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S O U T H   A U S T R A L I A

Report

of the

Auditor-General

Annual Report

for the

year ended 30 June 2010

Tabled in the House of Assembly and ordered to be published, 30 September 2010

First Session, Fifty-Second Parliament

Part B: Agency Audit Reports

Volume 1

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

2010

Report of the Auditor-General
Annual Report for the year ended 30 June 2010

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REFERENCES TO MATTERS OF SIGNIFICANCE

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

Those matters which are regarded as being more significant are listed below, together with a reference to the appropriate page number. This list is not exhaustive, as many other issues are reported in Volumes 1 to 5 of Part B of this Report.

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

VOLUMES 1 TO 5

ACCOUNTS OF PUBLIC AUTHORITIES

INTRODUCTION

Part B — Volumes 1 to 5 of the Report of the Auditor-General contains the financial statements of, and comments concerning, the operations of those public sector agencies that I am required by law to audit and that are defined by the PFAA as 'public authorities'. Where appropriate, charts and tables have been used to illustrate selected information.

AGENCIES NOT INCLUDED IN THIS REPORT

In preparing this Report every effort is made to ensure that only matters which are relevant, appropriate and timely are included. Subsection 36(2) of the PFAA provides the Auditor-General with a discretionary power to choose which agencies are excluded from this Report.

The following factors are taken into consideration in determining which agencies are to be included in this Report:

- materiality of financial operations
- materiality of any impact on the public finances
- consolidation of the financial operations in the parent entity's financial statements included in this Report
- timeliness of information
- materiality of issues arising from the audit
- public interest.

A number of the agencies excluded from the Report are required to prepare an annual report in accordance with the requirements of the PSA. In addition, TI 19 requires that each chief executive officer must ensure that the annual report, which is required to be submitted to the responsible Minister in accordance with the PSA and Regulations, or other legislation, includes the general purpose financial statements in the form in which they were presented to the Auditor-General, together with a copy of the Auditor-General's Independent Auditor's Report on the financial statements.

AUDIT OF THE AUDITOR-GENERAL'S DEPARTMENT

The PFAA requires that the accounts of the Auditor-General's Department be audited by an auditor appointed by the Governor. The audit for the financial year ended 30 June 2010 was conducted by Edwards Marshall, Chartered Accountants, who have issued an unmodified Independent Auditor's Report on the Department's financial statements.

MODIFIED INDEPENDENT AUDITOR'S REPORTS

The expression of an opinion on an organisation's annual financial statements by an independent professional auditor adds credibility to those financial statements and ensures that an appropriate level of financial disclosure has been exercised.

For those agencies that I am required to audit, I issue an Independent Auditor's Report on the financial statements in accordance with professional requirements and standards. The opinion expressed in that Report is usually unmodified but where, in my opinion, circumstances so warrant, a modified opinion is expressed. In extreme cases it may be necessary to decline to express an opinion.

In all cases where a modified opinion is given, the Independent Auditor's Report includes an explanatory paragraph clearly describing the reason for issuing a modified opinion.

For the financial year ended 30 June 2010 modified opinions were expressed on the financial statements of the following agencies:

- Adelaide Festival Centre Trust
- Department for Environment and Heritage
- The Legislature
- Local Government Finance Authority of South Australia
- South Australian Motor Sport Board
- Department for Transport, Energy and Infrastructure
- University of South Australia.

In addition, without qualification to the WorkCover Corporation of South Australia's Independent Auditor's Report, the Report drew attention to the inherent uncertainty associated with the outstanding claims liability.

ASSESSMENT OF CONTROLS

Subsection 36(1)(a)(iii) of the PFAA requires the Auditor-General to advise Parliament whether, in his opinion, the controls exercised by the Treasurer and by public authorities in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities is sufficient to provide reasonable assurance that the financial transactions of the Treasurer and public authorities have been conducted properly and in accordance with law.

A controls opinion has been expressed for each agency included in Part B of this Report.

REFERENCES TO MATTERS OF SIGNIFICANCE

Matters which have arisen from the audit of agencies during this financial year are commented on in Volumes 1 to 5 of Part B of this Report. Those issues that are regarded as either serious in nature or of public interest importance are listed separately under the heading 'References to matters of significance' immediately after the Table of Contents in each Volume.

ADELAIDE CONVENTION CENTRE CORPORATION

FUNCTIONAL RESPONSIBILITY

Establishment

The Adelaide Convention Centre Corporation (the Corporation), a subsidiary to the Minister for Tourism, was established pursuant to regulations under the PCA.

Functions

The main function of the Corporation is to manage the Adelaide Convention Centre. For more information about the Corporation's functions refer to note 1 of the financial statements.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

The Schedule to the PCA and subsection 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of the Corporation for each financial year.

Assessment of controls

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

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

Scope of audit

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

During 2009-10, specific areas of audit attention included:

- revenue from events, car park and Regatta's Bistro
- payroll
- procurement and expenditure
- update of the general ledger.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Adelaide Convention Centre Corporation as at 30 June 2010, and 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 Adelaide Convention Centre Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Adelaide Convention Centre Corporation have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Chief Executive Officer of the Corporation. These included opportunities to enhance controls; for the revenue function by clarifying policies and procedures for price adjustments and certain changes to customer payment plans; for the expenditure function by limiting system access for accounts payable and reviewing some checking procedures. Responses to the management letter matters were considered to be satisfactory.

Implementation of TIs 2 and 28

The Corporation has established written policies and procedures for its financial functions and a risk register.

Internal audits are undertaken to check compliance with policies and procedures and obtain assurance that risks identified in the risk register are properly managed. The internal audit process is overseen by the Corporation's Audit Committee.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Statement of Comprehensive Income

Trading activities

Income, expenses and profit from trading activities were similar to last year. Profit from trading activities was $4.1 million ($3.8 million).

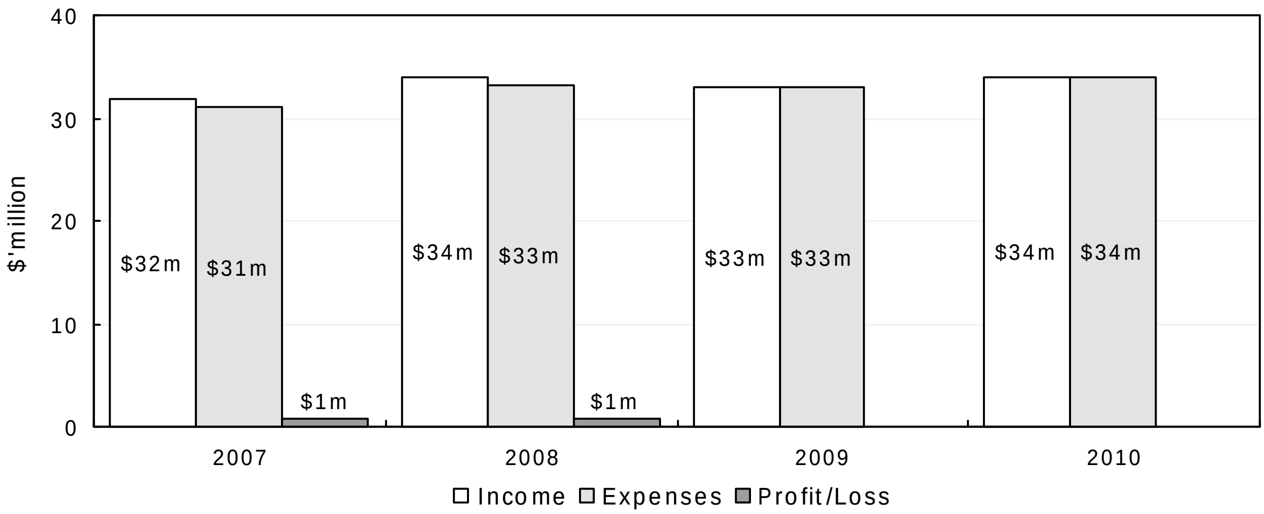
Property management activities

Income, expenses and loss from property management activities were also similar to last year. Loss from property management activities was $4 million ($3.9 million).

Overall profit

The Corporation reported an overall profit after income tax equivalents of $43 000 ($69 000 loss).

The following chart shows the income, expenses (including income tax equivalent expense) and profits/losses for the four years to 2010. Profits have been recorded in every year apart from 2009. The loss in 2009 was due mainly to property management activities.



Statement of Financial Position

The Corporation's net assets of $155.5 million include $128.2 million of buildings, plant and equipment. Buildings were revalued in 2009-10 resulting in a small $5000 gain on valuation.

Specific purpose deposits fell by $1.8 million due mainly to expenditure on upgrading audio and visual equipment.

Payables fell by $1.7 million due mainly to dividends paid to the SA Government in 2009-10 relating to prior years and the Corporation no longer incurring land tax.

Security deposits increased by $892 000 due to more deposits being paid by clients for events to be held after the end of the financial year compared to the same time last year.

Statement of Cash Flows

Cash held by the Corporation was $32.7 million ($31.3 million) and includes $15.8 million ($17.6 million) in specific purpose deposits of which $13.6 million ($15.5 million) is earmarked for future assets replacement.

Statement of Comprehensive Income
for the year ended 30 June 2010

	Note	2010 $'000	2009 $'000
EXPENSES FROM TRADING ACTIVITIES:			
Employee expenses	5	**14 402**	14 314
Supplies and services	8	**8 238**	7 585
Depreciation and amortisation	10	**2 256**	2 120
Net loss from the disposal of non-currents assets	11	**25**	4
Total expenses from trading activities		**24 921**	24 023
INCOME FROM TRADING ACTIVITIES:			
Facility charges	4	**28 127**	27 035
Interest		**569**	667
Other income		**332**	167
Total income from trading activities		**29 028**	27 869
PROFIT FROM TRADING ACTIVITIES		**4 107**	3 846
EXPENSES FROM PROPERTY MANAGEMENT ACTIVITIES:			
Employee expenses	5	**2 300**	2 233
Supplies and services	8	**3 733**	3 871
Depreciation and amortisation	10	**3 124**	3 098
Total expenses from property management activities		**9 157**	9 202
INCOME FROM PROPERTY MANAGEMENT ACTIVITIES:			
Interest		**653**	798
Gain on revaluation of assets	3.13	**5**	-
Contribution from SA Government		**4 453**	4 489
Total income from property management activities		**5 111**	5 287
LOSS FROM PROPERTY MANAGEMENT ACTIVITIES		**(4 046)**	(3 915)
PROFIT (LOSS) BEFORE INCOME TAX EQUIVALENTS		**61**	(69)
Income tax equivalent expense		**18**	-
PROFIT (LOSS) AFTER INCOME TAX EQUIVALENTS		**43**	(69)
TOTAL COMPREHENSIVE RESULT		**43**	(69)

Profit (loss) after income tax equivalents and comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2010

	Note	**2010 $'000**	2009 $'000
CURRENT ASSETS:			
Cash on deposit, at bank and on hand	21	**16 911**	13 703
Receivables	12	**2 620**	2 836
Inventories		**288**	290
Prepayments		**475**	364
Total current assets		**20 294**	17 193
NON-CURRENT ASSETS:			
Specific purpose deposits	13,21	**15 824**	17 643
Buildings, plant and equipment	14	**128 243**	130 516
Total non-current assets		**144 067**	148 159
Total assets		**164 361**	165 352
CURRENT LIABILITIES:			
Payables	15	**1 381**	3 166
Security deposits	16	**5 424**	4 532
Employee benefits	17(a)	**906**	1 164
Total current liabilities		**7 711**	8 862
NON-CURRENT LIABILITIES:			
Payables	15	**79**	42
Employee benefits	17(a)	**1 054**	946
Total non-current liabilities		**1 133**	988
Total liabilities		**8 844**	9 850
NET ASSETS		**155 517**	155 502
EQUITY:			
Contributed capital		**77 804**	77 804
Retained earnings		**77 713**	77 698
TOTAL EQUITY		**155 517**	155 502

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	18
Contingent assets and liabilities	19

Statement of Changes in Equity
for the year ended 30 June 2010

	Note	Contributed capital $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2008		77 804	77 767	155 571
Loss after income tax equivalents for 2008-09		-	(69)	(69)
Total comprehensive result for 2008-09		-	(69)	(69)
Transactions with SA Government as owner:				
Dividend paid	3.6	-	-	-
Balance at 30 June 2009		77 804	77 698	155 502
Profit after income tax equivalents for 2009-10		-	43	43
Total comprehensive result for 2009-10		-	43	43
Transactions with SA Government as owner:				
Dividend paid	3.6	-	(28)	(28)
Balance at 30 June 2010		**77 804**	**77 713**	**155 517**

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

Statement of Cash Flows
for the year ended 30 June 2010

	Note	**2010 Inflows (Outflows) $'000**	2009 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Payments to employees		**(16 860)**	(16 312)
Payments to suppliers		**(12 581)**	(11 616)
GST payments on purchases		**(1 175)**	(1 046)
GST payments to taxation authority		**(2 186)**	(1 536)
Cash used in operating activities		**(32 802)**	(30 510)
CASH INFLOWS:			
Facility charges		**29 296**	27 087
Interest received		**1 179**	1 556
GST receipts on facility charges		**3 075**	2 888
Other receipts		**332**	167
Cash generated from operating activities		**33 882**	31 698
CASH FLOWS FROM SA GOVERNMENT:			
Contribution from SA Government		**4 453**	4 489
Cash generated from SA Government		**4 453**	4 489
Net cash provided by operating activities	21	**5 533**	5 677
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale of plant and equipment		**13**	70
Payments for property, plant and equipment		**(3 140)**	(2 195)
Net cash used in investing activities		**(3 127)**	(2 125)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividend paid to government		**(1 017)**	-
Net cash used in financing activities		**(1 017)**	-
NET INCREASE IN CASH HELD		**1 389**	3 552
CASH AT 1 JULY		**31 346**	27 794
CASH AT 30 JUNE	21	**32 735**	31 346

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Establishment and functions of the Adelaide Convention Centre Corporation

1.1 Establishment

The Adelaide Convention Centre Corporation (the Corporation) was established as a subsidiary to the Minister for Tourism by Regulations issued under the PCA.

1.2 Functions

The functions of the Corporation are to:

- manage and operate the Adelaide Convention Centre site, and to hold and manage assets associated with the Corporation
- manage, promote and sponsor events at the Adelaide Convention Centre site or elsewhere
- attract economic benefits to the State of South Australia
- foster and assist the commercial development of the Adelaide Convention Centre site in order to complement and enhance the commercial potential of the Corporation.

2. Funding

2.1 Funding

The SA Government (through the Minister for Tourism) provides funding to the Corporation for expenses relating to the maintenance of the common areas and the Riverbank Precinct, Exhibition Hall land rent, office accommodation rent and for replacement of assets.

The funding for asset replacement is transferred by DTF into an interest bearing Special Deposit Account titled ‘Adelaide Convention Centre Future Asset Replacement Account’. With the approval of the Treasurer, these funds are available for the replacement and upgrade of assets and minor works.

All other financial activities of the Corporation are conducted through an interest bearing Special Deposit Account titled ‘Adelaide Convention Centre Operating Account’.

3. Summary of significant accounting policies

3.1 Statement of compliance

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

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

3.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Corporation’s accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, 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 these financial statements:
  - (a) Revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature.
  - (b) Expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income).
  - (c) Employees whose normal remuneration is \$100 000 or more (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees.
  - (d) Board/Committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

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

3.3 Comparative information

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

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

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

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

3.4 Rounding

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

3.5 Taxation

In accordance with TIs issued under the PFAA, the Corporation is required to pay to the State Government an income tax equivalent. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate be applied to the net profit. The Treasurer has exempted capital funding from the calculation of the income tax equivalents.

The Corporation is liable for payroll tax, FBT, GST, emergency services levy, land tax and local government rates.

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

- the amount of GST incurred by the Corporation as a purchaser that is not recoverable from the ATO is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- receivables and payables are stated with the amount of GST included.

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

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

Income tax equivalent payable for 2009-10 is $18 000 ($nil).

3.6 Dividend policy

DTF have determined a distribution policy, which will apply to the Corporation as being 75 percent of the operating profit before income tax equivalents, less any capital funding. This distribution is reduced by the income tax equivalent expense plus the other tax equivalent regime expenditure resulting in a dividend which is paid to DTF. The deduction of income tax equivalent and other tax equivalent regime expenditure from the gross 75 percent distribution ensures consistency with competitive neutrality and DTF policies concerning budget neutrality.

The dividend provided for 2009-10 is $28 000 ($nil).

3.7 Income and expenses

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

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

Income from facility charges is derived from the provision of goods and services to the public and other SA Government agencies at the conclusion of an event or after a service has been provided. This income is driven by consumer demand.

The contribution from the SA Government is recognised as income when the Corporation obtains control over the assets. Control over this income is normally obtained upon receipt and they are accounted for in accordance with TI 3.

Interest income is recognised as it is accrued.

Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer.

The Corporation undertakes major cyclical maintenance on its infrastructure assets. All costs involved with the major cyclical maintenance are recorded as an expense unless they add to the service potential of the existing infrastructure asset.

3.8 Current and non-current items

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

3.9 Cash

For the purposes of the Statement of Cash Flows cash includes cash on deposit, at bank, and on hand and deposits at call that are readily converted to cash. Cash on deposit (specific purpose deposits) cannot be used for operational cash purposes. Security deposits held at bank can be used for operational purposes at the conclusion of an event. Cash is measured at nominal value.

3.10 Receivables

Trade receivables include security deposits raised in accordance with a client's respective payment plan, the selling of goods and services to the public and to other SA Government agencies. Trade receivables are payable within 14 days after the issue of a deposit/tax invoice or the goods/services have been provided under a contractual arrangement.

Based on an assessment of the collection of trade receivables at balance date, the Corporation has determined that a provision for doubtful debts is not warranted.

3.11 Inventories

Inventories are carried at cost as they are expected to be consumed in the holding of functions that will have a net realisable value that exceeds cost. Cost is assigned on a weighted average cost basis.

3.12 Non-current asset acquisition and recognition

Non-current assets are initially recorded at cost plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation. The Corporation capitalises all non-current physical assets with a value equal or greater than $300 or a useful life greater than three years.

The Corporation capitalises costs associated with projects to work in progress. On completion of a project the capitalised costs are transferred to the relevant non-current asset account. The balance of work in progress reflects costs for projects which are at various stages of completion as at 30 June 2010.

3.13 Revaluation of non-current assets

All non-current tangible assets are valued at written down current cost (a proxy for fair value) and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than $1 million and estimated useful life is greater than three years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

The Corporation has taken the exemption available under APF III APS 3.10 to take asset revaluation adjustment to the asset revaluation surplus on a class basis rather than an individual asset basis. As at 30 June 2010, the building class of assets were revalued with the $5000 gain on valuation recognised as income as it reverses the 2005 revaluation decrease recognised as an expense.

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

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

3.14 Depreciation and amortisation of non-current assets

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

The useful lives of all major assets held by the Corporation are reassessed on an annual basis. The value of leasehold improvements is amortised over the unexpired period of the relevant lease.

Depreciation/amortisation for non-current assets is as follows:

Class of asset	*Depreciation method*	*Useful life (years)*
Buildings	Straight-line	30-50
Leasehold improvements	Straight-line	Life of lease
Plant and equipment	Straight-line	2-20

3.15 Payables

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

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

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

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

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

The Corporation makes contributions to several superannuation schemes operated by the State Government. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as the South Australian Superannuation Board (SASB) has assumed these. The only liability outstanding at balance date relates to any contributions due but not yet paid to the SASB.

3.16 Security deposits

The Corporation recognises security deposits at the time of raising a deposit/tax invoice in accordance with a client's respective payment plan. The Corporation will hold all security deposits received on behalf of the client/hirer and will not treat these monies as consideration until such time as the deposits are applied towards payment at the conclusion of the event/hiring period or are forfeited and applied towards a cancellation fee. Security deposits for car park cards are returned to the client when the card is returned.

3.17 Employee benefits

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

Employer superannuation
The Corporation made contributions of $1.4 million ($1.3 million) in respect of its employees for the financial year to several superannuation schemes operated by the SA Government.

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

Workers compensation
The Corporation is deemed to be an exempt employer by virtue of the WRCA and as such is liable for all medical, income and other day-to-day type expenses associated with a claim. The Corporation is also liable for any lump sum, redemption or permanent disability type payments for claims occurring post 1 July 2006. Any claims originating prior to 1 July 2006 are funded through a central government fund. Given the immaterial nature of the claims existing as at 30 June 2010, no provision has been recognised in the Statement of Financial Position.

Accrued salaries and wages
Liability for salaries and wages are measured as the amount unpaid at 30 June 2010 at current remuneration rates.

Annual leave
Provision has been made for the unused component of annual leave as at 30 June 2010. The liability is calculated at nominal amounts based on the 2010-11 pay rates and is expected to be paid during the next financial year.

Long service leave
A liability for long service leave is recognised and is measured as the current value of entitlements in respect of employees with five and a half or more year's service as advised by DTF. This base provides a reasonable approximate of the present value of the estimated future cash outflows to be made for these entitlements. On-costs have been included in the provision and calculated in accordance with APV IV. The superannuation on-cost has been calculated on that component of long service leave that is expected to be taken as leave (45 percent of the liability at June 2010). This calculation is based upon an average percentage supplied by DTF for long service leave that will be taken as a lump sum (55 percent). A weighted average superannuation contribution rate covering employees of various schemes of 10.5 percent was used as advised by DTF.

The current component of long service leave is determined on what was taken during the current financial year and based on estimates of long service leave due to be taken during the next financial year.

3.18 Equity contributed by the SA Government

Contributions made by the SA Government through its role as owner of the Corporation, which increase the net assets of the entity, are treated as contributions of equity. There was no additional capital contributed during 2009-10.

3.19 Leases

Finance leases

The Corporation has no finance leases.

Operating leases

The Corporation has entered into operating leases for the land on which the buildings are situated and for office accommodation. The leases are reviewed each year for adjustments in the CPI.

In respect of operating leases, the lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased items. Operating lease payments are charged to the Statement of Comprehensive Income on a basis, which is representative of the pattern of benefits derived from the leased assets.

3.20 Financial instruments

The Corporation's accounting policies, including the terms and conditions of each class of financial asset and financial liability recognised as at 30 June 2010 are as follows:

Financial assets

The Corporation has interest bearing cash assets with the SA Government. Cash on deposit and at bank comprises deposits at call with the Westpac Banking Corporation and is recorded at cost. Interest income is recognised as it is accrued. For the deposit with the Westpac Banking Corporation, the interest rate ranged from 2.85 percent to 4.07 percent (2.99 percent to 7.10 percent).

Specific purpose deposits comprise the Future Asset Replacement Deposit Account with DTF and the Adelaide Railway Station Area Service Facilities maintenance monies at SAFA. Both deposits and interest income are recorded at cost and are recognised as they accrue. The interest rate on the deposit account with DTF ranged from 2.85 percent to 4.07 percent (2.99 percent to 7.10 percent) and the average interest rate on the monies at SAFA ranged from 3.16 percent to 4.67 percent (3.11 percent to 7.72 percent).

Total receivables are reported at amounts due. There is no interest rate risks associated with these financial assets.

The Corporation has no significant concentration of credit risk. The Corporation has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

Financial liabilities

Trade payables are recognised for goods and services that have been supplied but have not been paid for and are normally settled within 30 days or in accordance with the terms of credit offered by the trade payable.

Security deposits held are recorded at cost.

All financial instruments are valued at the carrying amount as per the Statement of Financial Position, which approximates net fair value.

3.21 Government/Non-Government disclosures

In accordance with APF II, the Corporation has included details of income, expenditure, assets and liabilities according to whether the transactions are with entities internal or external to the SA Government and have been classified according to their nature in relevant notes to the accounts.

3.22 Program information

The principal activity of the Corporation is to manage and operate the Adelaide Convention Centre site.

4. Facility charges

	2010	2009
Facility charges received/receivable from entities external to the SA Government:	$'000	$'000
Catering	15 697	14 331
Room hire	3 567	3 595
Technical services	2 539	4 241
Car park	4 566	4 331
Total facility charges - non-SA Government entities	26 369	26 498
Facility charges received/receivable from entities within the SA Government:		
Catering	1 228	372
Room hire	213	85
Technical services	278	43
Car park	39	37
Total facility charges - SA Government entities	1 758	537
Total facility charges	28 127	27 035

5. Employee expenses

	2010	2009
Employee expenses comprises:	$'000	$'000
Trading activities:		
Salaries and wages	11 615	11 591
Long service leave	151	195
Annual leave	595	583
Superannuation	1 187	1 132
Employment on-costs - other	786	750
Board fees	68	63
Total employee expenses - trading activities	14 402	14 314
Property management activities:		
Salaries and wages	1 851	1 789
Long service leave	29	35
Annual leave	125	120
Superannuation	188	186
Employment on-costs - other	107	103
Total employee expenses - property management activities	2 300	2 233
Total employee expenses	16 702	16 547

6. Remuneration of employees

	2010	2009
The number of employees whose remuneration received falls within the following bands:	Number	Number
$100 000 - $109 999	2	2
$110 000 - $119 999	1	-
$120 000 - $129 999	-	2
$130 000 - $139 999	2	1
$140 000 - $149 999	2	-
$190 000 - $199 999	1	-
$200 000 - $209 999	-	1
$300 000 - $309 999	-	1
$310 000 - $319 999	1	-
Total	9	7

Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits and associated FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $1.4 million ($1.1 million).

7. Remuneration of board members

	2010	2009
The number of board members whose remuneration received falls within the the following bands:	Number	Number
$0 (SA Government employee)	1	1
$1 - $9 999	-	2
$10 000 - $19 999	5	3
$20 000 - $29 999	-	1
Total	6	7

Remuneration of board members reflects all costs of service including, board fees and superannuation.

The total remuneration received by these board members for the year was $74 000 ($69 000).

8. Supplies and services

	2010	2009
Supplies and services comprises:	$'000	$'000
Supplies and services - trading activities	8 238	7 585
Supplies and services - property management activities	3 733	3 871
Total supplies and services	11 971	11 456
Supplies and services provided by entities external to the SA Government:		
Administration expenses and sundries	2 437	2 320
Direct materials	4 493	4 353
Building service costs	2 155	2 319
Maintenance	1 276	959
Marketing and promotions	1 010	574
Total supplies and services - non-SA Government entities	11 371	10 525
Supplies and services provided by entities within the SA Government:		
Administration expenses and sundries	44	43
Building service costs	556	888
Total supplies and services - SA Government entities	600	931
Total supplies and services	11 971	11 456

8. Supplies and services (continued)

The number and dollar amount of consultancies paid/payable that fell within the following bands:	2010 Number	2010 $'000	2009 Number	2009 $'000
Below $10 000	-	-	3	15
Between $10 000 and $50 000	2	49	-	-
Total paid/payable to the consultants engaged	2	49	3	15

9. Auditor's remuneration

	2010 $'000	2009 $'000
Audit Fees paid/payable to the Auditor-General's Department	39	36
Total audit fees - SA Government entities	39	36

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

10. Depreciation and amortisation

Depreciation and amortisation comprises:		
Depreciation and amortisation - trading activities	2 256	2 120
Depreciation and amortisation - property management activities	3 124	3 098
Total depreciation and amortisation	5 380	5 218
Depreciation:		
Plant and equipment	2 239	2 103
Buildings	3 124	3 098
Total depreciation	5 363	5 201
Amortisation:		
Leasehold improvements	17	17
Total amortisation	17	17
Total depreciation and amortisation	5 380	5 218

11. Net loss from disposal of non-current assets

Building, plant and equipment		
Proceeds from disposal	13	70
Net book value of assets disposed	(38)	(74)
Total net loss from disposal of non-current assets	(25)	(4)

12. Receivables

Receivables	2 021	1 872
Accrued income	581	964
GST receivable	18	-
Total receivables	2 620	2 836
Receivables attributable to entities external to the SA Government:		
Receivables	1 960	1 770
Accrued income	462	888
GST receivable	18	-
Total receivables - non-SA Government entities	2 440	2 658
Receivables attributable to entities within the SA Government:		
Receivables	61	102
Accrued income	119	76
Total receivables - SA Government entities	180	178
Total receivables	2 620	2 836

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received.

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

13. Specific purpose deposits

	2010 $'000	2009 $'000
Specific purpose deposits with SA Government entities:		
Investments with SAFA	2 181	2 102
Future assets replacement deposit account	13 643	15 541
Total specific purpose deposits	15 824	17 643

14. Building, plant and equipment

Building:		
Building	120 408	135 557
Accumulated depreciation	-	(12 434)
Total building	120 408	123 123

14. Building, plant and equipment (continued)

	2010	2009
Leasehold improvements:	$'000	$'000
Leasehold improvements	170	170
Accumulated amortisation	(86)	(69)
Total leasehold improvements	84	101
Plant and equipment:		
Plant and equipment	16 074	14 582
Accumulated depreciation	(9 346)	(7 358)
Total plant and equipment	6 728	7 224
Work in progress:		
Work in progress	1 023	68
Total work in progress	1 023	68
Total building, plant and equipment	128 243	130 516

Valuation of non-current assets

Valuation of buildings was performed by Martin Burns, an independent valuer from Liquid Pacific Holdings Pty Ltd as at 30 June 2010 with the fair value methodology of replacement cost less depreciation being adopted as the valuation basis.

Reconciliation of building, plant and equipment

The following table shows the movement of building, plant and equipment during 2009-10.

	Building $'000	Leasehold improve-ments $'000	Plant and equipment $'000	Work in progress $'000	2010 Total $'000
Carrying amount at 1 July	123 123	101	7 224	68	130 516
Additions	89	-	679	2 372	3 140
Disposals	-	-	(38)	-	(38)
Revaluation increment	5	-	-	-	5
Depreciation and amortisation	(3 124)	(17)	(2 239)	-	(5 380)
Acquisition from transfer	315	-	1 102	(1 417)	-
Carrying amount at 30 June	120 408	84	6 728	1 023	128 243

15. Payables

	2010	2009
Current:	$'000	$'000
Creditors	200	405
Accrued expenses	344	646
Employment on-costs	113	152
GST payable	-	268
Income tax equivalent payable	696	678
Dividend payable	28	1 017
Total current payables	1 381	3 166
Non-current:		
Employment on-costs	79	42
Total non-current payables	79	42
Total payables	1 460	3 208
Government/non-government payables:		
Payables to non-SA Government entities:		
Creditors	200	405
Accrued expenses	305	646
GST payable	-	268
Total payables to non-SA Government entities	505	1 319
Payables to SA Government entities:		
Accrued expenses	39	-
Employment on-costs	192	194
Income tax equivalent payable	696	678
Dividend payable	28	1 017
Total payables to SA Government entities	955	1 889
Total payables	1 460	3 208

Interest rate and credit risk

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

16. Security deposits

	2010	2009
Security deposits from entities external to the SA Government:	$'000	$'000
Security deposits	5 249	4 424
Total security deposits external to the SA Government	5 249	4 424
Security deposits from entities within the SA Government:		
Security deposits	175	108
Total security deposits from entities within the SA Government	175	108
Total security deposits	5 424	4 532

17. *(a) Employee benefits*

Current:		
Accrued salaries and wages	-	369
Annual leave	493	560
Long service leave	413	235
Total current employee benefits	906	1 164
Non-current:		
Long service leave	1 054	946
Total non-current employee benefits	1 054	946
Total employee benefits	1 960	2 110

As a result of an actuarial assessment performed by DTF, the benchmark for the measurement of long service leave liability has changed from the 2009 benchmark of 6.5 years to 5.5 years. The net financial effect of the changes in the current financial year is an increase in the long service liability and employee benefit expense of $139 000.

(b) Employee benefits and related on-costs

	Note	2010	2009
Accrued salaries and wages:		$'000	$'000
On-costs included in payables - current	15	-	49
Employee benefits - current	17(a)	-	369
		-	418
Annual leave:			
On-costs included in payables - current	15	82	93
Employee benefits - current	17(a)	493	560
		575	653
Long service leave:			
On-costs included in payables - current	15	31	10
Employee benefits - current	17(a)	413	235
		444	245
On-costs included in payables - non-current	15	79	42
Employee benefits - non-current	17(a)	1 054	946
		1 133	988
Total employee benefits and related on-costs		2 152	2 304

18. Unrecognised contractual commitments

Operating leases commitments:		
Within one year	529	509
Later than one year but not longer than five years	2 146	1 486
Later than five years	25 353	24 784
Total operating leases commitments	28 028	26 779

19. Contingent assets and liabilities

The Corporation has no contingent assets or liabilities as at 30 June 2010.

20. Related party

The names of each person holding the position as Board member of the Corporation during the financial year was as follows:

Ms J Jeffreys - Chairman
Mr A Brideson
Mr J Ellison
Ms K Gramp
Ms M Hender
Ms D Von Wald

The members of the board may use the services and facilities of the Adelaide Convention Centre under terms and conditions no more favourable than members of the public.

21. Cash flow reconciliation

Reconciliation of cash

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

		2010	2009
Current:	Note	$'000	$'000
Cash on deposit and at bank		16 859	13 652
Cash on hand		52	51
		16 911	13 703
Non-current:			
Specific purpose deposits	13	15 824	17 643
Cash as recorded in the Statement of Financial Position		32 735	31 346

Reconciliation of net cash provided by operating activities to profit (loss) after income tax equivalents:			
Net cash provided by operating activities		5 533	5 677
Non-cash items:			
Depreciation and amortisation		(5 380)	(5 218)
Gain on revaluation		5	-
Net loss from disposal of non-current assets		(25)	(4)
Changes in assets/liabilities:			
(Decrease) Increase in receivables		(216)	1 017
Decrease in inventories		(2)	(46)
Increase in prepayments		111	194
Decrease (Increase) in payables		759	(262)
Increase in security deposits held		(892)	(1 198)
Decrease (Increase) in employee benefits		150	(229)
Profit (loss) after income tax equivalents		43	(69)

ADELAIDE ENTERTAINMENTS CORPORATION

FUNCTIONAL RESPONSIBILITY

Establishment

The Adelaide Entertainments Corporation (the Corporation), was established on 4 February 1999 pursuant to Regulations under the PCA. The Corporation is an instrumentality of the Crown. The Board of the Corporation is responsible to the Minister for Tourism.

Functions

The main function of the Corporation is to manage and operate the Adelaide Entertainment Centre. For details of the Corporation's functions refer to note 1 of the financial statements.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Subsection 36(1)(b) of the PFAA and the Schedule to the PCA provides for the Auditor-General to audit the accounts of the Corporation for each financial year.

Assessment of controls

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

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

Scope of audit

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

During 2009-10, specific areas of audit attention included:

- expenditure
- payroll
- revenue
- fixed assets
- cash at bank
- inventory
- financial accounting.

Internal audit activities were also reviewed and taken into consideration in planning and conducting auditable area reviews.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Adelaide Entertainments Corporation as at 30 June 2010, 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 Adelaide Entertainments Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Adelaide Entertainments Corporation have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Chief Executive Officer of the Adelaide Entertainments Corporation. The following summarises the main matters raised and responses received.

Financial management compliance program

The review of the Corporation's financial management compliance program (FMCP) identified opportunities to expand the scope of the program and to improve the documentation of its approach to the FMCP. In addition Audit noted the Corporation's Audit Committee and Board were not advised of the outcome of the FMCP.

The Corporation advised of measures to be taken to address the audit findings and recommendations.

Revenue

The audit of the Corporation's revenue function noted that the Corporation did not confirm, in all instances, that parties who hired Corporation facilities had obtained the insurance cover required by its standard hiring agreement.

In response the Corporation advised that it exercises discretion in applying this provision of the hiring agreement and that the Corporation's own insurance arrangements provide adequate cover.

Review of controls over the revenue system identified that details of approved prices recorded in the system were not checked to the listing of approved prices to confirm correct processing. The Corporation advised that, following the audit, it had checked the prices recorded in the system and had updated its documented procedures to require this check to be performed in future.

Other matters raised

Other matters raised included instances of timesheets processed that had not been authorised, the need to record asset acquisitions in the fixed asset register on a timely basis and the need for the Board to obtain Ministerial approval to grant payment delegations as required by TI 8.

The Corporation's response outlined actions to be taken to address the matters raised.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements

	2010	2009
	$'million	$'million
INCOME		
Revenues from provision of services	**7**	6
Revenue from sales	**4**	4
Interest revenues	**1**	3
Other revenues	**2**	2
Total income	**14**	15
EXPENSES		
Employee benefits expenses	**5**	5
Other expenses	**10**	9
Total expenses	**15**	14
Net (loss) profit	**(1)**	1
OTHER COMPREHENSIVE INCOME	**22**	-
Total comprehensive result	**21**	1
NET CASH PROVIDED BY OPERATING ACTIVITIES	**3**	4

	2010	2009
	$'million	$'million
ASSETS		
Current assets	**14**	59
Non-current assets	**137**	75
Total assets	**151**	134
LIABILITIES		
Current liabilities	**6**	9
Non-current liabilities	**5**	6
Total liabilities	**11**	15
TOTAL EQUITY	**140**	119

Statement of Comprehensive Income

The Corporation recorded a net loss of $652 000 for 2010 compared to a net profit of $1.5 million in 2009.

The Corporation's total comprehensive result was $21 million due to the Corporation revaluing its land and building assets at 30 June 2010 which resulted in a revaluation increment of $21.7 million.

The following table shows the income, expenses and profits/losses for the four years to 2010.

	2010	2009	2008	2007
	$'million	$'million	$'million	$'million
Income	**14**	15	65	15
Expenses	**15**	14	14	13
Net (loss) profit	**(1)**	1	51	2

The Corporation's income decreased by $1 million principally due to decreased interest income ($2 million) from reduced cash holdings as funds were spent on the redevelopment of the Centre. This was offset by an increase in income from the Provision of Services ($660 000) which principally reflects venue hire.

Expenses have increased by $1.1 million primarily as a result of increased depreciation charges ($600 000), sales and marketing costs ($600 000) and supplies and services ($400 000). The Corporation also returned $700 000 to SA Government reflecting project cost savings relating to the redevelopment of the Centre. 2009 expenses included a loss on disposal of non-currents assets of $1.4 million.

Statement of Financial Position

At 30 June the Corporation's property, plant and equipment was valued at $137 million ($75 million). The increase of $62 million reflects capital additions of $44 million during the year associated with the redevelopment of the Centre and a revaluation increment of $22 million following the revaluation of the Corporation's land and buildings as at 30 June 2010.

Payables have decreased by $3.1 million. Payables at 30 June 2009 included $5.9 million payable to the Department for Transport, Energy and Infrastructure for the redevelopment of the Centre.

Statement of Cash Flows

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

	2010	2009	2008	2007
	$'million	$'million	$'million	$'million
Net cash flows				
Operating	**3**	4	54	4
Investing	**(47)**	(9)	-	1
Change in cash	**(44)**	(5)	54	5
Cash at 30 June	**12**	56	61	7

The reduction in cash held by the Corporation reflects increased cash outflows principally related to the redevelopment of the Centre.

FURTHER COMMENTARY ON OPERATIONS

The Corporation recently completed the redevelopment of the Centre providing a new live performance venue, a new entry and improved patron service areas. The project was managed through the Department for Transport, Energy and Infrastructure and became operational in March 2010.

In October 2008 Cabinet approved capital expenditure of $52 million for the project and a grant of $50 million was received in June 2008 from the State Government to fund the redevelopment.

The final cost of the redevelopment was $49 million comprising $46 million of building assets and $3 million of plant and equipment assets. In April 2010, the Corporation returned $700 000 of unspent funding to the State Government.

Statement of Comprehensive Income
for the year ended 30 June 2010

	Note	2010 $'000	2009 $'000
INCOME FROM TRADING ACTIVITIES:			
Revenues from fees and charges	6	**415**	299
Revenues from the provision of services	7	**7 106**	6 446
Revenues from sales	8	**3 754**	3 841
Interest revenues	9	**1 393**	3 354
Revenues from government	10	**50**	38
Other revenues	12	**1 254**	1 127
Total income		**13 972**	15 105
EXPENSES FROM TRADING ACTIVITIES:			
Employee benefits expenses	13	**4 803**	4 852
Raw materials and consumables used	22	**1 190**	1 174
Sales and marketing		**1 499**	948
Ticketing		**560**	582
Supplies and services	16	**805**	657
Depreciation and amortisation expense	17	**708**	400
Payments to government	10	**700**	-
Net loss from the disposal of assets	11	**183**	1
Other expenses	18	**404**	603
Total expenses		**10 852**	9 217
PROFIT FROM TRADING ACTIVITIES		**3 120**	5 888
INCOME FROM PROPERTY MANAGEMENT ACTIVITIES:			
Other revenues	12	**312**	217
Total income		**312**	217
EXPENSES FROM PROPERTY MANAGEMENT ACTIVITIES:			
Employee benefits expenses	13	**328**	260
Supplies and services	16	**1 154**	921
Depreciation and amortisation expense	17	**2 272**	1 944
Net loss from the disposal of assets	11	**-**	1 425
Other expenses	18	**330**	87
Total expenses		**4 084**	4 637
LOSS FROM PROPERTY MANAGEMENT ACTIVITIES		**(3 772)**	(4 420)
NET PROFIT (LOSS)		**(652)**	1 468
OTHER COMPREHENSIVE INCOME:			
Change in asset revaluation surplus		**21 741**	-
TOTAL COMPREHENSIVE RESULT		**21 089**	1 468

Net profit (loss) and comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2010

	Note	**2010** **$'000**	2009 $'000
CURRENT ASSETS:			
Cash and cash equivalents	20,32	**12 218**	56 179
Receivables	21	**1 801**	2 418
Inventories	22	**91**	139
Total current assets		**14 110**	58 736
NON-CURRENT ASSETS:			
Property, plant and equipment	23	**137 386**	74 897
Total non-current assets		**137 386**	74 897
Total assets		**151 496**	133 633
CURRENT LIABILITIES:			
Payables	24	**5 224**	8 298
Short-term employee benefits	25	**408**	510
Other liabilities	27	**58**	58
Total current liabilities		**5 690**	8 866
NON-CURRENT LIABILITIES:			
Payables	24	**25**	25
Long-term employee benefits	25	**155**	147
Other liabilities	27	**5 417**	5 475
Total non-current liabilities		**5 597**	5 647
Total liabilities		**11 287**	14 513
NET ASSETS		**140 209**	119 120
EQUITY:			
Contributed capital	28	**55 536**	55 536
Asset revaluation surplus	28	**48 551**	26 810
Accumulated surplus	28	**36 122**	36 774
TOTAL EQUITY		**140 209**	119 120

Total equity is attributable to the SA Government as owner

Commitments	29
Contingent assets and liabilities	31

Statement of Changes in Equity
for the year ended 30 June 2010

	Note	Contributed capital $'000	Asset revaluation surplus $'000	Accumulated surplus $'000	Total $'000
Balance at 30 June 2008		55 536	26 810	35 306	117 652
Net profit for 2008-09		-	-	1 468	1 468
Total comprehensive result for 2008-09		-	-	1 468	1 468
Balance at 30 June 2009		55 536	26 810	36 774	119 120
Net Profit for 2009-10		-	-	(652)	(652)
Revaluation of land and buildings		-	21 741	-	21 741
Total comprehensive result for 2009-10		-	21 741	(652)	21 089
Balance at 30 June 2010	28	**55 536**	**48 551**	**36 122**	**140 209**

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

Statement of Cash Flows
for the year ended 30 June 2010

	Note	**2010 Inflows (Outflows) $'000**	2009 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH INFLOWS:			
Receipts from the sale of goods and services		**14 321**	12 173
Interest received		**1 466**	3 414
Receipts from SA Government		**50**	38
GST received from ATO		**4 374**	442
Cash generated from operations		**20 211**	16 067
CASH OUTFLOWS:			
Employee benefit payments		**(5 225)**	(4 964)
Supplies and services		**(10 846)**	(7 299)
Payments to SA Government		**(700)**	-
GST remitted to the ATO		**(293)**	(291)
Cash used in operations		**(17 064)**	(12 554)
Net cash provided by operating activities	32	**3 147**	3 513
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from the sale of property, plant and equipment		**30**	7
Cash generated from investing activities		**30**	7
CASH OUTFLOWS:			
Purchase of property, plant and equipment		**(47 138)**	(8 792)
Cash used in investing activities		**(47 138)**	(8 792)
Net cash used in investing activities		**(47 108)**	(8 785)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(43 961)**	(5 272)
CASH AND CASH EQUIVALENTS AT 1 JULY		**56 179**	61 451
CASH AND CASH EQUIVALENTS AT 30 JUNE	32	**12 218**	56 179

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Adelaide Entertainments Corporation

The Adelaide Entertainments Corporation (the Corporation), trading as the Adelaide Entertainment Centre, was established on 4 February 1999 as a subsidiary of the Minister for Tourism by Regulations under the PCA.

The functions of the Corporation are to:

- manage and operate the Adelaide Entertainment Centre site
- manage, promote and sponsor events at the Adelaide Entertainment Centre site or elsewhere
- foster and assist the commercial development of the Adelaide Entertainment Centre site in order to complement and enhance the commercial potential of the Adelaide Entertainment Centre
- carry out any other functions conferred on the subsidiary by the Minister.

The Corporation is governed by a Board of Directors and operates under a charter approved pursuant to the provisions of the PCA. The Act and the charter require the preparation of general purpose financial statements which reflect the performance and position of the Corporation for each financial year ended 30 June.

2. Summary of significant accounting policies

(a) Statement of compliance

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

AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Corporation for the reporting period ending 30 June 2010.

(b) Basis of preparation

The preparation of the financial statements requires:

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

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

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

  (c) Employees whose normal remuneration is $100 000 or more (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees.

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

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010 and the comparative information presented for the year ended 30 June 2009.

(c) Reporting entity

The financial statements cover the Corporation, trading as the Adelaide Entertainment Centre as an individual reporting entity. Adelaide Entertainments Corporation is a statutory authority of the State of South Australia, established pursuant to PCA.

(d) Comparative information

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

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

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

(e) Rounding

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

(f) Taxation

The Corporation is not subject to income tax.

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

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

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

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

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

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

(g) Events after balance date

Where an event occurs after 30 June but provides information about conditions that existed at 30 June, adjustments are made to amounts recognised in the financial statements.

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

(h) Income and expenses

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

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

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

Income

The following are specific recognition criteria:

Revenues from fees and charges and from the provision of services

Revenues from fees and charges are 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 to the clients or by reference to the stage of completion.

Revenues from sales

Revenues from sales are recognised when the significant risks and rewards of ownership transfer to the purchaser.

Interest income

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

Revenues from the SA Government
Appropriations for program funding are recognised as revenues when the Corporation obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Where money has been appropriated in the form of a loan, the Corporation has recorded a loan payable.

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

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

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

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

Expenses
The following are specific recognition criteria:

Employee benefits
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 Corporation to the superannuation plan in respect of current services of current Corporation staff. The Corporation is not liable for benefits payable by the schemes to which it contributes.

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

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

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

Cash is measured at nominal value.

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

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

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

(l) Inventories
Inventories include goods and other property held for sale in the ordinary course of business. It excludes depreciating assets.

Inventories are measured at the lower of cost or their net realisable value. Cost is allocated in accordance with the average cost method. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

(l) Inventories (continued)

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.

Inventories include food and beverage stock held for resale.

(m) Non-current asset acquisition and recognition

Assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recorded at the value recorded by the transferor prior to transfer.

Where the payment for an asset is deferred, the Corporation measures the obligation at the present value of the future outflow, discounted using the interest rate of a similar length borrowing.

(n) Revaluation of non-current assets

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

During the year the Corporation revalued its land, buildings and building improvements in accordance with its policy of revaluing the assets every three years. The Corporation has since changed its policy to require future asset revaluations every five years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

The Corporation has taken the exemption available under APF III, APS 3.8 to take asset revaluation adjustments to the asset revaluation surplus on a class basis rather than an individual asset basis.

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 in the Statement of Comprehensive Income, in which case the increase is recognised in the Statement of Comprehensive Income.

Any revaluation decrease is recognised 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 asset revaluation surplus for that asset class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset. Previously this was accounted for using the gross method, where the gross carrying amounts of the assets and accumulated depreciation were disclosed.

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

(o) Impairment

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

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

(p) Depreciation and amortisation of non-current assets

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

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

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

Depreciation/amortisation is calculated over the estimated useful life of the following classes of assets as follows:

Class of assets	*Depreciation method*	*Useful life (years)*
Buildings and improvements	Straight-line and diminishing value	5-140
Plant and equipment	Straight-line	2-12
Furniture and fittings	Straight-line	3-20

(q) Payables

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

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

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

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

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

The Corporation makes contributions to several 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.

(r) 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 time off in lieu

Liability for salary and wages, annual leave and time off in lieu 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.

Sick leave

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

Long service leave

The liability for long service leave is recognised after an employee has completed five years of service in accordance with APF IV. An actuarial assessment of long service leave undertaken by DTF based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

In the 2010 financial year, the long service leave benchmark contained in the APF IV reduced to 5.5 years. The Corporation has adopted five years as the benchmark for the measurement of the long service leave liability as of 2006, as this better reflects the Corporation's past experience of employee retention and the taking of leave.

The current component of long service leave is determined on what was taken during the current financial year and based on estimates of long service leave due to be taken during the 12 months ended 30 June 2011.

(s) Administered items

The Corporation includes a Schedule of Administered Items as a note to the accounts as it is considered that administered transactions and balances are insignificant in relation to the Corporation's overall financial performance and position, in accordance with APF II, APS 3.11.2.

The Corporation receives gross box office receipts from its ticketing agency, and holds those receipts in a separate Event Funds bank account. In any instance where a show does not proceed, those monies are returned to the ticketing agency and refunded to patrons. Alternatively, the monies are paid to promoters, the Corporation and other service providers.

(t) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. The Corporation has assessed whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The Corporation has entered into operating leases.

Operating leases

During 2007 a section of land was leased on a 99 year lease agreement. The payments received for the lease are being recognised as income over the life of the lease.

(u) Insurance

The Corporation has arranged, through SAFA, SAICORP Division, to insure all major risk of the Corporation. The excess payable under this arrangement is $5000 per claim made.

(v) Workers compensation

Contributions are made by the Corporation to the WorkCover Corporation to provide insurance coverage in relation to workers compensation. These contributions are treated as an expense when they occur. There is no liability for payments to claimants as they have been assumed by the WorkCover Corporation.

3. Financial risk management

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

Risk management is carried out by the corporate services section and risk management policies and practices are in accordance with Australian Risk Management Standards and internal written policies approved by the board.

The Corporation has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and held to maturity investments).

The Corporation's exposure to foreign exchange risk and cash flow interest risk is minimal.

The Corporation has no significant concentration of credit risk. The Corporation has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

4. Changes in accounting policies

The Corporation has assessed the impact of new and amended standards and interpretations which are not yet effective and considers there will be no impact on the accounting policies or the financial statements of the Corporation.

5. Activities of the Corporation

The principal activity of the Corporation is to manage and operate the Adelaide Entertainment Centre.

6. Revenues from fees and charges

	2010 $'000	2009 $'000
Fees and charges received/receivable from entities external to the SA Government:		
Merchandise revenues	415	299
Total fees and charges - non-SA Government entities	415	299

7. Revenues from the provision of services

	2010	2009
Services provided to entities external to the SA Government:		
Corporate revenue	1 887	1 878
Equipment hire	251	199
Recoveries	1 700	1 600
Venue hire	3 101	2 677
Total revenues from the provision of services - non-SA Government entities	6 939	6 354
Services provided to entities within SA Government:		
Corporate revenue	65	62
Equipment hire	4	-
Recoveries	34	1
Venue hire	64	29
Total revenues from the provision of services - SA Government entities	167	92
Total revenues from the provision of services	7 106	6 446

8. Revenues from sales

	2010	2009
Sales from entities external to the SA Government:		
Beverage sales	1 462	1 237
Food sales	2 142	2 570
Total revenues from sales - non-SA Government entities	3 604	3 807
Sales from entities within SA Government:		
Beverage sales	24	4
Food sales	126	30
Total revenues from sales - SA Government entities	150	34
Total revenues from sales	3 754	3 841

9. Interest revenues

	2010	2009
Interest from entities external to the SA Government	64	95
Interest from entities within the SA Government	1 329	3 259
Total interest revenues	1 393	3 354

10. Revenues from (payments to) SA Government

	2010	2009
Revenues from SA Government:	$'000	$'000
Appropriations for emergency services levy	-	38
Other contributions	50	-
Total revenues from SA Government	50	38

Payments to SA Government

During the year the Corporation refunded $700 000 to the State Government due to project cost savings relating to the $52 million Facility Enhancement Project.

11. Net loss from disposal of assets

	2010	2009
Plant and equipment:		
Proceeds from disposal	30	7
Net book value of assets disposed	(213)	(8)
Net loss from disposal of plant and equipment	(183)	(1)
Land and buildings:		
Proceeds from disposal	-	-
Net book value of assets disposed	-	(1 425)
Net loss from disposal of land and buildings	-	(1 425)
Total assets:		
Total proceeds from disposal	30	7
Net book value of assets disposed	(213)	(1 433)
Total net loss from disposal of assets	(183)	(1 426)

12. Other revenues

	2010	2009
Other revenue from entities external to the SA Government:		
Trading activities:		
Car park	169	245
Ticketing charges	680	466
Other revenue	362	416
Total other revenues - non-SA Government entities	1 211	1 127
Other revenue from entities within SA Government:		
Other revenue	43	-
Total other revenues - SA Government entities	43	-
Total other revenues from trading activities	1 254	1 127
Property management activities:		
Property lease revenue	163	175
Other revenue	149	42
Total other revenues from property management activities	312	217
Total other revenues	1 566	1 344

13. Employee benefits expenses

	2010	2009
Trading activities:		
Salaries and wages	3 656	3 648
Long service leave	59	112
Annual leave	239	228
Employment on-costs - superannuation	343	361
Employment on-costs - other	295	333
Board fees	109	101
Other employee related expenses	102	69
Total employee benefits expenses from trading activities	4 803	4 852
Property management activities:		
Salaries and wages	314	247
Long service leave	4	5
Annual leave	10	8
Total employee benefits expenses from property management activities	328	260
Total employee benefits expenses	5 131	5 112

During the year payments made to entities within SA Government include employment on-costs of $295 000 ($303 000).

Remuneration of employees

	2010	2009
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
$100 000 - $109 999	3	2
$120 000 - $129 999	2	2
$220 000 - $229 999	-	1
$290 000 - $299 999	1	-
Total	6	5

Remuneration of employees (continued)

The table includes all employees who received remuneration of $100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $866 000 ($676 000).

14. Key management personnel

(a) Board members

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

R Foord (Chairperson)	W Spurr
J Bell	J Staugas
A Herald	G Wallace
G Pitt	

(b) Other key management personnel

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

Mr Anthony Kirchner	Chief Executive
Mr Tommy Pavic	Chief Financial Officer
Ms Sally Arch	General Manager - Venue Services
Mr Ross Beale	Corporate Partnerships Manager
Ms Coralie Cheney	Senior Manager - Sales and Marketing
Mr Mark Braby	Guest Services Manager

(c) Remuneration of governing board members	2010	2009
The number of governing board members whose remuneration received or receivable falls within the following bands:	Number	Number
$10 000 - $19 999	7	7
Total	7	7

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

Amounts paid to a superannuation plan for board members was $8000 ($8000).

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

During the year there were no other payments made to board members.

15. Related party

Related parties include parties that control or have an interest in the entity that gives it significant influence over the Corporation. Individual board members are considered related parties.

The Corporation is controlled by the SA Government. Transactions and balances between the Corporation and related parties (other SA Government controlled entities and individual board members) are disclosed in the notes accompanying the financial statements where appropriate.

16. Supplies and services	2010	2009
Supplies and services	$'000	$'000
Trading activities:		
Supplies and services provided by entities external to the SA Government:		
Contractors	265	129
Equipment hire	108	74
Linen and laundry	79	83
Printing and stationery	48	44
Repairs and maintenance	74	49
Utilities	104	120
Total supplies and services - non-SA Government entities	678	499
Supplies and services provided by entities within the SA Government:		
Insurance	121	111
Contractor	4	47
Legal	2	-
Total supplies and services - SA Government entities	127	158
Total supplies and services from trading activities	805	657

16. Supplies and services (continued)

	2010	2009
Property management activities:	$'000	$'000
Supplies and services provided by entities external to the SA Government:		
Repairs and maintenance	584	470
Utilities	377	280
Total supplies and services - non-SA Government entities	961	750
Supplies and services provided by entities within the SA Government:		
Utilities	193	171
Total supplies and services - SA Government entities	193	171
Total supplies and services from property management activities	1 154	921
Total supplies and services	1 959	1 578

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

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:

	2010		2009	
	Number	$'000	Number	$'000
Below $10 000	6	11	5	6
Total paid/payable to the consultants engaged	6	11	5	6

17. Depreciation and amortisation

	2010	2009
Depreciation:	$'000	$'000
Trading activities:		
Plant and equipment	708	400
Total depreciation for trading activities	708	400
Property management activities:		
Buildings	2 272	1 944
Total depreciation for property management	2 272	1 944
Total depreciation	2 980	2 344

18. Other expenses

Trading activities:		
Other expenses paid/payable to entities external to the SA Government:		
Other	358	267
Total other expenses - non-SA Government entities	358	267
Other expenses paid/payable to entities within the SA Government:		
Other	46	336
Total other expenses - SA Government entities	46	336
Total other expenses from trading activities	404	603
Property management activities:		
Other expenses paid/payable to entities external to the SA Government:		
Other	330	87
Total other expenses - non-SA Government entities from property management activities	330	87
Total other expenses	734	690

19. Auditor's remuneration

Audit fees of $31 500 ($31 000) were paid/payable to the Auditor-General's Department.

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

20. Cash and cash equivalents

Cash at bank and cash on hand	1 151	1 023
Short-term deposits with SAFA	11 067	55 156
Total cash and cash equivalents	12 218	56 179

Short-term deposits

The cash deposits are carried at cost in accordance with APF IV, APS 2.1. They are on-call and carry an average variable interest rate of 3.859 percent (5.26 percent). The SAFA Cash Management Fund is a pooled investment portfolio comprising cash and short-term money market securities of high credit quality and marketability. The portfolio return is calculated daily, being the total earnings on the portfolio's investments from the close of business on the previous day. Interest is accrued daily and distributed monthly.

Interest rate risk

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

21. Receivables

	2010	2009
Current:	$'000	$'000
Receivables	1 532	1 571
Provision for doubtful debts	(8)	(8)
Accrued revenues	72	180
Prepayments	46	51
GST receivable	159	624
Total current receivables	1 801	2 418
Government/non-Government receivables:		
Receivables from non-SA Government entities:		
Receivables	1 463	1 552
Provision for doubtful debts	(8)	(8)
Accrued revenues	30	35
Prepayments	46	51
GST receivable	159	624
Total receivables from non-SA Government entities	1 690	2 254
Receivables from SA Government entities:		
Receivables	69	19
Accrued revenues	42	145
Total receivables from SA Government entities	111	164
Total receivables	1 801	2 418

Provision for doubtful debts

The provision for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movements in the provision for doubtful debts (impairment loss)	2010	2009
	$'000	$'000
Carrying amount at 1 July	(8)	(8)
Increase in the provision	-	-
Amounts written off	-	-
Carrying amount at 30 June	(8)	(8)

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

Bad and doubtful debts

The Corporation has recognised no bad and doubtful debt expense in the Statement of Comprehensive Income.

22. Inventories

	2010	2009
Current - inventories held for resale:	$'000	$'000
Beverages	90	121
Food	1	18
Total inventories held for resale	91	139

Inventory wastage

The Corporation has recognised an inventory wastage expense of $39 000 ($31 000) in the Statement of Comprehensive Income.

Raw materials and consumables

The Corporation recognised an expense for raw materials and consumables of $1.19 million ($1.174 million).

23. Property, plant and equipment

	2010	2009
Land and buildings:	$'000	$'000
Land at fair value	27 000	18 320
Buildings at fair value - net method	102 428	40 939
Accumulated depreciation	-	(3 457)
Total land and buildings	129 428	55 802
Building improvements:		
Building improvements at cost	-	2 727
Accumulated depreciation	-	(268)
Total building improvements	-	2 459

23. Property, plant and equipment (continued)

	2010 $'000	2009 $'000
Work in progress	96	15 035
Total work in progress	96	15 035
Plant and equipment:		
Plant and equipment at cost	10 563	4 450
Accumulated depreciation	(2 701)	(2 849)
Total plant and equipment	7 862	1 601
Total property, plant and equipment	137 386	74 897

Valuation of land and buildings

The valuation of land and buildings was performed by Martin Burns, an independent valuer from Liquid Pacific as at 30 June 2010. The valuer arrived at fair value based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

Impairment

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

Reconciliation of non-current assets

The following table shows the movement of non-current assets during 2009-10.

2010	Land $'000	Buildings $'000	Building imprvmnts $'000	Work in progress $'000	Plant and equipment $'000	Non-current assets Total $'000
Carrying amount at 1 July	18 320	37 482	2 459	15 035	1 601	74 897
Revaluation increments (decrements)	8 680	13 061	-	-	-	21 741
Reclassify assets from cost to fair value	-	53 549	(53 549)	-	-	-
Additions	-	-	-	43 941	-	43 941
Transfers in (out)	-	-	51 698	(58 880)	7 182	-
Disposals eg sales, write-off	-	-	-	-	(213)	(213)
Depreciation and amortisation	-	(1664)	(608)	-	(708)	(2 980)
Carrying amount at 30 June	27 000	102 428	-	96	7 862	137 386

During the year payments made to entities within SA Government include capital additions of $36.49 million ($13.268 million).

24. Payables

	2010 $'000	2009 $'000
Current:		
Creditors	3 387	6 530
Accrued expenses	997	1 120
Income received in advance	773	565
Employment on-costs	67	83
Total current payables	5 224	8 298
Non-current:		
Employee on-costs	25	25
Total non-current payables	25	25
Total payables	5 249	8 323
Government/non-government payables:		
Payables to non-SA Government entities:		
Creditors	1 314	653
Accrued expenses	949	1 056
Income received in advance	756	549
Employment on-costs	92	108
Total payables to non-SA Government entities	3 111	2 366
Payables to SA Government entities:		
Creditors	2 073	5 877
Accrued expenses	48	64
Income received in advance	17	16
Total payables to SA Government entities	2 138	5 957
Total payables	5 249	8 323

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.

25. Employee benefits

	2010	2009
Current:	$'000	$'000
Annual leave	215	192
Long service leave	195	150
Accrued salaries and wages	(2)	168
Total current employee benefits	408	510
Non-current:		
Long-term long service leave	155	147
Total non-current employee benefits	155	147
Total employee benefits	563	657

The total current and non-current employee benefit (ie aggregate employee benefit plus related on costs) for 2009-10 is $475 000 and $180 000 respectively.

26. Dividend

No dividend has been declared or paid in the financial year.

27. Other liabilities

Current:		
Unearned lease revenue	58	58
Total current other liabilities	58	58
Non-current:		
Unearned lease revenue	5 417	5 475
Total non-current other liabilities	5 417	5 475
Total other liabilities	5 475	5 533

28. Equity

Contributed capital	55 536	55 536
Asset revaluation surplus	48 551	26 810
Accumulated surplus	36 122	36 774
Total equity	140 209	119 120

The asset revaluation surplus is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to accumulated surplus when an asset is disposed or written off.

29. Commitments

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:

	2010	2009
	$'000	$'000
Within one year	215	39 582
Total capital commitments	215	39 582

The capital commitment contracts entered into as at 30 June 2010 relate to the facility internal upgrade.

Arena seats were ordered in 2009-10 and are due for delivery in September 2010.

Remuneration commitments

Commitments for the payment of salaries and other remuneration under fixed term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:

	2010	2009
	$'000	$'000
Within one year	369	424
Later than one year but not longer than five years	12	365
Total remuneration commitments	381	789

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

Operating lease commitments receivable

Future minimum lease payments receivable under non-cancellable operating leases contracted for at reporting date but not recognised as receivables are:		
Within one year	79	114
Later than one year but not longer than five years	79	58
Total operating lease revenue commitments	158	172

Operating lease commitments receivable (continued)

The Corporation's operating lease commitments as lessor are for the lease of shops located on the Corporation's site. The Corporation also leases a section of land on the site. As rental in relation to the lease of this land was received in advance, there are no minimum lease payments receivable in relation to this lease.

30. Administered items event funds

	2010	2009
Administered revenues:	$'000	$'000
Net box office receipts	23 798	29 672
Interest earned on event funds	246	409
Other receipts	210	300
Total administered revenues	24 254	30 381
Administered expenses:		
Settlements paid	27 973	19 446
Other expenses	300	210
Total administered expenses	28 273	19 656
Movement in administered items during the year	(4 019)	10 725
Administered assets:		
Cash at bank	7 479	11 490
Accrued interest	21	29
Total administered assets	7 500	11 519
Administered liabilities:		
Funds held in trust	7 500	11 519
Total administered liabilities	7 500	11 519
Movement in administered items during the year	(4 019)	10 725
Total administered assets held at 1 July	11 519	794
Total administered assets held at 30 June	7 500	11 519

31. Contingent assets and liabilities

The Corporation is not aware of any contingent assets.

The Corporation is not aware of any contingent liabilities.

The Corporation has issued no guarantees.

32. Cash flow reconciliation

Reconciliation of cash and cash equivalents:		
Statement of Cash Flows	12 218	56 179
Statement of Financial Position	12 218	56 179
Reconciliation of profit to net cash provided by operating activities:		
Net (loss) profit for the year	(652)	1 468
Non-cash (loss) items:		
Depreciation and amortisation expense	2 980	2 344
Leased land income	(58)	(57)
Loss on disposal of assets	183	1 426
Changes in assets/liabilities:		
Decrease (Increase) in receivables	617	(1 399)
Decrease (Increase) in inventories	48	(34)
Increase (Decrease) in payables	123	(383)
(Decrease) Increase in employee benefits	(94)	148
Net cash provided by operating activities	3 147	3 513

33. Events after balance date

There have been no after balance date events.

ADELAIDE FESTIVAL CENTRE TRUST

FUNCTIONAL RESPONSIBILITY

Establishment

The Adelaide Festival Centre Trust (the Trust) is a body corporate established pursuant to the *Adelaide Festival Centre Trust Act 1971* (the AFCT Act). The Trust is responsible to the Minister for the Arts.

Regulations have been enacted under the PCA requiring certain provisions of that Act be applied to the Trust. These provisions relate mainly to governance and operational performance.

Functions

The Trust is responsible for encouraging and facilitating artistic, cultural and performing arts activities throughout the State and managing and maintaining the Adelaide Festival Centre and Her Majesty's Theatre. Further information on the Trust's objectives is provided in note 1 to the financial statements.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Subsection 25(2) of the AFCT Act, subsection 32(4) of the PCA and subsection 31(1)(b) of the PFAA provide for the Auditor-General to audit the accounts of the Trust for each financial year.

Assessment of controls

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

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

Scope of audit

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

During 2009-10, specific areas of audit attention included:

- revenue, receipting and banking
- BASS
- expenditure
- payroll
- financial accounting
- fixed assets.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

The following is an extract from the 2009-10 Independent Auditor's Report, which details the qualification to the Trust's financial statements.

> ***Basis for qualified auditor's opinion***
>
> *Adelaide Festival Centre Trust have recognised $500 000 of operating grant funding as a liability for the year ended 30 June 2010. This amount has been included in Other Current Liabilities in the Statement of Financial Position and in note 19 as part of the balance of Income in Advance.*

In my opinion, the funds represent contributions and meet the recognition criteria of income in accordance with Accounting Standard AASB 1004 'Contributions' and the Department of Treasury and Finance Accounting Policy Framework V 'Income Framework'. The Adelaide Festival Centre Trust controls these funds upon receipt and there are no documented and agreed enforceable stipulations that trigger repayment. Further, no event has occurred that would establish a present obligation on Adelaide Festival Centre Trust to repay the grant funding.

As a result, the following have been misstated in the 2009-10 financial statements:

1 Revenues from SA Government is understated by $500 000.
2 Net result is understated by $500 000.
3 Total Comprehensive Result is understated by $500 000.
4 Other Current Liabilities are overstated by $500 000.
5 Accumulated deficit is overstated by $500 000.

Qualified auditor's opinion

In my opinion, except for the effects of the matter referred to in the preceding paragraphs, the financial statements present fairly, in all material respects, the financial position of the Adelaide Festival Centre Trust as at 30 June 2010, 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 Adelaide Festival Centre Trust in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to internal controls as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Adelaide Festival Centre Trust have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive Officer. The responses to the management letters were generally considered to be satisfactory. The main matters raised with the Trust and the related responses are detailed below.

Internal controls

The main matters raised with the Trust related to the need to:

- implement controls to ensure all contracts are recorded in the contract register and risk assessments are performed for all qualifying revenue contacts
- develop procedures for network access reviews including the frequency, responsibility and evidencing of the process, and the removal of terminated employees
- review masterpiece access profiles to ensure that the level of access is adequately segregated between senior officers.

The Trust's response indicated action undertaken or planned to address all matters raised.

Merchant facilities – eCommerce data security compliance

The Trust uses the whole-of-government contract for merchant facilities for credit card transactions. Under the contract the Trust must comply with the global payment card industry (PCI) requirements to protect cardholder data.

A high level PCI compliance assessment by Audit concluded that the Trust was unclear at the time regarding some aspects of their PCI compliance obligations and required additional clarification in relation to the intent of some of the questions raised in the PCI self-assessment questionnaire (SAQ). The Trust also had not performed regular quarterly network vulnerability scans as required and had indicated in the completed SAQ some areas of non-compliance.

Audit recommended the Trust clarify its PCI compliance obligations with the relevant parties, including network vulnerability scanning and to ensure that future PCI SAQ responses accurately take into account expected minimum requirements.

The Trust's response indicated actions undertaken or planned to address the matters raised. The Trust advised that remediation of some matters identified from the original self-assessment were dependent on a system replacement program.

ICT management and control

Last year's Report included comment that a project was underway to replace the current ticketing system with a customer relationship management and ticketing system. It also noted that in June 2009 a follow-up Information Security Management Framework (ISMF) gap analysis review was finalised by an external security consultant. The review identified a number of areas requiring attention, including the need to implement a security policy suite and supporting documentation.

The status of these developments was followed up by Audit during the year.

The Trust advised that it was working towards meeting all ISMF controls applicable to its environment.

In regard to the ticketing system replacement project, the Trust advised that negotiations with a private sector service provider had been completed. The new system is anticipated to be operational on interim facilities at the service provider by October 2010. It is expected to be fully operational at the Trust by early 2011.

Implementation of TIs 2 and 28

The Trust's financial management compliance program (FMCP) was approved in June 2009. Since then the Trust has developed a financial management compliance checklist as a tool to plan, meet and monitor obligations of the FMCP in accordance with TI 28. The checklist was completed during 2009-10 and identified several areas for improvement.

In addition the Trust engaged an independent contractor to review the Trust's compliance with the FMCP and accuracy of checklist responses. The Trust advised it was finalising a long-term rolling internal audit plan that takes into consideration items on the checklist.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

2009-10 Independent Auditor's Report

DPC pays an annual operating grant to the Trust. The 2009-10 grant included $500 000 for staging the Adelaide International Guitar Festival in November 2010.

The Trust has recorded the $500 000 funding for the guitar festival as a liability on the basis that if the guitar festival was cancelled due to some unforseen circumstance the Trust would be required to repay the funding, or apply to the Treasurer to retain the grant and apply funds to other Trust activities.

