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Government
of South Australia

Report

of the

Auditor-General

Supplementary Report

for the

year ended 30 June 2012

Tabled in the House of Assembly and ordered to be published, 27 November 2012

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Agency audit reports: November 2012

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General enquiries regarding this report should
be directed to:

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

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

Website: www.audit.sa.gov.au

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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

26 November 2012

The Hon J M Gazzola, 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 2012: Agency audit reports: November 2012

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 2012 'Agency audit reports: November 2012'.

At the time of submission of my Annual Report for the year ended 30 June 2012 which was tabled in Parliament on 16 October 2012, I indicated that the audited financial statements and audit commentary for the Art Gallery Board and the Urban Renewal Authority would be included in a Supplementary Report to Parliament.

I have issued a modified opinion on the Art Gallery Board's financial report. This Report includes commentary clearly describing the reasons for issuing the modified opinion.

Yours sincerely

S O'Neill
Auditor-General

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Art Gallery Board

Functional responsibility

Establishment

The Art Gallery Board (the Board) is established pursuant to the *Art Gallery Act 1939* (the Gallery Act). The Board is responsible for the management of the Art Gallery of South Australia. For details of the Board's objectives refer note 1 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA and section 20(3) of the Gallery Act provide for the Auditor-General to audit the accounts of the Board for each financial year.

Assessment of controls

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

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

Scope of the audit

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

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

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

Audit findings and comments

Auditor's report on the financial report

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

The qualification concerns three disclosures in the Board's financial report relating to bequests and donations. The 'Basis for Qualified Opinion' paragraphs that follow describe the Board's financial report disclosures and explains Audit's qualification for each of these disclosures.

Basis for Qualified Opinion

Presentation of income from bequests and donations

In the 2011-12 financial report of the Art Gallery Board, all income from bequests and donations has, for the first time, been presented separately from other items of income and has been excluded from the calculation of the net cost of providing services.

As a result, the Statement of Comprehensive Income does not comply with the requirements of the Treasurer's Instructions, specifically Accounting Policy Framework II, APS 3.3. The Accounting Policy Framework requires the Statement of Comprehensive Income to be presented on a net cost of services basis. Presentation on this basis would include all income from bequests and donations made to the Art Gallery Board as part of the calculation of the net cost of providing services.

The net cost of providing services calculated in accordance with the Accounting Policy Framework would be $4.3 million ($3 million), rather than that disclosed in the Statement of Comprehensive Income of $10 million ($7.6 million), while the total comprehensive result would remain the same.

In my opinion the income from bequests and donations should not be excluded from the calculation of the net cost of providing services.

Disclosure of cash 'deficiency'

The total cash balance of the 'Art Gallery Board Bequests Account' at 30 June 2012 was $881 829, as reported in Statement G of the Treasurer's Financial Statements.

Note 17 includes a disclosure stating that 'there is a deficiency in the funds held in the "Art Gallery Board Bequests Account" to the extent that the funds held are not sufficient to cover the level of bequests and donations held'.

The Art Gallery Board initiated a review during 2011-12 to identify the total dollar value of bequests and donations which have been received and to identify what amount(s) are yet to be expended for their specified purpose. This review process involves a large number of transaction records and remains in progress at the time of issuing this opinion.

In my opinion, including comment within note 17 that there is a 'deficiency' in funds held is not appropriate as the review process to identify what, if any, funds with a specific purpose have not yet been expended has not been finalised.

Disclosure of contingent liability

Note 27 states 'The Board has a contingent liability to the extent of funds that are necessary to cover the level of bequests and donations held by the Board'.

The disclosure of a contingent liability is only undertaken in accordance with Australian Accounting Standard AASB 137 Provisions, Contingent Liabilities and Contingent Assets when there is a possible obligation to an external party as result of past events.

As outlined above, the Art Gallery Board are still in the process of conducting a review to determine what funds, if any, with a specific purpose have not yet been expended.

If the review process identifies funds with a specific purpose that have not yet been expended, any resultant contingent liability would be offset by a corresponding contingent asset when the funds are expended for their specified purpose.

Further, as the review process has not been finalised at balance date it is not appropriate to recognise a contingent liability for the potential repayment of bequests and donations to the donor.

In my opinion the disclosure of a contingent liability as at 30 June 2012 is not appropriate.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraphs, the financial report gives a true and fair view of the financial position of the Art Gallery Board as at 30 June 2012, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act 1987 *and Australian Accounting Standards.*

Assessment of controls

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

Communication of audit matters

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

Legal compliance

The Gallery Act was amended by the *Statutes Amendment (Arts Agencies Governance and Other Matters) Act 2010* on 12 May 2011. Included in these amendments was a requirement that the Board seek the approval of the Treasurer to hold or trade in shares.

During 2011-12 the Board has continued to hold and trade in shares as part of a broader investment strategy, however it has not sought the approval of the Treasurer as required by the amended Gallery Act. The Board has advised that it will seek the approval of the Treasurer through Arts SA to continue its current investment practice of holding and trading in shares.

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

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

The Board has advised it will further investigate this issue.

Expenditure

Testing of a sample of payments processed by the Board during the year identified instances where payments have been approved by staff members in excess of their financial delegation. The Board has advised it has reviewed the financial delegations and reminded staff of their financial delegations.

A review of transaction limits established for the Board within the e-Procurement system (Basware) identified some inconsistencies between the approval limits for some Board staff and the financial delegations. The Board has advised this issue has been addressed.

A review of Board staff members who hold government purchase cards identified three staff members with purchase cards who were not included in the financial delegations, contrary to the requirements of TI 12. The Board advised these inconsistencies have now been addressed.

The audit of expenditure included testing over payments to external companies who assist the Board to stage and organise exhibitions. Payments made to these companies are generally made in accordance with a contract or agreement. Audit examined a payment of $500 000 which was subject to a Memorandum of Understanding (MOU) with an external party. While that amount was supported by an invoice, the amount did not agree to the underlying MOU. The MOU payment schedule identifies that the Art Gallery would have been liable to pay approximately $155 000 during 2011-12, when the payment amounts are translated from foreign currency. Audit sought clarification regarding the payment schedule.

The Board advised that the amount payable was revised as a result of discussions between the Director of the Art Gallery and the company concerned subsequent to the MOU being signed. Audit considers that those discussions regarding the changed payment arrangements needed to be evidenced in either a revised MOU or formal correspondence between the Board and the company concerned.

Asset management

A number of years ago the Art Gallery had a large number of solar panels installed. Since their installation these panels have been recorded as assets of the Board. The audit identified that these assets no longer function to their designed capacity and that this has been the case for some time. The audit also identified that they have continued to be recorded as a fully depreciated asset of the Board and the Board's Annual Report referred to the energy savings by the ongoing use of the solar panels. The Board has advised that the gross value of the asset and associated accumulated depreciation has been written off as the solar panels are no longer efficient enough to warrant the expenditure required to restore the system to full operation and that the reference to the solar panels will be removed from future Annual Reports.

A review of the high value items included in the heritage collections identified that a 1930 proof penny which is held as part of the numismatics collection was not included in the high value items stock check process as it did not have its individual value recorded separately. The high value items stock check is designed to include all items valued at over $350 000 and the proof penny's independently-supplied value is approximately $1 million. The Board has advised that an individual value for the proof penny is now separately recorded and that the penny will be included in all future high value item stock checks.

Implementation of TIs 2 and 28

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

Previous Reports have conveyed that the Board was relating with DPC (which provides business support) to assist with the implementation of the TI requirements. In 2011-12 the Board has progressed this area with assistance from DPC and has documented a financial management compliance program. Review of the contents of this program identified that the program needed to be expanded to fully consider the Board's operations. The Board has advised it will continue to work to improve the financial management compliance program.

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

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

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

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

This matter was further discussed under 'Department of the Premier and Cabinet' in Part B of the 2011-12 Auditor-General's Annual Report to Parliament.

Interpretation and analysis of the financial report

Highlights of the financial report

	2012 $'million	2011 $'million
Expenses		
Staff benefits	5	4
Other expenses	10	9
Total expenses	15	13
Income		
Revenues from SA Government	9	8
Other income	11	10
Total income	20	18
Net result	5	5

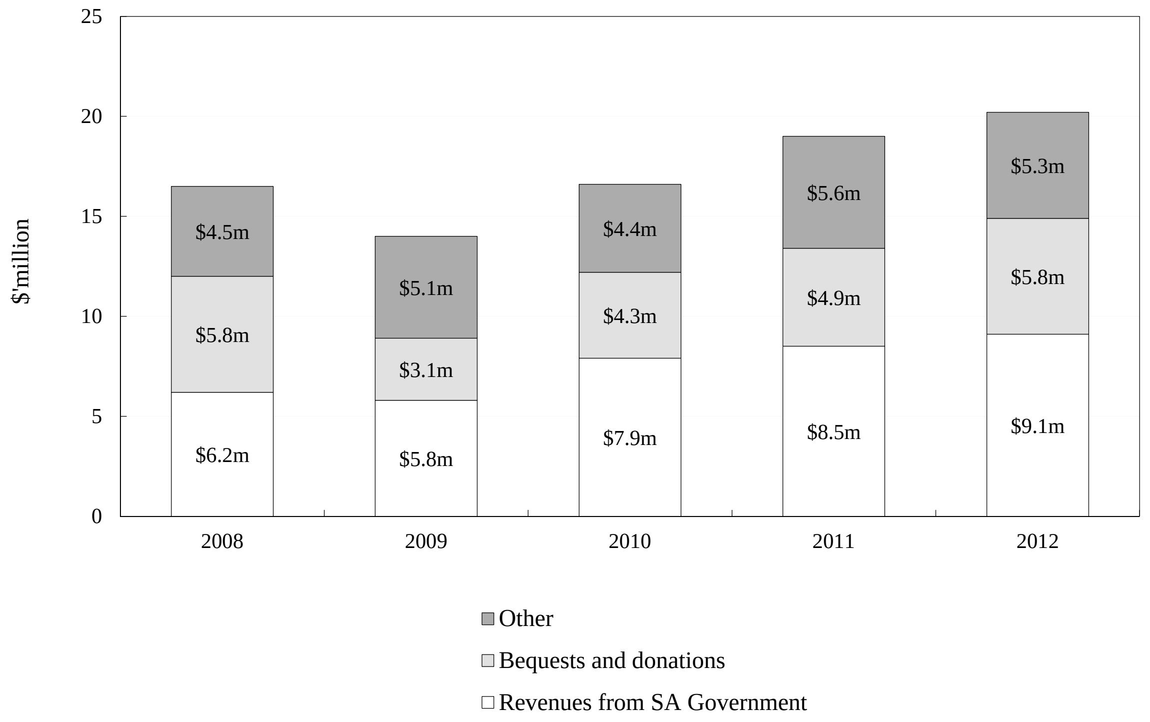
	2012 $'million	2011 $'million
Net cash provided by (used in) operating activities	3	4
Net cash provided by (used in) investing activities	(5)	(3)
Assets		
Current assets	3	5
Non-current assets	625	619
Total assets	628	624
Total liabilities	3	3
Total equity	625	621

Statement of Comprehensive Income

Income

Income for the year totalled $20 million ($19 million). Overall income increased slightly in 2011-12 as a result of increased government funding, including an increase of $1 million in one-off funding.

For the five years to 2012, a structural analysis of the major income items for the Board is shown in the following chart.

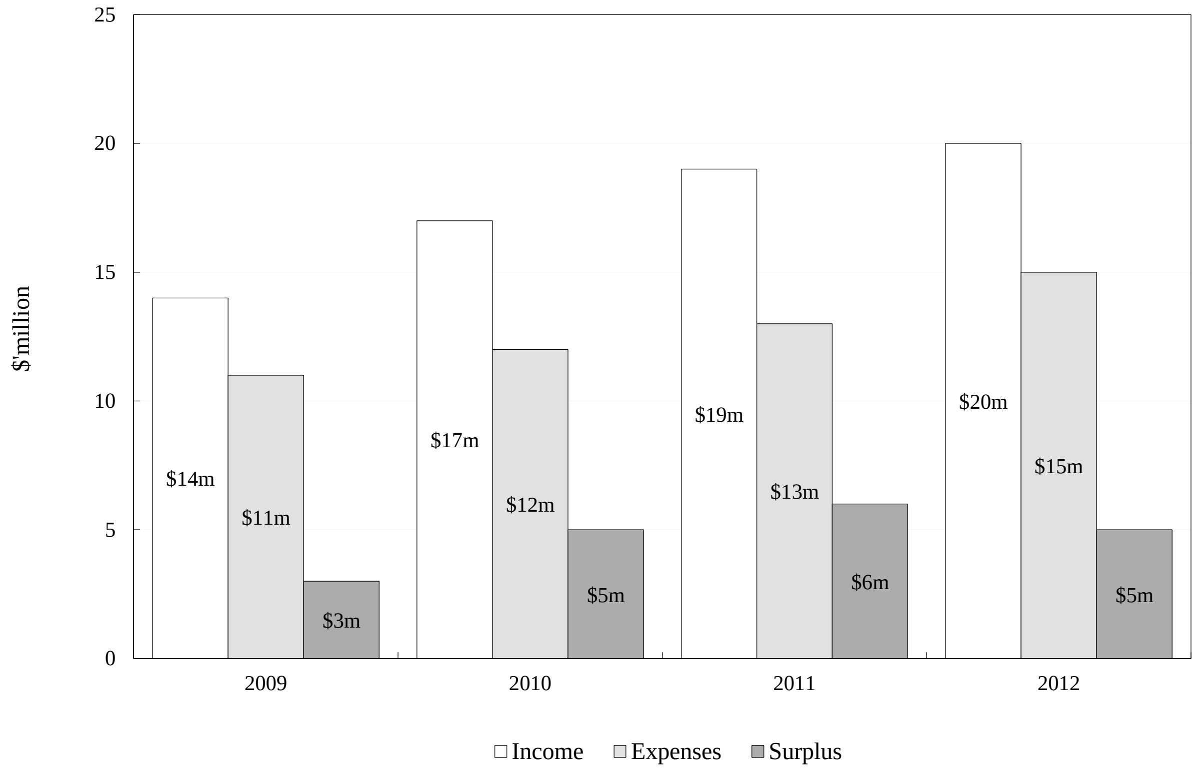


Revenues from SA Government have increased significantly since 2009 and bequests and donations continue to be a significant source of income for the Board with 29% (25%) of the Board's income coming from these sources.

