515	808
Interest received/receivable from entities external to the SA Government:		
Mortgage debtor interest	3 501	3 979
Interest from operations	10	68
Total interest revenues	4 026	4 855

8. Property income

Property income includes rent and recoveries from leased properties. Property income for the reporting period is summarised as follows:

Property income received/receivable from entities within the SA Government	310	1 349
Property income received/receivable from entities external to the SA Government	14 612	13 646
Total property income	14 922	14 995

9. Other revenues

Other revenues include recoveries and sundry income. Other revenues for the reporting period are summarised as follows:

	2011 $'000	2010 $'000
Other revenues received/receivable from entities within the SA Government	1 210	855
Other revenues received/receivable from entities external to the SA Government	426	2 079
Origin contribution - Origin site at Bowden	-	12 000
Total other revenues	1 636	14 934

10. Net gain (loss) from the disposal of non-current assets and investments

	2011	2010
Plant and equipment:		
Proceeds from disposal	1	64
Net book value of assets disposed	(3)	(63)
Net gain (loss) from disposal of assets	(2)	1
Other investments:		
Proceeds from disposal	-	28 808
Net book value of assets disposed	-	(27 724)
Net gain (loss) on sale of other investments	-	1 084
Net gain (loss) on disposal of non-current assets and investments	(2)	1 085

11. Employee benefit expense

	2011	2010
Salaries and wages	8 319	7 634
Long service leave	(66)	362
Annual leave	(6)	19
Employment on-costs - superannuation	1 245	1 230
Employment on-costs - other	551	552
Board fees	157	138
Other employee related expenses	51	94
Total employee benefit expense	10 251	10 029

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:	2011 Number	2010 Number
$127 500 - $130 699*	-	1
$130 700 - $140 699	4	3
$140 700 - $150 699	7	6
$150 700 - $160 699	-	1
$160 700 - $170 699	1	1
$170 700 - $180 699	-	1
$180 700 - $190 699	1	1
$190 700 - $200 699	2	1
$210 700 - $220 699	2	1
$230 700 - $240 699	-	1
$240 700 - $250 699	1	-
$310 700 - $320 699	-	1
$320 700 - $330 699	1	-
Total	19	18

* This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2009-10.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. Total income received or due and receivable by the above employees for the period they held office was $3.27 million ($3 million).

The number of employees at the reporting date was 93.8 (94).

Accounting policy change

In accordance with the revised APF II, the Corporation has changed its accounting policy and now discloses all employees who receive remuneration equal to or greater than the base remuneration level rather than all employees who receive remuneration equal to or greater than $100 000. The impact of this change in accounting policy is the number of employees disclosed has reduced by 13 for 2011 and 11 for 2010.

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:

	2011 $'000	2010 $'000
Within one year	8 706	6 942
Later than one year but not longer than five years	10 215	5 988
	18 921	12 930

12. Key management personnel

12.1 Board members

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

M J Terlet, AO, Chairman
J M Carr*
B M Deed
D W Gray
L C Hart*
R G Hook* (retired from Board on 30 November 2010)
A Maddern
T S Maras
J A Westacott (commenced with Board on 1 December 2010)

12.2 Other key management personnel

The following persons held authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly during the current and previous financial years:

W Gibbings	Chief Executive
M J Buchan	Chief Financial and Operating Officer
J S Blaess	General Manager - Projects
A E Rix	General Manager - Projects
W J Stuart	General Manager - Projects

12.3 Key management personnel compensation

Key management personnel compensation for the years ended 30 June 2011 and 2010 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 the Corporation.

	2011 $'000	2010 $'000
Short-term employee benefits	1 414	1 344
Total employee benefits	1 414	1 344

12.4 Remuneration of governing board members

The number of governing board members whose remuneration received or receivable falls within the following bands:	2011 Number	2010 Number
$nil	3	3
$10 000 - $19 999	1	-
$30 000 - $39 999	4	4
$60 000 - $69 999	1	1
Total	9	8

Total income received or due and receivable by all governing board members for the period they held office was $157 255 ($138 292) plus $60 300 ($60 806) superannuation, including fees received by one Director in relation to the appointment to the Mawson Lakes Joint Venture Committee $7936 ($7936).

The number of board members who held office at 30 June 2011 was 8 (8).

* In accordance with DPC Circular 16, government employees did not receive any remuneration for governing board duties during the financial year (refer note 12.1).

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.

13. Related party disclosures

Directors

Details of the Directors of the Corporation appointed in accordance with the Regulations under the PCA are set out in note 12.

During the period of their appointment to the Corporation the Directors disclosed the following:

Mr M J Terlet, AO was Chairman of the United Water International, the ACHA Health Group, the Water Industry Alliance, the National Institute of Labour Studies, the International Centre of Excellence in Water Research Management and Operation Flinders. He was State Chairman of the Australian British Chamber of Commerce. He was Director and Chairman of Tidswell Financial Services Ltd. He was a Director of E&A Limited. He was a board member of Business SA. He was Co-Chairman of the SA Business and Parliamentary Trust.

Ms J M Carr was Executive Director, Building Management, Department for Transport, Energy and Infrastructure and a board member of the State Procurement Board and Chair of the South Australian Heritage Council.

Ms B M Deed was a board member of the Hutt Street Centre.

Mr D W Gray was Director of Platinum Group Pty Ltd and David Gray Pty Ltd, and Managing Director of GKO Management Pty Ltd. He was a board member of Legacy Club of Adelaide Inc, St Johns Youth Services Inc and Safer Communities Australia Inc.

Ms L Hart was Executive Director, Policy Analysis and Government Enterprises, DTF, a Director of Generation Lessor Corporation, Distribution Lessor Corporation and Transmission Lessor Corporation, Director and Chair of RESI Corporation, and Director and Deputy Chairman of the South Australian Asset Management Corporation.

Mr R G Hook was Deputy Chief Executive of the Department for Transport, Energy and Infrastructure, Rail Commissioner, South Australia's Co-ordinator General for the Nation Building Economic Stimulus Plan and Acting General Manager of TransAdelaide. He retired from the Corporation's Board on 30 November 2010.

Ms A Maddern was a full-time employee of BHP Billiton Limited.

Mr T S Maras was owner/Director of the Maras Group and Director of Mancorp Group. He was Chairman and Director of Common Ground, Member of the South Australian Affordable Housing Trust Board, Chairman of the Unley Street Life Trust, Chairman of the University of Adelaide Heritage Foundation Trust, President of the Federation of Greek Orthodox Communities of Australia, member of Ridleyton Greek Home for the Aged, member of the Helpmann Academy, member of the Norwood Economic Development Board and member of the Foundation for Modern Greek.

Ms J A Westacott was Chief Executive of the Business Council of Australia. She commenced as a Corporation Board member on 1 December 2010.

From time to time the Corporation 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 a pecuniary interest, either direct or indirect, in any firm, trust or company with which the Corporation had entered into a transaction during the year ended 30 June 2011.

14. Operating expenditure

	2011	2010
Expenditure on supplies and services provided by entities external to the SA Government:	$'000	$'000
Property expenditure	7 434	7 263
Contractors and consultants	4 952	3 383
Accommodation costs	324	148
Administration and other expenditure	5 235	4 113
Total supplies and service expenditure - non-SA Government entities	17 945	14 907

14. Operating expenditure (continued)

	2011 $'000	2010 $'000
Expenditure on supplies and services provided by entities within the SA Government:		
Property expenditure	1 863	1 455
Land tax	20 790	16 430
Contractors and consultants	161	241
Accommodation costs	638	569
Administration and other expenditure	1 172	1 204
Total supplies and services expenditure - SA Government entities	24 624	19 899
Total operating expenditure	42 569	34 806

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:

	2011		2010	
	Number	$'000	Number	$'000
Below $10 000	37	168	20	99
Between $10 000 and $50 000	29	604	22	668
Above $50 000	14	2 898	11	1 475
Total recognised in the Statement of Comprehensive Income	80	3 670	53	2 242

15. Borrowing costs

	2011 $'000	2010 $'000
Services provided by entities within the SA Government:		
Borrowing costs:		
Industrial and Commercial Premises Scheme loans	9 627	9 128
DTF loans	-	237
Overdraft	1 290	114
Guarantee fees:		
Industrial and Commercial Premises Scheme loans	1 467	697
Overdraft	408	55
Early loan repayment penalty DTF loans	-	844
Total borrowing costs	12 792	11 075

16. Auditor's remuneration

	2011	2010
Audit fees paid or payable to the Auditor-General's Department	134	127
2008-09 over-accrual	-	(16)
2009-10 under-accrual	8	-
Total auditor's remuneration	142	111

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

17. Income tax equivalent

In accordance with TIs issued under the PFAA, the Corporation is required to pay to the State Government an income tax equivalent. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate (presently 30 percent) be applied to the profit for the reporting period. The income tax equivalent paid or payable for the reporting period was $3.295 million ($17.617 million).

	Note	2011 $'000	2010 $'000
Income tax equivalent paid in respect of the profit for the reporting period		2 544	8 900
Provision for income tax equivalent in respect of the profit for the reporting period	27	751	8 717
Total income tax equivalent expense per Statement of Comprehensive Income		3 295	17 617

	2011 $'000	2010 $'000
The total income tax equivalent paid in the reporting period was as follows:		
Income tax equivalent paid in respect of the profit for the reporting period	2 544	8 900
Balance of income tax equivalent paid in respect of the previous reporting period	8 717	9 710
Total income tax equivalent paid per Statement of Cash Flows	11 261	18 610

18. Dividends paid to the SA Government

Pursuant to Regulations under the PCA, the Corporation may be required to pay dividends to the Treasurer. Following recommendations by the Board, and after consultation with the Minister, the Treasurer determined that total dividends of $12.757 million ($53.603 million) be paid in respect of the reporting period, after a negative dividend adjustment of $1.481 million for the 2009-10 year in consideration of the final audited profit for that year.

19. Mortgage debtor receivables	2011	2010
Current:	$'000	$'000
Mortgage debtor receivables	7 615	7 106
	7 615	7 106
Non-current:		
Mortgage debtor receivables	38 479	46 091
	38 479	46 091
Total mortgage debtor receivables	46 094	53 197

(a) Maturity analysis of financial assets and liabilities - refer note 37.4.
(b) Categorisation of financial instruments and risk exposure information - refer note 37.

20. Receivables		
Current:		
Trade and other debtors[(a)]	2 555	2 481
Allowance for doubtful debts	(292)	(2)
Marina Adelaide	3 556	3 556
Prepayments	92	101
Total current receivables	5 911	6 136

(a) Included in this balance are receivables from SA Government entities totalling $505 198 ($494 000).

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.

Movements in carrying amounts	2011	2010
	$'000	$'000
Carrying amount at 1 July	2	96
Increase (Decrease) in allowance recognised in profit or loss	290	(94)
Carrying amount at 30 June	292	2
Bad and doubtful debts expense		
Bad debts written off - trade debtors	-	87
Transfer to provision for doubtful debts - trade debtors	290	(94)
Total bad and doubtful debts expense	290	(7)

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 37.

Categorisation of financial instruments and risk exposure information

Refer note 37.

21. Inventories

	2011	2010
Current:	$'000	$'000
Cost of acquisition	46 148	34 901
Development cost capitalised	29 126	20 721
	75 274	55 622
Non-current:		
Cost of acquisition	105 459	117 170
Development cost capitalised	69 383	61 971
	174 842	179 141
Total inventories	250 116	234 763

Movements in carrying amounts

Carrying amount at 1 July	234 763	161 529
Land purchases	16 755	54 218
Transfer from investment properties	650	-
Development costs capitalised	38 883	43 386
Cost of sales	(40 935)	(24 370)
Carrying amount at 30 June	250 116	234 763

The Corporation has recognised land inventory within the Statement of Financial Position at the lower of cost or net realisable value in accordance with AASB 102, however the fair value of inventory assessed by a panel of independent qualified valuers as at 30 June 2009 was $1.08 billion.

22. Investment property

	2011	2010
Investment property at fair value:	$'000	$'000
Freehold land at fair value:		
Independent valuation - 2011	30 892	-
Independent valuation - 2010	-	33 500
	30 892	33 500
Buildings at fair value:		
Independent valuation - 2011	41 663	-
Independent valuation - 2010	-	43 450
	41 663	43 450
Total investment property	72 555	76 950

Valuation basis

Investment properties are measured at fair value being the amounts for which the properties could be exchanged between willing parties in arm's length transactions, based on current prices in an active market for similar property. The valuations of investment properties have been performed by a panel of independent qualified valuers from Jones Lang LaSalle, Maloney Field Services and McGees Property.

Movements in carrying amounts	2011	2010
Freehold land at fair value:	$'000	$'000
Carrying amount at 1 July	33 500	38 830
Disposals	-	(7 663)
Reclassifications to inventory	(650)	-
Loss on fair value adjustment	(1 958)	2 333
Carrying amount at 30 June	30 892	33 500
Buildings at fair value:		
Carrying amount at 1 July	43 450	67 471
Additions	317	-
Disposals	-	(20 061)
Loss on fair value adjustment	(2 104)	(3 960)
Carrying amount at 30 June	41 663	43 450
Total carrying amount at 30 June	72 555	76 950
Amounts recognised in profit and loss:		
Income (included in note 8)	7 966	11 284
Direct operating expenses from property that generated income (included in note 14)	(3 783)	(5 276)
Direct operating expenses from property that did not generate income (included in note 14)	-	(13)
Total amount recognised in the profit and loss	4 183	5 995

		2011	2010
23.	**Property, plant and equipment**		
	Leasehold improvements	$'000	$'000
	At cost	3 138	-
	Accumulated amortisation	(1)	-
	Total leasehold improvements	3 137	-

Impairment

There were no indications of impairment of leasehold improvements at 30 June.

Movements in carrying amounts:		
Leasehold improvements:		
Carrying amount at 1 July	-	-
Additions	3 138	-
Amortisation	(1)	-
Carrying amount at 30 June	3 137	-

Plant and equipment		
At cost	1 937	2 765
Accumulated depreciation	(1 407)	(2 273)
Total plant and equipment	530	492

Carrying amount of plant and equipment

Plant and equipment includes $1.015 million (cost) of fully depreciated property still in use.

Impairment

There were no indications of impairment of plant and equipment at 30 June 2011.

Movements in carrying amounts		
Plant and equipment:		
Carrying amount at 1 July	492	800
Additions	246	50
Disposals	(3)	(63)
Depreciation	(205)	(295)
Carrying amount at 30 June	530	492
Total property, plant and equipment	3 667	492

24.	**Work in progress**		
	Movements in carrying amounts		
	Carrying amount at 1 July	-	-
	Additions	5	-
	Carrying amount at 30 June	5	-

25.	**Payables**		
	Current:		
	Trade creditors	10 131	4 178
	Sundry creditors and accrued expenses	10 950	18 824
	Employment on-costs	57	49
		21 138	23 051
	Non-current:		
	Sundry creditors and accrued expenses	-	4
	Employment on-costs	85	102
		85	106
	Total payables	21 223	23 157

The total includes liabilities payable to SA Government entities, comprising:

Current:		
Trade creditors	5 163	924
Sundry creditors and accrued expenses	8 238	13 519
Employment on-costs	49	26
	13 450	14 469

25. Payables (continued)	2011	2010
Non-current:	$'000	$'000
Sundry creditors and accrued expenses	-	14
Employment on-costs	75	55
	75	69
Total payables to SA Government entities	13 525	14 538

Based on assessment of prior year practice, the proportion of long service leave expected to be taken as leave has been estimated at 10 percent in 2010 and 2011. The calculation of employer superannuation on-cost has been unchanged at 9 percent.

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 37.

Categorisation of financial instruments and risk exposure information
Refer note 37.

26. Borrowings	2011	2010
Current:	$'000	$'000
Loans:		
SAFA[(a)]	19 264	19 104
SAFA[(b)]	58 800	38 800
	78 064	57 904
Non-current:		
Loans:		
SAFA[(a)]	63 513	70 577
SAFA[(b)]	71 750	71 750
	135 263	142 327
Total borrowings	213 327	200 231

(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 the Corporation.

Maturity analysis of borrowings
Refer note 37.

Categorisation of financial instruments and risk exposure information
Refer note 37.

Defaults and breaches
There were no defaults or breaches on any of the above liabilities throughout the year.

27. Tax liabilities	2011	2010
Current:	$'000	$'000
Income tax equivalent	751	8 717
Total tax liabilities	751	8 717

28. Unearned income		
Current:		
Unearned income	2 020	2 504
	2 020	2 504
Non-current:		
Unearned income	12 027	13 497
	12 027	13 497
Total unearned income	14 047	16 001

Movements in carrying amounts	2011 $'000	2010 $'000
Carrying amount at 1 July	16 001	4 561
Received during the year	198	12 296
Recognised in the Statement of Comprehensive Income	(2 152)	(856)
Carrying amount at 30 June	14 047	16 001

Consists of rental income received in advance for Marina Adelaide and other leases at Osborne and Clovelly Park site.

29. Provision for development expenditure

Current:		
Provision for development expenditure	13 269	10 109
Total provision	13 269	10 109
Movements in carrying amounts		
Provision for development expenditure:		
Carrying amount at 1 July	10 109	8 703
Additional provisions recognised	6 536	2 324
Reductions arising from payments	(3 376)	(918)
Total carrying amount at 30 June	13 269	10 109

Provisions have been set aside to meet future development obligations in respect of land which has been sold or developed ready for sale.

30. Employee benefits

Current:		
Annual leave	640	640
Long service leave	42	42
	682	682
Non-current:		
Long service leave	1 310	1 376
	1 310	1 376
Total employee benefits	1 992	2 058

The total current and non-current employees expense (ie aggregate employee benefits and related on-costs) is $2.134 million ($2.209 million) (refer note 25).

Based on an actuarial assessment performed by DTF, the benchmark for the number of years service by an employee at which the Corporation should recognise a liability for long service leave is five years (5.5 years). The net financial effect of the changes in the current financial year is an increase in the long service leave liability of $45 664 and employee benefit expense of $2260. The impact on future periods is impractical to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

In addition, the actuarial assessment performed by DTF also determined that a salary inflation rate of 4 percent per annum is to be applied to the salary rates current at reporting date, consistent with the previous reporting period.

31. Other non-current liabilities	2011 $'000	2010 $'000
Funds held in trust - Cheltenham funds	2 521	-
Total funds held in trust	2 521	-

These funds are being held in trust on behalf of the Minister for Urban Development and Planning. The funds to be disbursed by the Corporation 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.

32. Unrecognised contractual commitments - operating leases

Operating lease receivables

Future minimum rental revenues under non-cancellable operating property leases held at balance date but not provided in the accounts:

	2011	2010
	$'000	$'000
Due not later than one year	8 251	9 537
Due later than one year but not later than five years	25 554	20 651
Due later than five years	22 382	24 996
Total operating lease receivables	56 187	55 184

Operating lease payables

Non-cancellable operating leases contracted for at balance date but not provided in the accounts, net of GST:

Payable not later than one year	743	642
Payable later than one year but not later than five years	2 789	2 679
Payable later than five years	3 541	4 208
Total operating lease payables	7 073	7 529

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.

33. Unrecognised contractual commitments - capital expenditure

Capital expenditure commitments arising from general operations

At reporting date the Corporation had capital expenditure commitments from general operations as follows:

	2011	2010
	$'000	$'000
Payable not later than one year	15 742	24 432
Payable later than one year but not later than five years	3 187	1 053
	18 929	25 485

The Playford Alive project contains a significant portion of commitments for 2011. As at 30 June 2011 commitments relating to this project were estimated to be $13.032 million ($16.067 million).

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 Corporation, from the former Department of Trade and Economic Development (DTED), 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 DTED, representing 25 percent of the net profit arising from completion of the development and sale of Stage 0. At balance date, this amount is estimated to be $2.129 million ($1.754 million).

	2011	2010
	$'000	$'000
Payable later than one year but not later than five years	2 129	2 129
	2 129	2 129

Stages 1 and 3

Assets included in Stages 1 and 3 have been acquired by the Corporation on a deferred payment basis. Payments are made to DTED and the Commonwealth Department of Defence based on the land area sold.

Expenditure commitments are summarised below, subject to the sale of remaining allotments.

	2011	2010
Stages 1 and 3 land:	$'000	$'000
Payable later than one year but not later than five years	7 906	1 838
Payable later than five years	4 754	10 157
	12 660	11 995

Stage 2 had previously been completed by DTED.

Stage 4 onwards
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:

Stage 4 onwards land:	2011 $'000	2010 $'000
Payable not later than one year	224	182
Payable later than one year but not later than five years	2 003	1 666
Payable later than five years	2 070	1 641
	4 297	3 489

Other expenditure commitments in respect of Edinburgh Parks

Other expenditure commitments:		
Payable not later than one year	3 071	289
Payable later than one year but not later than five years	106	-
	3 177	289

Capital expenditure commitments arising from the PAWR project
Under the Project Development Agreement for the PAWR project, the Corporation was required to remediate precincts before its agreed construction commencement date. Remediation for Precincts 1 and 2A had been completed by 30 June 2008. Works on Precinct 5 were underway at 30 June 2010 but are now on hold.

Due to the termination of the Project Development Agreement with the Newport Quays Consortium, which was announced on 31 October 2011, the Corporation is no longer contractually committed to the capital expenditure required by the agreement and has not recognised associated capital commitments.

Refer note 38 for information on the termination of the Project Development Agreement with the Newport Quays Consortium announced on 31 October 2011.

Total capital expenditure commitments	2011 $'000	2010 $'000
Payable not later than one year	19 037	24 903
Payable later than one year but not later than five years	15 331	6 686
Payable later than five years	6 824	11 798
	41 192	43 387

34. Contingent assets and liabilities

Contingent assets
The Corporation has indemnities from DTED relating to various industry assistance packages totalling $1.762 million as at 30 June 2011 ($2.163 million as at 30 June 2010). These indemnities relate to purpose-built facilities constructed under the Premises SA Scheme and are provided as follows:

(i) In respect of properties owned by the Corporation and leased to tenants, the indemnity covers any shortfall between current valuation and historical cost.

(ii) In respect of properties that are subject to a deferred purchase arrangement, the indemnity covers any shortfall between current valuation and loan balance outstanding.

As at 30 June 2011, the Corporation has other contingent assets related to land acquisitions.

Contingent liabilities
PAWR project
Pursuant to the Port Adelaide Waterfront Redevelopment Project Development Agreement of October 2004, the Corporation has provided an initial performance bond of $5 million, issued by SAFA in favour of Multiplex Port Adelaide Pty Ltd and UCPA Waterfront Development Pty Ltd as the development consortium members. The guarantee was issued on 30 November 2004 with an expiry date of 28 February 2015. The guarantee balance remained at $5 million at 30 June 2011.

The performance bond is part of mutual obligations as security for:

(i) the performance by the Corporation and the development consortium of their respective obligations pursuant to the agreement

(ii) the liability of either party upon termination pursuant to the agreement.

PAWR project (continued)
Due to the termination of the Project Development Agreement with the Newport Quays Consortium, which was announced on 31 October 2011, the Corporation is obliged to make certain payments, which are secured by the performance bond, to the Consortium pursuant to provisions of the agreement related to the Corporation's right to terminate the agreement.

Refer note 38 for information on the termination of the Project Development Agreement with the Newport Quays Consortium announced on 31 October 2011.

Other
The Corporation has other contingent liabilities arising from its contractual arrangements. These were not considered to be material at balance date.

35. Cash flow reconciliation

	2011	2010
Reconciliation of cash and cash equivalents - cash at 30 June:	$'000	$'000
Statement of Cash Flows	13 836	21 143
Statement of Financial Position	13 836	21 143

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

	2011	2010
Total comprehensive result	7 689	41 104
Non-cash items:		
Share of net profits of joint venture entities	(2 786)	(10 559)
Net loss (gain) on disposal of plant and equipment	2	(1)
Net loss (gain) on disposal of investment property	-	(1 084)
Depreciation and amortisation	206	295
Assets acquired free of charge	(666)	-
Revaluation decrement (increment)	4 062	1 627
Movements in assets and liabilities:		
Decrease (Increase) in mortgage debtor receivables	7 562	7 154
Decrease (Increase) in other receivables	(243)	152
Decrease (Increase) in prepayments	9	(85)
Decrease (Increase) in inventories	(14 705)	(61 235)
Increase (Decrease) in payables	(2 408)	(656)
Increase (Decrease) in unearned income	(1 469)	(648)
Increase (Decrease) in tax liabilities	(7 966)	(993)
Increase (Decrease) in provision for development expenditure	3 160	1 405
Increase (Decrease) in employee benefits	(75)	219
Increase (Decrease) in non-current liabilities	2 521	-
Net cash provided by (used in) operating activities	(5 107)	(23 305)

36. Cash and cash equivalents

	2011	2010
Deposits with the Treasurer	11 149	20 702
Short-term deposits with SAFA	147	140
Cash held in Cheltenham Trust Account	2 521	-
Cash at bank and on hand	19	301
Total cash and cash equivalents	13 836	21 143

Deposits with the Treasurer
Includes funds held in the Corporation'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 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 represents fair value.

37. Financial instruments disclosure/Financial risk management

37.1 Categorisation of financial instruments

The net fair value of cash, trade debtors and payables approximates their carrying amount.

37.1 *Categorisation of financial instruments (continued)*

The net fair value of receivables and payables excluding trade debtors and creditors has been calculated by discounting cash flows using a zero coupon curve derived from observable rates in the financial markets. The resultant net fair values represent the best estimate of replacement cost. Management consider the cost of realising fair values as immaterial. Furthermore, management consider that all financial instruments cannot be readily traded on organised markets in standardised form.

The carrying amounts and net fair values of financial assets and liabilities at balance date are:

	2011		2010	
	Carrying amount	Net fair value	Carrying amount	Net fair value
Financial assets	$'000	$'000	$'000	$'000
Cash and cash equivalents	13 836	13 836	21 143	21 143
Loans and receivables:				
Receivables	6 203	6 203	6 138	6 138
Financial assets	46 094	38 329	53 197	44 144
Allowance for doubtful debts	(292)	(292)	(2)	(2)
Total financial assets	65 841	58 076	80 476	71 423
Financial liabilities				
Financial liabilities at cost:				
Payables	13 861	13 861	9 946	9 946
Interest bearing liability	213 327	189 093	200 231	174 588
Total financial liabilities	227 188	202 954	210 177	184 534
Net financial assets (liabilities)	(161 347)	(144 878)	(129 701)	(113 111)

37.2 *Credit risk*

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

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

37.3 *Ageing analysis of financial assets*

	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2011	$'000	$'000	$'000	$'000
Not impaired:				
Receivables	191	70	10	271
Impaired:				
Receivables	-	-	292	292
2010				
Not impaired:				
Receivables	285	23	171	479
Impaired:				
Receivables	-	-	2	2

37.4 *Maturity analysis of financial assets and liabilities*

		Contractual maturities		
	Carrying amount	Less than 1 year	1-5 years	More than 5 years
2011	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	13 836	13 836	-	-
Loans and receivables:				
Receivables	6 203	6 203	-	-
Financial assets	46 094	7 615	29 841	8 638
Allowance for doubtful debts	(292)	(292)	-	-
Total financial assets	65 841	27 362	29 841	8 638

37.4 Maturity analysis of financial assets and liabilities (continued)

		Contractual maturities		
2011	Carrying	Less than		More than
Financial liabilities:	amount	1 year	1-5 years	5 years
Financial liabilities at cost:	$'000	$'000	$'000	$'000
Payables	13 861	13 861	-	-
Interest bearing liabilities	213 327	78 064	119 650	15 613
Total financial liabilities	227 188	91 925	119 650	15 613
Net financial assets (liabilities)	(161 347)	(64 563)	(89 809)	(6 975)
2010				
Financial assets:				
Cash and cash equivalents	21 143	21 143	-	-
Loans and receivables:				
Receivables	6 138	6 138	-	-
Financial assets	53 197	7 106	31 055	15 036
Allowance for doubtful debts	(2)	(2)	-	-
Total financial assets	80 476	34 385	31 055	15 036
Financial liabilities:				
Financial liabilities at cost:				
Payables	9 946	9 911	35	-
Interest bearing liabilities	200 231	57 904	120 830	21 497
Total financial liabilities	210 177	67 815	120 865	21 497
Net financial assets (liabilities)	(129 701)	(33 430)	(89 810)	(6 461)

37.5 Liquidity risk

Liquidity risk arises where the Corporation is unable to meet its financial obligations as they fall due. The continued existence of the Corporation is dependent on State Government policy and on continuing appropriations by Parliament for the Corporation's administration and programs. The Corporation 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 Corporation's exposure to liquidity risk is insignificant based on past experience and current assessment of risk. The largest Corporation risk is loan default by third parties secured over property assets, thus affecting the Corporation'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 37.1 represents the Corporation's maximum exposure to financial liabilities.

37.6 Market risk

Market risk for the Corporation is primarily through price risk. Prices for residential, industrial and commercial property have been depressed as a consequence of the continuing effect of the global financial crisis. The Corporation also has exposure to interest rate risk arising through its interest bearing liabilities, including borrowings. The Corporation's interest bearing liabilities are managed through SAFA and any movements in interest rates are monitored regularly. There is no exposure to foreign currency risks.

37.7 Sensitivity analysis disclosure

Taking into account future expectations, economic forecasts and management's knowledge and experience of financial markets, the Corporation believes an upward movement of 1 percent is possible over the next 12 months.

The impact on net operating result for each affected financial liability by the authority, if the above movement were to occur, is disclosed below:

Interest risk 1 percent rate rise	2011	2010
Financial liabilities:	$'000	$'000
Borrowings:		
Carrying amount	50 000	30 000
Profit impact	(400)	(150)

37.7 Sensitivity analysis disclosure (continued)

The analysis was calculated on the average operating borrowings for the year. Project finance is at fixed interest rates and has no sensitivity.

The impact of price movements on the financial results is impractical to estimate as the analysis would be overly assumptive.

38. Events after the reporting period

On 31 October 2011 the Corporation announced that it had exercised its discretionary termination right under the Port Adelaide Waterfront Redevelopment Project Development Agreement with the Newport Quays Consortium. Discretionary termination of the Project Development Agreement obliges the Corporation to pay an amount of $5 million plus marketing and design costs incurred by the Consortium estimated by the Corporation to be approximately $900 000, resulting in an aggregate amount of $5.9 million payable to the Newport Quays Consortium. The earnings associated with the PAWR have been considered and the Corporation has adjusted the forecast of its short-term earnings downward over the forward estimates period. A new approach to revitalising Port Adelaide through community involvement in master planning the entire district will now take place, however the financial effect of this approach cannot yet be reliably estimated.

On 8 November 2011 the Government announced it intends establishing a new urban development authority to bring together the Corporation and other SA Government agencies that are responsible for land and housing development. A taskforce has been established to determine the best model for the new authority.

South Australian Country Fire Service

Functional responsibility

Establishment

The *Fire and Emergency Services Act 2005* (FES Act) provides for the South Australian Country Fire Service (SACFS) as a body corporate and also establishes the South Australian Fire and Emergency Services Commission (SAFECOM). The SACFS and SAFECOM are responsible to the Minister for Emergency Services.

The FES Act also defines the emergency services sector as consisting of the:

- South Australian Fire and Emergency Services Commission
- South Australian Country Fire Service
- South Australian State Emergency Service
- South Australian Metropolitan Fire Service.

SAFECOM is responsible for establishing and promoting the strategic direction and policy for the emergency services sector and enabling agencies to work towards that strategic direction.

Functions and funding

The primary function of the SACFS is the prevention of fires, and provision of fire and emergency response services to regional and peri-urban areas of South Australia.

SAFECOM provides various services in support of the SACFS's primary functions, including financial management and accounting services. Also, the operations of the SACFS are financed by the Community Emergency Services Fund (the Fund), established by the *Emergency Services Funding Act 1998*.

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

Audit mandate and coverage

Audit authority

Audit of the financial report

Subsection 31(1)(b) of the PFAA and subsection 100(2) of the FES Act provide for the Auditor-General to audit the accounts of the SACFS for each financial year.

Assessment of controls

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

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

Scope of audit

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

The audit included access to systems and information maintained by SACFS and SAFECOM to conduct relevant financial transaction and control compliance tests of those systems and information.

The audit included a review of the overall internal control environment covering compliance with TIs and verification of transactions on a test basis. The scope of the interim audit included:

- expenditure
- payroll and employee entitlements
- revenue, including Commonwealth grants
- cash and receivables
- non-current assets, including asset valuation and capital works in progress
- financial accounting
- corporate governance and risk management
- budgetary control
- financial management compliance programs.

The audit included a follow-up of previous audit findings, especially those matters that required the reissuing of 2009-10 financial statements for SAFECOM, SACFS and the South Australian State Emergency Service (SASES).

This included a specific assessment of internal controls related to capital works in progress and capitalisation of completed assets covering procurement, asset valuation and record keeping practices to support asset transactions and management reporting.