I am of the view that this funding is more appropriately reported as revenue in 2010 on the basis the Trust controls these funds upon receipt and there are no documented enforceable conditions which specify and trigger repayment if the guitar festival was cancelled. Therefore the Trust does not have a present obligation to repay the funds. An obligation would only arise if the Treasurer demanded repayment of the funds.

My view is based on AASB 1004 and APF V. Consequently I have qualified the financial statements in respect of this matter. Please refer to 'Auditor's report on the financial statements' for details of the qualification.

Highlights of the financial statements

	2010	2009
	$'million	$'million
EXPENSES		
Staff benefits expenses	**15**	14
Other expenses	**16**	18
Total expenses	**31**	32
INCOME		
User charges and interest	**18**	18
Net cost of providing services	**13**	14

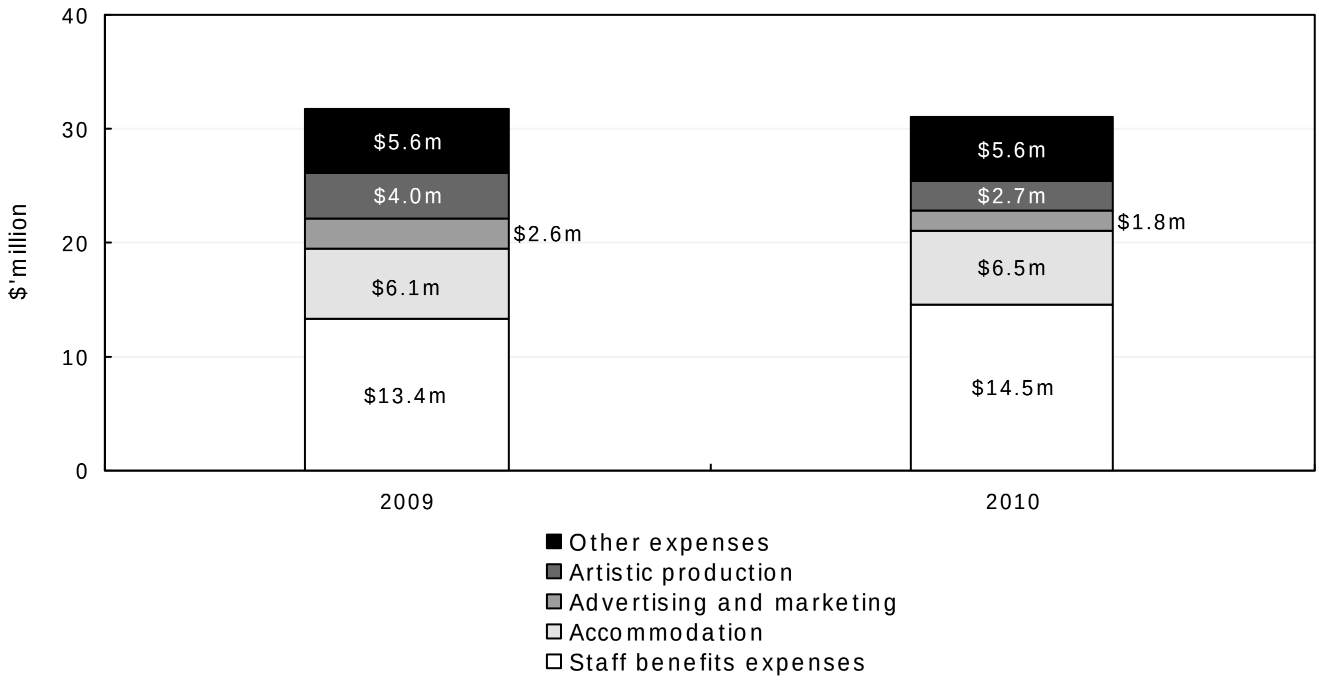
	2010 **$'million**	2009 $'million
REVENUES FROM SA GOVERNMENT		
Revenues from SA Government	**14**	13
Total comprehensive result	**1**	(1)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**1**	(3)
ASSETS		
Current assets	**8**	8
Non-current assets	**10**	9
Total assets	**18**	17
LIABILITIES		
Current liabilities	**7**	8
Non-current liabilities	**2**	1
Total liabilities	**9**	9
TOTAL EQUITY	**9**	8

Statement of Comprehensive Income

The Trust is reliant on SA Government funding to support its operations. That is, the net cost of services is met through funding provided by the Government. The Trust's activities are largely dependent on the level of demand for theatre services and extent to which Trust produced activities are funded. Depending on the level of these activities the nature and amount of revenues and expenditure will vary from year to year.

Expenses

An analysis of expenses for the Trust for 2009 and 2010 is presented in the following chart.



Expenses decreased by $564 000 to $31.1 million. The main changes in expenditure were:

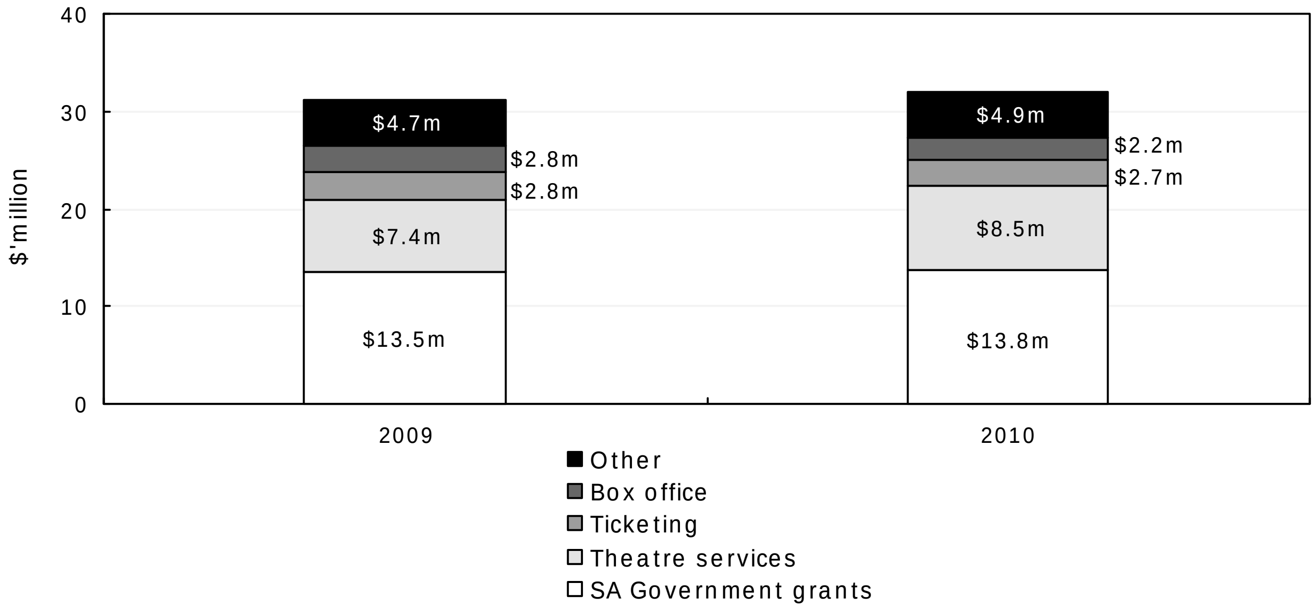
- increased staff benefits expenses of $1.1 million. This mainly reflects additional staff expenses associated with additional theatre services provided

- a decrease in the level of Trust initiated productions resulting in decreased artistic production expenses of $1.3 million, and decreased advertising and marketing expenses of $772 000 (also refer to comments under 'Income' below).

A large fixed component of the Trust's expenditure is accommodation charges for the Adelaide Festival Centre and Her Majesty's Theatre, which are leased from the owners, DPC.

Income

An analysis of income for the Trust for 2009 and 2010 is presented in the following chart.



The above chart reflects:

- the high reliance on SA Government funding which accounts for 43 percent of income. The Trust received $14.3 million in funding, however only recorded $13.8 million as income. Refer to comments under '2009-10 Independent Auditor's Report' above

- an increase of $1.1 million in theatre services revenue from increased theatre hires and recovery of associated labour and facilities costs

- a reduction in box office income of $538 000 due mainly to the Trust producing fewer performances.

The Trust's operational activities vary based on the level of external demand for theatre services and programmed activities.

Statement of Financial Position

Current assets and liabilities – solvency

As at 30 June 2010 current assets, $8.3 million ($7.9 million) exceeded current liabilities, $7.2 million ($7.7 million).

Non-current assets

The Trust's non-current assets comprise works of art $7.1 million ($7.1 million), plant and equipment $2.4 million ($1.9 million) and intangible assets $299 000 ($376 000).

Liabilities

Payables of $4.6 million ($5.5 million) together with staff entitlements of $3.1 million ($3 million) represent 85 percent (93 percent) of total liabilities.

Statement of Cash Flows

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

	2010	2009	2008	2007
	$'million	$'million	$'million	$'million
Net cash flows				
Operating	**1.0**	(3.3)	5.8	(1.4)
Investing	**(0.7)**	(0.2)	(2.6)	(2.1)
Financing	**-**	-	(0.2)	1.2
Change in cash	**0.3**	(3.5)	3.0	(2.3)
Cash at 30 June	**6.1**	5.8	9.3	6.3

Cash held at 30 June 2010 includes $2.2 million ($4.2 million) held for promoters.

Major factors affecting net cash flows from operations over the period from 2007 were:

- movements in net funds held for promoters, which decreased by $2 million in 2010, decreased by $361 0000 in 2009 and increased by $1.5 million in 2008
- the timing of receipts from SA Government which resulted in $14.5 million received in 2008 compared to $9.9 million received in 2007. Further, $1.2 million of capital grants received in 2008 were paid back to the SA Government in 2009.

Receipts from SA Government amounted to $14.3 million ($13.5 million) and are included in operating activities. The Trust is highly dependent on the SA Government for funding both operating and investing activities.

Statement of Comprehensive Income
for the year ended 30 June 2010

	Note	**2010**	2009
EXPENSES:		**$'000**	$'000
Staff benefits expenses	7	**14 480**	13 401
Supplies and services	8	**16 187**	17 721
Depreciation and amortisation expense	9	**449**	483
Borrowing costs	10	**-**	49
Net cost from disposal and recognition of non-current assets	9	**-**	26
Total expenses		**31 116**	31 680
INCOME:			
Revenue from fees and charges	5	**17 794**	17 427
Interest revenue	6	**289**	330
Net revenue from recognition and disposal of non-current assets	9	**204**	-
Total income		**18 287**	17 757
NET COST OF PROVIDING SERVICES	25	**12 829**	13 923
REVENUES FROM SA GOVERNMENT:			
Revenues from SA Government	4	**13 845**	13 476
NET RESULT		**1 016**	(447)
Financial restructure	23	**-**	(109)
NET RESULT AFTER FINANCIAL RESTRUCTURE		**1 016**	(556)
OTHER COMPREHENSIVE INCOME:			
Changes in asset revaluation surplus	20	**41**	(60)
TOTAL COMPREHENSIVE RESULT		**1 057**	(616)

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

Statement of Financial Position
as at 30 June 2010

	Note	**2010**	2009
CURRENT ASSETS:		**$'000**	$'000
Cash and cash equivalents	11	**6 109**	5 834
Receivables	12	**1 732**	1 698
Inventories	13	**177**	125
Other current assets	14	**311**	219
Total current assets		**8 329**	7 876
NON-CURRENT ASSETS:			
Property, plant and equipment	15	**2 440**	1 893
Works of art	15	**7 092**	7 087
Intangible assets	15	**299**	376
Total non-current assets		**9 831**	9 356
Total assets		**18 160**	17 232
CURRENT LIABILITIES:			
Payables	16	**4 410**	5 383
Staff benefits	17	**1 467**	1 735
Provisions	18	**320**	23
Other current liabilities	19	**980**	576
Total current liabilities		**7 177**	7 717
NON-CURRENT LIABILITIES:			
Payables	16	**163**	128
Staff benefits	17	**1 653**	1 294
Provisions	18	**81**	64
Total non-current liabilities		**1 897**	1 486
Total liabilities		**9 074**	9 203
NET ASSETS		**9 086**	8 029
EQUITY:			
Asset revaluation surplus	20	**10 721**	10 680
Accumulated deficits		**(1 635)**	(2 651)
TOTAL EQUITY		**9 086**	8 029

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	21		
Contingent assets and liabilities	22		

Statement of Changes in Equity
for the year ended 30 June 2010

	Note	Asset revaluation reserve $'000	Accumulated deficits $'000	Total $'000
Balance at 30 June 2008		10 740	(2 095)	8 645
Net result for 2008-09		-	(556)	(556)
Revaluation of non-current assets		(60)	-	(60)
Total comprehensive result for 2008-09		(60)	(556)	(616)
Balance at 30 June 2009	20	10 680	(2 651)	8 029
Net result for 2009-10		-	1 016	1 016
Revaluation of non-current assets	20	41	-	41
Total comprehensive result for 2009-10		41	1 016	1 057
Balance at 30 June 2010	20	**10 721**	**(1 635)**	**9 086**

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

Statement of Cash Flows
for the year ended 30 June 2010

	Note	2010 Inflows (Outflows) $'000	2009 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Staff benefit payments		**(14 006)**	(13 325)
Payments for supplies and services		**(16 664)**	(20 996)
Interest paid		**-**	(55)
Decrease in funds held on behalf of promoters		**(1 993)**	(361)
GST paid to the ATO		**(205)**	(246)
Cash used in operations		**(32 868)**	(34 983)
CASH INFLOWS:			
Receipts from patrons/customers		**18 875**	18 535
Interest received		**282**	367
GST received from the ATO		**320**	550
Cash generated from operations		**19 477**	19 452
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		**14 345**	13 476
Repayment of capital grant		**-**	(1 213)
Cash generated from SA Government		**14 345**	12 263
Net cash provided by (used in) operating activities	25	**954**	(3 268)
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of property, plant and equipment and works of art		**(679)**	(237)
Net cash used in investing activities		**(679)**	(237)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**275**	(3 505)
CASH AND CASH EQUIVALENTS AT 1 JULY		**5 834**	9 339
CASH AND CASH EQUIVALENTS AT 30 JUNE	11	**6 109**	5 834

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Adelaide Festival Centre Trust objectives

The objectives of the Adelaide Festival Centre Trust (the Trust) are to:

(a) encourage and facilitate artistic, cultural and performing arts activities throughout the State

(b) be responsible for the care, control, management, maintenance and improvement of the Adelaide Festival Centre and its facilities

(c) provide expert advisory, consultative, managerial or support services to persons associated with artistic, cultural or performing arts activities

(d) promote the involvement of young people and their families and extend activities into the school sector.

2. Summary of significant accounting policies

(a) Statement of compliance

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

Except for AASB 2009-12, which the Trust has early-adopted, AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Trust for the reporting period ending 30 June 2010. These are outlined in note 3.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Trust'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 statement:

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

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

  (c) staff whose normal remuneration is $100 000 or more (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

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

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

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

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

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

(c) Reporting entity

The Trust is established pursuant to the *Adelaide Festival Centre Act 1971*.

On 21 October 1999 the Adelaide Festival Centre Foundation (the Foundation) was incorporated and is controlled by the Trust by virtue of clauses in the Foundation's constitution which require its board appointments to be approved by the Trust and also require the Foundation to act in accordance with directions from the Trust.

The financial statements and accompanying notes include the activities of the Trust and the Foundation. The effect of transactions between the Trust and the Foundation are eliminated in full. A summary of the Foundation's activities is given in note 26.

(d) Transactions performed on behalf of promoters

The Trust provides services on behalf of event promoters under exclusive agency arrangements. The Trust charges a fee for these services that is recognised as revenue. The Trust does not control the revenue (net of fees charged) generated from promoter events and as such only recognises the changes in cash held in trust on behalf of promoters (shown at note 11) and the requisite amount payable to those promoters (shown at note 16) together with the net change in cash held in the Statement of Cash Flows as at 30 June.

(e) Comparative information

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

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

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

(f) Rounding

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

(g) Taxation

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

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

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

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

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

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

(h) Events after the end of the reporting period

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

There were no events between 30 June and the date the financial statements are authorised for issue where the events may have a material impact on the results of subsequent years.

(i) Income

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

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

The following are specific recognition criteria:

Fees and charges

Income from fees and charges is derived from the provision of goods and services to other SA Government agencies and to the public.

The Trust's income from box office sales, marketing services and theatre hire is recognised when the performances occur. Amounts deferred are recognised in the financial statements as income received in advance.

Income from sponsorships is recognised in the periods or against the performances to which the sponsorships relate.

Income from theatre set construction is recognised as revenue progressively based on the stage of completion.

Revenues from SA Government

Grants are recognised as revenues when the Trust obtains control over the funding. Control over grants is normally obtained upon receipt.

Net gain/loss on non-current assets

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

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

(j) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Trust 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.

(j) Expenses (continued)

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.

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

The following are specific recognition criteria:

Staff benefits expenses

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

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Trust to superannuation plans in respect of current services of current Trust staff. DTF centrally recognises its superannuation liability in the whole-of-government financial statements. Other superannuation plans receiving contributions carry their liability in respect of Trust staff in their financial statements.

Prepaid production expenses

Marketing and production expenses are recognised as an expense when the performances occur. Expenses incurred in advance of performances are deferred and shown in the financial statements as prepaid production expenses.

Depreciation and amortisation

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

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

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

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

Class of asset	*Useful life (years)*
Plant and equipment	10-25
Intangibles	5

Borrowing costs

All borrowing costs are recognised as expenses.

(k) Current and non-current classification

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

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

(l) Assets

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

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

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

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

Cash and cash equivalents
Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand. Cash is measured at nominal value.

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

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

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

Inventories
Inventories are maintained for theatre set construction, production and merchandising activities and are valued at the lower of cost or net realisable value.

The amount of any inventory write-down to net realisable value or inventory losses are recognised in the Statement of Comprehensive Income as an expense in the period the write-down or loss occurred. Any write-down reversals are also recognised in the Statement of Comprehensive Income.

Non-current assets

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

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

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

- *Revaluation of non-current assets*
  All non-current tangible assets are valued at fair value and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than $1 million and estimated useful life is greater than three years.

  Every three years, the Trust revalues its non-current assets. However if at any time, management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

  Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

  Any revaluation increment of an asset class is credited to the asset revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease in an asset class is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the asset revaluation surplus to the extent of the credit balance existing in revaluations reserve for that asset class.

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

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

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

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

  No assets were impaired during the year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 staff benefits are measured at nominal amounts.

- *Wages, salaries, annual leave and sick leave*
  The liability for salary and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date. The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

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

- *Long service leave*
  The liability for long service leave is recognised after staff have completed 5.5 years (6.5 years) of service. An actuarial assessment of long service leave undertaken by DTF based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments.

  The Trust classifies a portion of long service leave as current, based on its history of settlements.

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

When the Trust expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

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

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

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

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

3. New and revised accounting standards and policies

The Trust did not voluntarily change any of its accounting policies during 2009-10.

Except for AASB 2009-12, which the Trust has early-adopted, the AASs and interpretations that have recently been used issued or amended but are not yet effective, have not been adopted by the Trust for the period ending 30 June 2010. The Trust has assessed the impact of the new and amended standards and interpretations and considers there will be no material impact on the accounting policies for the financial statements of the Trust.

4. Revenues from SA Government

	2010	2009
Operating grants received:	$'000	$'000
Operating base	13 523	13 476
Total operating grants received	13 523	13 476
Capital grants received:		
Capital replacement	322	-
Total revenues from SA Government	13 845	13 476

The revenue derived from the Government is significant, and without it the Trust would not be able to continue its operations.

5. Revenues from fees and charges

	2010	2009
Theatre services	8 540	7 447
Ticketing	2 701	2 844
Car park	906	796
Box office	2 248	2 786
Sponsorship	724	761
Food and beverage	642	555
Other	2 033	2 238
Total revenues from fees and charges	17 794	17 427

6. Interest revenue

	2010	2009
Interest from entities within the SA Government	289	330
Total interest revenue	289	330

7. Staff benefits expenses

	2010	2009
Salaries and wages	11 217	10 433
Long service leave	301	282
Annual leave	704	696
Employment on-costs - superannuation	1 072	1 071
Employment on-costs - other	898	663
Board fees	115	83
Other employment related expenses	173	173
Total staff benefits expenses	14 480	13 401

Remuneration of staff

The number of staff whose remuneration received or receivable falls within the following bands:	2010 Number	2009 Number
$100 000 - $109 999	1	1
$110 000 - $119 999	-	2
$120 000 - $129 999	1	2
$130 000 - $139 999	1	2
$140 000 - $149 999	1	-
$150 000 - $159 999	1	1
$180 000 - $189 999	1	-
$210 000 - $219 999	-	2
$220 000 - $229 999	1	-
$290 000 - $299 999	-	1
$370 000 - $379 999	1	-
Total number of staff	8	11

The table includes all staff who received remuneration of $100 000 or more during the year. Remuneration of staff reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these staff for the year was $1.4 million ($1.7 million).

8. Supplies and services

	2010 $'000	2009 $'000
Accommodation	6 454	6 130
Advertising and marketing	1 778	2 550
Artistic production	2 672	3 985
Communications and IT	954	1 005
Finance expenses	459	307
Professional expenses	707	508
Repairs and maintenance	892	692
Sponsorship	219	162
Supplies	1 439	1 636
Travel and entertainment	174	189
Other	439	557
Total supplies and services	16 187	17 721

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

During the year operating lease payments totalled $4.2 million ($4.1 million).

The number and dollar amount of consultancies paid/ payable that fell within the following bands:	2010 Number	2010 $'000	2009 Number	2009 $'000
Below $10 000	3	8	2	13
Between $10 000 and $50 000	2	41	5	85
Above $50 000	2	228	1	90
Total paid/payable to the consultants engaged	7	277	8	188

Auditor's remuneration

	2010 $'000	2009 $'000
Audit fees paid/payable to the Auditor-General's Department	85	83
Audit fees paid/payable to Edwards Marshall for the audit of the Foundation financial report	4	4
Total audit fees	89	87

9. Depreciation and amortisation expense

	2010	2009
Depreciation:		
Plant and equipment	330	384
Amortisation:		
Intangibles	119	99
Total depreciation and amortisation expense	449	483

Net cost of disposal and recognition of non-current assets

	2010	2009
Disposal of assets:		
Works of art:		
Net book value of assets disposed	-	1
Net loss on disposal of works of art	-	1
Plant and equipment:		
Net book value of assets disposed	41	21
Net book value of assets written off	-	110
Net loss on disposal of plant and equipment	41	131

Net cost of disposal and recognition of non-current assets (continued)	2010	2009
Recognition of assets:	$'000	$'000
Value of assets not previously recognised	(245)	(106)
Total net (revenue) cost of disposal and recognition of non-current assets	(204)	26

A stocktake and valuation of certain classes of the Trust's non-current assets was carried out at 30 June 2010. Assets to the value of $245 000 ($106 000) not previously recognised and above $10 000 were added.

As at 30 June 2009 assets to the value of $110 000 with individual values below the capitalisation level of $10 000 were written off.

10. Borrowing costs

	2010	2009
	$'000	$'000
Interest paid - SA Government entities	-	49
Total borrowing costs	-	49

11. Cash and cash equivalents

Cash at bank and on hand	3 910	1 642
Cash held in trust for promoters	2 199	4 192
Total cash and cash equivalents	6 109	5 834

Interest rate risk

Cash on hand is non-interest bearing.

Cash at bank earns a floating interest rate, based on daily bank deposit rates.

The carrying amount of cash and cash equivalents represents fair value.

12. Receivables

Current:		
Receivables	1 864	1 692
Allowance for doubtful debts	(154)	(9)
Accrued interest	22	15
Total current receivables	1 732	1 698

Movement of doubtful debts

The following table shows the movement of doubtful debts.

Carrying amount at 1 July	9	10
Increase in allowances	169	13
Recovery of doubtful debts	(4)	-
Amounts written off	(20)	(14)
Carrying amount at 30 June	154	9

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 of $169 000 has been recognised in 'finance expenses' in 'Supplies and services' (note 8) for specific debtors for which such evidence exists.

Of the total receivables, the amount overdue by less than 30 days is $98 000 ($302 000) and overdue by more than 30 days is $88 000 ($73 000).

Interest rate and credit risk

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

13. Inventories

	2010	2009
	$'000	$'000
Theatre set construction work in progress at cost	91	33
Materials at cost	86	92
Total inventories	177	125

Cost of inventories

The costs recognised as an expense for raw materials and consumables is $812 000 ($937 000).

14. Other current assets

Prepaid expenses	30	29
Prepaid production expenses	281	190
Total other current assets	311	219

Prepaid production expenses

Expenses incurred in the marketing and production of performances taking place after the balance date are deferred until the performances occur.

15. Property, plant and equipment

	2010	2009
Plant and equipment:	$'000	$'000
At independent valuation	2 090	6 816
Accumulated depreciation at 30 June	(281)	(5 669)
At cost (deemed fair value)	370	881
Accumulated depreciation at 30 June	(1)	(135)
	2 178	1 893
Capital works in progress (CWIP):		
At cost	262	-
Total plant and equipment	2 440	1 893
Works of art:		
At independent valuation	7 087	7 087
At cost (deemed fair value)	5	-
Total works of art	7 092	7 087
Intangibles:		
At cost	605	564
Accumulated amortisation	(306)	(188)
Total intangibles	299	376
Total property, plant and equipment	9 831	9 356

Works of art were valued by Theodore Bruce Auctions Pty Ltd as at 30 June 2008. A valuation of plant and equipment comprising of computers, furniture, catering and theatre set construction equipment was carried out at 30 June 2009 by Valcorp Australia Pty Ltd. A valuation of theatre-related plant and equipment was carried out at 30 June 2010 by Maloney Field Services (Australia) Pty Ltd.

Reconciliation of non-current assets

The following table shows the movements of non-current assets during 2009-10.

2010	Plant & equipment	Works of art	Intangibles	CWIP	Total
	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July	1 893	7 087	376	-	9 356
Additions	370	5	42	262	679
Disposals	(41)	-	-	-	(41)
Depreciation and amortisation	(330)	-	(119)	-	(449)
Assets not previously recognised	245	-	-	-	245
Revaluation	41	-	-	-	41
Carrying amount at 30 June	2 178	7 092	299	262	9 831

Intangible additions $42 000 ($nil) were acquired.

The following table shows the movements of non-current assets during 2008-09.

2009					
Carrying amount at 1 July	2 302	7 088	192	215	9 797
Additions	-	-	-	237	237
Transfers within classes	60	-	283	(343)	-
Financial restructure	-	-	-	(109)	(109)
Disposals	(131)	(1)	-	-	(132)
Depreciation and amortisation	(384)	-	(99)	-	(483)
Assets not previously recognised	106	-	-	-	106
Revaluation	(60)	-	-	-	(60)
Carrying amount at 30 June	1 893	7 087	376	-	9 356

16. Payables

	2010	2009
Current:	$'000	$'000
Creditors	861	257
Accrued expenses	1 086	648
Amounts payable to promoters	2 199	4 192
Staff on-costs	264	286
Total current payables	4 410	5 383
Non-current:		
Staff on-costs	163	128
Total payables	4 573	5 511

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of long service leave taken as leave has not changed from the 2009 rate of 45 percent and the average factor for the calculation of employer superannuation cost on-cost has not changed from the 2009 rate of 10.5 percent. These rates are used in the employment on-cost calculation.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective staff 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.

17. Staff benefits

	2010	2009
Current:	$'000	$'000
Annual leave	895	839
Short-term long service leave	172	266
Accrued salaries and wages	400	630
Total current staff benefits	1 467	1 735
Non-current:		
Long-term long service leave	1 653	1 294
Total staff benefits	3 120	3 029

The total current and non-current staff benefits liability (ie aggregate staff benefit plus related on-costs) is $3.4 million ($3.3 million).

Based on an actuarial assessment performed by DTF, the benchmark for the measurement of long service leave liability has changed from the 2009 benchmark of 6.5 years to the benchmark of 5.5 years in 2010.

The actuarial assessment performed by DTF left the salary inflation rate unchanged at 4 percent from the 2009 year.

18. Provisions

	2010	2009
Current:	$'000	$'000
Liability for outstanding claim	295	-
Provision for workers compensation	25	23
	320	23
Non-current:		
Provision for workers compensation	81	64
Total provisions	401	87
Carrying amount at 1 July	87	79
Additional provisions recognised	22	100
Reductions arising from payments	(3)	(92)
Carrying amount at 30 June	106	87

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 Relations Division of DPC.

On 30 June a liability was recognised to reflect a payment due to WorkCoverSA. The Trust was required to cease its registration as a levy paying employer with WorkCoverSA following enactment of the *Statutes Amendment (Public Sector Employment) Act 2006*. Subsequently, WorkCoverSA has sought to impose a supplementary levy, known as a 'balancing payment' of $295 000 on the Trust. The Trust is appealing against this claim, but considers it probable the appeal will not be successful.

19. Other liabilities

	2010	2009
Current:	$'000	$'000
Theatre hire deposits	118	343
Income in advance	862	233
Total other liabilities	980	576

Income in advance

Income received for the programming, marketing and sponsorship of performances taking place after the balance date is deferred until the performances occur.

20. Equity

Asset revaluation surplus:		
Plant and equipment	4 015	3 974
Works of art	6 706	6 706
	10 721	10 680
Accumulated losses	(1 635)	(2 651)
Total equity	9 086	8 029

The asset revaluation surplus is used to record increments and decrements in the fair value of property, plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

As a result of the non-current asset revaluation at 30 June 2010 plant and equipment items previously revalued upwards were subjected to upward revaluation by $41 000.

21. Unrecognised contractual commitments

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:

	2010 $'000	2009 $'000
Within one year	4 772	3 703
Later than one year but not longer than five years	3 022	3 248
Total remuneration commitments	7 794	6 951

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

Other commitments

The Trust's other commitments are for non-cancellable maintenance agreements payable as follows:		
Within one year	464	128
Later than one year but not longer than five years	100	39
Total other commitments	564	167

Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	4 310	4 169
Later than one year but not longer than five years	17 132	16 690
Later than five years	62 715	66 925
Total operating lease commitments	84 157	87 784

The Trust's operating leases include accommodation and motor vehicle leases for fixed terms up to six years. The Trust has a 20 year lease agreement with Arts SA to rent Her Majesty's Theatre and the Festival Centre. The rent payable is determined by a combination of annual rent increases and triennial market revenues commencing 30 October 2011. The lease expires on 30 June 2028 and the Trust has a right of renewal for 10 years.

22. Contingent assets and liabilities

Contingent asset

The Trust has a collection of performing arts memorabilia (eg costumes, ballet shoes, etc) which it is presently cataloguing. It is not practicable to estimate the value of the collection until cataloguing and valuation is completed.

23. Financial restructure

Pursuant to the *Adelaide Festival Centre Trust (Financial Restructure) Amendment Act 2008* on 26 June 2008 specified land, buildings and fixtures of the Adelaide Festival Centre and Her Majesty's Theatre were transferred to the Minister for the Arts. On 25 June 2008 SA Government debts owing by the Trust were forgiven.

The Trust completed and paid for a foyer lighting upgrade during the 2009 year. This became a fixture in the building previously transferred to the Minister for the Arts.

	2010 $'000	2009 $'000
Net book value of assets transferred	-	109
Net financial restructure cost	-	109

24. Remuneration of trustees

Trustees of the Adelaide Festival Centre Trust during the year were:

Mr Barry Fitzpatrick (Chairperson)	Ms Zannie Flanagan	Ms Carolyn Mitchell
Ms Susan Clearihan	Mr Peter Goers	Mr Bill Spurr
Ms Caroline Cordeaux	Mr Ian Kowalick	Ms Joanne Staugas

The number of trustees whose remuneration received or receivable falls within the following bands was:	2010 Number	2009 Number
$0 - $9 999	2	6
$10 000 - $19 999	6	2
$20 000 - $29 999	1	-
Total	9	8

Remuneration of members reflects all costs of trustee duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by trustees was $115 000 ($83 000).

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

As a part of the duties of office, from time to time, trustees receive complimentary tickets to shows and events conducted by or through the Trust. These benefits serve to involve the trustees in the product and business that is being managed and/or involve the execution of office in liaison with external parties.

25. Cash flow reconciliation

	2010	2009
Reconciliation of cash and cash equivalents:	$'000	$'000
Statement of Financial Position	6 109	5 834
Statement of Cash Flows	6 109	5 834

Reconciliation of net cash provided by operating activities to net cost of providing services

	2010	2009
Net cash provided by (used in) operating activities	954	(3 268)
Revenues from SA Government	(13 845)	(13 476)
Non-cash items:		
Gain from disposal of non-current assets	204	-
Depreciation and amortisation expense of non-current assets	(449)	(483)
Loss on sale of disposal of non-current assets	-	(26)
Movement in assets and liabilities:		
Increase in receivables	34	390
Increase in inventories	52	40
Increase in other assets	92	217
Decrease in payables	938	1 692
(Increase) Decrease in other liabilities	(404)	2
Increase in provisions	(314)	(8)
(Increase) Decrease in staff benefits	(91)	997
Net cost of providing services	(12 829)	(13 923)

26. Controlled entity

The consolidated financial statements at 30 June 2010 include the following controlled entity:

Name of controlled entity	*Place of incorporation*
The Adelaide Festival Centre Foundation Incorporated	Australia

Significant items in the financial report of the Foundation are:	2010	2009
	$'000	$'000
Revenue	215	170
Expenses	199	183
Surplus (Deficit)	16	(13)
Cash at bank	181	183

27. Government/Non-Government split

As required by APS 4.1 of APF II, the following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. A threshold of $100 000 for separate identification of these items has been applied.

		SA Government	
		2010	2009
	Note	$'000	$'000
Revenue from fees and charges:	5		
Theatre services		2 405	1 700
Total revenue from fees and charges		2 405	1 700
Supplies and services:	8		
Accommodation		4 253	4 131
Total supplies and services		4 253	4 131
Borrowing costs:	10		
Interest paid to SA Government entities		-	49
Total borrowing costs		-	49
Receivables:	12		
Receivables		56	72
Accrued interest		22	15
Total receivables		78	87
Payables:	16		
Current:			
Creditors		6	24
Accrued expenses		115	83
Amounts payable to promoters		1 131	1 074
Employment on-costs		130	134
		1 382	1 315
Non-current:			
Employment on-costs		86	67
Total payables		1 468	1 382

ADELAIDE FESTIVAL CORPORATION

FUNCTIONAL RESPONSIBILITY

Establishment

The Adelaide Festival Corporation (the Corporation) is a body corporate established pursuant to the *Adelaide Festival Corporation Act 1998* (AFC Act). The Corporation is an instrumentality of the Crown. The Board of the Corporation is responsible to the Minister for the Arts.

Functions

The main function of the Corporation is to conduct the Adelaide Festival of Arts. For details of the Corporation's functions refer note 1 of the financial statements.

The Adelaide Festival of Arts is a biennial event with 2010 being a Festival year.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

The Auditor-General audits the accounts of the Corporation pursuant to subsection 31(1)(b) of the PFAA and subsection 19(3) of the AFC Act.

Assessment of controls

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

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

Scope of audit

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

During 2009-10, specific areas of audit attention included:

- revenue, including cash receipting and debtors
- expenditure, including accounts payable and salaries and wages
- general ledger
- contracts
- budgetary control.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Adelaide Festival Corporation as at 30 June 2010, 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 Adelaide Festival Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to procurement and accounts payable as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Adelaide Festival Corporation have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the officers responsible for the governance of the Corporation. The response to the management letter was considered to be satisfactory. Major matters raised with the Corporation and the related responses are detailed below.

Procurement

The Corporation undertook a single (its first) select tender process during the year. An audit of the process revealed non-compliance with documentation guidelines issued by the State Procurement Board. In particular, documentation of tender scores against the evaluation criteria needed improvement and there was no purchase recommendation which outlined the results of the evaluation of tenders, the tender process followed and the final tender recommendation. In addition, no signed contract with the supplier could be located. In response the Corporation indicated that it would use the experience gained from the process if a similar tender process is undertaken in the future.

Accounts payable

The audit found that compliance with TI 8 requirements for the approval of high value purchase orders and payments could be improved. The Corporation indicated that action would be taken to ensure appropriate processes are followed in the future.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Given the biennial nature of the Adelaide Festival of Arts, the financial results for the event are recorded mainly over a cycle of two financial years.

In reviewing the financial performance of the Corporation it should be noted that, although the predominant role of the Corporation is to conduct the Adelaide Festival of Arts, its functions also extend to the promotion and conduct of other festivals and events such as Writers' Week and the Festival of Ideas. The Statement of Comprehensive Income includes the expenses and income associated with these events as well as the Adelaide Festival of Arts.

The following interpretation and analysis is based on the biennial financial results of the Corporation. A comparison of the last two biennial periods is provided in note 22.

Biennial operating result

As shown in note 22, the biennial result for the Corporation for the 2009 and 2010 financial years was a surplus of $372 000 compared with a surplus of $534 000 for the previous biennial period.

Income

For the 2010 biennial period, income totalled $16 million, an increase of $1.5 million compared to the previous biennial period. The increase was due mainly to grants from government, up $1.4 million and other grants, up $236 000 offset by a decrease in sponsorship of $134 000.

Expenses

Expenses increased by $1.7 million to $15.6 million mainly as a result of the cost of programmed events.

Income and expenses for the 2010 and 2008 biennial periods are shown in the following table:

	2010 $'million	**2010 percent**	2008 $'million	2008 percent
Income				
Grants from government	**8.5**	**53**	7.1	49
Box office	**2.5**	**16**	2.5	17
Sponsorship	**2.3**	**14**	2.4	17
Other	**2.7**	**17**	2.5	17
Total	**16.0**	**100**	14.5	100
Expenses				
Programmed events	**8.4**	**54**	6.8	49
Staff costs	**3.7**	**24**	3.4	24
Marketing	**1.4**	**9**	1.5	11
Administration	**1.4**	**9**	1.4	10
Other	**0.7**	**4**	0.8	6
Total	**15.6**	**100**	13.9	100
Surplus	**0.4**		0.6	

As can be seen from the foregoing table the Corporation is heavily reliant on grants from the State Government to fund its operations. Those funds represented 53 percent of total income for the 2010 biennial period, an increase of 4 percent from the previous biennial period. The cost of programmed events also increased 5 percent and represented the major cost of the Corporation, being 54 percent of total cost for the biennial period.

Statement of Financial Position

As at 30 June 2010 the Corporation had net assets of $830 000 compared to $1.2 million at the same time the previous year. The fluctuation in net assets reflects the reduction in cash and cash equivalents as at 30 June 2010 consistent with the biennial nature of the Adelaide Festival of Arts.

Statement of Comprehensive Income
for the year ended 30 June 2010

	Note	**2010 $'000**	2009 $'000
EXPENSES:			
Staff benefits expenses	3	**2 438**	1 223
Supplies and services:			
Administration and marketing expenses	4	**2 599**	629
Programmed events	5	**8 439**	263
Total supplies and services	6	**11 038**	892
Total expenses		**13 476**	2 115
INCOME:			
Grants from non-SA Government	7	**733**	103
Box office		**2 510**	-
Interest		**123**	67
Sponsorship - corporate		**1 064**	454
Sponsorship - government		**675**	75
Other income	8	**1 553**	111
Total income		**6 658**	810
Net cost of providing services		**(6 818)**	(1 305)
Revenues from SA Government	7	**6 498**	1 997
NET RESULT		**(320)**	692
TOTAL COMPREHENSIVE RESULT		**(320)**	692

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

Statement of Financial Position
as at 30 June 2010

	Note	**2010 $'000**	2009 $'000
ASSETS:			
CURRENT ASSETS:			
Cash and cash equivalents	9	**893**	1 206
Receivables	10	**572**	515
Total current assets		**1 465**	1 721
NON-CURRENT ASSETS:			
Plant and equipment	11	**95**	120
Total non-current assets		**95**	120
Total assets		**1 560**	1 841
LIABILITIES:			
CURRENT LIABILITIES:			
Payables	12	**400**	441
Staff benefits	13	**82**	61
Provisions	14	**90**	40
Total current liabilities		**572**	542
NON-CURRENT LIABILITIES:			
Payables	12	**22**	31
Staff benefits	13	**136**	118
Total non-current liabilities		**158**	149
Total liabilities		**730**	691
NET ASSETS		**830**	1 150
EQUITY:			
Retained earnings		**830**	1 150
TOTAL EQUITY		**830**	1 150

Total equity is attributable to the SA Government as owner

	Note
Unrecognised contractual commitments	18
Contingent assets and liabilities	19

Statement of Changes in Equity
for the year ended 30 June 2010

	Retained earnings $'000
Balance at 30 June 2008	458
Total comprehensive result for 2008-09	692
Balance at 30 June 2009	1 150
Total comprehensive result for 2009-10	(320)
Balance at 30 June 2010	**830**

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

Statement of Cash Flows
for the year ended 30 June 2010

	Note	2010 Inflows (Outflows) $'000	2009 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Staff payments		**(2 392)**	(1 178)
Supplies and services		**(10 604)**	(1 120)
GST paid to ATO		**(84)**	(39)
Cash used in operations		**(13 080)**	(2 337)
CASH INFLOWS:			
Receipts from government		**6 498**	1 997
Receipts from patrons, sponsors, donors and others		**5 409**	590
Receipts from Commonwealth		**698**	292
Interest received		**123**	67
GST recovered from ATO		**91**	100
Cash generated from operations		**12 819**	3 046
Net cash (used in) provided by operating activities	15	**(261)**	709
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of plant and equipment		**(52)**	(49)
Cash used in investing activities		**(52)**	(49)
Net cash used in investing activities		**(52)**	(49)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(313)**	660
CASH AND CASH EQUIVALENTS AT 1 JULY		**1 206**	546
CASH AND CASH EQUIVALENTS AT 30 JUNE	9	**893**	1 206

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Functions of the Adelaide Festival Corporation

The functions of the Adelaide Festival Corporation (the Corporation), as prescribed under the *Adelaide Festival Corporation Act 1998* are to:

(a) conduct in Adelaide and other parts of the State the multifaceted arts event that is known as the Adelaide Festival of Arts

(b) continue and further develop the Adelaide Festival of Arts as an event of international standing and excellence

(c) conduct or promote other events and activities

(d) provide advisory, consultative, managerial or support services within areas of the Corporation's expertise

(e) undertake other activities that promote the arts or public interest in the arts, or that otherwise involve an appropriate use of its resources

(f) carry out other functions assigned to the Corporation by or under the *Adelaide Festival Corporation Act 1998* or any other Act, or by the Minister.

2. Statement of significant accounting policies

2.1 Basis of accounting

The general purpose financial statements have been prepared in accordance with applicable AASs and TIs and APSs promulgated under the provisions of the PFAA. Except for the amendments to AASB 2009-12 which the Corporation has early adopted, AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Corporation for the reporting period ending 30 June 2010. The Corporation has assessed the impact of the new and amended standards and there will be no impact on the accounting policies of the Corporation.

2.1 *Basis of accounting (continued)*

The financial statements have been prepared on the accrual basis of accounting and in accordance with conventional historical cost principles except where stated.

The financial statements are presented in Australian currency and all amounts have been rounded to the nearest thousand dollars ($'000).

2.2 *Foreign exchange*

Transactions in foreign currencies are translated at rates of exchange applicable at the date the foreign currency is acquired. Gains or losses arising from translation are taken directly to revenues or expenses.

2.3 *Staff benefits*

Pursuant to a proclamation, the *Statutes Amendment (Public Sector Employment) Act 2006* (PSE Act) came into operation on 1 April 2007. The PSE Act amended the employment provisions of the *Adelaide Festival Corporation Act 1998* to provide that the chief executive of DPC is to be the employing authority of all staff of the Corporation. Prior to the operation of the PSE Act, the Corporation had the power to appoint staff.

Consistent with the PSE Act, the chief executive of DPC has delegated all of his powers and functions relating to the employment of staff to the Corporation. The Treasurer, pursuant to the PSE Act, has also issued a direction to the Corporation to make payments with respect to any matter arising in connection with the employment of a person under the *Adelaide Festival Corporation Act 1998*.

Provision has been made in the financial report for the Corporation's liability for staff entitlements arising from services rendered by staff to balance date. Related on-costs consequential to the employment of staff have been included in payables.

Salaries and wages

Salaries and wages have been recognised as the amount unpaid at the reporting date and have been calculated at nominal amounts based on current wage and salary rates.

Annual leave

Provision has been made for the unused component of annual leave at balance date. The provision has been calculated at nominal amounts based on current salary rates plus a provision for increase of 4 percent.

Sick leave

No provision has been made in respect of sick leave. As sick leave taken by staff is considered to be taken from the current year's accrual, no liability is recognised.

Long service leave

Provision has been made for staff entitlements to long service leave based on a benchmark of 5.5 years (6.5 years) service and represents the present value of the estimated future cash flows to be made for those entitlements. This provision has been calculated at nominal amounts based on current salary rates. The impact of the change in benchmark has been an increase in liability of $6000.

Superannuation

Contributions are made by the Corporation to a number of 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 superannuation schemes. The only liability outstanding at balance date relates to any contributions due but not yet paid to the superannuation schemes.

2.4 *Workers compensation*

As a consequence of the operation of the PSE Act, the Corporation was no longer able to be registered as a non-exempt employer with WorkCoverSA under subsection 59(1) of the WRCA. The Corporation deregistered from October 2007 and is recognised as an exempt (self insured) employer.

Prior to the change in employer status, the Corporation made contributions to WorkCoverSA and no liability for payment to claimants was recorded in the accounts as this was the assumed responsibility of WorkCoverSA. Since becoming an exempt (self insured) employer, the Corporation makes smaller contributions to WorkCoverSA and is required to recognise in the accounts a liability for outstanding workers compensation claims if applicable.

For the period 1 July 2009 to 30 June 2010, the Corporation had not incurred any known workers compensation claims. Based on the Corporation's assessment, a provision for possible retrospective workers compensation liabilities has been included as at 30 June 2010 (note 14).

2.5 *Income tax*

The income of the Corporation is exempt from income tax.

2.6 Plant and equipment

Office furniture and equipment is valued at cost.

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Depreciation of office furniture and equipment is calculated using the straight-line method of allocation over a useful life of four years and is recognised from the date of acquisition.

2.7 Leasehold improvements

Leasehold improvements have been valued at cost and amortised over the length of the lease (six years).

2.8 Deferred rent incentive

The Corporation received a rent incentive on its new premises lease, to be taken as a rent free period within the first two years of the lease. The benefit of this will be recorded as a reduction of rental expense over the lease term on a straight-line basis.

2.9 Revenue recognition

Operating and performing arts grants

In accordance with APF V, all grants are recognised as revenue when received.

Sponsorship, sundry income and interest

All income of this nature is recognised as revenue as it accrues.

Some sponsorship is received as resources in kind which is valued at fair value.

Donations

All income of this nature is recognised as revenue when received.

2.10 Economic dependency

The normal business activity of the Corporation is dependent on the contribution of grants from the State at the appropriate levels. The State Government has advised that funding will be maintained and accordingly this financial report has been prepared on a going concern basis.

2.11 Comparative figures

Where applicable, comparative amounts have been adjusted to conform with changes in presentation and classification in the current financial year.

			2010	2009
		Note	$'000	$'000
3.	**Staff expenses**			
	Salaries and wages		2 051	997
	Long service leave		28	44
	Annual leave		9	(10)
	Staff on-costs - superannuation		171	93
	Staff on-costs - other		108	41
	Board fees	21	71	58
			2 438	1 223
4.	**Administration and marketing expenses**			
	Marketing		1 291	96
	Property lease	18	132	119
	Development		439	9
	Insurance		91	4
	Communications		38	33
	Depreciation/amortisation	11	77	75
	Operating leases		17	26
	Artistic directorate		182	201
	Other expenses		332	66
			2 599	629
5.	**Programmed events**			
	Festival of Ideas 2009		179	108
	Writers' Week 2010		469	6
	Festival of Arts 2010		7 791	149
			8 439	263
6.	**Supplies and services**			
	Supplies and services provided by entities within the SA Government:			
	Insurance		6	4
	Audit		25	24
	Motor vehicle expense		3	-
	Programmed events		719	-
	Total supplies and services - SA Government entities		753	28

6. Supplies and services (continued)

	2010 $'000	2009 $'000
Supplies and services provided by entities external to the SA Government:		
Administration and marketing	2 568	651
Programmed events	7 717	213
Total supplies and services - non-SA Government entities	10 285	864
Total supplies and services	11 038	892

7. Grants from government

	2010	2009
Grants from SA Government	6 498	1 997
Commonwealth grants	698	103
Grants from overseas governments	35	-
Grants from non-SA Government	733	103

8. Other income

	2010	2009
Sponsorship - contra	372	-
Sundry	735	24
Book and merchandise sales	329	10
Friends membership	61	28
Donations	56	49
	1 553	111

9. Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand, at bank and on deposit.

	2010	2009
Cash on hand	2	3
Cash at bank	279	333
SAFA deposit	612	870
	893	1 206

Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.

All deposited funds attract interest. Rates are determined by the bank and SAFA. The interest rate as at 30 June 2010 was as 1 percent at Adelaide Bank; 1 percent at Bank SA and 4.65 percent at SAFA. Interest is paid monthly.

10. Receivables

	2010 $'000	2009 $'000
Trade debtors	65	437
Prepayments and accrued revenue	315	78
Other receivables (GST)	192	-
	572	515

Standard credit terms are 30 days.

Receivables are recognised at their nominal amounts and are non-interest bearing. Amounts are recognised when services are provided. Collectability of debts is assessed at balance date with any bad debts being written off prior to balance date. All amounts are attributed to non-SA Government entities and are expected to be recovered within 12 months from 30 June 2010.

11. Plant and equipment

	2010 $'000	2009 $'000
(a) Office equipment and furniture at cost	308	256
Accumulated depreciation	(233)	(217)
Written down value	75	39
(b) Leasehold improvements	334	334
Accumulated amortisation	(314)	(253)
Written down value	20	81
Total plant and equipment written down value	95	120

(c) Reconciliation of carrying amounts of plant and equipment

	2010	2009
Balance at 1 July	590	656
Additions (plant and equipment)	52	31
Additions (leasehold improvements)	-	18
Disposals (plant and equipment)	-	(115)
Balance at 30 June	642	590
Accumulated depreciation/amortisation:		
Balance at 1 July	470	510
Amortisation expense (leasehold improvements)	61	59
Depreciation expense (plant and equipment)	16	16
Accumulated depreciation on disposals (plant and equipment)	-	(115)
Balance at 30 June	547	470
Net book value	95	120

12. Payables

	2010	2009
Current:	$'000	$'000
Trade creditors and accruals	375	391
Staff on-costs	12	10
Deferred rent incentive	13	40
	400	441
Non-current:		
Staff on-costs	22	18
Deferred rent incentive	-	13
	22	31

Creditors are generally paid within 30 days.

Creditors are recognised at their nominal amounts and are non-interest bearing. Liabilities are recognised once the goods or services have been received. All current trade creditors are non-SA Government entities and are expected to be paid within 12 months from 30 June 2010.

13. Staff benefits

	Note	2010	2009
(a) Staff benefits		$'000	$'000
Current:			
Accrued salaries and wages		7	5
Annual leave		65	56
Long service leave		10	-
		82	61
Non-current:			
Long service leave		136	118
		136	118
(b) Staff benefits and related on-cost liabilities			
Accrued salaries:			
On-costs included in payables - current	12	1	1
Provision for staff benefits - current	13(a)	7	5
		8	6
Annual leave:			
On-costs included in payables - current	12	10	9
Provision for staff benefits - current	13(a)	65	56
		75	65
Long service leave:			
On-costs included in payables - current and non-current	12	23	18
Provision for staff benefits - current and non-current	13(a)	146	118
		169	136
Aggregate staff benefits and related on-cost liabilities		252	207

14. Provisions

	2010	2009
Current:		
Provision for workers compensation	40	40
Provision for unsettled ATO FBT investigation	50	-
Total provisions	90	40

The provision of $50 000 for FBT relates to a widespread ATO investigation into the treatment of a specific exemption claimed in earlier years.

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

	2010	2009
Net result	(320)	692
Items not involving cash:		
Depreciation/amortisation	77	75
Deferred rent incentive	(40)	(40)
Changes in assets and liabilities:		
Increase in receivables	(57)	(169)
(Decrease) Increase in payables	(10)	112
Increase in provision for staff benefits	39	39
Increase in provisions	50	-
Net cash (used in) provided by operating activities	(261)	709

16. Remuneration to auditors

The amount due to and receivable by the Auditor-General's Department for auditing the accounts for the year was $25 000 ($24 000).

The auditors provided no other services.

17. Consultancies

During the year, the board engaged consultants to assist in its operation. The costs of these consultancies was $38 000 ($2000).

The number of consultancies which fell within the following bands were:	2010 Number	2009 Number
$0 - $9 999	3	2
$20 000 - $29 999	1	-

18. Unrecognised contractual commitments

Operating leases	2010 $'000	2009 $'000
Commitments under non-cancellable operating leases at the reporting date are payable as follows:		
Not later than one year	4	16
Later than one year and not later than five years	-	4
	4	20

These operating lease commitments are not recognised in the financial report as liabilities.

The equipment leases are non-cancellable, payable monthly in advance.

The current property lease commenced 1 November 2004 for a six year period. The gross rental payable on the remainder of the lease is $40 000. Property lease commitments have been excluded from the above figures.

A fitout incentive of $239 000 was included in the lease to be taken as a rent free period within the first two years of the term of the lease. (Refer note 2.8).

Finance lease

Future minimum lease payments under a single finance lease together with the present value of net minimum lease payments are as follows:

	2010 $'000	2009 $'000
Not later than one year	-	7
	-	7

19. Contingent assets and liabilities

As at 30 June 2010 there were no contingent liabilities.

20. Remuneration of staff

The number of staff whose total remuneration fell within the following bands:	2010 Number	2009 Number
$100 000 - $109 999	2	2
$140 000 - $149 999	-	1
$150 000 - $159 999	1	-
$180 000 - $189 999	-	1
$190 000 - $199 999	1	-

The aggregate remuneration referred to in the above table for staff who received remuneration of $100 000 or more during the year is $550 000 ($548 000).

21. Remuneration of board members

Remuneration of the board members fell between the following bands:	2010 Number	2009 Number
$nil	2	2
$1 - $9 999	1	1
$10 000 - $19 999	5	4

The aggregate remuneration referred to in the above table for board members is $74 000 ($63 000).

The aggregate superannuation paid on behalf of the board members referred to above was $3000 ($5000).

As at 30 June 2010 one member of the board, who is a government employee, received no sitting fees from the Corporation. Related to the board member remuneration stated above, fees totalling $34 000 were donated back to the Festival ($nil).

The board members are appointed by the Governor in accordance with the *Adelaide Festival Corporation Act 1998*.

During the period, the following persons occupied the position of board members of the Corporation:

Mr Richard Ryan AO
Ms Tammie Pribanic
Mr Graham Walters AM
Mr Joseph Cullen (appointed November 2009)
Ms Amanda Blair (ceased April 2010)
Ms Carol Treloar
Mrs Beverly Brown OAM
Ms Christabel Anthoney (appointed May 2010)

21. Remuneration of board members (continued)

As part of the duties of office, from time to time, board members receive complimentary tickets to shows or events conducted by the Corporation. These benefits serve to involve the board members in the product and business that is being managed and/or involve the execution of office in liaison with external parties.

22. Comparison of biennial periods

The following table highlights the operating result of the Corporation with comparisons of the biennial period 1 July 2006 to 30 June 2008 and 1 July 2008 to 30 June 2010 which covers the periods of operation relating to the Adelaide Festival and other projects.

	Financial years	
	2009 and 2010	2007 and 2008
Revenues:	$'000	$'000
Grants from government	8 495	7 061
Other grants	836	600
Box office	2 510	2 548
Sponsorship	2 268	2 402
Interest	190	269
Donations	105	67
Other income	1 559	1 526
Total revenues	15 963	14 473
Expenses:		
Administration	1 393	1 442
Development	448	401
Marketing	1 387	1 498
Festival of Ideas	287	393
Programmed events	8 415	6 805
Staff costs	3 661	3 400
Total expenses	15 591	13 939
Corporate surplus form biennial period operations	372	534

The two financial years reported in the Statement of Comprehensive Income (2009 and 2010) cover the whole of the period of the development and presentation of the 2010 Adelaide Festival, resulting in an overall surplus for the biennial Festival of $372 000.

ART GALLERY BOARD

FUNCTIONAL RESPONSIBILITY

Establishment

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

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Subsection 31(1)(b) of the PFAA and subsection 26(2) of the *Art Gallery Act 1939* provide for the Auditor-General to audit the accounts of the Board for each financial year.

Assessment of controls

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

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

Scope of audit

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

During 2009-10, specific areas of audit attention included:

- expenditure, including accounts payable and payroll
- revenue, including receipting and banking and bequests and donations
- budgetary control and management reporting
- property, plant and equipment
- heritage collections.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Art Gallery Board as at 30 June 2010, 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 the matter of the implementation of TIs 2 and 28, as 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

The need to ensure compliance with TIs 2 and 28 was raised in a management letter to the Acting Director of the Board. This matter is commented further hereunder.

Implementation of TIs 2 and 28

In 2008-09, Audit recommended that the Board consult with DPC, which provides business support, with a view to seeking assistance to ensure compliance with TIs 2 and 28. In 2009-10, Audit sought comment on arrangements and time frames, if any, that were in place between the Board and DPC with specific reference to TIs 2 and 28. The response stated that the matter has been discussed with DPC and assistance was requested. The matter is still pending and the Board has not received notification of specific time frames to enable the matter to be progressed.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements

	2010	2009
	$'million	$'million
EXPENSES		
Staff benefits	**4**	4
Other expenses	**8**	7
Total expenses	**12**	11
INCOME		
State Government grants	**8**	6
Other income	**9**	8
Total income	**17**	14
Net result and total comprehensive result	**5**	3
NET CASH PROVIDED BY OPERATING ACTIVITIES	**4**	2
ASSETS		
Current assets	**4**	3
Non-current assets	**656**	652
Total assets	**660**	655
LIABILITIES		
Current liabilities	**1**	1
Non-current liabilities	**1**	1
Total liabilities	**2**	2
TOTAL EQUITY	**658**	653

Statement of Comprehensive Income

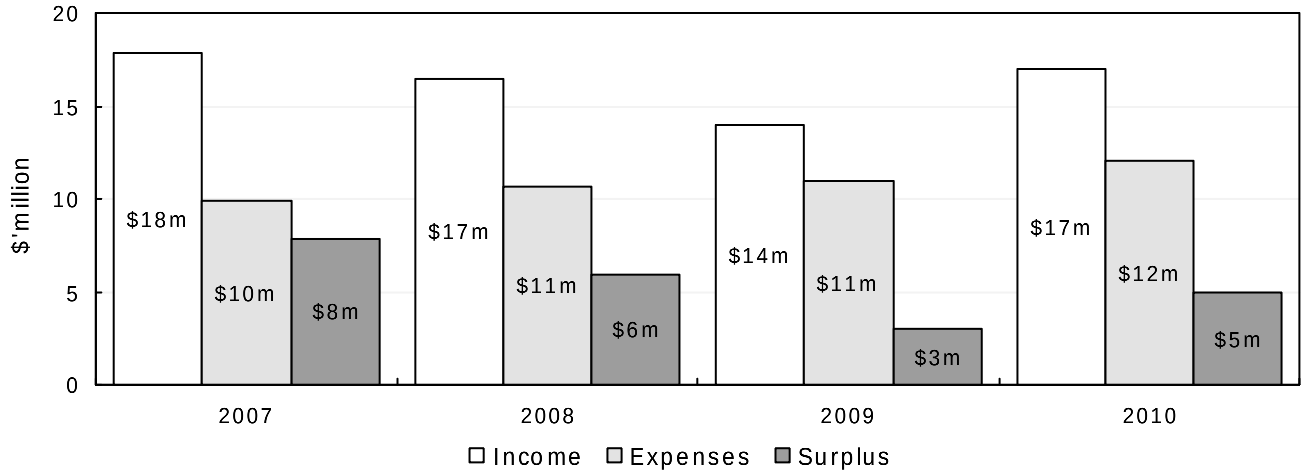
Income

Income for the year totalled $16.6 million ($14 million). The increase is attributable mainly to increased revenue from government of $2 million.

Net result

The net result for the year was a surplus of $4.7 million ($2.6 million). The increase of $2 million in revenues from government is the major contributing fact to the increased surplus for 2010.

The following chart shows the income, expenses and surpluses for the four years to 2010.



Statement of Financial Position

The total assets of the Board at 30 June 2010 were $660 million, of which $619 million (94 percent) relates to the Board's heritage collections.

Statement of Cash Flows

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

	2010 **$'million**	2009 $'million	2008 $'million	2007 $'million
Net cash flows				
Operating	**4**	2	3	3
Investing	**(3)**	(3)	(4)	(2)
Financing	**-**	-	-	-
Change in cash	**1**	(1)	(1)	1
Cash at 30 June	**3**	2	3	4

Statement of Comprehensive Income
for the year ended 30 June 2010

	Note	2010	2009
EXPENSES:		**$'000**	$'000
Staff benefits	4	**3 915**	3 715
Supplies and services	6	**4 449**	4 342
Accommodation and facilities	7	**2 375**	2 160
Depreciation	8	**1 129**	1 202
Net loss from the disposal of non-current assets	14	**-**	2
Total expenses		**11 868**	11 421
INCOME:			
Sale of goods		**862**	1 086
Fees and charges	10	**702**	819
Bequests and donations		**2 831**	1 352
Donations of heritage assets		**1 428**	1 766
Grants	9	**373**	757
Sponsorships	11	**1 028**	793
Resources received free of charge	12	**506**	595
Interest and investment income	13	**409**	493
Rent and facilities hire		**295**	362
Net gain from the disposal of non-current assets	14	**95**	-
Other	15	**168**	191
Total income		**8 697**	8 214
NET COST OF PROVIDING SERVICES		**3 171**	3 207
REVENUES FROM SA GOVERNMENT:			
Recurrent operating grant		**6 344**	5 680
Capital grant		**1 516**	141
Total revenues from SA Government		**7 860**	5 821
NET RESULT		**4 689**	2 614
TOTAL COMPREHENSIVE RESULT		**4 689**	2 614

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

Statement of Financial Position
as at 30 June 2010

	Note	2010 $'000	2009 $'000
CURRENT ASSETS:			
Cash and cash equivalents	17	**3 477**	2 369
Receivables	18	**400**	368
Inventories		**808**	733
Total current assets		**4 685**	3 470
NON-CURRENT ASSETS:			
Property, plant and equipment	19	**33 131**	32 725
Heritage collections	20	**619 315**	615 637
Investments	21	**3 355**	3 544
Total non-current assets		**655 801**	651 906
Total assets		**660 486**	655 376
CURRENT LIABILITIES:			
Payables	22	**913**	658
Staff benefits	23	**446**	408
Provisions	24	**48**	46
Other	25	**61**	-
Total current liabilities		**1 468**	1 112
NON-CURRENT LIABILITIES:			
Payables	22	**56**	52
Staff benefits	23	**563**	525
Provisions	24	**155**	132
Total non-current liabilities		**774**	709
Total liabilities		**2 242**	1 821
NET ASSETS		**658 244**	653 555
EQUITY:			
Retained earnings		**409 040**	404 351
Asset revaluation surplus		**249 204**	249 204
TOTAL EQUITY		**658 244**	653 555

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	26
Contingent assets and liabilities	27

Statement of Changes in Equity for the year ended 30 June 2010

	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2008	249 204	401 737	650 941
Net result for 2008-09	-	2 614	2 614
Total comprehensive result for 2008-09	-	2 614	2 614
Balance at 30 June 2009	249 204	404 351	653 555
Net result for 2009-10	-	4 689	4 689
Total comprehensive result for 2009-10	-	4 689	4 689
Balance at 30 June 2010	**249 204**	**409 040**	**658 244**

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

Statement of Cash Flows
for the year ended 30 June 2010

	Note	**2010 Inflows (Outflows) $'000**	2009 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Staff benefits		**(3 582)**	(3 545)
Supplies and services		**(3 417)**	(3 329)
Accommodation and facilities		**(2 489)**	(1 963)
Cash used in operations		**(9 488)**	(8 837)
CASH INFLOWS:			
Sale of goods		**840**	1 075
Fees and charges		**600**	818
Bequests and donations		**2 661**	1 352
Grants		**420**	710
Sponsorships		**449**	230
Interest and investment income		**438**	535
Rent and facilities hire		**273**	304
Other receipts		**184**	192
Cash generated from operations		**5 865**	5 216
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		**7 860**	5 821
Cash generated from SA Government		**7 860**	5 821
Net cash provided by operating activities	28	**4 237**	2 200
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of heritage collections		**(2 034)**	(3 382)
Purchase of investments		**(15)**	(319)
Purchase of property, plant and equipment		**(1 563)**	(164)
Cash used in investing activities		**(3 612)**	(3 865)
CASH INFLOWS:			
Proceeds from sales/maturities of investments		**483**	400
Cash generated from investing activities		**483**	400
Net cash used in investing activities		**(3 129)**	(3 465)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**1 108**	(1 265)
CASH AND CASH EQUIVALENTS AT 1 JULY		**2 369**	3 634
CASH AND CASH EQUIVALENTS AT 30 JUNE	28	**3 477**	2 369

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Art Gallery Board

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

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.

1. Objectives of the Art Gallery Board (continued)

- research and evaluate the collections, and to make the collections and documentation accessible to others for the purposes of research, 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.

Except for AASB 2009-12, which the Board has early-adopted, 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 2010. These are outlined in note 3.

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Board's accounting policies. The areas involving a higher degree of judgement 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 $100 000 or more (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly, by the entity to those staff

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

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

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

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

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

2.3 Sources of funds

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

2.4 *Income and Expenses*

Income and expenses are recognised in the Board's Statement of Comprehensive Income 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 (note 12) and a corresponding amount included as conservation work expenditure in supplies and services (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 (note 12) and a corresponding amount included as a business services charge in supplies and services (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 Bank SA. 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.

The ability to collect trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the 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 2006. The heritage collections are large and diverse. They include many items that are complex to value given considerations of market value and their uniqueness.

The Board adopted the following methodology for valuing heritage assets held as at 30 June 2006:

- works of art were valued by the appropriate internal curator and external valuers either by valuing all items or establishing an average value through representative sampling. In the event of variations between the values the following policy was adopted:

  (i) Where there was disagreement between the internal and external valuation, the higher valuation was recorded as the correct valuation unless the difference in the valuation was substantial and greater than 50 percent in which case the average of the two valuations was recorded as the correct valuation.

  (ii) Where there was minor disagreement between the internal and external valuation, the higher valuation was recorded if provided by the external valuer.

  (iii) When the external valuation was lower than the internal, and when the difference in the two valuations was substantial and greater than 50 percent, the average of the two valuations was recorded as the correct valuation.

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

Collection	*Industry expert*
Australian paintings and sculptures	Ms J Hylton and Ms S Thomas
Australian and European decorative arts	Mr K Rayment
Asian art	Mr D Richards, Mr B Lynch and Mr D Button
European art:	
European collection pre 1850	Mr P Matthiesen and Mr A Tumble
British collection and European collection post 1850	Mr P Nahum
Numismatics	Mr G Morton
Krichauf and Murray stamp collection	Mr B Parker

All collection items with a value greater than $350 000 were valued individually.

The Research Library collections were valued by sampling 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.

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 asset 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

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, long service leave 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 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.

Long service leave

A liability for long service leave is recognised after a staff member has completed 5.5 years of service. An actuarial assessment of long service leave, undertaken by DTF based on a significant sample of employees throughout the South Australian public sector, determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the 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.

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

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

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

Details of the impact, where significant, on the Board's financial statements from new and amended AASs that are applicable for the first time in 2009-10 are detailed below.

Except for AASB 2009-12, which the Board has early-adopted, the 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 2010. 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

	2010 $'000	2009 $'000
Salaries and wages	3 033	2 934
Annual leave	42	29
Payroll tax	180	170
Long service leave	167	100
Superannuation	335	334
Board fees	83	99
Other staff related expenses	75	49
Total staff benefits	3 915	3 715

Remuneration of staff

The number of staff whose remuneration received or receivable falls within the following bands:	2010 Number	2009 Number
$100 000 - $109 999	1	-
$110 000 - $119 999	-	1
$120 000 - $129 999	1	-
$160 000 - $169 999	1	-
$190 000 - $199 999	-	1
Total number of staff	3	2

The table includes all staff who received remuneration of $100 000 or more during the year. Remuneration of staff reflects all costs including salaries and wages, superannuation contributions, FBT and other salary sacrifice benefits. The total remuneration received by these staff members for the year was $393 000 ($304 000).

TVSPs

There were no TVSPs paid in 2009-10 or 2008-09.

5. Remuneration of board members

Members that were entitled to receive remuneration for membership during 2009-10 financial year were:

Mr M Abbott, QC (Chairman)
Mr A W Gwinnett (Deputy Chairman - appointed 8 February 2010)
Ms C S Tweddell (Deputy Chairman - term expired 13 July 2009)
Ms A Edwards
Ms F Gerard
Ms S Sdraulig
Mr P Speakman (term expired 20 August 2009)
Mr P Ward (term expired 7 February 2010)
Ms T Whiting
Mr R Whitington, QC (appointed 19 November 2009)
Ms Z Winser (appointed 19 November 2009)

The number of board members whose remuneration received or receivable falls within the following bands:	2010 Number	2009 Number
$0 - $9 999	6	2
$10 000 - $19 999	5	6
$20 000 - $29 999	-	1
Total number of board members	11	9

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 $91 000 ($108 000).

Amounts paid to superannuation plans for board members were $7000 ($9000).