Net result

The net result for the year was a surplus of $4.8 million ($5.4 million).

The following chart shows the income, expenses and surpluses for the four years to 2012.



Statement of Financial Position

The total assets of the Board at 30 June 2012 were $628 million ($624 million), of which $588 million (94%) relates to the Board's heritage collections.

The increase in the value of the heritage collections in 2011-12 is a result of purchases and donations totalling $6 million.

There was a significant reduction in the value of the heritage collections during 2010-11 as a result of a revaluation undertaken. The reduction in value of around $43 million was due to a combination of a fall in international art markets as a result of depressed European economic conditions and changes in the value of the Australian dollar relative to the British pound, as European artworks are normally valued in pounds.

Further commentary on operations

During the year Arts SA initiated a financial sustainability review of the Art Gallery of South Australia. The final report arising from this review was completed in February 2012. The review made a number of recommendations regarding the financial operations of the Art Gallery and, since the review was finalised, the Board has had ongoing discussions with Arts SA regarding the recommendations.

In relation to certain recommendations of the report the Board has worked with SSSA to revise the format of the financial reporting information provided to the Board. In addition, as has been discussed above, the Board has commenced a review in conjunction with Arts SA of bequests and donations.

Audit will continue to monitor progress on these issues in 2012-13.

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Expenses:			
Staff benefits	4	4 907	4 250
Supplies and services	6	6 752	5 511
Accommodation and facilities	7	2 333	2 246
Depreciation	8	1 365	1 247
Total expenses		15 357	13 254
Income:			
Sale of goods		838	965
Fees and charges	10	783	1 055
Grants	9(a)	1 173	888
Sponsorships	11	1 261	1 031
Resources received free of charge	12	552	605
Interest and investment income	13	415	577
Rent and facilities hire		260	259
Net gain from the disposal of non-current assets	14	2	176
Other	15(a)	38	51
Total income		5 322	5 607
Net cost of providing services		10 035	7 647
Revenues from SA Government:			
Recurrent operating grant	15(b)	8 008	6 594
Capital grant		1 060	1 882
Total revenues from SA Government		9 068	8 476
Net result before bequests and donations		(967)	829
Bequests and donations:			
Bequests and donations	9(b)	2 119	1 798
Donations of heritage assets		3 662	2 867
Total bequests and donations		5 781	4 665
Net result after bequests and donations		4 814	5 494
Other comprehensive income:			
Change in value of heritage collections	20	-	(42 809)
Total other comprehensive income		-	(42 809)
Total comprehensive result*		4 814	(37 315)

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

* The total comprehensive result for the year includes capital grants, bequests and donations. Depending on the terms and conditions attributable to their receipt, these amounts are not available to fund the operating activities of the Gallery.

Statement of Financial Position
as at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets:			
Cash and cash equivalents	17	1 977	3 622
Receivables	18	664	434
Inventories		578	804
Total current assets		3 219	4 860
Non-current assets:			
Property, plant and equipment	19	34 160	34 404
Heritage collections	20	587 687	581 242
Investments	21	3 248	3 348
Total non-current assets		625 095	618 994
Total assets		628 314	623 854
Current liabilities:			
Payables	22	1 132	1 658
Staff benefits	23	564	410
Provisions	24	28	53
Other	25	15	15
Total current liabilities		1 739	2 136
Non-current liabilities:			
Payables	22	62	48
Staff benefits	23	665	545
Provisions	24	101	177
Other	25	4	19
Total non-current liabilities		832	789
Total liabilities		2 571	2 925
Net assets		625 743	620 929
Equity:			
Retained earnings		419 348	414 534
Revaluation surplus		206 395	206 395
Total equity		625 743	620 929

Total equity is attributable to the SA Government as owner

	Note
Unrecognised contractual commitments	26
Contingent assets and liabilities	27

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

	Revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2010	249 204	409 040	658 244
Net result for 2010-11	-	5 781	5 781
Loss of revaluation of heritage collections	(43 096)	-	(43 096)
Total comprehensive result for 2010-11	(43 096)	5 781	(37 315)
Error correction to revaluation on heritage collections	287	(287)	-
Total revised comprehensive result for 2010-11	(42 809)	5 494	(37 315)
Balance at 30 June 2011	206 395	414 534	620 929
Net result for 2011-12	-	4 814	4 814
Total comprehensive result for 2011-12	-	4 814	4 814
Balance at 30 June 2012	206 395	419 348	625 743

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

Statement of Cash Flows
for the year ended 30 June 2012

	Note	2012 Inflows (Outflows) $'000	2011 Inflows (Outflows) $'000
Cash flows from operating activities:			
Cash outflows:			
Staff benefits		(4 699)	(4 362)
Supplies and services		(4 949)	(4 475)
Accommodation and facilities		(2 333)	(2 213)
Cash used in operations		(11 981)	(11 050)
Cash inflows:			
Sale of goods		868	1 091
Fees and charges		772	1 056
Bequests and donations		2 108	1 728
Grants		1 054	887
Sponsorships		522	498
Interest and investment income		436	533
Rent and facilities hire		232	310
Other receipts		46	100
Cash generated from operations		6 038	6 203
Cash flows from SA Government:			
Receipts from SA Government		9 068	8 476
Cash generated from SA Government		9 068	8 476
Net cash provided by (used in) operating activities	28	3 125	3 629
Cash flows from investing activities:			
Cash outflows:			
Purchase of heritage collections		(2 783)	(2 186)
Purchase of investments		-	(926)
Purchase of property, plant and equipment		(2 090)	(1 504)
Cash used in investing activities		(4 873)	(4 616)
Cash inflows:			
Proceeds from sale/maturity of investments		102	1 122
Proceeds from the sale of heritage collections		-	10
Proceeds from the sale of property, plant and equipment		1	-
Cash generated from investing activities		103	1 132
Net cash provided by (used in) investing activities		(4 770)	(3 484)
Net increase (decrease) in cash and cash equivalents		(1 645)	145
Cash and cash equivalents at 1 July		3 622	3 477
Cash and cash equivalents at 30 June	28	1 977	3 622

Notes to and forming part of the financial statements

1. Objectives of the Art Gallery Board (the Board)

The Board is constituted pursuant to section 4 of the *Art Gallery Act 1939* (the Act). The Board is charged with the management of the Art Gallery of South Australia under the Act.

The objectives of the Art Gallery of South Australia are to:

- collect heritage and contemporary works of art of aesthetic excellence and historical or regional significance
- ensure the preservation and conservation of the Gallery's collections
- display the collections and to program temporary exhibitions
- research and evaluate the collections and to make the collections and documentation accessible to others for the purposes of research and as a basis for teaching and communications
- document the collections within a central cataloguing system
- provide interpretative information about collection displays and temporary exhibitions and other public programs
- promote the Gallery's collections and temporary exhibitions
- ensure that the Gallery's operations, resources and commercial programs are managed efficiently, responsibly and profitably
- advise the SA Government on the allocation of South Australian resources to works of art, art collections, art museums and art associations.

2. Summary of significant accounting policies

2.1 Statement of compliance

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and TIs and APSs promulgated under the provision of the PFAA. The Board has applied AASs that are applicable for not-for-profit entities as the Board is not-for-profit.

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Board for the reporting period ending 30 June 2012 (refer note 3).

2.2 Basis of preparation

The preparation of the financial statements requires:

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

  (a) income, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date and greater than $100 000 are separately identified and classified according to their nature

  (b) expenses incurred as a result of engaging consultants

  (c) staff TVSP information

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

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

2.2 Basis of preparation

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2012 and the comparative information presented for the year ended 30 June 2011.

2.3 Source of funds

The Board's principal source of funds consists of grants from the State Government. In addition, the Board also receives monies from sales, admissions, donations, bequests, sponsorships, interest and investment income and other receipts, and uses the monies for the achievement of its objectives. Bequests, donations and grants can only be used in accordance with the terms and conditions attributable.

2.4 Income and expenses

Income and expenses are recognised in the Board's Statement of Comprehensive Income when and only when it is probable that the flow of economic benefits to or from the entity will occur and can be reliably measured. Income and expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

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

Resources received free of charge

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

Under an arrangement with Arts SA and Artlab Australia, both divisions of DPC, Artlab Australia receives SA Government appropriation to perform conservation services on the heritage collections of the Art Gallery. The value of the work performed is recognised as resources received free of charge in income (refer note 12) and a corresponding amount included as conservation work expenditure in supplies and services (refer note 6).

Under an arrangement with the Services Division of DPC, financial services and human resources are provided free of charge to the Board. The value of these services is recognised as resources received free of charge in income (refer note 12) and a corresponding amount included as a business services charge in supplies and services (refer note 6).

2.5 Current and non-current classification

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

2.6 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand, and short-term deposits held with BankSA. For the purposes of the Statement of Cash Flows, cash and cash equivalents are defined above.

Cash is measured at nominal value.

2.7 Receivables

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

Trade receivables arise in the normal course of selling goods and services to 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.

2.7 Receivables (continued)

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

2.8 Inventories

Inventories are measured at the lower of cost or their net realisable value. Cost of inventory is measured on the basis of the first-in, first-out method. Net realisable value is determined using the estimated sale proceeds less costs incurred in marketing, selling and distribution to customers. Inventories include books and publications held for sale.

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.

2.9 Investments

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

2.10 Non-current asset acquisition and recognition

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

All non-current assets with a value of $10 000 or greater are capitalised.

Componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is greater than $5 million for infrastructure assets and $1 million for other assets.

2.11 Valuation of non-current assets

All non-current 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.

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

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

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

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

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

Land and buildings

An independent valuation of the land and buildings was conducted as at 30 June 2008 by the Australian Valuation Office. The valuation at 30 June 2008 was prepared on a fair value basis.

Plant and equipment

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

Heritage collections

Heritage collections were last revalued as at 30 June 2011. The heritage collections are large and diverse. They include many items for which valuations are complex, given considerations of market value and their uniqueness.

The Board adopted the following methodology for valuing heritage assets held as at 30 June 2011:

Works of art were valued by the appropriate internal curator and external valuers with:

(i) all collection items with a value greater than $350 000 valued individually

(ii) the remaining collection items valued by establishing an average value through the random sampling of 2% of each collection area.

The policy of the Board, in the event of variations between the values of the internal curator and the external valuer, is to adopt the average value.

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

Collection	*Industry expert*
Australian paintings and sculptures	Mr J Jones
Australian, European and international decorative arts	Mr K Rayment
Asian art	Mr D Button
European art:	
European collection pre-1850	Mr P Matthiesen
British collection and European collection post-1850	Mr P Nahum
Australian prints and drawings	Ms S Thomas
European prints and drawings	Ms A Kirker
Australian and international photographs	Mr J Lebovic
Noye collection of photographic material	Mr M Treloar
Numismatics	Mr G Morton
Krichauf and Murray stamp collection	Mr B Parker

The research library collections were valued by sampling 1% of the collections and providing a market valuation of the entire stock based on the sample. The values were determined by searching catalogues in second-hand and antiquarian bookshops. Where a value was not available, an estimate was provided by the librarian, Ms Jin Whittington.

The archival collections, consisting of ephemera such as material on individual artists and galleries, was given a nil valuation as there is no reliable market value for this collection.

Heritage collections acquired since 1 July 2011 are valued at cost for purchases, or average valuation for donated works of art.

2.12 Impairment of assets

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

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

2.13 Depreciation of non-current assets

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

The estimated useful life of the following classes of assets are as follows:

Class of asset	*Useful life (years)*
Property, plant and equipment:	
Buildings and improvements	20-100
Plant and equipment	3-20

2.13 Depreciation of non-current assets (continued)

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

2.14 Payables

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

Creditors and accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period. All amounts are measured at their nominal amount and are normally settled within 30 days after the Board receives an invoice.

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

2.15 Staff benefits

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

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

Salaries, wages and annual leave

Liabilities for salaries, wages and annual leave have been recognised as the amount unpaid at the reporting date at current remuneration rates. The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

LSL

An actuarial assessment of LSL, undertaken by DTF based on a significant sample of employees throughout the South Australian public sector, determined that the liability measured using a shorthand method was not materially different from the liability measured using a present value of expected future payments. Based on this actuarial assessment, the shorthand method was used to measure the LSL liability for 2012. Refer to note 23. This calculation is consistent with the Board’s experience of staff retention and leave taken.

On-costs

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

Superannuation

Contributions are made by the Board to several superannuation schemes operated by the State Government and private sector. 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 superannuation schemes. DTF centrally recognises the superannuation liability, for the schemes operated by the State Government, in the whole-of-government financial statements.

2.16 Workers compensation provision

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.

2.17 Leases

The Board has entered into a number of operating lease agreements for vehicles and photocopiers where the lessors effectively retain all of the risks and benefits incidental to ownership of the items held under the operating leases. Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the Statement of Comprehensive Income in the periods in which they are incurred.

2.18 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.

2.18 Comparative information (continued)

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

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

2.19 Taxation

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

Income, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred by the Board as a purchaser 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 an item of expense.

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

2.20 State Government funding

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

2.21 Rounding

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

2.22 Insurance

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

2.23 Unrecognised contractual commitments and contingent assets and liabilities

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

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

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

3. New and revised accounting standards

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

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

4. Staff benefits

	2012	2011
	$'000	$'000
Salaries and wages	3 773	3 362
Annual leave	129	74
Board fees	95	93
LSL	278	47
Payroll tax	230	194
Superannuation	413	347
Other staff related expenses	(11)	133
Total staff benefits	4 907	4 250

Remuneration of staff	2012	2011
The number of staff whose remuneration received or receivable falls within the following bands:	Number	Number
$194 000 - $203 999	-	1
$214 000 - $223 999	1	-
Total	1	1

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, superannuation contributions, and fringe benefits and any FBT paid or payable, and any other salary sacrifice benefits. The total remuneration received by these staff for the year was $220 000 ($203 000).

TVSPs

There were no TVSPs paid in 2011-12 or 2010-11.

5. Remuneration of board members

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

Mr M Abbott QC (Chairman)
Mr A W Gwinnett (Deputy Chairman)
Ms A Edwards
Ms F Gerard
Ms S Sdraulig
Ms T Whiting
Mr R Whitington QC
Ms Z Winser

The number of board members whose remuneration received or receivable falls within the following bands:	2012 Number	2011 Number
$0 - $9 999	1	1
$10 000 - $19 999	6	6
$20 000 - $29 999	1	1
Total	8	8

Remuneration of board members reflects all costs of performing board member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received by the board members for the year was $104 000 ($101 000).