The audit also covered the operations of the Fund.

Internal audit activities were reviewed to assess the risks of material misstatement of the financial statements and to design and perform audit procedures. Audit made use of the work performed by internal audit, including a building construction project internal audit report.

Status of 2009-10 events subsequent to reporting date

In my 2009-10 Supplementary Report to Parliament, tabled on 7 February 2011, I reported on certain matters that required the reissue of the 2009-10 financial statements for SACFS. Events subsequent to the 30 June 2010 reporting date and other matters occurred that, after management consideration, required amendment to the previously published financial statements for SAFECOM, SACFS and SASES for the year ended 30 June 2010.

A summary of the status of these matters and actions by management since the tabling of my Supplementary Report is included in this part of the Report titled the ‘South Australian Fire and Emergency Services Commission’.

A brief explanation of the financial statements disclosures for SACFS for the year ending 30 June 2011 for these matters follows.

2010-11 financial statements and disclosures

The SACFS financial statements for the year ended 30 June 2011 recognise the following disclosures:

- a contingent liability of $30 000 for payments to affected subcontractors (refer note 30 to the financial statements)
- $856 000 as a contingent asset for payments in advance of contract conditions being met/prepayments for capital works projects for works that did not materialise (refer note 30).

Total project payments for the Port Lincoln project and other affected projects were transferred from capital works in progress during the year and are now reflected in capitalised land and buildings (refer note 22).

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the South Australian Country Fire Service as at 30 June 2011, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the South Australian Country Fire Service in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters in relation to deficiencies in asset record keeping and management trails, TIs 2 and 28, other matters and shared services as outlined under 'Communication of audit matters' in the part of this Report titled 'South Australian Fire and Emergency Services Commission', are sufficient to provide reasonable assurance that the financial transactions of the South Australian Country Fire Service have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive, SAFECOM and the Chief Officer, SACFS who are responsible for the governance of the SACFS. Responses to the management letters were generally considered to be satisfactory.

Major matters raised with SAFECOM and SACFS and the related responses are detailed under 'Communication of audit matters' in the part of this Report titled 'South Australian Fire and Emergency Services Commission'.

Interpretation and analysis of the financial report

Highlights of the consolidated financial report	2011 $'million	2010 $'million
Expenses		
Employee benefits expenses	14	13
Supplies and services and other expenses	28	32
Government Radio Network costs	10	11
Depreciation and amortisation	12	12
Total expenses	64	68

	2011 $'million	2010 $'million
Income		
Total income	3	4
Net revenue from (cost of) providing services	(61)	(64)
Revenues from SA Government	63	64
Net result	2	-
Other comprehensive income	-	1
Total comprehensive result	2	1
Net cash provided by (used in) operating activities	18	17
Assets		
Current assets	14	10
Non-current assets	154	152
Total assets	168	162
Liabilities		
Current liabilities	8	6
Non-current liabilities	7	5
Total liabilities	15	11
Total equity	153	151

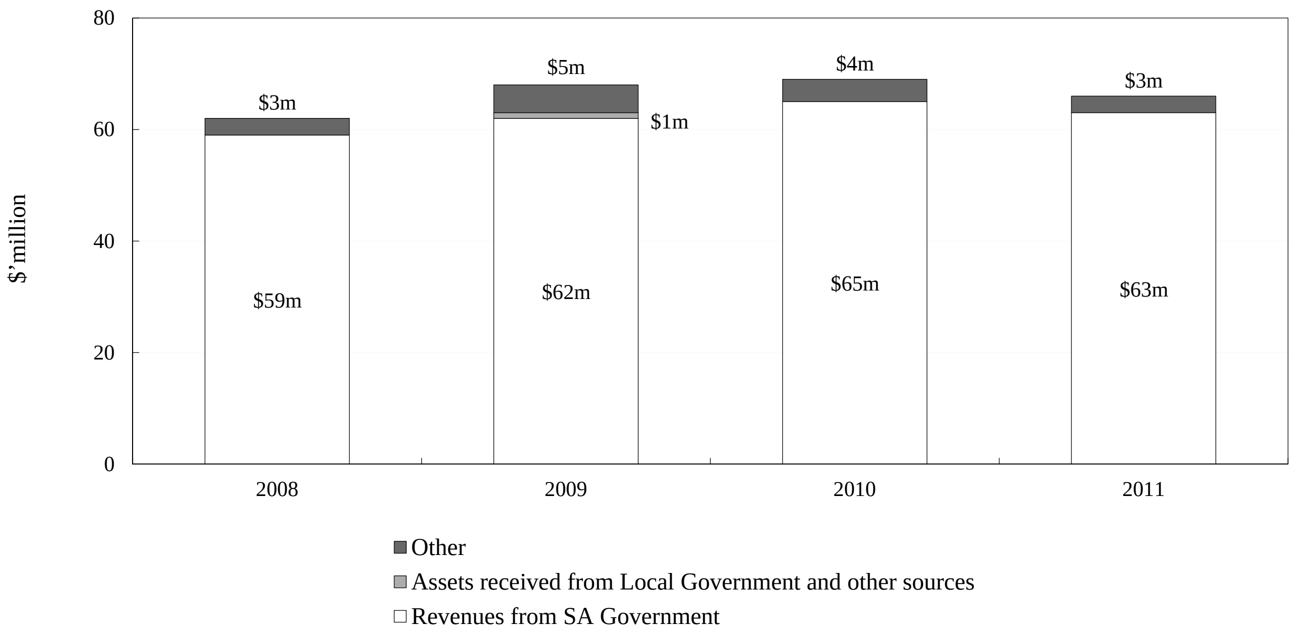
Statement of Comprehensive Income

Revenues from SA Government and income

The main source of funds for the SACFS is the contributions from the Fund which account for 91 percent of revenues (refer note 17 to the financial statements).

The contributions from the Fund to the SACFS decreased by 7 percent to $60 million of the total $63 million for revenues from SA Government during 2010-11.

A structural analysis of income for the four years to 2011 is presented in the following chart.



Revenues from SA Government, mainly the contributions from the Fund, over the last five years have increased by $4 million (7 percent) to $63 million.

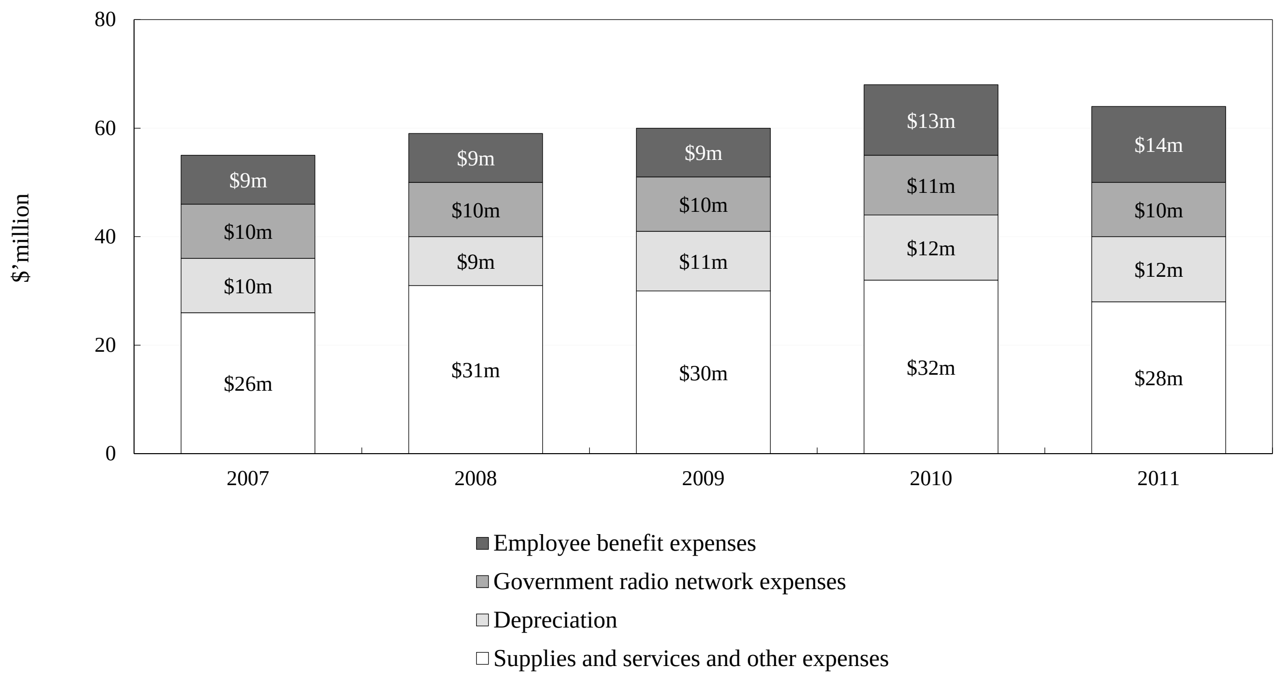
Expenses

Total expenses decreased by $4 million (6 percent) to $64 million. Employee benefits expenses increased by $1.1 million with higher salaries and increased workers compensation expense resulting mainly from an actuarial assessment.

Supplies and services costs reduced by $2.9 million with the main decrease being reduced aerial fire fighting costs, down $1.5 million. Other decreased expenses were a lower contribution toward the SA Government Radio Network and reduced depreciation and amortisation costs.

Employee benefits expenses account for only 22 percent of the total expenses of the SACFS due to the extensive use of volunteer fire fighters.

For the five years to 2011, a structural analysis of the main expense items for the SACFS is shown in the following chart.

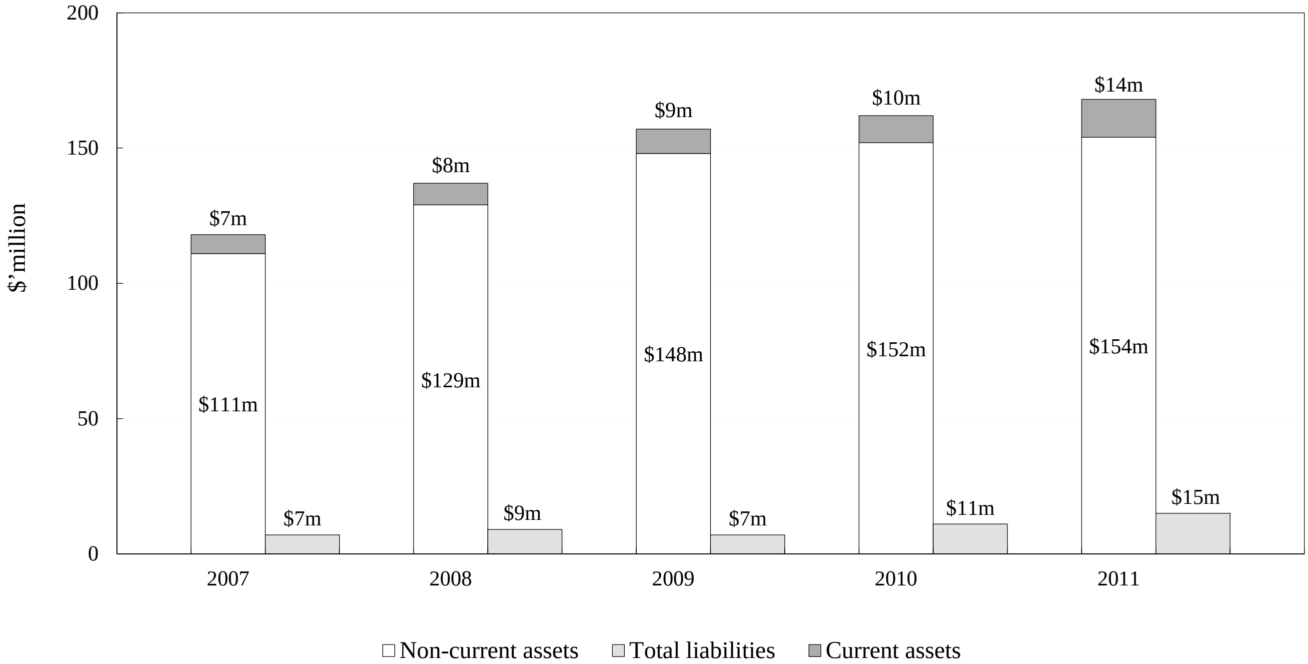


Over the five years, expenses have increased by $9 million or 16 percent.

Statement of Financial Position

The Statement of Financial Position is dominated by the non-current asset ‘Property, plant and equipment’ which accounts for 91 percent of total assets. Property, plant and equipment increased by $2 million during the year to $153 million due mainly to additional work in progress of $14 million, offset by depreciation expense for the year of $11.4 million.

For the five years to 2011, a structural analysis of assets and liabilities is shown in the following chart.

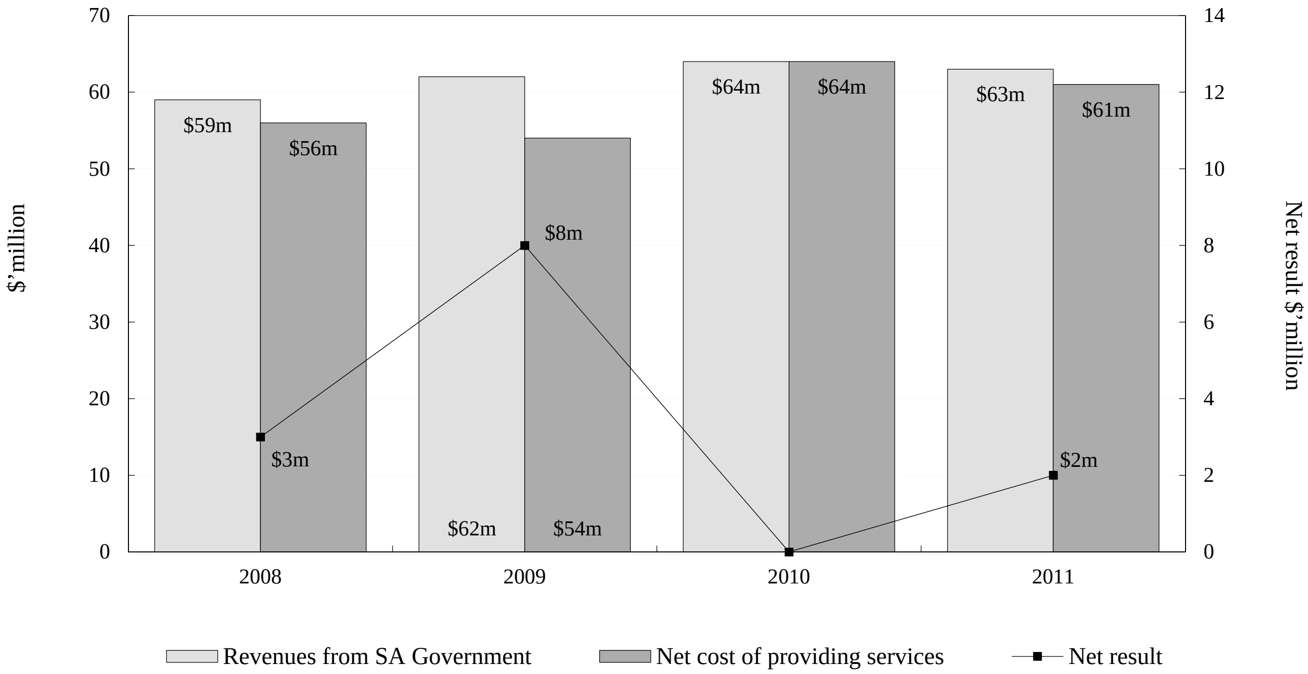


Non-current assets, mainly property, plant and equipment, have grown by 38 percent over the five year period to $154 million, primarily as a result of asset purchases and revaluations of assets.

The fair value of the main asset classes held by the SACFS was land and buildings ($58 million) and vehicles ($77 million). Refer note 22 to the financial statements for more information.

Further commentary on operations

The following chart shows the funding received by the SACFS from the Fund and the net cost of services for the past four years.



Statement of Comprehensive Income
for the year ended 30 June 2011

	Note	2011 $'000	2010 $'000
Expenses:			
Employee benefits expenses	5	13 964	12 839
Supplies and services	6	28 047	30 931
Government radio network	7	10 174	10 948
Depreciation and amortisation	8	11 519	12 337
Grants and subsidies	9	265	252
Net loss from disposal of non-current assets	10	148	59
Devaluation of land held for resale		-	560
Total expenses		64 117	67 926
Income:			
Revenues from fees and charges	11	540	377
Commonwealth revenues	12	2 030	2 423
Interest revenues	13	399	137
Resources received free of charge	14	22	190
Group/Brigade revenues	15	85	272
Other income	16	386	254
Total income		3 462	3 653
Net cost of providing services		60 655	64 273
Revenues from SA Government:			
Revenues from SA Government	17	62 657	64 672
Net result		2 002	399
Other comprehensive income:			
Changes in revaluation of property, plant and equipment asset revaluation surplus		-	1 203
Total other comprehensive income		-	1 203
Total comprehensive result		2 002	1 602

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

Statement of Financial Position
as at 30 June 2011

	Note	2011 $'000	2010 $'000
Current assets:			
Cash and cash equivalents	18	9 991	5 882
Receivables	19	1 507	1 903
Other financial assets	20	1 901	1 815
Property held for sale	21	940	940
Total current assets		14 339	10 540
Non-current assets:			
Property, plant and equipment	22	153 420	151 339
Intangible assets	23	170	286
Total non-current assets		153 590	151 625
Total assets		167 929	162 165
Current liabilities:			
Payables	24	6 248	4 252
Employee benefits	25	1 273	1 454
Provisions	26	784	591
Total current liabilities		8 305	6 297
Non-current liabilities:			
Payables	24	184	185
Employee benefits	25	2 085	1 842
Provisions	26	4 197	2 685
Total non-current liabilities		6 466	4 712
Total liabilities		14 771	11 009
Net assets		153 158	151 156
Equity:			
Asset revaluation surplus	27	52 107	52 107
Retained earnings	27	101 051	99 049
Total equity		153 158	151 156

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	29		
Contingent assets and liabilities	30		

Statement of Changes in Equity
for the year ended 30 June 2011

	Note	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2009	27	50 904	98 650	149 554
Net result for 2009-10	27	-	399	399
Gain (Loss) on revaluation of property, plant and equipment during 2009-10	27	1 203	-	1 203
Total comprehensive result for 2009-10		1 203	399	1 602
Balance at 30 June 2010	27	52 107	99 049	151 156
Net result for 2010-11	27	-	2 002	2 002
Total comprehensive result for 2010-11		-	2 002	2 002
Balance at 30 June 2011	27	52 107	101 051	153 158

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

Statement of Cash Flows
for the year ended 30 June 2011

	Note	2011 $'000	2010 $'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefit payments		(12 245)	(11 493)
Supplies and services payments		(33 239)	(35 157)
Government Radio Network payments		(8 849)	(10 425)
Grant and subsidies payments		(265)	(252)
Cash used in operations		(54 598)	(57 327)
Cash inflows:			
Fees and charges		918	720
Receipts from Commonwealth		2 353	2 925
Interest received		381	130
GST recovered from the ATO		4 686	5 397
Other receipts		1 409	514
Cash generated from operating activities		9 747	9 686
Cash flows from SA Government:			
Contributions from Community Emergency Services Fund	17	60 157	64 516
Other receipts from SA Government	17	2 500	156
Cash generated from SA Government		62 657	64 672
Net cash provided by (used in) operating activities	28	17 806	17 031
Cash flows from investing activities:			
Cash outflows:			
Purchase of investments		(86)	(362)
Purchase of property, plant and equipment		(14 047)	(14 829)
Cash used in investing activities		(14 133)	(15 191)
Cash inflows:			
Proceeds from sale of property, plant and equipment		436	592
Cash generated from investing activities		436	592
Net cash provided by (used in) investing activities		(13 697)	(14 599)
Net increase (decrease) in cash and cash equivalents		4 109	2 432
Cash and cash equivalents at 1 July		5 882	3 450
Cash and cash equivalents at 30 June	18	9 991	5 882

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives and funding

Objectives

The South Australian Country Fire Service (CFS) is established under the *Fire and Emergency Services Act 2005* (the Act) and is responsible under the Act for the following functions:

- to provide services with a view to preventing the outbreak of fires, or reducing the impact of fires, in the country
- to provide efficient and responsive services in the country for the purpose of fighting fires, dealing with other emergencies or undertaking any rescue
- to protect life, property and environmental assets from fire and other emergencies occurring in the country
- to develop and maintain plans to cope with the effects of fire or emergencies in the country

Objectives (continued)

- to provide services or support to assist with recovery in the event of a fire or other emergency in the country
- to perform any other function assigned to CFS by or under this or any other Act.

Funding arrangements

Funding of CFS is primarily derived from the Community Emergency Services Fund (the Fund), in accordance with the *Emergency Services Funding Act 1998*.

Funds generated by groups and brigades through fund raising activities are held locally for expenditure on CFS activities in the local community. These funds are recognised in CFS's financial statements.

2. Summary of significant accounting policies

(a) Statement of compliance

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

Except for AASB 2009-12, which the CFS has early-adopted, AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the CFS for the reporting period ending 30 June 2011. These are outlined in note 3.

(b) Basis of preparation

The preparation of the financial statements requires:

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

  (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of $100 000 for separate identification of these items may be utilised. CFS has elected to utilise this threshold in relation to transactions applicable to revenue and expense items. The threshold has not been applied to financial assets and financial liabilities, ie all financial assets and financial liabilities relating to SA Government have been separately disclosed

  (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.

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011 and the comparative information presented for the year ended 30 June 2010.

(c) Reporting entity

The CFS is established under the Act. Under the Act, the CFS is a separate body corporate acting on behalf of the Crown and part of the consolidated emergency services sector.

(d) Consolidation

In prior years CFS has reported the activities of CFS Foundation in the consolidated results. The CFS has obtained the Crown Solicitor's opinion, which was that the CFS Foundation is not controlled by CFS. As a result of this advice, CFS Foundation activities have now been removed from the financial statements and therefore consolidated accounts have not been presented in the current year and comparative year. The CFS Foundation reported the following results for 2009-10: income $21 000, expenses $67 000, cash and investments $350 000, receivables $5000 and creditors $1000.

(e) Comparative information

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

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

(f) Rounding

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

(g) Taxation

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

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

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

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

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

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

(h) Events after the end of the reporting period

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

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

(i) Income

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

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

(i) Income (continued)

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.

The following are specific recognition criteria:

Fees and charges

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

Commonwealth revenues

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

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

- contributions with unconditional stipulations - this will be when the agreement becomes enforceable ie the earlier of when the receiving entity has formally been advised that the contribution (eg grant application) has been approved; agreement/contract is executed; and/or the contribution is received
- contributions with conditional stipulations - this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

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

Resources received free of charge

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

Other income

Other income consists of donations received and other minor revenues.

Revenues from SA Government

Contributions from the Fund and other receipts from SA Government are recognised as income when the CFS obtains control over the funding. Control over funding is normally obtained upon receipt.

(j) Expenses

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

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

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

The following are specific recognition criteria:

Employee benefits expenses

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

Superannuation

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

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

Any loss on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deduction from proceeds of the asset at that time.

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

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

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

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

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

Class of asset	*Useful life (years)*
Communications equipment	10
Vehicles	20
Plant and equipment	10
Computer equipment	5
Intangibles	5
Buildings	40

(k) Current and non-current classification

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

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

(l) Assets

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

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

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

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

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

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

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

Other financial assets
CFS measures other financial assets at cost. All assets in this category are either short or medium term cash deposits.

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

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

Non-current assets - acquisition and recognition
Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental costs involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position.

In accordance with APF III, APS 2.15 all non-current tangible assets with a value of $10 000 or greater are capitalised.

Revaluation of non-current assets
All non-current tangible assets are valued at written down current cost (a proxy for fair value). On an ongoing basis, revaluations are made in accordance with related policies whereby independent valuations are obtained every five years and carrying amounts are adjusted accordingly.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, the asset is revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the asset 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 asset revaluation surplus to the extent of the credit balance existing in revaluations surplus for that asset class.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Long service leave
The liability for long service leave is recognised after an employee has completed 5.5 (eight) years of service. An actuarial assessment of long service leave undertaken by DTF based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the CFS's experience of employee retention and leave taken.

The unconditional portion of the long service leave provision is classified as current as the CFS does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

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

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

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

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2011 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.

CFS is responsible for the payment of workers compensation claims.

Financial liabilities
CFS measures financial liabilities at historical cost.

Operating leases
In respect of operating leases, the lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased items. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

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

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

In accordance with amendments to APS 4.8 within APF II, effective 1 July 2010, CFS has disclosed all employees whose normal remuneration is equal to or greater than the base executive level remuneration. Previously APS 4.8 within APF II required CFS to disclose all employees whose normal remuneration was equal to or greater than $100 000. This change is reflected in note 5.

The CFS did not voluntarily change any of its accounting policies during 2010-11.

Except for the amending standard AASB 2009-12, which CFS has early-adopted, the AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by CFS for the period ending 30 June 2011. CFS 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 CFS.

4. Activities of the CFS

In achieving its objectives, the CFS provides services within six areas of activity: leadership, prevention and community preparedness, operational preparedness, response, recovery, and business excellence. These services are classified under one activity titled 'South Australian Country Fire Service'.

5. Employee benefits expenses

	2011 $'000	2010 $'000
Salaries and wages	8 352	7 886
Annual leave	807	761
Long service leave	464	516
Employment on-costs - superannuation	839	826
Payroll tax	504	486
Workers compensation costs	2 747	2 164
Other employee related expenses	251	200
Total employee benefits expenses	13 964	12 839

The table below includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $1.743 million. ($1.401 million).

The number of employees whose remuneration received or receivable falls within within the following bands:	2011 Number	2010 Number
$127 500 - $130 699*	-	1
$130 700 - $140 699	5	5
$140 700 - $150 699	1	-
$150 700 - $160 699	1	1
$160 700 - $170 699	1	-
$170 700 - $180 699	-	1
$180 700 - $190 699	1	-
$200 700 - $210 699	1	-
$210 700 - $220 699	1	-
$260 700 - $270 699	-	1
Total	11	9

* This band has been included for the purposes of reporting comparative figures based on the executive base level rate for 2009-10.

Accounting policy change

In accordance with the revised APF II, the CFS has changed its accounting policy and now discloses all employees who receive remuneration equal to or greater than the base executive remuneration level rather than all employees who receive remuneration equal to or greater than $100 000. The impact of this change in accounting policy is the number of employees disclosed has reduced by 22 (21).

6. Supplies and services

	2011 $'000	2010 $'000
Accommodation	95	64
Aerial firefighting	6 096	7 623
Communications	1 137	1 156
Computing costs	804	1 103
Consultancy, contractor and legal fees	1 787	1 338
Consumables	1 887	1 751
Energy	515	500
Auditor's remuneration	28	22
Minor plant and equipment	1 819	1 723
Operating lease costs	2 813	2 616
Operational costs	688	1 046
Repairs and maintenance	4 626	4 924
Travel and training	1 366	1 365
Uniforms and protective clothing	1 395	1 341
Transfer of capital funding - Information Management System projects	-	108
Other expenses	2 991	4 251
Total supplies and services	28 047	30 931

Consultancies	2011	2010	2011	2010
The number and dollar amount of consultancies paid/payable (included in consultant expenses shown above) fell within the following bands:	Number	Number	$'000	$'000
Below $10 000	-	3	-	10
Between $10 000 and $50 000	1	1	33	16
Total amount paid/payable to consultants engaged	1	4	33	26

Auditor's remuneration

Auditor's remuneration (included in the auditor's remuneration expense amount shown above) represents amounts paid/payable to the Auditor-General's Department for audit services. No other services were provided by the Auditor-General's Department.

	2011	2010
	$'000	$'000
Audit fees paid/payable to the Auditor-General's Department	28	22
Total audit fees	28	22

Supplies and services provided by entities within the SA Government

The following supplies and services (included in the supplies and services expense amounts shown above) were provided by entities within the SA Government:		
Accommodation	53	45
Aerial firefighting	51	107
Communication	48	41
Computing costs	140	130
Consultancy, contractor and legal fees	68	65
Consumables	320	328
Energy	14	12
Auditor's remuneration	28	22
Operating lease costs	2 052	1 807
Operational costs	1	2
Repairs and maintenance	180	185
Travel and training	8	9
Uniforms and protective clothing	-	5
Transfer of capital funding - IMS projects	-	108
Other expenses	210	522
Total supplies and services provided by entities within the SA Government	3 173	3 388

7. Government Radio Network

Voice	7 967	8 635
Paging	2 207	2 313
Total Government Radio Network expense	10 174	10 948

8. Depreciation and amortisation

Depreciation:		
Buildings	2 292	2 215
Vehicles	6 315	7 056
Computers	60	109
Plant	290	326
Communications	2 446	2 447
Total depreciation	11 403	12 153
Amortisation:		
Software	116	184
Total amortisation	116	184
Total depreciation and amortisation	11 519	12 337

9. Grant and subsidies

Grants to individuals and community organisations	265	252
Total grants and subsidies	265	252

All grants and subsidies are provided to non-SA Government recipients.

10. Net gain (loss) from disposal of non-current assets	2011	2010
Land and buildings	$'000	$'000
Proceeds from disposal	5	-
Net book value of assets disposed	(19)	-
Net gain (loss) from disposal	14	-
Vehicles		
Proceeds from disposal	431	559
Net book value of assets disposed	(565)	(630)
Net gain (loss) from disposal	(134)	(71)
Plant and equipment		
Proceeds from disposal	-	33
Net book value of assets disposed	-	(21)
Net gain (loss) from disposal	-	12
Total assets		
Total proceeds from disposal	436	592
Total value of assets disposed	(584)	(651)
Net gain (loss) from disposal of non-current assets	(148)	(59)

11. Revenues from fees and charges

Fire safety fees	86	84
Training and other recoveries	446	244
Salary recoveries	-	1
Other recoveries	8	48
Total revenues from fees and charges	540	377

Fees and charges received/receivable from entities within the SA Government

The following fees and charges (included in the revenues from fees and charges shown above) were received/receivable from entities within the SA Government:

Training and other recoveries	104	125
Total fees and charges received/receivable from entities within the SA Government	104	125

12. Commonwealth revenues

Grants and contributions	2 030	2 423
Total Commonwealth revenues	2 030	2 423

Commonwealth revenues include contributions towards aerial firefighting costs through the National Aerial Firefighting Centre Ltd, contributions towards the cost of providing fire and emergency services to Commonwealth property in CFS areas and one-off project grants.

Contributions through the National Aerial Firefighting Centre Ltd can only be applied to aircraft leasing and positioning costs and must be matched by State Government funding on a least a dollar for dollar basis. Once off project grants are subject to specific funding agreements.

13. Interest revenues	2011	2010
	$'000	$'000
Interest on deposit accounts - from entities within the SA Government	399	137
Total interest revenue	399	137

14. Resources received free of charge

Asset contributions from local government councils and other organisations	22	190
Total resources received free of charge	22	190

During the 2010-11 financial year, one additional property (with a value of $22 000) was transferred to CFS free of charge.

15.	Groups/Brigades revenues	2011	2010
		$'000	$'000
	Groups/Brigades fundraising	85	272
	Total units/groups/brigades revenues	85	272

16.	Other income		
	Rent received	36	35
	Donations	-	10
	Insurance recoveries	81	-
	Other	269	209
	Total other income	386	254

Other income received/receivable from entities within the SA Government

The following other income (included in the other income revenues shown above) was received/receivable from entities within the SA Government:		
Insurance recoveries	80	-
Other	18	321
Total other income from SA Government	98	321

17.	Revenues from SA Government		
	Contributions from Community Emergency Service Fund	60 157	64 516
	Other revenue from SA Government	2 500	156
	Total revenues from SA Government	62 657	64 672

Total revenues from government consists of $49.254 million ($50.627 million) for operational funding and $13.403 million ($14.045 million) for capital projects.

18.	Cash and cash equivalents		
	Cash on hand	6	6
	Deposits with the Treasurer	6 522	2 385
	Cash at bank (non-SA Government)	446	473
	Cash on hand (non-SA Government) - groups/brigades	2 766	2 797
	Short-term deposits (non-SA Government) - groups/brigades	251	221
	Total cash and cash equivalents	9 991	5 882

Short-term deposits

Short-term deposits are made for varying periods of between one day and three months and are lodged with various financial institutions at their respective short-term deposit rates.

Interest rate risk

Cash on hand is non-interest bearing. Deposits with the Treasurer and cash at bank earns a floating interest rate based on daily bank deposit rates, whilst short-term deposits are lodged with various financial institutions at their respective short-term deposit rates. The carrying amount of cash and cash equivalents approximates fair value.

19.	Receivables	2011	2010
	Current:	$'000	$'000
	Receivables	195	1 515
	Allowance for doubtful debts	-	(778)
		195	737
	Accrued revenues	126	49
	Prepaid salaries and wages	38	-
	GST input tax recoverable	1 148	1 117
	Total current receivables	1 507	1 903

All receivable amounts disclosed above are expected to be recovered within 12 months after reporting date.