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

	2010	2009
Supplies and services provided by entities external to the SA Government:	$'000	$'000
Administration expenses	457	499
Conservation work	34	41
Consultants' fees	86	1
Contractors' fees	32	11
Cost of goods sold	366	561
Entertainment	43	32
Fees - exhibitions and publications	235	28
Information technology	36	91
Inventory written off	16	-
Maintenance	15	9
Marketing and promotion	1 095	1 082
Minor equipment purchases and leasing	178	61
Preservation activities	75	98
Projects	31	8
Tours	22	7
Travel and accommodation	106	128
Valuation expenses	19	43
Other	215	238
Total supplies and services - non-SA Government entities	3 061	2 938
Supplies and services provided by entities within the SA Government:		
Administration expenses	61	63
Business services charge	161	163
Conservation work	383	519
EDS charges	64	11
Insurance and risk management	488	488
Information technology	22	8
Maintenance	85	57
Marketing and promotion	18	16
Motor vehicle expenses	28	19
Other	78	60
Total supplies and services - SA Government entities	1 388	1 404
Total supplies and services	4 449	4 342

Payments to consultants

	2010		2009	
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	1
Between $10 000 and $50 000	2	86	-	-
Total paid/payable to the consultants engaged	2	86	1	1

		2010	2009
7.	**Accommodation and facilities**		
	Accommodation and facilities provided by entities external to the SA Government:	$'000	$'000
	Accommodation	593	496
	Facilities	203	148
	Security	1 038	1 074
	Total accommodation and facilities - non-SA Government entities	1 834	1 718
	Accommodation and facilities provided by entities within the SA Government:		
	Accommodation	59	63
	Facilities	473	371
	Security	9	8
	Total accommodation and facilities - SA Government entities	541	442
	Total accommodation and facilities	2 375	2 160
8.	**Depreciation**		
	Buildings and improvements	1 161	1 131
	Plant and equipment	(32)	71
	Total depreciation	1 129	1 202
9.	**Grants**		
	Grants received/receivable from entities external to SA Government:		
	Commonwealth government - recurrent	95	339
	Other external grants - recurrent	263	403
	Total grants - non-SA Government entities	358	742
	Grants received/receivable from entities within SA Government:		
	State government - recurrent	15	15
	Total grants - SA Government entities	15	15
	Total grants	373	757
10.	**Fees and charges**		
	Fees and charges received/receivable from entities external to SA Government:		
	Fees for services	306	295
	Admissions to temporary exhibitions	396	524
	Total fees and charges	702	819
11.	**Sponsorships**		
	Sponsorship received/receivable from entities external to SA Government:		
	Cash sponsorships	443	250
	In-kind sponsorships	585	543
	Total sponsorships - external to SA Government	1 028	793
12.	**Resources received free of charge**		
	Resources received free of charge from entities within SA Government:		
	Conservation services	345	432
	Business services	161	163
	Total resources received free of charge	506	595
13.	**Interest and investment income**		
	Interest from entities within the SA Government	34	27
	Interest and investment income from entities external to SA Government	375	466
	Total interest and investment income	409	493
14.	**Net gain (loss) from the disposal of non-current assets**		
	Investments:		
	Proceeds from the sale of investments	483	400
	Net book value of investments	(388)	(402)
	Net gain (loss) from sale of investments	95	(2)
	Total Assets:		
	Total proceeds from disposal	483	400
	Total net book value of assets	(388)	(402)
	Total net gain (loss) from the disposal of non-current assets	95	(2)
15.	**Other income**		
	Other income received/receivable from entities external to SA Government:		
	Fundraising	30	77
	Other receipts	99	109
	Total other income - non-SA Government entities	129	186
	Other income received/receivable from entities within SA Government:		
	Other receipts	39	5
	Total other income - SA Government entities	39	5
	Total other income	168	191

16. Auditor's remuneration

	2010 $'000	2009 $'000
Audit fees paid/payable to the Auditor-General's Department	27	26
Total audit fees - SA Government entities	27	26

Other Services

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

17. Cash and cash equivalents

	2010	2009
Deposits with the Treasurer	1 718	920
Deposits with Bank SA	1 750	1 440
Cash on hand	9	9
Total cash and cash equivalents	3 477	2 369

Deposits with Treasurer

Deposits with the Treasurer are 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.

Deposits with BankSA

Deposits with BankSA are funds held in a term deposit and billflex 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 2009-10 deposits with the Treasurer were bearing a floating interest rate between 2.85 percent and 4.07 percent (2.99 percent and 7.1 percent). The interest rate for funds held with Bank SA as at 30 June 2010 is 6.8 percent for the term deposit and 5.50 percent for the billflex facilities (4.31 percent).

18. Receivables

	2010 $'000	2009 $'000
Current:		
Prepayments	-	15
Receivables	278	209
Accrued income	122	144
Total receivables	400	368
Receivables from non-SA Government entities:		
Prepayments	-	15
Receivables	278	196
Accrued income	119	142
Total receivables - non-SA Government entities	397	353
Receivables from SA Government entities:		
Receivables	-	13
Accrued income	3	2
Total receivables - SA Government entities	3	15
Total receivables	400	368

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

	2010 $'000	2009 $'000
Land, buildings and improvements:		
Land at valuation	4 850	4 850
Buildings and improvements at valuation	49 717	48 193
Accumulated depreciation	(22 000)	(20 840)
Total land, buildings and improvements	32 567	32 203
Work in progress:		
Work in progress at cost	287	335
Total work in progress	287	335
Plant and equipment:		
Plant and equipment at cost (deemed fair value)	673	638
Accumulated depreciation	(396)	(451)
Total plant and equipment	277	187
Total property, plant and equipment	33 131	32 725

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 2010.

Movement reconciliation of property, plant and equipment

	Land	Buildings and improvements	Work in progress	Plant and equipment	2010 Total
2010	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July	4 850	27 353	335	187	32 725
Additions	-	47	1 429	87	1 563
Depreciation expense	-	(1 160)	-	(18)	(1 178)
Depreciation adjustment relating to 2008-09	-	-	-	49	49
Transfers out	-	-	-	(28)	(28)
Transfers to (from) capital work in progress	-	1 477	(1 477)	-	-
Carrying amount at 30 June	4 850	27 717	287	277	33 131
2009					
Carrying amount at 1 July	4 850	28 435	243	233	33 761
Additions	-	49	92	25	166
Depreciation expense	-	(1 131)	-	(71)	(1 202)
Carrying amount at 30 June	4 850	27 353	335	187	32 725

20. Heritage collections

	2010 At valuation	2010 At cost	2010 Total	2009 At valuation	2009 At cost	2009 Total
	$'000	$'000	$'000	$'000	$'000	$'000
Australian paintings and sculptures	178 175	8 021	186 196	178 175	6 596	184 771
Australian and European decorative arts	41 894	3 393	45 287	41 894	3 120	45 014
Asian art	14 730	5 880	20 610	14 730	5 033	19 763
European paintings and sculptures	300 000	4 025	304 025	300 000	3 372	303 372
Prints, drawings and photographs	53 500	1 703	55 203	53 500	1 244	54 744
Numismatics	5 872	-	5 872	5 872	-	5 872
Philatelic material	435	-	435	435	-	435
Library	1 584	103	1 687	1 584	82	1 666
Total heritage collections	596 190	23 125	619 315	596 190	19 447	615 637

Reconciliation of carrying amounts of heritage collections

	Balance 01.07.09	Additions	Balance 30.06.10
	$'000	$'000	$'000
Australian paintings and sculptures	184 771	1 425	186 196
Australian and European decorative arts	45 014	273	45 287
Asian art	19 763	847	20 610
European paintings and sculptures	303 372	653	304 025
Prints, drawings and photographs	54 744	459	55 203
Numismatics	5 872	-	5 872
Philatelic material	435	-	435
Library	1 666	21	1 687
Total carrying amounts	615 637	3 678	619 315

	Balance 01.07.08	Additions	Balance 30.06.09
	$'000	$'000	$'000
Australian paintings and sculptures	183 102	1 669	184 771
Australian and European decorative arts	44 058	956	45 014
Asian art	18 969	794	19 763
European paintings and sculptures	302 744	628	303 372
Prints, drawings and photographs	54 427	317	54 744
Numismatics	5 872	-	5 872
Philatelic material	435	-	435
Library	1 639	27	1 666
Total carrying amounts	611 246	4 391	615 637

21. Investments

	2010	2009
Investments with entities other than SAFA:	$'000	$'000
Non-current:		
Shares, convertible notes and other investments in companies	3 355	3 544
Total non-current investments	3 355	3 544
Total investments	3 355	3 544

The market value of investments as at 30 June 2010 is $3.6 million ($3.6 million).

22. Payables

	2010	2009
Current:	$'000	$'000
Creditors and accruals	848	598
Staff on-costs	65	60
Total current payables	913	658
Non-current:		
Staff on-costs	56	52
Total non-current payables	56	52
Total payables	969	710
Payables to non-SA Government entities:		
Creditors and accruals	665	591
Total payables - non-SA Government entities	665	591
Payables to SA Government entities:		
Creditors and accruals	183	7
Staff on-costs	121	112
Total payables - SA Government entities	304	119
Total payables	969	710

An actuarial assessment performed by DTF determined that the percentage of the proportion of long service leave, taken as leave, remains constant at 45 percent, and the average factor for the calculation of employer superannuation on-cost remains constant at 10.5 percent. 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

	2010	2009
Current:	$'000	$'000
Annual leave	242	226
Long service leave	119	104
Accrued salaries and wages	85	78
Total current staff benefits	446	408
Non-current:		
Long service leave	563	525
Total non-current staff benefits	563	525
Total staff benefits	1 009	933

The total current and non-current employee expenses (ie aggregate employee benefit plus related on-costs) for 2009-10 are $511 000 ($468 000) and $619 000 ($577 000) respectively.

As a result of an actuarial assessment undertaken by DTF, the benchmark for the measurement of the long service leave liability has changed from the 2009 benchmark of 6.5 years to 5.5 years.

The salary inflation rate remains constant at 4 percent.

24. Provisions

	2010	2009
Current:	$'000	$'000
Provision for workers compensation	48	46
Total current provisions	48	46
Non-current:		
Provision for workers compensation	155	132
Total non-current provisions	155	132
Total provisions	203	178
Carrying amount 1 July	178	195
Increase (Decrease) in provision recognised	25	(17)
Carrying amount at 30 June	203	178

25. Other liabilities

Current:		
Artworks purchased by instalments	61	-
Total current other liabilities	61	-
Total other liabilities	61	-

26. Unrecognised contractual commitments

Operating lease commitments

	2010 $'000	2009 $'000
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	19	30
Later than one year and not later than five years	13	18
Total operating lease commitments	32	48

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

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:

	2010 $'000	2009 $'000
Within one year	2 825	-
Later than one year and not later than five years	1 457	-
Total capital commitments	4 282	-

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	187	113
Later than one year and not later than five years	800	-
Later than five years	13	-
Total remuneration commitments	1 000	113

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 security and cleaning.

Not later than one year	518	1 085
Later than one year and not later than five years	59	361
Total other commitments	577	1 446

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

The Board is not aware of any contingent assets and liabilities as at 30 June 2010.

28. Cash flow reconciliation

Reconciliation of cash and cash equivalents at 30 June

	2010 $'000	2009 $'000
Cash and cash equivalents disclosed in the Statement of Financial Position	3 477	2 369
Balance as per the Statement of Cash Flows	3 477	2 369

Reconciliation of net cash provided by operating activities to net cost of providing services

Net cash provided by operating activities	4 237	2 200
Revenues from SA Government	(7 860)	(5 821)
Non-cash items:		
Bequeathed investments	169	-
Depreciation of property, plant and equipment	(1 129)	(1 202)
Donations of heritage collections	1 428	1 766
Donation of inventories	-	(30)
Gain (Loss) on disposal of investments	95	(2)
Transfers of property, plant and equipment	(28)	-
Changes in assets and liabilities:		
Increase in receivables	47	93
Increase in inventories	75	142
Increase in payables	(104)	(292)
Increase in staff benefits	(76)	(78)
(Increase) Decrease in provisions	(25)	17
Net cost of providing services	(3 171)	(3 207)

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.

		2010		2009	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	Note	$'000	$'000	$'000	$'000
Cash and cash equivalents:					
Cash and cash equivalents	17	3 477	3 477	2 369	2 369
Loans and receivables:					
Receivables(1)	18	400	400	368	368
Available-for-sale financial assets:					
Investments	21	3 355	3 559	3 544	3 637
Financial liabilities					
Financial liabilities - at cost:					
Payables(1)	22	848	848	598	598

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

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
2010	$'000	$'000	$'000	$'000
Not impaired:				
Receivables	335	27	38	400
2009				
Not impaired:				
Receivables	268	43	57	368

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

29.3 *Maturity analysis of financial assets and liabilities*

		Contractual maturities		
	Carrying amount	Less than 1 year	1-5 years	More than 5 years
2010	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	3 477	3 477	-	-
Receivables	400	400	-	-
Investments	3 355	-	-	3 355
Total financial assets	7 232	3 877	-	3 355
Financial liabilities:				
Payables	848	848	-	-
Total financial liabilities	848	848	-	-

29.3 Maturity analysis of financial assets and liabilities (continued)

		Contractual maturities		
	Carrying amount	Less than 1 year	1-5 years	More than 5 years
2009	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	2 369	2 369	-	-
Receivables	368	368	-	-
Investments	3 544	-	-	3 544
Total financial assets	6 281	2 737	-	3 544
Financial liabilities:				
Payables	598	598	-	-
Total financial liabilities	598	598	-	-

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.

ATTORNEY-GENERAL'S DEPARTMENT

FUNCTIONAL RESPONSIBILITY

Establishment

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

Functions

The functions of the Department are to:

- help create a safe and secure environment in which the public of South Australia can live and work and where the rights of individuals are protected
- provide professional, legal and associated services to Ministers of the Crown and government agencies
- service the people of South Australia by upholding and maintaining community and business standards
- provide strategic policy advice and services to the agencies comprising the Justice Portfolio
- administer programs and facilities in the area of sports and recreation.

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

Transferred functions

The functions of the Office for Youth, including the transfer of the Duke of Edinburgh Award Trust Account were transferred to the Department effective 1 July 2009. In addition, from 1 April 2010 the functions of the SA Government Radio Network (SAGRN) were transferred from the Department for Transport, Energy and Infrastructure (DTEI) to the Department.

The Department has determined that they do not control the transferred functions associated with the Duke of Edinburgh Award Trust Account and SAGRN and have disclosed these as administered activities for financial reporting purposes.

Also, as part of the Government's shared services initiative, the financial services function, including the preparation of agency financial statements, was transferred from the Department to Shared Services SA (SSSA) during the year. Accounts payable, accounts receivable and payroll services transitioned from the Department to SSSA during 2008-09.

Refer administered notes A1 and A25 for details.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

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

Assessment of controls

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

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

Scope of audit

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

During 2009-10, specific areas of audit attention included:

- administrative restructures, especially SAGRN
- cash, debtors and investments
- non-current assets, including revaluations
- payroll and employee entitlements
- expenditure, including grants and subsidies
- revenue
- taxation receipts and payments
- statutory funds including the Crown Solicitor's Trust Account
- financial accounting
- risk management
- financial management compliance programs
- follow-up of 2008-09 findings.

The renewal and ongoing management of the South Australian prisoner movement and in-court management (SAPMICM) contract was also reviewed.

Internal audit activities were reviewed to assess the risks of material misstatement of the financial statements and to design and perform audit procedures. Use was made of the work performed by internal audit, including:

- an assessment of compliance with aspects of TIs 2 and 28
- compliance with the conditional requirements of procurement authority
- controls over issuing and managing grants
- venue management of certain facilities by the Office for Recreation and Sport (ORS)
- effectiveness in managing the control activities transferred to SSSA
- forming a conclusion over the general control environment of the Department.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Attorney-General's Department as at 30 June 2010, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Attorney-General's Department in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to South Australian prisoner movement and in-court management, SA Government Radio Network, Crown Solicitor's Office, Office for Consumer and Business Affairs, Implementation of TIs 2 and 28 and Shared Services SA as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Attorney-General's Department have been conducted properly and in accordance with law.

Communication of audit matters

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

South Australian prisoner movement and in-court management

Introduction

The South Australian prisoner movement and in-court management (SAPMICM) contract is a material Government procurement and ongoing activity to manage within the Justice Portfolio. The current SAPMICM contract was executed in September 2009 after the completion of a competitive tender process. The recommendation to award the contract to the service provider G4S Australia Pty Ltd (G4S) was approved by Cabinet in July 2009.

The estimated total value for the initial five-year term of the SAPMICM contract is $50 million (excluding GST) with a subsequent 18 month extension option totalling a further $16.7 million. An additional five-year extension option is provided for in the contract.

The SAPMICM contract was first established in December 1996 and there have been successive extensions of the contract (including following contract expiry) approved by Cabinet until the execution of the current contract in September 2009.

Scope of the review

The scope of the SAPMICM contract audit review included ensuring:

- the adequacy of project governance structures for procurement and ongoing contract management
- the procurement was in accordance with the *State Procurement Act 2004* incorporating the policies/guidelines of the SPB and those approved by the Justice Accredited Purchasing Unit (Justice APU) which administered the competitive tender process
- financial authorisations and approvals complied with TIs 8 and 17 and Justice delegations
- disclosure requirements of DPC Circular 27 were met
- adequate contract management processes are in operation and appropriately documented.

Procurement process

In brief, the overall procurement process included:

- developing an acquisition plan that was approved by the SPB in November 2007
- an expression of interest (EOI) during November 2007 to March 2008 that resulted in the recommendation of two entities progressing to the request for proposal stage
- a request for proposal stage from April 2008 to July 2008 where one of the two interested parties withdrew
- a direct negotiation stage, approved by the SPB, with the remaining interested entity G4S
- an independent financial analyst determining the internal cost of providing the service
- assessing that the negotiated position with G4S was the preferred option and recommending that they be awarded the contract.

The main matters arising from the audit follow:

Evaluation plan acceptance

The Justice APU approved the EOI evaluation plan and EOI in October 2007 before the EOI was released via public tender in November 2007. The plan sets out guiding principles and procedures for an evaluation team to use when carrying out the evaluation to assist in achieving the project objectives.

A number of evaluation team members did not formally accept the EOI evaluation plan until after the EOI was issued publicly. In addition, the project sponsors did not sign the EOI evaluation plan until after the EOI was issued publicly. It is acknowledged the sign offs were effected before the EOI evaluation process commenced and that an evaluation report was prepared and was considered and approved by the Justice APU.

This matter was raised with the Department. In response the Department advised that as an outcome of the Audit review, the Department would include a statement within its evaluation plan template that signatures should be obtained from all evaluation team members prior to the release of tender documents.

Negotiation plan

The SPB approved the Department conducting direct negotiations with G4S after the other interested party withdrew. In granting the approval, the SPB noted that a suitable negotiation plan would be developed to consider alternatives and cost benchmarks to underpin the strategy.

While the State's negotiation position was enhanced by the Department engaging an independent financial expert to assist in the service provision/cost assessment and determination, and there was documentation that supported the general approach to negotiations with G4S, a documented direct negotiation plan was not prepared consistent with the SPB approval.

This matter was raised with the Department. The Department advised that it undertook a comprehensive analysis of the cost proposal presented by G4S, including the engagement of an external consultant. Also summary papers were prepared and tabled at the project steering committee throughout the negotiation process detailing the negotiation status, agreed positions and final outcomes. As such, the Department considered that the approach undertaken satisfied the requirements of the SPB.

Contract management plan

The SPB's Contract Management Guideline requires a contract management plan be developed outlining specific contract management requirements and specific task responsibilities. This would be appropriate for a significant cross agency contract such as the SAPMICM contract.

Audit could not, however, be provided with a documented and endorsed contract management plan.

This matter was raised with the Department. The Department advised that the SAPMICM agreement is the primary document used for the purposes of a contract management plan. It contends that it clearly establishes the objectives and scope of services for the contract, as well as the governance and management framework under which SAPMICM operates.

Audit is of the view that a comprehensive contract management plan/strategy is required to be prepared and implemented consistent with meeting the requirements of the SPB guidance in this matter. The guidance sets out a considerable range of matters that need to planned and managed. This will ensure effective management of the contract by the contract administrator or a replacement contract administrator, and is consistent with responding to a significant contract risk that was identified in the risk management strategy established for the project.

Procurement guidelines

The SPB reissued its International Obligations policy in March 2010. This policy is applicable to public authorities who are subject to the relevant free trade agreements and includes the Justice Portfolio. Free trade agreements may specify approved procurement processes which require application unless exclusions apply.

The SPB rescinded the previous State Supply Board's Waiver of Tender policy in 2006.

The SPB's position is that normal acquisition planning processes (SPB - Acquisition Planning Guideline) should support a decision to acquire goods or services from a single source, taking into account the SPB's requirements associated with its International Obligations policy. Where public authority procurement is in breach of a free trade agreement, the public authority may be required to terminate or suspend the non-compliant procurement process.

As part of the audit of Justice Portfolio agencies, Audit observed instances where procurement processes were waived or not adhered to without supporting documentation to support the SPB position on this matter. Review of the Justice procurement guidelines used to support procurement revealed that the version used by some Justice agencies included reference to the concept of waiver and did not provide clarity on the SPB position on this matter.

The instances identified by Audit did not directly relate to procurement activities of the Department but as many Justice agencies closely follow these procurement guidelines it is important that they are up to date and clear on these requirements. The Department began a review of its procurement guidelines this year, however, updated guidelines were not available to staff or other Justice agencies and were not completed or communicated to stakeholders as at June 2010.

Audit recommended that the implications of the SPB's International Obligations Policy be further considered and Procurement policy and guidelines finalised and communicated to Justice agencies.

In response, the Chief Executive advised that:

- whilst the Department of Justice procurement guidelines and templates are currently under review these act only as an aid to interpretation of SPB policies and guidelines and their application to Justice agencies is not intended to act as a substitute for SPB policies and guidelines

- a communication was recently forwarded to Justice agency procurement representatives advising that compliance with SPB policies and guidelines is mandatory and it is up to that agency to ensure that they are compliant with them.

SA Government Radio Network

SAGRN is a significant activity that was transferred to the Department from DTEI with approximately $70 million in net assets and full year operating revenues and expenses of approximately $30 million per annum. A number of agencies within Justice and government rely on the SAGRN network to support critical business needs including emergency situations.

The Department is now responsible for managing the capital and recurring costs of maintaining the SAGRN network. This includes investing expenditure, an ongoing service management function that oversees contracts with Telstra and, now Motorola and rebilling the costs of the SAGRN system to users. In addition, procurement activities for an upgrade project in excess of $150 million are in progress together with the development of policies and procedures to ensure that an adequate internal control framework is established and maintained for transferred responsibilities.

Audit observations and findings arising from the 2009-10 review include:

- the Department reports the SAGRN functions as an administered item in the financial statements, consistent with other cross Justice projects that mainly impact on other Justice agencies (eg South Australian Computer Aided Dispatch system). Previously these activities were reported as controlled by DTEI for financial reporting purposes

- the existing departmental policy and procedure framework together with DTEI documentation was used on an initial 'as is' basis during the transition of the SAGRN into the Department to minimise service risks and disruptions. Further review and consideration of the framework is expected by the Department to enhance the internal control environment

- notwithstanding the general departmental and DTEI policies and procedures, specific accounts receivable and asset subsidiary ledgers were established during the year for SAGRN that are yet to have policy and procedures prepared or updates included in existing documentation

- the SPB's Contract Management guideline requires a contract management plan be developed outlining specific contract management requirements and specific task responsibilities. This would be appropriate for the SAGRN contract with Motorola. Whilst Audit was provided with a copy of the business plan and other documentation detailing aspects of managing the Motorola contract, a documented and endorsed contract management plan could not be provided

- the Public Safety Communications business unit that oversees the SAGRN responsibilities did not include asset and liability management areas in their 2009-10 financial management compliance program required by TI 28. For further details on the Department's approach to this area refer to commentary under 'Implementation of TIs 2 and 28' below.

In response, the Department advised that:

- a planned process of review, and where required, revision of SAGRN documentation to better reflect the requirements and responsibilities of the now changed and progressively changing SAGRN will be undertaken with key users and suppliers during 2010-11

- at the conclusion of the transition phase, a contract management and administration plan for the new contract with Motorola will be prepared

- the Public Safety Communications financial management compliance program (FMCP) was amended for asset and liability management for the period ending 30 June 2010 and will form part of the ongoing compliance testing for the section.

Office for Recreation and Sport

Grants policies and procedures

Review of policies and procedures at the ORS business unit level revealed:

- policies and procedures for grants are currently in draft format and likely to be further revised before being finalised

- the grants procedure manual was last updated and approved in January 2005
- finance, purchasing and debtor management procedures were not recently reviewed or did not detail the last time they were revised
- review processes designed to ensure that the Department's corporate level policies are consistent with ORS documentation was not adequately documented.

Outstanding grant acquittals

The 2008-09 audit identified that outstanding grant acquittals were $3 million and that almost 75 percent of outstanding acquittals were recorded as over 90 days. Some acquittal reports received were not fully cleared and recorded in the grants system to clearly identify grants for follow-up by management.

Follow-up of outstanding grant acquittals in 2009-10 revealed that a draft grant acquittal procedure was developed which requires punitive action for grants acquittals not received after 120 days. Review of the overdue acquittal report and grants during the audit revealed that the ORS has reduced the total of outstanding acquittals to $840 000 and those in excess of 90 days to $320 000 (39 percent).

Audit review of a sample of outstanding acquittals revealed:

- that punitive action, in accordance with the draft grant acquittal procedure was not always undertaken or documentation maintained to evidence consideration of this action.
- the overdue acquittal report does not detail those outstanding acquittals in excess of 120 days.

Grant management could be improved by adding a 120 days category to the overdue acquittal report to support compliance with the approved policy.

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

- ORS management intend to leave the policies and procedures for grants in draft form to trial appropriateness and efficiency before finalising them in the near future
- it was not practical to update finance, purchasing and debtor management procedures as ORS transitioned financial systems in late 2009
- a preliminary review of all Departmental policies and procedures was undertaken during 2009-10 to ensure high level compliance and a more recent review was completed as part of the FMCP process
- revised draft policies and procedures have led to a significant improvement in process and outcomes related to outstanding grant acquittals
- punitive action is at the discretion of ORS management and may not always be appropriate, cost effective or lead to the desired outcome of a grant acquittal
- the overdue acquittals report was amended to detail outstanding acquittals in excess of 120 days.

Crown Solicitor's Office

Debtrack

In 2008, Crown Solicitor's Office (CSO) implemented the Debtrack system to manage criminal injury compensation debts supporting the Victims of Crime Fund. Total debt was $109.8 million at 30 June 2010 which includes $63.8 million in outstanding managed debt and $46 million in debt notionally written off.

Review of criminal injury compensation debt and previous audit findings in 2009-10 revealed that CSO has continued to work on identified issues but has not met their expected timeframe of 12 months to complete this work. Specifically, the audit identified the following:

- work continues on the validity of recorded debtor balances and unresolved variances were reduced from $3.6 million in 2008-09 but still total $643 000
- reconciliations between Debtrack and the general ledger were completed for 2008-09 but have not been performed for the entire 2009-10 financial period

- work continues on the validity of recorded debtor balances

- a timeframe for completion of verification work was set but not achieved during 2009-10. An updated timeframe to completed outstanding work has not been determined.

Audit recommended that an updated timeframe and action plan to resolve remaining issues should be determined and documented to fully address the identified issues. Once addressed, regular reconciliations between Debtrack and the general ledger should be performed.

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

- reconciliations between Debtrack and the general ledger are now complete and will be performed regularly in the future

- the CSO will develop an action plan to address outstanding issues to be completed during 2010-11

- a dedicated resource will be allocated to administer debtor balances.

Office for Consumer and Business Affairs

Bank reconciliations

Review of the Residential Tenancies Fund and Retail Shop Leases Fund bank reconciliations and supporting documentation prepared by the Office of Consumer and Business Affairs (OCBA) throughout the year revealed:

- there was no evidence to show that bank reconciliation procedures were regularly reviewed
- bank reconciliations were not always performed monthly or on a timely basis
- there was no evidence to show independent checking was performed
- instances of uncleared, unexplained or unsupported variances were identified.

Audit recommended that appropriate action be taken to review all bank reconciliations and address the audit findings to support the financial statements of the Department.

Other Office of Consumer and Business Affairs matters

Other OCBA matters raised by Audit included:

- the draft OCBA compliance strategic plan be finalised and communicated to staff to coordinate compliance activities.

- that all Births, Deaths and Marriages fees are checked by an independent officer for accuracy as part of an annual fee update review and evidenced to indicate performance of this review

- outstanding Occupational Licensing system penalties are followed up immediately to ensure valid penalties are issued

- reconciliations between business occupational services and the Masterpiece general ledger are performed on a timely basis

- that appropriate contracts are in place for services provided by suppliers and contracts are monitored to ensure that they are renewed in a timely manner.

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

- bank reconciliation procedures were reviewed, reconciliations completed and a dedicated resource provided to ensure future bank reconciliations are completed on a timely basis

- the OCBA compliance strategic plan was approved by the Commissioner for Consumer and Business Affairs and will be communicated to relevant staff

- Births, Deaths and Marriages fees will be checked by an independent officer annually prior to approval by the Registrar

- OCBA will continue to review and minimise the number of outstanding penalties as appropriate

- reconciliations between business occupational services and the general ledger will be performed on a timely basis
- OCBA are currently finalising contracts with identified outstanding suppliers.

Implementation of TIs 2 and 28

Review of the Department's progress revealed that the FMCP framework and supporting compliance program documentation was developed and approved, including allocation of responsibilities to officers.

The FMCP framework requires higher risk business units to complete compliance programs every six months whilst other business units perform this once a year. Appropriate management reporting and action plans are being prepared and considered by the Department to support the FMCP process.

The main matters arising from review follow.

Policies and procedures

TI 2.5 requires each chief executive to ensure that policies, procedures and systems are properly documented. That documentation must be reviewed regularly, revised where necessary and be readily available to relevant officers of the authority.

During 2009-10, localised policies, procedures and system documentation of a number of business units and areas were not reviewed in accordance with TI 2.

An important element of the annual review of business unit level documentation should also confirm that the documentation is consistent with the common set of corporate financial policies. This did not occur for all business units.

Audit recommended that business unit financial FMCP templates be modified and tested to ensure that:

- all policies, procedures and system documentation are appropriately documented
- a regular review process is undertaken, documented and approved by an appropriate level of management
- business unit documentation is consistent with corporate approved policies.

Outstanding and incomplete financial management compliance programs

The current FMCP framework provides for compliance programs to be completed for the periods ending 31 December and 30 June. The Department performs a general risk assessment to determine which business units are required to complete the compliance program self assessments at both reporting dates and which are required to submit an annual FMCP at 30 June.

Audit review of compliance program documentation revealed that certain business units had not completed their 31 December 2009 FMCPs. Some partial or non-compliant areas identified on previous compliance programs that had target dates for completion also were not met.

In June 2010, Justice internal audit finalised a report assessing the integrity of FMCP self assessments. This review also identified non-compliant issues.

The audit also identified that new FMCP templates were not finalised during the year for transferred functions associated with the SAGRN and Office for Youth.

It was recommended that the Department closely monitor the adequacy of June 30 FMCPs and ensure that:

- certain business units complete their self assessment compliance programs for 2009-10
- business units are advised of the need to maintain documentation files for all compliance activities unless specifically exempted
- partial or non-compliant activities that are not rectified within agreed timeframes are appropriately reported upon and subsequently actioned

- FMCPs are developed for transferred functions and business units.

For the period ending 30 June 2010, all business units had completed a FMCP and reported partial and non-compliant issues to management for further action.

Partial and non-compliant areas

The AGD FMCP framework requires business units to provide completed FMCPs to Business and Financial Services who maintain a log of outstanding partial and non-compliance areas. Regular reporting on the outcomes of compliance programs is provided to relevant management officers and the Audit and Risk Management Committee.

The results of the 2009-10 FMCP process has identified a number of partial and non-compliant areas that the Department have developed action plans to address, including:

- documenting, reviewing and evidencing policies, procedures and system documentation
- risk management processes and reporting to management
- timely completion of reconciliations, checking functions and data integrity reviews
- finalisation of a formal disaster recovery strategy and plan
- asset and liability management related to SAGRN.

Risk management and fraud policies

TI 2 requires chief executives to establish and maintain effective risk management and fraud policies and to review them on an annual basis. Last year, Audit raised the importance of the Department finalising its draft Fraud policy to ensure full compliance with the TIs. The Department responded that the draft policy was being reviewed for legal veracity and was expected to be completed in September 2009.

In November 2009 the Government issued a revised risk management policy statement. The revised policy reflects the new AS/NZ ISO 31000 standard on risk management. The Department has commenced a project to revise its current risk management framework and risk practices to ensure that the requirements of the new standard are adopted but has not yet completed this process.

The Department's risk framework and existing policy also requires that business units need to complete an annual risk assessment. Review of completed risk registers revealed that certain business units are yet to complete and document their risk assessment.

Audit recommended that the Department finalise its draft Fraud policy, revise risk management practices consistent with AS/NZ ISO 31000, and ensure that all business units perform their annual risk assessment.

Other TIs 2 and 28 matters

Other TIs 2 and 28 implementation matters raised by Audit included:

- the FMCP framework should be reviewed and updated to ensure that the results of compliance testing and representations from SSSA are considered by management for annual financial statement certification purposes

- compliance templates be updated to include mandatory design requirements to TI 28

In response to TIs 2 and 28 implementation issues raised by Audit, the Chief Executive advised that:

- business units have been reminded of their obligation to regularly review, update and document policies and procedures

- FMCPs will be updated to ensure that an annual review of policies and procedures is undertaken, business unit documentation is consistent with corporate approved policies and all mandatory design requirements of TI 28 are included in FMCPs

- the issues raised by external audit and Justice internal audit regarding incomplete FMCPs, the design of controls to be tested and the adequacy of evidence to support compliance ratings will be further explained to business units and divisions, including the need to maintain documentation files

- the Department has recently finalised a revised risk management framework and policy to ensure compliance with the new international management standard AS/NZ ISO 31000 and is currently in the process of finalising its Fraud policy.
- business unit and divisional FMCPs will be completed by 30 July each year to review outstanding issues prior to the Audit and Risk Management Committee considering these issues
- the FMCP framework will be updated to reflect the consideration of SSSA internal control representations and internal timeframes relating to the assessment of the control environment

Other matters

Other matters raised by Audit included:

- ensuring that bona fide and leave return reports are reviewed, returned and followed up every fortnight in accordance with the established procedure
- gaming and casino reconciliations should be performed regularly and signed to evidence the date performed
- grants reconciliations prepared by ORS are independently reviewed
- current financial authorisation schedules are used to check payments for processing.

In response, the Chief Executive advised that these matters were accepted and appropriate action would be taken to address the matters.

Shared Services SA

The following summarises audit findings from reviews of SSSA financial management functions relevant to the Department.

Policies and procedures

Review of existing payroll, accounts receivable, accounts payable and financial accounting procedures used by SSSA revealed instances where they had not been revised and had not been appropriately documented in accordance with TI 2 requirements.

Segregation of duties and system access

Audit reviewed the financial accounting systems and associated duties of staff to assess the adequacy of segregation of duties. The review revealed the need for greater division of duties for certain employees having access to systems, review and disbursement functions.

Financial authorisations

Agencies are required to provide SSSA with sufficient information to enable it to check that appropriate financial delegations were applied to payments processing. Financial authorisations according to the departmental delegation schedules are GST inclusive.

Audit recommended that SSSA obtain clarification on the application of GST for the financial authorisations and inform relevant officers to ensure approval checking functions are effective.

Payroll disbursement file

Audit review of the CHRIS payroll system disbursement file revealed:

- the electronic funds transfer file is not read-only and can be amended
- all payroll officers involved in processing payroll have access to the shared drive where the file is stored prior to processing
- the CHRIS system administrator also has access to the electronic funds transfer file.

Audit was advised that two officers are present when the file is processed. However, it is possible that the file can be modified before upload.

Other Shared Services SA matters

Other matters raised by Audit mainly related to recommending improvement in the performance of independent checks, completion of reconciliations, review of user access to systems and compliance with existing procedures, including:

- reconciliations between subsidiary systems and the general ledger be completed and provided to the Department in a timely manner throughout the year
- the payroll clearing account is reviewed in a timely manner throughout the year and outstanding balances are investigated and cleared every month
- Masterpiece financial system security access is reviewed and updated to only include authorised officers
- accounts payable batches are independently checked
- the general journal batch register is completed and initialled as required by the general ledger procedure manual
- access to the Westpac corporate online system be reviewed and only current employees allocated to an agency within SSSA be granted appropriate levels of access to the system
- changes to the customer master file should be performed by an independent officer.

Shared Services SA annual internal controls letter

To assist the Department in assessing the adequacy of the design and operation of internal controls for outsourced functions, SSSA provided the Department with an annual internal controls letter listing material exceptions in the performance of internal controls. The letter provides a summary of issues arising from various reviews including matters identified by SSSA's internal audit and matters raised with SSSA by the Auditor-General's Department.

SSSA reported that, excluding the various exceptions listed in its letter, the control environment operated effectively for the year ended 30 June 2010.

The letter advised the following material exceptions for the 2009-10 reporting period, including the following areas that needed to be addressed by SSSA:

- the need to improve user access and authorisations for financial systems
- improvement of segregation of duties
- review of policies and procedures
- the independent review of financial transactions.

Shared Services SA response to Audit findings and annual internal controls letter issues

In response to the Audit findings and SSSA reported material exceptions, SSSA advised that:

- SSSA Financial Services will review Masterpiece security access files on a quarterly basis
- SSSA are committed to undertaking a review of current segregation of duties across all financial services teams
- SSSA will review and, where required, update all procedures that transitioned from agencies to SSSA, including those services that transitioned to SSSA without any documented procedures or with procedures that require updating. SSSA will develop procedures when required or as part of the process of implementing any change initiatives and service standardisation. They will be approved by the SSSA executive and distributed to relevant personnel in accordance to SSSA change implementation methodology
- SSSA will inform all employees that GST is included when checking financial authorisations and check a sample of transactions on a monthly basis

- the operational viability of, and risks associated with the payroll disbursement file recommendations will be further reviewed and considered
- other matters raised by Audit were accepted and have either been actioned already or will be further addressed during 2010-11.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements

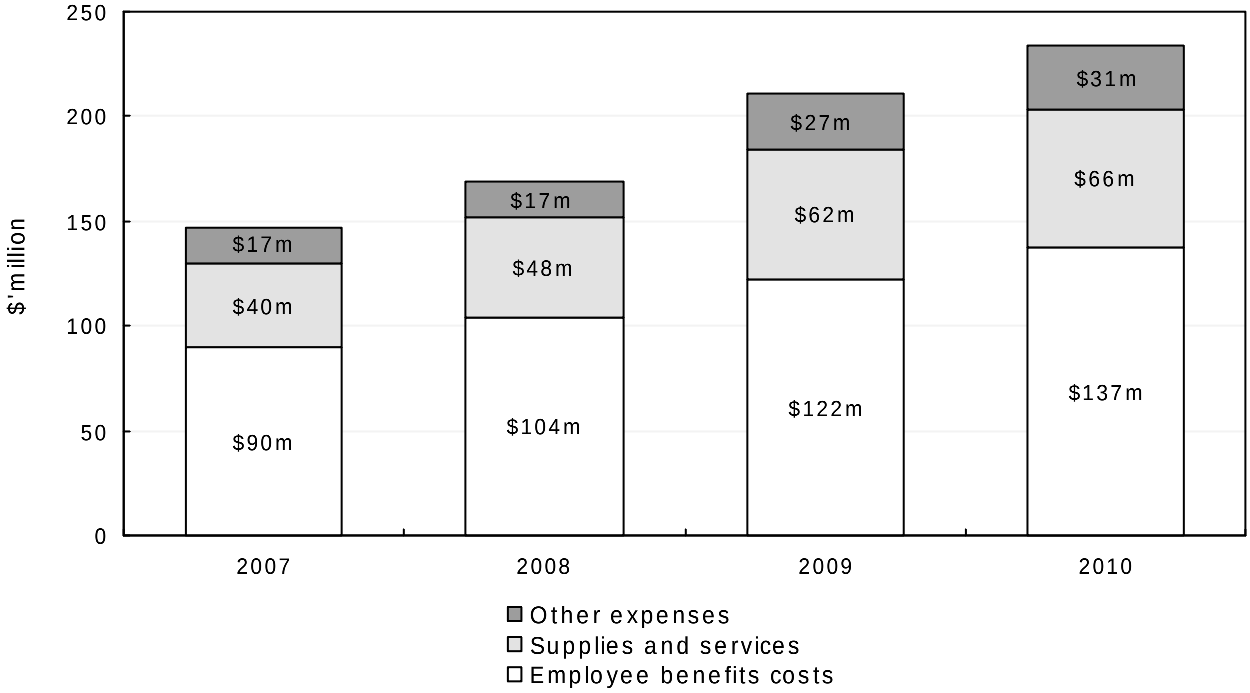
	2010	2009
	$'million	$'million
EXPENSES		
Employee benefit expenses	**137**	122
Supplies and services	**66**	62
Other expenses	**31**	27
Total expenses	**234**	211
INCOME		
Revenue from fees and charges	**77**	74
Other	**20**	20
Total income	**97**	94
Net cost of providing services	**(137)**	(117)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT		
Revenues from SA Government	**134**	116
Net result	**(3)**	(1)
OTHER COMPREHENSIVE INCOME	**26**	4
Total comprehensive result	**23**	3
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	**(2)**	7
ASSETS		
Current assets	**37**	40
Non-current assets	**177**	156
Total assets	**214**	196
LIABILITIES		
Current liabilities	**23**	28
Non-current liabilities	**34**	34
Total liabilities	**57**	62
TOTAL EQUITY	**157**	134

Statement of Comprehensive Income

Expenses

During 2009-10 total expenses increased by $23 million to $234 million. Additional expenditure during the year included $6 million in TVSP payments and enterprise bargaining agreement salary and wages increases totalling $3 million. Expenditure from transferred functions for the Office of Youth of $6 million and the full year effect of the 2008-09 transfer of the Office of Recreation and Sport totalling $8 million also increased expenditure.

The following chart analyses the main expense items for the Department for the four years to 2010.

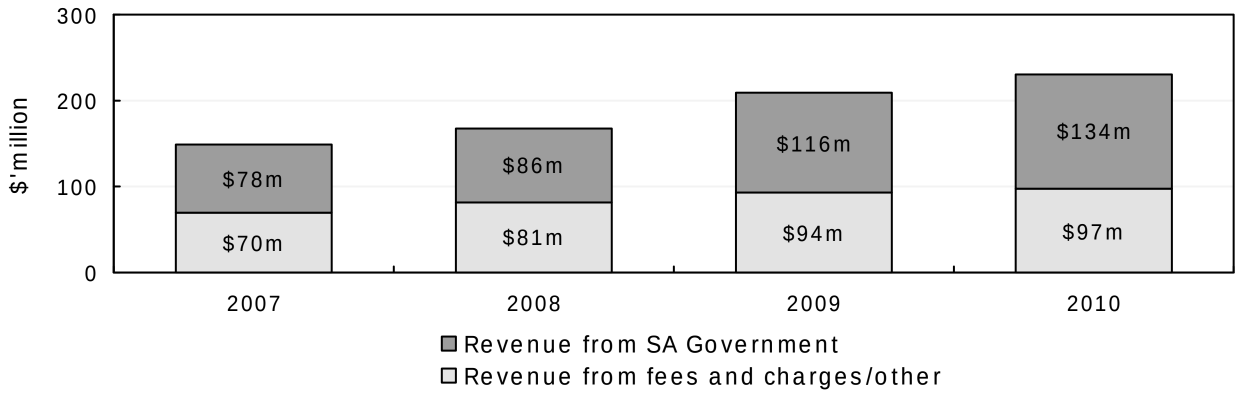


Income

During 2009-10 total income increased by $3 million to $97 million. The Department collected $77 million in fees and charges which represents 80 percent of total income from sources other than revenues from the SA Government. Note 12 to the financial statements disclose fees and charges.

In 2009-10 revenues from the SA Government increased by $18 million to $134 million due to funding for transferred functions and approved activities as detailed in the previous section titled 'Expenses'.

The following chart analyses the main sources of income for the Department for the four years to 2009-10.



Statement of Financial Position

In 2009-10 total assets increased by $18 million to $214 million. This increase is due mainly to the revaluation of recreation and sport infrastructure non-current assets totalling $26 million and an additional $1 million in receivables. This was offset by an additional $6 million in accumulated depreciation and amortisation during the year and a reduction in cash and cash equivalents totalling $4 million.

Current assets at 30 June 2010 include cash of $21 million. The balance of cash includes $16 million held in an accrual appropriation account with the Treasurer which can only be used with the Treasurer's/under Treasurer's approval.

Total liabilities have decreased by $5 million to $57 million due mainly to a reduction in payables associated with trade creditors.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2009-10.

	2010	2009	2008	2007
	$'million	$'million	$'million	$'million
Net cash flows				
Operating	**(2)**	7	(2)	5
Investing	**(2)**	(4)	(3)	(1)
Financing	**-**	1	-	1
Change in cash	**(4)**	4	(5)	5
Cash at 30 June	**21**	25	21	26

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS FOR ADMINISTERED ACTIVITIES

Highlights of the financial statements - administered items

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

	2010	2009
	$'million	$'million
EXPENSES		
Payments to Consolidated Account	**315**	345
Grants	**45**	41
Other expenses	**56**	46
Total expenses	**416**	432
INCOME		
Revenues from SA Government	**70**	64
Taxation revenue	**311**	322
Other income	**77**	67
Total income	**458**	453
Net result	**42**	21
OTHER COMPREHENSIVE INCOME	**27**	(1)
Total comprehensive result	**69**	20
NET CASH PROVIDED BY OPERATING ACTIVITIES	**83**	40
ASSETS		
Current assets	**307**	222
Non-current assets	**151**	93
Total assets	**458**	315
LIABILITIES		
Current liabilities	**120**	87
Non-current liabilities	**68**	63
Total liabilities	**188**	150
TOTAL EQUITY	**270**	165

Statement of Administered Comprehensive Income

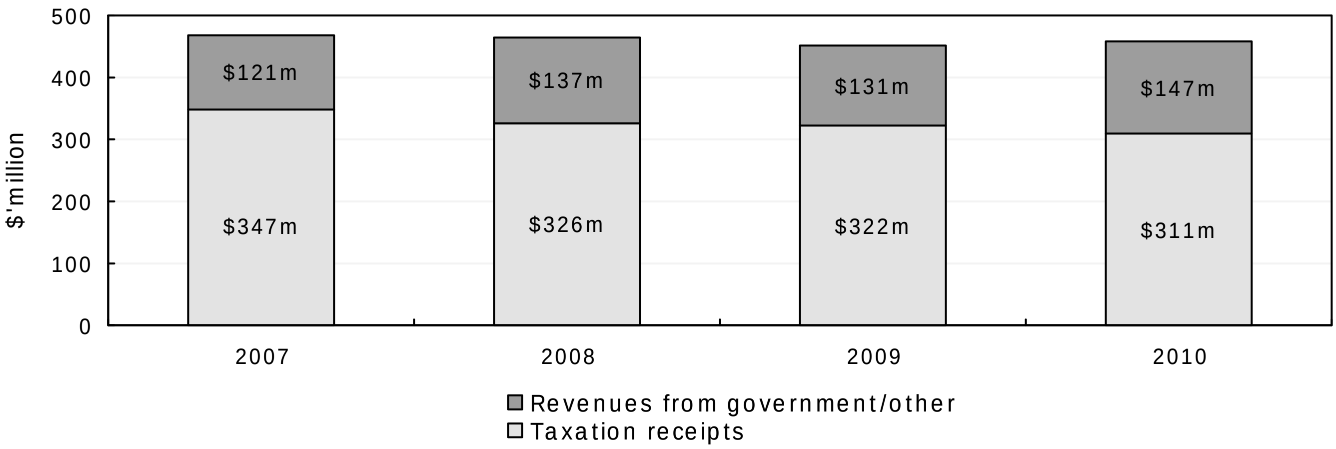
Income

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

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

Total income increased by $5 million to $458 million due to an increase in revenues from SA Government of $6 million and other income totalling $10 million offset by reductions in taxation receipts of $11 million and interest revenues of $4 million. A decrease in income from gaming machines totalling $10 million represents the majority of the reduction in taxation receipts.

The following chart analyses the main sources of income administered by the Department for the four years to 2009-10.



Expenses

Payments to the Treasurer of taxation and other receipts are the Department's largest administered expenses. They have decreased by $30 million due to the decrease in gaming machine receipts of $10 million and the following payments made to the Consolidated Account during 2008-09:

- legal aid revenues received totalling $14 million
- cash realignment payments of $5 million.

Statement of Administered Financial Position

In 2009-10 total assets increased by $143 million to $458 million. This increase is due mainly to the transfer of the SAGRN to the Department from 1 April 2010, the subsequent revaluation of related non-current assets and an increase in cash and cash equivalents.

Net assets received from an administrative restructure during 2009-10 totalled $35 million and non-current assets increased by a further $27 million due to revaluation increments. Note 29 to the financial statements discloses transferred functions and note A17(b) asset revaluations.

Current assets at 30 June 2010 include an increase in cash and cash equivalents of $60 million to $195 million. The balance of cash at 30 June 2010 includes taxation receipts totalling $50 million recorded as payable to the Consolidated Account. Note A21 discloses both of these monies held as other liabilities. These amounts reflect accrual accounting timing differences between the Department and the Consolidated Account, which on a cash basis, was credited with the amounts when received.

The cash position at 30 June 2010 is also attributable to the following activities:

- unspent funds for certain projects totalling $19 million

- an increase in cash balances for Victims of Crime Fund ($14 million) and the Consumer and Business Affairs Agents Indemnity Fund ($6 million)

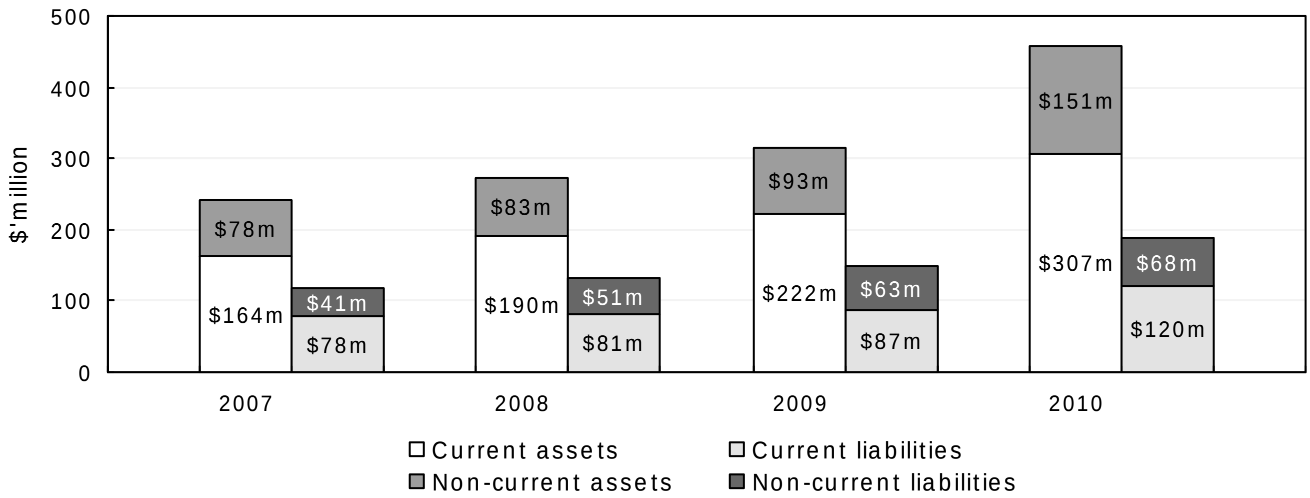
- an increase in cash held on behalf of the transferred SAGRN totalling $4 million
- cash balances associated with various administered trust accounts decreasing by $6 million which reflects the purchase of investments during 2009-10.

The Department also administers investments totalling $160 million in common funds operated by the Public Trustee which are exposed to movements in the value of the underlying Common Fund assets. Investments increased by $21 million during 2009-10.

In 2009-10 investments with the Public Trustee increased in value resulting in a revaluation increment of $2 million recognised as other income. An additional $19 million in investments were also purchased on behalf of various administered statutory funds.

Total liabilities have increased by $38 million to $188 million due mainly to an increase in other liabilities of $32 million associated with the timing of taxation receipt transfers.

The following chart analyses the administered assets and liabilities of the Department for the four years to 2010.



Statement of Administered Cash Flows

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

	2010	2009	2008	2007
	$'million	$'million	$'million	$'million
Net cash flows				
Operating	**83**	40	46	28
Investing	**(23)**	(25)	(26)	(9)
Financing	**-**	5	-	-
Change in cash	**60**	20	20	19
Cash at 30 June	**194**	134	114	94

The increase in operating cash flows of $43 million is attributable mainly to a decrease in payments to the Consolidated Account of $50 million and increases in bond lodgements of $7 million, receipts from SA Government of $6 million and other receipts of $26 million. This is offset by a decrease in taxation receipts totalling $35 million, and increases in bond refunds of $9 million, other payments of $9 million and grants of $4 million.

FURTHER COMMENTARY ON OPERATIONS

Taxation

Taxation revenue for 2009-10 totalled $311 million ($322 million). Taxation revenue principally comprises Gaming Machine taxes totalling $283 million ($293 million).

Gaming machine administration

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

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

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

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

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

The following table summarises gaming machine activity for four years to 2010.

	2010	2009	2008	2007
	Number	Number	Number	Number
Machines (installed as at 30 June)	**12 744**	12 737	12 682	12 581

	2010	2009	2008	2007
	$'million	$'million	$'million	$'million
Turnover	**7 747**	7 900	7 814	8 009
Amount won	**7 018**	7 149	7 056	7 217
Net gambling revenue	**751**	751	758	793
Tax	**283**	293	295	314

Independent Gaming Corporation Limited

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

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

With respect to the 2009-10 operations, the audit of the IGC is complete and an unmodified Independent Auditor's Report was issued for the 2009-10 financial statements of IGC.

Victims of Crime Fund

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

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

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

Payments made for the year through the Special Deposit Account titled 'Victims of Crime Fund' totalled $13 million ($13 million) on account of 1031 (1044) compensation claims. Payments from the Fund include legal and other costs incurred in the administration of the Fund.

The average amount of compensation paid to victims, exclusive of legal costs or disbursements during 2009-10 was $10 500.

Recoveries from offenders

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

- The amounts recovered directly from offenders during the year totalled $762 000 ($1 million).

- Outstanding amounts at 30 June 2010 were $64 million ($61 million). Since the inception of the Fund, $46 million ($40 million) has been written off.

A further $925 000 ($1 million) was recovered from offenders pursuant to the *Criminal Asset Confiscation Act 2005.*

In order to supplement these funds a levy is imposed by the VOC Act on all persons convicted of offences and on expiation notices. Levies for 2009-10 totalled $22 million ($18 million). In addition, for 2009-10 the Government appropriated $7 million ($7 million) to the Fund.

Residential Tenancies Fund

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

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

During 2009-10 total expenses of the Fund decreased by $4 million to $6 million due the effect of investments operated by the Public Trustee which are exposed to movements in the value of the underlying Common Fund assets and investment returns.

Security bonds lodged with the Commissioner during 2009-10 increased by $7 million to $66 million and bond refunds also increased by $9 million to $53 million.

Other administered funds

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

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

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

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

Statement of Comprehensive Income
for the year ended 30 June 2010

	Note	**2010 $'000**	2009 $'000
EXPENSES:			
Employee benefit expenses	5	**136 510**	122 396
Supplies and services	6	**65 575**	61 834
Grants and subsidies	7	**24 212**	19 383
Depreciation and amortisation	8	**7 047**	5 267
Borrowing costs	9	**281**	228
Other expenses	10	**1 200**	2 142
Total expenses		**234 825**	211 250
INCOME:			
Revenues from fees and charges	12	**76 846**	74 267
Recoveries	13	**8 981**	7 986
Commonwealth revenues		**3 842**	3 676
Grants and subsidies	14	**5 462**	6 266
Resources received free of charge		**129**	-
Other income	15	**2 161**	1 681
Total income		**97 421**	93 876
NET COST OF PROVIDING SERVICES		**(137 404)**	(117 374)
REVENUES FROM SA GOVERNMENT:			
Revenues from SA Government	16	**134 785**	116 597
NET RESULT		**(2 619)**	(777)
OTHER COMPREHENSIVE INCOME:			
Changes in property, plant and equipment asset revaluation surplus	19(b)	**25 729**	4 167
TOTAL COMPREHENSIVE RESULT		**23 110**	3 390

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

Statement of Financial Position as at 30 June 2010

	Note	**2010**	2009
CURRENT ASSETS:	Note	**$'000**	$'000
Cash and cash equivalents	17	**21 444**	25 218
Receivables	18	**12 129**	10 808
Lease incentive receivable		**3 200**	3 200
Other current assets		**24**	42
Total current assets		**36 797**	39 268
NON-CURRENT ASSETS:			
Property, plant and equipment	19(a)	**171 788**	150 686
Intangible assets	20(a)	**1 289**	1 835
Lease incentive receivable		**3 580**	3 580
Other non-current assets		**125**	134
Total non-current assets		**176 782**	156 235
Total assets		**213 579**	195 503
CURRENT LIABILITIES:			
Payables	21	**9 608**	13 992
Employee benefits	22	**12 111**	11 521
Provisions	23	**545**	513
Lease incentives liability		**687**	879
Current borrowings	25	**322**	322
Other current liabilities	24	**22**	82
Total current liabilities		**23 295**	27 309
NON-CURRENT LIABILITIES:			
Payables	21	**2 407**	2 629
Employee benefits	22	**21 768**	21 693
Provisions	23	**2 516**	1 658
Lease incentives liability		**4 182**	4 876
Non-current borrowings	25	**3 080**	3 408
Total non-current liabilities		**33 953**	34 264
Total liabilities		**57 248**	61 573
NET ASSETS		**156 331**	133 930
EQUITY:			
Asset revaluation surplus		**33 896**	8 167
Retained earnings		**122 435**	125 763
TOTAL EQUITY		**156 331**	133 930

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	27
Contingent assets and liabilities	28

Statement of Changes in Equity for the year ended 30 June 2010

	Note	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2008		4 000	252	4 252
Net result for 2008-09		-	(777)	(777)
Gain on revaluation of non-current assets		4 167	-	4 167
First time recognition of non-current assets		-	800	800
Total comprehensive result for 2008-09		4 167	23	4 190
Transactions with SA Government as owner				
Net assets received from an administrative restructure		-	125 488	125 488
Balance at 30 June 2009		8 167	125 763	133 930
Change in asset recognition policy	3	-	(359)	(359)
Net result for 2009-10		-	(2 619)	(2 619)
Gain on revaluation of non-current assets	19(b)	25 729	-	25 729
Total comprehensive result for 2009-10		25 729	(2 978)	22 751
Transactions with SA Government as owner				
Net liabilities received from an administrative restructure		-	(350)	(350)
Balance at 30 June 2010		**33 896**	**122 435**	**156 331**

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

Statement of Cash Flows
for the year ended 30 June 2010

	Note	2010 Inflows (Outflows) $'000	2009 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Employee benefit payments		**(135 445)**	(118 104)
Payments for supplies and services		**(82 361)**	(73 463)
Grants and subsidies		**(26 634)**	(21 595)
Other payments		**(1 233)**	(2 254)
Cash used in operations		**(245 673)**	(215 416)
CASH INFLOWS:			
Fees and charges		**81 725**	81 363
Receipts from Commonwealth		**3 842**	3 676
GST recovered from the ATO		**5 838**	4 462
Recoveries		**9 673**	8 496
Grants and subsidies received		**5 883**	6 416
Other receipts		**2 254**	1 787
Cash generated from operations		**109 215**	106 200
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		**134 785**	116 597
Cash generated from SA Government		**134 785**	116 597
Net cash (used in) provided by operating activities	26	**(1 673)**	7 381
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of property, plant and equipment		**(1 759)**	(3 850)
Purchase of intangible assets		**(342)**	(414)
Net cash used in investing activities		**(2 101)**	(4 264)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH INFLOWS:			
Receipts from restructure activities		**-**	703
Net cash provided by financing activities		**-**	703
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(3 774)**	3 820
CASH AND CASH EQUIVALENTS AT 1 JULY		**25 218**	21 398
CASH AND CASH EQUIVALENTS AT 30 JUNE	17	**21 444**	25 218

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

(Activities - refer note 4)	1		2		3		4	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**49 256**	44 469	**5 199**	4 728	**1 398**	1 417	**1 098**	1 072
Supplies and services	**13 912**	9 524	**1 091**	1 351	**654**	847	**271**	271
Grants and subsidies	**1 713**	2 236	**838**	865	**20**	21	**-**	-
Depreciation and amortisation	**350**	363	**7**	11	**55**	69	**31**	32
Borrowing costs	**-**	-	**-**	-	**-**	-	**-**	-
Other expenses	**-**	4	**-**	-	**-**	-	**-**	-
Total expenses	**65 231**	56 596	**7 135**	6 955	**2 127**	2 354	**1 400**	1 375
INCOME:								
Revenues from fees and charges	**16 317**	15 966	**3 164**	3 014	**151**	138	**-**	-
Recoveries	**6 205**	5 003	**26**	71	**3**	24	**5**	4
Commonwealth revenues	**5**	15	**-**	2	**10**	10	**-**	-
Grants and subsidies	**115**	202	**36**	36	**-**	-	**-**	-
Resources received free of charge	**-**	-	**-**	-	**-**	-	**-**	-
Other income	**-**	-	**-**	-	**-**	-	**-**	-
Total income	**22 642**	21 186	**3 226**	3 123	**164**	172	**5**	4
NET COST OF PROVIDING SERVICES	**42 589**	35 410	**3 909**	3 832	**1 963**	2 182	**1 395**	1 371
REVENUES FROM SA GOVERNMENT	**-**	-	**-**	-	**-**	-	**-**	-
NET RESULT	**42 589**	35 410	**3 909**	3 832	**1 963**	2 182	**1 395**	1 371

(Activities - refer note 4)	5		6		7		8	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**1 172**	1 184	**4 142**	3 400	**14 291**	13 069	**5 427**	4 738
Supplies and services	**532**	507	**1 088**	1 025	**7 494**	9 217	**1 369**	791
Grants and subsidies	**10**	-	**27**	27	**240**	250	**6 662**	7 019
Depreciation and amortisation	**18**	23	**104**	116	**2 267**	1 494	**17**	42
Borrowing costs	**-**	-	**-**	-	**-**	-	**-**	-
Other expenses	**-**	-	**-**	-	**-**	-	**-**	-
Total expenses	**1 732**	1 714	**5 361**	4 568	**24 292**	24 030	**13 475**	12 590
INCOME:								
Revenues from fees and charges	**-**	-	**-**	-	**4 396**	4 431	**-**	3
Recoveries	**12**	19	**38**	19	**52**	83	**630**	700
Commonwealth revenues	**-**	-	**-**	1	**1**	5	**3 274**	3 260
Grants and subsidies	**-**	-	**61**	30	**4**	-	**333**	1 193
Resources received free of charge	**-**	-	**-**	-	**-**	-	**-**	-
Other income	**-**	-	**-**	-	**-**	2	**-**	-
Total income	**12**	19	**99**	50	**4 453**	4 521	**4 237**	5 156
NET COST OF PROVIDING SERVICES	**1 720**	1 695	**5 262**	4 518	**19 839**	19 509	**9 238**	7 434
REVENUES FROM SA GOVERNMENT	**-**	-	**-**	-	**-**	-	**-**	-
NET RESULT	**1 720**	1 695	**5 262**	4 518	**19 839**	19 509	**9 238**	7 434

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

(Activities - refer note 4)	9		10		11		12	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**2 428**	2 720	**18 807**	16 575	**14 266**	14 085	**711**	812
Supplies and services	**1 688**	1 238	**16 283**	19 266	**5 831**	4 984	**310**	369
Grants and subsidies	**-**	-	**150**	186	**22**	43	**461**	549
Depreciation and amortisation	**122**	122	**248**	312	**246**	292	**19**	21
Borrowing costs	**-**	-	**-**	-	**-**	-	**-**	-
Other expenses	**-**	5	**85**	98	**3**	36	**-**	-
Total expenses	**4 238**	4 085	**35 573**	36 437	**20 362**	19 440	**1 501**	1 751
INCOME:								
Revenues from fees and charges	**14 985**	14 205	**13 752**	14 454	**19 118**	18 637	**-**	-
Recoveries	**176**	172	**562**	862	**526**	513	**7**	39
Commonwealth revenues	**-**	1	**55**	6	**1**	5	**-**	-
Grants and subsidies	**1**	-	**284**	104	**4**	-	**-**	-
Resources received free of charge	**-**	-	**-**	-	**-**	-	**-**	-
Other income	**-**	1	**1**	105	**-**	3	**-**	-
Total income	**15 162**	14 379	**14 654**	15 531	**19 649**	19 158	**7**	39
NET COST OF PROVIDING SERVICES	**10 924**	10 294	**20 919**	20 906	**713**	282	**1 494**	1 712
REVENUES FROM SA GOVERNMENT	**-**	-	**-**	-	**-**	-	**-**	-
NET RESULT	**10 924**	10 294	**20 919**	20 906	**713**	282	**1 494**	1 712

(Activities - refer note 4)	13		14		15		16	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**1 666**	1 650	**2 709**	2 887	**3 577**	3 399	**9 224**	6 191
Supplies and services	**793**	793	**1 523**	1 099	**431**	497	**11 940**	10 055
Grants and subsidies	**116**	97	**88**	-	**-**	-	**12 159**	8 090
Depreciation and amortisation	**2**	6	**174**	103	**5**	48	**3 381**	2 213
Borrowing costs	**-**	-	**-**	-	**-**	-	**281**	228
Other expenses	**-**	-	**1 126**	1 944	**-**	-	**8**	55
Total expenses	**2 577**	2 546	**5 620**	6 033	**4 013**	3 944	**36 977**	26 832
INCOME:								
Revenues from fees and charges	**-**	-	**1 207**	1 113	**19**	1	**3 703**	2 305
Recoveries	**99**	99	**98**	14	**5**	14	**481**	350
Commonwealth revenues	**-**	1	**-**	1	**-**	1	**466**	368
Grants and subsidies	**1**	101	**1**	-	**1**	-	**4 566**	4 600
Resources received free of charge	**-**	-	**-**	-	**-**	-	**129**	-
Other income	**-**	-	**1 015**	42	**1 102**	1 266	**43**	262
Total income	**100**	201	**2 315**	1 170	**1 127**	1 282	**9 388**	7 885
NET COST OF PROVIDING SERVICES	**2 477**	2 345	**3 305**	4 863	**2 886**	2 662	**27 589**	18 947
REVENUES FROM SA GOVERNMENT	**-**	-	**-**	-	**-**	-	**-**	-
NET RESULT	**2 477**	2 345	**3 305**	4 863	**2 886**	2 662	**27 589**	18 947

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

(Activities - refer note 4)	17		18		Total	
	2010	2009	**2010**	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**1 139**	-	-	-	**136 510**	122 396
Supplies and services	**365**	-	**-**	-	**65 575**	61 834
Grants and subsidies	**1 706**	-	**-**	-	**24 212**	19 383
Depreciation and amortisation	**1**	-	**-**	-	**7 047**	5 267
Borrowing costs	**-**	-	**-**	-	**281**	228
Other expenses	**-**	-	**-**	-	**1 200**	2 142
Total expenses	**3 211**	-	**-**	-	**234 825**	211 250
INCOME:						
Revenues from fees and charges	**40**	-	**-**	-	**76 846**	74 267
Recoveries	**56**	-	**-**	-	**8 981**	7 986
Commonwealth revenues	**30**	-	**-**	-	**3 842**	3 676
Grants and subsidies	**55**	-	**-**	-	**5 462**	6 266
Resourced received free of charge	**-**	-	**-**	-	**129**	-
Other income	**-**	-	**-**	-	**2 161**	1 681
Total income	**181**	-	**-**	-	**97 421**	93 876
NET COST OF PROVIDING SERVICES	**3 030**	-	**-**	-	**137 404**	117 374
REVENUES FROM SA GOVERNMENT	**-**	-	**134 785**	116 597	**134 785**	116 597
NET RESULT	**3 030**	-	**134 785**	116 597	**2 619**	777

Disaggregated Disclosures - Assets and Liabilities
as at 30 June 2010

(Activities - refer note 4)	1		2		3		4	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
CURRENT ASSETS:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	**-**	-	**-**	-	**-**	-	**-**	-
Receivables	**3 031**	3 561	**606**	419	**84**	52	**-**	-
Lease incentive receivable	**806**	1 024	**161**	121	**22**	15	**-**	-
Other current assets	**-**	-	**-**	-	**-**	-	**-**	-
NON-CURRENT ASSETS:								
Property, plant and equipment	**2 006**	2 306	**-**	14	**283**	337	**90**	120
Intangible assets	**-**	-	**-**	-	**-**	-	**-**	-
Lease incentive receivable	**49**	55	**-**	-	**7**	8	**2**	3
Other non-current assets	**-**	-	**-**	-	**-**	-	**-**	-
Total assets	**5 892**	6 946	**767**	554	**396**	412	**92**	123
CURRENT LIABILITIES:								
Payables	**2 300**	2 483	**130**	145	**56**	73	**35**	28
Employee benefits	**4 233**	3 901	**375**	304	**100**	111	**98**	110
Provisions	**155**	173	**12**	13	**4**	5	**3**	5
Lease incentives liability	**196**	298	**15**	23	**5**	8	**4**	8
Current borrowings	**-**	-	**-**	-	**-**	-	**-**	-
Other current liabilities	**4**	11	**-**	-	**4**	3	**-**	-
NON-CURRENT LIABILITIES:								
Payables	**760**	780	**97**	101	**16**	22	**18**	36
Employee benefits	**6 897**	6 463	**881**	835	**147**	184	**160**	300
Provisions	**705**	492	**90**	64	**15**	14	**16**	23
Lease incentives liability	**1 175**	1 453	**150**	188	**25**	41	**27**	67
Non-current borrowings	**-**	-	**-**	-	**-**	-	**-**	-
Total liabilities	**16 425**	16 054	**1 750**	1 673	**372**	461	**361**	577

(Activities - refer note 4)	5		6		7		8	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
CURRENT ASSETS:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	**-**	-	**-**	-	**-**	-	**-**	-
Receivables	**3**	3	**2**	9	**806**	625	**276**	345
Lease incentive receivable	**1**	1	**-**	3	**214**	178	**80**	99
Other current assets	**-**	-	**-**	-	**-**	-	**-**	-
NON-CURRENT ASSETS:								
Property, plant and equipment	**46**	72	**478**	606	**3 008**	3 853	**118**	105
Intangible assets	**-**	-	**-**	-	**900**	1 416	**-**	-
Lease incentive receivable	**1**	2	**12**	14	**95**	92	**3**	2
Other non-current assets	**-**	-	**-**	-	**-**	-	**-**	-
Total assets	**51**	78	**492**	632	**5 023**	6 164	**477**	551
CURRENT LIABILITIES:								
Payables	**75**	77	**127**	96	**1 239**	1 406	**197**	191
Employee benefits	**135**	128	**270**	244	**1 382**	1 227	**514**	463
Provisions	**5**	6	**9**	11	**62**	54	**17**	21
Lease incentives liability	**6**	10	**12**	19	**79**	94	**21**	35
Current borrowings	**-**	-	**-**	-	**-**	-	**-**	-
Other current liabilities	**-**	-	**-**	-	**2**	3	**-**	1
NON-CURRENT LIABILITIES:								
Payables	**32**	47	**37**	40	**292**	292	**112**	120
Employee benefits	**291**	392	**333**	327	**2 650**	2 421	**1 016**	991
Provisions	**30**	30	**34**	25	**271**	185	**104**	76
Lease incentives liability	**50**	88	**57**	74	**451**	544	**173**	223
Non-current borrowings	**-**	-	**-**	-	**-**	-	**-**	-
Total liabilities	**624**	778	**879**	836	**6 428**	6 226	**2 154**	2 121

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

(Activities - refer note 4)	9		10		11		12	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
CURRENT ASSETS:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	**-**	-	**-**	-	**-**	-	**-**	-
Receivables	**12**	4	**1 896**	1 984	**4 590**	2 582	**-**	5
Lease incentive receivable	**3**	1	**469**	663	**1 219**	743	**-**	1
Other current assets	**-**	-	**-**	-	**-**	-	**-**	-
NON-CURRENT ASSETS:								
Property, plant and equipment	**205**	335	**1 410**	1 432	**2 474**	2 730	**124**	129
Intangible assets	**-**	-	**389**	419	**-**	-	**-**	-
Lease incentive receivable	**5**	8	**44**	34	**60**	65	**3**	3
Other non-current assets	**-**	-	**-**	-	**-**	-	**-**	-
Total assets	**225**	348	**4 208**	4 532	**8 343**	6 120	**127**	138
CURRENT LIABILITIES:								
Payables	**192**	216	**2 004**	2 354	**576**	633	**146**	24
Employee benefits	**211**	240	**1 816**	1 835	**1 198**	1 423	**89**	97
Provisions	**10**	11	**88**	81	**42**	63	**6**	4
Lease incentives liability	**12**	18	**111**	140	**53**	109	**7**	7
Current borrowings	**-**	-	**-**	-	**-**	-	**-**	-
Other current liabilities	**8**	7	**2**	2	**2**	20	**-**	-
NON-CURRENT LIABILITIES:								
Payables	**60**	69	**348**	364	**260**	356	**24**	30
Employee benefits	**550**	575	**3 144**	2 990	**2 364**	2 944	**214**	256
Provisions	**56**	44	**322**	226	**242**	224	**22**	20
Lease incentives liability	**94**	129	**536**	672	**403**	662	**36**	58
Non-current borrowings	**-**	-	**-**	-	**-**	-	**-**	-
Total liabilities	**1 193**	1 309	**8 371**	8 664	**5 140**	6 434	**544**	496

(Activities - refer note 4)	13		14		15		16	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
CURRENT ASSETS:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	**-**	-	**-**	-	**-**	-	**-**	-
Receivables	**2**	3	**(973)**	49	**1 062**	-	**658**	1 167
Lease incentive receivable	**1**	1	**(259)**	14	**282**	-	**181**	336
Other current assets	**-**	-	**-**	-	**-**	-	**24**	42
NON-CURRENT ASSETS:								
Property, plant and equipment	**-**	-	**366**	541	**283**	284	**160 897**	137 822
Intangible assets	**-**	-	**-**	-	**-**	-	**-**	-
Lease incentive receivable	**-**	-	**9**	13	**7**	7	**3 283**	3 274
Other non-current assets	**-**	-	**-**	-	**-**	-	**125**	134
Total assets	**3**	4	**(857)**	617	**1 634**	291	**165 168**	142 775
CURRENT LIABILITIES:								
Payables	**98**	106	**234**	120	**104**	71	**1 987**	5 969
Employee benefits	**124**	116	**200**	239	**348**	308	**905**	775
Provisions	**5**	5	**10**	11	**11**	14	**101**	36
Lease incentives liability	**7**	9	**13**	18	**13**	24	**126**	59
Current borrowings	**-**	-	**-**	-	**-**	-	**322**	322
Other current liabilities	**-**	-	**-**	-	**(2)**	34	**2**	1
NON-CURRENT LIABILITIES:								
Payables	**17**	17	**62**	85	**99**	101	**146**	169
Employee benefits	**158**	143	**565**	700	**896**	840	**1 257**	1 332
Provisions	**16**	11	**58**	53	**92**	64	**418**	107
Lease incentives liability	**27**	32	**96**	157	**153**	189	**687**	299
Non-current borrowings	**-**	-	**-**	-	**-**	-	**3 080**	3 408
Total liabilities	**452**	439	**1 238**	1 383	**1 714**	1 645	**9 031**	12 477

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

(Activities - refer note 4)	17		18		Total	
	2010	2009	**2010**	2009	**2010**	2009
CURRENT ASSETS:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	**-**	-	**21 444**	25 218	**21 444**	25 218
Receivables	**74**	-	**-**	-	**12 129**	10 808
Lease incentive receivable	**20**	-	**-**	-	**3 200**	3 200
Other current assets	**-**	-	**-**	-	**24**	42
NON-CURRENT ASSETS:						
Property, plant and equipment	**-**	-	**-**	-	**171 788**	150 686
Intangible assets	**-**	-	**-**	-	**1 289**	1 835
Lease incentive receivable	**-**	-	**-**	-	**3 580**	3 580
Other non-current assets	**-**	-	**-**	-	**125**	134
Total assets	**94**	-	**21 444**	25 218	**213 579**	195 503
CURRENT LIABILITIES:						
Payables	**108**	-	**-**	-	**9 608**	13 992
Employee benefits	**113**	-	**-**	-	**12 111**	11 521
Provisions	**5**	-	**-**	-	**545**	513
Lease incentives liability	**7**	-	**-**	-	**687**	879
Current borrowings	**-**	-	**-**	-	**322**	322
Other current liabilities	**-**	-	**-**	-	**22**	82
NON-CURRENT LIABILITIES:						
Payables	**27**	-	**-**	-	**2 407**	2 629
Employee benefits	**245**	-	**-**	-	**21 768**	21 693
Provisions	**25**	-	**-**	-	**2 516**	1 658
Lease incentives liability	**42**	-	**-**	-	**4 182**	4 876
Non-current borrowings	**-**	-	**-**	-	**3 080**	3 408
Total liabilities	**572**	-	**-**	-	**57 248**	61 573

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Attorney-General's Department

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

The Department aims to provide:

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

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

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

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

2. **Summary of significant accounting policies**

(a) Statement of compliance

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

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

(b) Basis of preparation

The preparation of the financial statements requires:

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

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

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

  (iii) employee TVSP information

  (iv) employees whose normal remuneration is $100 000 or more (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

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

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

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

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

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

(c) Reporting entity

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

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

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

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

Administered items of the Department are listed below:

- Liquor and Gambling Services
  - — payment of liquor subsidies to licensees
  - — racing services
  - — taxation receipts (casino, gaming, gambling, liquor, lottery licenses)
- Consumer and Business Affairs
  - — Agents Indemnity Fund
  - — Companies Liquidation Account
  - — Cooperatives Liquidation Account
  - — HIH Fund
  - — Second-hand Vehicles Compensation Fund
  - — Residential Tenancies Fund
  - — Retail Shop Leases Fund
- Victims of Crime Fund
- Crown Solicitor's Trust Account
- SA Computer Aided Dispatch/Portfolio Radio and Telecommunications
- SA Government Radio Network
- Contribution to Legal Services Commission for legal aid
- State Rescue Helicopter Service
- Recreation and Sport Fund
- Sport and Recreation Fund
- Other
  - — Child Abuse Protection Fund
  - — Expensive State criminal cases
  - — Legal Practitioners Act Fund
  - — Professional Standards Council
  - — Native Title claims
  - — Special Acts - payment of Ministerial Salary and allowances
  - — Special Acts - payment of statutory officer salaries
  - — War graves
  - — Duke of Edinburgh's Award Trust Account.