Amounts paid to superannuation plans for board members were $9000 ($8000).

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

6. Supplies and services	2012 $'000	2011 $'000
Administration expenses	1 023	831
Business services charge	153	182
Catering	105	120
Conservation work	452	557
Consultants' fees	-	10
Contractors' fees	20	20
Cost of goods sold	438	424
Entertainment	52	110
Fees - exhibitions and publications	793	504
Information technology	128	92
Insurance and risk management	495	509
Inventory written off	289	29
Maintenance	107	107
Marketing and promotion	1 686	1 163
Materials	119	78
Minor equipment purchases and leasing	196	194
Motor vehicle expenses	50	31
Preservation activities	201	168
Travel and accommodation	328	244
Valuation expenses	23	36
Other	94	102
Total supplies and services	6 752	5 511

6. Supplies and services (continued)

	2012	2011
Supplies and services provided by entities within the SA Government:	$'000	$'000
Administration expenses	57	63
Business services charge	153	182
Conservation work	435	482
Cost of goods sold	-	20
EDS charges	-	3
Fees - exhibitions and publications	23	1
Information technology	26	15
Insurance and risk management	493	509
Maintenance	35	126
Marketing and promotion	179	81
Materials	2	4
Minor equipment purchases and leasing	3	6
Motor vehicle expenses	43	26
Preservation activities	-	1
Projects	-	1
Tours	-	1
Other	34	30
Total supplies and services - SA Government entities	1 483	1 551

Payments to consultants

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

7. Accommodation and facilities

	2012	2011
	$'000	$'000
Accommodation	627	617
Facilities	630	590
Security	1 076	1 039
Total accommodation and facilities	2 333	2 246
Accommodation and facilities provided by entities within the SA Government:		
Accommodation	81	59
Facilities	432	402
Security	10	8
Total accommodation and facilities - SA Government entities	523	469

8. Depreciation

	2012	2011
Buildings and improvements	1 296	1 193
Plant and equipment	69	54
Total depreciation	1 365	1 247

9. *(a) Grants*

	2012	2011
Commonwealth Government - recurrent	98	215
State Government - recurrent	593	185
Other external grants - recurrent	482	488
Total grants	1 173	888
Grants received/receivable from entities within the SA Government:		
State government - recurrent	593	185
Total grants - SA Government entities	593	185

(b) Bequest and donations

	2012	2011
Bequests	806	489
Donations	1 313	1 309
Total bequest and donations	2 119	1 798

Bequests and donations can only be used in accordance with the terms and conditions attributable. Therefore depending on the terms and conditions, they are not available for the operating activities of the Gallery.

		2012	2011
10.	**Fees and charges**	$'000	$'000
	Fees for services	307	372
	Admissions to temporary exhibitions	476	683
	Total fees and charges	783	1 055
11.	**Sponsorships**		
	Cash sponsorships	562	504
	In-kind sponsorships	699	527
	Total sponsorships	1 261	1 031
	Sponsorships received/receivable from entities within the SA Government:		
	Cash sponsorships	-	220
	Total sponsorships - SA Government entities	-	220
12.	**Resources received free of charge**		
	Resources received/receivable from entities within the SA Government:		
	Conservation services	399	423
	Business services	153	182
	Total resources received free of charge	552	605
13.	**Interest and investment income**		
	Interest from entities within the SA Government	48	53
	Interest and investment income from entities external to the SA Government	367	524
	Total interest and investment income	415	577
14.	**Net gain (loss) from the disposal of non-current assets**		
	Plant and equipment:		
	Proceeds from disposal	1	-
	Net book value of assets disposed of	-	(13)
	Net gain (loss) from disposal of plant and equipment	1	(13)
	Investments:		
	Proceeds from the sale of investments	102	1 122
	Net book value of investments	(101)	(933)
	Net gain (loss) from sale of investments	1	189
	Total assets:		
	Total proceeds from disposal	103	1 122
	Total net book value of assets	(101)	(946)
	Total net gain (loss) from the disposal of non-current assets	2	176
15.	***(a) Other income***		
	Fundraising	3	28
	Other receipts	35	23
	Total other income	38	51
	(b) Recurrent operating grant		
	Recurrent operating grant (excluding additional exhibition funding) from Arts SA per initial budget advice	6 154	6 180
	Recurrent operating grant additional exhibition funding from Arts SA per initial budget advice	500	350
	Additional one-off funding provided by Arts SA	1 354	64
	Total recurrent operating grant	8 008	6 594
16.	**Auditor's remuneration**		
	Audit fees paid/payable to the Auditor-General's Department for the audit of the financial statements	31	28
	Audit fees paid/payable to other auditors for the audit of the Art Gallery Foundation	7	2
	Total audit fees	38	30

Other services

No other services were provided to the Board by the Auditor-General's Department or the other auditors.

17. Cash and cash equivalents

	2012	2011
	$'000	$'000
Deposits with the Treasurer	967	2 063
Deposits with BankSA	1 000	1 550
Cash on hand	10	9
Total cash and cash equivalents	1 977	3 622

Deposits with Treasurer

Deposits with the Treasurer are a combination of funds held in the Art Gallery Board Bequests Account, an account held with the Treasurer of South Australia pursuant to section 21 of the PFAA, and funds held in the Premier and Cabinet Operating Account, an account held with the Treasurer of South Australia pursuant to section 8 of the PFAA.

There is a deficiency in the funds held in the Art Gallery Board Bequests Account to the extent that the funds, held are not sufficient to cover the level of bequests and donations held.

Deposits with BankSA

Deposits with BankSA are funds held in term deposit facilities.

Cash on hand

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

Interest rate risk

Cash and cash equivalents are recorded at nominal value. Interest is calculated based on the average daily balances of the interest bearing funds. The interest bearing funds of the Board are held in the Section 21 interest bearing account titled the Art Gallery Board Bequests Account and the BankSA accounts.

In 2011-12 deposits with the Treasurer were bearing a floating interest rate between 3.93% and 4.6% (4.35% and 4.6%). The interest rate for funds held with BankSA as at 30 June 2012 is 5.1% for the term deposits (5.75% and 6.1%).

18. Receivables

	2012	2011
Current:	$'000	$'000
Prepayments	80	16
Receivables	251	265
Accrued income	333	153
Total receivables	664	434

Interest rate and credit risk

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

It is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

(a) Maturity analysis of receivables - refer note 29.
(b) Categorisation of financial instruments and risk exposure information - refer note 29.

19. Property, plant and equipment

	2012	2011
Land, buildings and improvements:	$'000	$'000
Land at valuation	4 850	4 850
Buildings and improvements at valuation	52 217	52 044
Accumulated depreciation at 30 June	(24 489)	(23 193)
Total land, buildings and improvements	32 578	33 701
Work in progress:		
Work in progress at cost	1 230	314
Total work in progress	1 230	314

19. Property, plant and equipment

	2012 $'000	2011 $'000
Plant and equipment:		
Plant and equipment at cost (deemed fair value)	655	837
Accumulated depreciation at 30 June	(303)	(448)
Total plant and equipment	352	389
Total property, plant and equipment	34 160	34 404

Valuation of non-current assets

The valuation of land, buildings and improvements was performed by the Australian Valuation Office as at 30 June 2008.

Impairment

There were no indications of impairment of property, plant and equipment as at 30 June 2012.

Movement reconciliation of property, plant and equipment

	Land	Buildings & imprvmnts	Work in progress	Plant & equipment	Total
2012	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July	4 850	28 851	314	389	34 404
Additions	-	-	1 089	32	1 121
Depreciation expense	-	(1 296)	-	(69)	(1 365)
Disposals	-	-	-	-	-
Transfers to (from) capital work in progress	-	173	(173)	-	-
Carrying amount at 30 June	4 850	27 728	1 230	352	34 160
2011					
Carrying amount at 1 July	4 850	27 717	287	277	33 131
Additions	-	-	2 354	179	2 533
Depreciation expense	-	(1 193)	-	(54)	(1 247)
Disposals	-	-	-	(13)	(13)
Transfers to (from) capital work in progress	-	2 327	(2 327)	-	-
Carrying amount at 30 June	4 850	28 851	314	389	34 404

20. Heritage collections

	2012			2011		
	At valuation $'000	At cost $'000	Total $'000	At valuation $'000	At cost $'000	Total $'000
Australian paintings and sculptures	240 103	3 713	243 816	240 103	-	240 103
Australian and European decorative arts	28 363	458	28 821	28 363	-	28 363
Asian art	44 301	696	44 997	44 301	-	44 301
European paintings and sculptures	223 714	1 175	224 889	223 714	-	223 714
Prints, drawings and photographs	35 814	379	36 193	35 814	-	35 814
Numismatics	6 753	-	6 753	6 753	-	6 753
Philatelic material	450	-	450	450	-	450
Library	1 744	24	1 768	1 744	-	1 744
Archival collection	-	-	-	-	-	-
Total heritage collections	581 242	6 445	587 687	581 242	-	581 242

Reconciliation of carrying amounts of heritage collections

	Balance 01.07.11	Additions	Disposals	Balance 30.06.12
2012	$'000	$'000	$'000	$'000
Australian paintings and sculptures	240 103	3 713	-	243 816
Australian and European decorative arts	28 363	458	-	28 821
Asian art	44 301	696	-	44 997
European paintings and sculptures	223 714	1 175	-	224 889
Prints, drawings and photographs	35 814	379	-	36 193
Numismatics	6 753	-	-	6 753
Philatelic material	450	-	-	450
Library	1 744	24	-	1 768
Archival collection	-	-	-	-
Total heritage collections	581 242	6 445	-	587 687

Reconciliation of carrying amounts of heritage collections (continued)	Balance 01.07.10	Additions	Disposals	Revaluation increment (decrement)	Balance 30.06.11
2011	$'000	$'000	$'000	$'000	$'000
Australian paintings and sculptures	186 196	2 561	-	51 346	240 103
Australian and European decorative arts	45 287	302	-	(17 226)	28 363
Asian art	20 610	886	-	22 805	44 301
European paintings and sculptures	304 025	447	-	(80 758)	223 714
Prints, drawings and photographs	55 203	530	(7)	(19 912)	35 814
Numismatics	5 872	-	(3)	884	6 753
Philatelic material	435	-	-	15	450
Library	1 687	20	-	37	1 744
Archival collection	-	-	-	-	-
Total heritage collections	619 315	4 746	(10)	(42 809)	581 242

21. Investments

	2012	2011
Non-current:	$'000	$'000
Shares and other direct investments in companies	3 248	3 348
Total non-current investments	3 248	3 348
Total investments	3 248	3 348

The market value of investments as at 30 June 2012 is $3.1 million ($3.3 million).

22. Payables

	2012	2011
Current:		
Creditors and accruals	1 054	1 602
Staff on-costs	78	56
Total current payables	1 132	1 658
Non-current:		
Staff on-costs	62	48
Total non-current payables	62	48
Total payables	1 194	1 706
Payables to SA Government entities:		
Creditors and accruals	242	986
Staff on-costs	65	50
Total payables - SA Government entities	307	1 036

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

Interest rate and credit risk

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

(a) Maturity analysis of payables - refer note 29.
(b) Categorisation of financial instruments and risk exposure information - refer note 29.

23. Staff benefits

	2012	2011
Current:	$'000	$'000
Annual leave	403	289
LSL	161	120
Accrued salaries and wages	-	1
Total current staff benefits	564	410
Non-current:		
LSL	665	545
Total non-current staff benefits	665	545
Total staff benefits	1 229	955

23. Staff benefits (continued)

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

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

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

The net financial effect of the changes in the current financial year is an increase in the LSL liability of $76 000 and employee benefit expense of $76 000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of factors and assumptions – a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

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

24. Provisions

	2012	2011
Current:	$'000	$'000
Provision for workers compensation	28	53
Total current provisions	28	53
Non-current:		
Provision for workers compensation	101	177
Total non-current provisions	101	177
Total provisions	129	230
Carrying amount at 1 July	230	203
Increase (Decrease) in provision recognised	(101)	27
Carrying amount at 30 June	129	230

25. Other liabilities

Current:		
Deferred assets	15	15
Total current other liabilities	15	15
Non-current:		
Deferred assets	4	19
Total non-current other liabilities	4	19
Total other liabilities	19	34

26. Unrecognised contractual commitments

Operating lease commitments

Commitments under non-cancellable operating leases at the reporting date not recognised as liabilities in the financial statements, are payable as follows:

Within one year	25	24
Later than one year and not later than five years	29	15
Total operating lease commitments	54	39

The operating lease commitments comprise:

- non-cancellable motor vehicle leases, with rental payable monthly in arrears. No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their terms.
- a non-cancellable photocopier lease, with rental payable monthly in arrears. No contingent rental provisions exist within the lease agreement and no option exists to renew the lease at the end of its term.

Capital commitments	2012	2011
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:	$'000	$'000
Within one year	1 347	676
Total capital commitments	1 347	676

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:		
Within one year	275	210
Later than one year and not later than five years	581	678
Total remuneration commitments	856	888

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

Other commitments		
The Board's other commitments are for contracts for works of art, exhibitions, security and cleaning.		
Not later than one year	1 457	1 120
Later than one year but not later than five years	2 130	834
Total other commitments	3 587	1 954

Contingent rental provisions within the contracts require the minimum contract payments to be increased by variable operating costs and wage rises. Options exist to renew the contracts for another 12 months.

27. Contingent assets and liabilities

Contingent assets

The Board has been named as a beneficiary in a number of testamentary bequests. By their nature it is not possible to accurately estimate the amount and timing of these bequests. Amounts paid to the Board as a result of these bequests will be recognised on receipt.

The Board has lodged a claim for the refund of approximately $550 000 in dividend imputation credits with the ATO. The receipt of this amount is contingent on the approval of the ATO.

Contingent liabilities

The Board has a contingent liability to the extent of the funds that are necessary to cover the level of bequests and donations held by the Board.