Receivables from SA Government entities

The following receivables (included in the receivables shown above) were receivable from entities within the SA Government:		
Receivables	42	20
Allowance for doubtful debts	-	-
	42	20
Accrued revenues	28	43
Prepaid salaries and wages	3	-
Total receivables - SA Government entities	73	63

Movements in the allowance for doubtful debts (impairment loss)	2011	2010
	$'000	$'000
Carrying amount at 1 July	(778)	-
Decrease (Increase) in the allowance	778	(778)
Carrying amount at 30 June	-	(778)

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information

Refer note 33.

20. Other financial assets

	2011	2010
	$'000	$'000
Short-term deposits	-	1
Medium-term deposits - groups and brigades	1 901	1 814
Total other current financial assets	1 901	1 815

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information - refer note 33.

21. Property held for sale

Land held for sale	940	940
Total property held for sale	940	940

Construction of a new co-sited emergency services facility in Port Lincoln was completed 2009-10. A tender to sell during 2010-11 failed to be realised, and therefore the property remains on the market for sale.

22. Property, plant and equipment

	2011	2010
Land:	$'000	$'000
At valuation	11 346	11 345
At cost (deemed fair value)	47	-
Total land	11 393	11 345
Buildings:		
At valuation	42 305	42 309
At cost (deemed fair value)	8 849	3 993
Accumulated depreciation	(4 501)	(2 215)
Total buildings	46 653	44 087
Vehicles:		
At valuation	72 711	73 423
At cost (deemed fair value)	17 523	10 385
Accumulated depreciation	(13 169)	(7 001)
Total vehicles	77 065	76 807
Communication equipment:		
At valuation	10 032	10 032
At cost (deemed fair value)	3 182	1 760
Accumulated depreciation	(4 893)	(2 447)
Total communication equipment	8 321	9 345
Computer equipment:		
At valuation	169	169
Accumulated depreciation	(169)	(109)
Total computer equipment	-	60

22. Property, plant and equipment (continued)

	2011	2010
Plant and equipment:	$'000	$'000
At valuation	1 756	1 756
At cost (deemed fair value)	276	276
Accumulated depreciation	(613)	(323)
Total plant and equipment	1 419	1 709
Capital work in progress:		
At cost (deemed fair value)	8 569	7 986
Total capital work in progress	8 569	7 986
Total property, plant and equipment	153 420	151 339

Valuation of assets

At 30 June 2011, valuations were undertaken by a suitably qualified officer of SAFECOM. The assessment indicated there was no material difference between the fair value and carrying amount of the assets and consequently no revaluation adjustments were required. All assets have been valued on the basis of written down current cost or open market values for existing use, which is considered to be equivalent to fair value.

At 30 June 2010, management exercised its discretion and revalued land. Values used were based upon desktop values obtained from Liquid Pacific Mr M Burns, MRICS, AAPI (CPV).

At 30 June 2008 Independent valuations for land, buildings, vehicles and communication assets were obtained from Liquid Pacific Mr M Burns, MRICS, AAPI (CPV). The valuer arrived at fair value on the basis of open market values for existing use or at written down current cost which is considered to be equivalent to fair value.

Impairment

There were no indications of impairment for property, plant and equipment as at 30 June 2011.

Movement reconciliation of property, plant and equipment

	Land	Buildings	Vehicles	Communications equipment	Computer equipment	Plant and equipment	Capital work in progress	Total
2011	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July	11 345	44 087	76 807	9 345	60	1 709	7 986	151 339
Additions	47	-	-	-	-	-	13 999	14 046
Transfers to (from) capital WIP	-	4 856	7 138	1 422	-	-	(13 416)	-
Depreciation expense	-	(2 292)	(6 315)	(2 446)	(60)	(290)	-	(11 403)
Assets received for nil consideration	1	21	-	-	-	-	-	22
Disposals	-	(19)	(565)	-	-	-	-	(584)
Carrying amount at 30 June	11 393	46 653	77 065	8 321	-	1 419	8 569	153 420
2010								
Carrying amount at 1 July	9 952	42 309	73 991	10 032	169	1 780	9 375	147 608
Additions	-	-	-	302	-	82	14 758	15 142
Transfers to (from) capital WIP	-	3 993	10 502	1 458	-	194	(16 147)	-
Depreciation expense	-	(2 215)	(7 056)	(2 447)	(109)	(326)	-	(12 153)
Net revaluation increment	1 203	-	-	-	-	-	-	1 203
Assets received for nil consideration	190	-	-	-	-	-	-	190
Disposals	-	-	(630)	-	-	(21)	-	(651)
Carrying amount at 30 June	11 345	44 087	76 807	9 345	60	1 709	7 986	151 339

23. Intangibles

	2011	2010
Computer software - externally generated:	$'000	$'000
At cost (deemed fair value)	970	970
Accumulated amortisation	(800)	(684)
Total computer software	170	286
Total intangible assets	170	286

Movement reconciliation of intangible assets

	2011	2010
Carrying amount at 1 July	286	470
Amortisation expense	(116)	(184)
Carrying amount at 30 June	170	286

Asset details and amortisation

Intangible assets detailed above relate to computer software externally acquired. All computer software is amortised over a straight-line basis with a total useful life of five years.

Impairment
There were no indications of impairment of intangible assets at reporting date.

24. Payables

	2011	2010
Current:	$'000	$'000
Accruals	573	1 437
Creditors	5 362	2 500
FBT payable	59	52
Employment on-costs	254	263
Total current payables	6 248	4 252

All payable amounts disclosed above are expected to be paid within 12 months after reporting date.

Current payables to entities within the SA Government
The following payables (included in the payables shown above) were payable to entities within the SA Government:

Accrued expenses	269	1 020
Creditors	2 681	1 178
FBT payable	59	-
Employee benefit on-costs	254	238
Total payables to SA Government entities	3 263	2 436

Non-current liabilities:		
Employment on-costs	184	185
Total non-current payables	184	185

Non-current payables to entities within the SA Government
The following payables (included in the payables shown above) were payable to entities within the SA Government:

Employment on-costs	184	-
Total non-current payables to SA Government entities	184	-

Employment on-costs
As a result of an actuarial assessment performed by DTF, the percentage of the proportion of long service leave taken as leave has changed to 35 percent (45 percent) and the average factor for the calculation of employer superannuation cost on-cost has changed to 10.3 percent (10.5 percent). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of $12 000 and employee benefit expense of $12 000. The estimated impact on future periods is not expected to be materially different to the effect on the current period as shown above.

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

Maturity analysis of payables and categorisation of financial instruments and risk exposure information
Refer note 33.

25. Employee benefits

	2011	2010
Current:	$'000	$'000
Accrued salaries and wages	-	285
Annual leave	994	960
Long service leave	279	209
Total current employee benefits	1 273	1 454

All employee benefit amounts shown above are expected to be paid within 12 months after reporting date.

Non-current:		
Long service leave	2 085	1 842
Total non-current employee benefits	2 085	1 842

25. Employee benefits (continued)

Based on an actuarial assessment performed by DTF, the benchmark for the measurement of the long service leave liability has been revised to 5.5 years (8 years). The net financial effect of the changes in the current financial year is an increase in the long service leave liability of $161 000 and an increase in employee benefit expense of $161 000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions – a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement. However, the impact on future periods is not expected to be materially different to the effect on the current period as shown above.

In addition, the actuarial assessment performed by DTF also advised a salary inflation rate of 4 percent (4 percent). This rate is used in the calculation of the relevant employee benefits provisions.

26. Provisions

	2011	2010
Current:	$'000	$'000
Provisions for workers compensation	784	591
Total current provisions	784	591
Non-current:		
Provision for workers compensation	4 197	2 685
Total non-current provisions	4 197	2 685
Provision movement		
Carrying amount at 1 July	3 276	2 460
Additional provisions recognised (released)	2 745	2 165
Reductions arising from payments	(1 040)	(1 349)
Carrying amount at 30 June	4 981	3 276

CFS has reported a liability to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of DPC. These claims are expected to be settled within the next financial year.

27. Equity

Equity represents the residual interest in the net assets of CFS. The State Government holds the equity interest in CFS on behalf of the community. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets. The asset revaluation surplus is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2010	52 107	99 049	151 156
Net result for the financial year	-	2 002	2 002
Balance at 30 June 2011	52 107	101 051	153 158
Balance at 30 June 2009	50 904	98 650	149 554
Net result for the financial year	-	399	399
Gain (Loss) on revaluation of property, plant and equipment:			
Land	1 203	-	1 203
Net increment (decrement) related to revaluations	1 203	-	1 203
Balance at 30 June 2010	52 107	99 049	151 156

28. Cash flow reconciliation

	2011	2010
Reconciliation of cash and cash equivalents	$'000	$'000
Cash and cash equivalents at 30 June:		
Statement of Financial Position	9 991	5 882
Statement of Cash Flows	9 991	5 882

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services	2011 $'000	2010 $'000
Net cash provided by operating activities	17 806	17 031
Revenues from SA Government	(62 657)	(64 672)
Non-cash items:		
Depreciation and amortisation	(11 519)	(12 337)
Assets received free of charge	22	190
Devaluation of land held for resale	-	(560)
Net gain (loss) from disposal of non-current assets held for sale	(148)	(59)
Changes in assets/liabilities:		
Increase (Decrease) in receivables	(396)	(163)
Decrease (Increase) in payables	(1 996)	(2441)
Decrease (Increase) in employee benefits	(62)	(446)
Decrease (Increase) in provisions	(1 705)	(816)
Net cost of providing services	(60 655)	(64 273)

29. Unrecognised contractual commitments

Operating lease commitments

The total value of future non-cancellable operating lease commitments not provided for and payable as at the end of the reporting period is detailed below. These amounts have not been brought to account in the financial statements.

	2011 $'000	2010 $'000
Within one year	2 254	2 113
Later than one year but not later than five years	2 740	3 137
Later than five years	-	-
Total operating lease commitments	4 994	5 250

The above-mentioned operating lease payments are not recognised in the financial statements as liabilities. These non-cancellable leases relate to vehicle, property, plant and equipment leases, with rental payable monthly in arrears. Contingent rental provisions within the lease agreements require the minimum lease payments to be increased annually based on CPI movement.

Capital commitments

Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:

	2011 $'000	2010 $'000
Within one year	1 240	2 322
Total capital commitments	1 240	2 322

These capital commitments are for building and appliance projects.

Remuneration commitments

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

	2011 $'000	2010 $'000
Within one year	671	399
Later than one year but not later than five years	2 579	70
Total remuneration commitments	3 250	469

Amounts disclosed include commitments arising from executive contracts. CFS does not offer fixed-term remuneration contracts greater than five years. Salary increases of 4 percent per annum have been assumed in the calculation of remuneration commitments.

Other commitments

The total value of other commitments not provided for and payable as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.

	2011 $'000	2010 $'000
Within one year	287	5 425
Later than one year but not later than five years	305	464
Total other commitments	592	5 889

Other commitments (continued)

Contractual commitments relate to aerial firefighting, cleaning, and occupational welfare services.

30. Contingent assets and liabilities

Contingent assets

In 2009-10 CFS made prepayments for capital works projects of $855 800 for works that did not materialise. CFS is actively pursuing recovery.

Contingent liabilities

CFS has several contingent liabilities in the form of unresolved litigation. However, the outcome cannot be reliably determined at this stage. In each case the financial exposure to CFS is limited to a $10 000 excess under insurance arrangements.

At 30 June 2011, CFS had called in a bank guarantee of $100 000 due to non-completion of works specified in a deed of arrangement with a contracted supplier. The amount is recognised in the Statement of Comprehensive Income and the Statement of Financial Position. The works were completed subsequent to 30 June 2011 and the bank guarantee of $100 000 has now been repaid.

CFS are continuing to seek legal advice in relation to its obligations for payments to subcontractors, as a result of non-payment by the contracted construction management company for expenditure incurred on capital works construction projects during 2010. Following settlement during the year, of the majority of the $460 000 liability estimated and reported last year, the current legal exposure to liability is estimated to not exceed $30 000. In accordance with AASs, this amount has therefore not been recognised as a liability in the Statement of Financial Position, but rather disclosed as a contingent liability.

CFS is not aware of any other contingent liabilities.

31. Board members' remuneration

Members that were entitled to receive remuneration for membership during the 2010-11 financial year comprised of:

State Bushfire Coordination Committee

Ali Ben Kahn
Glenn Benham*
Jane Charles*
Franco Crisci*
Ann De Piaz*
Jennifer Dickins*
Fiona Dunstan*
Kylie Egan*
Bryan Fahy*
Euan Ferguson*
(retired 1 Dec 2010)
Susan Filby*
Paul Fletcher*
Andrew Grear*
David Hood
Meredith Jenner*
David Kemp*
(retired 28 Jan 2011)
Jeffrey Klitscher*
Suellen LeFebvre*
Jennifer Lillecrapp*
Vicki Linton*
Lisien Loan*
William McIntosh
Suzanne Mickan*
Timothy Milne
Dennis Mutton
John Nairn*
Greg Nettleton*
(appointed 11 Mar 2011)
Stephen Pascale*
Penelope Paton*
Sylvia Rapo*
Christopher Reed
David Robertson*
(retired 1 Oct 2010)
Vicki-Jo Russell*
Kenneth Schutz*
Katie Taylor*
Carol Vincent*
Andrew Watson*
Peter White
Michael Williams*

* Denotes $nil remuneration.

Following amendments to the Act during 2009-10, the South Australian Bushfire Prevention Advisory Committee has been replaced by the State Bushfire Coordination Committee.

The number of members whose remuneration received or receivable falls within the following bands:	2011 Number	2010 Number
$nil	32	54
$1 - $9 999	7	4
Total	39	58

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and salary sacrifice arrangements. The total remuneration received or receivable by members was $5030 ($1630).

31. Board members' remuneration (continued)

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

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

For the purposes of this table, travel allowances and other out-of-pocket expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct expenses incurred by relevant members.

32. Events subsequent to reporting date

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

33. Financial instruments/Financial risk management

33.1 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.

		2011		2010	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	Note	$'000	$'000	$'000	$'000
Cash and cash equivalents	18	9 991	9 991	5 882	5 882
Receivables(1)	19	359	359	786	786
Other financial assets	20	1 901	1 901	1 815	1 815
Financial liabilities					
Payables(1)	24	6 117	6 117	4 153	4 153

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

Credit risk

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

CFS has minimal concentration of credit risk. CFS has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

CFS does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in credit rating. Currently the CFS does not hold any collateral as security for any of its financial assets. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 19 for information on the allowance for impairment in relation to receivables.

33.2 Ageing analysis of financial assets

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

		Past due by			
	Current not overdue	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2011	$'000	$'000	$'000	$'000	$'000
Not impaired:					
Receivables	284	18	-	57	359
Other financial assets	1 901	-	-	-	1 901
Impaired:					
Receivables	-	-	-	-	-

33.2 *Ageing analysis of financial assets (continued)*

2010	Current not overdue $'000	Past due by: 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	755	14	-	17	786
Other financial assets	1 815	-	-	-	1 815
Impaired:					
Receivables	778	-	-	-	778

33.3 *Maturity analysis of financial assets and liabilities*

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

2011	Carrying amount $'000	Less than 1 year $'000	1-5 years $'000
Financial assets:			
Cash and cash equivalent	9 991	9 991	-
Receivables	359	359	-
Other financial assets	1 901	1 901	-
Total financial assets	12 251	12 251	-
Financial liabilities:			
Payables	6 117	6 039	77
Total financial liabilities	6 117	6 039	77
2010			
Financial assets:			
Cash and cash equivalent	5 882	5 882	-
Receivables	786	786	-
Other financial assets	1 815	1 815	-
Total financial assets	8 483	8 483	-
Financial liabilities:			
Payables	4 153	4 064	90
Total financial liabilities	4 153	4 064	90

The financial assets and liabilities of CFS are all current with maturity within the next 12 months.

Liquidity risk

Liquidity risk arises where CFS is unable to meet its financial obligations as they are due to be settled. CFS is funded principally from contributions from the Community Emergency Services Fund. The CFS and SAFECOM works with the Fund Manager of the Community Emergency Services Fund to determine cash flows associated with its Government approved program of work and with DTF to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. CFS settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

The carrying amount of financial liabilities recorded in the above table 'Categorisation of financial instruments' represent CFS's maximum exposure to financial liabilities.

Market risk

The CFS has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). The CFS's exposure to market risk and cash flow interest risk is minimal. There is minimal exposure to foreign currency or other price risks.

Sensitivity disclosure analysis

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

South Australian Fire and Emergency Services Commission

Functional responsibility

Establishment

The South Australian Fire and Emergency Services Commission (SAFECOM) was established by the *Fire and Emergency Services Act 2005* (the FES Act). SAFECOM is managed and administered by a Board established as the governing body. SAFECOM and its Board are responsible to the Minister for Emergency Services.

The FES Act defines the emergency services sector as consisting of the following emergency services organisations (ESOs):

- South Australian Fire and Emergency Services Commission
- South Australian State Emergency Service
- South Australian Country Fire Service
- South Australian Metropolitan Fire Service.

The FES Act requires that a consolidated financial report be prepared for the emergency services sector.

Functions

SAFECOM is responsible for developing and maintaining a strategic policy and sound corporate governance framework across the emergency services sector. SAFECOM supports the sector with the provision of corporate and strategic services and has strategic leadership responsibilities regarding state-wide emergency management.

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

Community Emergency Services Fund (the Fund)

SAFECOM is also responsible for administering the Fund which is established by the *Emergency Services Funding Act 1998* (ESF Act).

The Fund is the main source of funding for all emergency services sector agencies.

Audit mandate and coverage

Audit authority

Audit of the financial report

Subsection 31(1)(b) of the PFAA and subsection 21(2) of the FES Act provide for the Auditor-General to audit the accounts of SAFECOM and also the consolidated accounts for the emergency services sector for each financial year.

Assessment of controls

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

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

Scope of audit

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

The audit included access to systems and information maintained by SAFECOM and ESOs to conduct relevant financial transaction and control compliance tests of those systems and information.

The audit included a review of the overall internal control environment covering compliance with TIs and verification of transactions on a test basis. The scope of the audit included:

- expenditure
- payroll and employee entitlements
- revenue, including Commonwealth grants
- cash and receivables
- non-current assets, including asset valuation and capital works in progress
- financial accounting
- corporate governance and risk management
- budgetary control
- financial management compliance programs.

The audit included a follow-up of previous audit findings, especially those matters that required the reissuing of 2009-10 financial statements for SAFECOM, South Australian Country Fire Service (SACFS) and South Australian State Emergency Service (SASES).

This included a specific assessment of internal controls related to capital works in progress and capitalisation of completed assets covering procurement, asset valuation and record keeping practices to support asset transactions and management reporting.

The audit also covered the operations of the Fund.

Internal audit activities were reviewed to assess the risks of material misstatement of the financial statements and to design and perform audit procedures. Audit made use of the work performed by internal audit, including a building construction project internal audit report.

Status of 2009-10 events subsequent to reporting date

In my 2009-10 Supplementary Report to Parliament, tabled on 7 February 2011, I reported on certain matters that required the reissue of the 2009-10 financial statements. Events subsequent to the 30 June 2010 reporting date and other matters occurred that, after management consideration, required amendment to the previously published financial statements for SAFECOM, SACFS and SASES for the year ended 30 June 2010.

The following provides a summary of the status of these matters and actions by management since the tabling of my Supplementary Report.

Port Lincoln capital project

On 5 October 2010, Audit was advised that SAFECOM had concerns with a cost overrun associated with the SACFS/SASES Port Lincoln building project which is a co-sited station for both agencies. The pre-tender estimate for the project was $2.974 million and at 5 October 2010, the recorded expenditure for the project was $4.389 million.

The cost overrun was due mainly to unauthorised changes in project scope and additional site works for latent conditions. The project was administered under a conventional construction management model and a contractor was engaged to administer trade packages for the work. The project was overseen by a SAFECOM project manager. An executed contract defined the project scope including the approved budget and terms of contracted work.

In response to the cost overrun, SAFECOM:

- referred the matter to its Audit and Risk Management Committee which developed a review brief resulting in an internal audit being undertaken
- recommended and formally requested that the Government Investigation Unit (GIU), of the Attorney-General's Department also consider aspects of the project
- engaged a quantity surveyor/construction cost consultant to determine the estimated cost of the project
- advised that management estimated the value of outstanding claims with contractors attributable to the Port Lincoln project at between $500 000 and $600 000
- established a Building Project Control Committee to oversee other building works and provide advice and recommendations to management
- informed project managers that their authority was strictly limited to approved project budgets and scope.

The total final cost of the project was estimated at between $4.9 million and $5 million.

Follow-up of the Port Lincoln project and management actions as part of the 2010-11 assets audit revealed:

- the Port Lincoln Building Construction Project internal audit report was received by SAFECOM in February 2011 and recommended areas for improvement in internal controls for building projects
- management has implemented some of the internal audit recommendations during 2010-11 and are further considering the practical application of others
- the GIU concluded a review into aspects of the project and the responsibilities and actions of the project manager
- the GIU concluded its review and referred certain matters to the South Australia Police for further consideration
- the Crown Solicitor advised SAFECOM in August 2011 that the Anti-Corruption Branch of the South Australia Police has concluded its investigation and referred the matter to the Director of Public Prosecutions
- SAFECOM negotiated a settlement with the construction contractor including a reduction in the contract management fee.

In December 2010, SAFECOM engaged a quantity surveyor/construction cost consultant who determined that the anticipated project costs including fees for the Port Lincoln project would be in the order of $5 million to $5.5 million. The consultant considered that the project, with unauthorised changes in project scope and variations, was never achievable within the original budget recommended by the project manager.

The total capitalised project cost for the Port Lincoln project for SACFS and SASES, excluding land already owned, was $5.4 million as at 30 June 2011.

Other SACFS/SASES projects

In response to the matters identified from the Port Lincoln project, management undertook a review of other projects under the responsibility of the project manager. The review indicated further unauthorised payments on 18 other building projects.

Payments totalling $1.289 million to a common contracted construction manager were made to 30 June 2010 in advance of contract conditions being met or goods/services being received. These payments were not associated with the Port Lincoln project or the contractor involved in providing construction services to that project. After taking legal advice, SAFECOM requested that the construction manager repay monies and satisfy other conditions associated with work in progress on active projects. This request was refused and the contractor was directed to stop work on 15 October 2010 on three locations where work had commenced.

In addition, SAFECOM wrote to all subcontractors engaged by the construction manager seeking details of amounts owed and sought legal advice about its obligations to subcontractors as a result of non-payment. The amount of the exposure was estimated not to exceed $460 000 and was recognised as contingent liabilities in the SACFS and SAFECOM financial statements for the year ending 30 June 2010.

Follow-up of these matters during the 2010-11 audit revealed the following:

- No additional payments were made to the construction manager during 2010-11.
- The SACFS has subsequently made settlement payments to some affected subcontractors totalling $274 000.
- SAFECOM continues negotiations with other affected subcontractors and SACFS estimates further contingent liabilities up to $30 000.
- A process to recover advance payments and other amounts disbursed to the construction manager, including amounts for subcontractor settlement, is currently in progress.

Review of the three delayed capital work projects completed by another pre-qualified contractor revealed they were completed on the following dates:

- Balaklava 5 May 2011
- Hamley Bridge 5 May 2011
- Wilmington 6 May 2011.

2010-11 financial statements and disclosures

The SAFECOM financial statements for the year ended 30 June 2011 recognise the following disclosures:

- A contingent liability of $30 000 for payments to affected subcontractors (refer note 29 to the financial statements).
- $1.03 million as a contingent asset for payments in advance of contract conditions being met/prepayments for capital works projects for works that did not materialise (refer note 29).

Total project payments for the Port Lincoln project and other affected projects were transferred from capital works in progress during the year and are now reflected in capitalised land and buildings (refer note 21 to the financial statements).

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the South Australian Fire and Emergency Services Commission and its controlled entities as at 30 June 2011, their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the South Australian Fire and Emergency Services Commission 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 in relation to deficiencies in asset record keeping and management trails, cash at bank, TIs 2 and 28, other matters and shared services as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the South Australian Fire and Emergency Services Commission have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive, Chief Officers and other officers responsible for the governance of SAFECOM and ESOs. Responses to the management letters were generally considered to be satisfactory. Major matters raised with SAFECOM and the related responses are detailed below.

Deficiencies in asset record keeping and management trails

In my Supplementary Audit Report to Parliament tabled in February 2011, I commented on deficiencies relating to asset management and accounting and associated management trails for emergency services agencies. These deficiencies resulted in revised 2009-10 financial statements for SAFECOM and certain emergency services agencies being republished in the Supplementary Audit Report.

These deficiencies concerning asset management continued during the 2010-11 reporting period and resulted in difficulties and extended resource and time commitments for staff and Audit to locate records and information to:

- substantiate goods and/or services were received prior to the disbursement of funds
- ensure asset additions agreed to vendor issued invoices
- demonstrate that payments were appropriately approved.

SAFECOM advised that certain system/procedural changes, such as the e-Procurement solution (Basware), maintain an appropriate audit trail for goods received and payments approved. Audit acknowledges, subject to the issues detailed under the heading 'Shared services', that Basware has contributed to an improvement in audit trails but does not consider it to be sufficient in isolation. Audit considers the supporting documentation that needs to be maintained for significant asset purchases, either in Basware or other logical and easily accessible record systems, needs to improve.

The Port Lincoln Building Construction Project internal audit report recommended that SAFECOM amend their purchasing policy to specify what constitutes an acceptable form of certification of goods received. External Audit supports this recommendation and notes that it is yet to be considered and implemented by management.

To implement this recommendation in a practical way for the sector, Audit considers the types, complexity and significance of procurement activities undertaken should be analysed on a risk based approach and guidance provided to improve the level and location of supporting documentation. This will also assist management in approval and accounting treatment decisions for procurement activities and ensure that information is readily available to management.

Reliance on staff evidencing a goods received note and invoices for payment based on their own local knowledge and representation may be sufficient for certain lower value or simple procurement activities. For complex building works in progress and appliance construction procurements, a greater level of management accountability and scrutiny is appropriate. Documentation should be maintained and easily locatable to support decision making and financial transactions including:

- quotations, acquisition plans, business cases and procurement approvals
- contracts, attachments and service agreements
- contractor management reports detailing completion of contractual and quality requirements
- asset completion certificates or similar evidence from project managers with sufficient detail to demonstrate compliance with all approved requirements.

Where external contractors or the expertise of the former Department for Transport, Energy and Infrastructure (now titled the Department of Planning, Transport and Infrastructure) are engaged, appropriate evidence of their involvement, outcomes and recommendations should be maintained by staff to support payments and transactions reflected for each agency. Project managers should be able to demonstrate their understanding of how each stakeholder in the process has fulfilled their responsibilities and how a good or service was received or completed before approval and payment.

A Building Project Control Committee was established during 2010-11. Its ongoing monitoring role will require review and consideration at times of what asset information should be maintained. Audit understands that from August 2011, an improved system of monitoring and reporting to the Committee was implemented and includes detailed project reports of budget and actual information, assessment of budget and schedule risks in addition to general compliance with contracted terms and conditions.

Audit recommended that management perform an asset risk assessment to determine what constitutes an acceptable form of documentation and amend policy to improve record management systems to ensure supporting documentation is readily available to support asset transactions.

In response, SAFECOM advised that the recommendation by Audit is noted and SAFECOM will undertake a risk assessment. Any outcome of this review will need to ensure that systems introduced can be achieved within SAFECOM workforce numbers, including future staff reductions already factored in out-year budgets.

Capitalisation and valuation of assets

Review of asset capitalisations in July 2011 revealed that they were not regularly capitalised and recorded in asset ledgers during the year. Difficulties were also experienced in the current and previous audits related to asset valuation, reconciliation of subsidiary systems and the adequacy of working papers presented to support financial balances and disclosures.

Final asset valuations to support draft financial statement disclosures were not received until September 2011 and contributed to the decision not to include the 2010-11 financial statements of certain ESOs in my Annual Report tabled in Parliament in October 2011.

Audit recommended that management's attention to these issues, together with improving the deficiencies in asset record keeping and management trails, will assist in reducing the extent of audit sample testing of these financial statement disclosures and facilitate earlier completion of the 2011-12 financial statement audit.

SAFECOM advised that they considered the current year's (2010-11) asset valuations and the assessment of those valuations against prior year valuations was completed on time.

However, the asset assessment should have been made against the values presented in the 2009-10 financial statements, as the asset valuations for 2009-10 had not been adopted and presented in those statements. The revised assessment of current year valuations against the valuations used for the last year's financial statement did not meet audit timeframes.

Cash at bank

Review of bank reconciliations prepared during 2010-11 identified that the balance of deposits held with the Treasurer for SASES, recorded within the SAFECOM deposit account, was overdrawn twice during the year. The account was overdrawn by $222 000 in July and $531 000 in January 2011.

TI 6 requires each chief executive to ensure that at no time are any special deposit accounts and deposit accounts overdrawn. Whilst the SAFECOM deposit account in total was not overdrawn, the SASES is a separate legal and reporting entity and their financial commitments should be separately and appropriately managed, including cash forecasting to ensure that their bank account is not overdrawn. An overdrawn SASES bank account is effectively subsidised by other ESOs.

In 2009-10, Audit recommended that appropriate cash monitoring and forecasting be undertaken when managing the financial commitments of all ESOs to ensure that cash is not overdrawn. Where an overdraft occurs this situation should be rectified immediately.

SAFECOM agreed with this recommendation in 2009-10. The SASES bank account at 30 June 2011 was returned to surplus.

It was recommended that SAFECOM assign the responsibility of cash monitoring and forecasting to a specific officer and check its compliance through the Board or Audit and Risk Management Committee.

In response, SAFECOM advised that Audit's recommendation is noted and they will ensure monthly cash balances are reported on an agency basis to the SAFECOM Board, and a regular monthly forecast of cash balance is undertaken by business managers.

TIs 2 and 28

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

Policies and procedures

TI 2.5 requires each chief executive to ensure that policies, procedures and systems are properly documented. That documentation must be reviewed regularly, revised where necessary and be readily available to relevant officers.

Review of policies and procedures at the ESO and business unit level revealed a number that were last reviewed two to three years ago. It was recommended that all policies and procedures be reviewed and updated as part of the annual FMCP process.

Financial reporting and completion of FMCPs

Section 23(1) of the PFAA requires each public authority to provide financial statements complying with TIs to the Auditor-General within 42 days after the end of the financial year. The financial statements must also be accompanied by a certificate which includes a representation that they comply with the accounts and records of the agency, TIs and a statement as to the effectiveness of the internal controls employed by the authority.

Completion of FMCPs provides those signing the certificate with assurance that internal controls were operating effectively throughout the organisation and during the entire financial period.

The 2009-10 audit recommended that SAFECOM revises its financial management policy to ensure all FMCPs are completed, summarised and considered by management to support the financial statement process and consistent with the 11 August financial reporting timeframe. It was also recommended that the financial management policy be updated to document the information, Shared Services SA (SSSA) representations and timeframes required for assessing the overall control environment of the emergency services sector including those controls where SSSA is custodian.

The FMCP charter and associated attachments were revised during 2010-11 and now require FMCPs to be completed by 11 August each year. In addition, the attachment also requires where supporting documentation for certification of internal controls is required by an external party to the sector, such as SSSA, documentation shall be requested and finalised around the same time as the distribution and completion of the agency templates.

However, review of FMCPs and the SSSA annual internal control letter for 2010-11 revealed these were not completed or assessed by the 11 August timeframe. Consequently, control issues identified by management and SSSA were not fully considered before the certification of the draft financial statements. FMCPs were subsequently completed and provided to management to support certifications.

Partial and non-compliance matters

Audit also observed a number of completed FMCPs that indicated partial or non-compliant areas with original timeframes that had elapsed.

It was suggested that actions to address these areas be integrated into other existing business plans and monitoring frameworks to ensure identified matters are progressed.

In response to these matters, SAFECOM advised that:

- a general reminder will be forwarded to all managers by the Chief Executive to ensure that reviews of policies and procedures are carried out in the timeframes detailed within their polices and procedures

- an advice will be forwarded to chief officers and SAFECOM managers reminding all of the importance of the FMCP

- they will start the annual review process earlier in future financial years to ensure the entire process is completed prior to 11 August each year.

Other audit findings

Other matters raised by Audit include ensuring that:

- delegations within Basware are aligned to approved delegations
- current users in Basware are reviewed for terminated employees and policies and procedures updated
- payroll bona fide reports and leave returns are regularly reviewed, approved and supporting documentation maintained to evidence this function
- information technology strategic (ITS) plans need to be finalised
- arrangements for monitoring and approving payments with an external contractor for the South Australian Computer Aided Dispatch project could be improved.