(d) Transferred functions

In the Government Gazette dated 25 June 2009, it was reported that the functions of the Office for Youth were transferred to the Department effective 1 July 2009.

As part of the SA Government's shared services initiative, taxation and financial services transitioned to Shared Services SA in 2009-10. The effective date of the transfer was 19 October 2009

The functions of the SA Government Radio Network were also transferred to the Department as an administered activity during 2009-10 with an effective date of transfer of 1 April 2010.

(e) Comparative information

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

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

(e) *Comparative information (continued)*

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

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

(f) *Rounding*

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

(g) *Taxation*

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

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

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

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

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

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

(h) *Events after the reporting period*

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

(i) *Income*

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

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

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

The following are specific recognition criteria:

Fees and charges

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

Contributions (grants)

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

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

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

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

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

Resources received free of charge
Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

Revenues from SA Government
Appropriations for program funding are recognised as revenues when the Department obtains control over the funding. Control over appropriations is normally obtained upon receipt.

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

(j) Expenses

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

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

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

The following are specific recognition criteria:

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

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

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

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

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

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

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

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

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

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

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

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

Borrowing costs
All borrowing costs are recognised as expenses.

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

(k) Current and non-current classification
Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised in the 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 assets and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Department has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

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

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

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

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

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

Cash is measured at nominal value.

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

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

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

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Department will not be able to collect the debt. These are generally receivables that are 90 days or more overdue. Bad debts are written off when identified.

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

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

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

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

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

Non-current asset acquisition and recognition (continued)

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

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

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

Land, buildings, leasehold improvements, furniture, specialised plant and equipment and mobile transport assets were revalued in accordance with the 'fair value' method of valuation as at 1 July 2008. Recreation, sporting and stadia infrastructure was revalued as at 30 June 2010. Library collections were revalued in May 2002. Information technology assets are valued at cost. Radio network assets were revalued as at 30 June 2010.

Any revaluation increment is credited to the asset revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the asset revaluation surplus to the extent of the credit balance existing in revaluations reserve for the asset class.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- *Long service leave*
  The liability for long service leave is recognised after an employee has completed 5.5 years of service. An actuarial assessment of long service leave undertaken by DTF based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Department's experience of employee retention and leave taken.

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

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

When the Department expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

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

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

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

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

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

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

3. New and revised accounting standards and policies
A change in accounting policy was adopted by the Department with effect from 1 July 2009. Assets will now be expensed in the period in which they are acquired if they have an acquisition cost of less than $10 000. The change in accounting policy resulted in a decrease in the carrying amount of assets in the Statement of Financial Position for the year ended 30 June 2010 of $359 000 for controlled and $5000 for administered.

Except for AASB 2009-12, which the Department has adopted early, the AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the period ending 30 June 2010. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

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

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

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

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

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

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

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

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

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

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

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

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

Activity 12: ***Office for Volunteers***
Provision of services that facilitate the implementation of the 'Advancing the Community Together' partnership in order to build stronger communities and increase volunteer rates in accordance with South Australia's Strategic Plan; provision of policy and strategic advice that enhances the Government's capacity to identify, prioritise and respond appropriately to the needs of the volunteer community in South Australia; and initiate activities that support and promote volunteering.

Activity 13: ***Office for Women***
Pursuit of the full and equal participation of women in the social and economic life of the State by providing innovative and balanced public policy advice to government. Providing high quality statewide information and referral services through the Women's Information Service.

Activity 14: ***Liquor Regulatory Services***
This activity deals with encouraging responsible attitudes towards the promotion, sale, supply, consumption and use of liquor products.

Activity 15: ***Gambling Regulatory Services***
This activity encourages responsible attitudes towards the promotion, sale, supply and use of gambling products; to minimise the harm associated with these products; and to maintain public confidence in the State's gambling industries.

Activity 16: ***Recreation, Sport and Racing***
This activity is responsible for the provision of strategic policy, programs, services, sporting infrastructure and elite sport pathways aimed at all South Australians enjoying lives enriched through participation in active recreation and sport. This activity also includes the provision of strategic policy advice to the Minster for Recreation, Sport and Racing on matters relating to the South Australian racing industry.

Activity 17: ***Office for Youth***
This activity has a significant leadership role in coordinating a whole-of-government and community response in supporting young people, aged 12 to 25, and addressing issues affecting them.

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

5. Employee benefit expenses

	2010	2009
	$'000	$'000
Salaries and wages	95 778	88 789
Employee on-costs:		
Superannuation	12 738	12 656
Other	6 160	5 774
Annual leave	8 354	8 332
TVSPs	6 120	-
Long service leave	4 194	4 357
Board fees	1 888	1 683
Other	1 278	805
Total employee benefit expenses	136 510	122 396

TVSPs

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

The number of employees paid TVSPs to 30 June 2010 was 61 (0).

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:	2010 Number	2009 Number
$100 000 - $109 999	57	48
$110 000 - $119 999*	29	33
$120 000 - $129 999	44	34
$130 000 - $139 999	27	16
$140 000 - $149 999*	17	12
$150 000 - $159 999	6	6
$160 000 - $169 999	6	7
$170 000 - $179 999*	7	8
$180 000 - $189 999*	17	12
$190 000 - $199 999*	15	7
$200 000 - $209 999*	5	5
$210 000 - $219 999	-	4
$220 000 - $229 999*	3	2
$230 000 - $239 999	6	8
$240 000 - $249 999*	12	7
$250 000 - $259 999*	8	2
$260 000 - $269 999	3	3
$270 000 - $279 999*	3	2
$280 000 - $289 999	-	4
$290 000 - $299 999	1	-
$310 000 - $319 999	1	1
$320 000 - $329 999*	1	1
$330 000 - $339 999*	3	1
$340 000 - $349 999	1	-
$350 000 - $359 999*	1	-
$370 000 - $379 999	-	1
$380 000 - $389 999	1	-
$410 000 - $419 999	-	1
$430 000 - $439 999	-	1
$450 000 - $459 999	-	1
$460 000 - $469 999	2	1
$470 000 - $479 999	1	-
Total	277	228

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

Remuneration of employees by category

	2010	2009
	Number	Number
Legal officers	149	135
Executive	40	38
Other	88	55
Total	277	228

The table includes all employees who received remuneration of $100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. Total remuneration received or due and receivable by these employees was $44.3 million ($36.1 million).

An increase in enterprise bargaining outcomes has led to some officers now being included in this note. The number of officers included in this note has also increased due to functions that transferred to the Department in 2009-10.

6. Supplies and services

	2010	2009
	$'000	$'000
ICT	15 353	16 376
Accommodation	15 779	13 906
Contract staff	3 491	3 214
Staff payments	3 625	3 276
Legal fees	3 430	3 703
Office expenses	2 591	2 517
Laboratory supplies	1 274	1 520
Telephone related expenses	1 639	1 561
Motor vehicle expenses	1 738	1 463
Promotions and publications	2 125	1 436
Tax and taxable payments	985	805
Repairs, maintenance and minor purchases	2 025	1 563
Shared Services SA charges	2 713	1 738
Minor works	662	1 283
Cost of goods sold	960	938
Project costs	1 022	680
Consultancies	698	548
Storage and archive costs	265	272
Outsourced services	587	503
Facilitator costs	50	94
Fingerprinting costs	101	131
Insurance	261	207
Other	4 201	4 100
Total supplies and services	65 575	61 834

	2010	2009
Supplies and services provided by entities within the SA Government:		
ICT	2 954	2 629
Accommodation	14 129	12 693
Contract staff	-	59
Staff payments	306	319
Legal fees	78	2
Office expenses	24	93
Laboratory supplies	1	1
Telephone related expenses	1 079	1 158
Motor vehicle expenses	1 606	1 371
Promotions and publications	196	206
Repairs, maintenance and minor purchases	410	287
Shared Services SA charges	2 691	1 724
Minor works	305	255
Cost of goods sold	3	12
Project costs	49	35
Consultancies	9	-
Storage and archive costs	9	9
Fingerprinting costs	68	97
Insurance	107	201
Other	672	422
Total supplies and services - SA Government entities	24 696	21 573

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

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	2010		2009	
	Number	$'000	Number	$'000
Below $10 000	47	121	36	105
$10 000 - $50 000	17	409	12	266
Above $50 000	2	169	3	177
Total paid/payable to the consultants engaged	66	699	51	548

7. Grants and subsidies

	2010	2009
Grants to:	$'000	$'000
Community legal centres	4 049	4 022
South Australian Native Title Service	1 300	1 800
Grants by:		
Office for Recreation and Sport	11 967	7 975
Policy, Planning and Legislation Division	2 369	2 768
Native Title Claims Resolution Unit	400	428
Multicultural SA	832	864
Other	3 295	1 526
Total grants and subsidies	24 212	19 383

		2010	2009
7.	**Grants and subsidies (continued)**		
	Grants and subsidies provided to entities within the SA Government:	$'000	$'000
	Policy, Planning and Legislation Division	655	1 034
	Office for Recreation and Sport	276	-
	Native Title Claims Resolution Unit	400	428
	Multicultural SA	38	2
	Other	397	200
	Total grants and subsidies - SA Government entities	1 766	1 664
8.	**Depreciation and amortisation expense**		
	Depreciation:		
	Information technology	157	244
	Leasehold improvements	1 331	1 342
	Plant and equipment	1 639	1 354
	Buildings and other structures	3 006	2 111
	Mobile transport assets	26	26
	Total depreciation	6 159	5 077
	Amortisation:		
	Intangible assets	888	190
	Total amortisation	888	190
	Total depreciation and amortisation expense	7 047	5 267
9.	**Borrowing costs**		
	Interest paid/payable on short-term and long-term borrowings	281	228
	Total borrowing costs	281	228
10.	**Other expenses**		
	Witness expenses	857	876
	Doubtful debt expense	-	1 028
	Other	343	238
	Total other expenses	1 200	2 142
	Other expenses paid/payable to entities within the SA Government:		
	Other	273	238
	Total other expenses - SA Government entities	273	238
11.	**Auditor's remuneration**		
	Audit fees paid/payable to the Auditor-General's Department	273	238
	Total auditor's remuneration	273	238

Other services

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

		2010	2009
12.	**Revenues from fees and charges**		
	Licence and regulatory fees	29 376	28 276
	Legal services	15 481	15 485
	Network services	13 701	14 341
	Recovery of administration expenditure	6 741	6 200
	Forensic services	4 385	4 397
	Interpreting and translating services	3 157	2 991
	Sale of goods	2 618	1 527
	Rental income	1 135	756
	Other	252	294
	Total revenues from fees and charges	76 846	74 267
	Fees and charges received/receivable from entities within the SA Government:		
	Licence and regulatory fees	-	1
	Legal services	15 457	15 452
	Network services	13 701	14 341
	Recovery of administration expenditure	6 741	6 200
	Forensic services	4 385	4 397
	Interpreting and translating services	2 598	2 394
	Sale of goods	-	49
	Other	88	79
	Total revenues from fees and charges - SA Government entities	42 970	42 913
13.	**Recoveries**		
	Crown Solicitor's Office	5 370	4 343
	Office of Consumer and Business Affairs	614	582
	Justice Business Services	353	546
	Human Resource Services	198	534
	Office for Recreation and Sport	423	309
	Other	2 023	1 672
	Total recoveries	8 981	7 986

13. Recoveries (continued)

	2010	2009
Recoveries received/receivable from entities within the SA Government:	$'000	$'000
Crown Solicitor's Office	5 183	4 259
Office of Consumer and Business Affairs	441	386
Justice Business Services	249	338
Human Resource Services	198	492
Other	1 256	990
Total recoveries - SA Government entities	7 327	6 465

14. Grants and subsidies

Grants received by:		
Office for Recreation and Sport	4 559	4 546
Policy, Planning and Legislation Division	331	1 179
Crown Solicitor's Office	100	200
Other	472	341
Total grants and subsidies received	5 462	6 266

Grants received from SA Government entities:		
Office for Recreation and Sport	3 924	3 917
Policy, Planning and Legislation Division	331	1 179
Crown Solicitor's Office	100	200
Other	370	211
Total grants from SA Government entities	4 725	5 507

15. Other income

Other	2 161	1 681
Total other income	2 161	1 681

Other income received/receivable from entities within the SA Government:		
Other	-	102
Total other income - SA Government entities	-	102

16. Revenues from SA Government

Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the *Appropriation Act*	134 785	116 597
Total revenues from SA Government	134 785	116 597

17. Cash and cash equivalents

Deposits with the Treasurer(1)	21 159	24 930
Cash and cheques in transit	153	134
Cash on hand (including petty cash)(2)	132	154
Total cash and cash equivalents	21 444	25 218

(1) Includes funds held in the Accrual Appropriation Excess Funds Account of $16 million ($20.9 million). The balances of these funds are not available for general use ie funds can only be used in accordance with Treasurer's/Under Treasurer's approval.

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

18. Receivables

	2010	2009
	$'000	$'000
Receivables	10 893	9 859
Allowance for doubtful debts	(595)	(1 606)
GST receivable	1 406	1 781
Prepayments	305	672
Other	120	102
Total receivables	12 129	10 808

Receivables from SA Government entities:		
Receivables	9 608	8 237
Allowance for doubtful debts	(539)	(592)
Other	120	102
Total receivables from SA Government entities	9 189	7 747

Movement in the allowance for doubtful debts

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

Carrying amount at 1 July	1 606	500
Increase in the allowance	1	1 106
Amounts recovered	(953)	-
Amounts written off	(59)	-
Carrying amount at 30 June	595	1 606

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

	2010 Cost/ Valuation $'000	2010 Accumulated depreciation/ amortisation $'000	2010 Written down value $'000	2009 Cost/ Valuation $'000	2009 Accumulated depreciation/ amortisation $'000	2009 Written down value $'000
Leasehold improvements(1)	6 771	2 679	4 092	6 798	1 363	5 435
Plant and equipment(1)	13 528	8 025	5 503	12 479	6 726	5 753
Recreation and Sport infrastructure	159 657	3	159 654	176 380	39 310	137 070
Land(1)	1 060	-	1 060	1 060	-	1 060
Information technology	6 008	5 536	472	6 717	6 053	664
Library collections(2)	407	-	407	407	-	407
Mobile transport assets(1)	255	52	203	259	26	233
Capital work in progress	397	-	397	64	-	64
	188 083	16 295	171 788	204 164	53 478	150 686

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

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

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

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

2010	Land $'000	Leasehold imprvmnts $'000	Mobile transport assets $'000	Capital works in progress $'000	Recreation and sport infrastructure $'000
Carrying amount at 1 July	1 060	5 435	233	64	137 071
Additions	-	17	-	926	-
Depreciation and amortisation	-	(1 331)	(26)	-	(3 006)
Transfer from work in progress	-	-	-	(593)	-
Change in asset policy	-	(29)	(4)	-	(5)
Transfer (to) from other asset class	-	-	-	-	(135)
Revaluation (1)	-	-	-	-	25 729
Carrying amount at 30 June	1 060	4 092	203	397	159 654

	Information technology $'000	Library collections $'000	Plant and equipment $'000	Total property, plant and equipment $'000
Carrying amount at 1 July	663	407	5 753	150 686
Additions	43	-	948	1 935
Depreciation and amortisation	(157)	-	(1 639)	(6 159)
Transfer from work in progress	-	-	593	-
Change in asset policy	(77)	-	(287)	(402)
Transfer (to) from other asset class	-	-	135	-
Revaluation (1)	-	-	-	25 729
Carrying amount at 30 June	472	407	5 503	171 788

20. ***(a)*** ***Intangible assets***

	2010 $'000	2009 $'000
Computer software:		
Internally developed computer software	2 055	2 055
Accumulated amortisation	(1 637)	(749)
Total computer software	418	1 306
Work in progress		
Intangible work in progress at cost	871	529
Total work in progress	871	529
Total intangible assets	1 289	1 835

The internally developed computer software relates to Forensic Science South Australia's Case Management Database software. There were no indications of impairment of intangible assets at 30 June 2010.

(b) *Intangibles movement schedule*

	Computer software $'000	Intangible work in progress $'000	2010 Total intangibles $'000
Carrying amount 1 July	1 306	529	1 835
Additions	-	342	342
Depreciation and amortisation	(888)	-	(888)
Carrying amount 30 June	418	871	1 289

21. Payables

	2010 $'000	2009 $'000
Current:		
Creditors	5 707	10 401
Employee on-costs	2 309	2 227
Other current payables	1 303	1 141
Accruals	289	223
Total current payables	9 608	13 992
Non-current:		
Employee on-costs	2 407	2 629
Total non-current payables	2 407	2 629
Total payables	12 015	16 621
Payables to SA Government entities:		
Creditors	1 848	2 584
Employee on-costs	4 716	4 856
Accruals	289	223
Total payables to SA Government entities	6 853	7 663

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of long service leave taken as leave has not changed from the 2009 rate of 45 percent.

Interest rate risk

Creditors and accruals are raised for all amounts billed but unpaid and are settled within the normal terms of payment of 30 days, unless otherwise agreed. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

22. Employee benefits

	2010 $'000	2009 $'000
Current:		
Annual leave	7 205	7 209
Accrued salaries and wages	3 268	2 927
Long service leave	1 638	1 385
Total current employee benefits	12 111	11 521
Non-current:		
Long service leave	21 768	21 693
Total non-current employee benefits	21 768	21 693
Total employee benefits	33 879	33 214

Based on an actuarial assessment performed by DTF, the benchmark for the measurement of the long service leave liability has changed from the 2009 benchmark of 6.5 years to 5.5 years.

23. Provisions

Current:		
Provisions for workers compensation	545	513
Total current provisions	545	513
Non-current:		
Provisions for workers compensation	2 516	1 658
Total non-current provisions	2 516	1 658
Total provisions	3 061	2 171
Carrying amount at 1 July	2 171	1 869
Additional provisions recognised	890	302
Carrying amount at 30 June	3 061	2 171

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

24. Other liabilities

	2010	2009
Current:	$'000	$'000
Unearned revenue	11	71
Control and working account balances	11	11
Total current other liabilities	22	82
Other liabilities from SA Government entities:		
Unearned revenue	1	5
Control and working account balances	11	11
Total other liabilities from SA Government entities	12	16

25. Borrowings

Current borrowings:		
Loans from non-SA Government	322	322
Total current borrowings	322	322
Non-current borrowings		
Loans from non-SA Government	3 080	3 408
Total non-current borrowings	3 080	3 408
Total borrowings	3 402	3 730

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

26. Cash flow reconciliation

	2010	2009
Reconciliation of cash - cash at 30 June as per:	$'000	$'000
Statement of Cash Flows	21 444	25 218
Statement of Financial Position	21 444	25 218
Reconciliation of net cash provided by operating activities to net cost of providing services:		
Net cash (used in) provided by operating activities	(1 673)	7 381
Revenues from SA Government	(134 785)	(116 597)
Non-cash items:		
Depreciation and amortisation expense	(7 047)	(5 267)
Non-current assets accruals in payables	-	1 407
Resources received free of charge	129	-
Movement in assets and liabilities:		
Decrease (Increase) in receivables	183	(376)
(Increase) Decrease in other assets	(18)	42
Decrease in other non-current assets	(9)	-
Increase (Decrease) in payables	5 748	(7 023)
Increase in employee benefits	(666)	(4 843)
Increase in provisions	(890)	(302)
Decrease in lease incentive liability	886	880
Increase (Decrease) in other liabilities	388	(3 792)
Transfer of current assets on restructure	-	(734)
Transfer of non-current assets on restructure	-	(143)
Transfer of current liabilities on restructure	132	6 909
Transfer of non-current liabilities on restructure	218	5 084
Net cost of providing services	(137 404)	(117 374)

27. Unrecognised contractual commitments

Operating leases commitments

Commitments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	10 890	9 091
Later than one year but not longer than five years	32 927	34 574
Later than five years	13 411	19 622
Total operating leases commitments	57 228	64 097

The accommodation and office equipment leases are non-cancellable leases with rental payable monthly in advance. Contingent rental provisions within the accommodation lease agreements provide for the minimum lease payments to be increased on specified rent review dates. Options exist to renew the accommodation leases at the end of the term of the lease.

Department as lessor
Leases receivable contracted for at the reporting date but not recognised as assets are receivable as follows:

	2010	2009
	$'000	$'000
Within one year	227	97
Later than one year but not longer than five years	404	188
Later than five years	375	446
Total operating leases commitments	1 006	731

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

Remuneration commitments
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:

	2010	2009
	$'000	$'000
Within one year	19 838	16 713
Later than one year but not longer than five years	29 561	31 252
Total remuneration commitments	49 399	47 965

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

Other commitments

Grants(1)	12 621	13 455
Capital(2)	-	1 250
Motor vehicles(3)	1 628	1 008
Other(4)	36	2
Total	14 285	15 715
Within one year	8 063	14 134
Later than one year but not later than five years	6 222	1 581
Total other commitments	14 285	15 715

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

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

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

(4) Other commitments relate to purchase orders placed for goods and services before 30 June 2010.

28. Contingent assets and liabilities

In 1997 the Government entered into formal arrangements with the South Australian Netball Association (SANA), regarding the construction of a netball stadium at Mile End. The arrangements resulted in SANA securing a loan of $3.5 million from an external banking institution to be applied with government funding toward the stadium construction. As part of the arrangement the Government underwrites the loan of SANA. As such the Department is contingently liable for the outstanding balance of the loan of SANA. At balance date the outstanding balance of the loan was $1.434 million. The Department was not required to make any contributions during the reporting period.

29. Transferred functions

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

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

	Office for Youth
Assets:	$'000
Current	-
Non-current	-
Total assets	-

29. Transferred functions (continued)

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

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

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

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

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

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

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

30. Remuneration of board and committee members
Members that were entitled to receive remuneration for membership during the 2009-10 financial year were:

Forensic Science Advisory Committee

Mr Peter Anderson*
Mr Tony Harrison*
Prof Brendon Kearney*
Mr Adam Kimber*
Dr Claire Lenehan
Mr John Lyons
Mr Edward Mullighan, QC
Mr Richard Persse*
Mr Ross Vining*

SA Classification Council

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

Premier's Council for Women

Ms Alison Adair
Ms Eunice Aston
Ms Karen Bard
Prof Anne Edwards
Ms Lavinia Emmett-Grey
Ms Janet Giles
Ms Kate Gould
Ms Elizabeth Haebich
Ms Maria Hagias
Ms Anne-Marie Hayes*
Ms Elizabeth Jensen
Ms Frances Magill
Ms Patricia Mickan
Ms Anuradha Mundkur
Ms Nerida Saunders*
Ms Louise Stock
Ms Katrina Webb-Denis

South Australian Multicultural and Ethnic Affairs Commission

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

Residential Tenancies Tribunal

Mrs Marie Alvino
Ms Harrison Anderson
Mr Stuart Andrew
Mr Peter Carey
Mr Peter Duffy
Ms Julia Dunstone
Mr Stavros Georgiadis
Ms Barbara Johns
Ms Jane McCaffrie
Ms Patricia Mickan
Mrs Patricia Patrick
Mr Thomas Rymill
Mr Douglas Stott
Mr Gerard Twohig
Mr Roger Vincent
Ms Pamela Wilkinson

Volunteer Ministerial Advisory Group

Ms Anne Bachman
Ms Judith Bundy
Mr Michael Dawson
Ms Cathy Chong
Ms Monika Klein
Ms Janine Keulen
Ms Darilyn Roman
Mr David Mitchell
Mr Antonio Piccolo
Ms Debra Petrys
Mr Cameron Pearce
Ms Leanne Powell
Ms Pat Rix
Mr Jock Statton, OAM
Ms Janet Stone
Mr Jan Sutherland
Mr Wayne Thorley
Ms Kathryn Zeitz
Ms Alexandra Lawson

Physical Activity Council

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

Ministerial Advisory Committee on Victims of Crime

Mr Michael O'Connell*
Ms Diana Gilcrist-Humphrey
Ms Julie Gunn*
Mr David Kerr
Mr George Korolis
Ms Shannon Sampson
Mr Matthew Mitchell
Ms Lynette Nitschke
Mr Dean Oliver*
Mr Thomas Osborn*
Ms Helen Rodwell
Ms Vanessa Swan*
Mr Gary Thompson*
Ms Vicky Toovey*
Ms Sonia Waters*
Mr Peter May*

Guardianship Board

Prof Jennifer Abbey
Mr Robert Arbon
Ms Margaret Brown
Ms Lee-Anne Clark
Ms Jeanette Curtis OAM
Dr Linley Denson*
Mr Anthony Durkin
Dr Leon Earle
Ms Julie Forgan
Dr Jonathan Fry*
Ms Eileen Quinn
Ms Jan Harry
Dr Lothar Hoff
Mrs Janet Howell
Ms Eugenia Koussidis
Ms Sally Langton
Ms Karen McAuley*
Mr Jeremy Moore*
Ms Karen O'Keefe
Ms Janece Petrie
Mr Lange Powell*
Mr Neil Rainford
Dr George Rawson
Ms Elizabeth Salna
Dr Lucy Sheppeard
Dr Elaine Skinner
Ms Patricia Sutton
Mr Noel Twohig
Ms Judith Worrall
Ms Penelope Wright
Ms Lindley Gilfillan

Veterans Advisory Council

Mr Greg Blyth
Mr Paul Coppock
Squadron Leader Jennifer Dowling (Rtd)
Lt Col Moose Dunlop (Rtd), OAM
Brigadier Laurie Lewis (Rtd), AM
Mrs Brenda Fergusson
Squadron Leader David Helman (Rtd)
Mr David Kerr
Brigadier Max Lemon (Rtd), AM
Sir Eric Neal AC, CVO
Mr William Schmitt AM
Major Ian Smith
Mr Jock Statton, OAM
Major Robert Ellis (Rtd)

Boxing and Martial Arts Advisory Committee

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

Minister's Youth Council

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

Community Protection Panel

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

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

30. Remuneration of board and committee members (continued)

The number of members whose remuneration received or receivable falls within the following bands:	2010 Number	2009 Number
$0 - $9 999	104	117
$10 000 - $19 999	11	13
$20 000 - $29 999	6	5
$30 000 - $39 999	4	8
$40 000 - $49 999	4	1
$50 000 - $59 999	3	2
$60 000 - $69 999	3	2
$70 000 - $79 999	1	2
$80 000 - $89 000	-	2
$90 000 - $99 999	3	1
$100 000 - $109 999	1	-
$110 000 - $119 999	1	1
$130 000 - $139 999	-	1
$260 000 - $269 999	1	1
Total	142	156

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $2.06 million ($1.96 million).

Amounts paid to a superannuation plan for board/committee members was $170 000 ($250 000).

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

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

31. Financial instruments

(a) Categorisation of financial instruments

Financial assets

Cash and receivables are recorded at the carrying amount as per the Statement of Financial Position, which approximates net fair value.

Financial liabilities

Payables are recorded at the carrying amount which is considered to be a reasonable estimate of net fair value.

(b) Credit risk

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

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

	Past due by			
	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2010	$'000	$'000	$'000	$'000
Not impaired:				
Receivables	759	578	1 161	2 498
Impaired:				
Receivables	-	-	596	596
2009				
Not impaired:				
Receivables	263	232	889	1 384
Impaired:				
Receivables	-	-	500	500

(c) Liquidity risk

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

The continued existence of the Department in its present form, and with its present programs, is dependent on State Government policy and on continuing appropriations by Parliament for the Department's administration and activities. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received.

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

(d) Market risk

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

32. Events after the reporting period

In April 2007, the Council of Australian Governments agreed that the Commonwealth would assume full responsibility for the administration of a national trade measurement system. As a result of this decision, the trade measurement function of the Office of Consumer and Business Affairs will become part of the National Measurement Institute effective 1 July 2010. The financial effect of this transfer has not been reflected in these financial statements. The transfer of the trade measurement function involves the transfer of eight employees.

As a result of restructuring administrative arrangements the Department gained responsibility for the Employee Ombudsman, WorkCover Ombudsman, Medical Panels SA, Industrial Relations Court and Commission and the Workers Compensation Tribunal effective 1 July 2010. As a result of the restructure, the Department will receive assets and liabilities relating to the transferring functions from DPC. The financial effect of this restructure has not been reflected in these financial statements.

Statement of Administered Comprehensive Income for the year ended 30 June 2010

	Note	2010 $'000	2009 $'000
EXPENSES:			
Payments to Consolidated Account		**315 162**	344 465
Grants	A7	**45 249**	41 409
Victims of Crime payments	A8	**12 918**	13 444
State Rescue Helicopter Service charges	A9	**9 970**	9 676
Employee benefit expenses	A10	**7 591**	6 602
Depreciation and amortisation	A11	**2 380**	347
Other expenses	A12	**22 295**	16 420
Total expenses		**415 565**	432 363
INCOME:			
Taxation revenue	A2	**310 657**	321 764
Revenues from SA Government	A3	**69 911**	63 687
Grants and subsidies received	A4	**18 702**	19 908
Interest revenues	A5	**16 089**	19 973
Victims of Crime levies		**21 980**	18 273
Fees and charges		**3 882**	3 214
Sales of goods and services		**5 781**	-
Recoveries and other income	A6	**10 678**	6 300
Total income		**457 680**	453 119
NET COST OF PROVIDING SERVICES		**42 115**	20 756
OTHER COMPREHENSIVE INCOME			
Net loss on financial assets taken to equity		**-**	(937)
Changes in property, plant and equipment asset revaluation surplus		**27 094**	124
TOTAL COMPREHENSIVE RESULT		**69 209**	19 943

Total comprehensive result is attributable to the SA Government as owner

Statement of Administered Financial Position as at 30 June 2010

	Note	**2010**	2009
CURRENT ASSETS:		**$'000**	$'000
Cash and cash equivalents	A13	**194 393**	134 276
Receivables	A14	**39 654**	33 872
Investments	A15	**72 535**	53 528
Other current assets	A16	**281**	328
Total current assets		**306 863**	222 004
NON-CURRENT ASSETS:			
Investments	A15	**87 390**	84 891
Intangible assets	A18(a)	**12**	-
Property, plant and equipment	A17(a)	**63 655**	8 493
Total non-current assets		**151 057**	93 384
Total assets		**457 920**	315 388
CURRENT LIABILITIES:			
Payables	A19	**10 576**	4 769
Employee benefits	A20	**243**	123
Other current liabilities	A21	**109 465**	82 299
Total current liabilities		**120 284**	87 191
NON-CURRENT LIABILITIES:			
Payables	A19	**38**	21
Employee benefits	A20	**342**	173
Other non-current liabilities	A21	**67 195**	62 504
Total non-current liabilities		**67 575**	62 698
Total liabilities		**187 859**	149 889
NET ASSETS		**270 061**	165 499
EQUITY:			
Asset revaluation surplus		**28 010**	916
Retained earnings		**242 051**	164 583
TOTAL EQUITY		**270 061**	165 499

Total equity is attributable to the SA Government as owner

Commitments	A23
Contingent assets and liabilities	A24

Statement of Administered Changes in Equity
for the year ended 30 June 2010

	Note	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2008		1 729	139 019	140 748
Net result for 2008-09		-	20 756	20 756
Gain on revaluation of property, plant and equipment during 2008-09		124	-	124
Loss on revaluation of investments during 2008-09		(937)	-	(937)
Total comprehensive result for 2008-09		916	159 775	160 691
Net assets received from an administrative restructure		-	4 808	4 808
Balance at 30 June 2009		916	164 583	165 499
Changes in asset recognition policy	3	-	(5)	(5)
Net result for 2009-10		-	42 115	42 115
Gain on revaluation of property, plant, equipment and intangibles during 2009-10	A17(b)	27 094	-	27 094
Total comprehensive result for 2009-10		27 094	42 110	69 204
Transactions with SA Government as owner				
Net assets received from an administrative restructure		-	35 358	35 358
Balance at 30 June 2010		**28 010**	**242 051**	**270 061**

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

Statement of Administered Cash Flows
for the year ended 30 June 2010

		2010	2009
		Inflows	Inflows
CASH FLOWS FROM OPERATING ACTIVITIES:		**(Outflows)**	(Outflows)
CASH INFLOWS:	Note	**$'000**	$'000
Taxation receipts		**286 353**	321 059
Bond lodgements		**67 035**	60 220
Receipts from SA Government		**69 957**	63 633
Grants and subsidies received		**18 702**	16 839
Interest received		**16 195**	19 397
Victims of Crime levies		**21 522**	18 342
Bond guarantee receipts		**3 253**	2 802
Sales of goods and services		**4 156**	-
Fees and charges		**7 601**	3 029
Other receipts		**32 432**	6 300
Cash generated from operations		**527 206**	511 621
CASH OUTFLOWS:			
Payments to Consolidated Account		**(293 206)**	(343 101)
Grants		**(45 249)**	(41 409)
Victims of Crime compensation payments		**(12 918)**	(13 444)
Employee benefit payments		**(7 382)**	(6 496)
Bond refunds		**(53 758)**	(44 906)
Bond guarantee payments		**(3 253)**	(2 802)
Other payments		**(28 423)**	(19 323)
Cash used in operations		**(444 189)**	(471 481)
Net cash provided by operating activities	A22	**83 017**	40 140
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Payments for investments		**(19 124)**	(16 896)
Purchase of property, plant and equipment		**(3 986)**	(7 669)
Cash used in investing activities		**(23 110)**	(24 565)
Net cash used in investing activities		**(23 110)**	(24 565)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH INFLOWS:			
Receipts from restructure activities		**210**	4 808
Cash provided by financing activities		**210**	4 808
Net cash provided by financing activities		**210**	4 808
NET INCREASE IN CASH AND CASH EQUIVALENTS		**60 117**	20 383
CASH AND CASH EQUIVALENTS AT 1 JULY		**134 276**	113 893
CASH AND CASH EQUIVALENTS AT 30 JUNE	A13	**194 393**	134 276

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

(Activities - refer note A1)	1		2		3		4	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
INCOME:								
Taxation receipts	**310 657**	321 764	**-**	-	**-**	-	**-**	-
Revenues from SA Government	**5 900**	6 000	**1 116**	296	**6 990**	6 815	**7 421**	7 308
Grants and subsidies received	**-**	-	**-**	-	**7**	7	**564**	550
Interest revenues	**-**	-	**8 787**	11 558	**1 594**	1 435	**-**	-
Victims of Crime levies	**-**	-	**-**	-	**21 980**	18 273	**-**	-
Fees and charges	**3 747**	3 133	**-**	-	**-**	-	**-**	-
Sale of goods and services	**-**	-	**-**	-	**-**	-	**-**	-
Recoveries and other income	**25**	19	**1 370**	448	**1 712**	2 501	**3 400**	2 855
Total income	**320 329**	330 916	**11 273**	12 302	**32 283**	29 031	**11 385**	10 713
EXPENSES:								
Payments to consolidated account	**314 960**	324 116	**1**	-	**-**	-	**-**	948
Grants	**7 586**	6 537	**-**	-	**2 653**	2 618	**336**	-
Victims of Crime payments	**-**	-	**-**	-	**12 918**	13 444	**-**	-
State Rescue Helicopter Service charges	**-**	-	**-**	-	**-**	-	**9 970**	9 676
Employee benefit expenses	**-**	-	**24**	-	**-**	-	**176**	-
Depreciation expense	**-**	-	**-**	-	**3**	-	**-**	-
Other expenses	**127**	202	**1 601**	2 837	**2 380**	2 396	**151**	84
Total expenses	**322 673**	330 855	**1 626**	2 837	**17 954**	18 458	**10 632**	10 708
NET COST OF PROVIDING SERVICES	**(2 344)**	61	**9 647**	9 465	**14 329**	10 573	**752**	5

(Activities - refer note A1)	6		7		8	
	2010	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
INCOME:						
Taxation receipts	**-**	-	**-**	-	**-**	-
Revenues from SA Government	**-**	-	**16 760**	4 448	**16 446**	28 233
Grants and subsidies received	**-**	-	**290**	2 790	**14 054**	13 737
Interest revenues	**5 698**	6 966	**-**	-	**-**	-
Victims of Crime levies	**-**	-	**-**	-	**-**	-
Fees and charges	**-**	-	**-**	-	**-**	-
Sale of goods and services	**-**	-	**-**	-	**-**	-
Recoveries and other income	**1 958**	265	**240**	22	**-**	-
Total income	**7 656**	7 231	**17 290**	7 260	**30 500**	41 970
EXPENSES:						
Payments to Consolidated Account	**-**	-	**-**	-	**-**	13 737
Grants	**-**	-	**100**	-	**30 500**	28 233
Victims of Crime payments	**-**	-	**-**	-	**-**	-
State Rescue Helicopter Service charges	**-**	-	**-**	-	**-**	-
Employee benefit expenses	**4 068**	3 832	**742**	899	**-**	-
Depreciation expense	**172**	225	**58**	98	**-**	-
Net loss from disposal of assets		-		-		-
Other expenses	**1 594**	6 003	**2 834**	2 554	**-**	-
Total expenses	**5 834**	10 060	**3 734**	3 551	**30 500**	41 970
NET COST OF PROVIDING SERVICES	**1 822**	(2 829)	**13 556**	3 709	**-**	-

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

(Activities - refer note A1)	9		10		Total	
	2010	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
INCOME:						
Taxation receipts	**-**	-	**-**	-	**310 657**	321 764
Revenues from SA Government	**3 550**	-	**11 728**	10 587	**69 911**	63 687
Grants and subsidies received	**-**	-	**3 787**	2 824	**18 702**	19 908
Interest revenues	**-**	-	**10**	14	**16 089**	19 973
Victims of Crime levies	**-**	-	**-**	-	**21 980**	18 273
Fees and charges	**-**	-	**134**	81	**3 881**	3 214
Sales of goods and services	**5 781**	-	**-**	-	**5 781**	-
Recoveries and other income	**1 577**	-	**397**	190	**10 679**	6 300
Total income	**10 908**	-	**16 056**	13 696	**457 680**	453 119
EXPENSES:						
Payments to Consolidated Account	**-**	-	**201**	5 664	**315 162**	344 465
Grants	**-**	-	**4 074**	4 021	**45 249**	41 409
Victims of Crime payments	**-**	-	**-**	-	**12 918**	13 444
State Rescue Helicopter Service charges	**-**	-	**-**	-	**9 970**	9 676
Employee benefit expenses	**293**	-	**2 288**	1 871	**7 591**	6 602
Depreciation expense	**2 097**	-	**50**	24	**2 380**	347
Other expenses	**7 239**	-	**6 369**	2 344	**22 295**	16 420
Total expenses	**9 629**	-	**12 982**	13 924	**415 565**	432 363
NET COST OF PROVIDING SERVICES	**1 279**	-	**3 074**	(228)	**42 115**	20 756

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

(Activities - refer note A1)	1		2		3		4	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
CURRENT ASSETS:								
Cash and cash equivalents	**54 143**	31 388	**40 947**	34 835	**52 905**	39 189	**1 459**	2 428
Receivables	**25 019**	25 948	**1 865**	1 389	**2 116**	1 596	**3**	296
Investments	**-**	-	**19 071**	17 386	**-**	-	**-**	-
Other current assets	**-**	179	**-**	-	**-**	-	**-**	-
NON-CURRENT ASSETS:								
Investments	**-**	-	**22 983**	22 262	**-**	-	**-**	-
Intangible assets	**-**	-	**-**	-	**-**	-	**-**	-
Property, plant and equipment	**-**	-	**1 014**	382	**13**	-	**-**	-
Total assets	**79 162**	57 515	**85 877**	76 254	**55 034**	40 785	**1 462**	2 724
CURRENT LIABILITIES:								
Payables	**20**	26	**91**	49	**459**	537	**935**	951
Employee benefits	**-**	-	**2**	-	**-**	-	**15**	-
Other current liabilities	**50 963**	26 966	**-**	-	**-**	-	**124**	2 143
NON-CURRENT LIABILITIES:								
Payables	**-**	-	**-**	-	**-**	-	**-**	-
Employee benefits	**-**	-	**-**	-	**-**	-	**4**	-
Other non-current liabilities	**-**	-	**-**	-	**-**	-	**-**	-
Total liabilities	**50 983**	26 992	**93**	49	**459**	537	**1 078**	3 094
NET ASSETS	**28 179**	30 523	**85 787**	76 205	**54 575**	40 248	**384**	(370)

(Activities - refer note A1)	5		6		7		8	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
CURRENT ASSETS:								
Cash and cash equivalents	**1 084**	1 084	**15 213**	20 998	**14 962**	636	**2**	1
Receivables	**-**	-	**2 013**	1 555	**103**	3 073	**-**	-
Investments	**-**	-	**53 464**	36 142	**-**	-	**-**	-
Other current assets	**-**	-	**-**	-	**-**	-	**-**	-
NON-CURRENT ASSETS:								
Investments	**-**	-	**64 407**	62 629	**-**	-	**-**	-
Intangible assets	**-**	-	**-**	-	**-**	-	**-**	-
Property, plant and equipment	**-**	-	**71**	247	**5 705**	3 509	**-**	-
Total assets	**1 084**	1 084	**135 168**	121 571	**20 770**	7 218	**2**	1
CURRENT LIABILITIES:								
Payables	**-**	-	**3 502**	1 725	**88**	80	**-**	-
Employee benefits	**-**	-	**-**	-	**49**	73	**-**	-
Other current liabilities	**-**	-	**58 378**	53 133	**-**	-	**-**	-
NON-CURRENT LIABILITIES:								
Payables	**-**	-	**-**	-	**10**	10	**-**	-
Employee benefits	**-**	-	**-**	-	**91**	81	**-**	-
Other non-current liabilities	**-**	-	**67 195**	62 504	**-**	-	**-**	-
Total liabilities	**-**	-	**129 075**	117 362	**238**	244	**-**	-
NET ASSETS	**1 084**	1 084	**6 093**	4 209	**20 532**	6 974	**2**	1

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

(Activities - refer note A1)	9		10		Total	
	2010	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
CURRENT ASSETS:						
Cash and cash equivalents	**3 863**	-	**9 817**	3 717	**194 393**	134 276
Receivables	**8 523**	-	**12**	15	**39 654**	33 872
Investments	**-**	-	**-**	-	**72 535**	53 528
Other current assets	**-**	-	**281**	149	**281**	328
NON-CURRENT ASSETS:		-				
Investments	**-**	-	**-**	-	**87 390**	84 891
Intangible assets	**12**	-	**-**	-	**12**	-
Property, plant and equipment	**56 560**	-	**292**	4 355	**63 655**	8 493
Total assets	**68 959**	-	**10 402**	8 236	**457 920**	315 388
CURRENT LIABILITIES:						
Payables	**5 206**	-	**275**	1 401	**10 576**	4 769
Employee benefits	**81**	-	**96**	50	**243**	123
Other current liabilities	**-**	-	**-**	57	**109 465**	82 299
NON-CURRENT LIABILITIES:						
Payables	**15**	-	**13**	11	**38**	21
Employee benefits	**133**	-	**114**	92	**342**	173
Other non-current liabilities	**-**	-	**-**	-	**67 195**	62 504
Total liabilities	**5 435**	-	**498**	1 611	**187 859**	149 889
NET ASSETS	**63 523**	-	**9 902**	6 625	**270 061**	165 499

NOTES TO AND FORMING PART OF THE ADMINISTERED FINANCIAL STATEMENTS

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

A1. Administered activities

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

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

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

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

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

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

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

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

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

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

Activity 6: ***Trust Accounts***

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

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

This administered activity relates to activities associated with the implementation of the South Australian Computer Aided Dispatch (SACAD) and portfolio radio and telecommunications costs for the Justice Portfolio.

Activity 8: ***Legal Aid***

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

Activity 9: ***SA Government Radio Network***

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

Activity 10 ***Other***

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

A2. Taxation revenue - administered items

	2010 $'000	2009 $'000
Taxation - gaming machines	282 729	292 753
Taxation - casino operations	21 573	21 296
Taxation - off-course totalisator	6 355	7 715
Total taxation revenue	310 657	321 764

A3. Revenues from SA Government - administered items

Appropriations from Consolidated Account pursuant to the *Appropriations Act*	57 462	51 073
Appropriations under other Acts	12 449	12 614
Total revenues from SA Government	69 911	63 687

A4. Grants and subsidies received - administered items

Commonwealth specific purpose grants:		
Legal aid	14 054	13 736
Total commonwealth specific purpose grants	14 054	13 736
Grants from SA Government:		
Computer aided dispatch	290	2 790
Recreation and Sport	3 500	2 625
State Rescue Helicopter Service	564	550
Other	294	207
Total grants from SA Government	4 648	6 172
Total grants and subsidies received	18 702	19 908

A5. Interest revenues - administered items

Interest from investments	6 236	7 992
Agents Indemnity Fund interest from agents	5 796	7 904
Interest from DTF	3 383	3 338
Interest from Housing SA	674	739
Total interest revenues	16 089	19 973
Interest received/receivable from entities within the SA Government:		
Interest from investments	6 236	7 992
Interest from DTF	3 383	3 338
Interest from Housing SA	674	739
Total interest revenues - SA Government entities	10 293	12 069

A6. Recoveries and other income - administered items

	2010	2009
	$'000	$'000
Confiscation of profits	925	1 408
Recoveries from offenders	762	1 072
Recoveries for State Rescue Helicopter Service	2 261	1 725
Sundry recoveries	3 650	1 583
Revaluation increment	2 381	-
Other	699	512
Total recoveries and other income	10 678	6 300
Recoveries and other income received/receivable from entities within the SA Government:		
Recoveries for State Rescue Helicopter Service	2 028	1 550
Sundry recoveries	2 245	579
Revaluation increment	2 381	-
Total recoveries and other income - SA Government entities	6 654	2 129

A7. Grants - administered items

	2010	2009
Legal Services Commission	30 844	28 521
Liquor licensees	7 586	6 537
Victims of Crime legal aid	2 653	2 618
Other	4 166	3 733
Total grants	45 249	41 409

A8. Victims of Crime payments - administered items

	2010	2009
Victims of Crime payments	12 918	13 444
Total Victims of Crime payments	12 918	13 444
Victims of Crime payments paid/payable to entities within the SA Government:		
Victims of Crime payments	456	746
Total Victims of Crime payments - SA Government entities	456	746

A9. State Rescue Helicopter Service charges - administered items

	2010	2009
State Rescue Helicopter Service charges	9 970	9 676
Total State Rescue Helicopter Service charges	9 970	9 676
State Rescue Helicopter Service charges paid/payable to entities within the SA Government:		
State Rescue Helicopter Service charges	30	231
Total State Rescue Helicopter Service charges - SA Government entities	30	231

A10. Employee benefit expenses - administered items

	2010	2009
Salaries and wages	5 264	4 445
Employee on-costs:		
Superannuation	598	542
Other	297	242
Board fees	1 058	987
Annual leave	160	163
Long service leave	214	223
Total employee benefit expenses	7 591	6 602

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:	2010 Number	2009 Number
$100 000 - $109 999	-	1
$110 000 - $119 999	2	2
$120 000 - $129 999	-	1
$160 000 - $169 999	-	-
$190 000 - $199 999	1	-
$230 000 - $239 999	-	1
$240 000 - $249 999	1	-
$260 000 - $269 999	1	-
$370 000 - $379 999	-	-
$410 000 - $419 999	-	1
$420 000 - $429 999	-	-
$450 000 - $459 999	1	-
Total	6	6

The table includes all employees who received remuneration of $100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. Total remuneration received or due and receivable by these employees was $1.4 million ($1.1 million).

A11. Depreciation and amortisation expense - administered items

	2010	2009
	$'000	$'000
Depreciation:		
Information technology	109	158
Leasehold improvements	126	141
Plant and equipment	54	48
Buildings and other structures	22	-
Radio network assets	2 068	-
Total depreciation expense	2 379	347
Amortisation:		
Intangible assets	1	-
Total amortisation	1	-
Total depreciation and amortisation expense	2 380	347

A12. Other expenses - administered items

	2010	2009
Legal fees	370	2 946
Contract staff	916	1 316
Contract maintenance	952	647
Accommodation	853	524
Promotions and publications	548	759
ICT	1 101	765
Office expenses	219	92
Agents Indemnity Fund claims	-	44
Telephone related expenses	133	18
Betting services	27	79
Consultancies	316	1
Revaluation decrement(1)	-	6 082
Donated asset(2)	5 096	-
Radio network expenditure	5 641	-
Other	6 123	3 147
Total other expenses	22 295	16 420

(1) Revaluation decrement refers to a decrease in the value of investments held by administered funds with the Public Trustee.

(2) Donated asset refers to assets associated with Sturt Street Court upgrade and Justice Video Conferencing transferred to other Justice agencies.

Other expenses paid/payable to entities within the SA Government:	2010	2009
	$'000	$'000
Legal fees	10	952
Accommodation	835	514
Promotions and publications	-	5
ICT	44	109
Office expenses	1	2
Telephone related expenses	83	14
Contract staff	-	142
Betting services	4	-
Revaluation decrement	-	6 082
Radio network expenditure	26	-
Other	2 937	2 840
Total other expenses - SA Government entities	3 940	10 660

The number and dollar amount of consultancies paid/ payable (included in other expenses) that fell within the following bands:	2010		2009	
	Number	$'000	Number	$'000
Below $10 000	3	19	1	1
$10 000 - $50 000	3	57	-	-
Above $50 000	1	240	-	-
Total paid/payable to the consultants engaged	7	316	1	1

A13. Cash and cash equivalents - administered items

	2010	2009
	$'000	$'000
Special Deposit Account with Westpac Bank	194 393	134 276
Total cash and cash equivalents	194 393	134 276

Movement in trust accounts	Crown Solicitor's Trust Account		Residential Tenancies Fund		Retail Shop Leases Fund	
	2010	2009	2010	2009	2010	2009
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July	8 323	7 188	12 375	12 382	301	1 267
Receipts	87 708	100 022	67 304	60 699	908	815
Payments	(91 134)	(98 887)	(70 279)	(60 706)	(292)	(1 781)
Balance at 30 June	4 897	8 323	9 400	12 375	917	301

A14. Receivables - administered items

	2010 $'000	2009 $'000
Receivables	36 390	30 795
Accrued interest	2 943	3 049
Prepayments	321	17
GST receivable	-	11
Total receivables	39 654	33 872
Receivables from SA Government entities:		
Receivables	9 888	4 830
Accrued interest	2 943	269
Total receivables from SA Government entities	12 831	5 099

A15. Investments - administered items

Current:		
Funds invested with the Public Trustee	72 535	53 528
Total current investments	72 535	53 528
Non-current:		
Funds invested with the Public Trustee	87 390	84 891
Total non-current investments	87 390	84 891
Total investments	159 925	138 419
Investments represent funds invested with the Public Trustee as follows:		
Residential Tenancies Fund	113 543	94 931
Agents Indemnity Fund	39 403	37 151
Second-hand Vehicles Compensation Fund	2 651	2 497
Retail Shop Leases Fund	4 328	3 840
Total investments	159 925	138 419

A16. Other current assets - administered items

Other current assets	281	328
Total other current assets	281	328
Other current assets from SA Government entities:		
Other current assets	281	328
Total other current assets from SA Government entities	281	328

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

	2010			2009		
	Cost/ Valuation $'000	Accumulated depreciation/ amortisation $'000	Written down value $'000	Cost/ Valuation $'000	Accumulated depreciation/ amortisation $'000	Written down value $'000
Leasehold improvements(1)	317	265	52	320	141	179
Information technology	1 020	677	343	764	602	162
Plant and equipment(1)	170	119	51	153	65	88
Buildings and other structures	3 409	-	3 409	-	-	-
Capital works in progress	7 261	-	7 261	8 064	-	8064
Radio network assets(2)	52 539	-	52 539	-	-	-
	64 716	1 061	63 655	9 301	808	8 493

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

(2) Valuations of radio network assets were performed by Cameron Dunsford, FAPI, MRICS, SPINZ, Chartered Valuer, Certified Practising Valuer of RHAS, chartered valuers and brokers as at 30 June 2010.

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

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

	Leasehold improvements $'000	Information technology $'000	Plant and equipment $'000	Capital works in progress $'000
Carrying amount 1 July	179	162	88	8 064
Additions	-	100	17	3 870
Depreciation and amortisation	(126)	(109)	(54)	-
Acquisition through administrative restructure	-	19	-	549
Transfers from WIP to non-current assets	-	126	-	(126)
Other transfer out of WIP	-	-	-	(5 096)
Revaluation	-	50	-	-
Change in asset policy	(1)	(5)	-	-
Carrying amount 30 June	52	343	51	7 261

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

	Buildings and other structures $'000	Radio network assets $'000	Total PP&E $'000
Carrying amount 1 July	-	-	8 493
Additions	-	-	3 987
Depreciation and amortisation	(22)	(2 068)	(2 379)
Acquisition through administrative restructure	1 913	29 087	31 568
Transfers from WIP to non-current assets	-	-	-
Other transfer out of WIP	-	-	(5 096)
Revaluation	1 518	25 520	27 088
Change in asset policy	-	-	(6)
Carrying amount 30 June	3 409	52 539	63 655

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

	2010 $'000	2009 $'000
SA Government Radio Network:		
SA Government Radio Network	12	-
Accumulated amortisation	-	-
Total computer software	12	-
Total intangible assets	12	-

There was no indication of impairment of intangible assets at 30 June 2010.

(b) Intangible movement schedule- administered items

	Intangibles $'000	Total intangibles $'000
Carrying amount 1 July 2009	-	-
Depreciation and amortisation	-	-
Acquisition through administrative restructure	6	6
Revaluation	6	6
Carrying amount 30 June 2010	12	12

A19. Payables - administered items

	2010 $'000	2009 $'000
Current:		
Creditors	10 373	4 715
Employee on-costs	39	20
Accruals	35	34
GST payable	129	-
Total current payables	10 576	4 769
Non-current:		
Employee on-costs	38	21
Total non-current payables	38	21
Total payables	10 614	4 790
Payables to SA Government entities:		
Creditors	3 654	1 750
Employee on-costs	77	41
Accruals	35	34
Total payables to SA Government entities	3 766	1 825

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of long service leave taken as leave has not changed from the 2009 rate 45 percent.

A20. *Employee benefits - administered items*

Current:		
Annual leave	133	76
Accrued salaries and wages	84	36
Long service leave	26	11
Total current employee benefits	243	123
Non-current:		
Long service leave	342	173
Total non-current employee benefits	342	173
Total employee benefits	585	296

Based on an actuarial assessment performed by DTF, the benchmark for the measurement of the long service leave liability has decreased to 5.5 years from the 2009 benchmark of 6.5 years.

A21. Other liabilities - administered items

	2010	2009
Current:	$'000	$'000
Gaming and other receipts payable to DTF	50 252	28 296
Security bonds lodged	53 481	44 888
Crown Solicitor's Trust Account	4 897	8 323
Other	835	792
Total other current liabilities	109 465	82 299
Non-current:		
Security bonds lodged	67 195	62 504
Total other non-current liabilities	67 195	62 504
Total other liabilities	176 660	144 803
Other current liabilities to SA Government entities:		
Gaming and other receipts payable to DTF	50 252	28 296
Other	-	21
Total other current liabilities to SA Government entities	50 252	28 317

A22. Cash flow reconciliation - administered items

Reconciliation of cash - cash at 30 June per:		
Statement of Administered Cash Flows	194 393	134 276
Statement of Administered Financial Position	194 393	134 276
Reconciliation of net cash provided by operating activities to net cost of providing services:		
Net cash provided by operating activities	83 017	40 140
Non-cash items:		
Depreciation expense	(2 380)	(347)
Donated asset expense	(5 096)	-
Decrement on revaluation of investments	-	(6 082)
Increment on revaluation of investments	2 381	-
Non-current assets accrual in payables	-	(22)
Movement in assets and liabilities:		
Increase in receivables	5 478	4 434
Increase in other assets	258	54
(Decrease) Increase in payables	(5 823)	479
Increase in employee benefits	(289)	(94)
Increase in other liabilities	(31 859)	(17 850)
Increase in current liabilities from restructure	3 808	-
Increase in non-current liabilities from restructure	77	-
Increase in current assets from restructure	(7 457)	-
Net cost of providing services	42 115	20 756

A23. Unrecognised contractual commitments - administered items

Operating leases commitments

Commitments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

Within one year	3 464	-
Later than one year but not longer than five years	2 756	-
Later than five years	56	-
Total operating lease commitments	6 276	-

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

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

The Department as lessor

Leases receivable contracted for at the reporting date but not recognised	2010	2009
as assets are receivable as follows:	$'000	$'000
Within one year	182	-
Later than one year but not longer than five years	167	-
Total operating lease commitments	349	-

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

Other commitments	2010	2009
	$'000	$'000
Within one year	14 946	14 054
Later than one year but not longer than five years	47 101	-
Total other commitments[(1)]	62 047	14 054

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

A24. Contingent assets and liabilities - administered items

The Second-Hand Vehicles Compensation Fund has an estimated contingent obligation to pay $40 000 relating to current and expected claims against the Fund.

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

Under the *Residential Tenancies Act 1995*, interest is paid to tenants when a bond is repaid to them, interest is not paid when a bond is paid to landlords or third parties such as the Housing SA. The interest payable to tenants has not been recorded as a liability, as the Residential Tenancies Fund does not have a present obligation until the tenant lodges a claim for the repayment of the bond. It is estimated that the interest liability as at 30 June 2010 is $146 000.

A25. Transferred functions - administered items

Transferred in

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

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

	Duke of Edinburgh Trust Account $'000
Assets:	
Current	210
Non-current	-
Total assets	210
Liabilities:	
Current	-
Non-current	-
Total liabilities	-
Net assets	210
Net gain from transferred functions	210

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

Effective 1 April 2010, the functions of the SA Government Radio Network were transferred to the Department.

The income and expenses attributable to this function for the period 2009-10 were:

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

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

	SA Government Radio Network $'000
Assets:	
Current	7 458
Non-current	31 575
Total assets	39 033
Liabilities:	
Current	3 808
Non-current	77
Total liabilities	3 885
Net assets	35 148
Net gain from transferred functions	35 148

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

A26. Financial instruments - administered items

(a) Categorisation of financial instrument

Financial assets

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

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

Financial liabilities

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

(b) Credit risk

At reporting date funds totalling $159.9 million were invested with the Public Trustee. Pooled investment funds are not rated for credit risk. The Public Trustee considers the credit risk of individual fund managers prior to investing funds and reviews these assessments quarterly.

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

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

(c) Liquidity risk

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

(d) Market risk

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

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

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

Sensitivity analysis

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

		Interest rate risk		Price risk	
		-1 percent	+1		
	Carrying	Operating	Operating	-1 percent	+1 percent
2010	amount	surplus	surplus	Equity	Equity
Financial assets:	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	194 393	(1 943)	1 943		
Investments	159 925	-	-	(1 599)	1 599
Total (decrease) increase		(1 943)	1 943	(1 599)	1 599
2009					
Financial assets:					
Cash and cash equivalents	137 345	(1 373)	1 373	-	-
Investments	138 419	-	-	(1 384)	1 384
Total (decrease) increase		(1 373)	1 373	(1 384)	1 384

PUBLIC TRUSTEE

FUNCTIONAL RESPONSIBILITY

Establishment

The Public Trustee is a body corporate established pursuant to the provisions of the *Public Trustee Act 1995*.

Functions

The powers and functions of the Public Trustee are established by the *Public Trustee Act 1995*. The Public Trustee administers the estates of deceased and protected people which requires the management of assets, preparation of wills, investment of funds and arranging legal representation and advice. For information about the Public Trustee's objectives refer to note 1 to the Corporate financial statements.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Subsection 31(1)(b) of the PFAA and section 50 of the *Public Trustee Act 1995* provide for the Auditor-General to audit the accounts of the Public Trustee for each financial year.

Assessment of controls

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

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

Scope of audit

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

During 2009-10, specific areas of audit attention included:

- corporate governance
- financial accounting
- investments and treasury operations
- expenditure
- revenue
- payroll
- recording of estate assets and liabilities
- ICT, including electronic funds transfer (EFT).

The audit covered the Corporate, Trusts and Common Funds areas of the Public Trustee operations.

An understanding of internal audit activities has been obtained in order to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion the financial statements present fairly, in all material respects, the financial position of the Public Trustee as at 30 June 2010, 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 Public Trustee in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to Trust operations, Common Fund operations, the implementation of TIs 2 and 28 and Electronic funds transfer process as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Public Trustee have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the officers responsible for the governance of the Public Trustee. The principal matters raised with the Public Trustee and responses, which were considered to be generally satisfactory, are detailed below.

Corporate operations

Audit identified that a number of policies and procedures related to the Corporate operations had not been reviewed or amended in a timely manner. With specific reference to payroll, staff bona fide reports were not being reviewed in the timeframes required by the policy on the certification of bona fide reports and leave returns.

The Public Trustee responded that only a small number of policies were not reviewed during 2009-10 and these will be reviewed in 2010-11. It is the Public Trustee's intention to regularly review all corporate financial policies. With respect to review of the bona fide reports, the Public Trustee advised that they will be processed within the week after receipt.

Trust operations

Control self-assessments are utilised by the Public Trustee as a significant component of the organisation's control framework. Control self-assessments provide the Public Trustee, high level management and the Audit and Risk Management Committee with the opportunity to monitor the operation of controls across the organisation. Audit identified the following issues in relation to the performance and documentation of control self-assessments:

- There were inconsistent levels of documentation of control self-assessment testing and results across various functions of the organisation. Audit also noted a number of specific issues with regard to information in the control self-assessment reports not being appropriately supported by testing performed.
- There was a lack of independence in control self-assessment testing whereby officers responsible for the execution of a control are also responsible for checking to ensure that the control is operating effectively.

Other matters raised in relation to the recording of Trust assets, liabilities, revenue and expenditure included the following:

- Instances were identified where incorrect values of client real estate had been recorded in the Public Trustee's CBIS information system for clients who only hold part ownership interest in a property.
- A number of estate distributions or withdrawals were identified which had not been approved in accordance with the financial delegations.
- A number of client mortgages were found to be recorded at incorrect values in the CBIS.
- Some adjustments made to accounts receivable transactions did not contain any evidence of authorisation.

With regard to the management of the Trust operations, Audit raised the following matters:

- the lack of documentation to evidence timely reviews of bank account access and cheque signatories in the client accounting area
- a number of procedures had not been updated in recent years and were found to contain out-of-date information.

The Public Trustee has acknowledged the issues raised by Audit and has advised of actions to be implemented in respect of these matters. These actions will be followed up as part of the 2010-11 audit.

Common Fund operations

Audit raised the following issues with relation to the controls in place over Common Fund operations:

- There was no evidence of an independent review of Cash Common Fund investments transacted manually through EFT processes.
- There was no evidence of an independent review of transactions processed with external fund managers by the Manager, Investment Services.
- Some reconciliations between the system used to record investments and CBIS that records client data had not been independently reviewed consistently throughout the year.

The Public Trustee has responded that actions have been taken to formalise the performance of independent reviews on Cash Common Fund investments transacted manually and ensure that reconciliations are independently reviewed. With respect to the transactions processed by the Manager, Investment Services, the Public Trustee has responded that relevant documentation will be maintained to provide appropriate evidence.

Implementation of TIs 2 and 28

A charter has been developed by the Public Trustee which establishes how the requirements of TI 28 are to be addressed. During the current financial year the financial management compliance checklist (FMCC) contained in the Treasurer's financial management toolkit was used for the first time to assess the internal control environment.

Audit noted that the assessment documented in the FMCC placed significant reliance on the control self-assessments which are undertaken across the office of the Public Trustee. However, there was no specific mapping of controls tested in the control self-assessments to the relevant items in the FMCC. In addition the level of documentation maintained to support assessments made for some items in the checklist was very limited.

Audit considers that the current processes adopted by the Public Trustee could be strengthened by increasing the level of documentation maintained and ensuring that there is detailed mapping of controls tested through the control self-assessment process to specific items included in the FMCC.

The Public Trustee has advised that they will implement actions to address the matters raised.

ICT

Last year's report referred to a review commissioned by the Public Trustee in respect of its ICT governance and processes. It also mentioned certain observations of Audit in the follow up of matters arising from that independent review. The principal matters related to:

- ensuring adequate business continuity and disaster recovery strategies exist
- undertaking the classification of data from a security and confidentiality viewpoint, including its integrity and availability to the Public Trustee
- reviewing technical documentation for currency and applicability.

This year, Audit followed up progress in respect of the independent review, including the above matters. In July 2010 the Public Trustee advised of the following actions being taken regarding the matters.

The Public Trustee was preparing contingency plans for its key computing facilities which will continue until the replacement of it's financial system, CBIS. It had also initiated a project to develop a business continuity planning model which will be used by business units to develop business continuity plans for critical business processes. The project is expected to be completed by mid 2011.

Regarding the classification of data, the Public Trustee was revising its draft Information, Classification and Handling policy. An implementation plan for the policy will be developed once the policy is approved.

In relation to procedural documentation, the Public Trustee has advised all procedural documentation would be reviewed and updated by the end of 2010.

Despite the initial delays, in part due to the relocation of computing infrastructure, the Public Trustee has begun addressing the matters. Audit considers it is important that these matters be progressed with priority and Audit will follow up the status in 2010-11.