28. Cash flow reconciliation

Reconciliation of cash and cash equivalents at 30 June	2012 $'000	2011 $'000
Cash and cash equivalents disclosed in the Statement of Financial Position	1 977	3 622
Balance as per Statement of Cash Flows	1 977	3 622

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services		
Net cash provided by (used in) operating activities	3 125	3 629
Revenues from SA Government	(9 068)	(8 476)
Bequests and donations	(5 781)	(4 665)
Non-cash items:		
Depreciation of property, plant and equipment	(1 365)	(1 247)
Donations of heritage collections	3 662	2 867
Gain (Loss) on sale of investments	2	189
Gain (Loss) on sale of plant and equipment	1	(13)
Movements in assets/liabilities:		
Receivables	230	34
Inventories	(226)	(4)
Payables	(442)	12
Staff benefits	(274)	54
Provisions	101	(27)
Net cost of providing services	(10 035)	(7 647)

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.

		2012		2011	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	Note	$'000	$'000	$'000	$'000
Cash and cash equivalents:					
Cash and cash equivalents	17	1 977	1 977	3 622	3 622
Loans and receivables:					
Receivables(1)	18	584	584	418	418
Available-for-sale financial assets:					
Investments	21	3 248	3 088	3 348	3 260
Financial liabilities					
Financial liabilities - at cost:					
Payables(1)	22	1 054	1 054	1 602	1 602

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

Credit risk

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

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

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

The following table discloses the ageing of financial assets and the ageing of impaired assets:

29.2 Ageing analysis of financial assets

	Past due by			
	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2012	$'000	$'000	$'000	$'000
Not impaired:				
Receivables	116	52	38	206
2011				
Not impaired:				
Receivables	11	10	29	50

Maturity analysis of financial assets and liabilities

All financial assets and financial liabilities mature within one year.

30. Events after balance date

There has not arisen in the interval between the end of the financial year and the date of this report, any other item, transaction or event of a material and unusual nature likely, in the opinion of the members of the Board, to affect significantly the operations of the Board, the results of those operations, or the state of affairs of the Board in subsequent financial years.

Urban Renewal Authority

Functional responsibility

Establishment

The Urban Renewal Authority (URA) is a statutory corporation established on 1 March 2012 by the Housing and Urban Development (Administrative Arrangements) (Urban Renewal Authority) Regulations 2012 under the *Housing and Urban Development (Administrative Arrangements) Act 1995*.

The URA's governing body is a board whose members are appointed by the Governor.

The assets, rights and liabilities of the former Land Management Corporation (LMC) immediately before its dissolution on 1 March 2012, were vested in and attached to the URA. The URA has also assumed certain land and housing stock assets, employees and functions from Defence SA and the South Australian Housing Trust (SAHT) during the reporting period 1 March 2012 to 30 June 2012.

For more information about the establishment of the URA, including the transfer of functions and employees from other agencies, refer to 'Further commentary on operations' and note 38 to the financial statements.

Functions

The URA has responsibility for leading and coordinating urban renewal activity to ensure future housing needs are met through better planned, affordable and vibrant mixed use (residential and commercial) urban developments located near to transport, employment, education and other services.

Note 1 to the financial statements explains the objectives of the URA.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 27(4) of the *Housing and Urban Development (Administrative Arrangements) Act 1995* and section 31(1)(b) of the PFAA provide for the Auditor-General to audit the accounts of the URA for each financial year.

Assessment of controls

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

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

Scope of the audit

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

During 2012, areas of review included:

- expenditure
- inventory
- land sales
- payroll
- property income
- revenue, receipting and banking
- cash
- general ledger
- procurement.

Internal audit activities and reports were also reviewed.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Urban Renewal Authority as at 30 June 2012, its financial performance and its cash flows for the four months then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

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

Communication of audit matters

Matters identified during the course of the audit were detailed in a management letter to the Chief Executive of the URA. The letter included issues identified as part of the audit of former LMC systems and processes.

The URA's response to the letter indicated that appropriate action would be taken to address the matters raised. The main matters raised with the URA and the related responses are detailed below.

URA transition

The URA Board formally adopted LMC's policy and procedure framework and LMC's policies and procedures on 14 March 2012. Audit noted that many components of LMC's governance frameworks and policies and procedures were still used by the URA. Audit reported that in order to ensure that governance frameworks and policies and procedures appropriately reflect the new organisational structure, activities and strategic direction of the URA, it is important that appropriate resources are dedicated to updating this documentation in a timely manner, including the following key areas:

- delegations of authority
- strategic plans
- risk management plans
- financial management compliance program
- committee terms of reference
- financial and human resources policies and procedures
- conflict of interest policy
- procurement framework
- project management framework.

Audit recognised this was a complex and resource intensive process. However, in order to enable an effective and timely transition, Audit recommended that all governance frameworks and policies and procedures be updated to reflect the new URA organisational structure, activities and strategic direction by 30 June 2013.

In responding to the management letter the URA advised that it had continued the focus on the effective operation of its internal control environment following the dissolution of LMC. Internal control enhancements or further developments that had occurred during the year included:

- all key financial policies and procedures were reviewed in accordance with the URA's policy and procedure framework
- a protective security management framework was developed, approved and rolled out across the URA including a compulsory staff training program
- improved financial performance reporting to the URA's Board of Management was implemented, including whole-of-life and year-to-date financial performance reporting for individual programs.

The URA's Charter and Performance Statement have also been endorsed by the Board and sent to the Minister for Housing and Urban Development for consideration and approval.

Contract management

Internal audit completed a contract management review in November 2011. This review noted that although LMC had a substantial suite of procurement policies and procedures, there were no specific contract management policies, procedures or guidelines in place that formalised LMC's contract management activities, other than LMC's annual supplier scorecard evaluation policy and supporting template.

LMC also did not have formal contract management plans that specified how contracts are to be managed.

Internal audit recommended that:

- LMC develop and implement contract management policies and supporting procedures and tools to achieve consistent and tailored contract management processes across LMC operations
- LMC develop a template contract management plan to be rolled out to a selective range of high value and or high risk contracts.

At the time of the audit, the URA had made limited progress in implementing these recommendations. Audit noted that given effective contract management practices are critical to URA's operations, it was appropriate to ensure the internal audit recommendations were implemented as soon as possible.

The URA responded that the development of a formalised contract management framework is within the work program of the corporate governance team for the 2012 calendar year.

Procurement

Audit noted that a number of procurement checklists were not signed by senior management as evidence of review and approval. These checklists detail the key procurement tasks to be completed for individual procurement processes.

The URA responded that quarterly procurement compliance audits would be conducted in order to educate relevant staff members regarding compliance requirements and reduce future instances of non-compliance.

Expenditure

URA expenditure is authorised online through e-systems workflows. Audit noted that no regular independent review was performed to ensure that all substitution and user maintenance changes made in e-systems were valid and accurate. This raises the possibility that expenditure may not be approved in accordance with the URA's delegation instruments.

The URA responded that the control environment would be improved by implementing an independent check to ensure all changes made to user profiles are valid and accurate.

Audit also noted that there was scope for improving segregation of duties over expenditure functions as it was possible for one senior officer to initiate, enter, approve and disburse invoice payments.

The URA responded that system access arrangements had been amended to ensure the relevant officer no longer had the ability to enter invoice data and vendor master file changes.

Other areas where Audit noted scope for improvement were:

- the total daily payments limit in the banking system had not been reviewed for appropriateness
- purchase orders had not been raised in accordance with purchase order policy requirements
- review and follow-up of the purchase order exception report was not documented.

The URA responded that action would be taken to address these areas, including:

- reducing the total daily payments limit in the banking system
- implementing a quarterly compliance review to identify instances of non-compliance with the purchase order policy
- assigning responsibility for the review and follow-up of the purchase order exception report to a specific officer.

Payroll

Audit identified errors in leave entitlement calculations, ie hourly pay rates, which resulted in overpayments to employees upon termination.

The URA responded that payroll system changes have been enacted correcting the system generated termination payment calculations. The URA is currently quantifying the incorrect payments made to individual employees. Legal advice is also being sought to determine the application of TI 5 to the situation including whether there is a requirement to seek recovery. The URA will consider the legal advice and determine appropriate action.

Audit also noted there was a need to develop or update policies and procedures in the following areas:

- payroll processing
- completion and review of timesheets
- bona fide certificate review and follow-up.

The URA responded that relevant payroll policies and procedures would be developed and updated as appropriate.

General ledger

Audit noted that systematic checks were not performed to ensure all general ledger reconciliations were prepared and independently reviewed on a timely basis.

The URA responded that a central reconciliation schedule and checklist have been developed. However, due to the onset of significant transitional activities it is yet to be formalised in a procedure and put into operational effect. The URA will complete the formal procedure and ensure the reconciliation schedule and checklist is in place.

Interpretation and analysis of the financial report

The financial report is for the four month period 1 March 2012 to 30 June 2012.

Highlights of the financial report

	2012 $'million
Income	
Sales less cost of sales	8
Joint venture profit	1
Revenues from government	7
Interest	1
Property income	7
Other revenue	1
Net gain from restructure	373
Total income	398
Expenses	
Employee benefits expenses	6
Operating expenditure	15
Borrowing costs	5
Loss resulting from changes in value of properties	45
Payments to SA Government entities	239
Total expenses	310
Profit before income tax equivalent	88
Income tax equivalent expense	-
Total comprehensive result	88
Net cash provided by (used in) operating activities	(246)
Assets	
Current assets	126
Non-current assets	527
Total assets	653
Liabilities	
Current liabilities	330
Non-current liabilities	127
Total liabilities	457
Total equity	196

Statement of Comprehensive Income

Income

The net gain from restructure of $373 million recognises the carrying value immediately prior to transfer of net assets transferred to the URA from Defence SA, SAHT and the former LMC. Note 38 details the transferred assets and liabilities.

Sales revenue primarily relates to Playford Alive ($5 million) and Blakeview ($4 million).

Expenses

Loss resulting from changes in value of properties

The loss resulting from changes in value of properties ($45 million) primarily relates to the write-down of former SAHT and LMC inventories to the lower of cost or net realisable value, based on independent valuations performed at 30 June 2012.

Former SAHT land and housing stock assets were assumed by the URA on 26 April 2012 at the carrying value immediately prior to transfer ($68 million). An independent valuation of these assets at 30 June 2012 resulted in a write-down of $25 million, representing a decrease in value of 37%. The valuation basis adopted in determining net realisable value was market value for all vacant land and fair value for all improved properties. The major factors causing this write-down were the differences in accounting policy and timing and basis of valuation used by the respective entities.

SAHT recorded the transferred properties in capital work in progress. Pursuant to SAHT's accounting policy, as recorded in note 2.13 to the 2010-11 financial statements (applicable to this asset transfer), this class of assets reflects assets under construction that will either be sold or utilised in SAHT's operation. The carrying amount for capital work in progress includes all construction costs, charges for administrative expenses and a revaluation increment or decrement where the property has previously been revalued, but excludes any borrowing costs and feasibility or preconstruction costs. The carrying value of a constructed asset is compared to its market value upon capitalisation and an adjustment is effected to ensure that the carrying amount does not exceed fair value. As these projects are continuing, SAHT had not revalued these assets at the time of their transfer to URA.

The URA classifies these assets as inventory. The URA accounting policy is set out in note 2.13 to the 2011-12 financial statements. 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 value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale. The Authority reviews its inventory balances periodically and writes off inventory where the net realisable value is less than the carrying amount.

The amount of any inventory write-down to net realisable value 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.

Former LMC inventories were assumed by the URA on 1 March 2012 at a value of $268 million. The independent valuation of these inventories at 30 June 2012 resulted in a write-down of $18 million, representing a decrease in value of 7%. The major factor causing this change was a downward trend in

Adelaide metropolitan area land values since the last independent valuation of relevant land parcels was performed as at 30 June 2009.

Payments to SA Government entities

These payments were made to Defence SA ($185 million) and SAHT ($54 million). Defence SA and SAHT assets were transferred to the URA for nil consideration. However, in June 2012, the Treasurer advised that payments were to be made to Defence SA and SAHT for the asset transfers, consistent with the intent of the Cabinet submission approving the formation of the URA.

Audit found that it was not clear from the Cabinet approval and the gazettal transfer notices that there was authority for all the proposed arrangements for the land and housing transfer transactions. In particular, the recommendations approved by Cabinet only referred to the transfer of land and housing assets with no mention of payment arrangements. Audit met with relevant DTF officers in early June 2012 to discuss the transfer of land and housing assets. Audit suggested that all proposed transactions needed to be reviewed to ensure that there was an appropriate legislative and/or administrative authority for the transactions. The Treasurer approved a number of transactions to clarify the Government's intention for the transactions.

Audit subsequently wrote to the Under Treasurer in late June 2012 observing that it did not appear that the Cabinet approval and Treasurer's approval were sufficient to authorise the execution of all the various proposed transactions. The payments were subsequently approved by the Minister for Housing and Urban Development. Commentary on these transactions was included in Part A of the 2011-12 Annual Report under the heading 'Urban Renewal Authority - land and housing transfers'. The establishment of URA was one of a number of machinery of government changes initiated in 2011-12. Audit found for this and other changed arrangements that improvement is needed in planning restructures to ensure all relevant legislative and supporting administrative instructions are understood and proposed actions are in compliance with the relevant statutory requirements and powers.

Statement of Financial Position

The URA has received a capital contribution of $108 million from the SA Government. The purpose of the capital contribution was to partially fund payments made to Defence SA ($185 million) and SAHT ($54 million) for the transfer of assets from these agencies to the URA. The remainder of these payments was funded through borrowings from SAFA ($131 million).

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 fair value is materially greater than the recorded book value, the URA has disclosed in a note to the financial statements (refer note 21), the estimated fair value of $1.168 billion with respect to land held for sale. This is based on 29 February 2012 valuations for former Defence SA properties and 30 June 2012 valuations for former LMC and SAHT properties.

In determining the estimated fair value consideration was given to the planned sales strategy adopted by the URA which anticipates that land held for sale will be disposed over an extended period of time. The valuation assumes the URA's entire land holding is not taken to market it 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.

Statement of Cash Flows

The following table summarises the net cash flows for 2012.

	2012 $'million
Net cash flows	
Operating	(246)
Investing	-
Financing	267
Change in cash	21
Cash at 30 June	21

Cash used in operating activities mainly relates to payments made to Defence SA ($185 million) and SAHT ($54 million) reflected under payments to SA Government entities. These payments relate to the transfer of assets from these agencies to the URA. Excluding the payments to SA Government entities, cash outflows for the four months were $53 million and exceeded cash generated from operations of $45 million.

Cash provided by financing activities mainly reflects the capital contribution received from the SA Government ($108 million) and proceeds from borrowings ($161 million).