In response, SAFECOM advised that:

- the findings were noted and a quarterly review will be introduced by business managers for Basware delegations and user access
- a reminder will be forwarded to chief officers and SAFECOM managers of the need to ensure that all bona fide reports and supporting documentation are maintained, reviewed and evidenced in accordance with established policy
- a reminder will be forwarded to chief officers and SAFECOM managers of the need to ensure that leave return reports are maintained, reviewed and evidenced in accordance with established documents
- once a current service level agreement is reached with SSSA, SAFECOM policies and procedures will be updated
- chief officers and all SAFECOM managers will be given a general reminder to ensure contractor's work performed is in line with contractual arrangements and appropriately authorised
- the ITS plan is being developed.

Shared services

The following summarises audit findings from reviews of the Shared Services SA (SSSA) financial management functions relevant to SAFECOM and ESOs.

Expenditure – the e-Procurement control environment at SSSA

The audit review of SAFECOM and ESO expenditure processes considered controls implemented by SSSA for the common e-Procurement systems. The e-Procurement systems were implemented during 2010-11 and provide a common automated systems platform for processing procurement and accounts payable transactions.

The review identified a number of areas of control weaknesses in the e-Procurement systems control environment at SSSA. The audit findings were communicated to SSSA and agencies at the conclusion of the review. SSSA has advised proposed action to address the audit findings and recommendations.

This matter is discussed in more detail in the Department of Treasury and Finance section in Part B of the 2010-11 Auditor-General's Annual Report to Parliament.

Other SSSA findings

Other SSSA matters raised by Audit include:

- management should further consider the controls associated with the risk of duplicate payments including review of duplicate vendors
- invoices submitted for payment should be reviewed to ensure they are appropriately authorised for payment
- service level determinations need to be updated for e-procurement
- accounts payable reconciliations should be prepared, reviewed and evidenced on a timely basis
- policies and procedures need to be documented, endorsed and regularly reviewed in accordance with TI 2.

In response, SSSA advised that:

- they are in the process of establishing a project and a number of improvements to reduce the risk associated with duplicate payments. A bi-annual review of vendors is also conducted
- staff were provided with additional training to reduce the risk of future payments being processed without invoice approvals
- they have revised the accounts payable service level documentation for e-Procurement and it will be reissued to the agency for final approval
- accounts payable reconciliations are prepared, reviewed and evidenced on a timely basis
- they are committed to reviewing, and where required, updating all procedures.

Interpretation and analysis of the financial report

Highlights of the financial report - consolidated emergency services sector

	2011 $'million	2010 $'million
Expenses		
Employee benefits expenses	121	119
Depreciation and amortisation	20	21
Supplies and services	50	55
Other expenses (includes payments to SA Government)	16	18
Total expenses	207	213
Income		
Total income	16	13
Net cost of providing services	(191)	(200)
Total revenues from (payments to) SA Government	190	196
Net result	(1)	(4)

	2011 $'million	2010 $'million
Other comprehensive income	-	8
Total comprehensive result	(1)	4
Net cash provided by (used in) operating activities	25	28
Assets		
Current assets	54	52
Non-current assets	331	329
Total assets	385	381
Liabilities		
Current liabilities	30	26
Non-current liabilities	34	33
Total liabilities	64	59
Total equity	321	322

Statement of Comprehensive Income

The main source of revenue for the sector is contributions from the Fund of $187 million ($194 million), which accounts for 90 percent of total income (refer note 16 to the financial statements).

Total expenses decreased by $5.4 million essentially due to decreased costs of services and supplies including:

- aerial support costs of $1.5 million
- SAFECOM reductions in publications and campaigns of $2 million
- SACFS and SASES reductions in provisions for doubtful debts of $933 000.

Expenses are dominated by employee benefits expenses of $121 million ($119 million), which represent 59 percent of total expenses. During 2010-11, employee benefits expenses increased by $2 million or 2 percent. While salaries and wages rose $4.2 million this was more than offset by a decrease in workers compensation expense of $4.9 million.

Statement of Financial Position

Non-current assets of $331 million represent 86 percent of total assets. The main asset classes held are land and buildings (fair value of $185 million) and vehicles (fair value of $115 million).

Non-current assets increased by $2 million as a result of additions through various projects ($24 million) offset by depreciation charges ($20 million) during the period.

Highlights of the financial report - SAFECOM

	2011 $'million	2010 $'million
Expenses		
Employee benefits expenses	9	10
Supplies and services	5	7
Other expenses	3	2
Total expenses	17	19

	2011 $'million	2010 $'million
Income		
Total income	6	3
Net cost of providing services	(11)	(16)
Revenues from SA Government	17	20
Net and total comprehensive result	6	4
Net cash provided by (used in) operating activities	6	5
Assets		
Current assets	14	10
Non-current assets	3	2
Total assets	17	12
Liabilities		
Current liabilities	2	3
Non-current liabilities	3	3
Total liabilities	5	6
Total equity	12	6

Statement of Comprehensive Income

Revenues from SA Government

SAFECOM is primarily funded from contributions from the Fund which in 2010-11 totalled $16 million ($19 million). This represents 71 percent of total revenue.

Expenses

Total expenses decreased by $2 million with employee benefits expenses down $1 million and supplies and services down $2 million. Employee benefits expenses are the main expense category of SAFECOM totalling $9 million in 2010-11 which represents 55 percent of total expenses.

Administered comprehensive income

Contributions, by way of levies, are made by all owners (including both State and Local Government) of both fixed and mobile property to fund the provision of emergency services. Levies are collected in accordance with the ESF Act. The levy on fixed property applies to capital values adjusted for location and land use and is collected by RevenueSA. The levy on mobile property is collected by the former Department for Transport, Energy and Infrastructure using the vehicle registration system. In addition, the Government makes a contribution in the form of remissions of levies charged.

All levy receipts are paid into the Fund from which payments are made to ESOs to meet the costs of collection and administration.

The following table shows the relationship over the past four years between the levies collected and the cash payments to ESOs. The transactions outlined represent the activities of the Fund combining the administration periods of the Attorney-General's Department and SAFECOM.

	2011 $'million	2010 $'million	2009 $'million	2008 $'million
Emergency Services levies collected*	222	221	220	208
Payments to emergency services sector**	223	227	219	208
	(1)	(6)	1	-

* Includes interest and other income

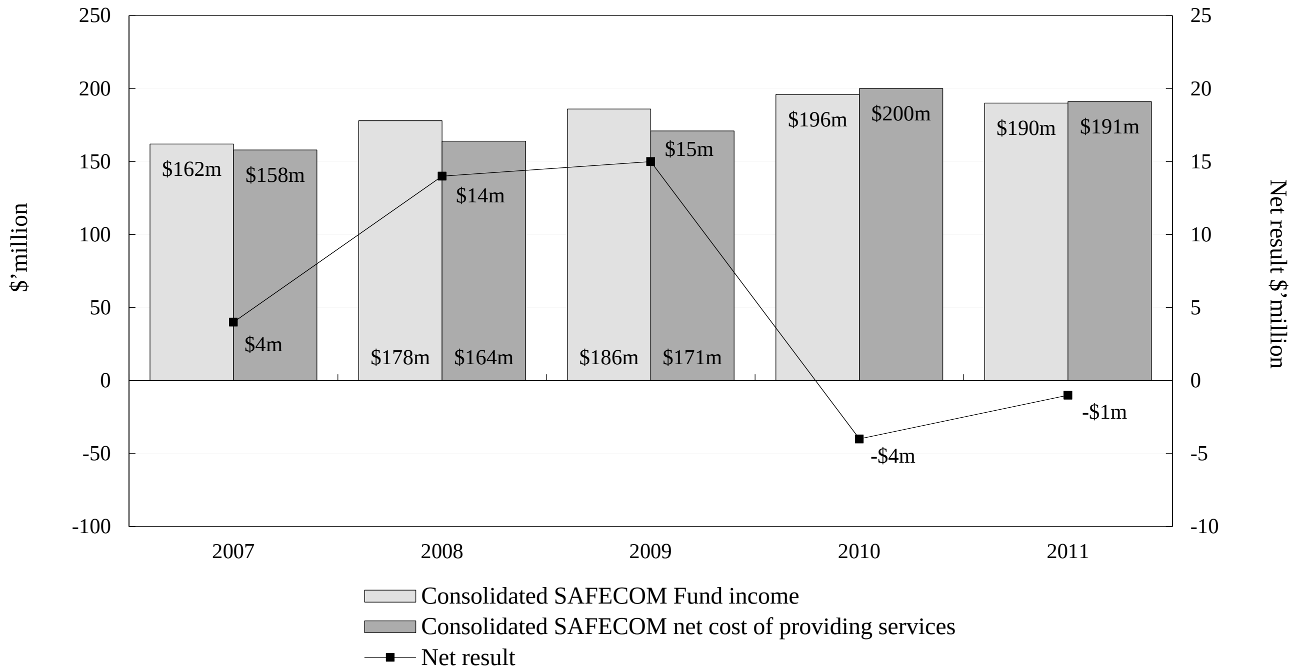
** Includes levy collection and administration costs.

Levies and other revenues are collected in accordance with the ESF Act to fund the approved budget of ESOs and other payments. Emergency Services levies collected, $219 million, remained at the same level as the previous year. While fixed property collections rose $6 million, fixed property remission revenue was down by $7 million.

The table shows that the payments to the emergency services sector have increased by $15 million (7 percent) over the four years.

In 2010-11, payments to SA Government administrative units decreased by $7 million to $210 million. The predominant reason for the increase was lower payments to SAFECOM, down $2.8 million, and the SACFS, down $4.4 million.

The following table shows the consolidated funding received by SAFECOM from the Fund and the net cost of services for the past five years to 2010-11:



Administered Statement of Financial Position

At 30 June 2011 current assets of $5.3 million, including cash and cash equivalents of $2.2 million exceed current liabilities of $4.6 million by $746 000. During 2010-11 administered receivables decreased by $1.5 million to $3.1 million.

Statement of Comprehensive Income
for the year ended 30 June 2011

		Consolidated		SAFECOM	
		2011	2010	2011	2010
	Note	$'000	$'000	$'000	$'000
Expenses:					
Employee benefits expenses	5	121 406	119 014	9 225	10 348
Supplies and services	6	49 665	54 895	5 260	7 367
Government Radio Network (GRN)	7	13 647	14 890	-	-
Depreciation and amortisation expense	8	20 066	21 188	322	250
Grants and subsidies	9	2 280	2 018	1 939	1 692
Net loss from disposal of non-current assets	10	133	48	-	-
Devaluation of land held for resale		-	560	-	-
Total expenses		207 197	212 613	16 746	19 657
Income:					
Revenues from fees and charges	11	4 654	3 707	550	553
Commonwealth revenues	12	7 840	6 030	4 687	1 752
Interest revenues	13	2 104	1 520	477	185
Resources received free of charge	14	22	190	-	-
Other income	15	2 086	1 500	109	634
Total income		16 706	12 947	5 823	3 124
Net cost of providing services		190 491	199 666	10 923	16 533
Revenues from (Payments to) SA Government:					
Revenues from SA Government	16	190 994	195 531	17 153	20 089
Payments to SA Government	16	1 174	-	-	-
Total revenues from (payments to) SA Government		189 820	195 531	17 153	20 089
Net result		(671)	(4 135)	6 230	3 556
Other comprehensive income:					
Changes in property, plant and equipment asset revaluation surplus	26	-	8 628	-	-
Total other comprehensive income		-	8 628	-	-
Total comprehensive result		(671)	4 493	6 230	3 556

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

Statement of Financial Position
as at 30 June 2011

		Consolidated		SAFECOM	
		2011	2010	2011	2010
	Note	$'000	$'000	$'000	$'000
Current assets:					
Cash and cash equivalents	17	46 000	43 395	12 540	8 413
Receivables	18	4 540	4 380	1 474	1 215
Other financial assets	19	2 157	2 028	-	-
Property held for sale	20	1 195	2 090	-	-
Total current assets		53 892	51 893	14 014	9 628
Non-current assets:					
Property, plant and equipment	21	330 475	327 510	2 696	1 274
Intangibles	22	818	1 166	584	765
Total non-current assets		331 293	328 676	3 280	2 039
Total assets		385 185	380 569	17 294	11 667
Current liabilities:					
Payables	23	13 551	10 724	1 571	1 570
Employee benefits	24	13 495	13 077	1 006	1 290
Provisions	25	2 800	2 546	92	100
Total current liabilities		29 846	26 347	2 669	2 960
Non-current liabilities:					
Payables	23	1 882	1 953	199	239
Employee benefits	24	21 333	19 168	2 272	2 409
Provisions	25	11 260	11 566	319	454
Total non-current liabilities		34 475	32 687	2 790	3 102
Total liabilities		64 321	59 034	5 459	6 062
Net assets		320 864	321 535	11 835	5 605
Equity:					
Asset revaluation surplus	26	74 082	74 082	24	24
Retained earnings	26	246 782	247 453	11 811	5 581
Total equity		320 864	321 535	11 835	5 605

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	28
Contingent assets and liabilities	29

Statement of Changes in Equity
for the year ended 30 June 2011

Consolidated	Note	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2009	26	65 454	251 588	317 042
Net result for 2009-10	26	-	(4 135)	(4 135)
Gain (loss) on revaluation of land reclassified for sale during 2009-10		470	-	470
Gain (loss) on revaluation of property, plant and equipment during 2009-10	26	8 158	-	8 158
Total comprehensive result for 2009-10		8 628	(4 135)	4 493
Balance at 30 June 2010	26	74 082	247 453	321 535
Net result for 2010-11	26	-	(671)	(671)
Total comprehensive result for 2010-11		-	(671)	(671)
Balance at 30 June 2011	26	74 082	246 782	320 864
SAFECOM				
Balance at 30 June 2009		24	2 025	2 049
Net result for 2009-10		-	3 556	3 556
Gain (loss) on revaluation of land reclassified for sale during 2009-10		-	-	-
Gain (loss) on revaluation of property, plant and equipment during 2009-10		-	-	-
Total comprehensive result for 2009-10		-	3 556	3 556
Balance at 30 June 2010		24	5 581	5 605
Net result for 2010-11		-	6 230	6 230
Total comprehensive result for 2010-11		-	6 230	6 230
Balance at 30 June 2011		24	11 811	11 835

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

Statement of Cash Flows
for the year ended 30 June 2011

	Note	Consolidated 2011 Inflows (Outflows) $'000	Consolidated 2010 Inflows (Outflows) $'000	SAFECOM 2011 Inflows (Outflows) $'000	SAFECOM 2010 Inflows (Outflows) $'000
Cash flows from operating activities:					
Cash outflows:					
Employee benefit payments		(119 031)	(112 592)	(9 916)	(10 284)
Supplies and services payments		(59 077)	(55 512)	(7 355)	(9 065)
GRN payments		(12 203)	(14 051)	-	-
Grants and subsidies payments		(2 280)	(2 018)	(1 939)	(1 692)
GST paid to the ATO		(284)	-	-	-
Cash used in operating activities		(192 875)	(184 173)	(19 210)	(21 041)
Cash inflows:					
Fees and charges		5 575	4 214	400	595
Receipts from Commonwealth		8 102	6 713	4 626	1 693
Interest received		2 071	1 604	453	195
GST recovered from the ATO		8 905	4 672	2 308	2 346
Other receipts		3 254	(46)	179	634
Cash generated from operating activities		27 907	17 157	7 966	5 463
Cash flows from SA Government:					
Contributions from Community Emergency Services Fund	16	186 960	194 342	16 372	19 217
Other receipts from SA Government		3 815	1 189	562	872
Payments to SA Government	16	(1 174)	-	-	-
Cash generated from SA Government		189 601	195 531	16 934	20 089
Net cash provided by (used in) operating activities	27	24 633	28 515	5 690	4 511
Cash flows from investing activities:					
Cash outflows:					
Purchase of property, plant and equipment		(23 507)	(31 378)	(1 563)	(1 008)
Purchase of investments		(129)	(438)	-	-
Cash used in investing activities		(23 636)	(31 214)	(1 563)	(1 008)
Cash inflows:					
Proceeds from sale of property, plant and equipment		1 608	620	-	160
Cash generated from investing activities		1 608	620	-	160
Net cash provided by (used in) investing activities		(22 028)	(30 594)	(1 563)	(848)
Net increase (decrease) in cash and cash equivalents		2 605	(2 681)	4 127	3 663
Cash and cash equivalents at 1 July		43 395	46 076	8 413	4 750
Cash and cash equivalents at 30 June	17	46 000	43 395	12 540	8 413

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Establishment, objectives and funding arrangements

Establishment

The *Fire and Emergency Services Act 2005* (the Act) was assented to on 14 July 2005. The Act establishes the South Australian Fire and Emergency Services Commission (SAFECOM) which came into operation on 1 October 2005 replacing the Emergency Services Administrative Unit, which was dissolved from 31 December 2005. Note, the Act was reviewed in accordance with the review provisions contained in the Act and an amended version of the Act was proclaimed on 1 November 2009. The Act provides for the continuation of the South Australian Metropolitan Fire Service (SAMFS), the South Australian Country Fire Service (SACFS) and the South Australian State Emergency Service (SASES). The SAMFS and the SACFS were previously in existence as separate entities, whereas the SASES was a division of Emergency Services Administrative Unit. The SASES is now a separate body corporate. The *Country Fires Act 1989* , the *South Australian Metropolitan Fire Service Act 1936* and the *State Emergency Services Act 1987* were repealed upon the proclamation of the new Act.

The Act also defines the emergency services sector as consisting of the:

- South Australian Fire and Emergency Services Commission
- South Australian State Emergency Service
- South Australian Country Fire Service
- South Australian Metropolitan Fire Service.

The Act requires that consolidated statements of accounts be prepared for the emergency services sector.

Objectives

SAFECOM has the following objectives:

- to develop and maintain a strategic and policy framework as well as sound corporate governance across the emergency services sector
- to provide adequate support services to the emergency services organisations and to ensure the effective allocation of resources within the emergency services sector
- to ensure relevant statutory compliance by the emergency services organisations
- to build a safer community through integrated emergency service delivery
- to undertake a leadership role in the emergency management
- to report regularly to the Minister for Emergency Services (the Minister) about relevant issues.

Funding arrangements

The funding of SAFECOM is primarily derived from the Community Emergency Services Fund (the Fund) in accordance with the *Emergency Services Funding Act 1998* .

2. Summary of significant accounting policies

(a) Statement of compliance

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

Except for the amendments to the AASs, AASB 2009-12, which SAFECOM has early-adopted, AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by SAFECOM for the reporting period ending 30 June 2011. These are outlined in note 3.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying SAFECOM's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, these 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:

(b) Basis of preparation (continued)

(a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of $100 000 for separate identification of these items may be utilised. SAFECOM has elected to utilise this threshold in relation to transactions applicable to revenue and expense items. The threshold has not been applied to financial assets and financial liabilities, ie all financial assets and financial liabilities relating to SA Government have been separately disclosed

(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.

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011 and the comparative information presented for the year ended 30 June 2010.

(c) Principles of consolidation

The financial statements incorporate the assets and liabilities of all entities controlled by SAFECOM and forming the emergency services sector as at 30 June 2011 and the results of all controlled entities for the year then ended. The effects of all transactions between entities in the Consolidated Entity are eliminated in full.

(d) Reporting entity

SAFECOM is an administrative unit of the Crown, established under the *Fire and Emergency Services Act 2005*.

The financial statements and accompanying notes include all the controlled activities of SAFECOM. Transactions and balances relating to administered resources are not recognised as departmental income, expense, assets and liabilities. As administered items are significant in relation to SAFECOM'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 SAFECOM items.

(e) Comparative information

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

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

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

(f) Rounding

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

(g) Taxation

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

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

(g) Taxation (continued)

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

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.

GST receivables/payables associated with administered items transactions are included in SAFECOM statements.

(h) Events after the reporting period

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

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

(i) Income

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

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

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

The following are specific recognition criteria:

Revenues from SA Government

Contributions from the Fund and other receipts from SA Government are recognised as income when SAFECOM obtains control over the funding. Control over funding is normally obtained upon receipt.

Commonwealth revenues

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

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

- contributions with unconditional stipulations - this will be when the agreement becomes enforceable ie the earlier of when the receiving entity has formally been advised that the contribution (eg grant application) has been approved; agreement/contract is executed; and/or the contribution is received
- contributions with conditional stipulations - this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

All contributions received by SAFECOM have been contributions with both conditional and unconditional stipulations attached and have been recognised as an asset and income upon receipt.

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

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

Other income
Other income consists of donations received, fundraising revenue and other minor revenues.

(j) Expenses

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

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

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

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 SAFECOM to the superannuation plan in respect of current services of current SAFECOM staff. DTF centrally recognises the superannuation liability in the whole-of-government financial statements.

Payments to SA Government
Payments to the SA Government include the return of surplus cash from the proceeds for the sale of surplus land and buildings and are paid directly to the Consolidated Account.

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

Any loss on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deduction from proceeds of the asset at that time.

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

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

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

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

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

Depreciation and amortisation (continued)

Class of asset	Consolidated Useful life (years)	SAFECOM Useful life (years)
Communications equipment	10	10
Vehicles	15-20	15
Plant and equipment	10	10
Computer equipment	5	5
Buildings	40-50	40
Intangibles	5	5

(k) Current and non-current classification

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

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

(l) Assets

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

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

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

Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables

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

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

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

Other financial assets

SAFECOM measures other financial assets at cost. All assets in this category are either short or medium-term cash deposits.

Non-current assets held for sale

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

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

Non-current assets

- *Acquisition and recognition*
  Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position.

  In accordance with APF III, APS 2.15 all non-current tangible assets with a value of $10 000 or greater are capitalised.

- *Revaluation of non-current assets*
  All non-current tangible assets are valued at written down current cost (a proxy for fair value). On an ongoing basis, revaluations are made in accordance with related policies whereby independent valuations are obtained every five years and carrying amounts are adjusted accordingly.

  If at any time management considers that the carrying amount of an asset materially differs from its fair value, the asset is revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

  Any revaluation increment is credited to the asset 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 asset revaluation surplus to the extent of the credit balance existing in revaluations surplus for that asset class.

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

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

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

  For revalued assets an impairment loss is offset against the respective asset 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. SAFECOM only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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

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

(m) Liabilities

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

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

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

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

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 SAFECOM.

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

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

Employee benefits on-costs include superannuation contributions, workers compensation levies and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave and annual leave.

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

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

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

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

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

- *Long service leave*
  The liability for long service leave is recognised after an employee has completed 5.5 (eight) years of service. An actuarial assessment of long service leave undertaken by DTF based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the SAFECOM's experience of employee retention and leave taken.

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

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

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2011 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of the DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

SAFECOM is responsible for the payment of workers compensation claims.

Financial liabilities
SAFECOM measures financial liabilities at historical cost.

Operating leases
In respect of operating leases, the lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased items. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

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

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
In accordance with amendments to APS 4.8 within APF II, effective 1 July 2010, SAFECOM has disclosed all employees whose normal remuneration is equal to or greater than the base executive level remuneration. Previously APS 4.8 within APF II required SAFECOM to disclose all employees whose normal remuneration was equal to or greater than $100 000. This change is reflected in note 5.

SAFECOM did not voluntarily change any of its accounting policies during 2010-11.

Except for the amending standard AASB 2009-12, which SAFECOM has early-adopted, the AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by SAFECOM for the period ending 30 June 2011. SAFECOM 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 SAFECOM.

4. Activities of SAFECOM
In achieving its objectives, SAFECOM provides strategic and corporate support services to the SACFS, SAMFS and SASES. These services are classified under one program titled ‘Fire and Emergency Services Strategic and Business Support’.

5. Employee benefits expenses	Consolidated		SAFECOM	
	2011	2010	2011	2010
	$’000	$’000	$’000	$’000
Salaries and wages	84 753	80 549	6 945	7 085
Annual leave	10 120	9 966	536	649
Long service leave	5 930	4 128	209	441
Employment on-costs - superannuation	10 265	9 886	763	838
Payroll tax	5 414	5 105	397	429
TVSPs (refer below)	1 154	820	422	659
Workers compensation costs	3 068	7 927	(133)	178
Other employee related expenses	702	633	86	69
Total employee benefits expenses	121 406	119 014	9 225	10 348

TVSPs and early terminations

Amounts paid to these employees:				
TVSPs	1 154	820	422	659
Early terminations	131	-	131	-
Annual and long service leave paid to 30 June	421	325	153	290
	1 706	1 145	706	949
Recovery from DTF	(1 302)	(820)	(562)	(659)
Net cost to agency	404	325	144	290

	Consolidated		SAFECOM	
	2011	2010	2011	2010
Number of employees who received a TVSP	Number	Number	Number	Number
or early termination during the reporting period	8	5	5	4

Employee remuneration

The table below includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was SAFECOM $962 000 ($1.183 million) and Consolidated $9.431 million ($6.938 million).

The number of employees whose remuneration received or receivable falls within the following bands:	Consolidated 2011 Number	Consolidated 2010 Number	SAFECOM 2011 Number	SAFECOM 2010 Number
$127 500 - $130 699*	-	6	-	-
$130 700 - $140 699	28	16	-	-
$140 700 - $150 699	8	6	-	-
$150 700 - $160 699	4	2	-	-
$160 700 - $170 699	1	2	-	1
$170 700 - $180 699	1	2	-	1
$180 700 - $190 699	2	-	1	-
$190 700 - $200 699	1	-	-	-
$200 700 - $210 699	1	1	-	-
$210 700 - $220 699	2	2	1	1
$230 700 - $240 699	1	-	-	-
$260 700 - $270 699	-	1	-	-
$270 700 - $280 699	2	-	1	-
$280 700 - $290 699	1	2	1	1
$290 700 - $300 699	1	-	-	-
$330 700 - $340 699	-	1	-	-
$340 700 - $350 699	-	1	-	1
$430 700 - $440 699	1	-	-	-
$520 700 - $530 699	1	-	-	-
Total	55	42	4	5

* This band has been included for the purposes of reporting comparative figures based on the executive base level rate for 2009-10.

The number of employees reported in the band above includes Consolidated three employees and SAFECOM one employee (Consolidated one employee and SAFECOM one employee) who received a TVSP or early termination.

Accounting policy change

In accordance with the revised APF II, the Department has changed its accounting policy and now discloses all employees who receive remuneration equal to or greater than the base executive remuneration level rather than all employees who receive remuneration equal to or greater than $100 000. The impact of this change in accounting policy is the number of employees disclosed has reduced by 299 (262) for Consolidated, and reduced by 22 (25) for SAFECOM.

6. Supplies and services

	Consolidated 2011 $'000	Consolidated 2010 $'000	SAFECOM 2011 $'000	SAFECOM 2010 $'000
Accommodation	294	258	-	-
Aerial support costs	6 095	7 623	-	-
Communications	2 620	2 617	553	355
Computing costs	2 774	2 955	636	929
Consultancy, contractor and legal fees	3 917	3 317	1 001	911
Consumables	3 617	3 354	127	137
Energy	1 202	1 121	18	20
External auditor's remuneration	198	148	116	85
Minor plant and equipment	3 038	3 450	27	35
Operating lease costs	5 283	5 197	716	741
Operational costs	1 031	1 341	32	28
Repairs and maintenance	7 663	8 113	149	134
Shared Services SA payments	1 252	1 341	1 252	1 341
Travel and training	3 173	2 849	267	303
Uniforms and protective clothing	2 501	3 083	5	15
Other expenses	5 007	8 128	361	2 333
Total supplies and services	49 665	54 895	5 260	7 367

Consultancies

The number and dollar amount of consultancies paid/payable (included in consultants expense shown above) fell within the following bands:	Consolidated 2011 Number	Consolidated 2010 Number	SAFECOM 2011 Number	SAFECOM 2010 Number
Below $10 000	3	11	-	2
Between $10 000 - $50 000	4	3	1	1
Above $50 000	-	-	-	-
Total number of consultancies	7	14	1	3

	Consolidated 2011 $'000	Consolidated 2010 $'000	SAFECOM 2011 $'000	SAFECOM 2010 $'000
Below $10 000	17	39	-	12
Between $10 000 - $50 000	120	61	39	19
Above $50 000	-	-	-	-
Total amount paid/payable	137	100	39	31

Auditor's remuneration

Auditor's remuneration (included in the auditor's remuneration expense amount shown above) represents amounts paid/payable to the Auditor-General's Department for audit services. No other services were provided by the Auditor-General's Department.

	Consolidated 2011 $'000	Consolidated 2010 $'000	SAFECOM 2011 $'000	SAFECOM 2010 $'000
Audit fees paid/payable to:				
Auditor-General's Department	198	148	116	85
Total audit fees	198	148	116	85

Supplies and services provided by entities within the SA Government

The following supplies and services (included in the supplies and services expense amounts shown above) were provided by entities within the SA Government:	Consolidated 2011 $'000	Consolidated 2010 $'000	SAFECOM 2011 $'000	SAFECOM 2010 $'000
Accommodation	234	213	-	-
Aerial support costs	51	107	-	-
Communications	167	148	76	76
Computing costs	388	428	52	66
Consultancy, contractor and legal fees	451	381	287	204
Consumables	430	444	2	4
Energy	44	41	17	20
External auditor's remuneration	198	148	116	85
Minor plant and equipment	5	91	-	-
Operating lease costs	4 166	4 033	657	730
Operational costs	3	2	-	-
Repairs and maintenance	670	670	124	76
Shared Services SA payments	1 252	1 341	1 252	1 341
Travel and training	49	186	3	4
Uniforms and protective clothing	5	7	-	-
Other expenses	988	1 387	17	79
Total supplies and services provided by entities within the SA Government	9 101	9 627	2 603	2 685

7. Government Radio Network (GRN) expenses

	Consolidated 2011 $'000	Consolidated 2010 $'000	SAFECOM 2011 $'000	SAFECOM 2010 $'000
Voice costs	11 191	12 291	-	-
Paging costs	2 456	2 599	-	-
Total GRN expenses - provided by entities within the SA Government	13 647	14 890	-	-

8. Depreciation and amortisation expense

	Consolidated 2011 $'000	Consolidated 2010 $'000	SAFECOM 2011 $'000	SAFECOM 2010 $'000
Depreciation:				
Buildings	5 616	5 310	9	9
Vehicles	10 157	10 883	-	-
Computers	209	319	132	132
Plant	743	900	-	-
Communications	2 993	3 353	-	-
Total depreciation	19 718	20 765	141	141

		Consolidated		SAFECOM	
8.	**Depreciation and amortisation expense (continued)**	2011	2010	2011	2010
	Amortisation:	$'000	$'000	$'000	$'000
	Software	348	423	181	109
	Total amortisation	348	423	181	109
	Total depreciation and amortisation expense	20 066	21 188	322	250

9.	**Grants and subsidies**				
	Grants and subsidies	2 280	2 018	1 939	1 692
	Total grants and subsidies	2 280	2 018	1 939	1 692

All grants and subsidies are provided to non-SA Government recipients.

Grants and subsidies paid/payable to entities within the SA Government:				
Grants and subsidies	264	-	264	-
Total grants and subsidies - SA Government entities	264	-	264	-

10.	**Net gain (loss) from disposal of non-current assets**				
	Land and buildings:				
	Proceeds from disposal	1 171	-	-	-
	Net book value of assets disposed	(1 174)	-	-	-
	Net gain (loss) from disposal	(3)	-	-	-
	Vehicles:				
	Proceeds from disposal	437	587	-	-
	Net book value of assets disposed	(567)	(647)	-	-
	Net gain (loss) from disposal	(130)	(60)	-	-
	Plant and equipment:				
	Proceeds from disposal	-	33	-	-
	Net book value of assets disposed	-	(21)	-	-
	Net gain (loss) from disposal	-	12	-	-
	Total:				
	Total proceeds from disposal	1 608	620	-	-
	Total value of assets disposed	(1 741)	(668)	-	-
	Net gain (loss) from disposal of non-current assets	(133)	(48)	-	-

11.	**Revenues from fees and charges**				
	Fire alarm attendance fees	1 512	1 500	-	-
	Fire safety fees	381	372	-	-
	Fire alarm monitoring fees	1 667	1 583	-	-
	Training and other recoveries	394	138	-	-
	Salary recoveries	656	89	550	553
	Other recoveries	44	25	-	-
	Total revenues from fees and charges	4 654	3 707	550	553

Fees and charges received/receivable from entities within the SA Government

The following fees and charges (included in the revenues from fees and charges shown above) were received/ receivable from entities within the SA Government:				
Fire alarm attendance fees	317	297	-	-
Fire safety fees	13	22	-	-
Fire alarm monitoring fees	164	145	-	-
Training and other recoveries	67	125	-	-
Salary recoveries	563	550	548	549
Other recoveries	40	-	-	-
Total fees and charges received/receivable - SA Government entities	1 164	1 139	548	549

12.	**Commonwealth revenues**				
	Grants and contributions	7 840	6 030	4 687	1 752
	Total Commonwealth revenues	7 840	6 030	4 687	1 752

Commonwealth grant funding for SAFECOM relates mainly to the Natural Disaster Resilience Program, and other emergency management grants and include contributions towards aerial fire fighting costs, provision of fire and emergency services to Commonwealth properties and other emergency programs and projects.