Electronic funds transfer process

During the year Audit also reviewed aspects of the use of EFT facilities within Public Trustee for estate distributions and accounts payable. The review identified controls in place to reduce the potential for unintentional errors or fraudulent activity. There were, however some areas where controls needed to be strengthened over user access to systems and the initiation and processing of EFT payments. The more salient matters communicated to the Public Trustee and responses were as follows:

- There was the need for the implementation of specific password security controls over user access to the CBIS system. Resolution of this matter is on hold pending any upgrade of CBIS.
- A number of user access accounts to the CBIS system were identified that had not been logged into for some time. The Public Trustee advised the identified accounts were needed for processing by the system of recurrent payments.
- It was recommended that documentation be maintained identifying specific personnel allocated to temporary or generic user accounts to CBIS. A number of improvements have been advised, including a database to record all personnel allocated to a temporary user account.
- A February 2009 independent review commissioned by the Public Trustee identified an issue with the data quality and integrity of CBIS. It was recommended the Public Trustee continue with their project to address the data issues. The Public Trustee confirmed their intent and advised the next stage to commence in 2010 would address vendor data.
- There were a large number of users identified who can access and modify the EFT payment file. A number of improvements were advised by the Public Trustee including the establishment of an EFT maintenance security group.
- There was no regular independent party review of the contracted bank service provider's user activity report. The Public Trustee will include this review in its periodic ad-hoc testing.
- Audit also conveyed its view that an ongoing review of the EFT transaction processes was desirable for inclusion in any internal annual audit program.

These matters will be the subject of Audit follow up for effective implementation and operation in 2010-11.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements

	2010	2009
	$'million	$'million
INCOME		
Revenue from fees and charges	**18**	17
Other revenues	**2**	1
Total income	**20**	18
EXPENSES		
Employee benefit expenses	**13**	12
Supplies and services	**5**	5
Other expenses	**-**	1
Total expenses	**18**	18
Profit before tax	**2**	-
Income tax equivalent expense	**(1)**	-
Profit after tax and total comprehensive result	**1**	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	**2**	4

	2010 **$'million**	2009 $'million
ASSETS		
Current assets	**12**	10
Non-current assets	**22**	15
Total assets	**34**	25
LIABILITIES		
Current liabilities	**7**	2
Non-current liabilities	**6**	3
Total liabilities	**13**	5
TOTAL EQUITY	**21**	20

Statement of Comprehensive Income

Income

The Public Trustee's main source of income is revenues from fees and charges comprising commissions, fees and charges for the management of trusts and related investments. The commissions and fees charged reflect the number and value of trusts managed throughout the year. Commissions, fees and charges increased in 2009-10 by $1 million as a result of the following:

- The value of trusts under management has increased from the prior year.
- There was an increase in the rate charged for commissions on estates from 1 July 2009.
- Net assets for each of the Common Funds have increased compared to last year resulting in an increase to management fees.

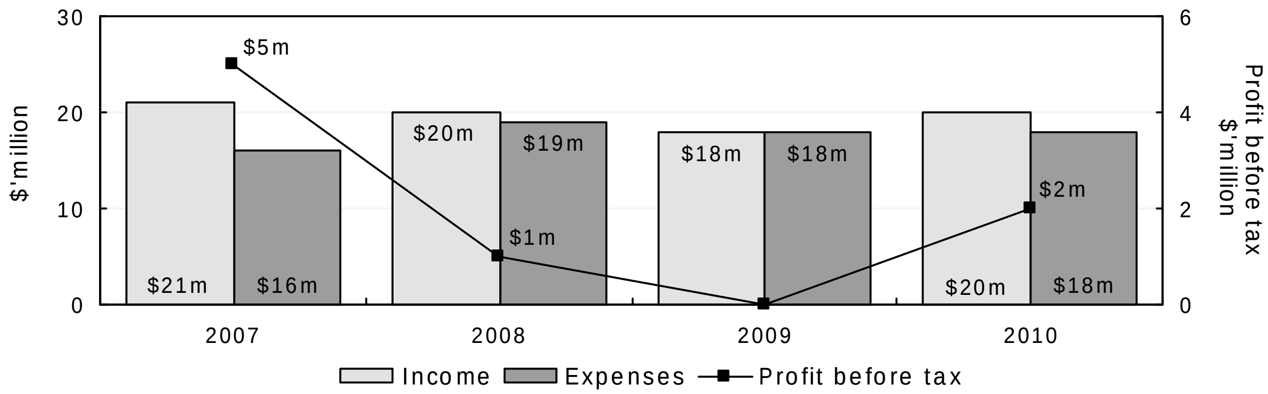
The increase in other revenue is largely attributable to unrealised gains on investments of corporate funds.

Expenses

Employee benefit expenses account for the majority of expenses of the Public Trustee, representing 72 percent of the total. The increase in employee benefit expenses in 2009-10 was a result of payments made for TVSPs and enterprise agreement increases during the year.

Net result

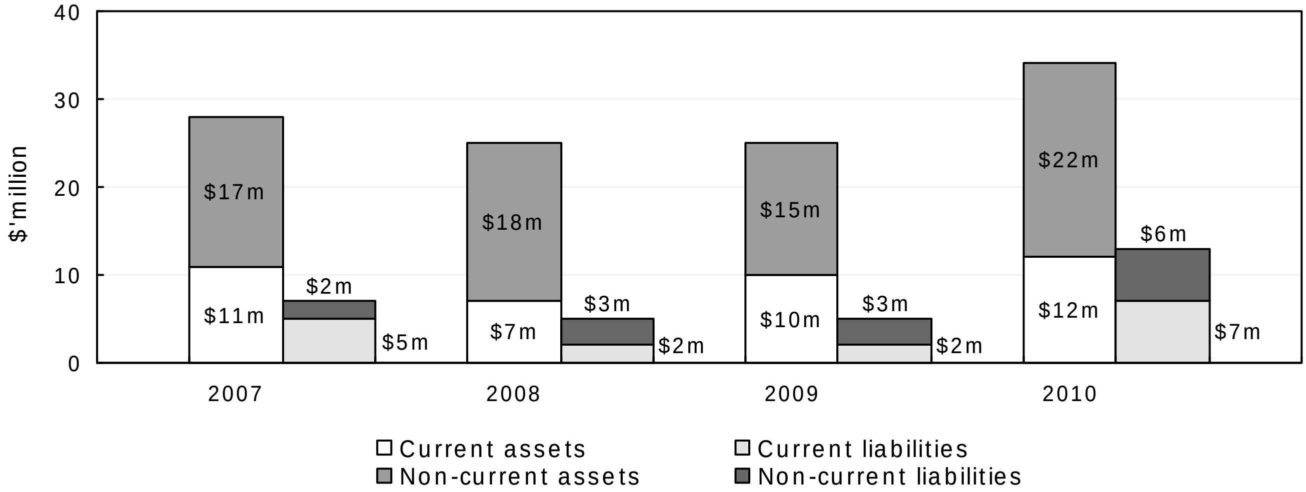
The following chart shows the revenues, expenses and surpluses for the four years to 2010.



The increase in profit before tax is principally attributable to the increase in income earned by the Public Trustee, which is explained above.

Statement of Financial Position

The following chart analyses the assets and liabilities for the four years to 2010.



Current assets

Current assets have increased by $2 million (20 percent) to $12 million in 2010. This is the result of $2.2 million lease incentive receivable as at 30 June 2010.

Non-current assets

Non-current assets have increased by $7 million (47 percent) to $22 million in 2010. This is largely due to the purchase of furniture and fittings of $6.4 million resulting from a move to new office accommodation.

Current liabilities

Current liabilities have increased by $5 million to $7 million in 2010. The majority of the increase is related to payables for the new office accommodation fitout.

Non-current liabilities

Non-current liabilities have increase by $3 million in 2010. The majority of the increase relates to the recognition of a lease incentive liability which will be amortised over the life of the office accommodation lease.

Statement of Cash Flows

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

	2010	2009	2008	2007
	$'million	$'million	$'million	$'million
Net cash flows				
Operating	**1**	4	2	6
Investing	**(2)**	2	(5)	(1)
Financing	**-**	(1)	(1)	(2)
Change in cash	**(1)**	5	(4)	3
Cash at 30 June	**9**	10	5	9

Cash decreased by $1 million in 2010 as a result of payments made for the purchase of plant and equipment.

INTERPRETATION AND ANALYSIS OF STATEMENT OF TRUSTS BEING ADMINISTERED

The value of Trust Funds administered by the Public Trustee increased by $100 million in 2010 to $1.12 billion ($1.02 billion).

Significant changes in Trust Funds were:

- deceased estates – decrease of $21 million (11 percent)
- trusts - increase of $13 million (12 percent)
- administration matters - increase of $30 million (100 percent)
- court award orders – increase of $16 million (6 percent)
- protected estates – increase of $38 million (20 percent)
- investors – increase of $22 million (12 percent).

Note 3 to the Statement of Trusts being Administered provides details of the number and value of Trust Funds under administration.

Of the total funds being administered, 66 percent (66 percent) were invested in the Common Funds with the remaining 34 percent (34 percent) represented by estate assets.

FURTHER COMMENTARY ON OPERATIONS

Common Fund financial statements

The Public Trustee operates seven Common Funds through which client funds are invested. These funds are:

- Cash
- Short-term Fixed Interest
- Long-term Fixed Interest
- Overseas Fixed Interest
- Australian Shares
- Overseas Shares
- Listed Property Securities.

A summary of the net operating result and total assets of each of the seven Common Funds is provided in the table below. Full versions of the financial statements for each of the Common Funds are available in Public Trustee's Annual Report.

Analysis of Common Fund key figures

The following table summarises for each Common Fund the annual net operating result and the value of assets held at 30 June 2010 and 30 June 2009

Common Fund	Net operating result		Assets	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Cash	**16 728**	20 490	**359 708**	384 884*
Short-term Fixed Interest	**1 898**	2 180	**45 511**	41 939
Long-term Fixed Interest	**3 089**	7 368	**77 769**	70 343
Overseas Fixed Interest	**1 674**	2 436	**32 858**	28 801
Australian Shares	**15 015**	(19 748)	**168 002**	136 500
Overseas Shares	**5 352**	(15 320)	**90 439**	75 199
Listed Property Securities	**4 437**	(8 387)	**38 227**	31 126

* Includes $53 million ($83 million) deposited by other Common Funds.

CORPORATE STATEMENTS

Statement of Comprehensive Income
for the year ended 30 June 2010

	Note	**2010 $'000**	2009 $'000
INCOME:			
Revenues from fees and charges	4.1	**18 499**	16 894
Interest revenues	4.2	**1 017**	1 181
Unrealised gains on financial assets		**609**	-
Gain from the disposal of financial assets		**-**	23
Other revenues	4.3	**393**	324
Total income		**20 518**	18 422
EXPENSES:			
Employee benefit expenses	5.1,5.2,5.3,5.4	**12 760**	11 983
Supplies and services	5.5,5.6,5.7	**5 249**	4 819
Unrealised loss on financial assets		**-**	1 765
Loss from the disposal of fixed assets		**69**	-
Depreciation and amortisation		**345**	343
Total expenses		**18 423**	18 910
PROFIT (LOSS) BEFORE INCOME TAX EQUIVALENTS		**2 095**	(488)
Income tax equivalent expense	2.3	**629**	-
PROFIT (LOSS) AFTER INCOME TAX EQUIVALENTS		**1 466**	(488)
TOTAL COMPREHENSIVE RESULT		**1 466**	(488)

Net result after income tax equivalents and total comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2010

	Note	2010	2009
CURRENT ASSETS:	Note	**$'000**	$'000
Cash and cash equivalents	17	**9 164**	9 788
Receivables	2.9,6	**3 190**	552
Total current assets		**12 354**	10 340
NON-CURRENT ASSETS:			
Financial assets	7,8	**14 434**	13 821
Plant and equipment	9	**6 848**	527
Intangible assets	10	**238**	253
Total non-current assets		**21 520**	14 601
Total assets		**33 874**	24 941
CURRENT LIABILITIES:			
Payables	11	**5 523**	788
Lease incentive	2.9	**270**	-
Employee benefits	12	**1 473**	1 278
Total current liabilities		**7 266**	2 066
NON-CURRENT LIABILITIES:			
Payables	11	**311**	343
Lease incentive	2.9	**2 428**	-
Employee benefits	12	**2 665**	2 794
Total non-current liabilities		**5 404**	3 137
Total liabilities		**12 670**	5 203
NET ASSETS		**21 204**	19 738
EQUITY:			
Reserves	15	**311**	8 030
Retained earnings	18	**20 893**	11 708
TOTAL EQUITY		**21 204**	19 738
Contingent assets and liabilities	14		
Commitments	19		

Total equity is attributable to the SA Government as owner

Statement of Changes in Equity
for the year ended 30 June 2010

	Note	Reserves $'000	Retained earnings $'000	Total $'000
Balance as at 30 June 2008		8 149	12 077	20 226
Payments from other reserves 2008-09	15	(119)	119	-
Net (expense) income recognised directly in equity for 2008-09		(119)	119	-
Profit (Loss) after income tax equivalent for 2008-09		-	(488)	(488)
Total comprehensive result for 2008-09		(119)	(369)	(488)
Transactions with SA Government as owner:				
Dividend provided for		-	-	-
		(119)	(369)	(488)
Balance as at 30 June 2009		8 030	11 708	19 738
Transfer of funds from building replacement reserve	15	(7 600)	7 600	-
Payments from other reserves 2009-10	15	(119)	119	-
Net (expense) income recognised directly in equity for 2009-10		(7 719)	7 719	-
Profit after income tax equivalent for 2009-10		-	1 466	1 466
Total comprehensive result for 2009-10		(7 719)	9 185	1 466
Transactions with SA Government as owner:				
Dividend provided for		-	-	-
		(7 719)	9 185	1 466
Balance at 30 June 2010		**311**	**20 893**	**21 204**

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

Statement of Cash Flows
for the year ended 30 June 2010

	Note	**2010 Inflows (Outflows) $'000**	2009 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH INFLOWS:			
Fees and charges received		**18 463**	17 792
Rent and sundry income received		**(6)**	275
Interest received		**964**	1 160
Distributions received		**162**	709
Tax equivalents received		**168**	230
GST receipts on receivables		**1 902**	1 702
Cash generated from operations		**21 653**	21 868
CASH OUTFLOWS:			
Employee benefit payments		**(12 689)**	(11 436)
Supplies and services		**(4 898)**	(4 927)
GST payments on purchases		**(1 083)**	(520)
GST remitted to ATO		**(1 320)**	(1 227)
Cash used in operations		**(19 990)**	(18 110)
Net cash provided by operating activities	16	**1 663**	3 758
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from sales/maturities of investments		**-**	2 500
Cash generated from investing activities		**-**	2 500
CASH OUTFLOWS:			
Investment payments		**(3)**	(511)
Purchase of plant and equipment		**(2 191)**	(320)
Purchase of intangibles		**(93)**	(56)
Cash used in investing activities		**(2 287)**	(887)
Net cash (used in) provided by investing activities		**(2 287)**	1 613
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Dividend distribution to State Government		**-**	(541)
Net cash used in financing activities		**-**	(541)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS HELD		**(624)**	4 830
CASH AND CASH EQUIVALENTS AT 1 JULY		**9 788**	4 958
CASH AND CASH EQUIVALENTS AT 30 JUNE	17	**9 164**	9 788

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Public Trustee

The office of the Public Trustee was established in 1881 and is constituted under the provisions of the *Public Trustee Act 1995.* The Public Trustee is a statutory officer pursuant to the *Public Trustee Act 1995.* The Public Trustee is a body corporate with the powers of a natural person.

The role of the Public Trustee is to provide all South Australians with access to will making services, powers of attorney preparation and deceased estate and trust administration. The Public Trustee also has a role in managing the financial affairs of those people in the community who lack the capacity to manage their own affairs as determined by the courts, the Guardianship Board or through activation of powers of attorney.

2. Statement of principal accounting policies

The Corporate Statements present the financial performance, financial position and cash flows of the Public Trustee as at 30 June 2010 together with the supporting notes.

Financial statements relating to funds administered by the Public Trustee are prepared separately, detailing Trusts being Administered and Common Funds under management.

2.1 Basis of accounting

The corporate financial statements are general purpose financial statements and have been prepared in accordance with TIs and APSs issued pursuant to the provisions of the PFAA and applicable AASs.

Statement of compliance

Except for AASB 2009-12, which the Public Trustee has early-adopted, AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Public Trustee for the reporting period ending 30 June 2010. These are outlined in note 3.

The preparation of the financial statements require:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Public Trustee's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA, by authority of TI 19. In the interest of public accountability and transparency the APSs require the following note disclosures, that have been included in these financial statements:

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

  (b) expenses incurred as a result of engaging consultants

  (c) employee TVSP information

  (d) employees whose normal remuneration is $100 000 or more (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

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

The Public Trustee Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable. The Statement of Cash Flows has been prepared on a cash basis.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010 and the comparative information presented for the year ended 30 June 2009.

2.2 Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where adjusted to reflect the early adoption of AASB 101 and specific revised AASs and APSs.

Where presentation or classification of items in the financial statements has been amended comparative amounts have been reclassified unless reclassification is impracticable. The restated comparative amounts do not replace the original financial statements for the preceding period.

For the year ended 30 June 2010 the Public Trustee has not applied an accounting policy retrospectively or made a retrospective restatement of items or reclassified items in the financial statements.

2.3 Taxation

The *Public Trustee Act 1995*, through the provisions of sections 47 and 48, provides for the payment to government of taxation equivalents and dividends. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate be applied to the net profit. The Public Trustee is liable for payroll tax, FBT and GST.

2.4 Events after balance date

Where an event occurs after 30 June but provides information about conditions that existed at 30 June, adjustments are made to amounts recognised in the financial statements.

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

2.5 Basis of valuation

Non-current assets and liabilities with the exception of plant and equipment are carried at fair value.

Plant and equipment

Plant and equipment are brought to account at cost or at independent valuation, less, where applicable, any accumulated depreciation or amortisation. The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amounts from these assets. A revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than $1 million and estimated useful life is greater than three years. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining the recoverable amount. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. The acquisition of software is capitalised when the expenditure meets the definition and recognition criteria of an asset and when the amount of expenditure is greater than or equal to $5000. Software is measured at cost unless the asset is acquired for no cost or for a nominal amount and then the asset's fair value is deemed to be cost. All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

Any revaluation increment for plant and equipment and intangible assets is credited to the revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised in the Statement of Comprehensive Income, in which case the increase is recognised in the Statement of Comprehensive Income. Any revaluation decrease is recognised in the Statement of Comprehensive Income, except to the extent that it reverses a 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 revaluation surplus for that class of asset.

Plant and equipment and intangible assets are depreciated or amortised on a straight-line basis over their estimated useful lives, commencing from the time the asset is held ready for use. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to physical assets such as plant and equipment.

The depreciation/amortisation rates used for each class of depreciable assets are:

Class of fixed assets	*Depreciation rate (percent)*
Machines and equipment	20-27
Software	20-27
Office furniture and fittings	33.33
Accommodation fitout	10.00

Financial instruments
Financial instruments are carried at fair value determined as below:

Cash and cash equivalents are valued at nominal amounts. This asset consists of cash at bank, on hand and short-term money market deposits with maturities of three months or less that is readily converted to cash and which are subject to insignificant risk of changes in value.

Investments on acquisition are brought to account at cost and subsequently revalued at the balance date to fair value. Fixed interest investments are classified as held at fair value through the profit or loss and valued at market value based on independently obtained market yields applying at the balance date. Australian and International equities currently held in pooled funds are valued at the fair value prices established by the managers of the collective investment vehicles in which the Public Trustee has invested.

Financial instruments - recognition
The Public Trustee recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Financial instruments – measurement
Financial assets and liabilities held at fair value through the profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

- *Fair value in an active market*
  The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.
- *Fair value of unlisted unit trusts*
  Investments in other unlisted unit trusts are recorded at the fair value as reported by the managers of such funds.

Financial instruments – classification
Investments in financial assets such as equities and units in unlisted schemes have been classified as 'Fair value' through the profit or loss and recognised in the Statement of Financial Position at fair value, with changes in fair value during the period recognised in the Statement of Comprehensive Income.

If any indication of impairment exists, an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the Statement of Comprehensive Income.

Other non-current assets are valued at market value based on the present value of expected future cash flows.

Receivables and payables are valued on a historical cost basis and it is considered that carrying value approximates market value.

Distributions from trust investments are recognised on a present entitlement basis.

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

2.7 Income and expenses
Income and expenses are recognised in the Public Trustee's Statement of Comprehensive Income when and only when the flow or consumption or loss of economic benefits has occurred 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.

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

2.8 Employee benefits

Provision has been made in the financial statements, where stated, for the Public Trustee's liability for employee benefits arising from services rendered by employees to balance date that remain unpaid. Related on-costs consequential to the employment of employees (viz payroll tax and superannuation contributions) have been included under 'Payables' (refer note 11).

Salaries and wages

Liability for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

Superannuation

The Public Trustee makes contributions to several superannuation schemes operated by the State Government. These contributions are treated as an expense when they occur. There is no liability for payment to beneficiaries as the South Australian Superannuation Board has assumed this liability. The only liability outstanding at balance date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

Annual leave

Provision has been made for the unused component of annual leave to balance date. The provision has been calculated at nominal amounts based on current salary rates plus 4 percent inflation rate as recommended in APF IV, APSs 5.4 and 5.5.

Long service leave

Long service leave is recognised on a pro-rata basis in respect of services provided by the Public Trustee employees up to balance date. The liability is measured at the actuarial assessment by DTF based on a significant sample of employees throughout the South Australian public sector. This calculation is consistent with the Public Trustee's experience of employee retention and leave taken. The liability has been calculated at nominal amounts based on current salary rates. APF IV, APS 5.10 has recommended that a benchmark of 5.5 years (6.5 years) can be used for a shorthand estimation of long service leave liability. This advice has been adopted and the long service leave liability has been calculated on that basis. The current liability portion has been based on the past history of annual payments.

Sick leave

No provision has been made in respect of sick leave, as entitlements are non-vesting. As sick leave taken by employees is considered to be taken from the current year's accrual, no liability is recognised.

2.9 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. The Public Trustee 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 Public Trustee has entered into operating leases.

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

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

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

2.10 Insurance

The Public Trustee has insured for risks through the State Government's insurers, SAFA, SAICORP Division. The excess payable under this arrangement varies depending on each class of insurance held.

2.11 Current and non-current items

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

2.12 Receivables

Receivables comprise debtors, accrued investment income and prepayments. Debtors arise in the normal course of selling goods and services to the public and other agencies. Trade receivables are payable within 30 days after the issue of an invoice or the services have been provided under a contractual arrangement.

2.13 Payables

Payables include creditors, accrued expenses, employment on-costs, income tax equivalents and GST (refer note 2.15).

Creditors represent the amounts owing for goods and services received, but not paid prior to the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Public Trustee.

2.13 Payables (continued)

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

All amounts are measured at their nominal amount and are normally settled within 30 days after the Public Trustee receives an invoice.

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

2.14 Government/Non-Government disclosures

The Public Trustee has included in the notes to the financial statements, details of revenue, expenditure, assets and liabilities according to whether the transactions are with entities internal or external to the SA Government.

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

2.15 Accounting for GST

In accordance with the requirements of Interpretation 1031, revenues, expenses and assets are recognised net of the amount of GST except that:

- the amount of GST incurred by the Public Trustee as a purchaser that is not recoverable from the ATO is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- receivables and payables are stated with the amount of GST included.

The net GST payable to or recoverable from the ATO has been recognised as a payable or receivable in the Statement of Financial Position.

Cash flows are reported on a gross basis in the Statement of Cash Flows. The GST component of the cash flows arising from investing or financing activities, which are recoverable from, or payable to, the ATO have however been classified as operating cash flows.

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

2.16 Disaggregated reporting

Disaggregated reporting has been deemed not appropriate for the Public Trustee, as assets, liabilities, income and expenses attributable to different activities cannot be reliably determined.

2.17 Impairment

All assets are assessed annually for evidence of impairment at reporting date, where there is an indication of impairment, the recoverable amount is estimated. Any amount by which the carrying amount exceeds the recoverable amount is recorded as an impairment loss.

3. New and revised accounting policies

Except for AASB 2009-12, which the Public Trustee has early-adopted, the AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Public Trustee for the period ending 30 June 2010. The Public Trustee has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements.

4. Income

4.1 Revenues from fees and charges comprise:	2010 $'000	2009 $'000
Revenue from entities external to the SA Government:		
Commissions[1]	9 725	8 757
Fees and charges[1]	1 790	1 697
Management fees[2]	6 984	6 440
Total fees and charges	18 499	16 894

(1) Commissions and fees are charged against estates pursuant to section 45 of the *Public Trustee Act 1995*.

(2) A management fee is charged against Common Funds at the rate of one-twelfth of 1 percent of the value of each fund as at the first business day of the month.

4.2 Interest revenues comprise:	2010 $'000	2009 $'000
Revenue from entities external to the SA Government:		
Interest on fixed term investments	892	1 078
Total revenue - non-SA Government entities	892	1 078
Revenue from entities within the SA Government:		
Interest on operating and reserve accounts	125	103
Total revenue - SA Government entities	125	103
Total interest revenue	1 017	1 181

4. Income (continued)

4.3 Other income comprises:

	2010	2009
Revenue from entities external to the SA Government:	$'000	$'000
Sundry income	26	7
Distributions from Trusts	201	142
Total revenue - non-SA Government entities	227	149
Revenue from entities within the SA Government:		
Rent and other building income	166	175
Total revenue - SA Government entities	166	175
Total other revenue	393	324

5. Expenditure

5.1 Superannuation

During 2009-10 the Public Trustee paid an amount of $1.1 million ($1.1 million) to DTF towards the accruing government liability for superannuation in respect of its employees.

5.2 Remuneration of employees

The number of employees whose remuneration received or receivable fell within the following bands was:	2010 Number	2009 Number
$100 001 - $110 000	4	3
$110 001 - $120 000	1	-
$120 001 - $130 000	1	1
$140 001 - $150 000	-	-
$150 001 - $160 000	1	1
$160 001 - $170 000	1	-
$170 001 - $180 000	-	1
$220 001 - $230 000	1	1
$320 001 - $330 000	1	-
$330 001 - $340 000	1	-
Total	11	7

Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. Total remuneration received or due and receivable by these employees was $1.9 million ($1 million).

5.3 TVSPs

	2010	2009
Amount paid to these employees:	$'000	$'000
TVSPs	644	-
Annual leave and long service leave paid during the reporting period	244	-
Recovery from DTF	-	-
Net cost to agency	888	-

The number of employees who were paid TVSPs during the reporting period was 4 (0).

5.4 Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2009-10 financial year were:

Public Trustee Audit and Risk Committee
Mr Michael Barrett of Finlaysons
Mr Peter Whelan of PKF Chartered Accountants

The number of members whose remuneration received or receivable fell within the following bands was:	2010 Number	2009 Number
$0 - $9 999	2	2
Total	2	2

The total remuneration received or receivable by members was $9680 ($10 342).

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

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

5.5 Supplies and services

	2010	2009
Supplies and services provided by entities external to the SA Government:	$'000	$'000
Supplies and services	2 256	2 146
Accommodation expenses	248	219
Total supplies and services - non-SA Government entities	2 504	2 365

	2010	2009
5.5 Supplies and services (continued)		
Supplies and services provided by entities within the SA Government:	$'000	$'000
Insurance	168	150
Computing and communication services	585	620
Service contractors	521	570
Accommodation expenses	1 013	808
Other supplies and services	125	120
Total supplies and services - SA Government entities	2 412	2 268

5.6 Auditor's remuneration

Amounts paid/payable to the Auditor-General's Department during the year for auditing the accounts	333	157

This is the first year that the Auditor's remuneration accrued expense has been recognised in the financial statements.

5.7 Payments to consultants

Below $10 000: 0 (3) consultancies	-	19
Between $10 000 and $50 000: 0 (1) consultancies	-	10
	-	29
Total supplies and services	5 249	4 819

6. Receivables

Current receivables:		
Debtors	309	25
Lease incentive	2 269	-
Accrued investment income	335	242
Income tax equivalent refund due	168	168
Prepayments	109	117
	3 190	552
Government/Non-Government receivables		
Receivables from SA Government entities:		
Debtors	28	18
Lease incentive	2 269	-
Accrued investment income	12	5
Income tax equivalent refund due	168	168
Total receivables from SA Government entities	2 477	191
Receivables from non-SA Government entities:		
Debtors	281	7
Accrued investment income	323	237
Prepayments	109	117
Total receivables from non-SA Government entities	713	361
Total receivables	3 190	552

7. Investments

The Public Trustee is required pursuant to subsection 46(2)(c) of the *Public Trustee Act 1995* to obtain the Treasurer's approval as to the manner of investment of corporate funds.

Non-current assets:		
Non-current investments with entities other than SAFA:		
Australian fixed interest	1 993	1 953
Australian fixed interest (pooled funds)	6 854	6 796
International equities (pooled funds)	2 137	1 915
Australian listed property (pooled funds)	435	389
Australian equities (pooled funds)	3 015	2 768
Long-term investments	14 434	13 821

8. Financial instruments

8.1 Fair value of financial assets and liabilities

Financial instruments are carried at fair value based upon the valuation policies set out in note 2.5. The aggregate carrying amounts for each class of financial instrument are as disclosed within the notes to the financial statements.

Investments in Australian fixed interest are readily traded on organised markets in standardised form. The value of these investments is disclosed in note 7.

Other classes of financial instruments are not readily traded on organised markets in standardised form.

8.2 *Investment in collective investment vehicles*

In addition to holding financial instruments directly, the Public Trustee has invested in collective investment vehicles for the purpose of gaining exposure to Australian and international assets. The managers of such vehicles have invested in a variety of financial instruments, which expose the Public Trustee to investment risks, including market risk, credit risk, interest risk and currency risk. The Public Trustee has assessed the investment rules of these collective investments and determined their suitability as investments.

8.3 *Financial risk management*

The Public Trustee's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Public Trustee. Only Australian domiciled pooled funds are used for investments in overseas assets. These funds are not directly exposed to foreign exchange risk as the pooled funds are fully hedged against currency risk.

Management of risk is focused on both strategic and business process risk. Annually, an analysis of strategic risk is undertaken which is comprehensive and covers investment, financial, operational and administrative responsibilities of the Public Trustee. Business processes are documented, key risks are identified and management strategies used to control these risks are in place.

8.4 *Market risk*

Price risk

The Public Trustee is exposed to equity securities price risk. This arises from investments held by the Public Trustee and classified on the Statement of Financial Position as financial assets at fair value through the profit or loss. The Public Trustee is not exposed to commodity price risk, as the classes of investments include Australian shares, international shares and listed properties.

To manage its price risk arising from investments, Public Trustee diversifies its portfolio. Diversification of the portfolio is done in accordance with its Investment Guidelines. The Corporate Investment Committee assists the Public Trustee in ensuring a sound, efficient and prudent system of investment of corporate funds is in place.

The analysis detailed below is based on the assumption that the market indexes had increased/decreased by a set percentage with all other variables held constant and all instruments moving according to the historical correlation with the index.

Cash flow and interest rate risk

The Public Trustee's interest rate risk arises from cash investments, short-term investments and Australian fixed interest investments. Instruments issued at fixed interest rates expose the Public Trustee to fair value interest rate risk and variable rate instruments expose the Public Trustee to cash flow interest rate risk. The Public Trustee invest in short-term money market instruments with maturities less than one year and with credit ratings that satisfy the credit ratings of the Public Trustee's Cash Common Fund.

A sensitivity analysis is provided below, outlining the exposure to each type of market risk at reporting date, showing how profit or loss would be affected by the changes in the relevant risk variable that were reasonably possible at that date. All instruments are designated as financial assets at fair value through the profit or loss; therefore there is no impact on equity.

Sensitivity analysis		Interest rate risk		Price risk	
		-	+	-	+
		1%	1%	20%	10%
	Carrying amount	Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Comprehensive Income
2010	$'000	$'000	$'000	$'000	$'000
Financial assets:					
Cash and cash equivalents	9 164	(92)	92	-	-
Financial assets at fair value through profit or loss:					
Australian fixed interest	1 993	(20)	20	-	-
Australian fixed interest (pooled funds)	6 854	(69)	69	-	-
International equities (pooled funds)	2 137	-	-	(427)	214
Australian listed property (pooled funds)	435	-	-	(87)	44
Australian equities (pooled funds)	3 015	-	-	(603)	302
Total (decrease) increase		(181)	181	(1 117)	560

Sensitivity analysis (continued)

2009	Carrying Amount $'000	Interest Rate Risk - 1% Statement of Comprehensive Income $'000	Interest Rate Risk + 1% Statement of Comprehensive Income $'000	Price Risk - 20% Statement of Comprehensive Income $'000	Price Risk + 10% Statement of Comprehensive Income $'000
Financial assets:					
Cash and cash equivalents	9 788	(98)	98	-	-
Financial assets at fair value through profit or loss:					
Australian fixed interest	1 953	(20)	20	-	-
Australian fixed interest (pooled funds)	6 796	(68)	68	-	-
International equities (pooled funds)	1 915	-	-	(383)	192
Australian listed property (pooled funds)	389	-	-	(78)	39
Australian equities (pooled funds)	2 768	-	-	(554)	277
Total (decrease) increase		(186)	186	(1 015)	508

8.5 *Credit risk*

Credit risk is managed at the corporate level. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to outstanding receivables and committed transactions. The Public Trustee has no direct exposure to derivative instruments, thus credit risk arises primarily through investments with banking corporations.

Short-term money market instruments must have a short-term Standard & Poor's rating of A1 or in the case of the issuer being a bank under the *Banking Act 1959* a rating of A2 is accepted. Floating rate instruments must have a long-term Standard & Poor's credit rating of A+ or better or where the counter party is a bank under the *Banking Act 1959* a rating of BBB or better is accepted.

If there is no independent rating, the Public Trustee assesses the credit quality of the customer, taking into account its financial position and past experience. Pooled investment funds are not rated; however, the Public Trustee has made a thorough assessment of all pooled funds managers in regard to credit and other risks prior to investing funds with each manager. The credit risk lies with the pooled fund manager responsible for the management of the underlying investments. The Public Trustee continually monitors these assessments via the quarterly Corporate Investment Committee forum.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

The Public Trustee has no direct exposure to derivative instruments.

	2010 $'000	2009 $'000
Cash at bank and short-term bank deposits: (1)		
A1+	5 364	4 988
A1	2 800	1 000
A2	1 000	3 800
Total cash at bank and short-term bank deposits	9 164	9 788
Long-term bank deposits:		
BBB+	1 993	1 953
Total long-term bank deposits	1 993	1 953
Trade receivables:		
Counterparties with external ratings:		
A1	28	-
A1+	30	26
A2	20	39
BBB+	8	5
Counterparties without external ratings:		
Existing customers with no defaults in the past	2 718	314
Total trade receivables	2 804	384

(1) Deposit balances up to $1 million with eligible authorised deposit-taking institutions are guaranteed by the Australian Government. As such deposits have a risk rating of AAA, notwithstanding that the Institute rating is lower.

8.6 Liquidity risk

The Public Trustee has working capital policies in place in order to maintain liquidity. Short-term investment analysis assists in determining the amount, if any, to be invested or reinvested in order to maintain working capital. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions. The Public Trustee manages the liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. All financial assets held to maturity have a maturity date within 12 months. Pooled Funds investments have no maturity date.

9. Plant and equipment

	Opening balance 01.07.09 $'000	Additions $'000	Disposals $'000	Depreciation $'000	Closing balance 30.06.10 $'000
Plant and equipment:					
Machines and equipment at cost	1 759	235	(149)	-	1 845
Furniture and fittings at cost	1 963	6 392	(1 960)	-	6 395
Total plant and equipment	3 722	6 627	(2 109)	-	8 240
Accumulated depreciation:					
Plant and equipment:					
Machines and equipment	(1 401)	-	149	(137)	(1 389)
Furniture and fittings	(1 794)	-	1 891	(100)	(3)
Total accumulated depreciation	(3 195)	-	2 040	(237)	(1 392)
Net plant and equipment	527	6 627	(69)	(237)	6 848

10. Intangible assets

	Opening balance 01.07.09 $'000	Additions $'000	Disposals $'000	Amortisation $'000	Closing balance 30.06.10 $'000
Software at cost	7 606	-	-	-	7 606
Work in progress at cost	-	93	-	-	93
Accumulated amortisation	(7 353)	-	-	(108)	(7 461)
Total intangible assets	253	93	-	(108)	238

Work in progress items are transferred to intangible assets when ready for use.

11. Payables

	2010 $'000	2009 $'000
Current liabilities:		
Trade creditors and accrued expenses	4 617	265
Income tax equivalents	629	-
GST payable	-	283
Employment on-costs	277	240
	5 523	788
Non-current liabilities:		
Employment on-costs	311	343

Government/Non-Government payables

	2010 $'000	2009 $'000
Payables to SA Government entities:		
Trade creditors and accrued expenses	4 875	165
Total payable to SA Government entities	4 875	165
Payables to non-SA Government entities:		
Trade creditors and accrued expenses	371	100
GST	-	283
On-costs on employee benefits	588	583
Total payable to non-SA Government entities (1)	959	966
Total payables	5 834	1 131

(1) The total includes payables to SA Government entities where the amount payable to the SA Government entity was less than $100 000.

12. Employee benefits

12.1 Employee benefits

	2010	2009
Current liabilities:		
Long service leave(2,3)	362	229
Accrued salaries	389	343
Accrued recreation leave(1)	722	706
	1 473	1 278
Non-current liabilities:		
Long service leave(2,3)	2 665	2 794
	2 665	2 794

(1) An actuarial assessment performed by DTF set the salary inflation rate at 4 percent. This is unchanged from 2009.

12.1 Employee benefits (continued)

(2) APF IV, paragraph 5.24, has left the long service leave taken percentage at 45 percent as set in the previous financial year.

(3) As a result of an actuarial assessment performed by DTF, the benchmark for the measurement of long service leave liability has changed from the 2009 benchmark (6.5 years) to 5.5 years. The net financial effect of the changes in the current financial year is an increase in the long service leave liability and the employee benefit and on-cost expense of $53 000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

12.2 Employee benefits and related on-cost liabilities

	Note	2010 $'000	2009 $'000
Current:			
On-costs included in payables	11	277	240
Provision for employee benefits	12.1	1 473	1 278
		1 750	1 518
Non-current:			
On-costs included in payables	11	311	343
Provision for employee benefits	12.1	2 665	2 794
		2 976	3 137
Aggregate employee benefits and related on-cost liabilities		4 726	4 655

13. Provisions

13.1 Dividend

	2010	2009
Current liabilities:		
Provision for dividend to State Government at 1 July	-	541
Payments to State Government	-	(541)
Provision for dividend at 30 June	-	-

14. Contingencies

The Public Trustee had no contingent assets or liabilities as at balance date.

15. Other reserves

	Deficits & losses reserve $'000	Workers compensation reserve $'000	Building replacement reserve $'000	Total other reserves $'000
Balance as at 30 June 2008	264	285	7 600	8 149
Transfers from retained earnings	-	-	-	-
Payments from reserves	(119)	-	-	(119)
Balance as at 30 June 2009	145	285	7 600	8 030
Transfers from retained earnings	-	-	-	-
Payments/transfers from reserves	(119)	-	(7 600)	(7 719)
Total other reserves	26	285	-	311

The reserve for deficits and other losses was created to cover losses made during the administration of estates. Payments amounting to $132 000 ($130 000) were made from this reserve and recoupment of previous years' payments amounting to $13 000 ($11 000) were made to the reserve.

The Public Trustee established a reserve for workers compensation to cover the expenses incurred during the first two years of any claim, the balance being met from the Government Workers Rehabilitation and Compensation Fund. Payments amounting to $nil ($nil) were made from the reserve.

The Public Trustee has agreed to a long-term operating lease, therefore the Building Replacement Reserve is no longer required.

16. Cash flow reconciliation

16.1 Reconciliation of cash and cash equivalents

	2010 $'000	2009 $'000
Cash and cash equivalents disclosed in the Statement of Financial Position	9 164	9 788
Cash and cash equivalents disclosed in the Statement of Cash Flows	9 164	9 788

16.2 Reconciliation of profit/loss to net cash provided by operating activities

	2010 $'000	2009 $'000
Net profit (loss) after income tax equivalents	1 466	(488)
Non-cash items:		
Depreciation and amortisation expense	345	343
Loss on sale of fixed assets	69	-
Unrealised (gain) loss on revaluation of investments	(609)	1 765
Gain on sale of investments	-	(23)
Change in assets and liabilities:		
(Increase) Decrease in receivables	(318)	1 556
Increase (Decrease) in payables	343	(116)
Increase in employee benefits and on-costs	71	537
Increase in provision for income tax	797	230
Decrease in GST liability	(501)	(46)
Net cash provided by operating activities	1 663	3 758

17. Reconciliation of cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash comprises the Statement of Financial Position item of cash and cash equivalents.

	2010	2009
Cash and cash equivalents:	$'000	$'000
Cash	4 364	2 988
Short-term financial assets held-to-maturity	4 800	6 800
	9 164	9 788

18. Retained earnings

Retained earnings at 1 July	11 708	12 077
Net gain (loss)	1 466	(488)
Transfers from reserves	7 719	119
Dividend provided for	-	-
Retained earnings at 30 June	20 893	11 708

19. Commitments

The Public Trustee has no capital contractual arrangements for 2008-09 or 2009-10.

Remuneration commitments:		
One year or less	533	500
Later than one year but no longer than five years	711	734
Total remuneration commitments	1 244	1 234

Amounts disclosed include commitments arising from executive service contracts. The Public Trustee does not offer remuneration contracts greater than five years.

Operating lease commitments:		
One year or less	1 742	682
Later than one year but no longer than five years	7 647	-
Later than five years	11 080	-
Total operating lease commitments	20 469	682

The Public Trustee's operating leases are for office accommodation. During the year the Public Trustee changed accommodation and a new lease has been agreed. Office accommodation is leased from the Department for Transport, Energy and Infrastructure. The leases are non-cancellable and expire in May 2020. Rent is payable monthly in advance.

Statement of Trusts being Administered as at 30 June 2010

	Note	2010 $'000	2009 $'000
TRUST FUNDS UNDER ADMINISTRATION:	3		
Deceased estates		**175 908**	196 929
Trusts		**116 341**	103 601
Administration matters		**59 803**	29 822
Court award orders		**278 574**	262 903
Protected estates		**229 308**	191 522
Workers compensation awards		**261**	267
Powers of attorney		**66 711**	63 447
Investors		**194 883**	173 258
Other		**(34)**	(16)
Total funds		**1 121 755**	1 021 733
REPRESENTED BY:			
INVESTMENT IN COMMON FUNDS:	1.3,2		
NON-CURRENT ASSETS:			
Australian equities		**154 627**	94 793
International equities		**78 548**	68 397
Listed property securities		**34 933**	12 996
Australian fixed interest investments		**111 639**	210 512
International fixed interest investments		**17 894**	18 307
Total non-current assets		**397 641**	405 005
CURRENT ASSETS:			
Cash at bank and cash equivalents		**5 057**	6 008
Australian fixed interest investments		**336 393**	261 347
Advances to estates		**6 774**	5 204
Sundry debtors		**13 188**	8 703
Total current assets		**361 412**	281 262
CURRENT LIABILITIES:			
Bank overdraft		**1 118**	3 209
Income distribution payable		**12 699**	7 723
Sundry creditors		**45**	69
Total current liabilities		**13 862**	11 001
NET COMMON FUNDS ASSETS		**745 191**	675 266
ESTATE ASSETS:	1.2		
NON-CURRENT ASSETS:			
Real estate		**307 657**	267 151
Personal chattels		**26 456**	24 247
Equities		**17 626**	27 983
Fixed interest and cash assets		**17 758**	25 316
Mortgages		**306**	419
		369 803	345 116
CURRENT ASSETS:			
Sundry debtors		**13 768**	9 395
CURRENT LIABILITIES:			
Sundry creditors		**7 007**	8 044
NET ESTATE ASSETS		**376 564**	346 467
TOTAL NET ASSETS		**1 121 755**	1 021 733

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

1. Statement of principal accounting policies

1.1 Format of the accounts

The Statement of Trusts being Administered and related notes are special purpose financial statements that provide information on the value and nature of trusts being administered. The Statement consolidates all Trusts being administered by the Public Trustee. Accordingly, no accounting standards and other mandatory reporting requirements are applied in the preparation and presentation of this Statement.

The Public Trustee has prepared the Statement, where appropriate, based on the general principles outlined in AASs.

The Statement of Trusts being Administered has been prepared using the accrual basis of accounting. Dividend income is recognised on the date that shares are quoted as ex-dividend. Distributions from trusts are recognised on a present entitlement basis.

1.2 Basis of valuation for estate assets

Real Estate
For deceased estates, valuation is at date of death; in other matters, valuation is at the date the Public Trustee is being appointed manager, administrator or new trustee. The Public Trustee revalues all real estate (except deceased estates) other than accommodation bonds every three years wherever a current valuation is not held. Such revaluations are determined by reference to valuations established by the South Australian Valuer-General, with a revaluation last being carried out as at 30 June 2010.

Personal Chattels
For deceased estates, valuation is at date of death; in other matters, valuation is at the date of the Public Trustee being appointed manager, administrator or new trustee. In the case of some sundry minor assets, nominal values are used for valuation purposes.

Investment by Estates in Common Funds
Valuation of estate investment in Common Funds is based on the underlying fair value of Common Funds as at balance date.

Other Estate Investments
Investments other than equities are shown at their face value. Valuation is performed at the date of the Public Trustee being appointed manager, administrator or new trustee, or at the date of death in the case of deceased estates. Equities are valued at net fair value as at balance date.

1.3 Basis of valuation of Common Fund assets and liabilities

For the 2009-10 reporting period assets for the Australian Shares Common Fund, Overseas Fixed Interest Common Fund, Overseas Shares Common Fund and the Listed Property Securities Common Fund are reported at market value to comply with current accounting standards. Previously these funds have been reported at redemption value. Comparative values for the 2008-09 reporting period have been amended and reported at market value.

Australian fixed interest investments: Are valued at market value based on independently obtained market yields applying at balance date.

Advances to estates: Are carried at their nominal amounts. The Public Trustee is authorised by the *Public Trustee Act 1995* to advance monies where an estate has insufficient monies to make payments as authorised or required to administer the estate, usually on a short-term basis. Funds advanced are a first charge on the estate's property vested under the control of the Public Trustee. The interest rate applicable on advances at 30 June 2010 was 5.1 percent (3.2 percent).

Cash at bank and cash equivalents: Are carried at nominal amounts, translated at prevailing exchange rates where applicable. This asset consists of cash at bank and on hand, as well as other short-term, highly liquid investments with original maturities of three months or less.

Sundry debtors and creditors: Are carried at their nominal amounts.

2. Operation of the Common Funds

Common Funds managed by the Public Trustee have been established pursuant to section 29 of the *Public Trustee Act 1995* or its predecessor legislation. Financial statements for each Common Fund operated by the Public Trustee are presented within the annual report of Public Trustee.

Investment in Common Funds (with the exception of direct investment in the Cash Common Fund) are by way of notional unit holdings in the Common Funds. Contributors may invest in the Cash Common Fund or alternately invest in a selection of Common Funds in proportions determined by one or more of the following standard investment strategies provided by the Public Trustee:

- capital stable
- growth
- balanced
- equities.

3. Trust Funds under administration

	Number 2010	Number 2009	Value 2010 $'000	Value 2009 $'000
Deceased estates:				
Monies and assets held under the administration of the Public Trustee pursuant to the provisions of the *Public Trustee Act 1995*	1 667	1 709	175 908	196 929
Trusts:				
Monies and assets held under the administration of the Public Trustee pursuant to the terms of a will or a deed of trust	1 453	1 510	116 341	103 601
Administration matters:				
Monies paid and assets transferred to the Public Trustee on account of minor beneficiaries pursuant to the *Public Trustee Act 1995*	461	422	59 803	29 822
Court award orders:				
Monies directed by the Court to be paid to the Public Trustee on behalf of clients and invested and applied by the Public Trustee as the Court directs, and monies administered by the Public Trustee under the *Aged and Infirm Persons' Property Act 1940*	841	876	278 574	262 903
Protected estates:				
Monies administered by the Public Trustee under the *Guardianship and Administration Act 1993*	3 059	3 040	229 308	191 522
Workers compensation awards:				
Monies directed by the Court to be paid to the Public Trustee on behalf of widows and minors and invested and applied by the Public Trustee as the Court directs	5	6	261	267
Powers of attorney:				
Monies and assets held on behalf of donors who have appointed the Public Trustee to act on their behalf	463	500	66 711	63 447
Investors:				
Monies invested in Common Funds pursuant to section 29(1) of the *Public Trustee Act 1995*, by classes of persons approved by the Minister	370	398	194 883	173 258
	8 319	8 461	1 121 789	1 021 749

4. Unclaimed monies

During the reporting period, unclaimed monies totalling $172 006 ($520 217) in respect of estates were paid to the Consolidated Account pursuant to section 32(1) of the *Public Trustee Act 1995*.

AUDITOR-GENERAL'S DEPARTMENT

FUNCTIONAL RESPONSIBILITY

Establishment

The PFAA confers wide responsibilities and powers on the Auditor-General to examine any matters relating to the collection, receipt, issue or expenditure of public monies and to report on the efficiency and economy of public sector operations.

The responsibilities and powers are applied in the annual audits of a range of public sector agencies, including government departments, statutory authorities, public corporations, health bodies and various funds.

In addition the Auditor-General has a discretionary right under the *Education Act 1972* to inspect or audit the accounts of school councils and to approve the auditors of certain bodies, such as certain health bodies and statutory boards.

The Auditor-General's Department operates to assist the Auditor-General in the discharge of his/her statutory audit mandate. It is an administrative unit established pursuant to the PSA.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Under subsection 35(1) of the PFAA, the Governor, on the recommendation of the Treasurer, has appointed Edwards Marshall as auditor of the Auditor-General's Department.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In Edwards Marshall's opinion:

> (a) *the financial report presents fairly, in all material respects, the financial position of the Department as at 30 June 2010, and its financial performance and its cash flows for the financial 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 (including the Australian Accounting Interpretations).*
>
> (b) *the financial statements are in accordance with the accounts and records of the Department.*

Assessment of controls

In Edwards Marshall's opinion *'the internal controls employed by the Department for the financial year ended 30 June 2010 over its financial reporting and preparation of the financial statements are effective.'*

Communication of audit matters

Edwards Marshall noted in their management letter dated 8 September 2010:

> *During our 2010 audit testing of the payroll function which is carried out by Shared Services SA for and on behalf of the Auditor-General's Department, we noted two potential weaknesses in the systems of controls and accounting procedures adopted. These are:*
>
> 1. *Unlimited access capabilities and non user restrictions*
>
> 2. *Lack of system generated edit reports which log and report all changes to the employee payroll master file and authorisation of such changes*

These two potential weaknesses will be referred to Shared Service SA for their attention.

Edwards Marshall also advised *'that there are no other significant matters arising out of our 2010 audit of the Department'.*

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements

	2010	2009
	$'million	$'million
EXPENSES		
Employee expenses	**9.5**	8.6
Other expenses	**3.9**	3.0
Total expenses	**13.4**	11.6
REVENUES FROM SA GOVERNMENT	**13.3**	11.4
TOTAL ASSETS	**3.2**	2.9
TOTAL LIABILITIES	**3.8**	3.5

Statement of Comprehensive Income

The increase in revenues from the SA Government reflected additional approved funding received to meet the increased employee expenses and contractor/consultant costs incurred for new agency audit activity, including WorkCover Corporation of South Australia and Country Health Units.

Statement of Comprehensive Income
for the year ended 30 June 2010

	Note	2010	2009
EXPENSES:		**$'000**	$'000
Employee expenses	3	**9 462**	8 573
Supplies and services:			
Contractors		**1 980**	1 296
Office accommodation and service costs		**599**	586
Computing and network processing costs		**211**	169
Staff development and training		**152**	151
Other expenses		**150**	155
Motor vehicle hire		**144**	128
Consultancies		**144**	80
FBT		**53**	50
Staff travel and accommodation		**50**	67
Shared Services SA charges		**48**	27
Report printing		**26**	23
Temporary staff		**21**	58
		3 578	2 790
Depreciation and amortisation	9, 10	**328**	261
Net loss from the disposal of non-current assets	5	**34**	13
Total expenses		**13 402**	11 637
INCOME:			
Other income		**1**	1
Total income		**1**	1
NET COST OF PROVIDING SERVICES		**13 401**	11 636
REVENUES FROM SA GOVERNMENT:			
Appropriations and contingency provision grant	6	**13 333**	11 386
NET RESULT		**(68)**	(250)
TOTAL COMPREHENSIVE RESULT		**(68)**	(250)

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

Statement of Financial Position
as at 30 June 2010

	Note	2010	2009
CURRENT ASSETS:		**$'000**	$'000
Cash and cash equivalents	7	**2 495**	2 229
Receivables	8	**173**	144
Total current assets		**2 668**	2 373
NON-CURRENT ASSETS:			
Computing and office facilities	9	**413**	489
Intangible assets	10	**83**	40
Total non-current assets		**496**	529
Total assets		**3 164**	2 902
CURRENT LIABILITIES:			
Payables	11	**349**	279
Cash advance - Imprest account		**3**	3
Employee benefits	12	**994**	891
Provision for workers compensation	13	**4**	4
Total current liabilities		**1 350**	1 177
NON-CURRENT LIABILITIES:			
Payables	11	**250**	235
Employee benefits	12	**2 174**	2 034
Provision for workers compensation	13	**14**	12
Total non-current liabilities		**2 438**	2 281
Total liabilities		**3 788**	3 458
NET ASSETS		**(624)**	(556)
EQUITY:			
Opening balance - deficit		**(556)**	(306)
Decrease in net assets		**(68)**	(250)
TOTAL EQUITY		**(624)**	(556)

Total equity is attributable to the SA Government as owner

Commitments	14		

Statement of Changes in Equity
for the year ended 30 June 2010

	Note	Retained earnings $'000	Total $'000
Balance at 30 June 2008		(306)	(306)
Total comprehensive result for 2008-09		(250)	(250)
Balance at 30 June 2009		(556)	(556)
Total comprehensive result for 2009-10		(68)	(68)
Balance at 30 June 2010		**(624)**	**(624)**

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

Statement of Cash Flows
for the year ended 30 June 2010

	Note	**2010 Inflows (Outflows) $'000**	2009 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Employee expenses		**(9 180)**	(8 414)
Supplies and services		**(3 912)**	(3 323)
CASH INFLOWS:			
Other income		**1**	1
GST refunds from ATO		**353**	248
CASH FLOWS FROM (TO) SA GOVERNMENT:			
Appropriations and contingency provision grant	6	**13 333**	11 386
Net cash provided by (used in) operating activities	16.2	**595**	(102)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Payment to Shared Services SA due to administrative restructure	15	**-**	(14)
Cash used in financing activities		**-**	(14)
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of computing and office facilities	9.2	**(268)**	(215)
Purchase of intangible assets	10.2	**(61)**	(30)
Cash used in investing activities		**(329)**	(245)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**266**	(361)
CASH AND CASH EQUIVALENTS AT 1 JULY		**2 229**	2 590
CASH AND CASH EQUIVALENTS AT 30 JUNE	7, 16.1	**2 495**	2 229

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Auditor-General's Department

The Department's main statutory responsibilities are to audit the public accounts and the accounts of public authorities and to report the results to Parliament in accordance with the requirements of the PFAA.

The Department's sole activity is the provision of auditing services covering all the audit responsibilities prescribed under the PFAA. Within this activity class there are two activities:

Prescribed audits

Includes all audit work to be undertaken for agencies where the Auditor-General is the prescribed auditor and the Department must annually conduct the audit as prescribed by the PFAA. During the year the Department spent $13.402 million ($11.637 million) on this activity.

Special investigations

Includes all work defined in the PFAA that is specifically requested to be undertaken by the Auditor-General. The Auditor-General may be requested to undertake work associated with:

- conducting and reporting on special investigations when requested by the Parliament or Treasurer
- reviewing summary documents of confidential government contracts and reporting on the adequacy of each document as a summary of the contents of the contract when requested to do so by a Minister.

These projects have specific Terms of Reference requested by the referring party and are treated as a separate subprogram. Consistent with the legislative requirement of audit independence the reports are presented directly to the Parliament. During 2009-10 and 2008-09 the Department incurred no expenditure on this activity.

2. Summary of significant accounting policies

(a) Statement of compliance

The financial statements are general purpose financial statements that have been prepared in accordance with applicable AASs and TIs and APSs issued pursuant to the PFAA.

The accounts are presented on the accrual basis of accounting using historical cost accounting which does not take into account changing money values.

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

AASs and AASB Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2010 with the exception of AASB 2009-12. The Department has assessed the impact of the new and amended standards and Interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

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

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

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Department's accounting policies. Areas involving a higher degree of judgement, or where assumption and estimates are significant to the financial statements are outlined in the applicable notes
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures in these financial statements:

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

  (b) Employees whose normal remuneration is $100 000 or more and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly to those employees.

  (c) Expenses incurred as a result of engaging consultants (reported in the Statement of Comprehensive Income).

(c) Reporting entity

The Department produces both departmental and administered financial statements. The Departmental financial statements report on the use of assets, liabilities, income and expenses controlled or incurred by the Department. The administered items financial statements report on the income, expenses, assets and liabilities which the Department administers on behalf of the SA Government but does not control.

(d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where a specific APS or AAS has required a change.

Where applicable the comparatives have been restated to assist users understanding of the current reporting period and do not replace the original financial statements for the preceding period.

(e) Rounding

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

(f) Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, FBT and GST. Income, expenses and assets are recognised net of the amount of GST except:

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

The net GST receivable/payable to the ATO has been recognised as a receivable in the Statement of Financial Position.

Cash flows are reported on a gross basis in the Statement of Cash Flows. The GST component of the cash flows arising from investing or financing activities, which are recoverable from, or payable to, the ATO have however been classified as operating cash flows.

(g) Income and expenses

Income and expenses are recognised in the Statement of Comprehensive Income only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Income and expenses have been classified according to their nature in accordance with APF II, APS 3.5 and have not been offset unless required or permitted by another accounting standard.

The loss on the disposal of non-current assets is recognised when control of the asset has passed to the recipient.

(h) Revenues from SA Government

Parliament approved funding appropriations are received for the full accrual cost of services. The appropriation is paid into a Special Deposit Account titled 'Auditor-General's Department Operating Account'. Appropriations for accrued expenses are deposited in a Special Deposit Account in the name of the Auditor-General's Department at DTF titled 'Accrual Appropriation Excess Funds'. Use of the funds requires the approval of the Treasurer. Pursuant to TI 3, paragraph 3.8, this money is deemed to be controlled by the public authority in the name of which the money is recorded.

Administered items are funded by Parliamentary appropriations on a cash basis.

(i) Current and non-current classification

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

The Department has a clearly identifiable operating cycle of 12 months. 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. All other assets and liabilities are classified as non-current.

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call.

(k) Receivables

Receivables arise in the normal course of audit services to other agencies. Receivables are generally settled within 14 days after the issue of an invoice.

(l) Inventories

Consumable supplies are not recognised in the Statement of Financial Position as the value of these supplies is not considered to be material.

(m) Non current asset acquisition and recognition

Assets are recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition, less accumulated depreciation.

All non-current physical assets with a value greater than $2000 are capitalised in accordance with APF III, APSs 2.15 and 2.16.

The acquisition of software is capitalised when the expenditure meets the definition criteria of an intangible asset and when expenditure is greater than or equal to $2000 in accordance with APF III, APSs 2.15 and 2.16. The Department has no internally generated intangible assets.

(n) Revaluation of non-current assets

The 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 in accordance with APF III, APS 3.3.

All non-current assets with a limited useful life are systematically depreciated over their useful lives.

(o) Depreciation/amortisation of non-current assets

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. The useful lives of all major assets are reassessed on an annual basis. In 2009-10, the Department re-assessed the useful life of laptop computer equipment and decreased it from three years to two years. The net effect of this change in 2009-10 is approximately a $31 000 increase in depreciation.

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

Class of assets	*Method*	*Useful life (years)*
Computing and office equipment	Straight-line	3
Laptop computer equipment	Straight-line	2
Leasehold improvements	Straight-line	3
Computer software	Straight-line	3

(p) Payables

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

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid. Creditors include all unpaid invoices received relating to the normal 12 month operating cycle.

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

All amounts 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.

Employee on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries, long service leave and annual leave.

(q) Employee benefits

Provision has been made for employee benefits liabilities arising from services rendered by employees to balance date in accordance with AASB 119. Employee benefits comprise salaries, annual leave and long service leave.

Salaries

Liabilities for salaries are recognised, and are measured as the amount unpaid at current pay rates in respect of employee service periods up to the reporting date.

Annual leave

Liabilities for annual leave are recognised, and are measured as the amount unpaid at the pay rate at which the liability is expected to be settled in respect of employee service periods up to the reporting date. Annual leave is expected to be paid within 12 months.

Sick leave

No liability is recognised, as all sick leave is non-vesting and the average sick leave taken by employees is considered to be taken from the current year's accrual, as it is estimated to be less than the annual entitlement for sick leave.

Long service leave

Long service leave is recognised on a pro-rata basis for the employee service periods up to the reporting date. DTF has advised that a benchmark of 5.5 years service can be used for a shorthand estimation of long service leave liability in accordance with the provisions of AASB 119. This advice has been adopted and the long service leave liability as at 30 June 2010 has been calculated at nominal amounts based on current salary rates for employees with 5.5 or more years service.

Long service leave (continued)
The long service leave to be taken in the 12 months to 30 June 2011 has been estimated by adding the estimated termination payments in this period to the estimated long service leave to be taken by ongoing employees in the 12 months (based on previous years' experience). The basis of calculation is similar to that used in previous years.

Superannuation
Contributions are paid to several superannuation schemes operated by the SA Government and are treated as an expense when they occur. The liability for payments to beneficiaries is assumed by the South Australian Superannuation Board. The liability outstanding at the reporting date for any contributions due but not yet paid to the South Australian Superannuation Board is included in payables.

(r) Provisions
The workers compensation provision is an actuarial estimate of the outstanding liability at 30 June 2010 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Department is responsible for the payment of workers compensation claims.

(s) Leases
The Department has entered into two operating leases. The two leases are for office accommodation and motor vehicles.

Operating leases
Under the operating leases, the lessor effectively retains the entire risks and benefits incidental to ownership of the leased items.

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

(t) Events after the end of the reporting period
There have been no events subsequent to 30 June 2010 that have had a material impact on the information disclosed in these financial statements.

3. Employee expenses

	2010	2009
	$'000	$'000
Employee benefits:		
Salaries	7 105	6 530
Annual leave	657	570
Long service leave	334	222
Total employee benefits	8 096	7 322
Employee on-costs:		
Superannuation	896	834
Payroll tax	464	415
Total employee on-costs	1 360	1 249
Workers compensation	6	2
Total employee expenses	9 462	8 573

4. Supplies and services provided by entities within SA Government

Office accommodation and service costs	597	582
Staff development and training	2	5
Other expenses	46	40
Motor vehicle hire	104	92
Shared Services SA charges	48	27
Total supplies and services provided by entities within SA Government	797	746

5. Net loss from the disposal of non-current assets

Net book value of non-current assets disposed	34	13
Total net loss from the disposal of non-current assets	34	13

No proceeds were received from the disposal of non-current assets.

6. Funding of the Department
Appropriations to the Department in 2009-10 amounted to $13.221 million ($11.371 million) and there was a contingency provision grant of $112 000 ($15 000).

Appropriations under Special Acts are reported under administered items.

7. Cash and cash equivalents

	2010	2009
	$'000	$'000
Deposits with the Treasurer	2 492	2 226
Imprest Account and cash on hand	3	3
Total cash and cash equivalents	2 495	2 229

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

Interest rate risk
Deposits with the Treasurer are non-interest bearing for the Department. The Department's only interest bearing asset is an Imprest Account and the exposure to interest rate risk is insignificant.

The weighted average interest rate for the Imprest Account was 3.51 percent (5.13 percent).

The carrying amounts of cash and cash equivalents represents fair value.

8. Receivables

	2010	2009
Current:	$'000	$'000
GST input tax recoverable	163	138
Other	10	6
Total current*	173	144

* The current receivable amounts are with non-SA Government entities.

Interest rate and credit risk
GST input tax credits are recoverable from the ATO and as such there is no interest rate or credit risk and the carrying amount represents fair value. With respect to the other receivable there is no interest rate risk and the carrying amount represents fair value. The credit risk associated with the other receivable is insignificant.

9. Computing and office facilities

9.1 Classes of computing and office facilities

	2010 $'000	2009 $'000
Computing and office equipment - at cost	533	580
Accumulated depreciation	(414)	(418)
	119	162
Laptop computer equipment - at cost	334	275
Accumulated depreciation	(137)	(105)
	197	170
Leasehold improvements - at cost	497	444
Accumulated depreciation	(400)	(287)
	97	157
	413	489

There were no indications of impairment of non-current assets at 30 June 2010.

9.2 Reconciliation of carrying amount

	Carrying amount 01.07.09 $'000	Additions $'000	Disposals $'000	Depreciation $'000	Carrying amount 30.06.10 $'000
Computing and office equipment	162	32	-	75	119
Laptop computer equipment	170	183	34	122	197
Leasehold improvements	157	53	-	113	97
Total computing and office facilities	489	268	34	310	413

	Carrying amount 01.07.08 $'000	Additions $'000	Disposals $'000	Depreciation $'000	Carrying amount 30.06.09 $'000
Computing and office equipment	102	110	-	50	162
Laptop computer equipment	166	104	13	87	170
Leasehold improvements	258	1	-	102	157
Total computing and office facilities	526	215	13	239	489

10. Intangible assets

10.1 Classes of intangible assets

	2010 $'000	2009 $'000
Computer software - at cost	610	549
Accumulated amortisation	(527)	(509)
	83	40

There were no indications of impairment of non-current assets at 30 June 2010.

10.2 Reconciliation of carrying amount

	Carrying amount 01.07.09 $'000	Additions $'000	Disposals $'000	Amortisation $'000	Carrying amount 30.06.10 $'000
Computer software	40	61	-	18	83
Total intangible assets	40	61	-	18	83

10.2 Reconciliation of carrying amount (continued)

	Carrying amount 01.07.08 $'000	Additions $'000	Disposals $'000	Amortisation $'000	Carrying amount 30.06.09 $'000
Computer software	32	30	-	22	40
Total intangible assets	32	30	-	22	40

11. Payables

	2010	2009
Current	$'000	$'000
Employee on-costs	222	207
Creditors	124	64
Accrued expenses	3	8
Total current	349	279
Non-current:		
Employee on-costs	250	235
Total non-current	250	235
Total payables	599	514
Payables to entities within the SA Government	256	220

Interest rate and credit risk

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

12. Employee benefits

	2010	2009
Current:	$'000	$'000
Salaries	202	195
Annual leave	528	519
Long service leave	264	177
Total current	994	891
Non-current:		
Long service leave	2 174	2 034
Total non-current	2 174	2 034
Total employee benefits	3 168	2 925

13. Provision for workers compensation

Current:		
Provision for workers compensation	4	4
Total current	4	4
Non-current:		
Provision for workers compensation	14	12
Total non-current	14	12
Total provision	18	16
Carrying amount at 1 July	16	18
Workers compensation payments	(1)	-
Increase (Decrease) in the provision	3	(2)
Carrying amount at 30 June	18	16

The workers compensation provision is based on an actuarial assessment provided by the Public Sector Workforce Division of DPC.

14. Commitments

Operating lease commitments

The Department's operating leases are for the leasing of office accommodation and motor vehicles.

Office accommodation

Office accommodation is leased from the Building Management Division of the Department for Transport, Energy and Infrastructure. The lease expires on 30 June 2015. The rental amount is based on floor space, with the rental rate reviewable by Department for Transport, Energy and Infrastructure every two years.

Motor vehicles

Motor vehicles are leased from the Fleet SA business unit of DTF. The vehicles are leased for a specified time period or a specified number of kilometres, whichever occurs first. The lease rate is determined according to the type of vehicle being leased and the number of months of the lease period. The lease rates are reviewed annually by Fleet SA.

Operating lease commitments (continued)

At the reporting date the Department had the following obligations under non-cancellable operating leases (these obligations have not been recognised as liabilities):	2010 $'000	2009 $'000
Not later than one year	660	607
Later than one year and not later than five years	2 443	38
Total operating lease commitments	3 103	645

Capital commitments

Capital expenditure contracted for at the reporting date which is not recognised as a liability		
Not later than one year	-	27
Total capital commitments	-	27

Remuneration commitments

At the reporting date the Department had commitments for the payment of salaries and other remuneration under fixed-term employment contracts (these obligations have not been recognised as liabilities):		
Not later than one year	1 000	866
Later than one year and not later than five years	1 191	1 654
Total remuneration commitments	2 191	2 520

Amounts disclosed include commitments arising from executive and employee contracts under fixed term employment. The Department does not offer fixed term employment contracts to executives and employees for periods greater than five years.

15. Net assets transferred as a result of an administrative restructure

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

As part of this reform on 20 October 2008 the Department's payroll services were transitioned to Shared Services SA.

One employee, budget funding of $44 000 and the following assets and liabilities were transferred to Shared Services SA.

	2010 $'000	2009 $'000
Cash	-	14
Total assets	-	14
Payables	-	1
Employee benefits	-	13
Total liabilities	-	14
Total net assets transferred	-	-

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

16. Cash flow reconciliations

	2010 $'000	2009 $'000
16.1 Reconciliation of cash and cash equivalents		
Cash and cash equivalents at 30 June per:		
Statement of Financial Position	2 495	2 229
Statement of Cash Flows	2 495	2 229

16.2 Reconciliation of net cost of providing services to net cash provided by operating activities

Net cost of providing services	(13 401)	(11 636)
Net cash flows from government	13 333	11 386
Depreciation and amortisation	328	261
Increase in receivables	(29)	(51)
Increase in employee benefits	243	137
Increase (Decrease) in provision for workers compensation	2	(2)
Increase (Decrease) in payables	85	(210)
Loss on disposal of non-current assets	34	13
Net cash provided by (used in) operating activities	595	(102)

17. Remuneration of employees

The number of employees whose remuneration received or receivable exceeded $100 000 for this period are grouped within the following bands:	2010 Number of executives*	2010 Number of employees	2009 Number of executives*	2009 Number of employees
$100 000 - $109 999	-	10	-	10
$110 000 - $119 999	-	4	-	2
$120 000 - $129 999	-	2	-	-
$170 000 - $179 999	1	-	3	-
$180 000 - $189 999	3	-	1	-
$190 000 - $199 999	-	-	1	-
$200 000 - $209 999	1	-	-	-
$350 000 - $359 999	-	-	1	-
$360 000 - $369 999	1	-	-	-
Total number of executives/employees	6	16	6	12

* Based on the Department's executive organisation structure.

Total remuneration received or receivable by departmental executives was $1.29 million ($1.253 million). Total remuneration received or receivable by the non-executive employees was $1.74 million ($1.264 million).

The employee remuneration figures detailed above include employee remuneration recorded in both the Department's financial statements and in the administered financial statements of the Department.

18. Remuneration of auditor

	2010 $'000	2009 $'000
Remuneration for audit of financial statements	9	9
Remuneration for other services	-	-
	9	9

19. 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.

	Carrying amount 2010 $'000	Carrying amount 2009 $'000
Financial assets:		
Cash and cash equivalents	2 495	2 229
Receivables*	10	6
Financial liabilities:		
Payables	599	514
Cash advance - Imprest account	3	3

* Receivables amounts disclosed exclude amounts relating to statutory receivables where rights or obligations have their source in legislation such as the GST.