Further commentary on operations

Establishment of the URA

Cabinet approved the URA's establishment on 9 February 2012. The URA incorporates the functions and resources of the former LMC, land and buildings held by Defence SA and land and housing stock held by SAHT. URA's functions are set out in Regulation 6 'Functions of URA of the Housing and Urban Development (Administrative Arrangements) (Urban Renewal Authority) Regulations 2012'. The purpose of the URA is to accelerate urban renewal in line with the objectives and targets contained within The 30-Year Plan for Greater Adelaide. This is to be achieved through a focus on the delivery of more affordable housing and better social housing outcomes through targeted and strategic urban renewal projects. The URA will also provide commercial and industrial land to support employment and economic opportunity.

The assets transferred from Defence SA mainly comprised land holdings located at Outer Harbor ($119 million) and investment properties at Technology Park, Mawson Lakes ($59 million). 15 employees were also transferred from Defence SA to the URA effective 1 March 2012.

The assets transferred from SAHT relate to land parcels associated with the Woodville West and River Street Marden residential projects ($68 million). 83 employees were also transferred from the Department for Communities and Social Inclusion (Housing SA) to the URA effective 23 April 2012.

The Cabinet submission approving the establishment of the URA also contained a number of recommendations relating to the transfer of additional functions and assets to the URA.

No other transfers had occurred as at 30 June 2012.

Corporate governance arrangements

The URA Board formally adopted the former LMC's policy and procedure framework and former LMC's policies and procedures on 14 March 2012. The URA is currently in the process of updating its governance frameworks and policies and procedures to ensure they appropriately reflect the new organisational structure, strategic direction and activities of the URA.

URA's functions, as set out in Regulation 6, subregulations (1)(a) to (r) are extensive and include:

- to initiate, undertake, support and promote the development of land and housing in the public interest, particularly for urban renewal purposes

- to acquire, hold, manage, lease and dispose of land, improvements and property, including land and housing formerly held under the *South Australian Housing Trust Act 1995* transferred to the URA

- to act as a landlord in relation to public housing and for this purpose the functions of the URA include the functions that are the same as the functions of SAHT in Part 2 Division 1 of the *South Australian Housing Trust Act 1995*

- to coordinate, in collaboration with State and Commonwealth agencies, local government bodies and developers, the integration and timing of development and infrastructure in the State, particularly in areas identified for urban renewal purposes

- to carry out the functions formerly carried out by LMC.

The URA's Charter and Performance Statement have been endorsed by the Board and sent to the Minister for Housing and Urban Development for consideration and approval. The Charter and Performance Statement are key steps in clarifying the Government's strategic objectives, priorities and requirements for the URA. This includes clarifying the scope and funding arrangements as relevant, of the commercial and non-commercial operations to be undertaken by the URA. The finalisation and approval of the Performance Statement is necessary to establish performance targets for the URA in 2012-13.

An inherent risk required to be appropriately and adequately managed for the abovementioned functions is the significant matter of conflict of interest. As indicated previously under the heading 'URA transition' an appropriate governance policy and procedure should be in operation for this public interest matter.

Project management arrangements

83 employees were transferred from the Department for Communities and Social Inclusion (Housing SA) to the URA effective 23 April 2012. Several of the employees transferred have continued to spend a proportion of their time on SAHT projects since this date. This includes approximately 10 employees who continue to work exclusively on SAHT projects.

The URA is currently negotiating a memorandum of administrative arrangements (MOAA) with SAHT which will cover the recharging of salary costs associated with time spent by URA staff on SAHT projects. As at 30 June 2012, the URA has recognised a salary recharge receivable of $645 000 in the Statement of Financial Position.

Port Adelaide Waterfront Redevelopment

On 31 October 2011, the Premier announced that the former LMC would exercise its discretionary right to terminate the Port Adelaide Waterfront Redevelopment agreement with the Newport Quays Consortium. As a result, the former LMC was obliged to pay the Newport Quays Consortium damages which were estimated to amount to $5.967 million.

Given the URA has assumed the liabilities of the former LMC, the URA is now obliged pay to the damages associated with the early termination of the development agreement. Note 29 to the URA's financial statements provides further information on the provision set aside for the damages.

Playford Alive

The Playford Alive project was approved in February 2006 by Cabinet. The project involves the physical and community renewal of the existing suburbs of Davoren Park and Smithfield Plains linked to the development of adjacent undeveloped land at Munno Para, Munno Para Downs and Andrews Farm. The project is planned to be completed over 15 to 20 years and will see the existing population of approximately 13 000 people expand to almost 40 000 people over the life of the project.

The former LMC undertook a project manager role for the Department for Communities and Social Inclusion in the renewal areas, and acted as the lead developer in the greenfield areas. The former LMC also undertook a coordination role working with government agencies and the City of Playford to ensure the delivery of whole-of-government objectives.

With the establishment of the URA, it is proposed that the project will come under a single strategic direction and decision making framework.

During 2011-12, a number of activities relating to the project were undertaken including the:

- creation of three commercial sites and approximately 120 residential allotments for sale to Housing SA and the general public
- completion of the bulk earthwork excavation at the Stebonheath/Curtis Road wetland
- completion of the Peachey Road reconstruction through the Town Centre precinct in Munno Para to provide for an integrated retail centre and main street
- completion of road access to the new Munno Para train station
- settlement of 137 allotment sales to the public, builders and developers.

Bowden project

The Bowden project is an urban renewal project which is planned to be completed over 10 to 15 years. The project is expected to house approximately 3000 people in over 2400 dwellings in addition to a substantial commercial and retail component.

The project encompasses an area of approximately 16 hectares of which 10 hectares comprise the former Clipsal site and six hectares comprise the former Origin Energy site. In December 2009 Cabinet approved the purchase of the Origin Energy site at a price of $1 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 completed.

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

Construction of the first demonstration street and park is approaching completion and four sites have now been sold to private developers for three storey apartments and terrace housing.

During 2011-12, a number of activities relating to the project were undertaken including the:

- launch of the project to the development industry and general public
- completion of Urban Design Guidelines
- completion of the Sales and Information Centre
- finalisation of the Ministerial Development Plan Amendment for the project.

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, which is now the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE), was $44 million reflecting a $32 million cash component and a rent-free period provided to Mitsubishi Motors which was valued by the former LMC at $12 million.

The site will be established as an integrated mixed use employment precinct that will support a shift from manufacturing industry to knowledge-intensive industries and economic growth of southern Adelaide in support of South Australia’s Strategic Plan.

During the year, the URA supported DMITRE as the lead agency in the ongoing management and investigations into the 61 hectare Tonsley Park Redevelopment site.

During 2011-12, a number of activities relating to the project were undertaken including:

- Cabinet approval of the project master plan in February 2012
- Public Works Committee approval of the project master plan in May 2012
- enabling works such as stripping off structural bracing and asbestos removal
- appointment of design consultants
- finalisation of strategic branding.

Statement of Comprehensive Income
for the period 1 March 2012 to 30 June 2012

	Note	2012 $'000
Income:		
Revenue from sales	4	12 904
Cost of sales	4	4 434
Gross profit		8 470
Share of net profits of joint venture entities	5.1	964
Revenues from government	6	6 673
Interest revenues	7	1 171
Property income	8	6 475
Other revenues	9	1 218
Net gain (loss) from the disposal of non-current assets and investments	10	-
Total other income		16 501
Net gain (loss) from restructure	38	373 176
Total income		398 147
Expenses:		
Employee benefits expenses	11	6 165
Operating expenditure	14	15 356
Borrowing costs	15	5 251
Depreciation and amortisation	23	151
Loss resulting from changes in value of properties	21,22	44 301
Payments to SA Government entities	3.1	238 489
Total expenses		309 713
Profit before income tax equivalent		88 434
Income tax equivalent expense	17	-
Profit after income tax equivalent		88 434
Total comprehensive result		88 434

Total comprehensive result is attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2012

	Note	2012 $'000
Current assets:		
Cash and cash equivalents	36	20 475
Mortgage debtor receivables	19	7 585
Receivables	20	4 864
Inventories	21	91 771
Investment in joint ventures	5.1	1 655
Total current assets		126 350
Non-current assets:		
Mortgage debtor receivables	19	29 363
Receivables	20	3 556
Inventories	21	354 309
Investment property	22	128 347
Property, plant and equipment	23	3 476
Work in progress	24	1 114
Investment in joint ventures	5.1	6 645
Total non-current assets		526 810
Total assets		653 160
Current liabilities:		
Payables	25	28 827
Unearned income	28	10 079
Tax liabilities	27	-
Borrowings	26	283 405
Provision	29	5 967
Employee benefits	30	1 607
Total current liabilities		329 885
Non-current liabilities:		
Payables	25	342
Unearned income	28	10 558
Borrowings	26	107 703
Employee benefits	30	3 652
Other non-current liabilities	31	4 647
Total non-current liabilities		126 902
Total liabilities		456 787
Net assets		196 373
Equity:		
Contributed capital		107 939
Retained earnings		88 434
Total equity		196 373

Total equity is attributable to the SA Government as owner

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

Statement of Changes in Equity
for the period 1 March 2012 to 30 June 2012

	Note	Contributed capital $'000	Retained earnings $'000	Total $'000
Balance at 1 March 2012		-	-	-
Equity contribution from the SA Government		107 939	-	107 939
Profit after income tax equivalent for 2011-12		-	88 434	88 434
Total comprehensive result for 2011-12		-	88 434	88 434
Dividend paid		-	-	-
Balance at 30 June 2012	18	107 939	88 434	196 373

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

Statement of Cash Flows
for the period 1 March 2012 to 30 June 2012

	Note	2012 Inflows (Outflows) $'000
Cash flows from operating activities:		
Cash inflows:		
Receipts from sales		12 904
Receipts from sales in advance		4 758
Receipts from SA Government		6 673
Interest received		318
Receipts from mortgage debtors (principal and interest)		5 001
Receipts from tenants (rent and recoveries)		1 747
Recoveries and sundry receipts		1 050
Funds held in trust		2 797
GST recovered from ATO		2 430
Transfer in from administrative restructure		7 707
Receipts from Paid Parental Leave Scheme		4
Cash generated from operations		45 389
Cash outflows:		
GST paid to ATO		(2 370)
Payments to Paid Parental Leave Scheme		(6)
Payments for land purchase and development		(25 182)
Payments for funds held in trust		(250)
Employee benefit payments		(5 475)
Payments for supplies and services		(9 496)
Land tax paid		(4 288)
Interest paid		(6 045)
Income tax equivalent paid	17	-
Payment to SA Government entities	3.1	(238 489)
Cash used in operations		(291 601)
Net cash provided by (used in) operating activities	35	(246 212)
Cash flows from investing activities:		
Cash inflows:		
Capital repayments by joint ventures		388
Distributions of profit by joint ventures		112
Cash generated from investing activities		500
Cash outflows:		
Capital contributions to joint ventures	5.1	-
Purchase of property, plant and equipment and investment property		(197)
Payments for work in progress (rental properties)		(179)
Cash used in investing activities		(376)
Net cash provided by (used in) investing activities		124
Cash flows from financing activities:		
Cash inflows:		
Capital contributions received from the SA Government		107 939
Proceeds from borrowings		161 452
Cash generated from financing activities		269 391
Cash outflows:		
Repayment of borrowings		(2 828)
Dividend paid to SA Government	18	-
Cash used in financing activities		(2 828)
Net cash provided by (used in) financing activities		266 563
Net increase (decrease) in cash held		20 475
Cash and cash equivalents at 1 March 2012		-
Cash and cash equivalents at 30 June 2012	36	20 475

Notes to and forming part of the financial statements

1. Objectives of the Urban Renewal Authority (the Authority)

The Authority was established as a statutory authority on 1 March 2012 by the Housing and Urban Development (Administrative Arrangements) (Urban Renewal Authority) Regulations 2012 (the Regulations) under the *Housing and Urban Development (Administrative Arrangements) Act 1995*.

In accordance with the Regulations the Authority's Board of Management is appointed by the His Excellency the Governor and comprises seven members, including a Presiding Member. The Presiding Member reports to the Minister for Housing and Urban Development. The Authority's functions are contained in Regulation 6 of the Regulations and the specific powers of the Authority are contained in Regulation 7.

In undertaking its functions the Authority will make a significant contribution to creating a vibrant city; renewing our neighbourhoods to make them safe and healthy; and ensuring an affordable place to live for everyone. The Authority has the responsibility for leading and coordinating urban renewal activity to ensure that our future housing needs are met through better planned, affordable and vibrant mixed use (residential and commercial) urban developments located near to transport, employment, education and other services.

The Authority has the following key strategic objectives:

(a) Contribute to key strategic priorities of the SA Government, including:

- creating a vibrant city
- renewing our neighbourhoods to make them safe and healthy
- having an affordable place to live for everyone.

(b) As the key precinct planning and delivery agency responsible for outcomes sought through The 30-Year Plan for Greater Adelaide work in partnership with communities and industry to significantly contribute to the reduction of urban sprawl that will progressively deliver 70% of urban growth within existing urban areas by 2038.

(c) Ensure levels of affordable housing (purchase and rental) are increased, and overall levels of social rental housing (public, not-for-profit and community housing) are maintained across urban renewal projects.

(d) Engage, involve and consult with the community and other stakeholders during the planning and delivery of residential, commercial and mixed use projects that connect people to transport, services, employment and the community around them.

(e) Through innovation and excellence in design quality, create well connected and integrated neighbourhoods where people can afford to live in safe, vibrant and healthy communities.

(f) Show leadership to the market in social and environmental sustainability with smart planning and delivery essential to accommodate South Australia's expected population growth.

(g) Support economic development through the creation and supply of employment lands and create opportunities for the private sector that will enable them to invest capital that will drive investment in urban renewal activities.

(h) Facilitate opportunities to renew and improve social housing stock through urban renewal projects and by supporting the growth of the not-for-profit housing sector to meet future tenancy needs and to reduce current concentrations of social disadvantage.

(i) Acquire and assemble land to generate agreed urban outcomes in strategic locations for development or redevelopment via commercial negotiation and by leveraging opportunities from government owned land assets.

(j) Undertake development, including infrastructure and human services planning and coordination, to ensure the appropriate delivery of approved projects.

(k) Negotiate with key stakeholders financial arrangements for the delivery of necessary infrastructure in development areas.

(l) To be accountable and operate commercially in accordance with:

- sound business and financial management
- government policy objectives
- prudent risk management practices.