12. Commonwealth revenues (continued)

Contributions which have conditions of expenditure still to be met as at reporting date were $7.063 million ($6.238 million). These contributions relate to Natural Disaster Resilience Program, Natural Disaster Mitigation Program and Bushfire Mitigation Program.

Conditions attached to these contributions include completion of quarterly funding reports and final program acquittal.

13. Interest revenues

	Consolidated		SAFECOM	
	2011	2010	2011	2010
Interest on deposit accounts -	$'000	$'000	$'000	$'000
from entities within the SA Government	2 104	1 520	477	185
Total interest revenues	2 104	1 520	477	185

14. Resources received free of charge

Asset contributions from local government councils and other organisations	22	190	-	-
Total resources received free of charge	22	190	-	-

Since 1999 negotiations have been undertaken to identify and transition land, buildings, minor plant and equipment and motor vehicles from local government, community organisations and other sources into the ownership or the care and control of the Minister. During 2010-11, one additional property has been transitioned into the control of the Minister (valued at fair value of $22 000).

15. Other income

	Consolidated		SAFECOM	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Donations	22	10	-	-
Groups/Brigades fundraising revenue	117	273	-	-
Rent received	157	197	-	-
Transfer of capital funding - GRN	-	1	-	1
Transfer of capital funding - IMS projects	-	-	-	565
Insurance recoveries	280	38	-	-
Other	1 510	981	109	68
Total other income	2 086	1 500	109	634

Other income received/receivable from entities within the SA Government

The following other income (included in the other income revenues shown above) was received/ receivable from entities within the SA Government:				
Rent received	38	80	-	-
Transfer of capital funding - IMS projects	-	-	-	565
Insurance recoveries	263	19	-	-
Other	314	213	48	10
Total other income received/receivable - SA Government	615	312	48	575

16. Revenues from (Payments to) SA Government

Revenues from SA Government				
Contributions from Community Emergency Services Fund	186 960	194 342	16 372	19 217
Other revenues from SA Government	4 034	1 189	781	872
Total revenues from SA Government	190 994	195 531	17 153	20 089
Payments to SA Government				
Payment to Consolidated Account of proceeds for sale of surplus land and buildings	1 174	-	-	-
Total payments to SA Government	1 174	-	-	-

Total revenues from government for SAFECOM consists of $16.425 million ($19.338 million) for operational funding and $728 000 ($751 000) for capital projects.

Total revenues from government for Consolidated consists of $169.862 million ($172.617 million) for operational funding and $21.132 million ($22.914 million) for capital projects.

17. Cash and cash equivalents

	Consolidated		SAFECOM	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Cash on hand	22	19	2	2
Deposits with the Treasurer	41 697	39 084	12 538	8 411
Cash at bank (non-SA Government)	596	610	-	-
Cash at bank (non-SA Government) - groups/brigades	3 375	3 434	-	-
Short-term deposits (non-SA Government) - groups/brigades	293	247	-	-
Short-term deposits	17	1	-	-
Total cash and cash equivalents	46 000	43 395	12 540	8 413

Short-term deposits

Short-term deposits are made for varying periods of between one day and three months and are lodged with various financial institutions at their respective short-term deposit rates.

Interest rate risk

Cash on hand is non-interest bearing. Deposits with the Treasurer and cash at bank earns a floating interest rate based on daily bank deposit rates, whilst short-term deposits are lodged with various financial institutions at their respective short-term deposit rates. The carrying amount of cash and cash equivalents approximates fair value.

18. Receivables

	Consolidated		SAFECOM	
	2011	2010	2011	2010
Current:	$'000	$'000	$'000	$'000
Receivables	1 231	2 073	342	8
Allowance for doubtful debts	(64)	(939)	-	-
	1 167	1 134	342	8
Accrued revenues	899	954	574	499
Prepaid salaries and wages	90	-	39	-
GST input tax recoverable	2 384	2 292	519	708
Total receivables	4 540	4 380	1 474	1 215

All receivable amounts disclosed above are expected to be recovered within 12 months after reporting date.

Receivables from entities within the SA Government

The following receivables (included in the receivables shown above) were receivable from SA Government:				
Current:				
Receivables	381	101	222	4
Allowance for doubtful debts	-	-	-	-
	381	101	222	4
Accrued revenues	700	691	574	499
Prepaid salaries and wages	8	-	3	-
Total receivables - SA Government entities	1 089	792	799	503

Movements in the allowance for doubtful debts (impairment loss)

Carrying amount at 1 July	(939)	(6)	-	-
Amounts written off	1	6	-	-
Decrease (Increase) in the allowance	874	(939)	-	-
Carrying amount at 30 June	(64)	(939)	-	-

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.

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information

Refer note 32.

19. Other financial assets

	Consolidated		SAFECOM	
	2011	2010	2011	2010
Current:	$'000	$'000	$'000	$'000
Medium-term deposits - groups/brigades	2 157	2 028	-	-
Total other financial assets	2 157	2 028	-	-

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information

Refer note 32.

20. Property held for sale

Property held for sale	1 195	2 090	-	-
	1 195	2 090	-	-

During 2010-11 SAMFS closed operation at Burra and this resulted in the facility becoming surplus. Due to construction of a new SAMFS site at Port Lincoln the old site has also became surplus and both properties are expected to be sold during 2011-2012.

Construction of a new co-sited emergency services facility in Port Lincoln was completed 2009-10. A tender to sell during 2010-11 failed to be realised, and therefore the property has remains on the market for sale.

21. Property, plant and equipment

	Consolidated		SAFECOM	
Land:	$'000	$'000	$'000	$'000
At valuation	53 594	53 848	-	-
At cost (deemed fair value)	47	-	-	-
Total land	53 641	53 848	-	-
Buildings:				
At valuation	120 141	120 176	305	305
At cost (deemed fair value)	22 440	16 642	-	-
Accumulated depreciation	(10 888)	(5 310)	(18)	(9)
Total buildings	131 693	131 508	287	296
Vehicles:				
At valuation	107 325	108 041	-	-
At cost (deemed fair value)	28 787	13 457	-	-
Accumulated depreciation	(20 836)	(10 826)	-	-
Total vehicles	115 276	110 672	-	-
Communication equipment:				
At valuation	13 027	13 027	-	-
At cost (deemed fair value)	4 613	2 341	-	-
Accumulated depreciation	(6 346)	(3 353)	-	-
Total communication equipment	11 294	12 015	-	-
Computer equipment:				
At valuation	820	820	547	547
At cost (deemed fair value)	11	-	-	-
Accumulated depreciation	(528)	(319)	(264)	(132)
Total computer equipment	303	501	283	415
Plant and equipment:				
At valuation	4 576	4 576	-	-
At cost (deemed fair value)	1 236	554	195	-
Accumulated depreciation	(1 640)	(897)	-	-
Total plant and equipment	4 172	4 233	195	-
Capital work in progress:				
At cost (deemed fair value)	14 096	14 733	1 931	563
Total capital work in progress	14 096	14 733	1 931	563
Total property, plant and equipment	330 475	327 510	2 696	1 274

Valuation of assets

At 30 June 2011, valuations were undertaken by a suitably qualified officer of SAFECOM. The assessment indicated there was no material difference between the fair value and carrying amount of the assets and consequently no revaluation adjustments were required. All assets have been valued on the basis of written down current cost or open market values for existing use, which is considered to be equivalent to fair value.

Valuation of assets (continued)

At 30 June 2010, management exercised its discretion and revalued land. Values used were based upon desktop values obtained from Liquid Pacific Mr M Burns, MRICS, AAPI (CPV).

At 30 June 2008 independent valuations for land, buildings, vehicles and communication assets were obtained from Liquid Pacific Mr M Burns, MRICS, AAPI (CPV). The valuer arrived at fair value on the basis of open market values for existing use or at written down current cost which is considered to be equivalent to fair value.

Impairment

There were no indications of impairment for property, plant and equipment as at 30 June 2011.

Movement reconciliation of property, plant and equipment

2011	Land	Buildings	Vehicles	Communications equipment	Computer equipment	Plant and equipment	Capital work in progress	Total
Consolidated	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July	53 848	131 508	110 672	12 015	501	4 233	14 733	327 510
Additions	47	-	-	-	-	-	23 453	23 500
Transfers to (from) capital work in progress	-	5 798	15 329	2 272	11	682	(24 090)	2
Depreciation	-	(5 615)	(10 157)	(2 993)	(209)	(743)	-	(19 717)
Assets received for nil consideration	1	21	-	-	-	-	-	22
Disposals	-	(19)	(568)	-	-	-	-	(587)
Non-current assets held for sale	(255)	-	-	-	-	-	-	(255)
Carrying amount at 30 June	53 641	131 693	115 276	11 294	303	4 172	14 096	330 475
SAFECOM								
Carrying amount at 1 July	-	296	-	-	415	-	563	1 274
Additions	-	-	-	-	-	-	1 563	1 563
Transfers to (from) capital work in progress	-	-	-	-	-	195	(195)	-
Depreciation	-	(9)	-	-	(132)	-	-	(141)
Carrying amount at 30 June	-	287	-	-	283	195	1 931	2 696
2010								
Consolidated								
Carrying amount at 1 July	46 028	120 176	108 627	13 026	819	4 601	16 980	310 257
Additions	2	-	-	302	1	81	30 991	31 377
Transfers to (from) capital work in progress	150	16 642	13 574	2 040	-	472	(33 238)	(360)
Depreciation	-	(5 310)	(10 882)	(3 353)	(319)	(900)	-	(20 764)
Gain (loss) on revaluation of land reclassified for sale	470	-	-	-	-	-	-	470
Net revaluation increment (decrement)	8 158	-	-	-	-	-	-	8 158
Assets received for nil consideration	190	-	-	-	-	-	-	190
Disposals	-	-	(647)	-	-	(21)	-	(668)
Non-current assets held for resale	(1 150)	-	-	-	-	-	-	(1 150)
Carrying amount at 30 June	53 848	131 508	110 672	12 015	501	4 233	14 733	327 510
SAFECOM								
Carrying amount at 1 July	-	305	-	-	547	-	76	928
Additions	-	-	-	-	-	-	848	848
Transfers to (from) capital work in progress	-	-	-	-	-	-	(361)	(361)
Depreciation	-	(9)	-	-	(132)	-	-	(141)
Carrying amount at 30 June	-	296	-	-	415	-	563	1 274

22. Intangible assets

	Consolidated 2011	Consolidated 2010	SAFECOM 2011	SAFECOM 2010
Computer software - externally generated:	$'000	$'000	$'000	$'000
At cost (deemed fair value)	2 524	2 524	903	903
Accumulated amortisation	(1 706)	(1 358)	(319)	(138)
Total computer software	818	1 166	584	765
Total intangible assets	818	1 166	584	765

22. Intangible assets (continued)

	Consolidated		SAFECOM	
	2011	2010	2011	2010
Movement reconciliation of intangible assets:	$'000	$'000	$'000	$'000
Carrying amount at 1 July	1 166	1 229	765	513
Amortisation expense	(348)	(423)	(181)	(109)
Transfers from capital work in progress	-	360	-	361
Carrying amount at 30 June	818	1 166	584	765

Asset details and amortisation

Intangible assets detailed above relate to computer software externally acquired. All computer software is amortised over a straight-line basis with a total useful life of five years.

Impairment

There were no indications of impairment of intangible assets at reporting date.

23. Payables

	Consolidated		SAFECOM	
	2011	2010	2011	2010
Current:	$'000	$'000	$'000	$'000
Accrued expenses	1 824	3 597	566	645
Creditors	9 083	4 495	803	675
FBT payable	172	165	21	21
Employment on-costs	2 472	2 467	181	229
Total current payables	13 551	10 724	1 571	1 570

All payable amounts disclosed above are expected to be paid within 12 months after reporting date.

Non-current:				
Employment on-costs	1 882	1 953	199	239
Total non-current payables	1 882	1 953	199	239

Current payables to entities within SA Government

The following payables (included in payables shown above) were payable to entities within SA Government:				
Accrued expenses	991	1 880	411	211
Creditors	3 821	1 788	366	181
FBT payable	172	-	21	21
Employment on-costs	2 472	2 467	181	229
Total current payables - SA Government entities	7 456	6 135	979	642

Non-current payables to entities within SA Government

The following payables (included in payables shown above) were payable to entities within SA Government:				
Employment on-costs	1 882	1 953	199	239
Total non-current payables - SA Government entities	1 882	1 953	199	239

Employment on-costs

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of long service leave taken as leave has changed to 35 percent (45 percent) and the average factor for the calculation of employer superannuation cost on-cost has changed to 10.3 percent (10.5 percent). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year to SAFECOM is a decrease in the employment on-cost of $18 000 and employee benefit expense of $18 000. The estimated impact on future periods is not expected to be materially different to the effect on the current period as shown above.

Interest rate and credit risk

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

Maturity analysis of payables and categorisation of financial instruments and risk exposure information

Refer note 32.

24. Employee benefits

	Consolidated		SAFECOM	
	2011	2010	2011	2010
Current	$'000	$'000	$'000	$'000
Accrued salaries and wages	1 673	2 056	-	256
Annual leave	8 968	8 844	702	760
Long service leave	2 854	2 177	304	274
Total current employee benefits	13 495	13 077	1 006	1 290

All employee benefit amounts, including long service leave, are expected to be paid within 12 months after reporting date.

Non-current:				
Long service leave	21 333	19 168	2 272	2 409
Total non-current employee benefits	21 333	19 168	2 272	2 409

Based on an actuarial assessment performed by DTF, the benchmark for the measurement of the long service leave liability has been revised to 5.5 years (eight years). The net financial effect of the changes in the current financial year to SAFECOM is an increase in the long service leave liability of $127 000 and an increase in employee benefit expense of $127 000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement. However, the impact on future periods is not expected to be materially different to the effect on the current period as shown above.

In addition, the actuarial assessment performed by DTF also advised a salary inflation rate of 4 percent (4 percent). This rate is used in the calculation of the relevant employee benefits provisions.

25. Provisions

	Consolidated		SAFECOM	
	2011	2010	2011	2010
Current:	$'000	$'000	$'000	$'000
Provisions for workers compensation	2 800	2 546	92	100
Total current provisions	2 800	2 546	92	100
Non-current:				
Provision for workers compensation	11 260	11 566	319	454
Total non-current provisions	11 260	11 566	319	454
Provision movement:				
Carrying amount at 1 July	14 112	9 907	554	430
Additional provisions recognised (released)	3 066	7 937	(128)	177
Reductions arising from payments	(3 118)	(3 732)	(15)	(53)
Carrying amount at 30 June	14 060	14 112	411	554

SAFECOM has reported a liability to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of DPC. These claims are expected to be settled within the next financial year.

26. Equity

Equity represents the residual interest in the net assets of SAFECOM. The State Government holds the equity interest in SAFECOM on behalf of the community. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets. The asset revaluation surplus is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

	Consolidated			SAFECOM		
	Asset revaluation surplus	Retained earnings	Total	Asset revaluation surplus	Retained earnings	Total
2011	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 30 June 2010	74 082	247 453	321 535	24	5 581	5 605
Net result for the financial year	-	(671)	(671)	-	6 230	6 230
Balance at 30 June 2011	74 082	246 782	320 864	24	11 811	11 835

26. Equity (continued)

2010	Consolidated Asset revaluation surplus $'000	Consolidated Retained earnings $'000	Consolidated Total $'000	SAFECOM Asset revaluation surplus $'000	SAFECOM Retained earnings $'000	SAFECOM Total $'000
Balance at 30 June 2009	65 454	251 588	317 042	24	2 025	2 049
Net result for the financial year	-	(4 135)	(4 135)	-	3 556	3 556
Gain (loss) on revaluation of land reclassified for sale	470	-	470	-	-	-
Gain (loss) on revaluation of property, plant and equipment:						
Land	8 158	-	8 158	-	-	-
Total gain (loss) on revaluation of property, plant and equipment	8 158	-	8 158	-	-	-
Balance at 30 June 2010	74 082	247 453	321 535	24	5 581	5 605

27. Cash flow reconciliation

	Consolidated 2011 $'000	Consolidated 2010 $'000	SAFECOM 2011 $'000	SAFECOM 2010 $'000
Cash and cash equivalents at 30 June:				
Statement of Financial Position	46 000	43 395	12 540	8 413
Statement of Cash Flows	46 000	43 395	12 540	8 413

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

	Consolidated 2011 $'000	Consolidated 2010 $'000	SAFECOM 2011 $'000	SAFECOM 2010 $'000
Net cash provided (used in) by operating activities	24 633	27 913	5 690	4 511
Revenues from SA Government	(190 994)	(195 531)	(17 153)	(20 089)
Payments to SA Government	1 174	-	-	-
Non-cash items:				
Depreciation and amortisation	(20 066)	(21 188)	(322)	(250)
Assets received free of charge	22	190	-	-
Devaluation of land held for resale	-	(560)	-	-
Net loss from disposal of non-current assets	(133)	(48)	-	-
Movement in assets and liabilities:				
Increase (Decrease) in receivables	160	(576)	259	(66)
Decrease (Increase) in payables	(2 756)	(3 985)	39	(591)
Decrease (Increase) in employee benefits	(2 583)	(1 676)	421	75
Decrease (Increase) in provisions	52	(4 205)	143	(123)
Net cost of providing services	(190 491)	(199 666)	(10 923)	(16 533)

28. Unrecognised contractual commitments

Operating lease commitments

The total value of future non-cancellable operating lease commitments not provided for and payable as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.

	Consolidated 2011 $'000	Consolidated 2010 $'000	SAFECOM 2011 $'000	SAFECOM 2010 $'000
Within one year	3 995	4 215	614	675
Later than one year but not later than five years	5 194	6 932	1 252	1 872
Later than five years	-	-	-	-
Total operating lease commitments	9 189	11 147	1 866	2 547

These non-cancellable leases relate to vehicle and property leases, with rental payable monthly in arrears. Contingent rental provisions within the lease agreements require the minimum lease payments to be increased annually based on CPI movement.

Capital commitments

Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:	Consolidated 2011 $'000	Consolidated 2010 $'000	SAFECOM 2011 $'000	SAFECOM 2010 $'000
Within one year	1 642	3 628	75	98
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total capital commitments	1 642	3 628	75	98

These capital commitments are for property and vehicles.

Remuneration commitments

Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:	Consolidated 2011 $'000	Consolidated 2010 $'000	SAFECOM 2011 $'000	SAFECOM 2010 $'000
Within one year	1 814	1 730	293	650
Later than one year but not later than five years	4 647	1 969	384	1 320
Later than five years	-	-	-	-
Total remuneration commitments	6 461	3 699	677	1 970

Amounts disclosed include commitments arising from executive contracts. SAFECOM does not offer fixed-term remuneration contracts greater than five years.

Salary increases of 4 percent per annum have been assumed in the calculation of remuneration commitments.

Other commitments

The total value of other commitments not provided for and payable as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.	Consolidated 2011 $'000	Consolidated 2010 $'000	SAFECOM 2011 $'000	SAFECOM 2010 $'000
Within one year	767	6 072	106	87
Later than one year but not later than five years	752	833	105	6
Later than five years	-	-	-	-
Total other commitments	1 519	6 905	211	93

Other commitments relate to a range of general goods and services used in operational areas. These goods and services are contracted for at reporting date but not included as liabilities in the financial report.

29. Contingent assets and liabilities

Contingent assets

SAFECOM is not aware of any contingent assets.

Consolidated has a contingent asset for SAMFS of $15 000 in relation to repairs of solar panels.

In addition, in 2009-10 both SACFS and SASES made prepayments for capital works projects for works that did not materialise. SACFS and SASES are actively seeking recovery of these payments totalling $1 026 520.

Contingent liabilities

SACFS and SAMFS have several contingent liabilities in the form of unresolved litigation, however the outcome cannot be reliably determined at this stage. In each case the financial exposure to SACFS and SAMFS is limited to a $10 000 excess under insurance arrangements respectively.

At 30 June 2011 SACFS had called in a bank guarantee of $100 000 due to non-completion of works specified in a deed of arrangement with the contracted supplier. The amount is recognised on the Statement of Comprehensive Income and the Statement of Financial Position. The works were completed subsequent to 30 June 2011 and the bank guarantee of $100 000 has now been repaid.

SACFS is continuing to seek legal advice in relation to its obligations for payments to subcontractors, as a result of non-payment by the contracted construction management company for expenditure incurred on capital works construction projects during 2010. Following settlement during the year, of the majority of the $460 000 liability estimated and reported last year, the current legal exposure to liability is estimated to not exceed $30 000. In accordance with AASs, this amount has therefore not been recognised as a liability in the Statement of Financial Position, but rather disclosed as a contingent liability.

Consolidated is not aware of any other contingent liabilities.

30. Remuneration of board members

Members that were entitled to receive remuneration for membership during the 2010-11 financial year comprised of:

South Australian Fire and Emergency Services Commission Board

Anne Alford* (retired 30 November 2010)
Christopher Beattie* (appointed 25 October 2010)
Lyn Berghofer* (appointed 30 May 2011)
Lois Boswell* (appointed 30 May 2011)
Susan Caracoussis
Haydon Castle* (appointed 28 February 2011)
Helen Chalmers* (appointed 30 May 2011)
Debra Contala* (retired 19 November 2010)
Moira Deslandes
Virginia Hickey
Andrew Lawson*
Barry Luke*
Grant Lupton*
Stuart Macleod* (retired 16 July 2010)
Matthew Maywald*
Greg Nettleton* (appointed 24 January 2011)
David Norton*
David Place*
Kenneth Schutz*
Michael Smith*
Joseph (Joe) Szakacs
Wayne Thorley
David Ward (retired 14 December 2010)

South Australian Fire and Emergency Services Commission Audit and Risk Management Committee

Tony Boys* (retired September 2010)
Cathie Brown* (retired 1 May 2011)
Aaron Chia*
Debra Contala* (retired November 2010)
Don Cranwell* (appointed January 2011)
Lena Grant*
Mark Groote* (appointed 1 May 2011)
Virginia Hickey (appointed 1 November 2010)
Andrew Lawson*
Henry Lukowicz* (appointed 1 September 2010)
Matthew Maywald*
Michael Smith*
Joseph (Joe) Szakacs
Roy Thompson*

State Bushfire Coordination Committee

Ali Ben Kahn
Glenn Benham*
Jane Charles*
Franco Crisci*
Ann De Piaz*
Jennifer Dickins*
Fiona Dunstan*
Kylie Egan*
Bryan Fahy*
Euan Ferguson* (retired 1 December 2010)
Susan Filby*
Paul Fletcher*
Andrew Grear*
David Hood
Meredith Jenner*
David Kemp* (retired 28 January 2011)
Jeffrey Klitscher*
Suellen LeFebvre*
Jennifer Lillecrapp*
Vicki Linton*
Lisien Loan*
William McIntosh
Suzanne Mickan*
Timothy Milne
Dennis Mutton
John Nairn*
Greg Nettleton* (appointed 11 March 2011)
Stephen Pascale*
Penelope Paton*
Sylvia Rapo*
Christopher Reed
David Robertson* (retired 1 October 2010)
Vicki-Jo Russell*
Kenneth Schutz*
Katie Taylor*
Carol Vincent*
Andrew Watson*
Peter White
Michael Williams*

South Australian Metropolitan Fire Service Disciplinary Committee

Graham Dart
Roy Thompson*
Michael Vander-Jeugd*
Brendan West*

* Denotes $nil remuneration.

The number of members whose remuneration received or receivable falls within the following bands:	Consolidated 2011 Number	Consolidated 2010 Number	SAFECOM 2011 Number	SAFECOM 2010 Number
$nil	58	79	26	30
$1 - $9 999	9	11	1	7
$10 000 - $19 999	-	4	-	4
$20 000 - $29 999	3	2	3	2
$30 000 -$39 999	1	-	1	-
Total	71	96	31	43

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, super contributions, FBT and salary sacrifice arrangements. The total remuneration received or receivable by members for the year was Consolidated $136 170 ($119 070) and SAFECOM $126 100 ($113 260).

30. Remuneration of board members (continued)

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

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

For the purposes of this table, travel allowances and other expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct out-of-pocket expenses incurred by relevant members.

31. Events subsequent to reporting date

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

32. Financial instruments/Financial risk management

32.1 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.

		2011		2010	
		Carrying amount	Fair value	Carrying amount	Fair value
Consolidated	Note	$'000	$'000	$'000	$'000
Financial assets					
Cash and cash equivalents	17	46 000	46 000	43 395	43 395
Receivables[(1)]	18	2 156	2 156	2 088	2 088
Other financial assets	19	2 157	2 157	2 028	2 028
Financial liabilities					
Payables[(1)]	23	12 845	12 845	10 277	10 277
SAFECOM					
Financial assets					
Cash and cash equivalents	17	12 540	12 540	8 413	8 413
Receivables[(1)]	18	955	955	507	507
Other financial assets	19	-	-	-	-
Financial liabilities					
Payables[(1)]	23	1 453	1 453	1 481	1 481

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

Credit risk

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

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

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in credit rating. Currently SAFECOM does not hold any collateral as security for any of its financial assets. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 18 for information on the allowance for impairment in relation to receivables.

32.2 *Ageing analysis of financial assets*

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

		Past due by			
Consolidated	Current not overdue	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2011	$'000	$'000	$'000	$'000	$'000
Not impaired:					
Receivables	1 978	56	21	101	2 156
Other financial assets	2 157	-	-	-	2 157
Impaired:					
Receivables	-	-	-	64	64
2010					
Not impaired:					
Receivables	1 894	93	24	77	2 088
Other financial assets	2 028	-	-	-	2 028
Impaired:					
Receivables	933	-	-	6	939
SAFECOM					
2011					
Not impaired:					
Receivables	954	-	-	1	955
Other financial assets	-	-	-	-	-
Impaired:					
Receivables	-	-	-	-	-
2010					
Not impaired:					
Receivables	507	-	-	-	507
Other financial assets	-	-	-	-	-
Impaired:					
Receivables	-	-	-	-	-

32.3 *Maturity analysis of financial assets and liabilities*

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

	Contractual maturity		
Consolidated	Carrying	Less than	
2011	amount	1 year	1-5 years
Financial assets:	$'000	$'000	$'000
Cash and cash equivalents	46 000	46 000	-
Receivables	2 156	2 156	-
Other financial assets	2 157	2 157	-
Total financial assets	50 313	50 313	-
Financial liabilities:			
Payables	12 845	12 058	788
Total financial liabilities	12 845	12 058	788
2010			
Financial assets:			
Cash and cash equivalents	43 395	43 395	-
Receivables	2 088	2 088	-
Other financial assets	2 028	2 028	-
Total financial assets	47 511	47 511	-
Financial liabilities:			
Payables	10 277	9 320	958
Total financial liabilities	10 277	9 320	958

32.3 Maturity analysis of financial assets and liabilities (continued)

SAFECOM

		Contractual maturity	
	Carrying amount	Less than 1 year	1-5 years
2011	$'000	$'000	$'000
Financial assets:			
Cash and cash equivalents	12 540	12 540	-
Receivables	955	955	-
Other financial assets	-	-	-
Total financial assets	13 495	13 495	-
Financial liabilities:			
Payables	1 453	1 370	82
Total financial liabilities	1 453	1 370	82
2010			
Financial assets:			
Cash and cash equivalents	8 413	8 413	-
Receivables	507	507	-
Other financial assets	-	-	-
Total financial assets	8 920	8 920	-
Financial liabilities:			
Payables	1 481	1 367	114
Total financial liabilities	1 481	1 367	114

The financial assets and liabilities of SAFECOM are all current with maturity within the next 12 months.

Liquidity risk

Liquidity risk arises where SAFECOM is unable to meet its financial obligations as they are due to be settled. SAFECOM is funded principally from contributions from the Fund. The SAFECOM group and SAFECOM entity work with the fund manager of the Fund to determine cash flows associated with its government approved program of work and with DTF to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. SAFECOM 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.

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

The carrying amount of financial liabilities recorded in the table above represents SAFECOM's maximum exposure to financial liabilities.

Market risk

SAFECOM has non-interest bearing assets (cash on hand and receivables) and liabilities (payables), and interest bearing assets (cash at bank and financial assets). SAFECOM's exposure to market risk and cash flow interest risk is minimal. There is no exposure to foreign currency or other price risks.

Sensitivity disclosure analysis

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

Statement of Administered Comprehensive Income for the year ended 30 June 2011

	Note	2011 $'000	2010 $'000
Expenses:			
Payments to SA Government administrative units	3	210 030	216 871
Grants and subsidies	4	4 533	2 001
Other expenses	5	8 432	8 187
Total expenses		222 995	227 059
Income:			
Revenues from levy sources	6	219 303	219 167
Fees and charges	7	662	292
Interest revenues	8	2 436	1 887
Total income		222 401	221 346
Net result		(594)	(5 713)
Total comprehensive result		(594)	(5 713)

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

Statement of Administered Financial Position as at 30 June 2011

	Note	2011 $'000	2010 $'000
Current assets:			
Cash and cash equivalents	9	2 204	5 745
Receivables	10	3 126	4 599
Total current assets		5 330	10 344
Current liabilities:			
Payables	11	4 584	9 004
Total current liabilities		4 584	9 004
Net assets		746	1 340
Equity:			
Retained earnings	12	746	1 340
Total equity		746	1 340

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	14		
Contingent assets and liabilities	15		

Statement of Administered Changes in Equity for the year ended 30 June 2011

	Note	Retained earnings $'000	Total $'000
Balance at 30 June 2009	12	7 053	7 053
Net result for 2009-10	12	(5 713)	(5 713)
Total comprehensive result for 2009-10		(5 713)	(5 713)
Balance at 30 June 2010	12	1 340	1 340
Net result for 2010-11	12	(594)	(594)
Total comprehensive result for 2010-11		(594)	(594)
Balance at 30 June 2011	12	746	746

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

Statement of Administered Cash Flows for the year ended 30 June 2011

Cash flows from operating activities:	Note	2011 Inflows (Outflows) $'000	2010 Inflows (Outflows) $'000
Cash outflows:			
Payments to SA Government administrative units		(214 450)	(211 383)
Grant payments		(4 533)	(2 001)
Other payments		(8 432)	(8 187)
Cash used in operating activities		(227 415)	(221 571)
Cash inflows:			
Revenue from levy sources		220 776	217 741
Fees and charges		662	292
Interest received		2 436	1 827
Cash generated from operating activities		223 874	219 860
Net cash provided by (used in) operating activities	13	(3 541)	(1 711)
Net decrease (increase) in cash and cash equivalents		(3 541)	(1 711)
Cash and cash equivalents at 1 July		5 745	7 456
Cash and cash equivalents at 30 June	9	2 204	5 745

NOTES TO AND FORMING PART OF THE ADMINISTERED FINANCIAL STATEMENTS

1. Establishment, objectives and funding arrangements

Establishment

The Community Emergency Services Fund (CESF) is established pursuant to the *Emergency Services Funding Act 1988*.

Objectives

CESF provides funding to the core emergency services and for the provision of emergency services.

Funding arrangements

Under the *Emergency Services Funding Act 1998*, funds collected through the Emergency Services levy (fixed and mobile property), concessions to pensioners, remissions to property owners, levy payments on government property (fixed and mobile) and interest, are paid into CESF. The collection of the Emergency Services levy falls within the portfolio responsibilities of the Treasurer.

2. Summary of significant accounting policies

In general, CESF adopts the accounting policies of SAFECOM, as detailed in note 2 of SAFECOM's financial statements. Deviations from these policies are as follows:

Payments to SA Government administrative units

All payments to SA Government administrative units are only recognised upon actual certainty of payment. Recognition of accrual payments, based upon budgeted claims or requested payments are not recognised until approved and payment is certain.