Statement of Administered Comprehensive Income for the year ended 30 June 2010

	Note	2010 $'000	2009 $'000
EXPENSES:			
Employee expenses		**302**	284
Amounts paid/payable to consolidated account		**12 072**	10 440
Total expenses		**12 374**	10 724
INCOME:			
Fees for audit services		**12 072**	10 440
Appropriation - Special Acts	A2.2	**251**	283
Total income		**12 323**	10 723
NET RESULT		**(51)**	(1)
TOTAL COMPREHENSIVE RESULT		**(51)**	(1)

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

Statement of Administered Financial Position as at 30 June 2010

	Note	2010 $'000	2009 $'000
CURRENT ASSETS:			
Cash and cash equivalents	A4.1	**500**	296
Receivables	A2.1	**193**	2 036
Total assets		**693**	2 332
CURRENT LIABILITIES:			
Employee benefits	A3	**127**	118
Amounts payable to consolidated account		**208**	1 896
GST payable		**306**	236
Total current liabilities		**641**	2 250
NON-CURRENT LIABILITIES:			
Employee benefits	A3	**341**	320
Total non-current liabilities		**341**	320
Total liabilities		**982**	2 570
NET ASSETS		**(289)**	(238)
EQUITY:			
Opening balance - deficit		**(238)**	(237)
Decrease in net assets		**(51)**	(1)
TOTAL EQUITY		**(289)**	(238)

Total administered equity is attributable to the SA Government as owner

Statement of Administered Changes in Equity
for the year ended 30 June 2010

	Retained earnings $'000	Total $'000
Balance at 30 June 2008	(237)	(237)
Total comprehensive result for 2008-09	(1)	(1)
Balance at 30 June 2009	(238)	(238)
Total comprehensive result for 2009-10	(51)	(51)
Balance at 30 June 2010	**(289)**	**(289)**

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

Statement of Administered Cash Flows
for the year ended 30 June 2010

	Note	**2010 Inflows (Outflows) $'000**	2009 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Employee expenses		**(272)**	(264)
Amounts paid to consolidated account		**(13 761)**	(10 269)
GST paid to ATO		**(1 137)**	(1 002)
CASH INFLOWS:			
Fees for audit services	A2.1	**15 123**	9 800
CASH FLOWS FROM SA GOVERNMENT:			
Appropriations - Special Acts		**251**	283
Net cash provided by (used in) operating activities	A4.2	**204**	(1 452)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**204**	(1 452)
CASH AND CASH EQUIVALENTS AT 1 JULY		**296**	1 748
CASH AND CASH EQUIVALENTS AT 30 JUNE	A4.1	**500**	296

NOTES TO AND FORMING PART OF THE ADMINISTERED FINANCIAL STATEMENTS

A1. Statement of significant accounting policies

The summary of all significant accounting policies for the Auditor-General's Department are contained in note 2. The policies outlined in note 2 apply to both the Department and the administered financial statements.

A2. Administered items

A2.1 Auditing fees

Section 39 of the PFAA provides for the levying of fees for audit services provided by the Department. These are paid into the Consolidated Account.

	2010 $'000	2009 $'000
Fees outstanding at 1 July	2 036	352
Billings (including GST)	13 280	11 484
	15 316	11 836
Receipts (including GST)	15 123	9 800
Fees outstanding at 30 June	193	2 036

At 30 June, the value of audit work in progress was $5.783 million ($5.449 million). The Department is of the opinion that this amount is recoverable.

Interest rate and credit risk

Receivables are normally settled within 14 days and are all non-interest bearing. It is not anticipated that counterparties will fail to discharge their obligations and there is no concentration of credit risk. The carrying amount of receivables approximates net fair value due to the amounts being payable on demand.

A2.2 Special Acts

Subsection 24(4) of the PFAA, provides that the salary and allowances of the Auditor-General will be determined by the Governor and will be paid from the Consolidated Account which is appropriated for that purpose and the necessary extent.

A3. Employee benefits

	2010	2009
Current:	$'000	$'000
Salaries	8	7
Annual leave	119	111
Total current	127	118
Non-current:		
Long service leave	341	320
Total non-current	341	320
Total employee benefits	468	438

A4. Notes to the Administered Statement of Cash Flows

A4.1 Reconciliation of cash and cash equivalents

Cash and cash equivalents at 30 June per:		
Statement of Administered Financial Position	500	296
Statement of Administered Cash Flows	500	296

A4.2 Reconciliation of net operating surplus to net cash provided by operating activities

Net result	(51)	(1)
Decrease (Increase) in receivables	1 843	(1 684)
Increase in employee benefits	30	20
(Decrease) Increase in amounts payable to the Consolidated Account	(1 688)	171
Increase in GST payable	70	42
Net cash provided by (used in) operating activities	204	(1 452)

A5. Specific disclosure - SA Government

The following discloses revenues, expenses, assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date.

Income excluding appropriations	10 589	9 316
Expenses	12 072	10 440
Financial assets	647	2 304
Financial liabilities	208	1 896

DEPARTMENT FOR CORRECTIONAL SERVICES

FUNCTIONAL RESPONSIBILITY

Establishment

The Department for Correctional Services (the Department) is an administrative unit established pursuant to the PSA. The Department is responsible to the Minister for Correctional Services.

Functions

The primary function of the Department is to work to maintain a safer community while contributing to rebuilding lives affected by crime. For details of the Department's functions refer to note 1 to the financial statements.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

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

Assessment of controls

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

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

Scope of audit

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

During 2009-10, specific areas of audit attention included:

- governance and risk management
- expenditure
- revenue
- payroll
- fixed assets
- financial accounting
- cash.

An understanding of internal audit activities has been obtained in order to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department for Correctional Services as at 30 June 2010, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

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

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the officers responsible for the governance of the Department. Responses to the management letters were generally considered to be satisfactory. The more significant matters raised with the Department and the related responses are detailed below.

Payroll

Audit review of the bona fide control across a number of prisons identified areas of non-compliance with departmental policy and inconsistencies in review. In particular the following issues were noted:

- Prison locations were not maintaining a bona fide register as required by the policy.
- Only aspects of the bona fide certificates were reviewed where the policy requires review of details such as name, classification code, end and start dates.
- Some prison locations were not reviewing the base hours worked for employees as recorded on the certificates.

The Department responded that the bona fide policy was reissued with a strong direction to all managers to review the bona fide reports on a fortnightly basis. The Department further advised that they have recently communicated with all managers to ensure that they maintain a bona fide register within their respective business units.

Shared services

Audit review of the processing performed by Shared Services SA in relation to the payroll, accounts receivable, accounts payable, fixed assets and financial accounting for the Department identified a number of opportunities for improvement. The more significant issues related to:

- the absence of documented policies and procedures in relation to the processes that Shared Services SA undertakes on behalf of the Department
- the absence of an independent review over payroll masterfile changes
- access to the Westpac Corporate Online facility not being sufficiently restricted to appropriate staff members
- access to electronic funds transfer files generated from the payroll system not being sufficiently restricted
- the absence of independent reviews on information processed into the accounts receivable module.

In response Shared Services SA advised that action was being taken to address the matters raised by Audit.

Other matter

Another issue identified during the audit related to a number of reconciliation processes which had not been consistently performed on a timely basis.

The Department advised that all staff had been reminded of the need for all reconciliations to be completed on a timely basis.

Implementation of TIs 2 and 28

The Department has implemented a detailed process where divisional checklists of financial control requirements are to be completed and signed by the relevant Director on an annual basis and central testing is performed to test the effectiveness of a number of key controls.

Audit review revealed that checklists had been completed for each division of the Department during the year and evidence of testing performed on key controls had been clearly documented and reported to departmental executive.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements

	2010 $'million	2009 $'million
EXPENSES		
Employee benefit expenses	**124**	115
Supplies and services	**52**	53
Other expenses	**20**	19
Total expenses	**196**	187
INCOME		
Income from prison labour and canteen and kitchen sales	**4**	5
Other income	**6**	6
Total income	**10**	11
Net cost of providing services	**186**	176
REVENUES FROM SA GOVERNMENT	**185**	173
Net result	**(1)**	(3)
Total comprehensive result	**108**	20
ASSETS		
Current assets	**14**	15
Non-current assets*	**383**	273
Total assets	**397**	288
LIABILITIES		
Current liabilities	**24**	23
Non-current liabilities	**34**	34
Total liabilities	**58**	57
TOTAL EQUITY	**339**	231

* Includes biological assets

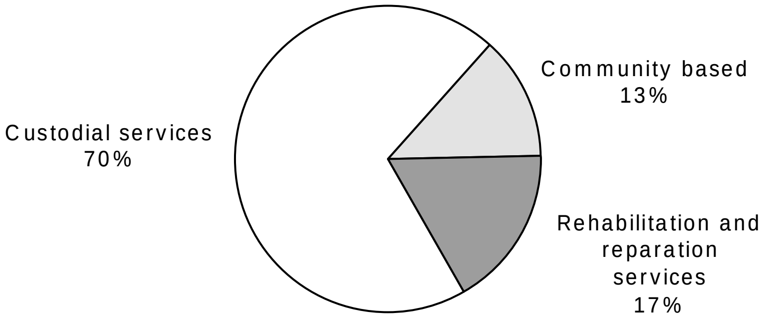
Statement of Comprehensive Income

Expenses

Total expenses increased by $9 million, or 5 percent, to $196 million ($187 million). This increase mainly reflects an increase in employee benefit expenses of $9 million to $124 million ($115 million). This increase was due mainly to award increases under a new enterprise bargaining agreement, payments made for TVSPs and an increase in long service leave expenses resulting from an increase to the provision.

The largest component of the Department's expenditure relates to custodial services. The proportion of expenses on the different programs has remained relatively stable each year.

The following chart shows expenditure by program for 2009-10.



Income

Total income remained relatively stable between 2008-09 and 2009-10. The decrease in income from prison labour, canteen and kitchen sales of $1 million is a result of reduced manufacturing production from prison labour.

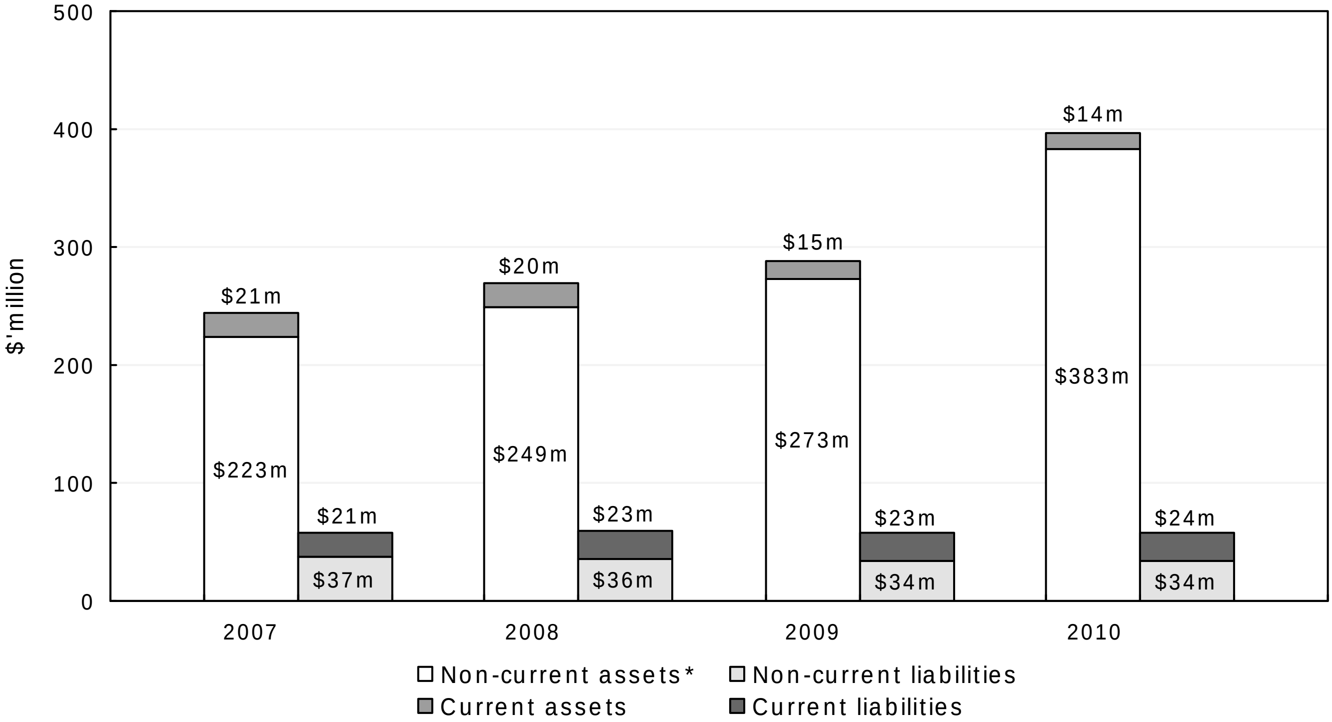
Net cost of providing services

The net cost of services increased by 5 percent to $186 million ($176 million). The increase is mainly a result of the increase in employee benefit expenses combined with a decrease in income as previously commented upon.

Statement of Financial Position

Total non-current assets have increased by $110 million, or 40 percent, to $383 million ($273 million). This increase is primarily as a result of a revaluation performed on all land and buildings as at 30 June 2010. Further detail on the increase in the revaluation is provided in note 20 to the financial statements. In addition, the Department commenced a number of capital works projects during the current financial year including the planning, design and construction of new cell blocks at Port Lincoln, Port Augusta and Mount Gambier prisons and has relocated the central office.

For the four years to 2010, a structural analysis of assets and liabilities is shown in the following chart.



* Includes biological assets

The chart shows that the largest component of the Department's Statement of Financial Position is its non-current assets, mainly the prison infrastructure.

Statement of Cash Flows

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

	2010	2009	2008	2007
	$'million	$'million	$'million	$'million
Net cash flows				
Operating	**6**	4	9	8
Investing	**(8)**	(10)	(10)	(5)
Change in cash	**(2)**	(6)	(1)	3
Cash at 30 June	**10**	12	18	19

During the year cash decreased by $2 million to $10 million. Of this amount $2 million is held in the Department of Treasury and Finance Special Deposit Account 'Accrual Appropriation Excess Funds - Department for Correctional Services'. Access to these funds is subject to the Treasurer's or Under Treasurer's approval.

FURTHER COMMENTARY ON OPERATIONS

Service contracts

The Department utilises service contracts for prisoner movement and in-court management, home detention monitoring and management of the Mount Gambier Prison. The Department has commitments in respect of these contracts as outlined below:

Prisoner movement and in-court management

This contract was awarded for a five year term on 1 August 2009 after a tender process was completed.

Home detention monitoring

The home detention monitoring contract commenced on 20 January 2010 for a three year period until 19 January 2013 following the completion of a tender process.

Management of the Mount Gambier Prison

The contract for the management of the Mount Gambier Prison is due to expire on 26 December 2010. The Department has negotiated a six month extension to the current contract to allow a tender process to be undertaken.

Statement of Comprehensive Income
for the year ended 30 June 2010

	Note	**2010** **$'000**	2009 $'000
EXPENSES:			
Employee benefit expenses	5	**123 798**	115 271
Supplies and services	6	**51 585**	52 973
Depreciation and amortisation expense	7	**9 853**	9 093
Payments to prisoners		**2 368**	2 348
Accommodation and associated lease costs		**6 463**	5 958
Grants	8	**966**	702
Net loss from disposal of assets	9	**45**	28
Other expenses	10	**469**	303
Total expenses		**195 547**	186 676
INCOME:			
Prison labour	12	**1 444**	2 459
Salaries and goods and services recoups		**1 612**	1 776
Interest revenues		**3**	2
Commonwealth revenue	13	**546**	496
Canteen and kitchen sales	14	**2 904**	2 892
Other income	15	**3 537**	3 123
Total income		**10 046**	10 748
NET COST OF PROVIDING SERVICES		**185 501**	175 928
REVENUES FROM SA GOVERNMENT:			
Revenues from SA Government	16	**184 898**	173 381
NET RESULT		**(603)**	(2 547)
OTHER COMPREHENSIVE INCOME:			
Changes in property, plant and equipment asset revaluation surplus	20	**109 117**	22 967
TOTAL COMPREHENSIVE RESULT		**108 514**	20 420

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

Statement of Financial Position
as at 30 June 2010

	Note	**2010** **$'000**	2009 $'000
CURRENT ASSETS:			
Cash and cash equivalents	17	**10 239**	11 945
Receivables	18	**2 451**	1 695
Inventories	19	**1 168**	1 281
Total current assets		**13 858**	14 921
NON-CURRENT ASSETS:			
Property, plant and equipment	20	**371 938**	269 799
Capital works in progress	21	**11 401**	3 283
Intangible assets	22	**25**	35
Biological assets	23	**265**	266
Total non-current assets		**383 629**	273 383
Total assets		**397 487**	288 304
CURRENT LIABILITIES:			
Payables	24	**9 270**	6 258
Employee benefits	25	**10 064**	12 184
Provisions	26	**4 782**	5 216
Total current liabilities		**24 116**	23 658
NON-CURRENT LIABILITIES:			
Payables	24	**1 828**	1 717
Employee benefits	25	**18 051**	16 898
Provisions	26	**14 042**	15 095
Total non-current liabilities		**33 921**	33 710
Total liabilities		**58 037**	57 368
NET ASSETS		**339 450**	230 936
EQUITY:			
Retained earnings	27	**98 489**	99 108
Prisoner Amenities Fund reserve	27	**116**	100
Asset revaluation surplus	27	**240 845**	131 728
TOTAL EQUITY		**339 450**	230 936

Total equity is attributable to the SA Government as owner

Commitments	28
Contingent assets and liabilities	29

Statement of Changes in Equity for the year ended 30 June 2010

	Note	Prisoner Amenities Fund reserve $'000	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2008		161	108 761	101 594	210 516
Net result for 2008-09		-	-	(2 547)	(2 547)
Gain on revaluation of land and buildings during 2008-09		-	22 967	-	22 967
Net changes in reserves		(61)	-	61	-
Total comprehensive result for 2008-09		(61)	22 967	(2 486)	20 420
Balance at 30 June 2009	27	100	131 728	99 108	230 936
Net result for 2009-10		-	-	(603)	(603)
Gain on transfer to asset revaluation surplus		-	109 117	-	109 117
Transfer to (from) Prisoner Amenities Fund reserve		16	-	(16)	-
Total comprehensive result for 2009-10		16	109 117	(619)	108 514
Transactions with SA Government as owner					
Net assets transferred as a result of an administrative restructure	32	-	-	-	-
Balance at 30 June 2010	27	**116**	**240 845**	**98 489**	**339 450**

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

Statement of Cash Flows
for the year ended 30 June 2010

	Note	**2010 Inflows (Outflows) $'000**	2009 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Employee benefit payments		**(126 619)**	(116 681)
Supplies and services		**(63 796)**	(65 937)
Prisoner payments		**(2 368)**	(2 348)
Grants		**(966)**	(702)
Other payments		**(469)**	(250)
Cash used in operations		**(194 218)**	(185 918)
CASH INFLOWS:			
Receipts from prison labour		**1 444**	2 459
Interest received		**3**	2
GST recovered from the ATO (input tax credits)		**5 263**	5 688
Other receipts		**9 243**	8 648
Cash generated from operations		**15 953**	16 797
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		**184 898**	173 381
Cash generated from SA Government		**184 898**	173 381
Net cash provided by operating activities	33	**6 633**	4 260
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of property, plant and equipment		**(8 305)**	(10 521)
Cash used in investing activities		**(8 305)**	(10 521)
CASH INFLOWS:			
Proceeds from sale of property, plant and equipment		**-**	3
Cash generated from investing activities		**-**	3
Net cash used in investing activities		**(8 305)**	(10 518)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Cash transferred as a result of restructuring activities	32	**(34)**	(129)
Cash used in financing activities		**(34)**	(129)
Net cash used in financing activities		**(34)**	(129)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1 706)**	(6 387)
CASH AND CASH EQUIVALENTS AT 1 JULY		**11 945**	18 332
CASH AND CASH EQUIVALENTS AT 30 JUNE	33	**10 239**	11 945

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

(Activities - refer note 4)	1		2	
	2010	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**82 067**	76 414	**18 831**	17 534
Supplies and services	**41 088**	42 386	**4 339**	4 376
Depreciation and amortisation expense	**8 455**	7 803	**283**	261
Payments to prisoners	**1 933**	1 917	**-**	-
Accommodation and associated lease costs	**2 474**	2 280	**2 525**	2 328
Grants	**388**	282	**89**	65
Net loss from disposal of non-current assets	**45**	28	**-**	-
Other expenses	**356**	230	**51**	33
Total expenses	**136 806**	131 340	**26 118**	24 597
INCOME:				
Prison labour	**-**	-	**-**	-
Salaries and goods and services recoups	**335**	369	**169**	186
Interest revenues	**3**	2	**-**	-
Commonwealth and Northern Territory grants and recoups	**-**	-	**546**	496
Canteen and kitchen sales	**2 904**	2 892	**-**	-
Other income	**2 698**	2 156	**399**	459
Total income	**5 940**	5 419	**1 114**	1 141
NET COST OF PROVIDING SERVICES	**130 866**	125 921	**25 004**	23 456
REVENUES FROM SA GOVERNMENT	**130 440**	121 479	**24 923**	24 271
NET RESULT	**(426)**	(4 442)	**(81)**	815

(Activities - refer note 4)	3		Total	
	2010	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**22 900**	21 323	**123 798**	115 271
Supplies and services	**6 158**	6 211	**51 585**	52 973
Depreciation and amortisation expense	**1 115**	1 029	**9 853**	9 093
Payments to prisoners	**435**	431	**2 368**	2 348
Accommodation and associated lease costs	**1 464**	1 350	**6 463**	5 958
Grants	**489**	355	**966**	702
Net loss from disposal of non-current assets	**-**	-	**45**	28
Other expenses	**62**	40	**469**	303
Total expenses	**32 623**	30 739	**195 547**	186 676
INCOME:				
Prison labour	**1 444**	2 459	**1 444**	2 459
Salaries and goods and services recoups	**1 108**	1 221	**1 612**	1 776
Interest revenues	**-**	-	**3**	2
Commonwealth and Northern Territory grants and recoups	**-**	-	**546**	496
Canteen and kitchen sales	**-**	-	**2 904**	2 892
Other income	**440**	508	**3 537**	3 123
Total income	**2 992**	4 188	**10 046**	10 748
NET COST OF PROVIDING SERVICES	**29 631**	26 551	**185 501**	175 928
REVENUES FROM SA GOVERNMENT	**29 535**	27 631	**184 898**	173 381
NET RESULT	**(96)**	1 080	**(603)**	(2 547)

Disaggregated Disclosure - Assets and Liabilities
as at 30 June 2010

(Activities - refer note 4)	1		2		3	
	2010	2009	**2010**	2009	**2010**	2009
CURRENT ASSETS:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	**29**	29	**5**	5	**1**	1
Receivables	**-**	-	**-**	-	**245**	277
Inventories	**337**	306	**-**	-	**460**	649
Total current assets	**366**	335	**5**	5	**706**	927
NON-CURRENT ASSETS:						
Property, plant and equipment	**343 308**	246 631	**14 726**	13 520	**13 248**	9 036
Capital works in progress	**6 324**	2 378	**165**	495	**-**	11
Intangible assets	**-**	-	**-**	-	**-**	-
Biological assets	**-**	-	**-**	-	**265**	266
Total non-current assets	**349 632**	249 009	**14 891**	14 015	**13 513**	9 313
Total assets	**349 998**	249 344	**14 896**	14 020	**14 219**	10 240
CURRENT LIABILITIES:						
Payables	**2 967**	1 820	**583**	416	**407**	303
Employee benefits	**7 180**	8 547	**1 425**	1 572	**1 459**	2 065
Provisions	**-**	-	**-**	-	**-**	-
Total current liabilities	**10 147**	10 367	**2 008**	1 988	**1 866**	2 368
NON-CURRENT LIABILITIES:						
Payables	**1 301**	973	**266**	196	**261**	230
Employee benefits	**12 844**	11 610	**2 624**	2 387	**2 583**	2 901
Provisions	**-**	-	**-**	-	**-**	-
Total non-current liabilities	**14 145**	12 583	**2 890**	2 583	**2 844**	3 131
Total liabilities	**24 292**	22 950	**4 898**	4 571	**4 710**	5 499
NET ASSETS	**325 706**	226 394	**9 998**	9 449	**9 509**	4 741

(Activities - refer note 4)	General/Not attributable		Total	
	2010	2009	**2010**	2009
CURRENT ASSETS:	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	**10 204**	11 910	**10 239**	11 945
Receivables	**2 206**	1 418	**2 451**	1 695
Inventories	**371**	326	**1 168**	1 281
Total current assets	**12 781**	13 654	**13 858**	14 921
NON-CURRENT ASSETS:				
Property, plant and equipment	**656**	612	**371 938**	269 799
Capital works in progress	**4 912**	399	**11 401**	3 283
Intangible assets	**25**	35	**25**	35
Biological assets	**-**	-	**265**	266
Total non-current assets	**5 593**	1 046	**383 629**	273 383
Total assets	**18 374**	14 700	**397 487**	288 304
CURRENT LIABILITIES:				
Payables	**5 313**	3 719	**9 270**	6 258
Employee benefits	**-**	-	**10 064**	12 184
Provisions	**4 782**	5 216	**4 782**	5 216
Total current liabilities	**10 095**	8 935	**24 116**	23 658
NON-CURRENT LIABILITIES:				
Payables	**-**	318	**1 828**	1 717
Employee benefits	**-**	-	**18 051**	16 898
Provisions	**14 042**	15 095	**14 042**	15 095
Total non-current liabilities	**14 042**	15 413	**33 921**	33 710
Total liabilities	**24 137**	24 348	**58 037**	57 368
NET ASSETS	**(5 763)**	(9 648)	**339 450**	230 936

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Department for Correctional Services

The Department for Correctional Services (the Department) is an administrative unit established pursuant to the PSA.

The Department contributes to a safer community by working in partnership with other criminal justice organisations and the community to prevent crime and reduce repeat offending.

The Department safely, securely and humanely manages people ordered by the courts to serve a community based or prison sanction and provides them with opportunities to lead law-abiding and productive lives.

2. Significant accounting policies

(a) Statement of compliance

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

Except for AASB 2009-12, which the Department has early-adopted, AASs and interpretations that have recently been issued or amended but are not yet in effect have not been adopted by the Department for the reporting period ending 30 June 2010. These are outlined in note 3.

(b) Basis of preparation

The preparation of the financial statements requires:

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

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

- compliance with APSs issued pursuant to section 41 of the PFAA, by authority of TI 19. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in these financial statements:

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

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

  (c) employee TVSP information

  (d) employees whose normal remuneration is $100 000 or more (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

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

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

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

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

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

(c) Reporting entity

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

The financial statements and accompanying notes include all the controlled activities of the Department. The transactions and balances relating to administered resources are not recognised as departmental income, expense, assets and liabilities. As administered resources are insignificant in relation to the Department's overall financial performance and position, they are disclosed in note 35. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

(d) Transferred functions

The Public Sector Management (Abolition of Administrative Unit and Public Service Restructure) Proclamation 2009 (dated 1 September 2009) declared that the taxation and financial services transition from the Corporate Finance Branch to Shared Services SA during 2009-10.

These transitions were approved by Cabinet on 15 October 2009 (refer note 32).

(e) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where a specific AAS and/or APS has required a change.

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

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

(f) Rounding

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

(g) Taxation

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

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

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

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

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

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

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

(h) Events after the reporting period

Where an event occurs after 30 June but provides information about conditions that existed at 30 June, adjustments are made to amounts recognised in the financial statements.

There are no events for the reporting period after 30 June 2010.

(i) Income and expenses

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

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

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

Income

The following are specific recognition criteria:

- *Disposal of non-current assets*

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

  Any gain (loss) on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deducting the cost of the asset from the proceeds at that time.

- *Revenues from SA Government*
  Appropriations for program funding are recognised as revenues when the Department obtains control over the funding. Control over appropriations is normally obtained upon receipt.

- *Resources received/provided free of charge*
  Resources received/provided free of charge are recorded as income and expenditure in the Statement of Comprehensive Income at their fair value. Resources provided free of charge are recorded in the expense line items to which they relate.

- *Grants received/paid*
  Grants paid are amounts provided by the Department to entities for general assistance or for a particular purpose. Such grants may be for capital, current or recurrent purposes and the name or category reflects the use of the grant. Grants received are recognised as income at the time the Department obtains control over the funds. Grants paid/received are usually subject to terms and conditions set out in the contract, correspondence, or by legislation governing the provision of the grant.

Expenses

- *Employee benefits*
  Employee benefit expense 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 Department to the superannuation plan in respect of current services of current departmental staff. DTF centrally recognises the superannuation liability in the whole-of-government financial statements.

(j) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. The Department has a clearly identifiable operating cycle of 12 months. 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 Department has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

(k) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand and cash equivalents that are readily convertible to cash and are used in the cash management function on a day to day basis.

Cash is measured at nominal value.

(l) Receivables

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

Trade receivables arise in the normal course of selling goods and services to other agencies and to the public. Trade receivables are 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 Department will not be able to collect the debt. Bad debts are written off when identified.

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

(m) Inventories

Inventories include goods and other property held either for sale or distribution at nominal cost in the ordinary course of business.

Inventory in institutional stores is held for distribution at cost and is adjusted when applicable for any loss of service potential.

Inventory held in prison canteens is held-for-sale at nominal cost and is assigned on the basis of average cost.

Inventory held by prison industries is measured at cost.

Locksmith inventory is held for distribution at cost and is adjusted when applicable for any loss of service potential.

(n) Non-current asset acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental costs involved with the acquisition. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position.

Since the Department controls a large number of low value items, the cost of accounting for the capitalisation of items costing less than $10 000 is expected to outweigh the benefits that would be gained from reporting this information. As a result, items with an acquisition cost less than $10 000 are expensed in the period in which they are acquired.

Capital works in progress are recognised as the cumulative costs of capital projects to balance date. Projects completed during the year have been recognised as buildings, plant or equipment and are valued at cost.

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

(o) Revaluation of non-current assets

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

Every three years, a full revaluation of the Department's land, buildings and leasehold improvements is undertaken. A 'desk-top' revaluation is undertaken by a licensed valuer for the two interim years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

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

Any revaluation decrement is recognised 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 asset revaluation reserve for that asset class.

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

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

(p) Impairment

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

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

(q) Depreciation and amortisation of non-current assets

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

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

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

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

Land is not depreciated.

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

(q) Depreciation and amortisation of non-current assets (continued)

Class of asset	*Depreciation method*	*Useful life (years)*
Plant and equipment	Straight-line	4-20
Buildings (including prisons)	Straight-line	1-60
Intangibles	Straight-line	3-5
Leasehold improvements	Straight-line	Life of lease

(r) Intangible assets

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

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

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

(s) Biological assets

Biological assets such as cattle and sheep are measured at fair value less estimated point of sales costs. The fair value is determined based on current market values of the biological assets.

The olive grove is measured at cost plus any gains arising from changes in fair value less estimated point-of-sale costs attributable to physical changes.

(t) Payables

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

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

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

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

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

The Department makes contributions to several State Government 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 South Australian Superannuation Board. The only liability outstanding at balance date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

(u) Employee benefits

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

Wages, salaries, annual leave and sick leave

Liability for 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 generally expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. Where salary and wages and annual leave are payable later than 12 months, the liability is measured at present value.

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

Long service leave

The liability for long service leave is recognised after an employee has completed 5.5 years (6.5 years) of service. An actuarial assessment of long service leave undertaken by DTF based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Department's experience of employee retention and leave taken.

Unclaimed salaries and wages have been included as a current liability for employee benefits.

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

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

When the Department expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

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

(v) Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. The Department has assessed whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The Department has entered into a number of operating lease agreements for buildings and motor vehicles.

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

The Department does not have any finance lease arrangements.

(w) Prisoner Amenities Fund
Net proceeds from the sale of canteen goods to prisoners are used for the acquisition of items for the benefit of prisoners. The net proceeds are accounted for in the Prisoner Amenities Fund.

(x) Payments to prisoners
These include payments made on behalf of prisoners and payments made to prisoners upon release.

3. Changes in accounting policies

The Department did not change any of its accounting policies during 2009-10.

Except for AASB 2009-12, which the Department has early-adopted, the AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the period ending 30 June 2010. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

4. Activities of the Department

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

Activity 1: Custodial services
The Department provides secure containment and supervision for adults on remand and those sentenced by the courts to serve a custodial sanction. The custodial services program includes costs associated with operating the State's prison system, the humane treatment of prisoners while in custody and the secure movement of prisoners.

Activity 2: Community based services
The Department case manages and supervises offenders in the community on probation, parole or under home detention and clients on supervised bail.

Activity 3: Rehabilitation and reparation services
The Department provides a range of educational, vocational and rehabilitative activities designed to assist offenders to address their offending behaviour and provide them with opportunities to lead law abiding and productive lives.

General/not attributable:
Certain assets and liabilities of the Department are unable to be allocated reliably between activities.

5. Employee benefit expenses

	2010	2009
	$'000	$'000
Salaries and wages	94 067	87 856
Employment on-costs - superannuation	9 797	9 705
Employment on-costs - payroll tax	5 663	5 353
Annual leave	7 567	7 446
Long service leave	3 927	2 521
Workers compensation salary payments	2 777	2 390
Total employee benefit expenses	123 798	115 271

5. Employee benefit expenses (continued)

Salaries and wages on termination are included in salaries and wages.

Remuneration of employees	2010	2009
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
$100 000 - $109 999	24	26
$110 000 - $119 999	16	9
$120 000 - $129 999	6	2
$130 000 - $139 999	3	2
$140 000 - $149 999	3	1
$150 000 - $159 999	1	2
$160 000 - $169 999	1	1
$170 000 - $179 999	1	-
$180 000 - $189 999	2	1
$200 000 - $209 999	2	2
$210 000 - $219 999	1	-
$220 000 - $229 999	1	-
$300 000 - $309 999	1	1
Total	62	47

The table includes all employees who received remuneration of $100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages (including termination payments), superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $7.9 million ($5.8 million).

In 2009-10 the Department paid its employees 27 pays (26 in 2008-09). The 27th pay has resulted in nine employees receiving total remuneration of greater than $100 000 and therefore being included in the table above. Had the 27th pay been excluded, these nine employees would not have been included in the table.

TVSPs	2010	2009
Amount paid to separated employees:	$'000	$'000
TVSPs	2 655	-
Annual leave and long service leave paid to those employees	730	-
	3 385	-
Recovery from DTF	(2 655)	-
Amount paid using Accrual Appropriation Excess Funds account	730	-

The number of employees who were paid TVSPs during the reporting period was 24 (nil).

6. Supplies and services

Supplies and services provided:	2010	2009
Contracts(1)	16 320	14 660
Works and equipment costs	4 895	6 700
Cost of goods sold - prison industries	2 007	2 669
Cost of goods sold - canteen and kitchen sales	2 776	2 691
Offender related costs	5 689	5 071
Utilities	5 277	4 977
Consultants(2)	369	3 254
Travel expenses	956	1 065
IT costs	3 240	3 513
Workers compensation related payments	232	(442)
Staff related costs	1 520	1 454
Contracted staff	1 422	1 335
Shared Services SA processing charges	1 520	943
Insurance charges	878	801
OHS&W expenses	221	199
Materials and consumables	315	310
Sundry other expenses	3 948	3 773
Total supplies and services(3)	51 585	52 973

(1) The main contracts for the Department include the Mount Gambier prison management, prisoner movement and in-court management and Electronic Monitoring Services South Australia.

(2) 2009-10 includes $354 000 ($3.2 million) associated with the New Prisons and Secure Facilities project. This excludes consultancy payments to other State Government departments.

(3) Supplies and services expenses included $10 million ($11.5 million) to SA Government entities in 2009-10.

Consultants	2010		2009	
The number and dollar amount of consultancies paid/payable (included in consultants expense shown above) that fell within the following bands:	Number	$'000	Number	$'000
Between $10 000 and $50 000	2	37	1	12
Above $50 000	2	332	4	3 242
	4	369	5	3 254

7. Depreciation and amortisation expense

	2010 $'000	2009 $'000
Depreciation:		
Buildings	9 333	8 584
Plant and equipment	261	259
Total depreciation	9 594	8 843
Amortisation:		
Leasehold improvements	236	233
Intangible assets	23	17
Total amortisation	259	250
Total depreciation and amortisation	9 853	9 093

8. Grants

	2010	2009
Grants paid or payable to entities external to the SA Government:		
Recurrent grant	966	702
Total grants provided	966	702

9. Net (gain) loss from disposal of assets

	2010	2009
Plant and equipment:		
Proceeds from disposal of non-current assets	-	(3)
Net book value of assets disposed	39	-
Net loss (gain) from disposal of plant and equipment	39	(3)
Leasehold improvements:		
Proceeds from disposal of non-current assets	-	-
Net book value of assets disposed	6	31
Net loss from disposal of leasehold improvements	6	31
Total assets:		
Total proceeds from disposal of non-current assets	-	(3)
Total value of assets disposed	45	31
Net loss from disposal of total assets	45	28

10. Other expenses

	2010	2009
Other expenses paid or payable to entities external to the SA Government:		
Bad and doubtful debts expense	-	12
Bank charges	17	13
FBT	365	372
Inventory capitalised for the first time(1)	-	(260)
Other	87	166
Total other expenses - non-SA Government entities	469	303
Total other expenses	469	303

(1) In 2008-09 the Department capitalised $260 000 of locksmith inventory for the first time.

11. Auditor's remuneration

	2010	2009
Audit fees paid/payable to the Auditor-General's Department	119	99
Total audit fees	119	99

Other services

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

12. Net income (loss) from prison labour

	Yatala Labour Prison		Mobilong Prison		Cadell Training Centre		Adelaide Women's Prison/Pre-release Centre	
	2010	2009	2010	2009	2010	2009	2010	2009
Sales income	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Internal sales(1)	408	355	348	1 215	541	553	138	175
External sales	225	816	948	1 340	145	138	29	46
Total sales income	633	1 171	1 296	2 555	686	691	167	221
Cost of goods sold(1)	(263)	(404)	(920)	(1 665)	(551)	(486)	(111)	(75)
Gross profit	370	767	376	890	135	205	56	146
Other income	-	-	4	1	5	2	-	-
Other expenses(1)	(1 711)	(1 724)	(1 715)	(1 131)	(1 147)	(1 121)	(237)	(209)
Net loss	(1 341)	(957)	(1 335)	(240)	(1 007)	(914)	(181)	(63)

12. Net income (loss) from prison labour (continued)

	Port Augusta Prison		Port Lincoln Prison		Total	
	2010	2009	2010	2009	2010	2009
Sales income	$'000	$'000	$'000	$'000	$'000	$'000
Internal sales	49	1	8	26	1 492	2 325
External sales	25	17	72	102	1 444	2 459
Total sales income	74	18	80	128	2 936	4 784
Cost of goods sold	(77)	(11)	(85)	(28)	(2 007)	(2 669)
Gross profit	(3)	7	(5)	100	929	2 115
Other income	-	-	3	6	12	9
Other expenses	(434)	(337)	(288)	(302)	(5 532)	(4 824)
Net loss	(437)	(330)	(290)	(196)	(4 591)	(2 700)

(1) Internal sales and cost of goods sold for Mobilong Prison decreased significantly from 2008-09 as Prison Industries no longer recharged Mobilong Prison for prisoner meals from the kitchen in 2009-10. From 2009-10 the cost of the meals is reflected in other expenses rather than cost of goods sold.

Internal sales includes $165 000 ($376 000) resulting from work undertaken by prisoners for projects that are part of the capital works program.

Internal sales have been eliminated from part of consolidated income and are therefore not included in the Statement of Comprehensive Income.

Other expenses include employee benefits, supplies and services, offender related costs and depreciation associated with industry operations at each location.

13. Commonwealth revenue

	2010	2009
	$'000	$'000
Commonwealth revenue	546	496
Total Commonwealth revenue	546	496

Commonwealth revenue is for the Remote Areas Program. The Department is currently working with the Australian Government Department of Families, Community Services and Indigenous Affairs to establish a new agreement.

14. Canteen and kitchen sales

	2010	2009
	$'000	$'000
Canteen and kitchen sales	2 904	2 892
Cost of goods sold	(2 776)	(2 691)
Total canteen and kitchen sales	128	201

15. Other income

Other income received from entities within the SA Government:		
Grants received	760	1 386
Revenue from recoveries	828	-
Other	182	169
Total other income - SA Government entities	1 770	1 555
Other income received from entities external to the SA Government:		
Prisoner telephone receipts	1 026	927
Sales revenue	228	148
Revenue from recoveries	274	96
Other	239	397
Total other income - non-SA Government entities	1 767	1 568
Total other income	3 537	3 123

16. Revenues from (payments to) SA Government

Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the *Appropriation Act* and other revenues from the Consolidated Account	184 898	173 381
Total revenues from SA Government	184 898	173 381

17. Cash and cash equivalents

Deposits with the Treasurer	10 204	11 909
Prison imprest accounts	28	28
Petty cash	7	8
Total cash and cash equivalents	10 239	11 945

Deposits with the Treasurer

Includes funds held in the Accrual Appropriation Excess Funds Account totalling $1.2 million ($6 million). The balance of this fund is not available for general use, ie funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.

During 2009-10, the Department transferred $nil ($nil) of its cash balance to the Consolidated Account in accordance with the Cash Alignment Policy.

Interest rate risk

Petty cash and deposits at call and with the Treasurer are non-interest bearing. Prison imprest accounts earn a floating interest rate based on daily bank deposit rates. The carrying amount of cash approximates fair value.

18. Receivables

	2010	2009
Current:	$'000	$'000
Receivables	614	633
Provision for doubtful debts	-	-
	614	633
Accrued revenue	-	6
GST receivable	1 441	1 047
Prepayments - employee benefits[1]	354	-
Prepayments - other	42	9
Total receivables	2 451	1 695

	2010	2009
Receivables from SA Government entities:		
Receivables	231	225
Total receivables from SA Government entities	231	225
Receivables from non-SA Government entities:		
Receivables	383	408
Accrued revenue	-	6
GST receivable	1 441	1 047
Prepayments	396	9
Total receivables from non-SA Government entities	2 220	1 470
Total receivables	2 451	1 695

(1) On 30 June 2010 the Department made a prepayment for salary and wages for 1 July 2010.

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

(a) Maturity analysis of receivables - refer note 34.
(b) Categorisation of financial instruments and risk exposure information - refer note 34.

The Department does not have any material interest bearing assets and liabilities and is not exposed to any interest rate risk.

19. Inventories

	2010	2009
Current - held for distribution:	$'000	$'000
Stores	708	632
Total current inventories held for distribution	708	632
Current - other than those held for distribution:		
Raw materials and work in progress	363	421
Finished goods	93	225
Stores	4	3
Total current inventories other than those held for distribution	460	649
Total current inventories	1 168	1 281

20. Property, plant and equipment

	2010	2009
Land and buildings:		
Land at fair value (existing use)	57 874	55 544
Land at cost	-	1 855
Buildings at fair value	598 670	402 240
Accumulated depreciation	(289 075)	(194 131)
Total land and buildings	367 469	265 508
Leasehold improvements:		
Leasehold improvements at fair value	3 560	3 113
Accumulated amortisation	(996)	(763)
Total leasehold improvements	2 564	2 350
Plant and equipment:		
Plant and equipment at fair value	4 737	4 626
Accumulated depreciation	(2 832)	(2 685)
Total plant and equipment	1 905	1 941
Total property, plant and equipment	371 938	269 799

Valuation of land and buildings
The valuation of land and buildings was performed by Andrew Lucas of Valcorp as at 30 June 2010. The valuer arrived at fair value based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use. Where land was held to support on-going operations of the entity, the land was valued at its existing use.

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

Reconciliation of property, plant and equipment
The following table shows movement in property, plant and equipment during 2009-10:

	Land and buildings $'000	Leasehold improvmnts $'000	Plant and equipment $'000	Total $'000
Carrying amount at 1 July	265 508	2 350	1 941	269 799
Additions	-	-	264	264
Transfers from capital works in progress	2 177	456	-	2 633
Disposals	-	(6)	(39)	(45)
Revaluation increment	109 117	-	-	109 117
Depreciation and amortisation	(9 333)	(236)	(261)	(9 830)
Carrying amount at 30 June	367 469	2 564	1 905	371 938

The increase in asset values for prisons in 2009-10 reflects an increase in the construction cost estimates used by the independent valuer relative to the costs incorporated in the 2008-09 valuation.

21. Capital works in progress

	2010 $'000	2009 $'000
Capital works in progress	11 401	3 283
Total capital works in progress	11 401	3 283

Reconciliation of capital works in progress
The following table shows movement in capital works in progress during 2009-10:

	2010 $'000	2009 $'000
Carrying amount at 1 July	3 283	12 196
Additions	10 859	8 536
Transfers to property, plant and equipment	(2 633)	(17 441)
Expense of prior years capital costs	(108)	(8)
Carrying amount at 30 June	11 401	3 283

22. Intangible assets

	2010 $'000	2009 $'000
Software licences:		
Software licences	97	346
Accumulated amortisation	(72)	(311)
Total software licences	25	35
Carrying amount at 1 July	35	52
Additions	13	-
Amortisation	(23)	(17)
Carrying amount at 30 June	25	35

23. Biological assets

2010	Livestock $'000	Olive grove $'000	2010 Total $'000
Carrying amount at 1 July	105	161	266
Increases due to purchases	11	-	11
Gain arising from changes in fair value less estimated point-of-sale costs attributable to physical changes	6	-	6
Gain arising from changes in fair value less estimated point-of-sale costs attributable to price changes	(1)	-	(1)
Decreases due to sales	(17)	-	(17)
Carrying amount at 30 June	104	161	265

2009			
Carrying amount at 1 July	97	115	212
Increases due to purchases	5	-	5
Gain arising from changes in fair value less estimated point-of-sale costs attributable to physical changes	11	46	57
Gain arising from changes in fair value less estimated point-of-sale costs attributable to price changes	1	-	1
Decreases due to sales	(9)	-	(9)
Carrying amount at 30 June	105	161	266

Livestock
Currently there are 154 (146) cattle and sheep held at Cadell Training Centre and Port Lincoln Prison for the purpose of milk and meat production for internal use within the prison system. The cattle and sheep are at various stages of life. As at reporting date there are no commitments for the development or acquisition of livestock.

Financial risk is considered to be extremely low with any losses being absorbed in the year of exposure. No government grants have been issued in relation to the livestock.

Plants
The olive grove is situated on approximately 32 hectares of land at the Cadell Training Centre. The grove has been developed to produce commercially viable olive oil.

24. Payables

	2010	2009
Current:	$'000	$'000
Creditors and unearned revenue	2 391	2 328
Accruals[(1)]	5 154	1 982
GST payable	80	54
Employment on-costs	1 645	1 894
Total current payables	9 270	6 258
Non-current:		
Employment on-costs	1 828	1 717
Total non-current payables	1 828	1 717
Total payables	11 098	7 975
Payables to SA Government entities:		
Creditors and unearned revenue	786	991
Accruals[(1)]	4 464	680
Employment on-costs	3 473	3 611
Total payables to SA Government entities	8 723	5 282
Payables to non-SA Government entities:		
Creditors and unearned revenue	1 605	1 337
Accruals	690	1 302
GST payable	80	54
Total payables to non-SA Government entities	2 375	2 693
Total payables	11 098	7 975

(1) Accrued payables to SA Government entities includes $2.2 million ($nil) for the fitout of the Department's new central office.

Based on an actuarial assessment performed by DTF, the percentage of the proportion of long service leave taken as leave has remained at the 2009 rate of 45 percent and the average factor for the calculation of employer superannuation on-cost has also remained at the 2009 rate of 10.5 percent. 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. 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.

25. Employee benefits

	2010	2009
Current:	$'000	$'000
Annual leave	7 240	7 142
Long service leave	1 981	1 913
Accrued salaries and wages	839	3 125
Unclaimed salaries and wages	4	4
Total current employee benefits	10 064	12 184
Non-current:		
Annual leave	208	284
Long service leave	17 843	16 614
Total non-current employee benefits	18 051	16 898
Total employee benefits	28 115	29 082

The total current and non-current employee liability (ie aggregate employee benefit plus related on-costs) for 2010 is $11.5 million ($14 million) and $19.9 million ($18.6 million) respectively.

As a result of an actuarial assessment performed by DTF, the benchmark for the measurement of long service leave liability has changed from the 2009 benchmark 6.5 years to 5.5 years. The net financial effect of the changes in the current financial year is an increase in the long service leave liability of $427 000 and employee benefit expense of $427 000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

26. Provisions

	2010	2009
	$'000	$'000
Current:		
Workers compensation - medical and other costs	2 808	2 843
Workers compensation - income maintenance	1 974	2 373
Total current provisions	4 782	5 216
Non-current:		
Workers compensation - medical and other costs	7 373	7 438
Workers compensation - income maintenance	6 669	7 657
Total non-current provisions	14 042	15 095
Total provisions	18 824	20 311
Carrying amount at 1 July:	20 311	23 983
Workers compensation payments	(4 050)	(5 012)
Increase in the provision	2 563	1 340
Carrying amount at 30 June	18 824	20 311

A liability has been recognised 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.

27. Equity

	2010	2009
	$'000	$'000
Retained earnings	98 498	99 108
Asset revaluation surplus	240 845	131 728
Prisoner Amenities Fund reserve	116	100
Total equity	339 450	230 936

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets to the extent that they offset one another. Relevant amounts are transferred to retained earnings on disposal of an asset.

The Prisoner Amenities Fund reserve reflects the funds available to purchase amenities, such as gym equipment, for the specific benefit and use of prisoners. Prison canteen net profit less any associated prisoner amenities expenditure incurred during the financial year is transferred to or from the fund at year end.

28. Commitments

Contract service commitments	2010	2009
	$'000	$'000
Within one year	13 252	7 464
Later than one year but not later than five years	30 267	3 177
Total contract service commitments	43 519	10 641

The prisoner movement and in-court management contract was signed on 3 August 2009. The contract is due to expire on 31 July 2014.

The home detention monitoring contract was renewed, effective from 20 January 2010 for a three year period until 19 January 2013.

The management of Mount Gambier Prison contract is due to expire on 26 December 2010. Prior to expiration of the lease a six month contract extension has been negotiated to allow for the tender process.

The above contracts have provisions for termination by the Crown without penalty to the Crown. However, a termination for convenience by the Crown would attract variable payments and reimbursements specified in the contract depending on the circumstance and amount of termination notice. The ongoing cancellable commitments (which have not been recognised as liabilities) are noted above.

The above figures:

- are subject to an escalation based on indices not yet published by the Australian Bureau of Statistics, and as a result are not adjusted for inflation and are based on 2009-10 prisoner populations
- are exclusive of GST.

Remuneration commitments

Commitments for the payment of salaries and other remuneration under employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:

	2010	2009
	$'000	$'000
Within one year	2 734	1 460
Later than one year but not later than five years	5 395	3 684
Total remuneration commitments	8 129	5 144

Amounts disclosed include commitments arising from executive and other limited tenure employment contracts. The Department does not offer remuneration contracts greater than five years.

Operating lease commitments	2010	2009
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:	$'000	$'000
Within one year	4 221	3 571
Later than one year but not later than five years	12 551	5 547
Later than five years	13 686	1 513
Total operating lease commitments	30 458	10 631

The Department's operating leases are for office accommodation and for motor vehicles. Office accommodation is leased from Building Management - Accommodation and Property Services, a branch of the Department for Transport, Energy and Infrastructure. Motor vehicles are leased from Fleet SA. The leases are non-cancellable and are payable monthly in advance. Significant new leases were entered into during 2009-10 including Central Office, Noarlunga Community Corrections Centre and Gawler Community Corrections Centre.

29. Contingent assets and liabilities

The Department has a number of common law claims made against it by various claimants. The maximum exposure facing the Department in respect of these claims is $363 000 ($241 000).

These contingent liabilities are not actual liabilities and have therefore not been included in the financial statements. They represent a potential financial obligation in circumstances which have been deemed to be possible but not probable.

The Department has a potential exposure in respect of a possible underpayment of on call allowance entitlements to certain staff. This is disclosed as a contingent liability as its potential value had not been determined at balance date.

30. Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2009-10 financial year were:

Parole Board

Frances Nelson (Presiding Member)
Timothy Bourne (Deputy Presiding Member)
Robin Durant (Deputy Member)
Garth Dodd
Denis Edmonds
Janina Gipslis
David Haebich
Andrew Kyprianou
Janice Steinert
Vanessa Swan

Department for Correctional Services Advisory Council

Ian Shephard (Presiding Member)
Cheryl Axleby
Elizabeth Anne Bachmann
Helena Jasinski
Vince Monterola
Lindsay Thompson

Prisoner Assessment Committee

Elizabeth Anne Bachmann
Deirdre Butler
Michael Dawson
Kevin Fielke
David Kerr
Shirley Lee
Robert Richardson
Laurent Sagrillo
Kerin Sava
Volker Steppart
Lorraine Williams

The number of members whose income from the entity falls within the following bands:	2010 Number	2009 Number
$0 - $9 999	19	20
$10 000 - $19 999	-	1
$20 000 - $29 999	5	4
$30 000 - $39 999	2	2
$40 000 - $49 999	1	1
Total	27	28

Remuneration of 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 or receivable by board members was $287 000 ($248 000).

Amounts paid to a superannuation plan for board members was $23 000 ($20 000).

In accordance with the *Correctional Services Act 1982* the Department has established Community Service Advisory Committees within each region (Northern Metro, Southern Metro, Northern Country and Southern Country) to formulate guidelines for the approval of projects and tasks suitable for the performance of community service by offenders and to perform other functions as directed by the Minister. The members are entitled to remuneration, however the majority of members volunteer. The total remuneration received or receivable by Community Service Advisory Committee members was $90 ($1160).

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

30. Remuneration of board and committee members (continued)

Transactions between members are on conditions no more favourable to the recipient than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arms length in the same circumstances.

31. Trust funds

The Department holds prisoner monies in a trustee capacity. These monies are excluded from the financial statements as the Department cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	2010 $'000	2009 $'000
Balance at 1 July	555	522
Prisoner monies receipts	5 384	5 402
Prisoner monies payments	(5 483)	(5 369)
Balance at 30 June	456	555

32. Transferred functions

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

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

As part of this reform, certain financial accounting and taxation services from the Corporate Finance Branch transitioned to Shared Services SA. The effective date of the transfer was 19 October 2009.

During the 2010 financial year four employees of the Corporate Finance Branch transferred to Shared Services SA. During the 2009 financial year 12 employees of the Human Resources and Finance and Asset Services Divisions transferred to Shared Services SA. The following table shows the assets and liabilities that were transferred to Shared Services SA as a result of the transfers.

	2010 $'000	2009 $'000
Cash	34	129
Total assets	34	129
Payables	4	13
Employee benefits	30	116
Total liabilities	34	129
Total net assets transferred	-	-

33. Cash flow reconciliation

	2010 $'000	2009 $'000
Reconciliation of cash - cash at 30 June as per:		
Statement of Cash Flows	10 239	11 945
Statement of Financial Position	10 239	11 945

Reconciliation of net cash provided by operating activities to net cost of providing services

	2010 $'000	2009 $'000
Net cash provided by operating activities	6 633	4 260
Revenues from SA Government	(184 898)	(173 381)
Non-cash items:		
Net loss on disposal of assets	(45)	(28)
Depreciation and amortisation expense	(9 853)	(9 093)
Assets written off	-	(40)
Write-off of prior year capital works in progress expense	(108)	(8)
Changes in assets and liabilities:		
Increase in receivables	756	166
(Decrease) Increase in inventories	(113)	646
(Decrease) Increase in biological assets	(1)	54
(Increase) in payables	(296)	(376)
Decrease (Increase) in employee benefits	937	(1 800)
Decrease in provisions	1 487	3 672
Net cost of providing services	(185 501)	(175 928)

34. Financial instruments

(a) Categorisation of financial instruments

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

A separate table for the categorisation of financial assets and liabilities has not been included. Refer to note 17 for cash and cash equivalents, note 18 for receivables and note 24 for payables.

Financial assets
Cash and receivables are recorded at the carrying amount as per the Statement of Financial Position, which approximates net fair value.

Financial liabilities
Payables are recorded at the carrying amount which is considered to be a reasonable estimate of net fair value.

(b) Credit risk

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

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

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently the Department does not hold any collateral as security to any of its financial assets

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

	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2010	$'000	$'000	$'000	$'000
Not impaired:				
Receivables	400	41	124	565
Impaired:				
Receivables	-	-	-	-
2009				
Not impaired:				
Receivables	43	17	21	81
Impaired:				
Receivables	-	-	-	-

(c) Maturity analysis

All non-statutory receivables and payables are expected to be settled within 12 months.

(d) Liquidity risk

Liquidity risk arises where the Department is unable to meet its financial obligations as they are due to be settled. The continued existence of the Department is dependent on State Government policy and on continuing appropriations by Parliament for the Department's administration and programs. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution. The Department's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

(e) Market risk

Market risk for the Department is primarily through interest rate risk. The Department currently holds no interest bearing financial instruments and is not exposed to any market risk.

35. Disclosure of administered items

	2010	2009
	$'000	$'000
Administered income:		
Revenues from Victims of Crime Levy	97	83
Mobilong Inmate Charity Fund	2	2
Total administered income	99	85
Administered expenses:		
Victims of Crime Levy payments	97	83
Mobilong Inmate Charity Fund	-	-
Total administered expenses	97	83
Net result	2	2
Administered current assets:		
Cash	16	13
Total administered assets	16	13
Administered current liabilities:		
Victims of Crime Levy payables	8	8
Mobilong Inmate Charity Fund	7	6
Total administered liabilities	15	14
Net administered assets	1	(1)
Administered equity:		
Retained earnings	1	(1)
Total administered equity	1	(1)

35. Disclosure of administered items (continued)

	2010	2009
Changes in equity:	$'000	$'000
Balance at 1 July	(1)	(3)
Net result	2	2
Balance at 30 June	1	(1)

	2010 Inflows (Outflows) $'000	2009 Inflows (Outflows) $'000
Cash flows from operating activities:		
Cash inflows:		
Victims of Crime Levy	97	83
Mobilong Inmate Charity Fund	2	2
Total administered income	99	85
Cash outflows:		
Victims of Crime Levy payments	(96)	(83)
Mobilong Inmate Charity Fund	-	-
Total administered expenses	(96)	(83)
Net cash inflows from operating activities	3	2
Net increase in cash	3	2
Cash at 1 July	13	11
Cash at 30 June	16	13

Administered items of the Department

The Department administers but does not control certain resources on behalf of the Attorney-General (Victims of Crime Levy) and the Mobilong Inmate Charity Fund. It is accountable for the transactions involving these administered resources but does not have the discretion to deploy these resources for the achievement of the Department's objectives. Transactions and balances relating to these administered resources are not recognised as departmental income, expenses, cash inflows or cash outflows, assets or liabilities, but are recognised as administered income, expenses, cash inflows, cash outflows, assets or liabilities.

COURTS ADMINISTRATION AUTHORITY

FUNCTIONAL RESPONSIBILITY

Establishment

The Courts Administration Authority (the Authority) was established pursuant to the *Courts Administration Act 1993*. The Authority is constituted of the State Courts Administration Council (SCAC), the State Courts Administrator and other staff of the SCAC.

Functions

The function of the Authority, which is independent of the control of executive government, is to provide courts with the administrative facilities and services necessary for the proper administration of justice.

For more information about the Authority's objectives and priorities refer to note 1 of the financial statements.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Subsection 31(1)(b) of the PFAA and section 27 of the *Courts Administration Act 1993* provide for the Auditor-General to audit the accounts of the SCAC for each financial year.

Assessment of controls

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

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

Scope of audit

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

During 2009-10, specific areas of audit attention included:

- cash
- receivables
- non-current assets
- employee entitlements
- payroll
- expenditure
- revenue, including fees and fines
- trust accounts
- suitors funds
- governance, including risk management
- financial management compliance programs
- follow up of 2008-09 findings.

Internal audit activities were reviewed to assess the risks of material misstatement of the financial statements and to design and perform audit procedures.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Courts Administration Authority as at 30 June 2010, 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 Courts Administration Authority in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to segregation of duties, procurement, implementation of TIs 2 and 28 and other matters as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Courts Administration Authority have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the officers responsible for the governance of the Authority. Responses to the management letters were generally considered to be satisfactory. Major matters raised with the State Courts Administrator and the related responses are detailed below.

Fines policy

The Authority, through the Fines Payment Unit (FPU) is responsible for the management and collection of significant fines and other payments. Previous Audit and central agency reviews have recommended that the Authority develop an overall fines policy. The Authority developed a draft fines policy.

The 2008-09 audit recommended that the draft fines policy:

- be considered by expert legal opinion to ensure that write-offs and waivers are valid and authorised
- be finalised once these matters have been considered.

Follow up of these matters during 2009-10 revealed that the Treasurer approved the fines policy, including the write-off, in an accounting sense, of $35 million in fine receivables. These write-offs relate to unlocatable and long outstanding debt that the Authority has determined is not likely to be collected. The Authority will change business systems to reflect these write-offs and formalise local FPU policies and procedures during 2010-11 to administer the approved policy.

The Authority has elected not to recognise fine receivables for financial reporting purposes. This determination is based on an assessment that the Authority performed a number of years ago that recognised the complexity in measuring/valuing this debt (which is characterised by uncertainty of collection) and when there was no approved fines policy that provided a basis for financial accounting and reporting of this debt. There now exists an approved fines policy and current accounting standards give financial reporting guidance.

Audit recommended that the Authority consider, assess and document the financial reporting requirements for administered fines against the approved fines policy and applicable accounting standards.

In response, the Authority advised that they have recently reviewed financial reporting requirements and still consider it appropriate to record fines collections on a cash basis under administered items.

Segregation of duties

The separation of duties within an organisation is a key element in establishing a sound control environment to effectively manage financial risks. The financial management toolkit issued by DTF suggests the following types of responsibilities be segregated:

- transaction initiation
- transaction authorisation
- transaction recording
- custody of assets
- system reconciliations.

Audit reviewed the financial systems and associated duties of staff to assess the adequacy of segregation of duties.

The audit identified the need for a review of the division of duties for a senior officer within the corporate finance area of the Authority. The officer's duties involve wide access to financial systems; bank reconciliations and review; general ledger adjustments through general journals; initiating and disbursing monies through electronic funds transfer processes; and custody and authorisation of manual cheque stationery.

Audit recommended that the Authority review the segregation of duties for the senior officer and other key finance positions.

In response, the Authority advised:

- that the particular senior officer manages and trains accounting services staff and a wide range of access is required to undertake this role and enable the resolution of system queries
- the officer only performs daily processing or job submission functions in cases of urgency/emergency and does not have physical access to cheques or the safe
- the segregation of functions for Westpac Corporate Online system are considered to be adequate with the involvement of a second officer and a secure key code
- it has considered and is satisfied with the risk of operating a single cheque signatory but will reassess this requirement with the intended abolition of manual cheques in court registries occurring over the next six months
- a review of overall systems' access is to be undertaken in conjunction with DTF.

Procurement

The State Procurement Board (SPB) re-issued its International Obligations Policy in March 2010. This policy is applicable to public authorities who are subject to the relevant free trade agreements and includes the Justice Portfolio. Free trade agreements may specify approved procurement processes which cannot be waived unless exclusions apply.

The SPB rescinded its Waiver of Tender Policy in 2006 which provided for a waiver of a competitive tender/offer process.

The review of the Justice procurement guidelines which are used by the Authority to support their procurement activities, included reference to the concept of waiver and did not provide clarity on the SPB's position on this matter. This matter was raised with the Attorney-General's Department and a communication was forwarded to other Justice agencies' (including the Authority's) procurement representatives advising of the revised free trade agreement requirements and that compliance with SPB policies and guidelines is mandatory.

The audit identified two contracts totalling $700 000 and $500 000 where there was not full compliance with the procurement guidelines, particularly the use of a competitive tender/offer process. The Authority indicated that due to the very limited market for potential suppliers full compliance was not considered applicable and was consistent with past waiver practice. Audit understands the Department of Justice began a review of its procurement guidelines this year, however, updated guidelines were not available to Justice agencies for most of the year and were not completed or communicated to stakeholders as at June 2010.

Audit recommended that the implications of the SPB's International Obligations Policy be further considered in the construct of the Justice procurement policy and guidelines and that they be finalised and communicated to Justice agencies.

In response, the Authority advised that procurement processes, procedures and guidelines are currently under review to ensure that staff has easy access to this information and that they are aware of their obligations for procurement activities.

Refer to the Attorney-General's Department heading 'Audit findings and comments' for further details on this Justice Portfolio-wide matter.

Implementation of TIs 2 and 28

The review of the Authority's implementation progress revealed that a financial management compliance program (FMCP) framework and supporting compliance program documentation was developed and approved, including allocation of responsibilities to officers. The Authority has developed checklists for each area, allocation of responsibilities and summary actions plans.

The main matters from the review and raised with the Authority included:

- ensuring that mandatory income, expenditure, asset and liability and budgeting and reporting criteria required by TI 28 are subject to compliance testing
- FMCPs be reviewed and modified to ensure that policies and procedures are regularly reviewed, controls tested relate to the listed process element and appropriate evidence is collected to demonstrate adequate review

- compliance testing of the effectiveness of monthly Registrar's certificates be performed throughout the year rather than for the final June certificate each year
- some of the timeframes for actioning non-compliant issues identified from the 30 June 2009 FMCP process were not met during 2009-10. Management continues to work on action plans to address these outstanding issues.

In response, the Authority advised appropriate action would be taken to address these matters.

Other matters

Other matters raised by Audit included recommending that the Authority:

- aligns its planning timeframes to ensure a strategic plan is prepared, approved and integrated into other business planning processes before the expiry of the previous strategic plan
- undertakes the appropriate analysis to ensure that the carrying amount of all assets is reflective of fair value at balance date
- identifies and corrects variances between cash at bank and the general ledger on a timely basis and prepares bank reconciliations in accordance with established policy
- reviews bona fide reports in accordance with policy and signs them to evidence they were reviewed
- reviews and retains revenue close-off reports to ensure revenue is banked intact and to provide an appropriate management trail
- complies with DPC Circular 27, requiring the disclosure of significant and eligible contracts on the South Australian Government Tenders and Contracts website.

In response, the Authority advised that appropriate action would be taken to address these matters.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements

	2010	2009
	$'million	$'million
EXPENSES		
Employee benefit expenses	**51**	48
Supplies and services	**33**	31
Other expenses	**11**	8
Total expenses	**95**	87
INCOME		
Revenues from fees and charges	**5**	5
Other revenues	**7**	2
Total income	**12**	7
Net cost of providing services	**83**	80
REVENUES FROM SA GOVERNMENT	**84**	81
Net result and total comprehensive result	**1**	1
NET CASH PROVIDED BY OPERATING ACTIVITIES	**5**	7
ASSETS		
Current assets	**28**	27
Non-current assets	**207**	206
Total assets	**235**	233

	2010	2009
	$'million	$'million
LIABILITIES		
Current liabilities	**10**	10
Non-current liabilities	**29**	29
Total liabilities	**39**	39
TOTAL EQUITY	**196**	194

Statement of Comprehensive Income

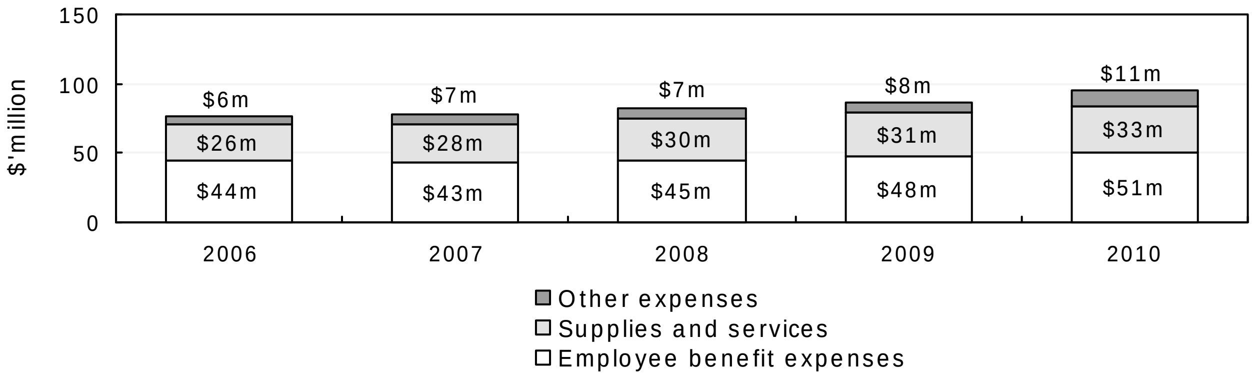
Expenses

Employee benefit expenses are the major expense category for the Authority accounting for 54 percent of total expenses. Supplies and services account for 35 percent of total expenses including $12 million in accommodation and service expenses and $5 million in computing and communications expenses.

The increase in other expenses of $3 million is mainly attributable to additional depreciation expense resulting from:

- increased value of non-current assets due to revaluation at 30 June 2009
- the new capitalised leasehold improvements for the Sturt Street courtrooms
- other equipment received free of charge.

For the four years to 2010, a structural analysis of the main expense items for the Authority is shown in the following chart.



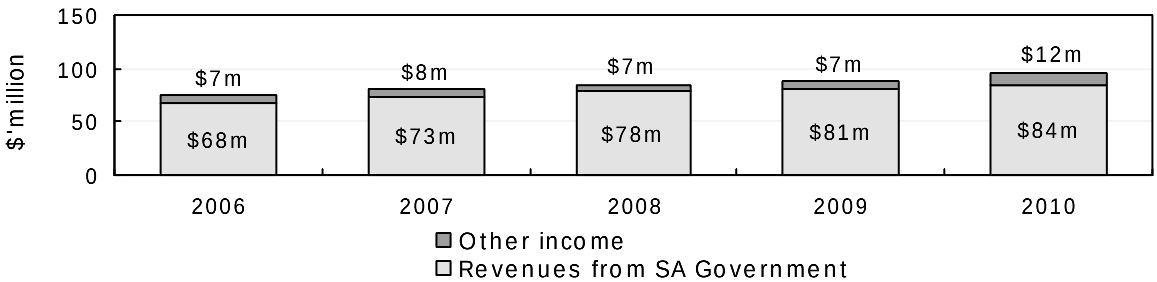
The Authority's expenses reflect the costs incurred in performing its statutory responsibilities including the collection of administered income such as fines and court fees on behalf of the Government. This income is directly credited to the Consolidated Account and is reported under Administered Income.

Income

Revenues from SA Government are the major source of funding for the Authority accounting for 88 percent of total income. Revenues from government have increased to meet the additional costs of the Authority.

During 2009-10, the Authority received $4 million of capitalised leasehold improvements and $1 million in equipment free of charge. These transactions have been recognised as income in the Statement of Comprehensive Income.

A structural analysis of income for the Authority in the four years to 2010 is presented in the following chart.



Net result

The Authority's operations for 2009-10 resulted in a surplus of $1.5 million ($394 000). The reported surplus is attributable to an increase in the appropriation received from the SA Government and other income, including once-off assets received free of charge offset by higher total expenses.

Statement of Financial Position

Non-current assets remained stable during 2009-10 with $9 million of asset additions and assets received free of charge, offset by depreciation and amortisation expenses of $9 million. Refer to note 21 for more information.