2. Summary of significant accounting policies

2.1 Statement of compliance

The Authority has prepared these financial statements in compliance with section 23 of the PFAA. The financial statements are general purpose financial statements. The accounts have been prepared in accordance with applicable AASs and comply with TIs and APSs promulgated under the provisions of the PFAA.

The Authority has applied AASs that are applicable to for-profit entities, as the Authority is a for-profit entity.

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

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and management to exercise its judgment in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA.

In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in this financial report:

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

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

(c) 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 Authority to those employees.

The Authority's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with 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 statement have been prepared for the period 1 March 2012 to 30 June 2012 and are presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the four month period ended 30 June 2012.

2.3 Transferred functions and administrative restructures

A proclamation made by the Governor on 23 February 2012, through the Housing and Urban Development (Administrative Arrangements) (Urban Renewal Authority) Regulations 2012 under the *Housing and Urban Development (Administrative Arrangements) Act 1995*, created the Authority effective 1 March 2012. Upon establishment, the Authority incorporated all the residential and industrial land holdings of the former Land Management Corporation (LMC) along with key landholdings from Defence SA and specific urban renewal functions of Department for Communities and Social Inclusion (Housing SA) operations. All assets, liabilities and contractual commitments of LMC and Defence SA transferred to the Authority on 1 March 2012. The assets of Housing SA transferred to the Authority on 26 April 2012.

2.4 Comparative information and rounding

There is no comparative information as the Authority was incorporated on 1 March 2012.

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

2.5 Taxation

In accordance with TI 22 the Authority is required to pay to the State Government an income tax equivalent. The income tax liability is based on the State Taxation Equivalent Regime, which applies the accounting profit method. This requires that the corporate income tax rate be applied to the net profit. The current income tax liability, if applicable, relates to the income tax expense outstanding for the current period (refer note 27).

The Authority 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 are recoverable from, or payable to, the ATO are classified as part of operating cash flows.

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.

2.6. 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 2012 and before the financial statements are authorised for issue, where those events provided information about conditions that existed at 30 June 2012.

Note disclosure is made about events between 30 June 2012 and the date the financial statements are authorised for issue where the events relate to a condition which occurred after 30 June 2012 and which may have a material impact on the results of subsequent years.

2.7 Income and expenses

Income

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

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

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 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) Investment properties

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

For investment properties that are the subject of a deferred purchase agreement, sales revenue is recognised at the commencement of the agreement (which coincides with expiration of the 12 month building defects liability period), however title to the property does not transfer to the purchaser until the deferred purchase agreement has been paid out in full.

Revenue from development fees
Development fee revenue is recognised when the right to develop parcels of land is transferred to the developer and the right to receive payment is established and it is expected that additional revenue will be realised from the subsequent sales of the allotments.

Property income
Property income arising on investment properties is accounted for on a straight-line basis over the lease term. Income received in advance is disclosed as unearned income to the extent that it relates to future accounting periods.

Interest income
Interest revenue includes interest received on bank term deposits, interest from investments, interest from mortgage debtors, and other interest received. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Joint venture income
Joint venture income is recognised when the right to receive payment is established.

Revenues from 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 Authority 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 Authority 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
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 Authority will occur and can be reliably measured.

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

The 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 includes all costs related to employment including wages and salaries and leave entitlements. These are recognised when incurred.

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

Supplies and services
Supplies and services generally represent day-to-day running costs, including maintenance costs, incurred in the normal operations of the Authority. 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, where applicable, in respect of land which has been sold is also recognised in cost of sales when settlement occurs.

Project expenditure
Costs associated with projects are capitalised where it is expected that future economic benefits will be derived by the Authority 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.

Investment properties are not depreciated (refer note 2.14).

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

Class of asset	*Years*
Leasehold improvements	Life of lease
Plant and equipment	5-10
Furniture and fittings	5-10
Computer equipment	5

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

In accordance with APF III and AASB 123, borrowing costs attributable to the construction of a qualifying asset are capitalised. All other borrowing costs are expensed when incurred.

Payments to SA Government
Payments to the SA Government include income tax equivalents and dividends.

2.8 Current and non-current classification
Assets and liabilities are characterised as either current or non-current in nature. The Authority 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 Authority has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

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

2.9 Assets (continued)

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

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

2.10 Cash and cash equivalents

Cash assets in the Statement of Financial Position includes 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 consists of cash and cash equivalents as defined above.

Cash is measured at nominal value.

2.11 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 Authority will not be able to collect the debt. Bad debts are written off when identified.

2.12 Mortgage debtor receivables

Mortgage debtor receivables include amounts receivable from deferred purchase arrangements, measured at historical cost.

Mortgage debtor receivables arise from the administering of deferred purchase agreements to the public and other government agencies. Mortgage debtor receivables are generally receivable as specified in the original contract payment schedule.

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

2.13 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 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 value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale. The Authority reviews its inventory balances periodically and writes off inventory where the net realisable value is less than the carrying amount.

All land inventory is classified as a non-current asset unless its value is anticipated to be realised through sale within 12 months.

Where inventory was acquired at no or nominal value as part of a restructuring of administrative arrangements, the inventory is recorded at the value recorded by the transferor prior to transfer.

2.14 *Investment property*

The Authority'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 Authority. Subsequent to initial recognition, the Authority'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 period 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. An independent valuation of these properties was conducted as at 30 June 2012.

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.

2.15 *Acquisition and recognition of non-current assets*

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

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

All non-current assets, having limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential. Depreciation is applied to tangible assets such as property, plant and equipment.

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

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

Land and investment properties are not depreciated.

2.16 *Interests in joint venture entities*

The Authority's interest in joint ventures is measured by applying the equity method of accounting. The Authority'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 venture entities. The Authority'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 Authority's interests in joint venture entities are shown in note 5.

2.17 *Work in progress*

(i) Deposits received

The Authority 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.

(ii) Operational projects in progress

Expenditure associated with the construction of projects held for operational purposes is capitalised as work in progress as incurred (refer note 24). When a project of this nature reaches practical completion (which generally coincides with the commencement of the building defects liability period), the accumulated costs are transferred from work in progress to property, plant and equipment.

2.18 *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.

2.19 *Liabilities*

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

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

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

2.20 *Payables*

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

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

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

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

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

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

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

2.21 *Borrowings/Financial liabilities*

The Authority measures financial liabilities including borrowings/debt at historical cost.

2.22 *Leases*

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

The Authority 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 Authority as lessee
The Authority 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 Authority in respect of operating leases have been recorded as a reduction of rental expense over the lease term on a straight-line basis.

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

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

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

LSL
An actuarial assessment of LSL undertaken by DTF based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments. Based on this actuarial assessment, the shorthand method was used to measure the LSL liability for 2012 (refer note 30). This calculation is consistent with the Authority's experience of employee retention and leave taken.

The portion of the LSL liability classified as current represents the amount that may be expected to be paid as leave taken or paid on termination of employment during the Authority's normal operating cycle.

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

2.24 Provisions
Provisions are recognised when the Authority has a present obligation as a result of a past event, it is probable that an outflow of resources 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.

2.25 Guarantees and indemnities
The Authority 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 Authority is now the beneficiary of these guarantees and indemnities.

2.26 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 (refer notes 32 and 33).

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value (refer note 34).

2.26 Unrecognised contractual commitments and contingent assets and liabilities (continued)

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.

2.27 Insurance

The Authority has arranged to insure all major risks of the authority through SAICORP, a division of SAFA. The excess payable under this arrangement varies depending on each class of insurance held.

2.28 Financial risk management

The Authority is exposed to a variety of financial risks, market risk (foreign exchange and price), credit risk and liquidity risk (refer note 37).

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 Authority has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at Treasury and SAFA and mortgage debtor receivables) and liabilities (borrowings from the SA Government).

The Authority's exposure to foreign exchange risk and cash flow interest risk is minimal. The Authority 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 Authority has no significant concentration of credit risk. The Authority has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

3. Material transactions

3.1 Payments to Defence SA and South Australian Housing Trust

The Authority made payments of $184.668 million and $53.821 million to Defence SA and South Australian Housing Trust respectively. These payments relate to the transferred functions and administrative restructure that resulted in the establishment of the Authority.

3.2 Caroma site

The Authority made payment of $15.351 million to acquire the Caroma site which was settled on 5 June 2012. The total acquisition cost for this site is $15.901 million, including a deposit paid by the LMC in February 2012.

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.

Sales revenue for the reporting period is summarised as follows:	2012
Land sales to:	$'000
Joint ventures	3 105
Entities within the SA Government	-
Other	9 799
Total sale revenue	12 904

Cost of sales comprise all direct costs of acquisition, planning, development and construction in respect of inventory sold during the reporting period.

Cost of sales for the reporting period is summarised as follows:	
Costs of sales associated with:	
Joint ventures	274
Entities within the SA Government	-
Other	4 160
Total cost of sales	4 434

5. Joint venture entities

5.1 Joint venture summary

The Authority's share of the profit from ordinary activities of joint venture entities in which the Authority has a participating interest, is as follows:

	2012
	$'000
Revenues	11 205
Expenses	(10 241)
Profit from ordinary activities	964

Movements in the Authority's investment in joint venture entities during the reporting period are summarised as follows:

Share of accumulated profits:	
Carrying amount at 1 March 2012	-
Transfer in through administrative restructure	7 835
Profit for the reporting period	964
Distribution of profit to the Authority during the reporting period	(499)
Total carrying amount of investment in joint venture entities	8 300

The Authority's investment in joint venture entities is represented by its share of assets and liabilities as follows:

Current assets:	
Cash	2 669
Receivables	758
Inventories	9 112
Non-interest bearing financial assets	197
Deferred tax asset	157
Prepayments	-
	12 893
Non-current assets:	
Inventories	18
Property, plant and equipment	67
	85
Total assets	12 978
Current liabilities:	
Creditors and other payables	4 389
Non-interest bearing financial liabilities	225
Tax liabilities	64
	4 678
Total liabilities	8 300
Net assets	

The net assets are split as follows:	
Current	1 655
Non-current	6 645
Non-current	8 300

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. On 19 November 2010 documentation was executed with the same partner, to extend the Lightsview Joint Venture over the Corporation's adjoining Precinct 2 land parcel.

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 85.6 hectare project is forecast to deliver in the order of 1700 allotments and 2200 dwellings and is required to achieve a number of Paramount Development Objectives established by the Government, including the provision of a wide diversity of housing allotments and 15% of sites for high needs and affordable housing. The Authority has a 50% interest in the joint venture. Under the terms of the agreements for the joint venture, the Authority will make available to the joint venture land for development and receive progressive land payments as development proceeds.

5.3 Mawson Lakes Economic Development Project

On 10 July 1997 joint venture agreements were executed with Delfin Property Group Limited (now Lend Lease Communities Australia Limited), Lend Lease Corporation Limited and associated subsidiary companies to commence the Mawson Lakes Economic Project at the Levels.

This project comprises residential, retail and industrial land to be developed over a 15 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 Authority had a 50% interest in the joint venture. Under the terms of the agreements for the joint venture, the Authority made available to the joint venture land for development. In addition the State Government had obligations for various infrastructure works associated with the project.

The joint venture terminated on 30 June 2011. A Project Completion Arrangements Deed is now in effect. This deed covers the sale of the remaining residential and commercial lots unsold at June 2011 and the completion of some remaining works. The lots continue to be marketed but are proving difficult to sell in the current market and at 30 June 2012, seven residential and two commercial/mixed use lots remain available for sale. Final works obligations are expected to be complete by June 2013.

5.4 Port Adelaide Waterfront Redevelopment (PAWR) Marina Joint Venture

The Authority has a 50% interest in a joint venture with Newport Quays Consortium (NQC), the former developers of the PAWR. The NQC comprises developers Urban Construct Pty Limited and Brookfield Multiplex Developments Australia Pty Limited. 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 10-13 years.

Marina berths are being offered under leasehold arrangements, with the Authority retaining ownership of the inner harbour (subjacent land). The Authority 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 Authority will receive revenue by way of land payments for the subjacent land and individual marina berth sales.

The PAWR Marina Joint Venture (the joint venture) has total assets of $1.9 million including $685 000 of cash and total liabilities of $1.5 million resulting in net assets of $351 000. This has been accounted for within the Authority’s accounts in accordance with the equity method of accounting.

Each head lease agreement between the Authority and the marina companies includes a clause which allows the Authority to recover all rates and taxes it has incurred in respect of the marina land from the joint venture. The Authority 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 2012 is $28 000 (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. Given this dispute, a total of $28 000 relating to these receivables has been included in the Authority’s doubtful debts.

The joint venture agreement has not terminated by virtue of the termination of the project development agreement with the NQC announced on 31 October 2011. The Authority is having discussions with the other joint venturer concerning the future operation of the PAWR Joint Venture.

6. Revenues from government

	2012
	$’000
Recurrent transfer received from DTF, administered items	885
Capital transfer received from DTF, administered items	5 788
Total revenues from government	6 673

7. Interest revenues

Interest revenue includes interest received on bank term deposits, interest from investments, interest from mortgage debtors, and other interest received. Interest revenue for the reporting period is summarised as follows:

7. Interest revenues (continued)

	2012
	$'000
Interest received/receivable from entities within the SA Government:	
Interest from operations	182
Interest received/receivable from entities external to the SA Government:	
Mortgage debtor interest	896
Interest from operations	93
Total interest revenues	1 171

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	522
Property income received/receivable from entities external to the SA Government	5 953
Total property income	6 475

9. Other revenues

Other revenues includes recoveries and sundry income. Other revenues for the reporting period is summarised as follows:

Other revenues received/receivable from entities within the SA Government	1 106
Other revenues received/receivable from entities external to the SA Government	112
Total other revenues	1 218

10. Net gain (loss) from the disposal of non-current assets and investments

There was no net gain (loss) from the disposal of non-current assets or investments during the period ended 30 June 2012.

11. Employee benefits expenses

Salaries and wages	4 717
LSL	312
Annual leave	166
Employment on-costs - superannuation	589
Employment on-costs - other	191
Board fees	51
Other employee related expenses	139
Total employee benefits expenses	6 165

No employees were paid TVSPs during the reporting period.