3. Payments to SA Government administrative units	2011 $'000	2010 $'000
SAFECOM	16 372	19 217
South Australian State Emergency Service	14 306	12 887
South Australian Country Fire Service	60 157	64 516
South Australian Metropolitan Fire Service	96 125	97 722
South Australia Police	18 174	17 731
Attorney-General's Department - Government Radio Network (GRN)	687	687
Attorney-General's Department - State Helicopter Rescue	578	564
SA Ambulance Service	976	952
SA Ambulance Service - GRN	209	209
Department for Environment and Heritage	2 446	2 386
Total payments to SA Government administrative units	210 030	216 871
4. Grants and subsidies		
Surf Life Saving SA Inc	3 238	845
SA Volunteer Marine Rescue	977	769
SA Shark Beach Patrol	318	387
Total grants and subsidies	4 533	2 001
5. Other expenses		
RevenueSA collection costs	5 617	5 493
Department for Trade, Energy and Infrastructure - collection costs	752	726
Fixed property refunds	1 529	1 445
Administration costs	534	523
Total other expenses	8 432	8 187
6. Revenues from levy sources		
Fixed property collections	96 800	91 293
Fixed property remissions	73 781	81 042
Mobile collections	31 267	30 012
Mobile remissions	10 963	10 625
Pensioner remissions	6 492	6 195
Total revenues from levy sources	219 303	219 167
7. Fees and charges		
Certificate sales and other	662	292
Total fees and charges	662	292

Fees and charges received/receivable from entities within the SA Government

The following fees and charges (included in the fees and charges revenues shown above) were received/receivable from entities within the SA Government:

Certificate sales and other	662	292
Total fees and charges received/receivable - SA Government entities	662	292

8. Interest revenues

	2011	2010
	$'000	$'000
Interest on deposit accounts - from entities within the SA Government	2 436	1 887
Total interest revenues	2 436	1 887

9. Cash and cash equivalents

Deposits with the Treasurer	2 204	5 745
Total cash and cash equivalents	2 204	5 745

Interest rate risk

Deposits with the Treasurer earns a floating interest rate based on daily bank deposit rates. The carrying amount of cash and cash equivalents approximates fair value.

10. Receivables

Current:		
Receivables	3 126	4 599
Total current receivables	3 126	4 599

All receivable amounts disclosed are expected to be recovered within 12 months after reporting date.

Current receivables from entities within the SA Government

The following receivables (included in the receivables shown above) were receivable from entities within the SA Government:		
Receivables	3 126	4 599
Total current receivables - SA Government entities	3 126	4 599

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information

Refer note 17.

11. Payables

	2011	2010
Current:	$'000	$'000
Accrued expenses	2 463	9 004
Creditors	2 121	-
Total current payables	4 584	9 004

All payable amounts disclosed are expected to be paid within 12 months after reporting date.

Current payables to entities within the SA Government

The following payables (included in the payables shown above were payable to entities within the SA Government:		
Accrued expenses	597	-
Creditors	2 121	-
Total current payables - SA Government entities	2 718	-

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information

Refer note 17.

12. Equity

Equity represents the residual interest in the net assets of CESF. The State Government holds the equity interest in CESF on behalf of the community.

	Retained earnings	Total
2011	$'000	$'000
Balance at 30 June 2010	1 340	1 340
Net result for the financial year	(594)	(594)
Balance at 30 June 2011	746	746

12. Equity (continued)

2010	Retained earnings $'000	Total $'000
Balance at 30 June 2009	7 053	7 053
Net result for the financial year	(5 713)	(5 713)
Balance at 30 June 2010	1 340	1 340

13. Cash flow reconciliation - administered items

Reconciliation of cash and cash equivalents	2011 $'000	2010 $'000
Cash and cash equivalents at 30 June as per:		
Statement of Administered Financial Position	2 204	5 745
Statement of Administered Cash Flows	2 204	5 745

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

Net cash provided by (used in) operating activities	(3 541)	(1 711)
Movement in assets and liabilities:		
Increase (Decrease) in receivables	(1 473)	1 486
Decrease (Increase) in payables	4 420	(5 488)
Net result	(594)	(5 713)

14. Unrecognised contractual commitments

CESF has no unrecognised contractual commitments at reporting date.

15. Contingent assets and liabilities

CESF is not aware of any contingent assets or contingent liabilities.

16. Events subsequent to reporting date

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

17. Financial instruments/Financial risk management

17.1 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.

		2011		2010	
Financial assets	Note	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Cash and cash equivalents	9	2 204	2 204	5 745	5 745
Receivables(1)	10	3 126	3 126	4 599	4 599
Financial liabilities					
Payables(1)	11	4 584	4 584	9 004	9 004

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

Credit risk

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

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

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

17.2 Ageing analysis of financial assets

The following table discloses the ageing of financial assets and the ageing of impaired assets.

2011	Current not overdue $'000	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	3 126	-	-	-	3 126
Impaired:					
Receivables	-	-	-	-	-
Financial assets	-	-	-	-	-
2010					
Not impaired:					
Receivables	4 599	-	-	-	4 599
Impaired:					
Receivables	-	-	-	-	-
Financial assets	-	-	-	-	-

17.3 Maturity analysis of financial assets and liabilities

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

	Contractual maturities		
2011	Less than 1 year	1-5 years	Carrying amount
Financial assets:	$'000	$'000	$'000
Cash and cash equivalents	2 204	-	2 204
Receivables	3 126	-	3 126
Total financial assets	5 330	-	5 330
Financial liabilities:			
Payables	4 584	-	4 584
Total financial liabilities	4 584	-	4 584
2010			
Financial assets:			
Cash and cash equivalents	5 745	-	5 745
Receivables	4 599	-	4 599
Total financial assets	10 344	-	10 344
Financial liabilities:			
Payables	9 004	-	9 004
Total financial liabilities	9 004	-	9 004

The financial assets and liabilities of CESF are all current with maturity within the next 12 months.

Liquidity risk

CESF is funded principally from contributions from the Emergency Services levy, government concessions, remissions and interest. The payments from CESF are approved by the Economic and Finance Committee, pursuant to the *Emergency Services Funding Act 1998*, and endorsed by the Minister for Emergency Services. CESF is an administered item and cash flows associated with its government approved program of work and with DTF to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

CESF'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 17.1 represent CESF's maximum exposure to financial liabilities.

Market risk

CESF has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). CESF's exposure to market risk and cash flow interest risk is minimal. There is minimal exposure to foreign currency or other price risks.

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

18. Board/Committee members

CESF does not have any board or committee members.

South Australian Metropolitan Fire Service

Functional responsibility

Establishment

The *Fire and Emergency Services Act 2005* (FES Act) provides for the South Australian Metropolitan Fire Service (SAMFS) as a body corporate and also establishes the South Australian Fire and Emergency Services Commission (SAFECOM). SAMFS and SAFECOM are responsible to the Minister for Emergency Services.

The FES Act also defines the emergency services sector as consisting of the:

- South Australian Fire and Emergency Services Commission
- South Australian Metropolitan Fire Service
- South Australian State Emergency Service
- South Australian Country Fire Service.

SAFECOM is responsible for establishing and promoting the strategic direction and policy for the emergency services sector and enabling agencies to work towards that strategic direction.

Functions and funding

The SAMFS is the primary provider of structural fire fighting services to the State of South Australia.

SAFECOM provides various services in support of SAMFS's primary functions, including financial management and accounting services. Also the operations of the SAMFS are financed by the Community Emergency Services Fund (the Fund), established by the *Emergency Services Funding Act 1998*.

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

Audit mandate and coverage

Audit authority

Audit of the financial report

Subsection 31(1)(b) of the PFAA and subsection 52(2) of the FES Act provide for the Auditor-General to audit the accounts of the SAMFS for each financial year.

Assessment of controls

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

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

Scope of audit

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

The audit included access to systems and information maintained by SAMFS and SAFECOM to conduct relevant financial transaction and control compliance tests of those systems and information.

The audit included a review of the overall internal control environment covering compliance with TIs and verification of transactions on a test basis. The scope of the interim audit included:

- expenditure
- payroll and employee entitlements
- revenue, including Commonwealth grants
- cash and receivables
- non-current assets, including asset valuation and capital works in progress
- financial accounting
- corporate governance and risk management
- budgetary control
- financial management compliance programs.

The audit included a follow-up of previous audit findings, especially those matters that required the reissuing of 2009-10 financial statements for SAFECOM, the South Australian Country Fire Service and the South Australian State Emergency Service.

This included a specific assessment of internal controls related to capital works in progress and capitalisation of completed assets covering procurement, asset valuation and record keeping practices to support asset transactions and management reporting.

The audit also covered the operations of the Fund.

Internal audit activities were reviewed to assess the risks of material misstatement of the financial statements and to design and perform audit procedures. Audit made use of the work performed by internal audit, including a building construction project internal audit 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 South Australian Metropolitan Fire Service as at 30 June 2011, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the South Australian Metropolitan Fire Service in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters in relation to deficiencies in asset record keeping and management trails, TIs 2 and 28, other matters and shared services as outlined under 'Communication of audit matters' in the part of this Report titled 'South Australian Fire and Emergency Services Commission', are sufficient to provide reasonable assurance that the financial transactions of the South Australian Metropolitan Fire Service have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive, SAFECOM and the Chief Officer, SAMFS who are responsible for the governance of the SAMFS. Responses to the management letters were generally considered to be satisfactory.

Major matters raised with SAFECOM and the SAMFS and the related responses are detailed under 'Communication of audit matters' in the part of this Report titled 'South Australian Fire and Emergency Services Commission'.

Interpretation and analysis of the financial report

Highlights of the financial report

	2011 $'million	2010 $'million
Expenses		
Employee benefits expenses	94	91
Supplies and services	11	12
Other expenses	9	9
Total expenses	114	112
Income		
Total income	7	6
Net revenue from (cost of) providing services	(107)	(106)
Revenues from SA Government	96	98
Net result	(11)	(8)
Other comprehensive income	-	6
Total comprehensive result	(11)	(2)
Net cash provided by (used in) operating activities	(3)	4
Assets		
Current assets	23	31
Non-current assets	144	146
Total assets	167	177
Liabilities		
Current liabilities	16	16
Non-current liabilities	24	23
Total liabilities	40	39
Total equity	127	138

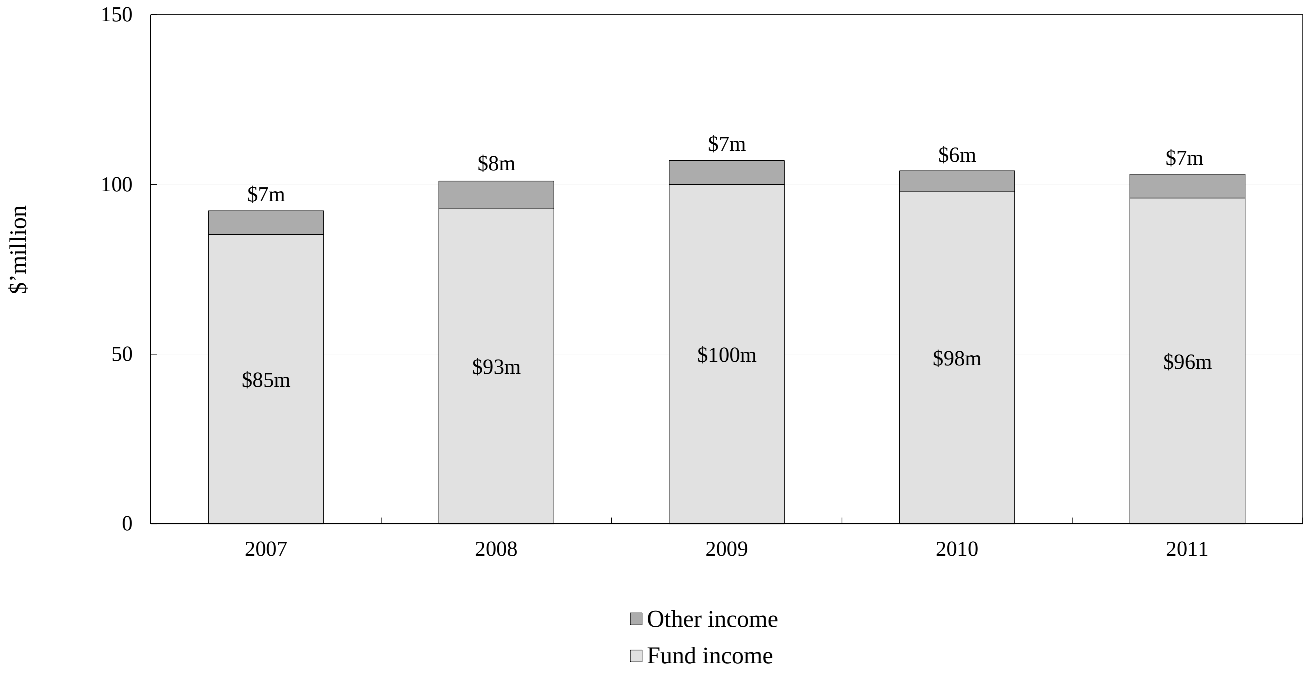
Statement of Comprehensive Income

Revenues from SA Government

The main source of funds for the SAMFS is the contributions from the Fund which account for 93 percent of revenues (refer note 14 to the financial statements).

The contributions from the Fund to the SAMFS decreased by 2 percent to $96 million during 2010-11.

A structural analysis of income for the SAMFS for the five years to 2011 is presented in the following chart.



The chart highlights that the contributions from the Fund have decreased over the past years.

Expenses

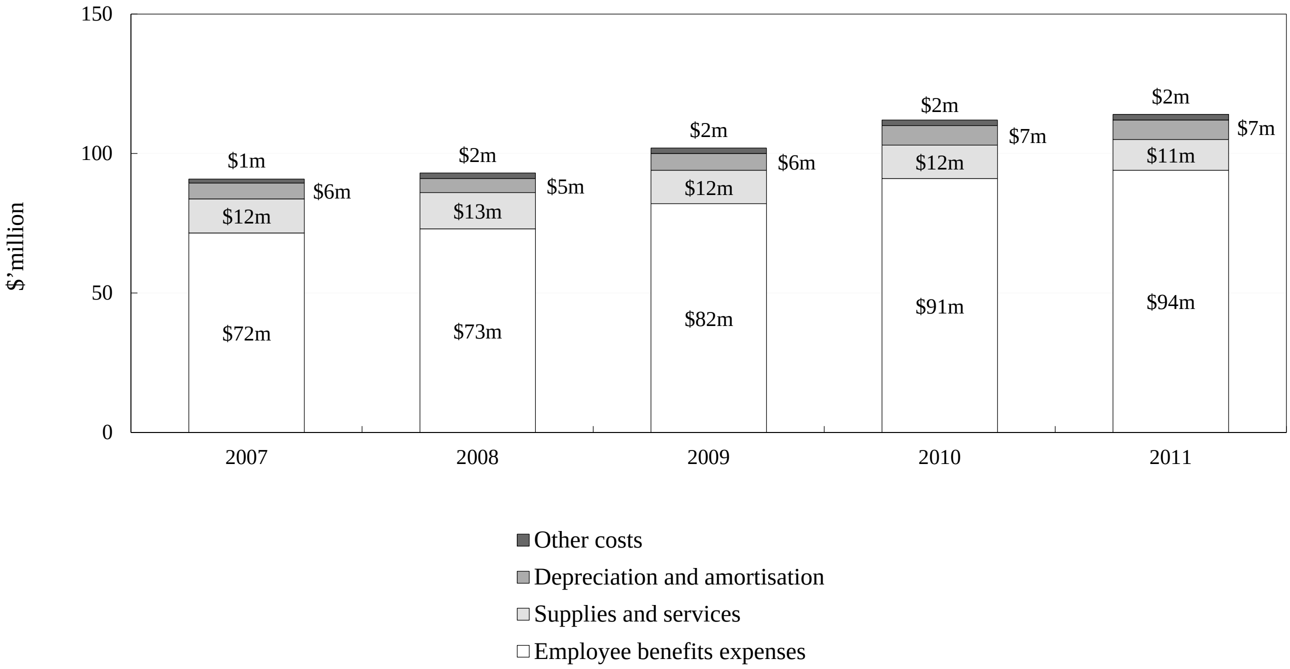
Total expenses increased by $1.6 million (1.5 percent) to $114 million. Employee benefits costs account for 83 percent of the total expenses of the SAMFS. Employee benefits expenses increased by $3 million (4 percent) to $94 million due mainly to:

- salaries and wages, up $3.7 million due to increases in overtime, allowances and salaries under the enterprise bargaining agreement for some staff
- long service leave expense, up $1.8 million due to a decrease in the DTF benchmark for recognising this liability to 5.5 (eight) years of service
- TVSPs of $ 732 000

offset by a decrease in costs for workers compensation of $3.7 million mainly as a result of an actuarial assessment.

Supplies and services decreased by $1 million due to decreases in the items uniforms and protective clothing of $688 000 and transfer of capital funding - Information Management System projects of $350 000 that was only an expense in 2009-10.

For the five years to 2011, an analysis of the main operating expense items (excluding payments to SA Government) for the SAMFS is shown in the following chart.



Over the five years, expenses have increased by $23 million or 25 percent.

Net result

The increased expenditure and reduced funding, including a payment to the SA Government of $1.2 million, resulted in a net deficit for the year of $11 million compared to a net deficit of $8 million in 2009-10. SAMFS cash and cash equivalents also reduced by $7 million to fund this approved budgeted outcome.

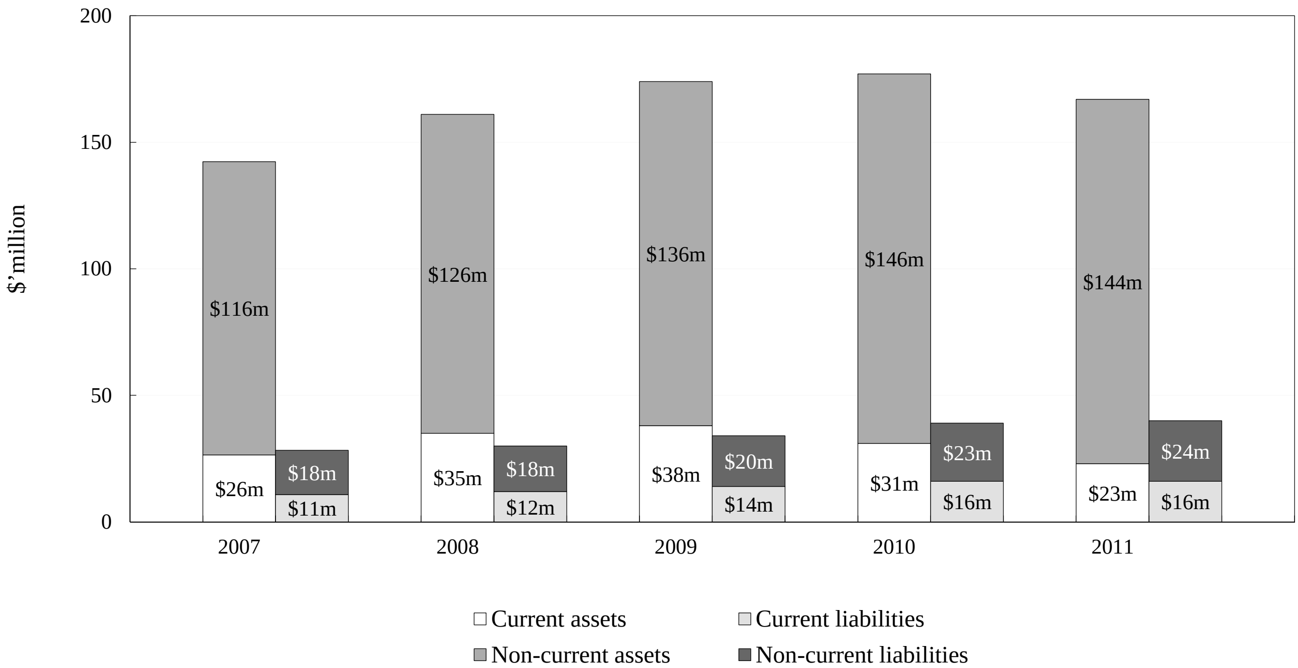
Statement of Financial Position

The Statement of Financial Position is dominated by the non-current asset 'Property, plant and equipment' which accounts for 86 percent of total assets. Property, plant and equipment decreased by $2 million during the year to $144 million due mainly to additional work in progress of $4.6 million, offset by depreciation expense for the year of $6.4 million.

Current assets decreased by $8 million to $23 million during the year mainly due to a reduction in cash and cash equivalents of $7 million to fund the increased net cost of services.

Employee benefit liabilities increased by $3 million due to a $2.6 million increase in the long service liability. The liability for long service leave is recognised using a benchmark estimated by DTF based on a significant sample of employees throughout the South Australian public sector. In 2010-11 the benchmark was 5.5 (eight) years of service. Note 2(l) to the financial statements explains.

For the five years to 2011, a structural analysis of assets and liabilities is shown in the following chart.



The fair value of the main asset classes held by the SAMFS were land and buildings ($108 million) and vehicles ($30 million). Refer note 18 to the financial statements for more information.

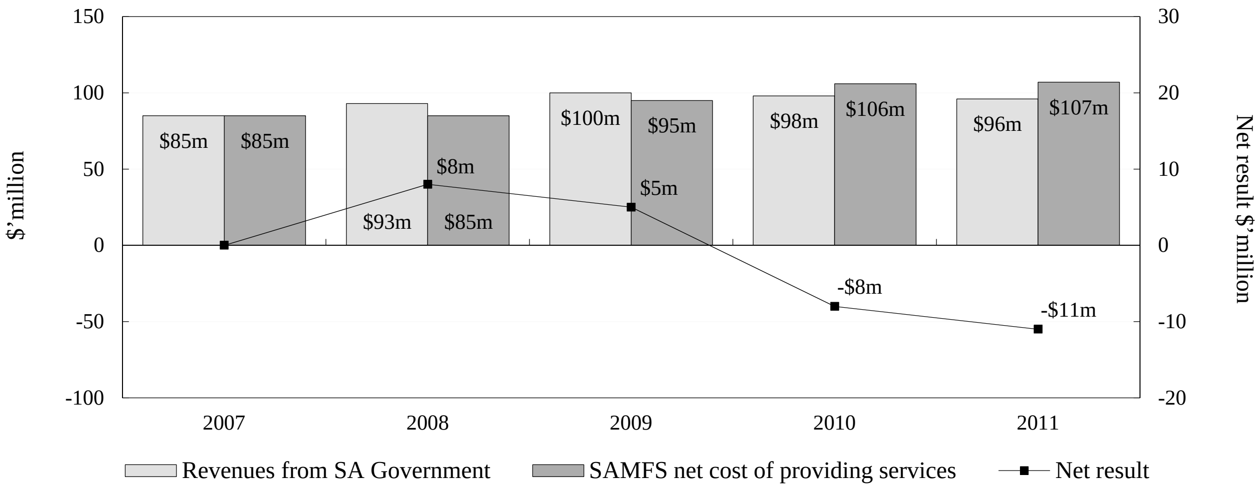
Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2010.

	2011 $'million	2010 $'million	2009 $'million	2008 $'million	2007 $'million
Net cash flows					
Operating	(3)	4	15	15	8
Investing	(3)	(12)	(13)	(7)	(7)
Change in cash	(6)	(8)	2	8	1
Cash at 30 June	22	28	36	34	26

Further commentary on operations

The following chart shows the funding received by the SAMFS from the Fund and the net cost of services for the past five years:



Statement of Comprehensive Income
for the year ended 30 June 2011

	Note	2011 $'000	2010 $'000
Expenses:			
Employee benefits expenses	5	94 337	90 996
Supplies and services	6	11 251	12 257
Government Radio Network	7	1 566	1 828
Depreciation and amortisation expense	8	6 449	6 877
Total expenses		113 603	111 958
Income:			
Net gain from disposal of non-current assets	9	17	15
Revenues from fees and charges	10	3 622	3 372
Commonwealth revenue	11	1 118	1 063
Interest revenues	12	1 211	1 159
Other income	13	696	425
Total income		6 664	6 034
Net cost of providing services		106 939	105 924
Revenues from (payments to) SA Government:			
Revenues from SA Government	14	96 866	97 722
Payments to SA Government	14	1 174	-
Total revenues from (payments to) SA Government		95 692	97 722
Net result		(11 247)	(8 202)
Other comprehensive income:			
Changes in property, plant and equipment asset revaluation surplus		-	6 632
Total other comprehensive income		-	6 632
Total comprehensive result		(11 247)	(1 570)

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

Statement of Financial Position
as at 30 June 2011

	Note	2011 $'000	2010 $'000
Current assets:			
Cash and cash equivalents	15	21 552	28 414
Receivables	16	1 168	1 002
Property held for sale	17	255	1 150
Total current assets		22 975	30 566
Non-current assets:			
Property, plant and equipment	18	144 015	146 080
Intangible assets	19	37	68
Total non-current assets		144 052	146 148
Total assets		167 027	176 714
Current liabilities:			
Payables	20	3 745	3 866
Employee benefits	21	10 812	9 915
Provisions	22	1 672	1 596
Total current liabilities		16 229	15 377
Non-current liabilities:			
Payables	20	1 454	1 479
Employee benefits	21	16 480	14 414
Provisions	22	5 921	7 254
Total non-current liabilities		23 855	23 147
Total liabilities		40 084	38 524
Net assets		126 943	138 190
Equity:			
Asset revaluation surplus	23	100 893	100 893
Retained earnings	23	26 050	37 297
Total equity		126 943	138 190

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 2011

	Note	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2009	23	94 261	45 499	139 760
Net result for 2009-10	23	-	(8 202)	(8 202)
Gain on revaluation of land reclassified for sale during 2009-10		470	-	470
Gain on revaluation of property, plant and equipment during 2009-10	23	6 162	-	6 162
Total comprehensive result for 2009-10		6 632	(8 202)	(1 570)
Balance at 30 June 2010	23	100 893	37 297	138 190
Net result for 2010-11	23	-	(11 247)	(11 247)
Total comprehensive result for 2010-11		-	(11 247)	(11 247)
Balance at 30 June 2011	23	100 893	26 050	126 943

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

Statement of Cash Flows
for the year ended 30 June 2011

	Note	2011 Inflows (Outflows) $'000	2010 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefits payments		(92 598)	(86 704)
Supplies and services payments		(13 011)	(14 612)
Government Radio Network payments		(1 592)	(1 591)
GST paid to the ATO		(284)	-
Cash used in operations		(107 485)	(102 907)
Cash inflows:			
Fees and charges		4 318	3 642
Receipts from Commonwealth		1 118	1 303
Interest received		1 221	1 163
GST recovered from the ATO		1 019	2 330
Other receipts		696	425
Cash generated from operations		8 372	8 863
Cash flows from SA Government:			
Contributions from Community Emergency Services Fund	14	96 125	97 722
Other receipts from SA Government	14	741	-
Payments to SA Government	14	(1 174)	-
Cash generated from SA Government		95 692	97 722
Net cash provided by (used in) operating activities	24	(3 421)	3 678
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(4 613)	(11 660)
Cash used in investing activities		(4 613)	(11 660)
Cash inflows:			
Proceeds from sale of property, plant and equipment		1 172	15
Cash generated from investing activities		1 172	15
Net cash provided by (used in) investing activities		(3 441)	(11 645)
Net increase (decrease) in cash and cash equivalents		(6 862)	(7 967)
Cash and cash equivalents at 1 July		28 414	36 381
Cash and cash equivalents at 30 June	15	21 552	28 414

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives and funding

Objectives

The South Australian Metropolitan Fire Service (MFS) continues in existence under the *Fire and Emergency Services Act 2005* (the Act) and under the Act has the following functions:

- to provide services with a view to preventing the outbreak of fires, or reducing the impact of fires, in any fire district
- to provide efficient and responsive services in any fire district for the purpose of fighting fires, dealing with other emergencies or undertaking any rescue
- to protect life, property and environmental assets from fire and other emergencies occurring in any fire district

Objectives (continued)

- to develop and maintain plans to cope with the effects of fires or emergencies in any fire district
- to provide services or support to assist with recovery in the event of a fire or other emergency in a fire district
- to perform any other function assigned to MFS by or under this or any other Act.

Funding arrangements

Funding of MFS is primarily derived from the Community Emergency Services Fund (the Fund), in accordance with the *Emergency Services Funding Act 1998*.

2. Summary of significant accounting policies

(a) Statement of compliance

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

Except for AASB 2009-12, which the MFS has early-adopted, AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the MFS for the reporting period ending 30 June 2011. These are outlined in note 3.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying MFS's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, these 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 APS issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APS require the following note disclosures, which have been included in this financial report:

  (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of $100 000 for separate identification of these items may be utilised. MFS has elected to utilise this threshold in relation to transactions applicable to revenue and expense items. The threshold has not been applied to financial assets and financial liabilities, ie all financial assets and financial liabilities relating to SA Government have been separately disclosed

  (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.

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011 and the comparative information presented for the year ended 30 June 2010.

(c) Reporting entity

The MFS is established under the Act. Under the Act, the MFS is a separate body corporate acting on behalf of the Crown and part of the consolidated emergency services sector.

The financial statements include all the controlled activities of the MFS.

(d) Comparative information

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

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

(e) Rounding

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

(f) Taxation

MFS is not subject to income tax. MFS 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 GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

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

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

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

(g) Events after the reporting period

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

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

(h) Income

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

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

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

The following are specific recognition criteria:

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

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

- contributions with unconditional stipulations - this will be when the agreement becomes enforceable ie the earlier of when the receiving entity has formally been advised that the contribution (eg grant application) has been approved; agreement/contract is executed; and/or the contribution is received
- contributions with conditional stipulations - this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

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

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

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

Any gain on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deduction from proceeds of the asset at that time.

Other income
Other income consists of donations received, miscellaneous expense recoveries and other minor revenues.

Revenues from SA Government
Contributions from the Fund and other receipts from SA Government are recognised as income when MFS obtains control over the funding. Control over funding is normally obtained upon receipt.

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

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

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

The following are specific recognition criteria:

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

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

Payments to SA Government
Payments to the SA Government include the return of surplus cash from the proceeds for the sale of surplus land and buildings and are paid directly to the Consolidated Account.

Depreciation and amortisation

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

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

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

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

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

Class of asset	*Useful life (years)*
Communications equipment	10
Vehicles	5-15
Plant and equipment	10
Computer equipment	5
Buildings	50
Intangibles	5

(j) Current and non-current classification

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

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

(k) Assets

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

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

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

Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables

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

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

Receivables (continued)
Collectability of receivables is reviewed on an ongoing basis. 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 MFS will not be able to collect the debt. Bad debts are written off when identified.

Other financial assets
MFS measures other financial assets at cost. All assets in this category are either short or medium-term cash deposits.

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

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

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

Non-current assets are subsequently measured at fair value less accumulated depreciation. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position.

In accordance with APF III, APS 2.15 all non-current tangible assets with a value of $10 000 or greater are capitalised.

Revaluation of non-current assets
All non-current tangible assets are valued at written down current cost (a proxy for fair value). On an ongoing basis, revaluations are made in accordance with related policies whereby independent valuations are obtained every five years and carrying amounts are adjusted accordingly.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, the asset is revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the asset 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 asset revaluation surplus to the extent of the credit balance existing in revaluations surplus for that asset class.

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

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

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

For revalued assets, an impairment loss is offset against the respective asset 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.

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

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

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

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

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

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

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

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 MFS.

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

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

Employee benefits on-costs include superannuation contributions, workers compensation and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave (LSL) and annual leave.

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

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

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

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

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

LSL

The liability for LSL is recognised after an employee has completed 5.5 years (eight years) of service. An actuarial assessment of LSL undertaken by DTF based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the MFS's experience of employee retention and leave taken.

The unconditional portion of the LSL provision is classified as current as the MFS does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The unconditional portion of LSL relates to an unconditional legal entitlement to payment arising after 10 years of service.

Provisions

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

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

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2011 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.

MFS is responsible for the payment of workers compensation claims.

Financial liabilities

MFS measures financial liabilities at historical cost.

Operating leases

In respect of operating leases, the lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased items. Operating lease payments are 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.

(m) Unrecognised contractual commitments and contingent assets and liabilities

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

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

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

3. New and revised accounting standards and policies

In accordance with amendments to APS 4.8 within APF II, effective 1 July 2010, MFS has disclosed all employees whose normal remuneration is equal to or greater than the base executive level remuneration. Previously APS 4.8 within APF II required MFS to disclose all employees whose normal remuneration was equal to or greater than $100 000. This change is reflected in note 5.

The MFS did not voluntarily change any of its accounting policies during 2010-11.

Except for the amending standard AASB 2009-12, which MFS has early-adopted, the AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by MFS for the period ending 30 June 2011. MFS 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 MFS.

4. Activities of the MFS

In achieving its objectives, the MFS provides services within four general areas: prevention, preparedness, response and recovery. These services are classified under one activity titled ‘Metropolitan Fire Service’.

5. Employee benefits expenses

	2011 $’000	2010 $’000
Salaries and wages	66 520	62 813
Annual leave	8 489	8 349
LSL	4 995	3 192
Employment on-costs - superannuation	8 342	7 930
Employment on-costs - other	4 347	4 049
TVSPs (refer below)	732	-
Workers compensation costs	618	4 366
Other employment related expenses	294	297
Total employee benefits expenses	94 337	90 996

TVSPs

Amount paid to these employees:		
TVSPs	732	-
Annual leave and LSL paid during the reporting period	268	-
	1 000	-
Recovery from DTF	(741)	-
Net cost to agency	259	-

The number of employees who received a TVSP during the reporting period was 3 (nil).

Employee remuneration

The table below includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $5.723 million ($3.833 million).