Current assets mainly comprise of cash and cash equivalents totalling $26.7 million which accounts for 96 percent of current assets.

Statement of Cash Flows

Included in cash at 30 June 2010 are deposits with the Treasurer including $20 million ($18 million) held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use and can only be used in accordance with the Under Treasurer's approval.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS FOR ADMINISTERED ACTIVITIES

The administered items of the Authority are identified in note A3 to the financial statements.

	2010	2009
	$'million	$'million
EXPENSES		
Judicial benefit expenses	**36**	32
Victims of Crime payments	**12**	11
Payments to Consolidated Account	**54**	51
Other expenses	**1**	1
Total expenses	**103**	95
INCOME		
Revenues from SA Government	**36**	32
Fines	**28**	27
Court fees	**25**	23
Victims of Crime levies	**12**	11
Other income	**2**	2
Total income	**103**	95
Total comprehensive result	**-**	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	**-**	1
ASSETS		
Current assets	**10**	8
Total assets	**10**	8
LIABILITIES		
Current liabilities	**11**	9
Non-current liabilities	**7**	7
Total liabilities	**18**	16
TOTAL EQUITY	**(8)**	(8)

Statement of Administered Comprehensive Income

Income

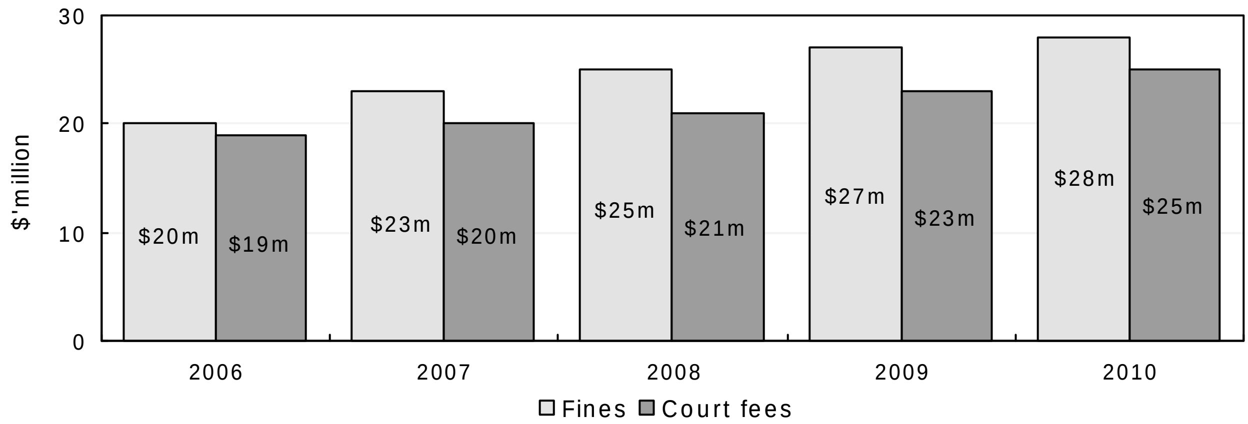
Fines and court fees

Fines and court fees are raised and collected by the Authority on behalf of, and paid directly to, the Consolidated Account.

During the year, income from fines and court fees increased by $3 million or six percent to $53 million. The Authority advised that the main factors which have contributed to the increased income, include:

- increases in court lodgement fees and expiation revenue (including from red light and speed cameras)
- increased collection rates by the FPU.

For the four years to 2010, a structural analysis of income from fines and court fees is shown in the following chart.



Victims of Crime levy

The Authority collects monies associated with the *Victims of Crime Act 2001* that have progressed to the courts. The *Victims of Crime Act 2001* provides for payment of compensation to persons who suffer injury as a result of criminal acts and recovery of monies from offenders.

The Authority collects monies and remits them to a special interest bearing deposit account managed by the Attorney-General's Department.

During 2009-10 Victims of Crime levy receipts increased by $1.1 million to $12.5 million or nine percent due to an increase in the levy rate and the full year effect of additional collections during the year.

Expenses

Revenues from the SA Government are received by the Authority to fund the payment of employment expenses of the Judiciary. During 2009-10 revenues of $36 million were received from the SA Government to pay the recurrent expenditure associated with the Judiciary. Funding received does not extend to the Judiciary's accrued leave liability.

Payments to the Consolidated Account totalling $54 million comprise fines and court fees, transcript fees and other income offset by other administered expenses.

FURTHER COMMENTARY ON OPERATIONS

Fines, fees and levies

As detailed under the heading 'Communication of audit matters', the Authority through the FPU is responsible for managing the recovery of debts associated with criminal monetary penalties that relate to:

- court fees and fines
- Victims of Crime levies
- overdue and current expiation fees
- third party suitor amounts such as local government overdue rates and parking fines.

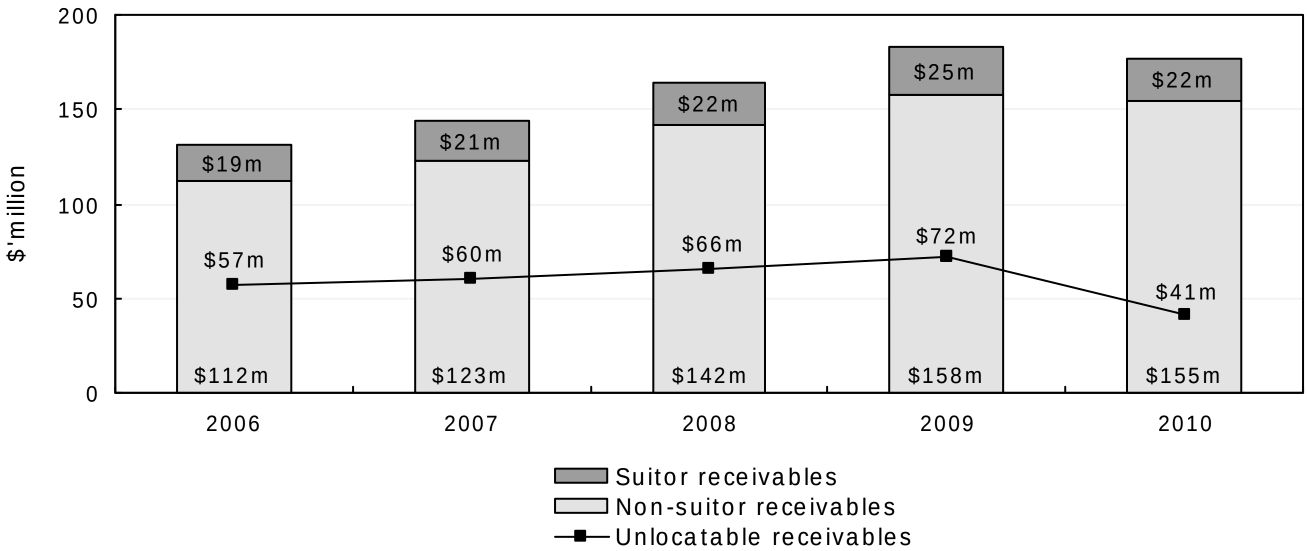
The FPU operates from registries in the city and country and has a Fines Payment Call Centre. The FPU also manages a range of external payment options such as Australia Post, Centrelink, Direct Debit and BPAY in addition to a web based payment facility.

These receivables are not recorded in the Statement of Administered Assets and Liabilities as there is significant uncertainty as to the amount that will be collected. Instead, revenues are recorded in the Statement of Administered Income and Expenses when monies are received.

During 2009-10, the Treasurer approved the fines policy including the write-off, in an accounting sense of $31.4 million in fine receivables and $3.5 million in suitor receivables. These write-offs relate to unlocatable and long outstanding debt that meet certain criteria under the approved fines policy that the Authority has determined is not likely to be collected.

At 30 June 2010, the FPU recorded approximately $155 million ($183 million) in receivables for fines and other payments including suitor related debts of approximately $22 million ($25 million). Of the total amount referred to the Authority for management and collection, the FPU has determined that some debtors are no longer locatable and the amounts are unlikely to be collected. At 30 June 2010, unlocatable debtors that fall outside of the criteria set under the approved fines policy and are still being actively pursued totalled $41 million ($72 million).

For the four years to 2010, these amounts receivable and the value of those that are unlocatable are shown in the following chart.



Statement of Comprehensive Income
for the year ended 30 June 2010

		2010	2009
EXPENSES:	Note	**$'000**	$'000
Employee benefit expenses	5	**50 745**	48 122
Supplies and services	6	**32 792**	31 218
Depreciation and amortisation expenses	7	**8 503**	5 771
Borrowing costs	8	**1 102**	1 155
Net loss from the disposal of assets	16	**22**	-
Other expenses	9	**1 559**	732
Total expenses		**94 723**	86 998
INCOME:			
Revenues from fees and charges	13	**5 289**	4 873
Sale of goods and services	12	**741**	710
Grants and transfers	11	**668**	1 130
Commonwealth revenue	15	**121**	14
Resources received free of charge	14	**5 092**	-
Total income		**11 911**	6 727
NET COST OF PROVIDING SERVICES		**82 812**	80 271
REVENUES FROM SA GOVERNMENT:			
Revenues from SA Government	17	**84 286**	80 665
NET REVENUES FROM SA GOVERNMENT		**84 286**	80 665
NET RESULT		**1 474**	394
OTHER COMPREHENSIVE INCOME			
Changes in property, plant and equipment asset revaluation surplus		**-**	78 018
TOTAL COMPREHENSIVE RESULT		**1 474**	78 412

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

Statement of Financial Position
as at 30 June 2010

	Note	**2010**	2009	2008
CURRENT ASSETS:		**$'000**	$'000	$'000
Cash and cash equivalents	18	**26 658**	25 919	21 698
Receivables	19	**1 061**	892	1 244
		27 719	26 811	22 942
Non-current assets classified as held for sale	20	**80**	-	211
Total current assets		**27 799**	26 811	23 153
NON-CURRENT ASSETS:				
Property, plant and equipment	21	**206 727**	206 558	131 986
Intangible assets	22	**152**	62	78
Other non-current assets	23	**-**	26	39
Total non-current assets		**206 879**	206 646	132 103
Total assets		**234 678**	233 457	155 256
CURRENT LIABILITIES:				
Payables	24	**3 288**	3 638	3 421
Financial liabilities	28	**1 028**	972	919
Employee benefits	25	**5 127**	4 918	4 489
Provisions	26	**513**	496	522
Other current liabilities	27	**200**	236	365
Total current liabilities		**10 156**	10 260	9 716
NON-CURRENT LIABILITIES:				
Payables	24	**724**	711	627
Financial liabilities	28	**18 087**	19 115	20 088
Employee benefits	25	**7 163**	7 035	6 761
Provisions	26	**2 375**	1 637	1 777
Total non-current liabilities		**28 349**	28 498	29 253
Total liabilities		**38 505**	38 758	38 969
NET ASSETS		**196 173**	194 699	116 287
EQUITY:				
Contributed capital		**3 140**	3 140	3 140
Retained earnings		**85 430**	83 956	83 535
Asset revaluation surplus		**107 603**	107 603	29 585
Amounts recognised directly in equity relating to non-current assets classified as held for sale		**-**	-	27
TOTAL EQUITY		**196 173**	194 699	116 287

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	28
Contingent assets and liabilities	29

Statement of Changes in Equity for the year ended 30 June 2010

	Note	Contributed capital $'000	Asset revaluation surplus $'000	Retained earnings $'000	Total equity $'000
Balance at 30 June 2008		3 140	29 612	82 827	115 579
Error correction	24,25	-	-	358	358
Changes in accounting policy	21(a)	-	-	350	350
Restated balance at 30 June 2008		3 140	29 612	83 535	116 287
Transfer between equity on disposal of revalued assets		-	(27)	27	-
Gain on revaluation of land and buildings	21(b)	-	78 018	-	78 018
Net result for 2008-09		-	-	504	504
Total comprehensive result for 2008-09		-	77 991	531	78 522
Balance at 30 June 2009		3 140	107 603	84 066	194 809
Changes in accounting policy	21(a)	-	-	(110)	(110)
Restated balance at 30 June 2009		3 140	107 603	83 956	194 699
Net result for 2009-10		-	-	1 474	1 474
Total comprehensive result for 2009-10		-	-	1 474	1 474
Balance at 30 June 2010		**3 140**	**107 603**	**85 430**	**196 173**

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

Statement of Cash Flows
for the year ended 30 June 2010

		2010	2009
		Inflows	Inflows
CASH FLOWS FROM OPERATING ACTIVITIES:		**(Outflows)**	(Outflows)
CASH OUTFLOWS:	Note	**$'000**	$'000
Employee benefit payments		**(50 549)**	(47 275)
Payments for supplies and services		**(36 985)**	(34 318)
Borrowing cost		**(1 102)**	(1 155)
Other payments		**(493)**	(693)
Cash used in operations		**(89 129)**	(83 441)
CASH INFLOWS:			
Grants and transfers		**668**	1 130
Fees and charges		**6 223**	5 957
GST recovered from the ATO		**3 096**	3 074
Receipts from Commonwealth		**121**	40
Cash generated from operations		**10 108**	10 201
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		**84 286**	80 665
Cash generated from SA Government		**84 286**	80 665
Net cash provided by operating activities	31	**5 265**	7 425
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of intangibles		**(113)**	(4)
Purchase of property, plant and equipment		**(3 441)**	(2 281)
Cash used in investing activities		**(3 554)**	(2 285)
Net cash used in investing activities		**(3 554)**	(2 285)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Repayment of finance lease		**(972)**	(919)
Cash used in financing activities		**(972)**	(919)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**739**	4 221
CASH AND CASH EQUIVALENTS AT 1 JULY		**25 919**	21 698
CASH AND CASH EQUIVALENTS AT 30 JUNE	18	**26 658**	25 919

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

(Activities - refer note 4)	1		2		3	
	2010	2009	**2010**	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**42 579**	39 925	**2 293**	2 172	**5 873**	6 025
Supplies and services	**27 370**	25 917	**761**	685	**4 661**	4 616
Depreciation and amortisation expense	**8 147**	5 539	**34**	14	**322**	218
Borrowing cost	**1 095**	1 147	**-**	-	**7**	8
Net loss from the disposal of non-current assets	**22**	-	**-**	-	**-**	-
Other expenses	**1 312**	579	**57**	18	**190**	135
Total expenses	**80 525**	73 107	**3 145**	2 889	**11 053**	11 002
INCOME:						
Revenues from fees and charges	**858**	727	**-**	-	**4 431**	4 146
Sales of goods and services	**714**	679	**-**	2	**27**	29
Grants and transfers	**668**	1 127	**-**	-	**-**	3
Commonwealth revenues	**121**	14	**-**	-	**-**	-
Resources received free of charge	**5 092**	-	**-**	-	**-**	-
Total income	**7 453**	2 547	**-**	2	**4 458**	4 178
NET COST OF PROVIDING SERVICES	**(73 072)**	(70 560)	**(3 145)**	(2 887)	**(6 595)**	(6 824)
REVENUE FROM SA GOVERNMENT:						
Net revenue from SA Government	**69 906**	66 202	**3 301**	3 077	**11 079**	11 386
NET RESULT	**(3 166)**	(4 358)	**156**	190	**4 484**	4 562

(Activities - refer note 4)	General/ Not attributable		Total	
	2010	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**-**	-	**50 745**	48 122
Supplies and services	**-**	-	**32 792**	31 218
Depreciation and amortisation expense	**-**	-	**8 503**	5 771
Borrowing cost	**-**	-	**1 102**	1 155
Net loss from the disposal of non-current assets	**-**	-	**22**	-
Other expenses	**-**	-	**1 559**	732
Total expenses	**-**	-	**94 723**	86 998
INCOME:				
Revenues from fees and charges	**-**	-	**5 289**	4 873
Sales of goods and services	**-**	-	**741**	710
Grants and transfers	**-**	-	**668**	1 130
Commonwealth revenues	**-**	-	**121**	14
Resources received free of charge	**-**	-	**5 092**	-
Total income	**-**	-	**11 911**	6 727
NET COST OF PROVIDING SERVICES	**-**	-	**(82 812)**	(80 271)
REVENUE FROM SA GOVERNMENT:				
Net revenue from SA Government	**-**	-	**84 286**	80 665
NET RESULT	-	-	**1 474**	394

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2010

(Activities - refer note 4)	1		2		3	
	2010	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
ASSETS:						
Cash and cash equivalents	**-**	-	**-**	-	**-**	-
Receivables	**1 022**	853	**-**	3	**39**	36
Non-current assets classified as held for sale	**74**	-	**3**	-	**3**	-
Property, plant and equipment	**190 687**	190 986	**8 058**	8 099	**7 982**	7 473
Intangibles	**140**	58	**6**	2	**6**	2
Other assets	**-**	24	**-**	1	**-**	1
Total assets	**191 923**	191 921	**8 067**	8 105	**8 030**	7 512
LIABILITIES:						
Payables	**3 349**	3 605	**93**	96	**570**	648
Financial liabilities/borrowings	**18 990**	19 954	**-**	-	**125**	133
Employee benefits	**10 313**	9 862	**555**	554	**1 422**	1 537
Provisions	**2 430**	1 688	**106**	52	**352**	393
Other liabilities	**193**	225	**-**	1	**7**	10
Total liabilities	**35 275**	35 334	**754**	703	**2 476**	2 721

(Activities - refer note 4)	General/ Not attributable		Total	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
ASSETS:				
Cash and cash equivalents	**26 658**	25 919	**26 658**	25 919
Receivables	**-**	-	**1 061**	892
Non-current assets classified as held for sale	**-**	-	**80**	-
Property, plant and equipment	**-**	-	**206 727**	206 558
Intangibles	**-**	-	**152**	62
Other assets	**-**	-	**-**	26
Total assets	**26 658**	25 919	**234 678**	233 457
LIABILITIES:				
Payables	**-**	-	**4 012**	4 349
Financial liabilities/borrowings	**-**	-	**19 115**	20 087
Employee benefits	**-**	-	**12 290**	11 953
Provisions	**-**	-	**2 888**	2 133
Other liabilities	**-**	-	**200**	236
Total liabilities	**-**	-	**38 505**	38 758

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Courts Administration Authority

The Courts Administration Authority (the Authority) operates within the *Courts Administration Act 1993*. It is overseen by the State Courts Administration Council and is independent of the Government.

Its principal objective is to provide quality administration to the Judiciary and to ensure an effective and accessible courts system.

Currently, the major priorities of the Authority and the State Courts Administration Council are to:

- provide administrative support to the courts of this state
- increase the community's understanding of the operations of the courts and provide new avenues for community comment on the operations of the courts and their registries
- improve court facilities
- foster an environment in which judicial officers, staff and volunteers can contribute to improved performance of the courts system
- keep up to date with technological developments and apply those that are appropriate to improve the performance of the courts system
- co-operate with other parts of the justice system to improve access to justice and the overall performance of the justice system.

2. Summary of significant accounting policies

(a) Statement of compliance

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

Except for AASB 2009-12, which the Authority has early-adopted, AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Authority for the reporting period ended 30 June 2010. These are outlined in note 3.

(b) Basis of preparation

The preparation of the financial statements requires:

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

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

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

  (c) employee TVSP information

  (d) employees whose normal remuneration is $100 000 or more (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

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

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

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

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

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

(c) Reporting entity

The Authority was established by the *Courts Administration Act 1993* as a statutory authority independent of executive government. The State Courts Administration Council (Governing Body), the State Courts Administrator and staff of the Council are collectively referred to as the Authority.

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

(d) Comparative information

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

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

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

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required (eg preparation of a single Statement of Comprehensive Income).

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

(e) Rounding

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

(f) Taxation

The Authority is not subject to income tax. The Authority is liable for payroll tax, FBT, GST, emergency services levy, land tax equivalents and local government rate equivalents.

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

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

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

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

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

(g) Events after the end of the reporting period

There were no events occurring after balance date.

(h) 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 counter party/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

Fees and charges

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

Fees and charges (continued)
The Authority performs activities on behalf of the Government and other Government agencies and reports these in the administered financial statements. Fines income from infringements issued to offenders, court fees and victim of crime levies are recognised at the time cash is received due to the uncertainty of amounts to be collected. Transcript fees are recognised upon delivery of the service. Recovery from other SA Government agencies for witness fees paid is included in other income when the witness fee expense is paid.

Sale of goods and services
Revenues from sales of goods and services are derived from the provision of goods and recouping of services to other SA government agencies and to the public.

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

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

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

The majority of contributions received by the Authority have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Resources received free of charge
Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

Revenues from SA Government
Appropriations for activity funding are recognised as revenues when the Authority obtains control over the funding. Control over appropriations is normally obtained upon receipt.

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

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

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

(i) 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 counter party/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

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

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

Depreciation and amortisation
All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

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

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

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

Land, non-current assets held for sale and works of art are not depreciated. The Authority does not depreciate the works of art because it believes that works of art do not diminish in value over time.

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

Class of asset	*Useful life (years)*
Buildings and improvements	30-60
Building under finance lease	Life of lease
Leasehold improvements	Life of lease
Computing and office furniture equipment	3-20
Library collections	5-25
Intangibles	5-7

Borrowing costs
All borrowing costs are recognised as expenses.

Payments to SA Government
Payments to the SA Government include taxation revenues and expiation fees received on behalf of the government and paid directly to the Consolidated Account.

The Authority makes payments pursuant to the *Remuneration Act 1990* to members of the judiciary and receives reimbursement for these and other expenses paid on behalf of other agencies. It is dependent on support from the Crown to meet accruing judicial entitlement obligations recognised in the financial statements.

(j) Current and non-current classification

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

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

(k) Assets

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

Where an asset line item combines amounts expected to be settled within 12 months and more than 12 months, 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.

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

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

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

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

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

Non-current assets (or disposal groups) held for sale
Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed one year from the date of classification.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Statement of Financial Position.

Non-current assets

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

  Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recorded at the value recorded by the transferor prior to the restructure.

  All non-current tangible assets with a value equal to or in excess of $5000 are capitalised. Items of property, plant and equipment and infrastructure costing less than $5000 are immediately expensed to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

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

  Every three years, the Authority revalues its land and buildings and improvements with the exception of the Authority's finance lease relating to the Sir Samuel Way building. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

  Any revaluation increment is credited to the asset revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the asset revaluation surplus to the extent of the credit balance existing in revaluations surplus for that asset class.

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

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

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

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

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

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

The acquisition of or internal development of software is capitalized only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to $5000.

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

Subsequent expenditure on intangible assets has not been capitalized. This is because the Authority has been unable to attribute this expenditure to the intangible asset rather than to the Authority as a whole.

(l) Liabilities

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

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

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

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

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

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

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 the South Australian Superannuation Board.

Financial liabilities
The Authority measures financial liabilities at historical cost.

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

The Authority has entered into finance leases and operating leases.

- *Finance leases*
  Finance leases, which transfer to the Authority substantially all the risks and benefits/rewards incidental to ownership of the leased assets, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

  Minimum lease payments are allocated, between interest expense/borrowing costs and reduction of the lease liability, to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

  Where there is no reasonable assurance that the Authority will obtain ownership of the capitalised asset at the end of the lease term, the asset is amortised over the shorter of the lease term and its useful life.

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

  Courts premises in four country centres are provided by a Public Private Partnership arrangement between the State and Plenary Justice Pty Ltd. It is accounted for as an operating lease. As the arrangement is for a 25 year period from 2005 the Authority has a substantial future commitment for servicing costs but has no right to obtain ownership.

  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.

- *Operating leases – the Authority as lessor*
  The Authority leases commercial spaces to external parties through operating leases. Income derived from these leases is recognised as rental recovery income in the Statement of Comprehensive Income in the period in which it is earned.

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

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

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

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

- *Long service leave*
  The liability for long service leave is recognised after an employee has completed 5.5 years of service. An actuarial assessment of long service leave undertaken by DTF based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Authority's experience of employee retention and leave taken.

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 embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Authority expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

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

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

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

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

3. New and revised accounting standards and policies

Changes in accounting policy
Effective 1 July 2008, the Authority has grouped items of computer equipment that are individually below the capitalization threshold of $5000. The change in the policy is a result of the implementation of operational asset replacement program. The Authority has voluntarily changed the grouping of assets retrospectively from 1 July 2007.

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

4. Activities of the Authority

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

Activity 1: Court and Tribunal Case Resolution Services
The resolution of criminal, civil, appellate, coronial and probate matters in the State's courts and tribunals.

Activity 2: Alternative Dispute Resolution Services
Services for resolving disputes between citizens, and disputes between citizens and the State, as well as the education, training, information and advice processes, which aim to prevent disputes.

Activity 3: Penalty Management Services
The management of penalties arising from court orders, the enforcement of court orders as well as the recovery of debts, and the administration and execution of warrants.

The disaggregated disclosures schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2009 and 30 June 2010.

5. Employee benefit expenses

	2010	2009
	$'000	$'000
Salaries and wages	36 604	36 274
TVSPs (refer below)	2 145	-
Long service leave	1 502	1 263
Annual leave	3 542	3 538
Employment on-costs - superannuation	4 451	4 518
Employment on-costs - payroll tax	2 313	2 307
Board and committee fees	64	66
Other employee related expenses	124	156
Total employee benefit expenses	50 745	48 122

TVSPs

	2010	2009
Amount paid to these employees:		
TVSPs	2 145	-
Annual leave and long service leave paid during the reporting period	562	-
	2 707	-
Recovery from DTF	(2 145)	-
Net cost to the Authority	562	-

Number of employees who received a TVSP during the reporting period is 26.

Remuneration of employees	2010	2009
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
$100 000 - $109 999	10	8
$110 000 - $119 999	2	3
$120 000 - $129 999	2	2
$130 000 - $139 999	-	2
$140 000 - $149 999	2	-
$150 000 - $159 999	1	1
$160 000 - $169 999	-	1
$170 000 - $179 999	1	1
$180 000 - $189 999	3	1
$200 000 - $209 999	-	1
$210 000 - $219 999	1	-
$250 000 - $259 999	-	1
$260 000 - $269 999	1	-
Total	23	21

The table includes all employees who received remuneration of $100 000 or more during the year.

Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $3.2 million ($2.8 million).

6. Supplies and services

	2010	2009
Supplies and services provided by entities within the SA Government:	$'000	$'000
Accommodation and services	9 656	9 058
Computing and communication	2 523	2 527
Coronial charges	3 116	3 321
Operating leases	235	237
Other administration expenses	1 380	1 287
Total supplies and services - SA Government entities	16 910	16 430
Supplies and services provided by entities external to the SA Government:		
Accommodation and services	2 305	2 268
Circuit and travel expenses	1 502	1 537
Computing and communications	2 344	1 940
Consultancy, contractors and temp staff	1 513	1 481
Court expenses	683	766
Operating leases	75	113
Staff development and training	588	540
Equipment purchases and repairs	348	221
Other administration expenses	2 888	2 722
Coronial charges	401	326
Jurors' expenses	2 274	1 884
Sheriff's officer payments	961	990
Total supplies and services - non-SA Government entities	15 882	14 788
Total supplies and services	32 792	31 218

Consultancies

	2010	2009
Individual consultancies costing between $10 000 and $50 000		
5 (4) consultancies	91	90
Total cost of consultancies less than $10 000		
7 (10) consultancies	23	44
Total paid/payable to the consultants engaged	114	134

7. Depreciation and amortisation expenses

	2010	2009
Depreciation:		
Buildings and improvements	3 832	2 249
Computing and office furniture and equipment	1 119	636
Library collections	2 100	1 952
Total depreciation	7 051	4 837
Amortisation:		
Leasehold improvements	599	84
Building under finance lease	830	830
Intangibles	23	20
Total amortisation	1 452	934
Total depreciation and amortisation expenses	8 503	5 771

Changes in accounting policy

The Authority has grouped items of computer equipment that individually are below the capitalisation threshold of $5000, but as a group, are considered significant commencing from 1 July 2008. The Authority has retrospectively regrouped the items from 1 July 2007, resulting in an increase of depreciation of $110 000 for computer equipment restated for 2009.

Revision in accounting estimates

During the year, the Authority reassessed the useful lives of certain equipment, resulting in a reduction in the estimated useful life. This has resulted in an increase of depreciation of $47 000 of these assets in the year 2010 relative to the amount that would have been expensed based on the previous estimate of the useful life. The higher depreciation expense will also be reflected in future years.

8. Borrowing costs

	2010	2009
Finance lease provided by entities within the SA Government:	$'000	$'000
Interest expense on financial lease liability	1 102	1 155
Total borrowing costs	1 102	1 155

The Authority occupies the Sir Samuel Way Building under a 40 year non-cancellable finance lease which expires in 2023. The nominal interest rate on the lease remains at 5.61 percent (5.61 percent).

The Authority is responsible for all maintenance costs and paid a contingent rental of $3.567 million ($3.441 million) which will increase each year by the amount obtained by applying the rate of CPI increase in the previous year to the combined total of the previous year's rental and finance lease repayments.

9. Other expenses

	2010	2009
Other expenses paid/payable to entities within the SA Government:	$'000	$'000
Audit fees (refer note 10)	201	185
Intra-government contribution	110	-
Other expenses paid/payable to entities external to the SA Government:		
Workers compensation	1 248	336
Land and building held for sale derecognised	-	211
Total other expenses	1 559	732

10. Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department	116	105
Total audit fees	116	105

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

11. Grants and transfers

Intra-government transfers received/receivable from entities within the SA Government:		
Court Assessment Referral Drug Scheme	522	510
Industrial Court - Sheriff's officer services	54	53
Guardianship Board	27	27
Drug Court	-	512
Other	65	28
Total intra-government transfers	668	1 130

12. Sale of goods and services

Sales of goods and services to entities external to the SA Government:		
Sale of electronic information	319	308
Services	192	190
Rent recoveries	230	212
Total sales of goods and services	741	710

13. Revenues from fees and charges

Regulatory fees received/receivable from entities external to the SA Government:		
Licence disqualification and reminder fees	2 664	2 459
Sheriff's officer fees	1 848	1 762
Other regulatory fees	777	652
Total revenues from fees and charges	5 289	4 873

14. Resources received free of charge

Resources received/receivable from entities within the SA Government:		
Capitalised leasehold improvements	3 772	-
Equipment	1 320	-
Total resources received free of charge	5 092	-

The Authority has received two recently refurbished courts and video conferencing equipment from another agency during 2010 at nil consideration.

15. Commonwealth revenue

Grant for APY Lands Restorative Justice	121	14
Total Commonwealth revenues	121	14

16. Net loss gain from the disposal of assets

Proceeds from disposal of assets	-	-
Carrying value of assets disposed	22	-
Total loss from the disposal of assets	22	-

17. Revenues from (payments to) SA Government

Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the *Appropriation Act*	84 286	80 665
Total revenues from SA Government	84 286	80 665

18. Cash and cash equivalents

	2010	2009	2008
	$'000	$'000	$'000
Deposits with the Treasurer	26 626	25 886	21 666
Cash on hand	32	33	32
Total cash and cash equivalents	26 658	25 919	21 698

Deposits with the Treasurer

Include $19.51 million ($18.05 million) held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use, ie funds can only be used in accordance with the Under Treasurer's approval.

Interest rate risk

Cash on hand and deposits with the Treasurer are non-interest bearing. The carrying value of cash and cash equivalents represents fair value.

19. Receivables

	2010	2009	2008
Receivables from non-SA Government entities:	$'000	$'000	$'000
Receivables	130	100	440
Allowance for doubtful debts	-	(4)	(5)
Accrued revenue	5	2	6
GST input tax recoverable	407	295	384
Prepayments	254	182	184
Total receivables from non-SA Government entities	796	575	1 009
Receivables from SA Government entities:			
Receivables	265	228	12
Accrued revenue	-	89	223
Total receivables from SA Government entities	265	317	235
Total current receivables expected to be recovered within 12 months	1 061	892	1 244

Movement in the allowance for doubtful debts

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

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

	2010	2009	2008
Movements in the allowance for doubtful debts:	$'000	$'000	$'000
Carrying amount at 1 July	4	5	-
Increase in the allowance	-	-	5
Amounts written off	(4)	-	-
Amounts recovered during the year	-	(1)	-
Carrying amount at 30 June	-	4	5

Interest rate and credit risk

Receivables are raised at the time service is provided only where it is probable that the revenue will be received. The Authority cannot be certain of receiving items such as reminder fees and Sheriff's officer fees until the payment is made. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing and the carrying amounts approximate fair value. There is no concentration of credit risk.

(a) Maturity analysis of receivables - refer note 32.
(b) Categorisation of financial instruments and risk exposure information - refer note 32.

20. Non-current assets classified as held for sale

	2010	2009	2008
	$'000	$'000	$'000
Land	80	-	81
Buildings and improvements	-	-	130
Total non-current assets classified as held for sale	80	-	211

As a result of construction, or leasing of newly constructed court buildings in regional centres, one piece of land has been declared surplus during 2010. Surplus land and associated improvements were transferred to the Department for Environment and Heritage during 2009 - see note 9. Proceeds from the sale of improvements will be returned to the Authority upon disposal.

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

	2010	2009	2008
	$'000	$'000	$'000
Land and buildings:			
Land at fair value	46 554	46 634	24 769
Buildings and improvements at fair value	137 094	137 040	87 047
Accumulated depreciation at the end of the period	(3 832)	-	(4 313)
Total land and buildings	179 816	183 674	107 503
Assets under finance lease:			
Buildings and improvements at net present value	33 191	33 191	33 191
Accumulated amortisation at the end of the period	(22 404)	(21 574)	(20 744)
Total assets under finance lease	10 787	11 617	12 447
Leasehold improvements:			
Leasehold improvements at cost (deemed fair value)	5 349	1 033	1 033
Accumulated amortisation at the end of the period	(1 389)	(790)	(706)
Total leasehold improvements	3 960	243	327

21. (a) Property, plant and equipment

	2010	2009	2008
Computing and office furniture and equipment:	$'000	$'000	$'000
Plant and equipment at cost (deemed fair value)	6 137	4 126	5 108
Accumulated depreciation at the end of the period	(2 890)	(2 112)	(3 257)
Total plant and equipment	3 247	2 014	1 851
Capital work in progress:			
Capital work in progress	904	-	-
Total capital work in progress	904	-	-
Others:			
Library collections at fair value	15 434	14 331	13 226
Accumulated depreciation at the end of the period	(7 491)	(5 391)	(3 438)
Works of art and collections at fair value	70	70	70
Accumulated depreciation at the end of the period	-	-	-
Total other plant and equipment	8 013	9 010	9 858
Total property, plant and equipment	206 727	206 558	131 986

Valuations

The valuations of land, buildings and improvements were performed by Liquid Pacific Holdings Pty Ltd, an independent valuer from the Australian Valuation Office, as at 30 June 2009. The valuer arrived at fair value based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

The valuation of library collections was performed by Valcorp Australia Pty Ltd as at 30 June 2006.

The valuation of works of art and collections was performed by Rushton Valuers Pty Ltd as at 30 June 2006.

Impairment

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

Resources received free of charge

The Authority has received the leasehold improvement for two refurbished courts and video conferencing equipment from another SA Government agency. Refer note 14.

Changes in accounting policy

The Authority has grouped items of computer equipment that individually are below the capitalisation threshold of $5000 but, as a group, are considered significant. This change commenced from 1 July 2008 following the implementation of the operational asset replacement program. The Authority has applied the policy retrospectively from 1 July 2007. The impact on the financial statements for 2008-09 due to the grouped asset depreciation was $110 000, and for 2007-08 due to the net asset transferred from retained earnings was $350 000.

(b) Reconciliation of non-current assets

The following table shows the movement of non-current assets during 2009-10.

2010	Land $'000	Buildings and improve-ments $'000	Building under finance lease $'000	Buildings - leasehold improve-ments $'000	Total Land and buildings $'000
Carrying amount at 1 July	46 634	137 040	11 617	243	195 534
Additions	-	54	-	544	598
Disposals	-	-	-	-	-
Transfer to asset held for sale	(80)	-	-	-	(80)
Asset received free of charge	-	-	-	3 772	3 772
Depreciation and amortisation	-	(3 832)	(830)	(599)	(5 261)
Carrying amount at 30 June	46 554	133 262	10 787	3 960	194 563

	Computing and office furniture and equipmnt $'000	Library collections $'000	Works of art and collections $'000	Capital work in progress $'000	Total property plant and equipment $'000
Carrying amount at 1 July	2 014	8 940	70	-	206 558
Additions	1 054	1 103	-	904	3 659
Disposals	(21)	-	-	-	(21)
Transfer to asset held for sale	-	-	-	-	(80)
Asset received free of charge	1 319	-	-	-	5 091
Depreciation and amortisation	(1 119)	(2 100)	-	-	(8 480)
Carrying amount at 30 June	3 247	7 943	70	904	206 727

	In-house developed computer software $'000	Other computer software $'000	Other intangible assets $'000	Total intangible assets $'000
Carrying amount at 1 July	-	62	-	62
Additions	-	85	28	113
Depreciation and amortisation	-	(23)	-	(23)
Carrying amount at 30 June	-	124	28	152

(b) Reconciliation of non-current assets (continued)

2009	Land $'000	Buildings and improve-ments $'000	Building under finance lease $'000	Buildings - leasehold improve-ments $'000	2008 Total Land and buildings $'000
Carrying amount at 1 July	24 769	82 734	12 447	327	120 277
Additions	-	402	-	-	402
Depreciation and amortisation	-	(2 249)	(830)	(84)	(3 163)
Revaluation increment	21 865	56 153	-	-	78 018
Carrying amount at 30 June	46 634	137 040	11 617	243	195 534

	Computing and office furniture and equipmnt $'000	Library collections $'000	Works of art and collections $'000	Total property plant and equipment $'000
Carrying amount at 1 July	1 851	9 788	70	131 986
Additions	799	1 104	-	2 305
Depreciation and amortisation	(636)	(1 952)	-	(5 751)
Revaluation increment	-	-	-	78 018
Carrying amount at 30 June	2 014	8 940	70	206 558

	In-house developed computer software $'000	Other computer software $'000	Total intangible assets $'000
Carrying amount at 1 July	-	78	78
Additions	-	4	4
Depreciation and amortisation	-	(20)	(20)
Carrying amount at 30 June	-	62	62

22. Intangible assets

	2010 $'000	2009 $'000	2008 $'000
Computer software:			
Internally developed computer software	7 688	7 688	7 688
Accumulated amortisation	(7 688)	(7 688)	(7 688)
Other computer software	638	569	673
Accumulated amortisation	(514)	(507)	(595)
Total computer software	124	62	78
Others - software licenses	28	-	-
Total intangible assets	152	62	78

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

Impairment

There were no indications of impairment on intangible assets at 30 June 2010.

23. Other non-current assets

	2010 $'000	2009 $'000	2008 $'000
Prepayments	-	26	39
Total other non-current assets	-	26	39

24. Payables

	2010	2009	2008
Current:			
Creditors	66	1 074	526
Accrued expenses	2 267	1 714	2 129
Accrued capital expenditure	365	147	122
Employment on-costs	590	703	644
Total current payables	3 288	3 638	3 421
Non-current:			
Employment on-costs	724	711	627
Total non-current payables	724	711	627
Total payables	4 012	4 349	4 048
Government/non-Government payables:			
Payable to SA Government entities:			
Creditors	-	809	310
Accrued expenses	1 377	902	1 088
Employment on-costs	651	629	596
Total payables to SA Government entities	2 028	2 340	1 994
Payable to non-SA Government entities:			
Creditors	66	265	216
Accrued expenses	1 255	959	1 163
Employment on-costs	663	785	675
Total payables to non-SA Government entities	1 984	2 009	2 054
Total payables	4 012	4 349	4 048

24. Payables

As a result of the actuarial assessment performed by DTF, the percentage of the proportion of long service leave taken has not changed from the 2009 rate 45 percent and the average factor for the calculation of employer superannuation cost on-cost has not changed from the 2009 rate 10.5 percent.

Error correction

Long service leave liability was incorrectly calculated with CPI increase in the previous periods. Related employment on-cost liability of $32 000 has been restated and transferred to retained earnings at 30 June 2008.

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.

25. Employee benefits

	2010	2009	2008
Current:	$'000	$'000	$'000
Accrued salaries and wages	1 212	1 136	910
Short-term long service leave	1 455	1 345	1 270
Annual leave	2 460	2 437	2 309
Total current employee benefits	5 127	4 918	4 489
Non-current:			
Annual leave	256	229	240
Long service leave	6 907	6 806	6 521
Total non-current employee benefits	7 163	7 035	6 761
Total employee benefits	12 290	11 953	11 250

The total current and non-current employee expense (ie aggregate employee benefit plus related on-costs) for 2010 is $5.717 million and $7.887 million respectively. For 2009 the expense was $5.622 million and $7.745 million respectively.

As a result of an actuarial assessment performed by DTF, the benchmark for the measurement of long service leave liability has changed from the 2009 benchmark 6.5 years to 5.5 years. The net financial effect of the changes in the current financial year is an increase in the long service liability of $177 000 and employee benefit expenses of $194 000. The impact on future periods is impractical to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

In addition, the actuarial assessment performed by DTF, has not changed the salary inflation rate from the 2009 rate of 4 percent.

Error correction

Long service leave liability of $326 000 incorrectly calculated with CPI increase in the prior periods has been restated and transferred to retained earnings at 30 June 2008.

26. Provisions

	2010	2009	2008
Current:	$'000	$'000	$'000
Provision for workers compensation	513	496	522
Total current provisions	513	496	522
Non-current:			
Provision for workers compensation	2 375	1 637	1 777
Total non-current provisions	2 375	1 637	1 777
Total provisions	2 888	2 133	2 299
Carrying amount at 1 July	2 133	2 299	2 394
Reductions arising from payments/other sacrifice of future economic benefits	(463)	(503)	(478)
Reductions resulting from re-measurement or settlement without cost	741	(147)	(144)
Additional provisions recognised	477	484	527
Carrying amount at 30 June	2 888	2 133	2 299

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. These claims are expected to be settled within the next financial year.

27. Other liabilities

	2010	2009	2008
Payable to SA Government entities:	$'000	$'000	$'000
Unearned revenue	7	50	42
Payable to non-SA Government entities:			
Unearned revenue	92	98	234
Unclaimed money	101	88	89
Total payables to non-SA Government entities	193	186	323
Total other liabilities	200	236	365

28. Unrecognised contractual commitments

Capital commitments

Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:	2010 $'000	2009 $'000
Within one year	1 269	-
Total capital commitments	1 269	-

The Authority's capital commitments are for the leasehold improvement work on the office accommodation.

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 in the financial report, are payable as follows:

	2010 $'000	2009 $'000
Within one year	1 452	1 717
Later than one year but not longer than five years	2 074	3 348
Total remuneration commitments	3 526	5 065

Amounts disclosed include commitments arising from executive and other contracts for non-executives. The Authority does not offer fixed term remuneration contracts greater than five years.

Other commitments

Commitments in relation to a public/private partnership arrangement for regional court premises not recognised as liabilities in the financial report, are payable as follows:

	2010 $'000	2009 $'000
Within one year	2 031	1 919
Later than one year but not longer than five years	8 685	8 186
Later than five years	41 545	42 406
Total other commitments	52 261	52 511

Operating lease commitments as lessee

Commitments in relation to equipment and accommodation operating leases contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:

Within one year	385	623
Later than one year but not longer than five years	795	1 084
Later than five years	-	59
Total operating lease commitments - all non-cancellable	1 180	1 766

Operating lease commitments as lessor

Commitments in relation to accommodation operating leases contracted for at the reporting date but not recognised as receivable in the financial report, are receivable as follows:

Within one year	198	147
Later than one year but not longer than five years	496	563
Later than five years	293	366
Total operating lease commitments - all non-cancellable	987	1 076

Finance lease commitments

Future minimum lease payments under finance lease of the Sir Samuel Way Building, expiring in 2023, together with the present value of net minimum lease payments are as follows:

Payable no later than one year	5 788	5 642
Payable later than one year and not later than five years	23 154	22 567
Payable later than five years	46 308	50 776
Total minimum lease payments	75 250	78 985
Future finance charges and contingent rentals	(56 135)	(58 898)
Total finance lease commitments - non-cancellable	19 115	20 087
Present value of finance leases payable as follows:		
Within one year	1 028	972
Later than one year but not longer than five years	4 740	4 482
Later than five years	13 347	14 633
Total present value of minimum lease payments	19 115	20 087
Included in the financial statements as:		
Current borrowings	1 028	972
Non-current borrowings	18 087	19 115
Total present value of minimum lease payments	19 115	20 087

The weighted average interest rate implicit in the leases is 5.61 percent.

29. Contingent assets and liabilities

The Authority has no material contingent assets or liabilities as at 30 June 2010 (nil).

30. Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2009-10 financial year were:

Administrative and Disciplinary Division of the District Court

Mr Christopher Branson
Ms Samantha Battams
Ms Polly Sumner-Dodd
Ms Janina Gipslis
Ms Margaret Heylen
Ms Jean Hutchinson
Mr James Hundertmark (appointed 8 October 2009)

Dental Professional Conduct Tribunal

Ms Annabel Digance
Ms Janet Fuss

Equal Opportunity Tribunal

Mr Richard Altman
Mrs Elizabeth Bachmann
Ms Helena Jasinski
Mr David Shetliffe
Mr Hau Yapp

Medical Professional Conduct Tribunal

Mr David Blaikie
Ms Aileen Connon (resigned 25 February 2010)
Mr Frederick Henning
Ms Maree O'Keefe
Ms Jennifer Menz
Ms Margaret Wallace
Mr Graham West

Training Centre Review Board

Mr David Branson
Mr John Eaton
Mr Darryn Keneally
Ms Branka King
Ms Sandra Miller
Ms Irene Watson

***SA Metropolitan Fire Service* Panel**

Mr Kevin Fischer

The number of members whose remuneration received or receivable falls within the following bands:	2010 Number	2009 Number
$0 - $9 999	28	29
Total	28	29

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received by members was $56 000 ($58 000).

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

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

31. Cash flow reconciliation

Reconciliation of cash and cash equivalents at 30 June:	2010 $'000	2009 $'000
Cash and cash equivalents disclosed in the Statement of Financial Position	26 658	25 919
Balance as per the Statement of Cash Flows	26 658	25 919

Reconciliation of net cash provided by operating activities to net cost of providing services

	2010 $'000	2009 $'000
Net cash provided by operating activities	5 265	7 425
Revenues from SA Government	(84 286)	(80 665)
Non-cash items:		
Depreciation/amortisation	(8 503)	(5 771)
Loss from disposal of assets	(22)	-
Resources received free of charge	5 092	-
Assets de-recognised	-	(211)
Changes in assets/liabilities:		
Increase (Decrease) in receivables	61	(354)
Increase (Decrease) in other assets	46	(13)
Increase in employee benefits	(338)	(703)
Decrease (Increase) in payables	592	(300)
(Increase) Decrease in provisions	(755)	166
Decrease in other liabilities	36	155
Net cost of providing services	(82 812)	(80 271)

32. Financial instruments/financial risk management

(a) Categorisation of financial instruments

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

	Note	2010 Carrying amount* $'000	2009 Carrying amount* $'000
Financial assets:			
Cash and cash equivalents	18	26 658	25 919
Loans and receivables:			
Receivables*	19,23	654	623
Total financial assets at cost		27 312	26 542
Financial liabilities:			
Financial liabilities at cost:			
Payables*	24	3 983	4 316
Borrowings	28	19 115	20 087
Total financial liabilities at cost		23 098	24 403

* 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 receivable/payables, tax equivalents, commonwealth tax etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost, except for employee on-costs which are determined via reference to the employee benefit liability to which they relate.

Fair value

The Authority does not recognise any financial assets or financial liabilities at fair value (refer notes 2, 18, 19, 23, 24, 28 and 31).

(b) 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 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. The Authority does not engage in any hedging activity.

Allowance for impairment of financial assets is calculated on past experience and current and expected changes in client credit rating. The Authority's financial assets are mainly cash and receivables which do not require any collateral as security. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 19 for information on the allowance for impairment in relation to receivables.

(c) Ageing analysis of receivables

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

	Past due by			
	Overdue for less than 30 days $'000	Overdue for 30-60 days $'000	Overdue for more than 60 days $'000	Total $'000
2010				
Not impaired:				
Receivables	279	3	113	395
Accrued revenue	5	-	-	5
Prepayments	254	-	-	254
Impaired:				
Receivables	-	-	-	-
Total	538	3	113	654
2009				
Not impaired:				
Receivables	320	3	1	324
Accrued revenue	91	-	-	91
Prepayments	208	-	-	208
Impaired:				
Receivables	-	-	4	4
Total	619	3	5	627

(d) Maturity analysis

The financial assets and liabilities of the Authority are all current with maturity within the next 12 months, except finance lease liabilities (refer note 28 for the split of maturity by band of years) and employee on-costs which are not practical to split the maturity by band of years.

(e) Liquidity risk

Liquidity risk arises where the Authority is unable to meet its financial obligations as they are due to be settled. The Authority is funded principally from appropriations by the SA Government. The Authority works with DTF to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The continued existence of the Authority is dependent on State Government policy and on continuing appropriations by Parliament for the Authority's administration and programs. 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 carrying amount of financial liabilities recorded in note 32(a) represent the Authority's maximum exposure to financial liabilities.

(f) Market risk

Market risk for the Authority is primarily through interest rate risk. Exposure to interest rate risk may arise through its borrowings from Funds SA. There is no exposure to foreign currency or other price risk.

(g) Sensitivity disclosure 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 rate is immaterial.

Statement of Administered Comprehensive Income for the year ended 30 June 2010

	Note	2010 $'000	2009 $'000
ADMINISTERED EXPENSES:			
Judicial benefit expenses	A4	**35 785**	32 188
Victims of Crime payments		**12 509**	11 400
Payments to Consolidated Account		**54 010**	50 688
Other expenses		**808**	938
Total administered expenses		**103 112**	95 214
ADMINISTERED INCOME:			
Revenues from SA Government		**35 785**	32 187
Fines		**28 124**	26 952
Court fees		**24 584**	22 688
Victims of Crime levies		**12 509**	11 400
Transcript fees		**1 320**	1 059
Other income		**790**	928
Total administered income		**103 112**	95 214
NET AND TOTAL COMPREHENSIVE RESULT		**-**	-

Total comprehensive result is attributable to the SA Government as owner

Statement of Administered Financial Position as at 30 June 2010

	Note	2010 $'000	2009 $'000
ADMINISTERED CURRENT ASSETS:			
Cash and cash equivalents	A5	**2 734**	2 679
Receivables	A6	**6 991**	4 969
Total current assets		**9 725**	7 648
ADMINISTERED CURRENT LIABILITIES:			
Payables	A7	**7 117**	6 476
Judicial benefits	A8	**3 197**	2 772
Other current liabilities	A9	**68**	57
Total current liabilities		**10 382**	9 305
ADMINISTERED NON-CURRENT LIABILITIES:			
Payables	A7	**1 057**	904
Judicial benefits	A8	**6 254**	5 407
Total non-current liabilities		**7 311**	6 311
Total liabilities		**17 693**	15 616
NET ASSETS		**(7 968)**	(7 968)
ADMINISTERED EQUITY:			
Accumulated deficit		**(7 968)**	(7 968)
TOTAL ADMINISTERED EQUITY		**(7 968)**	(7 968)

Total administered equity is attributable to the SA Government as owner

Statement of Administered Changes in Equity for the year ended 30 June 2010

	Retained earnings $'000
Balance at 30 June 2008	(7 968)
Net result for 2008-09	-
Total comprehensive result for 2008-09	-
Balance at 30 June 2009	(7 968)
Net result for 2009-10	-
Total comprehensive result for 2009-10	-
Balance at 30 June 2010	**(7 968)**

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

Statement of Administered Cash Flows for the year ended 30 June 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	Note	**2010 Inflows (Outflows) $'000**	2009 Inflows (Outflows) $'000
CASH OUTFLOWS:			
Judicial benefits		**(34 600)**	(31 483)
Payments to Consolidated Account		**(53 524)**	(50 284)
Victims of Crime payments		**(12 308)**	(11 257)
Other payments		**(789)**	(927)
Total cash outflows		**(101 221)**	(93 951)
CASH INFLOWS:			
Receipts from SA Government		**34 069**	31 517
Fines		**27 851**	26 922
Court fees		**24 584**	22 688
Victims of Crime receipts		**12 509**	11 383
Transcript fees		**1 323**	1 059
GST recovered from the ATO		**77**	2
Other receipts		**863**	927
Total cash inflows		**101 276**	94 498
Net cash provided from operating activities	A10	**55**	547
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		**55**	547
CASH AND CASH EQUIVALENTS AT 1 JULY		**2 679**	2 132
CASH AND CASH EQUIVALENTS AT 30 JUNE	A5	**2 734**	2 679

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

(Activities - refer note A3)	1		2		3	
	2010	2009	**2010**	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Judicial benefit expenses	**35 785**	32 188	**-**	-	**-**	-
Victims of Crime payments	**-**	-	**-**	-	**12 509**	11 400
Payments to Consolidated Account	**13 920**	11 806	**-**	-	**40 090**	38 882
Other expenses	**791**	927	**-**	-	**17**	11
Total administered expenses	**50 496**	44 921	**-**	-	**52 616**	50 293
			-	-		
INCOME:			**-**	-		
Revenues from SA Government	**35 785**	32 188	**-**	-	**-**	-
Fines	**-**	-	**-**	-	**28 124**	26 952
Court fees	**12 601**	10 747	**-**	-	**11 983**	11 941
Victims of Crime levies	**-**	-	**-**	-	**12 509**	11 400
Transcript fees	**1 320**	1 059	**-**	-	**-**	-
Other income	**790**	927	**-**	-	**-**	-
Total administered income	**50 496**	44 921	**-**	-	**52 616**	50 293
TOTAL COMPREHENSIVE RESULT	**-**	-	**-**	-	**-**	-

(Activities - refer note A3)	General/ not attributable		Total	
	2010	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000
Judicial benefit expenses	**-**	-	**35 785**	32 188
Victims of Crime payments	**-**	-	**12 509**	11 400
Payments to Consolidated Account	**-**	-	**54 010**	50 688
Other expenses	**-**	-	**808**	938
Total expenses	**-**	-	**103 112**	95 214
	-	-		
INCOME:	**-**	-		
Revenues from SA Government	**-**	-	**35 785**	32 188
Fines	**-**	-	**28 124**	26 952
Court fees	**-**	-	**24 584**	22 688
Victims of Crime levies	**-**	-	**12 509**	11 400
Transcript fees	**-**	-	**1 320**	1059
Other income	**-**	-	**790**	927
Total income	**-**	-	**103 112**	95 214
TOTAL COMPREHENSIVE RESULT	**-**	-	**-**	-

NOTES TO AND FORMING PART OF THE ADMINISTERED FINANCIAL STATEMENTS

A1. Objectives of the Courts Administration Authority

The objectives of the Courts Administration Authority (the Authority) outlined in note 1 for operating items apply equally to the administered financial statements.

A2. Summary of significant accounting policies

The policies of the Authority outlined in note 2 for operating items apply equally to the administered financial statements.

A3. Activities of the Authority

Activity 1: Court and Tribunal Case Resolution Services

The resolution of criminal, civil, appellate, coronial and probate matters in the State's courts and tribunals.

Activity 2: Alternative Dispute Resolution Services

Services for resolving disputes between citizens, and disputes between citizens and the State, as well as the education, training, information and advice processes, which aim to prevent disputes.

No Administered activity under this activity - Controlled only activity.

Activity 3: Penalty Management Services

The management of penalties arising from court orders, the enforcement of court orders as well as the recovery of debts, and the administration and execution of warrants.

The Authority does not track assets and liabilities at the administered activity level and therefore figures can not be reliably measured.

A4. Judicial benefit expenses

	2010 $'000	2009 $'000
Salaries and wages	22 537	20 642
Long service leave	2 049	1 159
Annual leave	1 910	1 704
Employment on-costs:		
Superannuation	5 477	5 185
Payroll tax	1 671	1 537
Other judicial related expenses	2 141	1 961
Total judicial benefits	35 785	32 188

Remuneration of judiciary

The number of judicial officers whose remuneration received or receivable falls within the following bands:	2010 Number	2009 Number
$100 000 - $109 999	2	-
$110 000 - $119 999	1	1
$130 000 - $139 999	-	1
$140 000 - $149 999	-	2
$150 000 - $159 999	1	-
$160 000 - $169 999	1	-
$170 000 - $179 999	2	1
$180 000 - $189 999	1	-
$190 000 - $199 999	1	-
$220 000 - $229 999	2	-
$230 000 - $239 999	1	-
$240 000 - $249 999	-	1
$250 000 - $259 999	-	5
$260 000 - $269 999	4	11
$270 000 - $279 999	9	5
$280 000 - $289 999	9	8
$290 000 - $299 999	6	4
$300 000 - $309 999	4	5
$310 000 - $319 999	4	2
$320 000 - $329 999	1	2
$330 000 - $339 999	1	-
$340 000 - $349 999	2	-
$350 000 - $359 999	2	1
$360 000 - $369 999	2	1
$370 000 - $379 999	1	-
$380 000 - $389 999	-	2
$390 000 - $399 999	-	14
$400 000 - $409 999	2	7
$410 000 - $419 999	20	-
$420 000 - $429 999	1	-
$440 000 - $449 999	-	8
$450 000 - $459 999	-	5
$460 000 - $469 999	9	-
$470 000 - $479 999	4	-
$500 000 - $509 999	-	1
$520 000 - $529 999	1	-
Total	94	87

The table includes all judicial officers who received remuneration of $100 000 or more during the year.

Remuneration of judiciary (continued)

Remuneration of judicial officers reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these judicial officers for the year was $31.7 million ($29 million).

A5. Administered cash and cash equivalents

	2010 $'000	2009 $'000
Deposits with the Treasurer	2 734	2 679

A6. Administered receivables

	2010 $'000	2009 $'000
Receivables from non-SA Government entities:		
Debtors	517	369
Allowance for doubtful debts	(32)	(70)
GST input tax recoverable	10	10
Prepayment	49	-
	544	309
Receivables from SA Government entities:		
Debtors	97	27
Accrued revenue	6 350	4 633
	6 447	4 660
Total current administered receivables	6 991	4 969
Movements in the allowance for doubtful debts:		
Carrying amount at 1 July	70	65
Amounts written off	(41)	(1)
Increase in the allowance	3	6
Carrying amount at 30 June	32	70

A7. Administered payables

	2010 $'000	2009 $'000
Current:		
Creditors and accrued expenses	6 516	5 817
Judicial benefits on-costs	601	659
Total current payables	7 117	6 476
Non-current:		
Judicial benefits on-costs	1 057	904
Total administered payables	8 174	7 380
Government/non-Government payables:		
Payables to SA Government entities:		
Creditors	-	3
Accrued expenses	6 303	5 623
Judicial benefits on-costs	537	466
Total payable to other SA Government entities	6 840	6 092
Payables to non-SA Government entities:		
Creditors	213	191
Judicial benefits on-costs	1 121	1 097
Total payable to non-SA Government entities	1 334	1 288
Total payables	8 174	7 380

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of long service leave taken as leave has not changed from the 2009 rate 45 percent which is used in the employment on-cost calculation. The benchmark for the measurement of long service leave liability has changed from the 2009 benchmark 6.5 years to 5.5 years. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of $103 000. The impact on future years is impractical to estimate. Refer note A8.

A8. Judicial benefits

	2010 $'000	2009 $'000
Current:		
Accrued salaries and wages	670	617
Long service leave	1 238	980
Annual leave	1 289	1 175
Total current judicial benefits	3 197	2 772
Non-current:		
Annual leave	376	448
Long service leave	5 878	4 959
Total non-current judicial benefits	6 254	5 407
Total judicial benefits	9 451	8 179

A8. Judicial benefits (continued)

The total current and non-current judicial benefit expense (ie aggregate judicial benefit plus related on-costs) for 2010 is $3.798 million and $7.311 million respectively. For 2009, the expense was $3.431 million and $6.311 million respectively.

The benchmarks for the measurement of long service leave has changed from the 2009 benchmarks of 6.5 to 5.5 years. The net financial effect of the changes in the current financial years is an increase in the long service leave liability of $540 000 and the employee benefit expense of $643 000. The impact on future period is impractical to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

A9. Other liabilities

	2010	2009
Current:	$'000	$'000
Unclaimed money	68	57
Total other liabilities	68	57

A10. Administered cash flow reconciliation

	2010	2009
Reconciliation of cash and cash equivalents at 30 June:		
Statement of Administered Cash Flows	2 734	2 679
Statement of Administered Financial Position	2 734	2 679

Reconciliation of net cash provided by administered activities to total comprehensive result

	2010	2009
Net cash provided by operating activities	55	547
Non-cash item:		
Doubtful debts and bad debts expenses	(17)	(11)
Changes in administered assets/liabilities:		
Increase in receivables	2 039	716
Increase in judicial entitlements	(1 272)	(605)
Increase in payables	(805)	(647)
Total comprehensive result from administered activities	-	-

T1. Trust monies

The Authority holds monies pending the outcome of court decisions. These monies are excluded from the financial statements as the Authority cannot use them for the achievement of its objectives. The following is a summary of the transactions in the jurisdictions' trust accounts.

Supreme Court Suitor Account	2010	2009
	$'000	$'000
Balance at 1 July	21 798	24 537
Receipts	29 629	17 553
	51 427	42 090
Payments	(12 632)	(20 292)
Balance at 30 June	38 795	21 798

District Court Suitor Account

	2010	2009
Balance at 1 July	2 832	2 925
Receipts	4 740	1 441
	7 572	4 366
Payments	(4 875)	(1 534)
Balance at 30 June	2 697	2 832

Sheriff's Office Trust Account

	2010	2009
Balance at 1 July	428	249
Receipts	2 185	1 467
	2 613	1 716
Payments	(1 622)	(1 288)
Balance at 30 June	991	428

Magistrates' Courts Suitor Account

	2010	2009
Balance at 1 July	4 289	4 086
Receipts	14 524	12 801
	18 813	16 887
Payments	(14 913)	(12 598)
Balance at 30 June	3 900	4 289

DEFENCE SA

FUNCTIONAL RESPONSIBILITY

Establishment

Defence SA is an administrative unit established pursuant to the PSA, and is responsible to the Premier as Minister for Economic Development.

Defence SA assumed responsibility from 1 September 2007 for the functions formerly performed by the Port Adelaide Maritime Corporation (the Corporation) and the Defence Unit and defence-related activities of the Department of Trade and Economic Development.

The Defence SA Advisory Board provides high-level advice to the Government of South Australia on strategy and policy required to deliver defence industry and facility growth in South Australia.

Functions

The functions of Defence SA are to:

- facilitate the development and growth of a sustainable defence industry in South Australia based on existing, created and new market opportunities in accordance with South Australia's Strategic Plan objectives

- advise and deliver strategies and policies required to deliver defence industry growth in South Australia

- deliver the South Australian Government commitments in support of defence industry growth in South Australia

- maximise the defence presence, including personnel and facilities, in South Australia.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

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

Assessment of controls

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

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

Scope of audit

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

During 2009-10, specific areas of audit attention included:

- policies and procedures
- cash
- processing and review of general ledger journals
- expenditure processing

- payroll review – bona fides
- fixed asset processing
- self assessment against the financial management compliance program
- procurement review
- contracts register.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of Defence SA as at 30 June 2010, 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 Defence SA in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of Defence SA have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the officers responsible for the governance of Defence SA. Responses to the management letters were generally considered to be satisfactory. Major matters raised with Defence SA and the related responses are detailed below.

Procurement policy and compliance

The audit of Defence SA considered the procurement, in 2008, of a contractor to provide site preparation works for Stages 3 and 4 of Techport Australia and the Osborne North Industrial Precinct.

The contract was awarded to an existing Defence SA contractor, following that contractor's approach to Defence SA, and in recognition that the contractor had performed similar works to Defence SA's satisfaction on earlier stages of the Techport Australia project. The value of the contract was $18.6 million.

Three notable matters were raised with Defence SA concerning the procurement and responses received. They are described below.

Compliance with DPC Circular 28 'Construction Procurement Policy – Project Implementation Process'

This policy of government establishes requirements of responsibility and process for procurement of construction projects, as opposed to goods and service procurements, which come under the statutory and policy requirements of the State Procurement Board.

The audit concluded that the contracted work was a procurement of a construction project which was required to be managed by the Department for Transport, Energy and Infrastructure as the mandated infrastructure agency for civil engineering works under the policy.

In response, Defence SA advised that it was principally established to deliver infrastructure and land development projects and considered it was experienced in the delivery of these projects. It further advised that it proposed to seek exemption from the mandated use of the Department for Transport, Energy and Infrastructure and/or the Land Management Corporation as the mandated infrastructure agencies under the policy.

At the time of preparation of this Report the matter of seeking exemption has not been addressed.

Competitive tender process

As indicated the contract was awarded on the basis of consideration and assessment of a sole source offer. Defence SA did not invoke a competitive tender process which is identified as being a main element of the construction project implementation process under the government policy.

The key factor documented by Defence SA in recommending the acceptance of the sole offer was that it incorporated supply and use of fill material excavated by the contractor as part of a contract with another government agency. It is acknowledged by Audit that using this fill not only had advantages in staging the contracted work but also avoided costs to the other agency in disposing of the excavated material and avoided costs and environmental impacts from quarrying new fill material.

In considering the contractor's offer Defence SA evaluated the offer against the requirements of the State Procurement Board Unsolicited Bids Policy. While this policy is not mandated for construction projects Defence SA proposes, and Audit accepts, that it provides relevant guidance.

Defence SA concluded the contractor's offer could be accepted within the framework of the Unsolicited Bids Policy. This position was based on the consideration of the offer's innovation and value, the contractor's ability to source the fill material which was a key input to the works, and the contractor's methodology for delivering the contracted works. Defence SA noted the methodology was used successfully by the contractor on the previous Techport Australia works.

While acknowledging the basis of Defence SA's explanations for contracting with a sole source contractor, the contractor's offer was an advanced bid for a known requirement that could be acquired in a competitive market.

Given the value of the contract and that competitive tendering is a main element of the Government's construction project implementation process, a competitive tender process should have been undertaken to demonstrate fairness and equity to the market and to test the market for value for money for the construction procurement.

Implications for government attention to international trade agreements

The Government has obligations under certain free trade agreements. For example, one such agreement is the Australia-United States Free Trade Agreement. This contract arrangement, particularly in respect of its value, falls under this trade agreement, which required a competitive tender process.

In response to this matter, Defence SA advised that the arrangements of the Australia-United State Free Trade Agreement were not specifically considered when determining its contracting strategy but it did not consider this project would have been of interest to foreign countries.

Non-compliance with Public Works Committee reporting requirements

Defence SA has, where relevant, reported to the Public Works Committee on proposed projects which are within the Committee's terms of reference. In considering the Defence SA projects the Committee has required Defence SA to provide quarterly reports to the Committee on the progress of works.

In 2008-09 the Defence SA internal audit identified that Defence SA had not provided quarterly reports to the Committee for the projects referred to the Committee. Audit follow up in 2009-10 identified that Defence SA had not provided the Committee with relevant quarterly reports. In response to this finding Defence SA advised procedures and standard documentation had been prepared to support the preparation of reports to the Committee and all required reports were provided for the quarter ended June 2010.

Authorised policies and procedures

In response to previous audit findings Defence SA engaged a policy writer to assist in preparing a finance policy and procedures manual. Audit follow up confirmed that the manual was completed and issued to staff during the year but noted the manual was not formally approved by the Chief Executive. Defence SA subsequently advised that the Chief Executive had now approved the manual.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements

	2010	2009
	$'million	$'million
EXPENSES		
Employee benefit expenses	**5**	4
Supplies and services	**10**	7
Depreciation and amortisation	**4**	-
Grants and subsidies	**7**	6
Total expenses	**26**	17

	2010 $'million	2009 $'million
INCOME		
Fees and charges	**3**	1
Net gain on asset disposal	**-**	2
Techport Australia recoveries	**1**	4
Property revenues	**3**	1
Other income	**1**	1
Total income	**8**	9
Net cost of providing services	**(18)**	(8)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT		
Revenues from SA Government	**23**	16
Payments to SA Government	**(8)**	(2)
Net result	**(3)**	6
OTHER COMPREHENSIVE INCOME		
Net gain on revaluation of land	**28**	-
Total comprehensive result	**25**	6
ASSETS		
Current assets	**21**	22
Non-current assets	**426**	319
Total assets	**447**	341
LIABILITIES		
Current liabilities	**3**	5
Non-current liabilities	**-**	1
Total liabilities	**3**	6
TOTAL EQUITY	**444**	335

Statement of Comprehensive Income

Income

Cabinet approved the transfer of the majority of the assets, land holdings and operational responsibilities of Technology Park to Defence SA effective 1 October 2009. This transfer contributed to an increase in property revenues of $2.2 million.

Fees and charges increased due to the Common User Facility priority access fee being charged for the full year.

Expenses

Supplies and services increased by $3.5 million reflecting the operations of the completed Common User Facility and the transfer of operational responsibility for Technology Park.

The Common User Facility became operational in December 2009 and as a result depreciation and amortisation expense increased by $3.6 million.

Statement of Financial Position

Defence SA's main assets are land, including land held for sale ($144 million) and harbour and port facilities ($237 million). The Common User Facility was transferred from work in progress during the year when it became operational.

Land, other than land held for sale, was revalued during the year which resulted in an asset revaluation increment of $27.5 million.

Defence SA received a capital contribution of $87 million which was recognised directly in equity and repaid $3 million following the sale of land that had been initially funded from contributed capital.

Statement of Cash Flows

The following table summarises the net cash flows for 2010 and 2009.

	2010	2009
	$'million	$'million
Net cash flows		
Operating	**5**	2
Investing	**(89)**	(129)
Financing	**84**	91
Change in cash	**-**	(36)
Cash at 30 June	**9**	9

Operating cash flows increased due to the transfer of Technology Park and the completion of the Common User Facility.

Expenditure on Defence SA projects and land purchases during the year are reflected in the cash used in investing activities.

The cash generated from financing activities reflects the net contributed capital inflow from the South Australian Government.

FURTHER COMMENTARY ON OPERATIONS

Techport Australia

In May 2005, the Australian Government announced the selection of ASC AWD Shipbuilder Pty Ltd as the preferred shipbuilder for the Navy's Air Warfare Destroyer project which has an estimated cost of up to $8 billion. The selection of the company was part of the Government's first pass approval of the Air Warfare Destroyer project.

The Government of South Australia established the Port Adelaide Maritime Corporation (abolished 31 August 2007) to deliver the State's commitments to the Air Warfare Destroyer project at the Techport Australia site at Osborne. This became the responsibility of Defence SA from 1 September 2007.

The Techport Australia facilities include:

- a Common User Facility
- Commercial and Education Precinct and Supplier Precinct, home to:
  - Maritime Skills Centre
  - Air Warfare Destroyer Systems Centre.

Common User Facility

The Common User Facility comprises a ship lift, transfer system and wharf. This infrastructure will enable ASC to build the air warfare destroyers and attract other shipbuilding opportunities to Techport Australia.

The Common User Facility was developed in a number of stages with practical completion reached in December 2009. The first stage incorporated the construction of a new wharf, installation of the ship lift and construction of a transfer runway and separate dry berths. Works included dredging the Port Adelaide River adjacent to the wharf and ship lift to create a berth basin and providing a transfer system to move ships and modules to and from the ship lift and around the site. The estimated cost of construction is $257 million.

The Common User Facility development was split into two components for contracting purposes:

- the appointment of a managing contractor
- design and construction of the ship lift and transfer system.