Remuneration of employees

	2012
The number of employees whose remuneration received or receivable falls within the following bands:	Number
$134 000 - $143 999	9
$144 000 - $153 999	8
$154 000 - $163 999	1
$164 000 - $173 999	2
$174 000 - $183 999	1
$184 000 - $193 999	3
$194 000 - $203 999	1
$204 000 - $213 999	2
$224 000 - $233 999	2
$254 000 - $263 999	1
$344 000 - $353 999	1
Total	31

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level between 1 July 2011 and 30 June 2012. Remuneration of employees reflects all costs of employment to the Authority and other relevant agencies (ie the former LMC, Defence SA and Department for Communities and Social Inclusion (South Australian Housing Trust)), 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 $5.4 million.

The number of employees at the reporting date was 189.

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:

	2012
	$'000
Within one year	10 642
Later than one year but not longer than five years	7 785
	18 427

12. Key management personnel

12.1 Board members

The following persons held the position of governing board member during the period for the transitional Urban Renewal Authority Board:

M J Terlet, AO - Presiding Member	J M Carr*
J A Westacott	T S Maras AM
R G Hook*	A Clark

12.2 Other key management personnel

The following persons held authority and responsibility for planning, directing and controlling the activities of the Authority, directly or indirectly during the current reporting period:

F J Hansen	Chief Executive
R G Cook	Transitional Chief Executive
W Gibbings	Transitional Chief Operating Officer
M J Buchan	Transitional General Manager, Corporate Services
	Transitional General Manager, Major & Residential Project Delivery
D J DeConno	Transitional General Manager, Asset Management
I H Hodgen	Transitional General Manager, Industrial Project Delivery
P A Fagan-Schmidt	Transitional General Manager, Urban & Portfolio Planning
T Meakins	Transitional General Manager, Urban & Portfolio Planning
M Young	Executive director, Corporate Affairs and Strategy
W Smith	Executive Director, People and Organisational Development
J Durrand	Executive Director, Marketing and Corporate Relations

Note that not all persons above were remunerated by the Authority as some were employed by other government agencies. As a result, these persons are not reflected in the total employee benefits amount in note 12.3 below.

12.3 Key management personnel compensation

Key management personnel compensation for the period ended 30 June 2012 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 Authority.

	2012
	$'000
Short-term employee benefits	1 640
Total employee benefits	1 640

12.4 Remuneration of governing board members

The number of governing board members whose remuneration received or receivable falls within the following bands:	2012 Number
$0	2
$10 000 - $19 999	4
Total	6

Income received or due and receivable by all governing board members for the period they held office was $51 000 plus $5000 superannuation.

The number of board members who held office at 30 June 2012 was 6.

* 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 Authority appointed in accordance with the Housing and Urban Development (Administrative Arrangements) (Urban Renewal Authority) Regulations 2012 are set out in note 12.

During the period of their appointment to the Authority the directors disclosed the following:

Mr M J Terlet, AO was chairman of United Water International until 16 December 2011, the ACHA Health Group and 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. He was a director of the Australian Government Centre for Plant Functional Genomics.

Ms J A Westacott was Chief Executive of the Business Council of Australia.

Ms J M Carr was Executive Director, Building Management, Department of Planning, Transport and Infrastructure and a board member of the State Procurement Board and chair of the South Australian Heritage Council.

Ms A Clark was the Executive Director of Shelter SA.

Mr R G Hook was Chief Executive of the Department of Planning, Transport and Infrastructure. He was South Australia's Coordinator-General for the Nation Building Economic Stimulus Plan and South Australia's Commissioner of Highways.

Mr T S Maras AM 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 Business and Economic Development Committee, chairman of the University of Adelaide Heritage Foundation Trust, chairman of the Rundle Mall Management Authority , chairman of the Australian Centre for Child Protection, 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, member of the State Library of South Australia Foundation Board and member of the Foundation for Modern Greek.

From time to time the Authority 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 Authority had entered into a transaction during the period 1 March 2012 to 30 June 2012.

14. Operating expenditure

	2012 $'000
Expenditure on supplies and services provided by entities external to the SA Government:	
Property expenditure	3 661
Contractors and consultants	991
Accommodation costs	73
Administration and other expenditure	2 556
Total supplies and service expenditure - non-SA Government entities	7 281
Expenditure on supplies and services provided by entities within the SA Government:	
Property expenditure	1 184
Land tax	5 939
Contractors and consultants	1
Accommodation costs	261
Administration and other expenditure	690
Total supplies and services expenditure - SA Government entities	8 075
Total operating expenditure	15 356

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:	2012 Number	2012 $'000
Below $10 000	34	144
Between $10 000 and $50 000	8	209
Above $50 000	1	69
Total paid/payable to consultants engaged	43	422

15. Borrowing costs

	2012
	$'000
Services provided by entities within the SA Government:	
Borrowing costs:	
Industrial and Commercial Premises Scheme loans	1 508
Other loans	2 033
Overdraft	755
Guarantee fees:	
Industrial and Commercial Premises Scheme loans	111
Other loans	577
Overdraft	267
Total borrowing costs	5 251

16. Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements:	79
Total auditor's remuneration	79

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

17. Income tax equivalent

In accordance with TIs issued under the PFAA, the Authority is required to pay to the State Government an income tax equivalent. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate (presently 30%) be applied to the profit for the reporting period. The Authority made a financial loss during the current reporting period before considering administrative restructure transactions. The Treasurer approved that the gain on transferred function is exempt from the Authority's income tax calculation for 2011-12.

18. Dividends paid to the SA Government

Pursuant to Regulations under the *Housing and Urban Development (Administrative Arrangements) Act 1995*, the Authority may be required to pay dividends to the Treasurer. Following recommendations by the Board, and after consultation with the Minister, the Treasurer determined that there is no dividend payable in respect of the reporting period.

19. Mortgage debtor receivables

	2012
	$'000
Current:	
Mortgage debtor receivables	7 585
	7 585
Non-current:	
Mortgage debtor receivables	29 363
	29 363
Total mortgage debtor receivables	36 948

(a) Maturity analysis of financial assets and liabilities - refer note 37.4.
(b) Categorisation of Financial Instruments and risk exposure information - refer note 37.1.

20. Receivables

Current:	
Trade and other debtors[(a)]	5 428
Allowance for doubtful debts	(579)
Marina Adelaide	-
Prepayments	15
Total current receivables	4 864
Non-current:	
Marina Adelaide	3 556
Total non-current receivables	3 556
Total receivables	8 420

[(a)] Included in this balance are receivables from SA Government entities totalling $1.002 million.

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in note 14 for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movements in carrying amounts	2012 $'000
Carrying amount at 1 March 2012	-
Transfer in from administrative restructure	551
Increase (Decrease) in allowance recognised in profit or loss	28
Carrying amount at 30 June 2012	579

The bad and doubtful debts expense is recorded in operating expenditure (refer note 14).

Bad and doubtful debts expense	
Bad debts written off - trade debtors	1
Transfer to provision for doubtful debts - trade debtors	28
Total bad and doubtful debts expense	29

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

	2012 $'000
Current:	
Cost of acquisition	65 020
Development cost capitalised	26 751
	91 771
Non-current:	
Cost of acquisition	247 995
Development cost capitalised	106 314
	354 309
Total inventories	446 080

Movements in carrying amounts	
Carrying amount at 1 March 2012	-
Transfer in from administrative restructure	454 423
Land purchases	15 744
Transfer from investment properties	2 063
Development costs capitalised	20 897
Cost of sales	(4 434)
Inventory write-down	(42 613)
Carrying amount at 30 June 2012	446 080

The Authority 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 as at 30 June 2012 is $1.168 billion.

22. Investment property

	2012 $'000
Investment property at fair value:	
Freehold land at fair value:	
Independent valuation - 2012	68 527
	68 527
Buildings at fair value:	
Independent valuation - 2012	59 820
	59 820
Total investment property	128 347

Movements in carrying amounts		2012
Freehold land at fair value:	Note	$'000
Carrying amount at 1 March 2012		-
Transfer in from administrative restructure		72 985
Transfer from inventory		-
Reclassifications to inventory		(2 063)
Gain (Loss) on fair value adjustment		(2 395)
Carrying amount at 30 June 2012		68 527
Buildings at fair value:		
Carrying amount at 1 March 2012		-
Transfer in from administrative restructure		59 113
Additions		-
Gain (Loss) on fair value adjustment		707
Carrying amount at 30 June 2012		59 820
Total carrying amount at 30 June 2012		128 347
Amounts recognised in profit and loss:		
Income	8	3 601
Direct operating expenses from property that generated income	14	(2 280)
Total amount recognised in the profit and loss		1 321

23. Property, plant and equipment

Leasehold improvements

At cost	2 928
Accumulated amortisation	(105)
Total leasehold improvements	2 823

Impairment

There were no indications of impairment of leasehold improvements at 30 June 2012.

Movements in carrying amounts

Leasehold improvements:	
Carrying amount at 1 March 2012	-
Transfer in from administrative restructure	2 928
Amortisation	(105)
Carrying amount at 30 June 2012	2 823

Plant and equipment

At cost	699
Accumulated depreciation	(46)
Total plant and equipment	653

Carrying amount of plant and equipment

Plant and equipment includes $954 000 (cost) of fully depreciated property still in use.

Impairment

There were no indications of impairment of plant and equipment at 30 June 2012.

Movements in carrying amounts

Plant and equipment:	
Carrying amount at 1 March 2012	-
Transfer in from administrative restructure	502
Additions	197
Depreciation	(46)
Carrying amount at 30 June 2012	653
Total property, plant and equipment	3 476

24. Work in progress

Movements in carrying amounts

Carrying amount at 1 March 2012	-
Transfer in from administrative restructure	936
Additions	178
Carrying amount at 30 June 2012	1 114

25. Payables

	2012
	$'000
Current:	
Trade creditors	10 055
Sundry creditors and accrued expenses	18 380
Paid Parental Leave Scheme	-
Employment on-costs	392
	28 827
Non-current:	
Sundry creditors and accrued expenses	-
Employment on-costs	342
	342
Total payables	29 169

The total includes liabilities payable to SA Government entities, comprising:

Current:	
Trade creditors	4 452
Sundry creditors and accrued expenses	12 670
Employment on-costs	378
	17 500
Non-current:	
Sundry creditors and accrued expenses	-
Employment on-costs	327
	327
Total payables to SA Government entities	17 827

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

	2012
	$'000
Current:	
Loans:	
SAFA[(a)]	38 154
SAFA[(b)]	245 251
	283 405
Non-current:	
Loans:	
SAFA[(a)]	35 953
SAFA[(b)]	71 750
	107 703
Total borrowings	391 108

(a) Comprises borrowings from the 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 Authority.

Maturity analysis of borrowings

Refer note 37.4.

Categorisation of financial instruments and risk exposure information

Refer note 37.1.

Defaults and breaches

There were no defaults or breaches on any of the above liabilities throughout the year.

27. Tax liabilities

	Note	2012 $'000
Current:		
Income tax equivalent		-
Total tax liabilities		-

28. Unearned income

Current:		
Unearned income		10 079
		10 079
Non-current:		
Unearned income		10 558
		10 558
Total unearned income		20 637

Movements in carrying amounts

Carrying amount at 1 March 2012	-
Transfer in from administrative restructure	20 704
Received during the year	4 778
Recognised in the Statement of Comprehensive Income	(4 845)
Carrying amount at 30 June 2012	20 637

Consists of sales proceeds received in advance for Blakeview and rental income received in advance from Knight Frank.

29. Provision

Provision for general expenditure

Current:	
Provision for general expenditure	5 967
Total provision for general expenditure	5 967

Movements in carrying amounts

Provision for general expenditure:	
Carrying amount at 1 March 2012	-
Transfer in from administrative restructure	5 967
Total carrying amount at 30 June 2012	5 967

A provision for general expenditure has been set aside to meet future needs in relation to the termination of the PAWR Agreement with NQC.

30. Employee benefits

Current:		
Accrued wages and salaries		199
Annual leave		1 291
LSL		117
		1 607
Non-current:		
LSL		3 652
Total employee benefits		5 259
Total current and non-current employees expense (ie aggregate employee benefits and related on-costs)	25	5 993

AASB 119 contains the calculation methodology for LSL liability. It is accepted practice to estimate the present values of future cash outflows associated with the LSL liability by using a shorthand measurement technique. The shorthand measurement technique takes into account such factors as changes in discount rates and salary inflation. AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has decreased. This decrease in the bond yield, which is used as the rate to discount future LSL cash flows, results in an increase in the reported LSL liability. The net financial effect of the changes in the current financial period is an increase in the LSL liability of $932 000.

31. Other non-current liabilities

	2012
	$'000
Funds held in trust - Cheltenham funds	4 647
Total funds held in trust	4 647

These funds are being held in trust on behalf of the Minister for Housing and Urban Development. The funds are to be disbursed by the Authority 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

	2012
Future minimum rental revenues under non-cancellable operating property leases held at balance date but not provided in the accounts:	$'000
Due not later than one year	13 404
Due later than one year but not later than five years	37 502
Due later than five years	40 297
Total operating lease receivables	91 203

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	782
Payable later than one year but not later than five years	2 859
Payable later than five years	2 808
Total operating lease payables	6 449

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

	2012
	$'000
At reporting date the Authority had capital expenditure commitments from general operations as follows:	
Payable not later than one year	29 981
Payable later than one year but not later than five years	3 027
Payable later than five years	21
	33 029

The Playford Alive, Bowden, Tonsley and Woodville West projects contains a significant portion of commitments for 2012. As at 30 June 2012 commitments relating to Playford Alive were estimated to be $8.184 million, commitments for Bowden were estimated to be $6.981 million commitments for Tonsley were estimated to be $8.332 million, commitments for Woodville West were estimated to be $3.817 million and commitments for Lochiel Park were estimated to be $921 000.

Estimates of additional commitments in respect of the Edinburgh Parks acquisition are detailed below and are not included in the above amounts.

Capital expenditure commitments arising from Edinburgh Parks acquisition

On 10 May 2004 Cabinet approved the transfer of the management of the land known collectively as Edinburgh Parks to the former LMC, from the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE), to be exercised in stages and effective from 1 July 2004. At balance date commitments for the purchase are summarised as follows:

Stage 0 land and buildings

Based on the contractual agreements, an amount may be payable to DMITRE, representing 25% of the net profit arising from completion of the development and sale of Stage 0. At balance date, this amount is estimated to be $1.911 million.