The number of employees whose remuneration received or receivable falls within the following bands:	2011 Number	2010 Number
$127 500 - $130 699*	-	5
$130 700 - $140 699	21	11
$140 700 - $150 699	5	5
$150 700 - $160 699	3	1
$190 700 - $200 699	1	-
$200 700 - $210 699	-	1
$230 000 - $240 699	1	-
$280 700 - $290 699	-	1
$290 700 - $300 699	1	-
$330 700 - $340 699	-	1
$430 700 - $440 699#	1	-
$520 700 - $530 699#	1	-
Total	34	25

* This band has been included for the purposes of reporting comparative figures based on the executive base level rate for 2009-10.

The number of employees reported in the bandings above includes two employees in 2011 (nil) who received a TVSP.

Accounting policy change

In accordance with the revised APF II, the MFS has changed its accounting policy and now discloses all employees who receive remuneration equal to or greater than the base executive remuneration level rather than all employees who receive remuneration equal to or greater than $100 000. The impact of this change in accounting policy is the number of employees disclosed has reduced by 246 (207).

6. Supplies and services

	2011 $'000	2010 $'000
Accommodation	178	167
Communications	634	775
Computing costs	1 076	727
Consultancy, contractor and legal fees	925	958
Consumables	1 205	1 087
Energy	568	509
Auditor's remuneration	25	21
Minor plant and equipment	634	1 081
Operational costs	37	65
Operating lease costs	728	761
Repairs and maintenance	2 188	2 316
Travel and training	938	828
Uniforms and protective clothing	811	1 499
Transfers of capital funding - Information Management System projects	-	350
Other expenses	1 304	1 113
Total supplies and services	11 251	12 257

Consultancies

The number and dollar amount of consultancies paid/payable (included in consultants expense shown above) fell within the following bands:	2011 Number	2010 Number
Below $10 000	2	3
Between $10 000 - $50 000	2	1
Total number of consultancies	4	4

	2011 $'000	2010 $'000
Below $10 000	11	8
Between $10 000 - $50 000	48	26
Total amount paid/payable	59	34

Auditor's remuneration

Auditor's remuneration (included in the auditor's remuneration expense amount shown above) represents amounts paid/payable to the Auditor-General's Department for audit services. No other services were provided by the Auditor-General's Department.

	2011 $'000	2010 $'000
Audit fees paid/payable to the Auditor-General's Department	25	21
Total auditor's remuneration	25	21

The following supplies and services (included in the supplies and services expense amounts shown above) were provided by entities within the SA Government:

	2011	2010
Accommodation	170	160
Computing costs	147	174
Consultancy, contractor and legal fees	61	109
Auditor's remuneration	25	21
Minor plant and equipment	3	-
Operating lease costs	657	693
Repairs and maintenance	306	303
Travel and training	79	173
Uniforms and protective clothing	5	2
Transfer of capital funding - IMS projects	-	350
Other expenses	626	570
Total supplies and services provided by entities within the SA Government	2 079	2 555

7. Government Radio Network (GRN)

	2011	2010
Contribution towards GRN - voice	1 493	1 744
Contribution towards GRN - paging	73	84
Total GRN expenses	1 566	1 828

		2011	2010
8.	**Depreciation and amortisation expenses**		
	Depreciation:	$'000	$'000
	Buildings	2 659	2 505
	Vehicles	3 141	3 179
	Computers	17	41
	Plant	309	400
	Communications	292	687
	Total depreciation	6 418	6 812
	Amortisation:		
	Software	31	65
	Total amortisation	31	65
	Total depreciation and amortisation	6 449	6 877
9.	**Net gain (loss) from disposal of non-current assets**		
	Land and buildings:		
	Proceeds from disposal	1 166	-
	Net book value of assets disposed	(1 155)	-
	Net gain (loss) from disposal	11	-
	Vehicles:		
	Proceeds from disposal	6	15
	Total value of assets disposed	-	-
	Net gain (loss) from disposal of non-current assets	6	15
	Total assets:		
	Proceeds from disposal	1 172	15
	Total value of assets disposed	(1 155)	-
	Net gain (loss) from disposal of non-current assets	17	15
10.	**Revenues from fees and charges**		
	Fire alarm attendance fees	1 512	1 500
	Fire safety fees	297	270
	Fire alarm monitoring fees	1 667	1 583
	Salary recoveries	106	19
	Other recoveries	40	-
	Total revenues from fees and charges	3 622	3 372
	The following fees and charges (included in the revenues from fees and charges shown above) were received/receivable from entities within the SA Government:		
	Fire alarm attendance fees	317	296
	Fire safety fees	13	22
	Fire alarm monitoring fees	164	145
	Salary recoveries	14	-
	Other recoveries	40	-
	Total fees and charges received/receivable from entities within the SA Government	548	463
11.	**Commonwealth revenues**		
	Grants and contributions	1 118	1 063
	Total Commonwealth revenues	1 118	1 063

Commonwealth revenues include contributions towards the cost of providing fire and emergency services to Commonwealth property.

There are no conditions attached to these contributions.

		2011	2010
12.	**Interest revenues**		
	Interest on deposit accounts from entities within the SA Government	1 211	1 159
	Total interest revenues	1 211	1 159

13. Other income

	2011 $'000	2010 $'000
Rent received	122	162
Donations	6	-
Insurance recoveries	-	21
Other	568	242
Total other income	696	425

The following other income (included in the other income shown above) was received/receivable from entities within the SA Government:

Rent received	38	79
Insurance recoveries	-	19
Other	145	10
Total other income received/receivable from entities within the SA Government	183	108

14. Revenues from (Payments to) SA Government

Revenues from SA Government:		
Contributions from Community Emergency Services Fund	96 125	97 722
Other revenues from SA Government	741	-
Total revenues from SA Government	96 866	97 722
Payments to SA Government:		
Payment to consolidated account of proceeds for the sale of surplus land and buildings	1 174	-
Total payments to SA Government	1 174	-

Total revenues from SA Government consists of $93.215 million ($92.086 million) for operational funding and $3.651 million ($5.636 million) for capital projects.

15. Cash and cash equivalents

Deposits with the Treasurer	21 540	28 405
Cash on hand	12	9
Total cash and cash equivalents	21 552	28 414

Short-term deposits

Short-term deposits are made for varying periods of between one day and three months and are lodged with various financial institutions at their respective short-term deposit rates.

Interest rate risk

Cash on hand is non-interest bearing. Cash at bank earns a floating interest rate based on daily bank deposit rates, whilst short-term deposits are lodged with various financial institutions at their respective short-term deposit rates. The carrying amount of cash approximates fair value.

16. Receivables

	2011 $'000	2010 $'000
Current:		
Receivables	591	366
Allowance for doubtful debts	(64)	(6)
	527	360
Accrued revenues	194	402
Prepaid salaries and wages	-	-
GST input tax recoverable	447	240
Total current receivables	1 168	1 002

All receivable amounts disclosed above are expected to be recovered within 12 months after reporting date.

Receivables from entities within the SA Government

The following receivables (included in the receivables shown above) were receivable from entities within the SA Government:

Receivables	116	78
Allowance for doubtful debts	-	-
	116	78
Accrued revenues	94	146
Total current receivables from entities within the SA Government	210	224

Receivables from entities within the SA Government	2011	2010
Movements in the allowance for doubtful debts (impairment loss):	$'000	$'000
Carrying amount at 1 July	(6)	(4)
Amounts written off	1	4
Decrease (Increase) in the allowance	(59)	(6)
Carrying amount at 30 June	(64)	(6)

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.

Interest rate and credit risk
Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information
Refer note 29.

17. Property held for sale

	2011	2010
	$'000	$'000
Property held for sale	255	1 150
Total property held for sale	255	1 150

The Burra and Port Lincoln site is surplus to requirements and, at balance date, is in the process of being sold. Sale proceeds are anticipated to be received in 2011-12.

18. Property, plant and equipment

	2011	2010
Land		
At valuation	39 455	39 710
Total land	39 455	39 710
Buildings:		
At valuation	63 886	63 917
At cost (deemed fair value)	10 127	9 836
Accumulated depreciation	(5 133)	(2 505)
Total buildings	68 880	71 248
Vehicles:		
At valuation	26 894	26 894
At cost (deemed fair value)	9 268	3 019
Accumulated depreciation	(6 320)	(3 179)
Total vehicles	29 842	26 734
Communication equipment:		
At valuation	2 025	2 025
At cost (deemed fair value)	397	200
Accumulated depreciation	(979)	(687)
Total communication equipment	1 443	1 538
Computer equipment:		
At valuation	67	67
Accumulated depreciation	(58)	(41)
Total computer equipment	9	26
Plant and equipment:		
At valuation	1 961	1 961
At cost (deemed fair value)	323	223
Accumulated depreciation	(709)	(400)
Total plant and equipment	1 575	1 784

18. Property, plant and equipment	2011	2010
Capital work in progress:	$'000	$'000
At cost (deemed fair value)	2 811	5 040
Total work in progress	2 811	5 040
Total property, plant and equipment	144 015	146 080

Valuation of assets

At 30 June 2011, valuations were undertaken by a suitably qualified officer of SAFECOM. The assessment indicated there was no material difference between the fair value and carrying amount of the assets and consequently no revaluation adjustments were required. All assets have been valued on the basis of written down current cost or open market values for existing use, which is considered to be equivalent to fair value.

At 30 June 2010, management exercised its discretion and revalued land. Values used were based upon desktop values obtained from Liquid Pacific Mr M Burns, MRICS, AAPI (CPV).

At 30 June 2008 independent valuations for land, buildings, vehicles and communication assets were obtained from Liquid Pacific Mr M Burns, MRICS, AAPI (CPV). The valuer arrived at fair value on the basis of open market values for existing use or at written down current cost which is considered to be equivalent to fair value.

Impairment

There were no indications of impairment for property, plant and equipment as at 30 June 2011.

Movement and reconciliation of property, plant and equipment

2011	Land $'000	Buildings $'000	Vehicles $'000	Comms equipmnt $'000	Computer equipmnt $'000	Plant and equipmnt $'000	Capital work in progress (CWIP) $'000	2011 Sub-total $'000	2010 Sub-total $'000
Carrying amount at 1 July	39 710	71 248	26 734	1 538	26	1 784	5 040	146 080	-
Additions	-	-	-	-	-	-	4 608	4 608	-
Transfers to (from) CWIP	-	291	6 249	197	-	100	(6 837)	-	-
Depreciation expense	-	(2 659)	(3 141)	(292)	(17)	(309)	-	(6 418)	-
Transfer to different asset class - non-current asset held for resale	(255)	-	-	-	-	-	-	(255)	-
Carrying amount at 30 June	39 455	68 880	29 842	1 443	9	1 575	2 811	144 015	-
2010									
Carrying amount at 1 July	34 185	63 917	26 894	2 025	67	1 961	6 701	-	135 750
Additions	-	-	-	-	-	-	11 660	-	11 660
Transfers to (from) CWIP	43	9 836	3 019	200	-	223	(13 321)	-	-
Depreciation expense	-	(2 505)	(3 179)	(687)	(41)	(400)	-	-	(6 812)
Gain (loss) on revaluation of land reclassified for sale	470	-	-	-	-	-	-	-	470
Gain (loss) on revaluation of property, plant and equipment	6 162	-	-	-	-	-	-	-	6 162
Transfer to different asset class - non-current asset held for resale	(1 150)	-	-	-	-	-	-	-	(1 150)
Carrying amount at 30 June	39 710	71 248	26 734	1 538	26	1 784	5 040	-	146 080

19. Intangible assets	2011	2010
	$'000	$'000
Computer software	324	324
Accumulated amortisation	(287)	(256)
Total intangible assets	37	68

Movement reconciliation of intangible assets

	2011	2010
Carrying amount at 1 July	68	133
Depreciation expense	(31)	(65)
Carrying amount at 30 June	37	68

Asset details and amortisation

Intangible assets detailed above relate to computer software externally acquired. All computer software is amortised over a straight-line basis with a total useful life of five years.

Impairment

There were no indications of impairment of intangible assets at reporting date.

20. Payables	2011	2010
Current payables:	$’000	$’000
Accrued expenses	453	933
Creditors	1 262	960
FBT payable	72	73
Employment on-costs	1 958	1 900
Total current payables	3 745	3 866

All payable amounts disclosed above are expected to be paid within 12 months after reporting date.

Non-current payables:		
Employment on-costs	1 454	1 479
Total non-current payables	1 454	1 479

Current payables to SA Government entities

The following payables (included in the payables shown above) were payable to entities within the SA Government		
Accrued expenses	227	477
Creditors	254	352
FBT payable	72	-
Employment on-costs	1 958	1 900
Total current payables - SA Government entities	2 511	2 729

Non-current payables to SA Government entities

The following payables (included in the payables shown above) were payable to entities within the SA Government:		
Employment on-costs	1 454	1 479
Total non-current payables - SA Government entities	1 454	1 479

Employment on-costs

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of LSL taken as leave has changed to 35 percent (45 percent) and the average factor for the calculation of employer superannuation on-cost has changed to 10.3 percent (10.5 percent). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of $27 000 and employee benefits expense of $270 000. The estimated impact on future periods is not expected to be materially different to the effect on the current period as shown above.

Interest rate and credit risk

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

Maturity analysis of payables and categorisation of financial instruments and risk exposure information

Refer note 29.

21. Employee benefits	2011	2010
Current:	$’000	$’000
Annual leave	6 933	6 859
LSL	2 205	1 637
Accrued salaries and wages	1 674	1 419
Total employee benefits - current	10 812	9 915

All employee benefit amounts, including LSL are expected to be paid within 12 months after reporting date.

Non-current:		
LSL	16 480	14 414
Total employee benefits - non-current	16 480	14 414

Based on an actuarial assessment performed by DTF, the benchmark for the measurement of the LSL liability has been revised to 5.5 years (eight years). The net financial effect of the changes in the current financial year is an increase in the LSL liability of $1.968 million and an increase in employee benefits expense of $1.968 million. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions – a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement. However, the impact on future periods is not expected to be materially different to the effect on the current period as shown above.

21. Employee benefits (continued)

In addition, the actuarial assessment performed by DTF also advised a salary inflation rate of 4 percent (4 percent). This rate is used in the calculation of the relevant employee benefits provisions.

22. Provisions

	2011	2010
Current liabilities:	$'000	$'000
Provision for workers compensation	1 672	1 596
Total current provisions	1 672	1 596
Non-current liabilities:		
Provision for workers compensation	5 921	7 254
Total non-current provisions	5 921	7 254

Provision movement

Carrying amount at 1 July	8 850	6 440
Additional provisions recognised (released)	610	4 376
Reductions arising from payments	(1 867)	(1 966)
Carrying amount at 30 June	7 593	8 850

MFS has reported a liability to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of DPC. These claims are expected to be settled within the next financial year.

23. Equity

Equity represents the residual interest in the net assets of MFS. The State Government holds the equity interest in MFS on behalf of the community. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets. The asset revaluation surplus is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2010	100 893	37 297	138 190
Net result for the financial year	-	(11 247)	(11 247)
Balance at 30 June 2011	100 893	26 050	126 943
Balance at 30 June 2009	94 261	45 499	139 760
Net result for the financial year	-	(8 202)	(8 202)
Gain on revaluation of land reclassified for resale	470	-	470
Gain on revaluation of property, plant and equipment:			
Land	6 162	-	6 162
Gain on revaluation of property, plant and equipment	6 632	-	6 632
Balance at 30 June 2010	100 893	37 297	138 190

24. Cash flow reconciliation

Reconciliation of cash and cash equivalents	2011 $'000	2010 $'000
Cash and cash equivalents at 30 June as per:		
Statement of Financial Position	21 552	28 414
Statement of Cash Flows	21 552	28 414

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

Net cash provided by (used in) operating activities	(3 421)	3 678
Revenues from SA Government	(96 866)	(97 722)
Payments to SA Government	1 174	-
Non-cash items:		
Depreciation and amortisation	(6 449)	(6 877)
Net gain from disposal of non-current assets	17	15
Movement in assets and liabilities:		
Increase (Decrease) in receivables	166	(358)
Decrease (Increase) in payables	146	(820)
Decrease (Increase) in employee benefits	(2 963)	(1 430)
Decrease (Increase) in provisions	1 257	(2 410)
Net cost of providing services	(106 939)	(105 924)

25. Unrecognised contractual commitments

Operating lease commitments

	2011 $'000	2010 $'000
The total value of future non-cancellable operating lease commitments not provided for and payable as at the end of the reporting period is detailed below.		
These amounts have not been brought to account in the financial statements:		
Within one year	389	519
Later than one year but not later than five years	358	485
Later than five years	-	-
Total operating lease commitments	747	1 004

The above mentioned operating lease payments are not recognised in the financial statements as liabilities. These non-cancellable leases relate to vehicle and property leases, with rental payable monthly in arrears. Contingent rental provisions within the lease agreements require the minimum lease payments to be increased annually based on CPI movement.

Capital commitments

	2011 $'000	2010 $'000
The total value of capital commitments not provided for and payable as at the end of the reporting period are detailed below.		
These amounts have not been brought to account in the financial statements:		
Within one year	265	1 072
Later than one year but not later than five years	-	-
Later than five years	-	-
Total capital commitments	265	1 072

These capital commitments are for property and vehicles.

Remuneration commitments

	2011 $'000	2010 $'000
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	499	523
Later than one year but not later than five years	800	256
Later than five years	-	-
Total remuneration commitments	1 299	779

Amounts disclosed include commitments arising from executive contracts. MFS does not offer fixed-term remuneration contracts greater than five years. Salary increases of 4 percent per annum have been assumed in the calculation of remuneration commitments.

Other commitments

	2011 $'000	2010 $'000
The total value of other commitments not provided for and payable as at the end of the reporting period are detailed below.		
These amounts have not been brought to account in the financial statements:		
Within one year	326	556
Later than one year but not longer than five years	277	354
Later than five years	-	-
Total other commitments	603	910

Contractual commitments relate to operational equipment, personal protective clothing and photocopier services.

26. Contingent assets and liabilities

Contingent assets

MFS is aware of a contingent asset in relation to repair of solar panels for an amount of $15 000.

Contingent liabilities

MFS has a contingent liability in the form of unresolved litigation, however, the outcome cannot be reliably determined at this stage. In each case the financial exposure to the MFS is limited to a $10 000 excess under insurance arrangements.

27. Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2010-11 financial year comprised of:

South Australian Metropolitan Fire Service Disciplinary Committee

Graham Dart	Michael Vander-Jeugd*
Roy Thompson*	Brendan West*

* Denotes $nil remuneration

The number of members whose remuneration received or receivable falls within the following bands:	2011 Number	2010 Number
$nil	3	3
$1 - $9 999	1	1
Total	4	4

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and salary sacrifice arrangements. The total remuneration received or receivable by members was $5000 ($5810).

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

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

For the purposes of this table, travel allowances and other out-of-pocket expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct expenses incurred by relevant members.

28. Events subsequent to reporting date

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

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.

		2011		2010	
	Note	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial assets					
Cash and cash equivalents	15	21 552	21 552	28 414	28 414
Receivables	16	721	721	1 002	1 002
Financial liabilities					
Payables	20	3 350	3 350	5 345	5 345

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

Credit risk

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

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

Credit risk (continued)

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in credit rating. Currently MFS does not hold any collateral as security for any of its financial assets. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 16 for information on the allowance for impairment in relation to receivables.

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			
2011	Current (not overdue) $'000	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	636	37	21	27	721
Impaired:					
Receivables	-	-	-	64	64
2010					
Not impaired:					
Receivables	601	79	24	58	762
Impaired:					
Receivables	-	-	-	6	6

29.3 Maturity analysis of financial assets and liabilities

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

		Contractual maturity	
2011	Carrying amount	Less than 1 year	1-5 years
Financial assets:	$'000	$'000	$'000
Cash and cash equivalents	21 552	21 552	-
Receivables	721	721	-
Total financial assets	22 273	22 273	-
Financial liabilities:			
Payables	3 350	2 742	609
Total financial liabilities	3 350	2 742	609
2010			
Financial assets:			
Cash and cash equivalents	28 414	28 414	-
Receivables	762	762	-
Total financial assets	29 176	29 176	-
Financial liabilities:			
Payables	3 654	2 924	730
Total financial liabilities	3 654	2 924	730

The financial assets and liabilities of MFS are all current with maturity within the next 12 months, except employee on-costs (within payables) which are not practical to split the maturity band years.

Liquidity risk

Liquidity risk arises where MFS is unable to meet its financial obligations as they are due to be settled. The MFS is funded principally from contributions from the Community Emergency Services Fund. The MFS and SAFECOM work with the fund manager of the Community Emergency Services Fund to determine cash flows associated with its government-approved program of work and with DTF to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The MFS 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)
MFS's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in the table above 'Categorisation of financial instruments' represent MFS's maximum exposure to financial liabilities.

Market risk
The MFS has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). The MFS's exposure to market risk and cash flow interest risk is minimal. There is minimal exposure to foreign currency or other price risks.

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

South Australian State Emergency Service

Functional responsibility

Establishment

The *Fire and Emergency Services Act 2005* (FES Act) provides for the South Australian State Emergency Service (SASES) as a body corporate and also establishes the South Australian Fire and Emergency Services Commission (SAFECOM). The SASES and SAFECOM are responsible to the Minister for Emergency Services.

The FES Act also defines the emergency services sector as consisting of the:

- South Australian Fire and Emergency Services Commission
- South Australian State Emergency Service
- South Australian Country Fire Service
- South Australian Metropolitan Fire Service.

SAFECOM is responsible for establishing and promoting the strategic direction and policy for the emergency services sector and enabling agencies to work towards that strategic direction.

Functions and funding

The primary function of the SASES is to provide emergency services to the State of South Australia and work towards a safe and prepared community.

SAFECOM provides various services in support of the SASES's primary functions, including financial management and accounting services. Also the operations of the SASES are financed by the Community Emergency Services Fund (the Fund), established by the *Emergency Services Funding Act 1998*.

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

Audit mandate and coverage

Audit authority

Audit of the financial report

Subsection 31(1)(b) of the PFAA and subsection 120(2) of the FES Act provide for the Auditor-General to audit the accounts of the SASES for each financial year.

Assessment of controls

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

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

Scope of audit

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

The audit included access to systems and information maintained by SASES and SAFECOM to conduct relevant financial transaction and control compliance tests of those systems and information.

The audit included a review of the overall internal control environment covering compliance with Treasurer's Instructions and verification of transactions on a test basis. The scope of the interim audit included:

- expenditure
- payroll and employee entitlements
- revenue, including Commonwealth grants
- cash and receivables
- non-current assets, including asset valuation and capital works in progress
- financial accounting
- corporate governance and risk management
- budgetary control
- financial management compliance programs.

The audit included a follow-up of previous audit findings, especially those matters that required the reissuing of 2009-10 financial statements for SAFECOM, the South Australian Country Fire Service (SACFS) and SASES.

This included a specific assessment of internal controls related to capital works in progress and capitalisation of completed assets covering procurement, asset valuation and record keeping practices to support asset transactions and management reporting.

The audit also covered the operations of the Fund.

Internal audit activities were reviewed to assess the risks of material misstatement of the financial statements and to design and perform audit procedures. Audit made use of the work performed by internal audit, including a building construction project internal audit report.

Status of 2009-10 events subsequent to reporting date

In my 2009-10 Supplementary Report to Parliament, tabled on 7 February 2011, I reported on certain matters that required the reissue of the 2009-10 financial statements for SASES. Events subsequent to the 30 June 2010 reporting date and other matters occurred that, after management consideration, required amendment to the previously published financial statements for SAFECOM, SACFS and SASES for the year ended 30 June 2010.

A summary of the status of these matters and actions by management since the tabling of my Supplementary Report is included in this part of the Report titled the 'South Australian Fire and Emergency Services Commission'.

A brief explanation of the financial statements disclosures for SASES for the year ending 30 June 2011 for these matters follows.

2010-11 financial statements and disclosures

The SASES financial statements for the year ended 30 June 2011 currently recognise $171 000 as a contingent asset for payments in advance of contract conditions being met/prepayments for capital works projects for works that did not materialise (refer note 26 to the financial statements).

Total project payments for the Port Lincoln project and other affected projects were transferred from capital works in progress during the year and are now reflected in capitalised land and buildings (refer note 18 to the financial statements).

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the South Australian State Emergency Service as at 30 June 2011, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the South Australian State Emergency Service 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 in relation to deficiencies in asset record keeping and management trails, cash at bank, TIs 2 and 28, other matters and shared services, as outlined under 'Communication of audit matters' in the part of this Report titled 'South Australian Fire and Emergency Services Commission', are sufficient to provide reasonable assurance that the financial transactions of the South Australian State Emergency Service have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive, SAFECOM and the Chief Officer, SASES who are responsible for the governance of the SASES. Responses to the management letters were generally considered to be satisfactory.

Major matters raised with SAFECOM and SASES and the related responses are detailed under 'Communication of audit matters' in the part of this Report titled 'South Australian Fire and Emergency Services Commission'.

Interpretation and analysis of the financial report

Highlights of the financial report

	2011 $'million	2010 $'million
Expenses		
Employee benefits expenses	4	5
Supplies and services	5	5
Other expenses	4	4
Total expenses	13	14

	2011 $'million	2010 $'million
Income		
Total income	1	1
Net revenue from (cost of) providing services	(12)	(13)
Revenues from SA Government	14	13
Net result	2	-
Other comprehensive income	-	1
Total comprehensive result	2	1
Net cash provided by (used in) operating activities	5	3
Assets		
Current assets	3	1
Non-current assets	30	29
Total assets	33	30
Liabilities		
Current liabilities	3	1
Non-current liabilities	1	2
Total liabilities	4	3
Total equity	29	27

Statement of Comprehensive Income

The main source of funds for the SASES is the contributions from the Fund which account for 94 percent of revenues. The contributions from the Fund to the SASES increased by 11 percent to $14 million during 2010-11.

Total expenses decreased by $1 million to $13 million during 2010-11 due mainly to a decrease in workers compensation expense mainly as a result of an actuarial assessment.

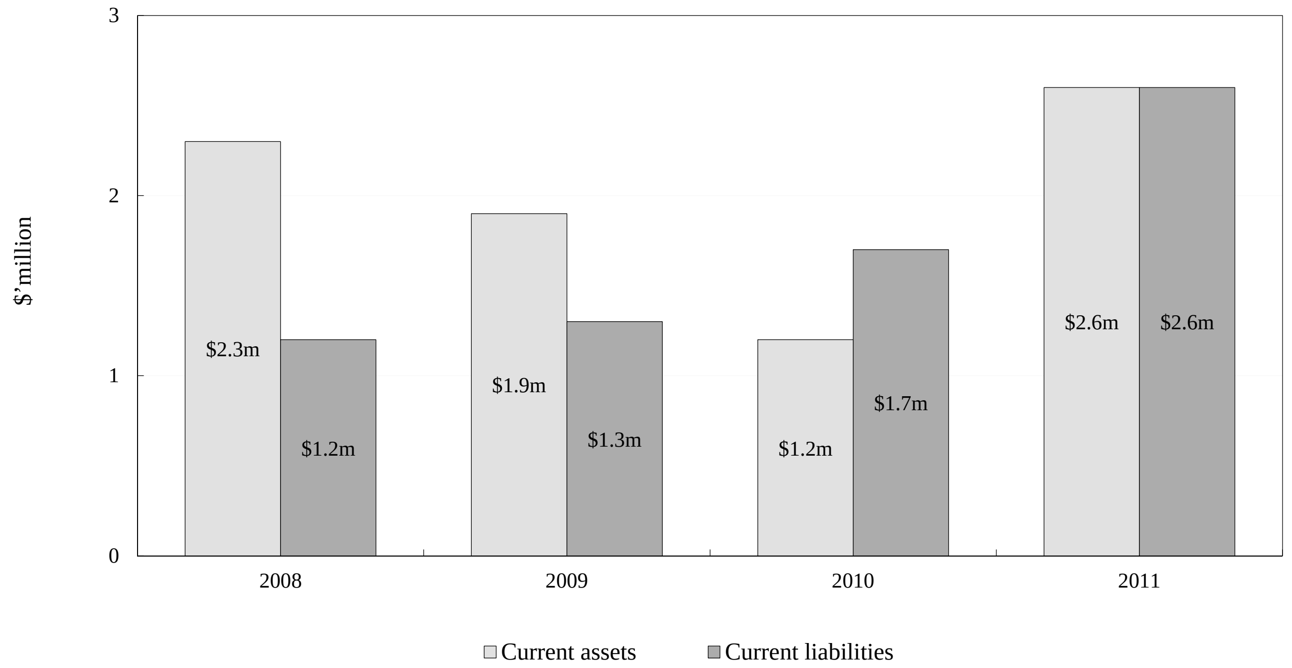
Statement of Financial Position

The Statement of Financial Position is dominated by the non-current asset 'Property, plant and equipment', which increased by $1.5 million during the year to $30 million, due mainly to work in progress of $3.3 million offset by depreciation expense for the year of $1.8 million.

The fair value of the main asset classes held by the SASES was land and buildings ($18.7 million) and vehicles ($8.4 million).

At balance date, current liabilities exceeded current assets by $81 000. Current assets included an increase in cash and cash equivalents of $1.2 million. This was more than offset by an increase in current payables due to a $1.3 million increase in current creditors.

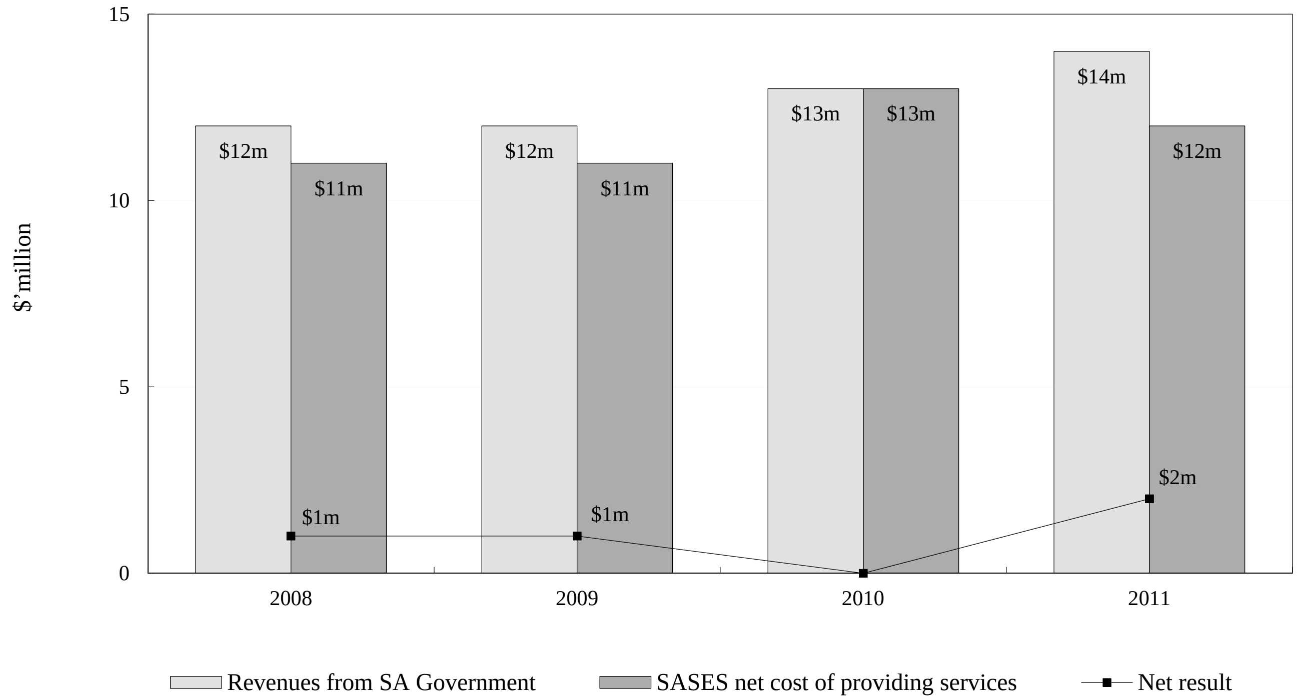
The following chart shows the current assets and current liabilities of the SASES for the past four years.



For more information on the SASES cash at bank audit findings and commentary on the Fund refer to 'Communication of audit matters' and 'Interpretation and analysis of administered financial statements' in the part of this Report titled 'South Australian Fire and Emergency Services Commission'.

Further commentary on operations

The following chart shows the funding received by SASES from the Fund and the net cost of providing services for the past four years.