	2012
	$'000
Payable not later than one year	844
Payable later than one year but not later than five years	1 067
	1 911

Stages 1 and 3
Assets included in stages 1 and 3 have been acquired by the Authority on a deferred payment basis. Payments are made to DMITRE and the Commonwealth Department of Defence based on the land area sold.

Expenditure commitments are summarised below, subject to the sale of remaining allotments.

	2012
Stages 1 and 3 land:	$'000
Payable not later than one year	7 019
Payable later than one year but not later than five years	4 754
	11 773

Stage 2
Stage 2 had previously been completed by the former Department of Trade and Economic Development.

Stages 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:

	2012
Stages 4 onwards land:	$'000
Payable not later than one year	966
Payable later than one year but not later than five years	868
Payable later than five years	4 829
	6 663
Total capital expenditure commitments	
Payable not later than one year	31 791
Payable later than one year but not later than five years	11 981
Payable later than five years	9 604
	53 376

34. Contingent assets and liabilities

Contingent assets
The Authority has indemnities from DMITRE relating to various industry assistance packages totalling $3.212 million as at 30 June 2012.

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 Authority 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 2012, the Authority has no other contingent assets related to land acquisitions.

Contingent liabilities
PAWR Project
Due to the termination of the Port Adelaide Waterfront Redevelopment Project Development Agreement with the NQC, announced on 31 October 2011, the former LMC was obliged to make certain payments (which are secured by the $5 million performance bond provided by the Corporation to NQC), to NQC pursuant to provisions of the Agreement related to the Corporation's right to terminate the Agreement. The Corporation calculated the quantum of the monies that the Corporation considered was payable by the Corporation to NQC arising from the Corporation's termination of the Agreement, to be in the order of $5.96 million. NQC have disputed this quantum and has asserted that the quantum is in the order of $25 million(which was disputed by the Corporation). The Authority is now responsible for these obligations. As at reporting date no substantive claim has been made by NQC against the Authority arising from the extermination of the Agreement by the Corporation.

Dean Rifle Range (DRR)
In October 2009, Cabinet approved the compulsory acquisition of the interest held by the Corporation of the City of Adelaide (ACC) in DRR, being a 50% interest in the DRR with the remaining 50% equitable interest owned by the former LMC (now owned by the Authority). The compulsory acquisition of the ACC's 50% equitable interest was completed on 11 February 2010 by the Minister for Environment and Conservation (the Minister). In 2011, the ACC instituted proceedings against the Minister disputing the compensation payable for the compulsory acquisition of the ACC's interest in the DRR.

Dean Rifle Range (DRR) (continued)
The Corporation was nominated as the Minister's agent in relation to the compulsory acquisition of the ACC's 50% equitable interest in the DRR.

The Minister transferred the ACC's 50% equitable interest and as a result the Corporation became the owner of 100% legal and equitable interest in the DRR.

As at 30 June 2012 the Minister (acting through the Authority as the Minister's agents) and the ACC were still disputing the compensation amount. As this relates to ongoing court proceedings, no value has been disclosed.

Pursuant to the arrangement between the Authority and the Minister in respect of the Authority becoming the 100% legal and equitable owner of the DRR, the Authority will be responsible for any compensation which may be determined to be payable, which exceeds the compensation amount paid by the Authority to the Court.

GST treatment for the asset transfer
The Authority made payments of $184.668 million to Defence SA and $53.821 to the South Australian Housing Trust on 28 June 2012. These payments related to the transfer of assets from these agencies to the Authority. The Authority is currently seeking independent advice on the correct GST treatment of these payments. As at reporting date, it is not possible to quantify the potential GST applicable to these payments.

35. Cash flow reconciliation

	2012
Reconciliation of cash and cash equivalents - cash at 30 June:	$'000
Statement of Cash Flows	20 475
Statement of Financial Position	20 475

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

Total comprehensive result	88 434
Non-cash items:	
Share of net profits of joint venture entities	(964)
Depreciation and amortisation	151
Investment property fair value adjustments	1 688
Receivables assumed on restructure	46 820
Work in progress assumed on restructure	633
Inventories assumed on restructure	454 423
Reclassification from investment property to inventories	2 063
Payables assumed on restructure	(14 117)
Unearned income assumed on restructure	(20 704)
Provisions assumed on restructure	(5 967)
Employee benefits assumed on restructure	(4 700)
Non-current liabilities assumed on restructure	(2 101)
Increase in cash from restructure	7 707
Net gain from restructure	(373 176)
Movements in assets/liabilities:	
Mortgage debtor receivables	(36 948)
Other receivables	(8 420)
Work in progress	(633)
Inventories	(446 080)
Payables	29 169
Unearned income	20 637
Provisions	5 967
Employee benefits	5 259
Other non-current liabilities	4 647
Net cash provided by (used in) operating activities	(246 212)

36. Cash and cash equivalents

Deposits with the Treasurer	15 255
Short-term deposits with SAFA	154
Cash held in Cheltenham Trust Account	4 647
Cash at bank and on hand	419
Total cash and cash equivalents	20 475

Deposits with the Treasurer
Includes funds held in the Authority's operating account.

Short-term deposits
Short-term deposits are made for varying periods of between one day and three months, are lodged with SAFA and earn the respective short-term deposit rates.

Interest rate risk
Cash at bank and on hand is non-interest bearing. Deposits with SAFA and with the Treasurer, and cash held in the Cheltenham Trust Account, earn a floating interest rate, based on daily bank deposit rates. 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, receivables and payables approximates their carrying amount.

The net fair value of mortgage debtor receivables and borrowings 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 considers 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:

	2012	
	Carrying amount	Net fair value
Financial assets	$'000	$'000
Cash and cash equivalents	20 475	20 475
Loans and receivables:		
Receivables	6 846	6 610
Mortgage debtors receivables	36 948	33 767
Allowance for doubtful debts	(579)	(579)
Total financial assets	63 690	60 273
Financial liabilities		
Financial liabilities at cost:		
Payables	19 752	19 752
Borrowings	391 108	219 603
Total financial liabilities	410 860	239 355
Net financial assets (liabilities)	(347 170)	(179 083)

37.2 Credit risk

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

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

37.3 Ageing analysis of receivables

	Past due by			
2012	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
Not impaired:	$'000	$'000	$'000	$'000
Receivables	126	1	1	128
Impaired:				
Receivables	-	-	579	579

37.4 Maturity analysis of financial assets and liabilities

2012	Carrying amount $'000	Contractual maturities: Less than 1 year $'000	1-5 years $'000	More than 5 years $'000
Financial assets:				
Cash and cash equivalents	20 475	20 475	-	-
Loans and receivables:				
Receivables	6 846	3 290	3 556	-
Mortgage debtors receivables	36 948	7 585	27 576	1 787
Allowance for doubtful debts	(579)	(579)	-	-
Total financial assets	63 690	30 771	31 132	1 787
Financial liabilities:				
Financial liabilities at cost:				
Payables	19 752	19 752	-	-
Borrowings	391 108	283 405	98 562	9 141
Total financial liabilities	410 860	303 157	98 562	9 141
Net financial assets (liabilities)	(347 170)	(272 386)	(67 430)	(7 354)

37.5 Liquidity risk

Liquidity risk arises where the Authority is unable to meet its financial obligations as they fall due. The Authority settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The Authority's exposure to liquidity risk is insignificant based on past experience and current assessment of risk. The largest Authority risk is loan default by third parties secured over property assets, thus affecting the Authority'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 Authority's maximum exposure to financial liabilities.

37.6 Market risk

Market risk for the Authority 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 Authority also has exposure to interest rate risk arising through its borrowings. The Authority's borrowings are managed through SAFA and any movement in interest rates are monitored regularly. There is no exposure to foreign currency risks.

37.7 Sensitivity analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Authority as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial. The impact of price movements on the financial results is impractical to estimate as the analysis would be overly assumptive.

38. Net gain from restructure

Transfer in from Land Management Corporation

Under the Public Corporations (Land Management Corporation) (Dissolution and Revocation) Regulations 2012, the assets, rights and liabilities of LMC were vested in and attached to the Authority on 1 March 2012.

The Public Sector (Reorganisation of Public Sector Operations) Notice dated 1 March 2012, transferred all employees of the former LMC to the Authority effective 1 March 2012.

Transfer in from Defence SA

The Administrative Arrangements (Transfer of Land to Urban Renewal Authority) Proclamation 2012, transferred certain land parcels held by the Minister for State Development for the functions and activities of Defence SA to the Authority effective 1 March 2012.

The Public Sector (Reorganisation of Public Sector Operations) Notice dated 1 March 2012, transferred 15 employees from Defence SA to the Authority effective 1 March 2012.

Transfer in from Department for Communities and Social Inclusion (South Australian Housing Trust (SAHT))

The transfer of certain South Australian Housing Trust assets to the Authority was gazetted effective 26 April 2012.

Under the Public Sector (Reorganisation of Public Sector Operations) Notice dated 19 April 2012, 83 employees from the Department for Communities and Social Inclusion (South Australian Housing Trust) were transferred to the Authority effective 23 April 2012.

Transfer in from Department for Communities and Social Inclusion (South Australian Housing Trust (SAHT)) (continued)

Total income and expenses attributable to LMC, Defence SA and SAHT functions were:

	01.07.11 to 29.02.12 LMC $'000	01.07.11 to 29.02.12 Defence SA $'000	01.07.11 to 25.04.12 SAHT $'000	Total $'000
Income	31 948	3 827	3 106	38 881
Expenses	48 744	9 345	17 229	75 318
Net result	(16 796)	(5 518)	(14 123)	(36 437)

	01.03.12 to 30.06.12 LMC $'000	01.03.12 to 30.06.12 Defence SA $'000	26.04.12 to 30.06.12 SAHT $'000	Total $'000
Income	23 032	1 939	-	24 971
Expenses	45 245	1 318	24 661	71 224
Net result	(22 213)	621	(24 661)	(46 253)

The Authority recognised the following assets and liabilities of the transferred functions during the period ended 30 June 2012:

	LMC $'000	Defence SA $'000	SAHT $'000	Total $'000
Cash	7 707	-	-	7 707
Receivables	46 820	-	-	46 820
Inventory	267 788	119 115	67 520	454 423
Investment property	73 249	58 850	-	132 099
Property, plant and equipment	3 429	-	-	3 429
Other	8 771	-	-	8 771
Total assets	407 764	177 965	67 520	653 249
Borrowings	232 484	-	-	232 484
Payables	13 880	17	220	14 117
Provisions	5 967	-	-	5 967
Employee benefits	2 499	112	2 089	4 700
Other	22 805	-	-	22 805
Total liabilities	277 635	129	2 309	280 073
Net assets transferred	130 129	177 836	65 211	373 176

Net assets assumed by the Authority as a result of the restructure are the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to transfer. The net assets transferred have been treated as a net gain from restructure in the Statement of Comprehensive Income.

Glossary of abbreviations used in this report

Australian Accounting Standards - AASB

Reference	Title
AASB 1	First-time Adoption of Australian Accounting Standards
AASB 2	Share-based Payment
AASB 3	Business Combinations
AASB 4	Insurance Contracts
AASB 5	Non-current Assets Held for Sale and Discontinued Operations
AASB 7	Financial Instruments: Disclosures
AASB 8	Operating Segments
AASB 9	Financial Instruments
AASB 101	Presentation of Financial Statements
AASB 102	Inventories
AASB 107	Statement of Cash Flows
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110	Events after the Reporting Period
AASB 111	Construction Contracts
AASB 112	Income Taxes
AASB 116	Property, Plant and Equipment
AASB 117	Leases
AASB 118	Revenue
AASB 119	Employee Benefits
AASB 120	Accounting for Government Grants and Disclosure of Government Assistance
AASB 121	The Effects of Changes in Foreign Exchange Rates
AASB 123	Borrowing Costs
AASB 124	Related Party Disclosures
AASB 127	Consolidated and Separate Financial Statements
AASB 128	Investments in Associates
AASB 131	Interests in Joint Ventures
AASB 132	Financial Instruments: Presentation
AASB 133	Earnings per Share
AASB 136	Impairment of Assets
AASB 137	Provisions, Contingent Liabilities and Contingent Assets
AASB 138	Intangible Assets
AASB 139	Financial Instruments: Recognition and Measurement
AASB 140	Investment Property
AASB 141	Agriculture
AASB 1004	Contributions
AASB 1023	General Insurance Contracts
AASB 1031	Materiality
AASB 1038	Life Insurance Contracts
AASB 1048	Interpretation of Standards
AASB 1049	Whole of Government and General Government Sector Financial Reporting
AASB 1050	Administered Items
AASB 1051	Land Under Roads
AASB 1052	Disaggregated Disclosures

Australian Accounting Standards - AASB – continued

Reference	Title
AASB 1054	Australian Additional Disclosures
AASB 2009-12	Amendments to Australian Accounting Standards

Australian Interpretations

Reference	Title
Interpretation 4	Determining whether an Arrangement contains a Lease
Interpretation 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
Interpretation 115	Operating Leases - Incentives
Interpretation 121	Income Taxes – Recovery of Revalued Non-Depreciable Assets
Interpretation 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
Interpretation 132	Intangible Assets – Web Site Costs
Interpretation 1030	Depreciation of Long-Lived Physical Assets: Condition-Based Depreciation and Related Methods
Interpretation 1031	Accounting for the Goods and Services Tax (GST)
Interpretation 1038	Contributions by Owners Made to Wholly-Owned Public Sector Entities
Interpretation 1055	Accounting for Road Earthworks

Australian Accounting Standards - AAS

Reference	Title
AAS 25	Financial Reporting by Superannuation Plans

Treasurer's Instructions – TIs

Reference	Title
TI 1	Interpretation and Application
TI 2	Financial Management
TI 3	Appropriation
TI 4	Establishment of Merchant Facilities for Acceptance of Payments
TI 5	Debt Recovery and Write Offs
TI 6	Deposit Accounts and Banking
TI 8	Financial Authorisations
TI 9	Payroll Deductions
TI 10	Engagement of Legal Practitioners
TI 11	Payment of Creditors' Accounts
TI 12	Government Purchase Cards and Stored Value Cards
TI 13	Expenditure Incurred by Ministers and Ministerial Staff
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

Treasurer's Instructions – TIs – continued

Reference	Title
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
LSL	Long service leave
SAFA	South Australian Government Financing Authority
Service SA	Government Services Group - Service SA
SSSA	Government Services Group - Shared Services SA
TI	Treasurer's Instruction
TVSP	Targeted voluntary separation package

[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.