Statement of Comprehensive Income
for the year ended 30 June 2011

	Note	2011 $'000	2010 $'000
Expenses:			
Employee benefits expenses	5	3 889	4 834
Supplies and services	6	5 163	5 022
Government Radio Network	7	1 907	2 113
Depreciation and amortisation	8	1 776	1 723
Grants and subsidies	9	76	74
Net loss from disposal of non-current assets	10	1	4
Total expenses		12 812	13 770
Income:			
Commonwealth revenues	11	5	580
Interest revenues	12	16	39
Other income	13	811	219
Total income		832	838
Net cost of providing services		11 980	12 932
Revenues from SA Government:			
Revenues from SA Government	14	14 319	13 048
Net result		2 339	116
Other comprehensive income:			
Changes in property, plant and equipment asset revaluation surplus		-	794
Total other comprehensive income		-	794
Total comprehensive result		2 339	910

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

Statement of Financial Position
as at 30 June 2011

	Note	2011 $'000	2010 $'000
Current assets:			
Cash and cash equivalents	15	1 916	686
Receivables	16	389	257
Other financial assets	17	256	214
Total current assets		2 561	1 157
Non-current assets:			
Property, plant and equipment	18	30 344	28 819
Intangible assets	19	27	48
Total non-current assets		30 371	28 867
Total assets		32 932	30 024
Current liabilities:			
Payables	20	1 985	1 033
Employee benefits	21	405	418
Provisions	22	252	258
Total current liabilities		2 642	1 709
Non-current liabilities:			
Payables	20	44	50
Employee benefits	21	496	503
Provisions	22	822	1 173
Total non-current liabilities		1 362	1 726
Total liabilities		4 044	3 435
Net assets		28 928	26 589
Equity:			
Asset revaluation surplus	23	5 514	5 514
Retained earnings	23	23 414	21 075
Total equity		28 928	26 589

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 2011

	Note	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2009	23	4 720	20 959	25 679
Net result for 2009-10	23	-	116	116
Gain on revaluation of property, plant and equipment during 2009-10	23	794	-	794
Total comprehensive result for 2009-10		794	116	910
Balance at 30 June 2010	23	5 514	21 075	26 589
Net result for 2010-11	23	-	2 339	2 339
Total comprehensive result for 2010-11		-	2 339	2 339
Balance at 30 June 2011	23	5 514	23 414	28 928

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

Statement of Cash Flows
for the year ended 30 June 2011

	Note	2011 Inflows (Outflows) $'000	2010 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefit payments		(4 281)	(4 112)
Supplies and services payments		(5 528)	(5 848)
Government Radio Network payments		(1 761)	(2 049)
Grants and subsidies payments		(76)	(74)
Cash used in operations		(11 646)	(12 083)
Cash inflows:			
Receipts from Commonwealth		5	608
Interest received		15	41
GST recovered from the ATO		891	835
Other receipts		969	246
Cash generated from operations		1 880	1 730
Cash flows from SA Government:			
Contributions from Community Emergency Services Fund	14	14 306	12 887
Other receipts from SA Government	14	13	161
Cash generated from SA Government		14 319	13 048
Net cash provided by (used in) operating activities	24	4 553	2 695
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(3 282)	(3 440)
Purchase of investments		(42)	(77)
Cash used in investing activities		(3 324)	(3 517)
Cash inflows:			
Proceeds from sale of property, plant and equipment		1	13
Cash generated from investing activities		1	13
Net cash provided by (used in) investing activities		(3 323)	(3 504)
Net increase (decrease) in cash and cash equivalents		1 230	(809)
Cash and cash equivalents at 1 July		686	1 495
Cash and cash equivalents at 30 June	15	1 916	686

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives and funding

Objectives

The South Australian State Emergency Service (SES) was established on 1 October 2005 under the *Fire and Emergency Services Act 2005* (the Act) with the following objectives:

- to assist the Commissioner of Police, South Australian Metropolitan Fire Service and South Australian Country Fire Service in dealing with any emergency
- to assist the State Co-ordinator, in accordance with the State Emergency Management Plan, in carrying out prevention, preparedness, response or recovery operations under the *Emergency Management Act 2004*
- to deal with any emergency where the emergency is caused by flood or storm damage, or where there is no other body or person with lawful authority to assume control of operations for dealing with the emergency

Objectives (continued)

- to deal with any emergency until such time as any body or person that has the lawful authority to assume control of operations for dealing with the emergency has assumed control
- to respond to emergency calls and where appropriate, provide assistance in any situation of need whether or not the situation constitutes an emergency
- to undertake rescues.

Funding arrangements

Funding of SES is primarily derived from the Community Emergency Services Fund (the Fund), in accordance with the *Emergency Services Funding Act 1998*.

Funds generated by units through fund raising activities are held locally for expenditure in the local community.

These funds are recognised as part of the 'other income' within the SES's financial statements.

2. Summary of significant accounting policies

(a) Statement of compliance

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

Except for AASB 2009-12, which the SES has early-adopted, AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the SES for the reporting period ending 30 June 2011. These are outlined in note 3.

(b) Basis of preparation

The presentation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying SES's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in this financial report:
    (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of $100 000 for separate identification of these items may be utilised. SES has elected to utilise this threshold in relation to transactions applicable to revenue and expense items. The threshold has not been applied to financial assets and financial liabilities, ie all financial assets and financial liabilities relating to SA Government have been separately disclosed

    (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.

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

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

(b) Basis of preparation (continued)

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011 and the comparative information presented for the year ended 30 June 2010.

(c) Reporting entity

The SES is established under the Act. Under the Act, the SES is a separate body corporate acting on behalf of the Crown and part of the consolidated emergency services sector.

The financial statements include all the controlled activities of the SES.

(d) Comparative information

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

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

(e) Rounding

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

(f) Taxation

SES is not subject to income tax. SES 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 GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

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

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

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

(g) Events after the reporting period

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

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

(h) Income

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

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

(h) Income (continued)

The 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.

The following are specific recognition criteria:

Revenues from SA Government

Contributions from the Fund and other receipts from SA Government are recognised as income when SES obtains control over the funding. Control over funding is normally obtained upon receipt.

Commonwealth revenues

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

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

- Contributions with unconditional stipulations – this will be when the agreement becomes enforceable ie the earlier of when the receiving entity has formally been advised that the contribution (eg grant application) has been approved; agreement/contract is executed; and/or the contribution is received.
- Contributions with conditional stipulations – this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

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

Other income

Other income consists of donations received and other minor revenues.

(i) Expenses

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

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

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

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 salaries and leave entitlements. These are recognised when incurred.

Superannuation

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

Net loss on non-current assets

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

Any loss on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deduction from proceeds of the asset at that time.

Depreciation and amortisation

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

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

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

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

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

Class of asset	*Useful lives (years)*
Communications equipment	10
Vehicles	15
Plant and equipment	10
Computer equipment	5
Buildings	40
Intangibles	5

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

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

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

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

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

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

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

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

Collectability 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 SES will not be able to collect the debt. Bad debts are written off when identified.

Other financial assets
SES measures other financial assets at cost. All assets in this category are either short or medium term cash deposits.

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

Non-current assets are subsequently measured at fair value less accumulated depreciation. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position.

In accordance with APF III, APS 2.15 all non-current tangible assets with a value of $10 000 or greater are capitalised.

Revaluation of non-current assets
All non-current tangible assets are valued at written down current cost (a proxy for fair value). On an ongoing basis, revaluations are made in accordance with related policies whereby independent valuations are obtained very five years and carrying amounts are adjusted accordingly.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, the asset is revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the asset 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 asset revaluation surplus to the extent of the credit balance existing in revaluations surplus for that asset class.

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

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

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

For revalued assets, an impairment loss is offset against the respective asset 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 SES only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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

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

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

(l) Liabilities (continued)

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

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

Payables

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

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 SES.

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

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

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

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

Employee benefits

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

Wages, salaries, annual leave and sick leave

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

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

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

Long service leave

The liability for long service leave is recognised after an employee has completed 5.5 (eight) years of service. An actuarial assessment of long service leave undertaken by DTF based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the SES's experience of employee retention and leave taken.

The unconditional portion of the long service leave provision is classified as current as the SES does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

Provisions

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

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

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

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2011 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.

SES is responsible for the payment of workers compensation claims.

Financial liabilities
SES measures financial liabilities at historical cost.

Operating leases
In respect of operating leases, the lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased items. Operating lease payments are 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.

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

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

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

3. New and revised accounting standards and policies
In accordance with amendments to APS 4.8 within APF II, effective 1 July 2010, SES has disclosed all employees whose normal remuneration is equal to or greater than the base executive level remuneration. Previously APS 4.8 within APF II required SES to disclose all employees whose normal remuneration was equal to or greater than $100 000. This change is reflected in note 5.

The SES did not voluntarily change any of its accounting policies during 2010-11.

Except for the amending standard AASB 2009-12, which SES has early-adopted, the AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by SES for the period ending 30 June 2011. SES 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 SES.

4. Activities of the SES
In achieving its objectives, the SES provides services within four areas of activity: prevention, preparedness, response and recovery. These services are classified under one activity titled 'State Emergency Service'.

5. Employee benefits expenses	2011 $'000	2010 $'000
Salaries and wages	2 936	2 765
Annual leave	288	207
Long service leave	262	(21)
Employment on-costs:		
Superannuation	321	292
Other	165	141
TVSPs (refer below)	-	161
Workers compensation costs	(163)	1 220
Other employment related expenses	80	69
Total employee benefits expenses	3 889	4 834

TVSPs	2011	2010
Amount paid to these employees:	$'000	$'000
TVSPs	-	161
Annual leave and long service leave paid during the reporting period	-	35
	-	196
Recovery from DTF	-	(161)
Net cost to agency	-	35

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

Employee remuneration

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

Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $1.003 million ($521 000).

The number of employees whose remuneration received or receivable falls within the following bands:	2011 Number	2010 Number
$127 500 - $130 699*	-	-
$130 700 - $140 699	2	-
$140 700 - $150 699	2	1
$160 700 - $170 699	-	1
$170 700 - $180 699	1	-
$210 700 - $220 699	-	1
$270 700 - $280 699	1	-
Total	6	3

* This band has been included for the purposes of reporting comparative figures based on the executive base level rate for 2009-2010.

In accordance with the revised APF II, the SES has changed its accounting policy and now discloses all employees who receive remuneration equal to or greater than the base executive remuneration level rather than all employees who receive remuneration equal to or greater than $100 000. The impact of this change in accounting policy is the number of employees disclosed has reduced by 9 for 2011 (9).

6. Supplies and services

	2011	2010
	$'000	$'000
Communications	297	331
Auditor's remuneration	28	21
Repairs and maintenance	707	740
Minor plant and equipment	559	611
Computing costs	258	197
Consumables	398	379
Operating lease costs	1 026	1 083
Energy	100	92
Accommodation	21	27
Travel and training	653	444
Uniforms and protective clothing	291	228
Consultancy, contractors and legal fees	205	128
Operational costs	276	203
Transfer of capital funding - Information Management System projects	-	107
Other expenses	344	431
Total supplies and services	5 163	5 022

Consultancies	2011		2010	
The number and dollar amount of consultancies paid/payable (included in consultants expenses shown above) fell within the following bands:	Number	$'000	Number	$'000
Below $10 000	1	6	3	9
Total amount paid/payable to consultants engaged	1	6	3	9

Auditor's remuneration

Auditor's remuneration (included in the auditor's remuneration expense amount shown above) represents amounts paid/payable to the Auditor-General's Department for audit services. No other services were provided by the Auditor-General's Department.

	2011 $'000	2010 $'000
Audit fees paid/payable to the Auditor-General's Department	28	21
Total external auditor's remuneration	28	21

Supplies and services provided by entities within the SA Government

The following supplies and services (included in the supplies and services expense amount shown above) were provided by entities within the SA Government:

	2011 $'000	2010 $'000
Communications	43	32
Auditor's remuneration	28	21
Repairs and maintenance	59	106
Minor plant and equipment	2	10
Computing costs	49	58
Consumables	107	112
Operating lease costs	799	802
Energy	13	10
Accommodation	10	8
Travel and training	-	11
Consultancy, contractors and legal fees	32	35
Operational costs	2	-
Transfer of capital funding - IMS projects	-	107
Other expenses	135	232
Total supplies and services provided by entities within the SA Government	1 279	1 544

7. Government Radio Network (GRN)

	2011 $'000	2010 $'000
Contribution towards GRN - voice	1 731	1 911
Contribution towards GRN - paging	176	202
Total GRN	1 907	2 113

8. Depreciation and amortisation expense

	2011 $'000	2010 $'000
Depreciation:		
Buildings	656	581
Vehicles	700	647
Computers	-	37
Plant and equipment	143	174
Communications	256	219
Total depreciation	1 755	1 658
Amortisation:		
Software	21	65
Total amortisation	21	65
Total depreciation and amortisation	1 776	1 723

9. Grants and subsidies

	2011 $'000	2010 $'000
Grants and subsidies	76	74
Total grant and subsidies expense	76	74

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

	2011 $'000	2010 $'000
Vehicles:		
Proceeds from disposal	1	13
Net book value of assets disposed	(2)	(17)
Net gain (loss) from disposal	(1)	(4)
Total assets:		
Proceeds from disposal	1	13
Net book value of assets disposed	(2)	(17)
Net gain (loss) from disposal of non-current assets	(1)	(4)

11. Commonwealth revenues

	2011 $'000	2010 $'000
Grants and contributions	5	580
Total Commonwealth revenues	5	580

Commonwealth revenues in 2010-11 consist of fuel rebate payments. The Commonwealth State Support Package provided in 2009-10 has been discontinued. Replacement funds were provided by the State's Community Emergency Services Fund for the FTEs employed to develop emergency management capacity in the state.

There are no conditions attached to these contributions.

12. Interest revenues

	2011 $'000	2010 $'000
Interest on deposit accounts from entities within the SA Government	16	39
Total interest revenues	16	39

13. Other income

	2011 $'000	2010 $'000
Donations	16	-
Insurance recoveries	200	16
Other	595	203
Total other income	811	219

Other income received/receivable from entities within the SA Government

The following other income (included in other income revenues shown above) was received/receivable from entities within the SA Government:

	2011 $'000	2010 $'000
Insurance recoveries	183	-
Other	103	35
Total other income received/receivable from entities within the SA Government	286	35

14. Revenues from (Payments to) SA Government

	2011 $'000	2010 $'000
Revenues from SA Government:		
Contributions from Community Emergency Services Fund	14 306	12 887
Other revenues from SA Government	13	161
Total revenues from SA Government	14 319	13 048

Total revenues from SA Government consist of $10.956 million ($9.988 million) for operational funding, $3.35 million ($3.047 million) for capital projects and $13 000 ($13 000) for Volunteer Marine Rescue Council funding.

15. Cash and cash equivalents

	2011 $'000	2010 $'000
Deposits with the Treasurer	1 096	(117)
Cash at bank (non-SA Government)	150	137
Cash at bank (non-SA Government) - groups/brigades	609	636
Cash on hand and imprest accounts	2	2
Short-term deposits	17	2
Short-term deposits (non-SA Government) - groups/brigades	42	26
Total cash and cash equivalents	1 916	686

Short-term deposits

Short-term deposits are made for varying periods of between one day and three months and are lodged with various financial institutions at their respective short-term deposit rates.

Interest rate risk

Cash on hand is non-interest bearing. Deposits with the Treasurer and cash at bank earns a floating interest rate based on daily bank deposit rates, whilst short-term deposits are lodged with various financial institutions at their respective short-term deposit rates. The carrying amount of cash approximates fair value.

16. Receivables

	2011	2010
	$'000	$'000
Current:		
Receivables	102	182
Allowance for doubtful debts	-	(155)
	102	27
Accrued revenues	4	3
Prepaid salaries and wages	13	-
GST input tax recoverable	270	227
Total current receivables	389	257

All receivable amounts disclosed above are expected to be recovered within 12 months after reporting date.

Current receivables from entities within the SA Government

The following receivables (included in the receivables shown above) were receivable from entities within the SA Government:

Receivables	1	-
Allowance for doubtful debts	-	-
	1	-
Accrued revenues	4	3
Prepaid salaries and wages	1	-
GST input tax recoverable	-	-
Total current receivables from entities within the SA Government	6	3

Movements in the allowance for doubtful debts (impairment loss)

Carrying amount at 1 July	(155)	(2)
Amounts written off	-	2
Decrease (Increase) in the allowance	155	(155)
Carrying amount at 30 June	-	(155)

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

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information - refer note 28.

17. Other financial assets

	2011	2010
	$'000	$'000
Medium-term deposits - groups and brigades	256	214
Total other financial assets	256	214

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information

Refer note 28.

18. Property, plant and equipment

Land:		
At valuation	2 793	2 793
Total land	2 793	2 793
Buildings:		
At valuation	13 645	13 645
At cost (deemed fair value)	3 464	2 814
Accumulated depreciation	(1 237)	(581)
Total buildings	15 872	15 878
Vehicles:		
At valuation	7 721	7 724
At cost (deemed fair value)	1 996	53
Accumulated depreciation	(1 346)	(646)
Total vehicles	8 371	7 131

18. Property, plant and equipment (continued)

	2011	2010
Communications equipment:	$'000	$'000
At valuation	969	969
At cost (deemed fair value)	1 035	382
Accumulated depreciation	(475)	(219)
Total communications equipment	1 529	1 132
Computer equipment		
At valuation	37	37
At cost (deemed fair value)	11	-
Accumulated depreciation	(37)	(37)
Total computer equipment	11	-
Plant and equipment:		
At valuation	860	860
At cost (deemed fair value)	442	55
Accumulated depreciation	(317)	(174)
Total plant and equipment	985	741
Capital work in progress:		
At cost (deemed fair value)	783	1 144
Total work in progress	783	1 144
Total property, plant and equipment	30 344	28 819

Valuation of assets

At 30 June 2011, valuations were undertaken by a suitably qualified officer of SAFECOM. The assessment indicated there was no material difference between the fair value and carrying amount of the assets and consequently no revaluation adjustments were required. All assets have been valued on the basis of written down current cost or open market values for existing use, which is considered to be equivalent to fair value.

At 30 June 2010, management exercised its discretion and revalued land. Values used were based upon desktop values obtained from Liquid Pacific Mr M Burns, (MRICS), AAPI (CPV).

At 30 June 2008 Independent valuations for land, buildings, vehicles and communication assets were obtained from Liquid Pacific Mr M Burns, (MRICS), AAPI (CPV).

The valuer arrived at fair value on the basis of open market values for existing use or at written down current cost which is considered to be equivalent to fair value.

Impairment

There were no indications of impairment for property, plant and equipment as at 30 June 2011.

Movement reconciliation of property, plant and equipment

	Land	Buildings	Vehicles	Communi-cations equipment	Computer equipment	Plant and equipment	Work in progress	Total
2011	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July	2 793	15 878	7 131	1 132	-	741	1 144	28 819
Additions	-	-	-	-	-	-	3 283	3 283
Transfer to (from) capital WIP	-	650	1 943	653	11	387	(3 644)	-
Depreciation expense	-	(656)	(700)	(256)	-	(143)	-	(1 755)
Disposals	-	-	(3)	-	-	-	-	(3)
Carrying amount at 30 June	2 793	15 872	8 371	1 529	11	985	783	30 344
2010								
Carrying amount at 1 July	1 891	13 645	7 742	969	36	860	828	25 971
Additions	1	1	-	-	1	-	3 726	3 729
Transfer to (from) capital WIP	107	2 813	53	382	-	55	(3 410)	-
Depreciation expense	-	(581)	(647)	(219)	(37)	(174)	-	(1 658)
Net revaluation increment	794	-	-	-	-	-	-	794
Disposals	-	-	(17)	-	-	-	-	(17)
Carrying amount at 30 June	2 793	15 878	7 131	1 132	-	741	1 144	28 819

19. Intangible assets

	2011	2010
	$'000	$'000
Computer software	328	328
Accumulated amortisation	(301)	(280)
Intangible assets	27	48

Movement reconciliation of intangible assets

Carrying amount at 1 July	48	113
Amortisation expense	(21)	(65)
Carrying amount at 30 June	27	48

Asset details and amortisation
Intangible assets detailed above relate to computer software externally acquired. All computer software is amortised over a straight line basis with a total useful life of five years.

Impairment
There were no indications of impairment of intangible assets at reporting date.

20. Payables

	2011	2010
Current payables:	$'000	$'000
Accruals	229	581
Creditors	1 657	359
FBT payable	20	18
Employment on-costs	79	75
Total current payables	1 985	1 033

All payable amounts disclosed above are expected to be paid within 12 months after reporting date.

Current payables to entities within the SA Government

The following payables (included in the payables shown above) were payable to entities within the SA Government:		
Accrued expenses	85	171
Creditors	519	76
FBT payable	20	-
Employment on-costs	79	75
Total current payables to entities within the SA Government	703	322

Non-current payables:		
Employment on-costs	44	50
Total non-current payables	44	50

Non-current payables to entities within the SA Government

The following payables (included in the payables shown above) were payable to entities within the SA Government:		
Employment on-costs	44	50
Total non-current payables to entities within the SA Government	44	50

Employment on-costs
As a result of an actuarial assessment performed by DTF, the percentage of the proportion of long service leave taken as leave has changed to 35 percent (45 percent) and the average factor for the calculation of employer superannuation cost on-cost has changed to 10.3 percent (10.5 percent). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of $2000 and employee benefit expense of $2000. The estimated impact on future periods is not expected to be materially different to the effect on the current period as shown above.

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

Maturity analysis of payables and categorisation of financial instruments and risk exposure information
Refer note 28**.**

21. Employee benefits

	2011	2010
Current:	$'000	$'000
Accrued salaries and wages	-	97
Annual leave	339	264
Long service leave	66	57
Total current employee benefits	405	418

All employee benefit amounts, including long service leave, are expected to be paid within 12 months after reporting date.

Non-current:		
Long service leave	496	503
Total non-current employee benefits	496	503

Based on an actuarial assessment performed by DTF, the benchmark for the measurement of the long service leave liability has been revised to 5.5 years (eight years). The net financial effect of the changes in the current financial year is an increase in the long service leave liability of $48 000 and an increase in employee benefit expense of $48 000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

However, the impact on future periods is not expected to be materially different to the effect on the current period as shown above.

In addition, the actuarial assessment performed by DTF also advised a salary inflation rate of 4 percent (4 percent). This rate is used in the calculation of the relevant employee benefits provisions.

22. Provisions

	2011	2010
Current:	$'000	$'000
Provision for workers compensation	252	258
Total current provisions	252	258
Non-current:		
Provision for workers compensation	822	1 173
Total non-current provisions	822	1 173
Total provisions	1 074	1 431
Provision movement:		
Carrying amount at 1 July	1 431	575
Additional provisions recognised (released)	(162)	1 220
Reductions arising from payments	(195)	(364)
Carrying amount at 30 June	1 074	1 431

SES has reported a liability to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of DPC. These claims are expected to be settled within the next financial year.

23. Equity

Equity represents the residual interest in the net assets of SES. The State Government holds the equity interest in SES on behalf of the community. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets. The asset revaluation surplus is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

	Asset revaluation surplus	Retained earnings	Total
2011	$'000	$'000	$'000
Balance at 30 June 2010	5 514	21 075	26 589
Net result for the financial year	-	2 339	2 339
Balance at 30 June 2011	5 514	23 414	28 928

23. Equity (continued)

2010	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2009	4 720	20 959	25 679
Net result for the financial year	-	116	116
Gain on revaluation of property, plant and equipment:			
Land	794	-	794
Balance at 30 June 2010	5 514	21 075	26 589

24. Cash flow reconciliation

Reconciliation of cash and cash equivalents

	2011 $'000	2010 $'000
Cash and cash equivalents at 30 June as per:		
Statement of Financial Position	1 916	686
Statement of Cash Flows	1 916	686

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

	2011 $'000	2010 $'000
Net cash provided by (used in) operating activities	4 553	2 695
Revenues from SA Government	(14 319)	(13 048)
Non-cash items:		
Depreciation and amortisation	(1 776)	(1 723)
Net loss from disposal of non-current assets	(1)	(4)
Movement in assets and liabilities:		
Increase (Decrease) in receivables	132	12
Decrease (Increase) in payables	(946)	(133)
Decrease (Increase) in employee benefits	20	125
Decrease (Increase) in provisions	357	(856)
Net cost of providing services	(11 980)	(12 932)

25. Unrecognised contractual commitments

Operating lease commitments

The total value of future non-cancellable operating lease commitments not provided for and payable as at the end of the reporting period is detailed below. These amounts have not been brought to account in the financial statements.

	2011 $'000	2010 $'000
Within one year	738	908
Later than one year but not later than five years	844	1 438
Total operating lease commitments	1 582	2 346

The abovementioned operating lease payments are not recognised in the financial statements as liabilities. These non-cancellable leases relate to vehicle and property leases, with rental payable monthly in arrears. Contingent rental provisions within the lease agreements require the minimum lease payments to be increased annually based on CPI movement.

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:

	2011 $'000	2010 $'000
Within one year	62	136
Total capital commitments	62	136

Prior capital commitments were for property and vehicles.

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:

	2011 $'000	2010 $'000
Within one year	351	158
Later than one year but not later than five years	884	323
Total remuneration commitments	1 235	481

Remuneration commitments (continued)

Amounts disclosed include commitments arising from executive contracts. SES does not offer fixed-term remuneration contracts greater than five years. Salary increases of 4 percent per annum have been assumed in the calculation of remuneration commitments.

Other commitments

The total value of other commitments not provided for and payable as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.

	2011 $'000	2010 $'000
Within one year	48	4
Later than one year but not later than five years	65	9
Total other commitments	113	13

Contractual commitments relate to operational equipment, personal protective clothing and photocopier services.

26. Contingent assets and liabilities

Contingent assets

In 2009-10 SES made prepayments for capital works projects of $170 720 for works that did not materialise. SES is actively pursuing recovery.

Contingent liabilities

SES is not aware of any contingent liabilities.

27. Events subsequent to reporting data

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

28. Financial instruments/Financial risk management

Categorisation of financial instruments

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

		2011		2010	
	Note	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial assets					
Cash and cash equivalents	15	1 916	1 916	686	686
Receivables	16	119	119	30	30
Other financial assets	17	256	256	214	214
Financial liabilities					
Payables	20	1 923	1 923	986	986

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

Credit risk

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

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

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in credit rating. Currently SES does not hold any collateral as security for any of its financial assets. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 16 for information on the allowance for impairment in relation to receivables.

Ageing analysis of financial assets

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

		Past due by			
2011	Current (not overdue) $'000	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	102	1	-	16	119
Other financial assets	256	-	-	-	256
Impaired:					
Receivables	-	-	-	-	-
2010					
Not impaired:					
Receivables	28	-	-	2	30
Other financial assets	214	-	-	-	214
Impaired:					
Receivables	155	-	-	-	155

Maturity analysis of financial assets and liabilities

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

	Contractual maturities		
2011	Carrying amount $'000	Less than 1 year $'000	1-5 years $'000
Financial assets:			
Cash and cash equivalents	1 916	1 916	-
Receivables	119	119	-
Other financial assets	256	256	-
Total financial assets	2 291	2 291	-
Financial liabilities:			
Payables	1 923	1 905	18
Total financial liabilities	1 923	1 905	18
2010			
Financial assets:			
Cash and cash equivalents	686	686	-
Receivables	30	30	-
Other financial assets	214	214	-
Total financial assets	930	930	-
Financial liabilities:			
Payables	986	962	24
Total financial liabilities	986	962	24

The financial assets and liabilities of SES are all current with maturity within the next 12 months, except employee on-costs (within payables) which are not practical to split the maturity band years.

Liquidity risk

Liquidity risk arises where SES is unable to meet its financial obligations as they are due to be settled. SES is funded principally from contributions from the Community Emergency Services Fund. The SES and SAFECOM work with the Fund Manager of the Community Emergency Services Fund to determine cash flows associated with its Government approved program of work and with DTF to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. SES 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.

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

The carrying amount of financial liabilities recorded in the above table 'Categorisation of financial instruments' represent SES's maximum exposure to financial liabilities.

Market risk

The SES has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). The SES's exposure to market risk and cash flow interest risk is minimal. There is minimal exposure to foreign currency or other price risks.

Sensitivity disclosure analysis

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

Glossary of terms

Australian Accounting Standards - AASB

Reference	Title
AASB 1	First-time Adoption of Australian Accounting Standards
AASB 2	Share-based Payment
AASB 3	Business Combinations
AASB 4	Insurance Contracts
AASB 5	Non-current Assets Held for Sale and Discontinued Operations
AASB 7	Financial Instruments: Disclosures
AASB 8	Operating Segments
AASB 101	Presentation of Financial Statements
AASB 102	Inventories
AASB 107	Statement of Cash Flows
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110	Events after the Reporting Period
AASB 111	Construction Contracts
AASB 112	Income Taxes
AASB 116	Property, Plant and Equipment
AASB 117	Leases
AASB 118	Revenue
AASB 119	Employee Benefits
AASB 120	Accounting for Government Grants and Disclosure of Government Assistance
AASB 121	The Effects of Changes in Foreign Exchange Rates
AASB 123	Borrowing Costs
AASB 124	Related Party Disclosures
AASB 127	Consolidated and Separate Financial Statements
AASB 128	Investments in Associates
AASB 131	Interests in Joint Ventures
AASB 132	Financial Instruments: Presentation
AASB 133	Earnings per Share
AASB 136	Impairment of Assets
AASB 137	Provisions, Contingent Liabilities and Contingent Assets
AASB 138	Intangible Assets
AASB 139	Financial Instruments: Recognition and Measurement
AASB 140	Investment Property
AASB 141	Agriculture
AASB 1004	Contributions
AASB 1023	General Insurance Contracts
AASB 1031	Materiality
AASB 1038	Life Insurance Contracts
AASB 1048	Interpretation of Standards
AASB 1049	Whole of Government and General Government Sector Financial Reporting
AASB 1050	Administered Items
AASB 1051	Land Under Roads
AASB 1052	Disaggregated Disclosures
AASB 2009-12	Amendments to Australian Accounting Standards

Australian Interpretations

Reference	Title
Interpretation 4	Determining whether an Arrangement contains a Lease
Interpretation 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
Interpretation 115	Operating Leases - Incentives
Interpretation 121	Income Taxes – Recovery of Revalued Non-Depreciable Assets
Interpretation 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
Interpretation 132	Intangible Assets – Web Site Costs
Interpretation 1030	Depreciation of Long-Lived Physical Assets: Condition-Based Depreciation and Related Methods
Interpretation 1031	Accounting for the Goods and Services Tax (GST)
Interpretation 1038	Contributions by Owners Made to Wholly-Owned Public Sector Entities
Interpretation 1055	Accounting for Road Earthworks

Australian Accounting Standards - AAS

Reference	Title
AAS 25	Financial Reporting by Superannuation Plans

Treasurer's Instructions – TIs

Reference	Title
TI 1	Interpretation and Application
TI 2	Financial Management
TI 3	Appropriation
TI 4	Establishment of Merchant Facilities for Acceptance of Payments
TI 5	Debt Recovery and Write Offs
TI 6	Deposit Accounts and Banking
TI 8	Financial Authorisations
TI 9	Payroll Deductions
TI 10	Engagement of Legal Practitioners
TI 11	Payment of Creditors' Accounts
TI 12	Government Purchase Cards and Stored Value Cards
TI 13	Expenditure Incurred by Ministers and Ministerial Staff
TI 14	Ex Gratia Payments
TI 15	Grant Funding
TI 17	Evaluation of and Approvals to Proceed with Public Sector Initiatives
TI 19	Financial Reporting
TI 20	Guarantees and Indemnities
TI 22	Tax Equivalent Payments
TI 23	Management of Foreign Currency Exposures
TI 25	Taxation Policies
TI 28	Financial Management Compliance Program

Accounting Policy Framework - APF

Reference	Title
APF I	Purpose and Scope
APF II	General Purpose Financial Statements Framework
APF III	Asset Accounting Framework
APF IV	Financial Asset and Liability Framework
APF V	Income Framework
APF VI	Definitions

Legislation

Reference	Title
ITAA	*Income Tax Assessment Act 1936 and/or Income Tax Assessment Act 1997*
NRMA	*Natural Resources Management Act 2004*
PCA	*Public Corporations Act 1993*
PFAA	*Public Finance and Audit Act 1987*
PSA	*Public Sector Act 2009*
WRCA	*Workers Rehabilitation and Compensation Act 1986*

Acronyms

Reference	Title
AASs	Australian Accounting Standards[1]
APF	Accounting Policy Framework
APS	Accounting Policy Statement
ATO	Australian Taxation Office
CHRIS	Complete Human Resource Information System
CPE	Computer processing environment
CPI	Consumer Price Index
DPC	Department of the Premier and Cabinet
DTF	Department of Treasury and Finance
EFT	Electronic funds transfer
FBT	Fringe benefits tax
GST	Goods and services tax
ICT	Information and communications technology
SAFA	South Australian Government Financing Authority
TI	Treasurer’s Instruction
TVSP	Targeted voluntary separation package

[1] ‘Australian Accounting Standards’ means accounting standards issued by the Australian Accounting Standards Board which are in force in relation to the reporting period to which the financial report relates.