The runway, dry berth, wharf, administration building and services (gas, electricity and water) were completed in 2008-09. Load testing of the ship lift beams, dredging, installation and commissioning of the ship lift and transfer system were completed in 2009-10.

Total expenditure on the project to 30 June 2010 was $244 million. Further expenditure of $13 million is forecast for 2010-11 for additional works related to the ship transfer system, administration building and support facilities.

Supplier Precinct and Commercial and Education Precinct

The Supplier Precinct at Techport Australia accommodates naval shipbuilding and related defence businesses involved in supporting and supplying the air warfare destroyer construction program and other naval/defence projects.

The Commercial and Education Precinct houses the Maritime Skills Centre, the Air Warfare Destroyer Commercial Campus, commercial and retail buildings and car parking.

During 2009-10 the upgrade of infrastructure head works (roads, water, sewer and electricity) was effectively completed as was landscaping of Veitch Road west and directional signage for the precinct. Contract work on site preparation of Stage 3 and 4 of Techport Australia Supplier Precinct commenced in January 2009.

Total expenditure on the project to 30 June 2010 was $35 million. Further expenditure of $2 million is forecast for 2010-11.

Maritime Skills Centre

The Maritime Skills Centre is a training facility within the Commercial and Education Precinct which is used primarily to train and enhance the skills of the ASC workforce. Construction of the centre was completed in May 2008 and operational responsibility handed to ASC. A general manager has been appointed to oversee the ASC training program and promote third party use.

Techport Australia Commercial Campus

The Commercial Campus is home to the Air Warfare Destroyer Systems Centre and other office accommodation at Techport Australia.

The Systems Centre accommodates project management staff engaged in the design, delivery and commissioning of the air warfare destroyers and was developed by a private developer. Construction was completed in 2009-10.

Secure Electronic Common User Facility

Defence SA has established a Secure Electronic Common User Facility (SECUF) at Technology Park. The SECUF provides a multi-level, common use environment for the defence community in the integration of complex defence systems. The facility provides office and laboratory space to support advanced engineering and research activities including modelling and simulation.

Total expenditure on the project to 30 June 2010 was $5 million, primarily for modules to house the anchor tenants (Defence Systems Innovation Centre and Defence Systems Integration - Technical Advisory). Estimated expenditure of $4 million is forecast for 2010-11.

Northern Lefevre Peninsula master plan

Defence SA has prepared a master plan for the Northern Lefevre Peninsula that identifies the long-term infrastructure requirements to support a sustainable precinct and the operation of Techport Australia.

The master plan includes the consolidation of Government owned land holdings to develop sustainable industrial precincts and appropriate open space and buffers from established residential areas. To 30 June 2010 Defence SA has incurred expenditure of $49 million in land purchases from the Land Management Corporation and the Department for Environment and Heritage and related master planning activities. Proposed expenditure for 2010-11 is $6 million.

Osborne North Industrial Precinct

The Osborne North Industrial Precinct is adjacent to the Techport Australia Supplier Precinct. The precinct will provide serviced industrial allotments for sale to defence and other industries. Geotechnical site preparation work commenced in January 2009 and detailed planning and design of infrastructure upgrades (water, gas, sewer, electricity and roads) was undertaken during 2009-10. Proceeds from the sale of allotments are forecast to commence from 2011-12.

Total expenditure on the project to 30 June 2010 was $12 million. An estimated $18 million is forecast for 2010-11.

Technology Park

On 1 October 2009 Defence SA acquired assets at Technology Park from the Land Management Corporation at a cost of $44 million.

Statement of Comprehensive Income
for the year ended 30 June 2010

	Note	**2010** **$'000**	2009 $'000
EXPENSES:			
Employee benefit expenses	5	**4 642**	3 671
Supplies and services	6	**10 010**	6 527
Depreciation and amortisation	7	**3 886**	268
Grants and subsidies	8	**6 944**	5 873
Other expenses	9	**85**	157
Total expenses		**25 567**	16 496
INCOME:			
Revenues from fees and charges	11	**2 661**	594
Net gain on disposal of non-current assets	12	**-**	2 184
Techport Australia recoveries	13	**1 365**	4 381
Property revenues	14	**3 467**	1 230
Other income	15	**487**	518
Total income		**7 980**	8 907
NET COST OF PROVIDING SERVICES	29	**(17 587)**	(7 589)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:			
Revenues from SA Government	16	**23 240**	16 036
Payments to SA Government	16	**(8 415)**	(2 135)
NET RESULT		**(2 762)**	6 312
OTHER COMPREHENSIVE INCOME:			
Net gain on revaluation of land		**27 510**	-
TOTAL COMPREHENSIVE RESULT		**24 748**	6 312

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

Statement of Financial Position
as at 30 June 2010

	Note	2010 $'000	2009 $'000
CURRENT ASSETS:			
Cash	17	**8 983**	8 813
Receivables	18	**966**	3 781
		9 949	12 594
Land and buildings classified as held for sale	19	**11 341**	9 714
Total current assets		**21 290**	22 308
NON-CURRENT ASSETS:			
Land	20	**132 210**	83 721
Buildings and improvements, plant and equipment	20	**22 383**	5 299
Harbour and port facilities	20	**237 038**	-
Capital works in progress	21	**34 506**	229 507
Total non-current assets		**426 137**	318 527
Total assets		**447 427**	340 835
CURRENT LIABILITIES:			
Payables	22	**2 082**	4 805
Employee benefits	23	**678**	581
Other current liabilities	24	**21**	21
Total current liabilities		**2 781**	5 407
NON-CURRENT LIABILITIES			
Other non-current liabilities	24	**105**	126
Total non-current liabilities		**105**	126
Total liabilities		**2 886**	5 533
NET ASSETS		**444 541**	335 302
EQUITY:			
Contributed capital	25	**285 147**	200 656
Retained earnings*		**134 465**	134 646
Asset revaluation surplus		**24 929**	-
TOTAL EQUITY		**444 541**	335 302

* Includes $94.6 million of contributed equity received from the Port Adelaide Maritime Corporation following the establishment of Defence SA on 1 September 2007.

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 2010

	Contributed capital $'000	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2008	109 428	-	128 573	238 001
Error correction	-	-	(239)	(239)
Restated balance at 30 June 2008	109 428	-	128 334	237 762
Total comprehensive result for 2008-09	-	-	6 312	6 312
Transactions with SA Government as owner:				
Equity contribution received	100 339	-	-	100 339
Equity contribution repaid	(9 111)	-	-	(9 111)
Balance at 30 June 2009	200 656	-	134 646	335 302
Net result for 2009-10	-	-	(2 762)	(2 762)
Gain on revaluation of land during 2009-10	-	27 510	-	27 510
Total comprehensive result for 2009-10	-	27 510	(2 762)	24 748
Transactions with SA Government as owner:				
Equity contribution received	87 310	-	-	87 310
Equity contribution repaid	(2 819)	-	-	(2 819)
Revaluation surplus transferred to retained earnings on disposal of non-current asset	-	(2 581)	2 581	-
Balance at 30 June 2010	**285 147**	**24 929**	**134 465**	**444 541**

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

Statement of Cash Flows
for the year ended 30 June 2010

	Note	2010 Inflows (Outflows) $'000	2009 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Employee benefit payments		**(4 536)**	(3 513)
Payments for supplies and services		**(9 984)**	(6 647)
Payments of grants and subsidies		**(6 944)**	(5 872)
GST payments on purchases		**(10 256)**	(14 420)
GST paid to the ATO		**(760)**	(1 752)
Cash used in operations		**(32 480)**	(32 204)
CASH INFLOWS:			
Fees and charges		**2 438**	376
Techport Australia recoveries		**1 364**	4 345
Property revenues		**3 279**	1 279
GST receipts on receivables		**1 055**	1 767
GST recovered from the ATO		**13 020**	12 670
Deposits on sale of land		**15**	(412)
Other receipts		**992**	599
Cash generated from operations		**22 163**	20 624
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		**23 240**	16 036
Payments to SA Government		**(8 415)**	(2 135)
Cash generated from SA Government		**14 825**	13 901
Net cash provided by operating activities	29	**4 508**	2 321
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of land		**(26 847)**	(19 024)
Payments for property, plant and equipment		**(17 548)**	(1 202)
Payments for capital work in progress		**(49 834)**	(120 402)
Cash used in investing activities		**(94 229)**	(140 628)
CASH INFLOWS:			
Proceeds from sale of land		**5 400**	11 246
Cash generated from investing activities		**5 400**	11 246
Net cash used in investing activities		**(88 829)**	(129 382)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Capital contributions repaid to SA Government		**(2 819)**	(9 111)
Cash used in financing activities		**(2 819)**	(9 111)
CASH INFLOWS:			
Capital contributions from SA Government		**87 310**	100 339
Cash generated from financing activities		**87 310**	100 339
Net cash provided by financing activities		**84 491**	91 228
NET INCREASE (DECREASE) IN CASH		**170**	(35 833)
CASH AT 1 JULY		**8 813**	44 646
CASH AT 30 JUNE	17,29	**8 983**	8 813

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

(Activities - refer note 4)	1		2	
	2010	2009	**2010**	2009
EXPENSES :	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**3 086**	2 858	**1 556**	813
Supplies and services	**3 378**	4 469	**6 632**	2 058
Depreciation and amortisation	**118**	110	**3 768**	158
Grants and subsidies	**605**	684	**6 162**	2 637
Other expenses	**56**	37	**29**	120
Total expenses	**7 243**	8 158	**18 147**	5 786
INCOME:				
Revenues from fees and charges	**-**	-	**2 661**	594
Net gain from disposal of non-current assets	**-**	3	**-**	2 181
Techport Australia recoveries	**-**	-	**1 365**	4 381
Property revenues	**-**	-	**3 467**	1 230
Other income	**1**	169	**405**	240
Total income	**1**	172	**7 898**	8 626
NET (COST OF) SURPLUS FROM PROVISION OF SERVICES	**(7 242)**	(7 986)	**(10 249)**	2 840
REVENUES FROM SA GOVERNMENT:				
Revenues from SA Government	**23 240**	16 036	**-**	-
Payments to SA Government	**(8 415)**	(2 135)	**-**	-
NET RESULT	**7 583**	5 915	**(10 249)**	2 840

(Activities - refer note 4)	3		Total	
	2010	2009	**2010**	2009
EXPENSES :	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**-**	-	**4 642**	3 671
Supplies and services	**-**	-	**10 010**	6 527
Depreciation and amortisation	**-**	-	**3 886**	268
Grants and subsidies	**177**	2 552	**6 944**	5 873
Other expenses	**-**	-	**85**	157
Total expenses	**177**	2 552	**25 567**	16 496
INCOME:				
Revenues from fees and charges	**-**	-	**2 661**	594
Net gain from disposal of non-current assets	**-**	-	**-**	2 184
Techport Australia recoveries	**-**	-	**1 365**	4 381
Property revenues	**-**	-	**3 467**	1 230
Other income	**81**	109	**487**	518
Total income	**81**	109	**7 980**	8 907
NET (COST OF) SURPLUS FROM PROVISION OF SERVICES	**(96)**	(2 443)	**(17 587)**	(7 589)
REVENUES FROM SA GOVERNMENT:				
Revenues from SA Government	**-**	-	**23 240**	16 036
Payments to SA Government	**-**	-	**(8 415)**	(2 135)
NET RESULT	**(96)**	(2 443)	**(2 762)**	6 312

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2010

(Activities - refer note 4)	1		2	
	2010	2009	**2010**	2009
ASSETS :	**$'000**	$'000	**$'000**	$'000
Cash	**7 980**	7 810	**1 003**	1 003
Receivables	**78**	131	**872**	3 650
Land and buildings held for sale	**-**	-	**11 341**	9 714
Land	**-**	-	**132 210**	83 721
Buildings and improvements, plant and equipment	**683**	790	**21 700**	4 509
Harbour and port facilities	**-**	-	**237 038**	-
Capital works in progress	**-**	-	**34 506**	229 507
Total assets	**8 741**	8 731	**438 670**	332 104
LIABILITIES:				
Payables	**287**	590	**1 787**	4 206
Employee benefits	**644**	527	**34**	54
Other liabilities	**126**	147	**-**	-
Total liabilities	**1 057**	1 264	**1 821**	4 260
NET ASSETS	**7 684**	7 467	**436 849**	327 844

(Activities - refer note 4)	3		Total	
	2010	2009	**2010**	2009
ASSETS :	**$'000**	$'000	**$'000**	$'000
Cash	**-**	-	**8 983**	8 813
Receivables	**16**	-	**966**	3 781
Land and buildings held for sale	**-**	-	**11 341**	9 714
Land	**-**	-	**132 210**	83 721
Buildings and improvements, plant and equipment	**-**	-	**22 383**	5 299
Harbour and port facilities	**-**	-	**237 038**	-
Capital works in progress	**-**	-	**34 506**	229 507
Total assets	**16**	-	**447 427**	340 835
LIABILITIES:				
Payables	**8**	9	**2 082**	4 805
Employee benefits	**-**	-	**678**	581
Other liabilities	**-**	-	**126**	147
Total liabilities	**8**	9	**2 886**	5 533
NET ASSETS	**8**	(9)	**444 541**	335 302

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of Defence SA

Defence SA is South Australia's lead government agency for all defence-related matters. The agency's mission is to facilitate the development and growth of defence and defence industries in South Australia on a competitive and sustainable basis in accordance with South Australia's Strategic Plan.

To achieve this mission, the agency is focused on delivering the SA Government's commitments to the Air Warfare Destroyer (AWD) project, as well as capturing further defence work in the four defence sectors - maritime, land, aerospace and electronics and weapons systems.

1. Objectives of Defence SA (continued)

Defence SA is also striving to ensure the right climate exists for defence industry growth, and is working with a number of partners to deliver results for industry in the areas of workforce development and innovation, in particular.

2. Summary of significant accounting policies

(a) Statement of compliance

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

Except for AASB 2009-12, which Defence SA has early-adopted, AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by Defence SA for the reporting period ending 30 June 2010. These are outlined in note 3.

(b) Basis of preparation

The preparation of the financial statement requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying Defence SA'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 these financial statements:

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

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

  (c) employees whose normal remuneration is $100 000 or more (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

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

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

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

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

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

(c) Reporting entity

Defence SA is a government agency of the State of South Australia, established pursuant to the PSA. Defence SA is an administrative unit acting on behalf of the Crown and has no subsidiaries.

(d) Comparative information

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

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

(e) Rounding

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

(f) Project overheads

Defence SA adopts a full cost approach to the costing of its capital works. This method entails the allocation of a proportionate share of project specific overheads to all activities based upon a regime of cost drivers in accordance with AASB 116.

(g) Taxation

Defence SA is not subject to income tax. Defence SA is liable for payroll tax, FBT, GST and the emergency services levy. Defence SA is only liable for land tax on properties for which a contract for sale is held as at 30 June annually.

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

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

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

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

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

(h) Events after the end of the reporting period

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

(i) Income

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

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

The following are specific recognition criteria:

Fees and charges
Revenues from fees and charges are derived from the provision of goods and services to external entities. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Revenues from SA Government
Appropriations to fund activities are recognised as revenues when Defence SA obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of Defence SA and the appropriation is recorded as contributed equity.

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

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

Property revenues
Rental income is derived from property holdings and includes lease income and recoveries of tenant outgoings. Lease income is accounted for on a straight-line basis over the lease term.

Other income
Other income consists of recoveries of costs for work performed on behalf of external entities.

(j) Expenses

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

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

The 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 its nature.

The following are specific recognition criteria:

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

Superannuation
The amount charged to the Statement of Comprehensive Income represents the contributions made by Defence SA to several State Government and externally managed superannuation schemes in respect of current services of current Defence SA staff.

Depreciation and amortisation
All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is applied to leasehold improvements. Depreciation is applied to other tangible assets. Defence SA has no recognised intangible assets. Assets residual values, useful lives and depreciation/amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

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

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter. Land and non-current assets held for sale are not depreciated.

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

Class of asset	*Useful life (years)*
Harbour and port facilities	5-50
Buildings	40
Leasehold improvements	Life of lease
Plant and equipment	4-15
Furniture and fittings	3-10

Grants and subsidies
For contributions payable, the contribution will be recognised as a liability and expense when Defence SA has a present obligation to pay the contribution and the expense recognition criteria are met. All contributions paid by Defence SA have been unconditional.

Payments to SA Government
Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy and net profit on sale of non-current assets. These funds are paid directly to the Consolidated Account.

(k) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Defence SA has established 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, Defence SA has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

(l) Assets

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

(l) Assets (continued)

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

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

Cash

Cash in the Statement of Financial Position includes:

- Deposits with the Treasurer
- Cash held in escrow, held for a specific purpose, as described in note 17.

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

Cash is measured at nominal value.

Receivables

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

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

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

Capital works in progress

During the period work continued on the development of infrastructure to support the AWD construction program in accordance with the Infrastructure Assistance Agreement and other defence and industrial developments.

Defence SA engages in projects that include land acquisition, infrastructure development and ultimate disposal through sale or various leasing arrangements.

The accounting policy of capitalisation of project overheads attributable to capital works is disclosed in note 2(f).

Defence SA accounts for expenses associated with all capital projects as work in progress until the assets are installed and ready for use. On completion the assets are recognised in accordance with non-current asset acquisition and recognition (refer below).

Non-current assets held for sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale are presented separately from the other assets in the Statement of Financial Position.

Non-current asset acquisition and recognition

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

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

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

Complex assets are componentised when the asset's fair value at the time of acquisition is equal to or in excess of $5 million for infrastructure assets and $1 million for other assets.

Assets have been componentised where appropriate to recognise their unique nature and useful lives.

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

Every three years Defence SA revalues its land, buildings and leasehold improvements. However if at any time, management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last revaluation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value. During the year ended 30 June 2010 Defence SA has revalued its land only holdings.

Any revaluation increment is credited to the asset revaluation surplus, except to the extent that it reverses a revaluation decrease in the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the asset revaluation surplus to the extent of the credit balance existing in the revaluation surplus for that asset class.

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

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

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

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

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

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

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

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

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

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received, in accordance with TI 11.

Employee benefit on-costs include superannuation contributions and payroll tax in respect to outstanding liabilities for salaries and wages, long service leave and annual leave. Defence SA makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to these superannuation schemes.

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

Operating leases
Operating lease payments are recognised as an expense in the Statement of Comprehensive Income over the term of the lease.

Lease incentives
All incentives received for the agreement of a new or renewed operating lease are recognised as a liability. The aggregate benefits of lease incentives received by Defence SA in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight-line basis.

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

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

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

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

Long service leave
The majority of Defence SA employees are newly recruited to the SA Government and are employed on contracts with less than four years to expiry. The long service leave liability accrual has been calculated based on the actual leave accrual for those staff with an existing long service leave entitlement.

Defence SA does not have any unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after seven years of service.

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

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

When Defence SA expects some or all of the provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

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

(n) Workers compensation
Defence SA is responsible for payments of workers compensation claims. Defence SA has a service level agreement with the Public Sector Workforce Relations Division of DPC to undertake injury management and rehabilitation services in the event of a claim.

(o) Insurance
Defence SA has arranged, through SAFA, SAICORP Division, to insure all major risks of Defence SA. The excess payable under this arrangement is $5000 per claim.

Defence SA has arranged, with input from SAICORP, project specific professional indemnity, contractors, all risk and legal liability insurance policies applicable to the design and construction of the Common User Facility (CUF) at Techport Australia.

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

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Defence SA holds a number of performance guarantees in support of contractor performance. No value is assigned to these guarantees for financial statement purposes as they will only be called upon in the event that the contractor fails to fulfil their agreed contractual commitments.

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

3. New and revised accounting standards and policies
Defence SA did not voluntarily change any of its accounting policies during 2009-10. Except for AASB 2009-12, which Defence SA has early-adopted, the AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by Defence SA for the period ending 30 June 2010. Defence SA 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 Defence SA.

4. Activities of Defence SA

Activity information is prepared in accordance with the accounting policies of the entity as disclosed in note 2.

In achieving its objectives Defence SA provides a range of services classified into the following activities:

Activity 1: Defence industry development

This activity incorporates delivery of strategy and policy, which in conjunction with the Defence SA Advisory Board provides leadership across government on all defence-related matters.

It also includes targeted business development opportunities and the agency's administrative, financial and other operational services.

This activity seeks to support the growth of Defence and sustainable defence industries in South Australia - across the maritime, land, aerospace and electronics and weapons sectors.

Activity 2: Defence precincts

This activity incorporates Defence SA's development and project delivery business areas, including activities relating to Techport Australia, Technology Park, the Secure Electronic Common User Facility (SECUF) and the Northern Lefevre Peninsula Masterplan.

It also includes targeted industry development initiatives at Edinburgh Defence Precinct and supporting expanded use of Defence's Cultana Training Area and Woomera Test Range.

This activity seeks to ensure world-class infrastructure to support the growth of Defence and sustainable defence industries in South Australia.

Activity 3: Workforce development

This activity incorporates delivery of the State's workforce development commitments to the AWD project and integration of defence industry skills demand into whole-of-State workforce development planning and implementation initiatives.

This activity seeks to support South Australia in meeting the skill growth required to support Defence and defence industries, with particular focus on the immediate requirements of the AWD project.

This will be achieved through focused and innovative delivery of investment and skills attraction and development programs, appropriately integrated with whole of state workforce development efforts.

The disaggregated disclosures schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2009 and 30 June 2010.

5. Employee benefit expenses

	Note	2010 $'000	2009 $'000
Salaries and wages		4 302	3 609
Long service leave		81	10
Annual leave		398	290
Employment on-costs - superannuation		419	364
Employment on-costs - other		266	232
Advisory Board and Committee	28	287	296
Other employee related expenses		83	59
Total employee benefit expenses		5 836	4 860
Charged to capital projects		(1 194)	(1 189)
Total employee benefit expenses as per Statement of Comprehensive Income		4 642	3 671

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:	2010 Number	2009 Number
$100 000 - $109 999	2	4
$110 000 - $119 999	2	2
$120 000 - $129 999	3	1
$130 000 - $139 999	2	2
$140 000 - $149 999	4	1
$150 000 - $159 999	1	1
$170 000 - $179 999	1	1
$180 000 - $189 999	1	2
$190 000 - $199 999	2	1
$230 000 - $239 999	1	-
$240 000 - $249 999	1	1
$300 000 - $309 999	1	-
$320 000 - $329 999	-	1
$480 000 - $489 999	-	1
$490 000 - $499 999	1	-
Total	22	18

Remuneration of employees (continued)

The table includes all employees who received remuneration of $100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $3.848 million ($3.123 million).

6. Supplies and services

	2010	2009
Supplies and services provided by entities within the SA Government:	$'000	$'000
Accommodation and service costs	283	293
Legal fees to Crown Solicitor's Office	154	96
Provision of corporate services under SLAs	313	103
Insurance	65	16
Land tax refunded to Land Management Corporation	367	-
Security services	145	3
Other	125	170
Total supplies and services - SA Government entities	1 452	681
Supplies and services provided by entities external to the SA Government:		
Contractors	3 206	1 443
Consultants (refer below)	186	157
Legal fees	192	165
Staff development and recruitment	291	284
Travel and related expenses	367	380
Promotion and events	1 222	2 123
Property	1 705	658
Security services	388	69
Electricity	197	60
Other expenses	804	507
Total supplies and services - non-SA Government entities	8 558	5 846
Total supplies and services	10 010	6 527

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

Consultants

	2010		2009	
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	-	-	2	10
Between $10 000 and $50 000	3	80	3	82
Above $50 000	1	106	1	65
Total paid/payable to the consultants engaged	4	186	6	157

7. Depreciation and amortisation expense

		2010	2009
Depreciation:	Note	$'000	$'000
Buildings and improvements		475	140
Plant and equipment		50	35
Harbour and port facilities		3 249	-
Total depreciation		3 774	175
Amortisation:			
Leasehold improvements		112	93
Total amortisation		112	93
Total depreciation and amortisation		3 886	268

8. Grants and subsidies

		2010	2009
Grants and subsidies paid/payable to entities external to the SA Government:			
Defence Teaming Centre		605	670
ASC AWD Shipbuilder Pty Ltd		177	5 140
Defence Projects Pty Ltd and Techport Developments Pty Ltd		6 162	63
Total grants and subsidies - non-SA Government entities		6 944	5 873

9. Other expenses

	Note	2010	2009
Other expenses paid/payable to entities within the SA Government:			
Audit fees	10	55	37
Land tax and emergency services levy		40	44
Total other expenses - SA Government entities		95	81
Other expenses paid/payable to entities external to the SA Government:			
Bad debts and allowances for doubtful debts	18	(10)	76
Total other expenses - non-SA Government entities		(10)	76
Total other expenses		85	157

10. Auditor's remuneration

	2010 $'000	2009 $'000
Audit fees paid/payable to the Auditor-General's Department:		
Fees paid/payable for the current reporting period	55	37
Total audit fees	55	37

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

11. Revenues from fees and charges

Fees and charges received/receivable from entities external to the SA Government:		
CUF priority access fee	2 411	594
CUF other fees	28	-
Technology Park Conference Centre	222	-
Total fees and charges - non-SA Government entities	2 661	594

12. Net gain on disposal of non-current assets

Proceeds from disposal of land	5 400	11 246
Net book value of land disposed	(5 400)	(9 065)
Proceeds from disposal of plant and equipment	-	3
Total net gain from disposal of non-current assets	-	2 184

13. Techport Australia recoveries

Techport Australia recoveries received/receivable from entities within the SA Government:		
Techport Australia recoveries	69	-
Total Techport Australia recoveries - SA government entities	69	-
Techport Australia recoveries received/receivable from entities external to the SA Government:		
Commercial Campus recoveries*	-	3 263
Other Techport Australia recoveries	1 296	1 118
Total Techport Australia recoveries - non-SA government	1 296	4 381
Total Techport Australia recoveries	1 365	4 381

* Commercial Campus recoveries from the transfer of the Commercial Campus development to a private developer.

14. Property revenues

Property revenues received/receivable from entities external to the SA Government:		
Rental income and recoveries	3 467	1 230
Total property revenues	3 467	1 230

15. Other income

Other income received/receivable from entities within the SA Government:		
Transfers received - Land Management Corporation	253	-
Transfers received - Department of Further Education, Employment, Science and Technology	81	109
Other income	3	5
Total other income - SA Government entities	337	114
Other income received/receivable from entities external to the SA Government:		
Contribution to Army Presence in South Australia study	-	84
Contribution to Northern Lefevre Peninsula headworks design	27	229
Other recoveries	123	91
Total other income - non-SA Government entities	150	404
Total other income	487	518

16. Revenues from (payments to) SA Government

Revenues from SA Government:		
Appropriation from Consolidated Account pursuant to the *Appropriation Act*	23 201	16 000
Transfers received - DTF, contingencies	39	36
Total revenues from SA Government	23 240	16 036
Payments to SA Government:		
Return of surplus cash pursuant to the cash alignment policy	(5 834)	-
Other payments to the Consolidated Account*	(2 581)	(2 135)
Total payments to SA Government	(8 415)	(2 135)

* This amount represents the gain on revaluation realised at time of sale of non-current assets.

Total revenues from SA Government consists of $23.24 million ($16 million) for operational funding. For details on the expenditure associated with the operational funding received refer to notes 5 to 10. There was no material variation between the amount appropriated and the expenditure associated with this appropriation.

17. Cash

	2010	2009
	$'000	$'000
Deposits with the Treasurer	7 980	7 810
Cash held in escrow	1 003	1 003
Total cash	8 983	8 813

Deposits with the Treasurer

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

Interest rate risk

Exposure to interest rate risk may arise through interest bearing assets and liabilities. Deposits with the Treasurer and cash held in escrow are non-interest bearing. The carrying amount of cash represents net fair value.

Cash held in escrow

Cash held in escrow represents cash held for a specific purpose (land remediation) as per contract conditions. This cash is not available to fund other Defence SA activities.

18. Receivables

	2010	2009
Current:	$'000	$'000
Receivables	330	468
Allowance for doubtful debts	(10)	(76)
GST input tax recoverable	540	3 354
Prepayments	106	35
Total current receivables	966	3 781

Receivables are due from non-SA Government entities.

Movement in the allowance for doubtful debts

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

An allowance for impairment loss has been recognised in 'Other expenses' in the Statement of Comprehensive Income for specific debtors for which such evidence exists.

Movement in the allowance for doubtful debts (impairment loss):	2010	2009
	$'000	$'000
Carrying amount at 1 July	76	-
Increase in allowance	10	76
Amounts written off	(56)	-
Amounts recovered during the year	(20)	-
Carrying amount at 30 June	10	76

Interest rate and credit risk

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

Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand.

19. Land and buildings classified as held for sale

	2010	2009
	$'000	$'000
Carrying amount at 1 July	9 714	1 644
Additions	1 627	17 135
Disposals (sales)	-	(9 065)
Land and buildings held for sale at 30 June	11 341	9 714

The value of assets classified as held for sale represents Lefevre Peninsula and Technology Park assets identified for sale and likely to be settled within 12 months. Defence SA is undertaking remediation, development and sub-division of land parcels on the Lefevre Peninsula on a progressive basis. The value recorded represents the acquisition and development costs of the assets.

20. Property, plant and equipment

	2010	2009
Land:	$'000	$'000
Land only holdings at fair value	123 208	83 099
Site land at cost	9 002	622
Total land	132 210	83 721
Buildings and improvements:		
Buildings at cost	21 773	4 239
Accumulated depreciation at the end of the period	(601)	(140)
Total buildings	21 172	4 099

20. Property, plant and equipment (continued)

	2010	2009
	$'000	$'000
Leasehold improvements:		
Leasehold improvements at cost	866	866
Accumulated amortisation at the end of the period	(205)	(93)
Total leasehold improvements	661	773
Plant and equipment:		
Plant and equipment at cost (deemed fair value)	650	510
Accumulated depreciation at the end of the period	(100)	(83)
Total plant and equipment	550	427
Total buildings and improvements, plant and equipment	22 383	5 299
Harbour and port facilities		
Harbour and port facilities at cost (deemed fair value)	240 287	-
Accumulated depreciation at the end of the period	(3 249)	-
Total harbour and port facilities	237 038	-
Total property, plant and equipment	395 786	89 336
Total accumulated depreciation/amortisation at the end of the period	(4 155)	(316)
Total property, plant and equipment	391 631	89 020

Valuation of land

The valuation of land was performed by Savills (SA) Pty Ltd, an independent valuer as at 31 March 2010. The valuer arrived at fair value based on recent market transactions for similar land in the area taking into account zoning, restricted use and development work completed as at the valuation date.

Impairment

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

Reconciliation of property, plant and equipment

The following table shows the movement on property, plant and equipment during 2009-10.

	Land	Buildings	Leasehold improve-ments	Plant and equipment	Harbour and port facilities	Total assets
2009	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July	67 104	4 555	-	50	-	71 709
Additions	33 752	80	866	255	-	34 953
Assets reclassified to assets held for sale	(17 135)	-	-	-	-	(17 135)
Disposals	-	-	-	-	-	-
Expense of non-capital items*	-	(239)	-	-	-	(239)
Assets class transfers	-	(157)	-	157	-	-
Depreciation/amortisation	-	(140)	(93)	(35)	-	(268)
Carrying amount at 30 June	83 721	4 099	773	427	-	89 020
2010						
Carrying amount at 1 July	83 721	4 099	773	427	-	89 020
Additions	27 277	18 276	-	175	240 287	286 015
Assets reclassified to assets held for sale	(898)	(742)	-	-	-	(1 640)
Disposals	(5 400)	-	-	(11)	-	(5 411)
Revaluation increment	27 510	-	-	-	-	27 510
Assets class transfers	-	-	-	-	-	-
Depreciation/amortisation#	-	(461)	(112)	(41)	(3 249)	(3 863)
Carrying amount at 30 June	132 210	21 172	661	550	237 038	391 631

* Minor items of furniture, fittings and equipment included in the amount capitalised for Maritime Skills Centre construction as at 30 June 2008 which do not meet the Defence SA capitalisation policy.

\# Net movement in depreciation after adjusting for accumulated depreciation in assets disposed of and assets transferred to held for sale during the year.

21. Capital works in progress

	2010	2009
	$'000	$'000
The balance of capital works in progress as at the end of the reporting period	34 506	229 507

Capital works in progress includes:

- detailed planning and design and remediation and infrastructure headworks on development land
- planning, design and development work associated with CUF assets not yet completed
- detailed planning and design of the improvements associated with the SECUF.

Reconciliation of capital works in progress

The following table shows the movement of capital works in progress during 2009-10.

2009	Improvements to freehold land $'000	Harbour and port infrastructure $'000	Buildings $'000	Leasehold improvements $'000	Total capital works in progress $'000
Carrying amount at 1 July	13 469	123 178	104	-	136 751
Additions	21 016	85 577	-	1 756	108 349
Reclassified as property, plant and equipment	(14 727)	-	-	(866)	(15 593)
Leasehold improvements transferred from buildings*	-	-	(82)	82	-
Carrying amount at 30 June	19 758	208 755	22	972	229 507
2010					
Carrying amount at 1 July	19 758	208 755	22	972	229 507
Additions	8 292	35 055	3 292	-	46 639
Reclassified as property, plant and equipment	(430)	(241 163)	(47)	-	(241 640)
Leasehold improvements transferred to buildings**	-	-	972	(972)	-
Carrying amount at 30 June	27 620	2 647	4 239	-	34 506

* Leasehold improvements included in buildings in the 2007-08 capital works in progress reconciliation.

** Building being developed into the SECUF acquired during the financial year as part of the Technology Park acquisition.

22. Payables

	2010 $'000	2009 $'000
Current:		
Creditors and accrued expenses	1 950	4 697
Deposits on land sales	15	-
Employment on-costs	117	108
Total current payables	2 082	4 805
Government/non-government payables:		
Payables to SA Government entities:		
Creditors and accrued expenses	132	104
Employment on-costs	33	39
Total payables to other SA Government entities	165	143
Payables to non-SA Government entities:		
Creditors and accrued expenses	1 818	4 593
Deposits on land sales	15	-
Employment on-costs	84	69
Total payables to non-SA Government entities	1 917	4 662
Total payables	2 082	4 805

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.

(a) Maturity analysis of payables - refer note 30.
(b) Categorisation of financial instruments and risk exposure information - refer note 30.

23. Employee benefits

(a) Employee benefits

	Note	2010 $'000	2009 $'000
Current:			
Accrued salaries and wages		118	112
Annual leave		310	285
Short-term long service leave		250	184
Total current employee benefits		678	581
Total employee benefits		678	581

(b) Employee benefits and related on-costs

	Note	2010 $'000	2009 $'000
Accrued salaries and wages, annual leave and long service leave:			
On-costs included in payables	22	117	108
Provision for employee benefits	23(a)	678	581
Total accrued salaries and wages, annual leave and long service leave		795	689

As a result of an actuarial assessment performed by DTF the salary inflation rate has been revised down by 0.5 percent from the 2009 rate of 4 percent. The net financial effect of the change in the current financial year is a decrease in the total leave liability and employee benefit expense of $3000. The net financial effect of the change if adopted in a future year is not anticipated to be materially different.

24. Other liabilities

	2010	2009
	$'000	$'000
Current:		
Lease incentive	21	21
Total current other liabilities	21	21
Non-current other liabilities:		
Lease incentive	105	126
Total non-current other liabilities	105	126
Total other liabilities	126	147

Lease liabilities are due to non-SA Government entities and are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

25. Contributed capital

Contributed capital received represents equity contribution from the SA Government under Appropriation Acts to fund the investing activities of Defence SA. Contributed capital repaid represents the purchase price and cost of development of land sold during the year originally funded from contributed capital.

26. Unrecognised contractual commitments

Capital commitments

Capital expenditure contracted for, as at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:

	2010	2009
	$'000	$'000
Within one year	7 489	36 664
Later than one year but not longer than five years	3 481	5 835
Total capital commitments	10 970	42 499

Defence SA's capital commitments are to various contractors providing design and construction services for the CUF and Supplier Precinct at Techport Australia, Northern Lefevre Peninsula and the fit-out of the SECUF at Technology Park.

Operating commitments

Operating expenditure contracted for, as at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:

	2010	2009
	$'000	$'000
Within one year	1 566	1 436
Later than one year but not longer than five years	3 079	3 800
Later than five years	3 194	-
Total operating commitments	7 839	5 236

Defence SA's operating commitments reflect grant and fee for service contracts for defence industry development and specialist technical and engineering advice.

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:

	2010	2009
	$'000	$'000
Within one year	4 430	3 837
Later than one year but not longer than five years	5 078	5 260
Total remuneration commitments	9 508	9 097

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

27. Contingent assets and liabilities

Contingent assets to which no value can be assigned

Defence SA holds performance guarantees issued on behalf of a number of contractors which can be exercised in the event that the respective contractors fail to deliver in terms of their contractual arrangements.

Contingent liabilities to which a value can be assigned	2010	2009
	$'000	$'000
Contingent liability to which a value can be assigned	8 361	14 706
Total	8 361	14 706

Techport Australia Commercial Campus (Stage One)

Defence SA facilitated the private sector delivery of the Techport Australia Commercial Campus, pursuant to its commitments to the AWD project and development of Techport Australia as Australia's premier naval industry hub. Stage One development includes the AWD Alliance's AWD Systems Centre, Raytheon Australia's SA Engineering Centre, and supporting commercial and retail accommodation.

Techport Australia Commercial Campus (Stage One) (continued)

Related contractual commitments require Defence SA to accept novation of the residual lease period should ASC AWD Shipbuilder Pty Ltd elect to vacate the premises between December 2019 and expiration of its initial 10-year lease term in May 2020, which is considered unlikely.

Air Warfare Destroyer Project - workforce assistance

Defence SA's contractual commitments with the Commonwealth in support of the AWD project include reimbursement of eligible claimed costs incurred by the shipbuilder in attracting and maintaining its workforce, and reimbursement of a portion of the shipbuilder's payroll tax liability under certain terms and conditions.

Contingent liabilities to which no value can be assigned

Air Warfare Destroyer Project - Common User Facility

The State has entered into an agreement with the Commonwealth for the construction of a CUF at Osborne to support ASC AWD Shipbuilder Pty Ltd in the construction of three air warfare destroyers for the Royal Australian Navy. The agreement indemnifies the Commonwealth from any third party losses or damages arising from a failure by the State to complete the CUF in accordance with the agreed design and schedule or meet the agreed performance criteria. The likelihood of non-performance is considered remote, and the State's exposure is capped at $320 million.

28. Remuneration of Advisory Board and committee members and related party disclosure

Members of the Defence SA Advisory Board during the financial year were:

GEN P Cosgrove, AC, MC
Hon M Rann, MP *
Hon K Foley, MP *
Professor Hon K Beazley, AC (ceased 31 December 2009)
Dr I Chessell
AIRMSHL L Fisher, AO
A Fletcher **
M Kinnaird, AC (ceased 31 August 2009)
B Laughton
LTGEN P Leahy AC
RADM T Ruting, AM, CSC, RANR
VADM (Rtd) D Shackleton, AO (ceased 26 April 2010)
Dr J White (appointed 1 September 2009)

Members of the Audit and Risk Management Committee during the financial year were:

A Blaskett (independent member) **
D Hall (appointed 7 September 2009) **
B Laughton (independent member)
C McSporran **
M Mitchell ** (ceased 25 September 2009)
P Robertson (independent member)

	2010 Number	2009 Number
The number of members whose remuneration received or receivable falls within the following bands is:		
$1 - $9 999	2	3
$10 000 - $19 999	1	1
$20 000 - $29 999	2	1
$30 000 - $39 999	5	6
$40 000 - $49 999	-	-
$50 000 - $59 999	-	-
$60 000 - $69 999	1	1
	11	12

Remuneration of members reflects all costs of performing board member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. Total remuneration received, or due and receivable, by board and committee members was $287 000 ($320 000), plus Defence SA compulsory superannuation contributions of $25 000 ($24 000). Other expenses of Advisory Board members were $159 000 ($203 000).

* The Premier and Deputy Premier did not receive any remuneration for board/committee duties during the period.

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

Unless otherwise disclosed, transactions between related parties 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.

RADM T Ruting CSC RANR also provided services to Defence SA on a contract basis. Total contractual payments for the period were $25 504.

Dr I Chessell is Chairman of QinetiQ Australia. A related entity, QinetiQ Consulting Pty Ltd was engaged via a tender process to undertake a review of the draft management plans for the CUF.

29. Cash flow reconciliation

Reconciliation of cash - cash at 30 June as per:	Note	2010 $'000	2009 $'000
Statement of Financial Position		8 983	8 813
Statement of Cash Flows		8 983	8 813

Reconciliation of net cash provided by operating activities to net (cost) surplus from provision of services:	Note	2010 $'000	2009 $'000
Net cash provided by operating activities		4 508	2 321
Revenues from SA Government	16	(23 240)	(16 036)
Payments to SA Government	16	8 415	2 135
Non-cash items:			
Depreciation and amortisation expense of non-current assets	7	(3 886)	(268)
Gain on sale of non-current assets	12	-	2 184
Non-current assets accrual in payables		(3 195)	(12 922)
Investing expense reclassified		(21)	-
Movement in assets/liabilities:			
(Decrease) Increase in receivables	18	(2 815)	490
Decrease in payables	22	2 723	14 799
Increase in employee benefits	23	(97)	(145)
Decrease (Increase) in other liabilities	24	21	(147)
Net cost from provision of services for operating activities		(17 587)	(7 589)

30. Financial instruments/financial risk management

Categorisation of financial instruments

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

Category of financial assets and financial liabilities	Note	2010 Carrying amount $'000	2009 Carrying amount $'000
Financial assets:			
Cash	17,29	8 983	8 813
Receivables (at cost)[(1)]	18	426	427
Financial liabilities:			
Payables (at cost)[(1)]	22	1 476	4 354

(1) Receivable and payable amounts disclosed here exclude amounts relating to GST receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, commonwealth tax etc they would be excluded from the disclosure. The standard defines contracts as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost) except for employee on-costs which are determined via reference to the employee benefit liability to which they relate.

Fair Value

Defence SA does not recognise any financial assets or financial liabilities at fair value (refer note 2 and notes 17, 18, 22, 24, 29).

Credit risk

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

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

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Defence SA currently holds collateral of $10 000 ($nil) as security for its financial assets. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to note 18 for information on the allowance for the impairment in relation to receivables.

Ageing analysis of financial assets past due including impaired assets

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

Ageing analysis of financial assets	Past due by			
2010	Overdue for less than 30 days $'000	Overdue for 30-60 days $'000	Overdue for more than 60 days $'000	Total $'000
Not impaired:				
Receivables*	20	-	5	25
Impaired:				
Receivables*	-	-	9	9

Ageing analysis of financial assets (continued)	Past due by			
2009	Overdue for less than 30 days $'000	Overdue for 30-60 days $'000	Overdue for more than 60 days $'000	Total $'000
Not impaired:				
Receivables*	-	-	-	-
Impaired:				
Receivables*	-	-	127	127

* Amount of receivables disclosed here excludes statutory receivables (amounts owing from/to) SA Government and GST input tax credit payable and recoverable). They are carried at cost.

Maturity analysis of financial assets and liabilities
All Defence SA financial assets and liabilities mature within one year.

Liquidity risk
Defence SA is funded principally from appropriations by the SA Government. Defence SA works with DTF to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The continued existence of Defence SA is dependent on SA Government policy and on continuing appropriations by Parliament for the administration and programs of Defence SA. Defence SA settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The exposure of Defence SA to liquidity risk is insignificant based on past experience and current assessment of risk.

Market risk
Defence SA has no interest bearing assets or liabilities. There is no exposure to foreign currency or other price risks as all significant contracts are in Australian dollars.

Sensitivity analysis disclosure
A sensitivity analysis has not been undertaken for interest rate risk given the immaterial exposure.

31. Events after the reporting period
The are no reportable events after the reporting period.

DEPARTMENT OF EDUCATION AND CHILDREN'S SERVICES

FUNCTIONAL RESPONSIBILITY

Establishment

The Department of Education and Children's Services (the Department) is an administrative unit established pursuant to the PSA, and is responsible to the Minister for Education.

Functions

The Department's main function is to establish and operate government schools that provide preschool, primary and secondary education.

The Department also administers certain activities on behalf of the Minister for Education. The principal administered activity is the payment of the State and Commonwealth Government contributions to non-government schools. For more information about the Department's functions refer to note 1 to the financial statements.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

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

Assessment of controls

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

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

Scope of audit

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

During 2009-10, specific areas of audit attention included:

- revenue
- expenditure and accounts payable
- employee housing subsidies
- maintenance of school buildings
- capital works
- payroll
- grants to non-government organisations.

An understanding of internal audit activities has been obtained in order to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures. Use has been made of the work performed by internal audit in the following areas:

- audit of school enrolment data used to determine the amount of funding provided to each government school

- audit of government schools performed by contractors appointed, managed and monitored by the Department's internal auditor.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Education and Children's Services as at 30 June 2010, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Department of Education and Children's Services in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to revenue, payroll, accounts payable, school maintenance, employee housing subsidies, non-government grants, general ledger processing and implementation of TIs 2 and 28 as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Department of Education and Children's Services have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive, Department of Education and Children's Services and the Executive Director, Shared Services SA (SSSA). Responses to the management letters were generally considered to be satisfactory. Major matters raised with the Department and SSSA and the related responses are detailed below.

Revenue

Variation to service expectations

Responsibility for revenue processing was transferred to SSSA on 21 July 2008. The services that SSSA are expected to perform are outlined in a service level determination, 'Finance Services – Accounts Receivable' service summary and accompanying operating level responsibilities documents. These service expectations were agreed to by both agencies in July 2008.

The service summary and supporting operating level responsibilities specifies that SSSA must review outstanding invoices and conduct first level debt management tasks, ie follow up overdue invoices with debtors.

Audit noted that the International Education Services unit (IES) performs first level debt management tasks for IES debtors. However, this variation was not approved by the Deputy Chief Executive, Resources and Executive Director, SSSA as required by clause 9.5 of the service level determination.

Audit recommended that the Department and SSSA clarify these service expectations and ensure that any amendments to the service summary are approved in accordance with the service level determination.

In response the Department advised they will review this matter with SSSA with the objective of agreeing a service variation.

Authority to raise invoices/credit notes

Invoices and credit notes are raised on submission to SSSA of an authorised 'Invoice/Credit Note/Debit Note Request form'.

Audit noted that the Department's financial delegations do not specify who may authorise invoices/credit notes.

TI 2 requires chief executives to establish authorisations that empower authorised persons to approve income recognition and derecognition.

Audit recommended the Department's financial delegations be amended to include authority to raise invoices/credit notes.

In response the Department advised they will update their financial delegations for the raising of invoices and credit notes.

Merchant facilities – eCommerce data security compliance

DTF is the holder of the whole-of-government contract for merchant facilities with the Australia and New Zealand Banking Group (ANZ). ANZ is the appointed preferred supplier and the Department uses merchant facilities under this contract. To maintain merchant services the Department must comply with the global payment card industry (PCI) compliance requirements to protect cardholder data.

In July 2009 the ANZ wrote to DTF outlining specific PCI security and evidence requirements that DTF and agencies had to fulfil to maintain their merchant status. In February-March 2010 Audit conducted a high level PCI compliance assessment involving DTF and selected agencies, which included the Department.

The review concluded that the Department needed to include a compliance statement in contractual arrangements between the Department and any third party PCI providers, ensuring that the service provider is complying with PCI standards. Audit also recommended that the Department evaluate the progress of their PCI remediation and if required formally liaise with the ANZ and/or DTF to have the original nominated remediation dates extended. The final recommendation was for the Department to document the paper based merchant transaction process to ensure that the process was consistently applied.

In response the Department advised these matters were being addressed.

Recharge for Teaching Practicum program

The Department pays teachers an allowance for supervising university students undertaking the Teaching Practicum program and recovers the cost of the allowances and related on-costs from universities. No formal agreement is in place documenting the terms and conditions of this arrangement.

The allowance arises out of the Teachers (DECS) Award. An increase in the allowance was granted by the Industrial Relations Commission of South Australia in March 2006. The universities have disputed the increase on the basis they were not involved in the enterprise bargaining proceedings before the Industrial Relations Commission of South Australia.

The universities have either not paid any charges raised by the Department since March 2006 or have paid amounts calculated using rates which reflect the Department's pre-March 2006 costs.

Audit noted that the Department has been negotiating with the universities to establish formal arrangements and settle outstanding amounts. A draft agreement was prepared in 2008, covering the period 1 January 2009 to 31 December 2011, but was not executed as at 2 June 2010.

Amounts unpaid by the three universities totalled $3.1 million as at 2 June 2010.

In response the Department advised action it had taken to resolve this matter with the universities by negotiation.

Shared facilities utility costs

In 1988, the Minister for Education and Children's Services entered into an agreement with two parties to construct shared facilities by 31 December 1992 at Golden Grove High School. The agreement provided that following construction the parties were to enter into an agreement relating to the use of the shared facilities for a period of not less than 25 years from the date upon which the construction was completed.

Audit noted that a joint use agreement for the shared facilities has never been formally executed despite the facilities having been used jointly for over 10 years.

A draft joint use agreement was prepared in 2008, revised in 2009, but has yet to be executed. Audit understands that a dispute has arisen between the parties over the payment of utility costs incurred prior to the preparation of the draft agreement.

The total amount claimed by the Department from parties which remained unpaid as at 2 June 2010 was $894 287.

In response the Department advised of action it has taken to resolve this matter with the parties by negotiation.

Payroll

Processing changes to Valeo

In prior years Audit noted that the Department's checking procedures did not provide assurance that all changes processed were checked for validity and accuracy.

In July 2008 Audit recommended that the Department either:

- produce an output report of all changes processed by pay clerks which is subject to verification by another pay clerk against selected source documents, or

- establish a computer system control which requires pay clerks to verify and accept data processed on-line by another pay clerk.

In August 2008 the Department advised a new system output report would be developed and used to verify the validity and accuracy of processing to Valeo.

Responsibility for payroll processing for Department employees was transferred to SSSA on 13 October 2008.

Last year Audit noted that the system output report had not been developed and implemented. In response SSSA advised it was liaising with the Department on the implementation of the system output report and that testing of this report was expected to be completed by 31 July 2009.

Audit review in 2009-10 revealed the new system output report, 'Audit Transaction Report', was developed and tested in one payroll team. However, SSSA had not finalised an approach to implementing the report for all payroll teams.

In response SSSA advised it was in the process of implementing the report for use by all payroll teams and that this is expected to be completed by 1 September 2010.

Authenticating input forms

In prior years Audit identified that pay clerks do not ensure that payroll input forms are approved by an officer with delegated authority and has previously recommended that the Department:

- establish controls to authenticate the identity of officers approving changes to employees' payroll and leave files

- consider implementing electronic forms and approvals.

Review of controls in place following the transition to SSSA concluded that pay clerks continue to process payroll input forms without authenticating the identity of the officer approving changes to employee payroll and leave files.

While the implementation of the Vacancy, Separation and Placement system in 2008-09 has partly addressed concerns over the validity of new appointments, higher duties and increases in time worked, SSSA pay clerks continue to process claims, allowances and leave applications without checking approval.

In 2009-10 Audit noted the Department was developing a web based portal system that will provide a facility for on-line submission of leave, claim and allowance applications and electronic authorisation by a site manager.

However, this system is not due for implementation in the next 12 months.

In response the Department advised it was developing a business case for implementation of the system across the Department in conjunction with SSSA. Subject to funding, the Department expects implementation of the system could be achieved within three to six months.

Outstanding bona fide reports

Department site managers are required to review and certify the completeness and accuracy of fortnightly bona fide reports (BFRs). This certification provides the Department with assurance that only valid employees are paid and that employees are paid in accordance with the terms of their appointment.

To monitor compliance with this policy, the Department requires site managers to return the certified BFRs to the Department's Employment Services Unit (ESU) for six specified fortnightly pay periods. The specified pay periods represent the Department's assessment of the dates at which errors are most likely to occur.

Audit noted that about 34 percent of BFRs (2081/6145) were outstanding as at 12 March 2010.

Audit recommended that the Department remind site managers of the requirement to check and return specified BFRs and follow up the outstanding BFRs.

In July 2010 the Department advised that the ESU have followed up the outstanding BFRs and that, as at 9 June 2010, only 13 percent of BFRs remained outstanding.

Electronic reporting of bona fide reports

As noted, site managers are required to certify the completeness and accuracy of fortnightly BFRs. To monitor compliance with this policy, the Department requires site managers to return certified BFRs to the ESU for six specified fortnightly pay periods.

While Audit acknowledged that these six specified pay periods represent the Department's assessment of the dates at which errors are most likely to occur, implementation of this policy means that compliance with it is only checked for 23 percent (6/26) of all BFRs issued.

Audit has previously recommended the use of electronic BFRs which could be reviewed and certified by site managers and returned to the ESU. The use of electronic BFRs could support a 100 percent check of compliance with Department policy.

In 2009-10 Audit noted the Department developed an electronic BFR system that enables on-line review and certification of BFRs by site managers. The system was tested at pilot sites and the Department was considering the implementation of the system across all sites (with the exception of sites without appropriate IT hardware) during Term 2 in 2010.

Audit was advised the Department had yet to consider the extent to which ESU monitoring of BFRs will occur once the new electronic BFR system is fully implemented, ie whether monitoring would continue to be only in respect of the six identified pay periods or extended to cover all pay periods.

In response the Department advised the electronic BFR system was fully implemented in May 2010. A post-implementation review is scheduled for November 2010, which will consider the feasibility of increasing the frequency of monitoring site compliance with Department policy.

Outstanding monthly leave returns and flexi sheets

Site managers are required to submit to the ESU:

- monthly leave returns (MLRs) for all staff located at schools, pre-schools, child parent centres and kindergartens (school sites)
- an approved monthly flexitime record sheet (flexi sheet) for staff located at non-school sites that are on flexible working time arrangements.

The submission of MLRs or monthly flexi sheets enables a comparison with leave recorded in the Valeo payroll system which provides:

- assurance that all leave taken by employees has been deducted from their leave entitlement
- site managers with reliable leave information to support their approval of future leave applications.

The ESU maintains a register of outstanding MLRs and flexi sheets.

Audit noted that as at 12 March 2010:

- approximately 32 percent of all MLRs and flexi sheets due in 2009-10 remained outstanding
- 9 percent of MLRs due for the period 1 January 2009 to 30 June 2009 remained outstanding or uncorrected.

These statistics are consistent with those identified in past years.

Audit also noted the Department developed an electronic MLR system that enables on-line review and certification of MLRs by site managers. The system was tested at pilot sites and the Department was considering the implementation of the system across all sites (with the exception of sites without appropriate IT hardware) during Term 2 in 2010.

In response to the audit finding regarding outstanding MLRs the Department advised it had made a significant effort to obtain and process the outstanding MLRs and that, as at 9 June 2010, 28.6 percent remained outstanding.

The Department also advised the electronic MLR system was fully implemented in May 2010. The system provides:

- escalation reminders for all site managers and nominated site administration staff each month regarding their responsibilities to certify MLRs
- final escalation emails to Regional Directors where schools have not certified their MLRs within specified timeframes.

Salary overpayments

A fortnightly salaries overpayment spreadsheet was established by SSSA to record and monitor action taken to recover salary overpayments.

Audit noted that as at March 2010, the spreadsheet did not record action taken to recover 35 percent of salary overpayments (289 of 820 cases). It is acknowledged that this finding may reflect a failure to record action which was taken.

While acknowledging the incomplete nature of the spreadsheet means the statistics reported are not accurate, Audit was advised that action to recover salary overpayments had not been monitored since September 2009.

In response SSSA advised:

- the salary overpayments spreadsheet has been brought up to date and operational team leaders will check the spreadsheet on a fortnightly basis to ensure the record is accurate
- operational team leaders will monitor recovery action on a fortnightly basis
- failure to maintain the spreadsheet had not affected the recovery of salary overpayments.

Accounts payable

Authentication of payment approval and use of specimen signatures

The Department's account client services officers are required to check that invoices are valid and approved for payment in accordance with the Department's financial delegations before submitting invoices to SSSA for processing. SSSA is also required to check that invoices are signed by authorised officers prior to processing for payment.

Last year Audit noted Department client services officers and SSSA do not authenticate the signature of the officer approving invoices.

In response the Department advised:

- details of authorised officers, including their limits and specimen signatures, would be collected to enable checking of payment authorisation
- authorised officer information would be made available to SSSA to enable review prior to processing
- the use of electronic systems would be investigated as part of eProcurement implementation by SSSA in 2010.

The Audit review in 2009-10 noted the Department did not complete the record of specimen signatures because it planned to implement eProcurement in July 2010. The Department's planned course of action did not occur and Audit were advised implementing eProcurement was not planned until January 2011. Audit recommended the Department complete the record specimen signatures for use as an interim control measure until eProcurement is implemented.

The Department advised it will complete the collection of specimen signatures by 30 October 2010.

School maintenance

Development and documentation of a service level agreement with Department for Transport, Energy and Infrastructure

The Department for Transport, Energy and Infrastructure (DTEI) provides the Department with facilities management services pursuant to a Service Level Agreement (SLA) between the former Department of Education, Training and Employment and the former Department for Administrative and Information Services. The SLA does not detail the specific tasks, roles and responsibilities of both the Department (including school sites) and DTEI.

Last year Audit recommended that the Department liaise with DTEI to develop and document an SLA and detailed service summary for DTEI's provision of facilities management services.

In response the Department advised that it has prepared a draft SLA and intended finalising the agreement before the start of the 2010 school year. It also indicated the new agreement would include the specific tasks, roles and responsibilities of DTEI, the Department and sites.

In June 2010 Audit noted the new SLA was still in development and the Department had yet to reach agreement with DTEI.

In response the Department advised across-government facilities management agreements (AGFMA) are currently under review and as such the Department and DTEI have placed the development and implementation of an SLA on hold. The Department will liaise with DTEI to develop, document and execute an appropriate SLA when all roles, responsibilities and services have been confirmed to ensure the SLA will reflect the expected service delivery of facilities management services.

Certification of school maintenance charges (metropolitan sites)

Breakdown maintenance on schools is performed by various trades under contract with DTEI's contracted facilities managers.

Maintenance contractors are required to provide schools with a customer service report on completion of work and schools are expected to review and certify the accuracy of the customer service report which specifies the labour hours claimed and materials used.

Contractor invoices are paid by DTEI's facilities manager, who recharges DTEI for this work. DTEI then recharges the Department for payments to contractors.

For maintenance on metropolitan schools, the details of completed maintenance work are recorded by the facilities manager on DTEI's fixed asset management information system (FAMIS) prior to payment.

Information recorded on FAMIS includes the labour hours claimed and materials used.

Prior to payment by DTEI's facilities managers, schools are expected to review the recorded maintenance charge against the customer service report and, if appropriate, approve the validity of maintenance charges recorded on FAMIS. Site approval represents the facilities manager's authorisation to pay the contractor.

Undisputed charges that are not approved within 10 days are automatically paid by the facilities manager.

The schools' review of information recorded in FAMIS provides the Department with assurance that it is only recharged for actual breakdown maintenance performed (including actual hours worked and materials used).

Last year Audit noted that schools had only actively reviewed and approved about 53 percent ($22 million) of school maintenance charges as at 30 April 2009. The remaining 47 percent or $19.6 million of school maintenance charges were paid by the facilities manager, and therefore the Department, without assurance that the invoice accurately reflected actual work performed.

Audit recommended that the Department remind schools of their responsibility to review and approve payments recorded in FAMIS.

In response the Department advised that the risk arising from the audit finding was assessed as low and that reminders will be forwarded to principals and preschool directors at the start of each school year.

Audit noted that the Department issued a reminder to schools in January 2010 of their responsibility to review and approved payments in FAMIS. However, as at 30 June 2010 schools had only actively reviewed and approved approximately 52 percent ($28.7 million) of school maintenance charges.

Audit recommended the Department consider using FAMIS to identify sites that consistently fail to check and approve maintenance charges recorded in FAMIS and take steps to require this review.

In response the Department advised that sites are reminded of their responsibility to action the review and approval process on a six-monthly basis via the 'Welcome Back Pack' publication in January and a mid-year communication via the 'InfoConnect' publication. The Department will increase the frequency of communication to sites via the 'InfoConnect' publication to a term by term basis.

DTEI audit of charges

School breakdown maintenance is invoiced by contractors using rates agreed between the contractor and the facilities manager. In most instances the school is unable to validate the rates charged by contractors.

To ensure schools are charged in accordance with agreed rates, DTEI audits school maintenance charges.

Last year Audit noted that the Department was not regularly advised of the scope and outcome of DTEI audits, with the most recent report received from DTEI in September 2008 summarising the outcomes of DTEI's review of maintenance charges for the period 1 July 2006 to 14 March 2007.

Audit recommended that, when developing an SLA and accompanying service level summary for DTEI's provision of facilities management services, the Department consider inclusion of a requirement for regular DTEI reporting on the scope and outcome of DTEI's review of maintenance charges.

In response the Department advised it would negotiate with DTEI to provide quarterly reports on the scope and outcome of audits of school maintenance charges commencing immediately.

Audit noted that no audit reports had been received from DTEI during 2009-10.

In response the Department advised that as part of the development of an updated across-government facilities management agreements SLA the Department will include a requirement for DTEI to provide regular reporting on the audit of maintenance charges to ensure sites are charged in accordance with agreed contract rates.

School warranty log registers

Schools are required to record warranty periods and expiry dates for goods and services in a warranty log register. The registers are to be used as a quick reference before ordering maintenance work, so that work can be performed under warranty if this is still current, and at no cost. A template warranty log register is available on the Department's website for school use.

Audit review of a sample of schools revealed schools did not maintain a warranty log register.

Audit recommended the Department remind schools to document and maintain a warranty log register.

In response the Department advised it will remind sites in September 2010 of their responsibility in relation to maintaining an accurate warranty log register. Thereafter sites will be reminded of this responsibility via the InfoConnect publication on a term by term basis.

Employee housing subsidies

DTEI provides approved Department employees with subsidised government housing in regional South Australia. Determination of an employee's eligibility for government housing is the Department's responsibility. Each month DTEI invoices the Department for the rental subsidy provided to Department employees. The value of the subsidy is calculated as the difference between DTEI's rent for each tenanted property and the value of rent charged to Department employees.

Eligibility of Department employees

The Employee Accommodation policy outlines the Department's eligibility criteria for subsidised government housing and allocation procedures for housing accommodation. The policy specifies that employees are ineligible for subsidised government housing if:

- they are not on active service and do not hold a substantive position in a given location
- they have lived in a town/region for greater than 10 years as they are considered 'local'
- they, their spouses or dependents, or a company of which they are beneficiaries, own accommodation within a specified distance from their work location.

Audit noted the Department does not require employees to regularly reconfirm their eligibility and has not implemented procedures to confirm employees' ongoing eligibility to government housing.

In response the Department advised it will implement procedures for confirming ongoing eligibility for subsidised government housing, including developing a report that would identify inactive employees occupying a government house.

Approval of applications

Audit noted that the Department's financial delegations did not provide for the approval of applications for government housing.

In response the Department advised it would develop appropriate delegations for the Chief Executive's approval.

Validity and accuracy of DTEI charges

Each month DTEI charges the Department for the rental subsidy provided to Department employees and a vacancy charge for all vacant housing held for use by Departmental employees. At times DTEI also charges the Department for repairs and maintenance.

Audit noted that the Department does not check that:

- it is only charged rental subsidies for valid and approved Departmental employees
- DTEI has accurately calculated the value of the monthly rental subsidy
- monthly vacancy charges are valid and calculated in accordance with the DTEI policy on employee housing.

Audit also noted that the charging for repairs and maintenance appears inconsistent with DTEI's Employee Housing policy on charges to client agencies, which indicates that rent includes a portion of each of DTEI's major housing cost drivers, including repairs and maintenance.

These matters were reported to the Department and in response the Department advised it will:

- liaise with DTEI to clarify the nature of repairs and maintenance charges
- regularly review DTEI rental subsidies, vacancies and repair and maintenance charges.

Non-government grant payments

During 2009-10 the Department planned to pay approximately $1.2 million in grants to non-government entities for multicultural education on behalf of the Minister for Education. Funding of approximately $620 000 is provided by the Commonwealth and funding of approximately $536 000 is provided by the State Government.

Audit noted that state government grants are not provided subject to a signed agreement between the Minister and the relevant non-government entity administering the school.

Development and documentation of a grant agreement would reduce the risk that the Department and the relevant school are unaware of the grant terms and conditions including:

- the purpose of the grants
- a school's obligation to provide financial information, including annual audited financial statements
- the requirement to acquit needs based funding, where applicable.

Audit recommended that the Department, on behalf of the Minister, develop and document funding agreements with grant recipients.

In response the Department advised a memorandum of understanding has been drafted for consultation and review by the Ethnic Schools Board and the Crown. Once the review has been completed, information sessions will be held with the various ethnic schools to ensure a full understanding of the conditions of the grant funding and ramifications of non-compliance. The newly developed memorandum of understanding will be implemented at the time of the first instalment of the 2010-11 financial year grants, due to be paid in October 2010.

General ledger processing

Bank reconciliations

Audit noted SSSA's monthly reconciliation of the Department's operating and salaries bank accounts to the general ledger included a number of reconciling items dating back to July 2004.

Audit recommended that SSSA, together with the Department, investigate and resolve all outstanding reconciling items.

In response SSSA advised it is working with the Department to clear all outstanding items by 30 June 2010.

Reconciliations performed by International Education Services

The International Education Services (IES) unit is responsible for managing the Department's overseas student programs. These programs include tuition courses, tailored study tours for overseas students and arranging rental accommodation for overseas students.

To support these activities the IES maintains a number of databases which record:

- receipts from overseas students, schools and study tour groups
- payments to schools, agents and suppliers.

Each month IES reconcile the balance of receipts and payments recorded in the databases to the balances recorded in the general ledger.

In March 2009 Audit noted that the reconciliations performed for November 2008 included a number of unexplained reconciling items dating back to July 2005.

Audit recommended that the Department investigate and resolve the unexplained variances.

In response the Department advised it had contracted a private accounting firm to assist IES resolve all outstanding reconciling items.

In April 2010 Audit noted that the reconciliations performed for February 2010 continued to include a number of unexplained reconciling items dating back to July 2005.

Audit was advised that July 2005 to June 2007 reconciling items had been investigated and the Department was considering action regarding these items. However, items after June 2007 remain unexplained and unresolved.

Audit recommended that the Department investigate and resolve the unexplained variances for reconciling items after June 2007.

In response the Department advised it would investigate and determine corrective action regarding outstanding reconciling items.

Reconciliation of Self Insurance Management system

Income maintenance and medical payments for workers compensation claims are recorded in the Self Insurance Management System (SIMS), together with the estimated value of each claim.

Information from SIMS is used by an actuary to estimate the Department's workers compensation liability which at 30 June 2010 was estimated to be $87 million.

In prior years Audit recommended that the Department reconcile the value of payments recorded in SIMS to the general ledger.

In response the Department advised it would perform monthly reconciliations to the general ledger.

Audit noted the Department had not reconciled SIMS payments to the general ledger during 2009-10.

In response the Department advised this matter has remained unresolved due to the way that data is entered and approved in SIMS compared to Masterpiece Pre-Processor and Masterpiece General Ledger. The Department has sought advice from DPC and other agencies to understand how they perform the reconciliation in order to resolve the matter.

Manual cheque clearing account reconciliations

Audit noted the February 2010 manual cheque clearing account included a number of long outstanding uncleared manual cheques.

In response SSSA advised the balance of uncleared cheques was significantly reduced as at the April 2010 reconciliation and that the items cleared primarily related to post-July 2005 reconciling items. It also indicated SSSA and the Department will work together to resolve items relating to pre-July 2005.

Telephone, gas and electricity clearing account reconciliations

Telephone, gas and electricity invoices are paid centrally and posted to clearing accounts in the general ledger. Electronic feed files are received from the suppliers and are uploaded into the general ledger to recharge amounts to schools, regional sites and corporate units.

Uncleared amounts represent charges that have not been recharged due to unmatched invoice data.

Audit noted the clearing accounts were not reconciled on a regular basis.

In response the Department advised all clearing accounts will be reconciled and balances cleared to appropriate accounts by 30 June 2010. The Department also agreed that in future monthly reconciliations will be performed, balances investigated and outstanding items cleared.

Implementation of TIs 2 and 28

TI 2 requires agencies to develop, implement, document and maintain policies, procedures, systems and internal controls in relation to financial management and to review these arrangements on a regular basis.

TI 28 requires agencies to develop, implement, document and maintain a financial management compliance program (FMCP). This FMCP must include an assessment of the adequacy of relevant policies, procedures, systems, internal controls, risk management, financial reporting and management reporting.

The Department has considered the requirements of TIs 2 and 28 and developed a financial management compliance framework to support its compliance with TIs 2 and 28 which incorporates the following elements:

- control environment
- process level controls
- a documented FMCP.

Key elements of the Department's FMCP are:

- identifying key control indicators
- performing control self-assessment
- compliance monitoring and reporting
- risk management monitoring
- management testing of self-assessment questionnaire assertions
- internal audit of corporate and site operations
- developing key performance indicators to measure, monitor and report financial management compliance.

During 2009-10 Audit noted that many aspects of the Department's FMCP were completed, including:

- annual audit of school and preschool financial statements for the 2009 calendar year

- corporate and site internal control questionnaires were completed and were being analysed at the time of the audit

- corporate financial management compliance checklists were completed and were being analysed at the time of the audit

- corporate verification audits had commenced.

It was evident some FMCP elements were still under development, ie key control indicators and key performance indicators and responsibility for the FMCP, and reporting of non-compliance issues had yet to be adequately defined and documented.

The Department has provided a response which has addressed the matters raised.

Audit observed departmental policies and procedures relating to revenue, accounts payable and employee housing subsidies were not current and required review and update.

The Department advised policies and procedures will be reviewed and updated where necessary.

Audit also observed SSSA procedures relating to revenue, accounts payable, payroll and general ledger processing were not current and required review and update.

In response SSSA advised:

- it was committed to reviewing and where required, updating all procedures that transitioned from agencies to SSSA, including those services that transitioned to SSSA without any documented procedures or with procedures that require updating

- the review and update of accounts payable procedures will be conducted concurrently with the implementation of e-procurement and finalised by 31 January 2011

- a formal review of general ledger processing procedures was performed in April 2010 and the SSSA financial services team was in the process of submitting the changes to the Executive Director, SSSA for approval.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

The following commentary relates to the consolidated entity (including schools).

Highlights of the financial statements

	2010	2009
	$'million	$'million
EXPENSES		
Employee benefit expenses	**1 685**	1 584
Supplies and services	**638**	548
Other expenses	**99**	88
Total expenses	**2 422**	2 220
INCOME		
Commonwealth revenue	**669**	323
Student and other fees	**124**	120
Other	**110**	100
Total Income	**903**	543
Net cost of providing services	**1 519**	1 677
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT		
Revenues from SA Government	**2 062**	1 754
Payments to SA Government	**(26)**	(9)
Net result	**517**	68
OTHER COMPREHENSIVE INCOME		
Revaluation of property, plant and equipment	**88**	64
Total comprehensive result	**605**	132
NET CASH PROVIDED BY OPERATING ACTIVITIES	**588**	140

	2010 $'million	2009 $'million
ASSETS		
Current assets	**648**	525
Non-current assets	**3 279**	2 738
Total assets	**3 927**	3 263
LIABILITIES		
Current liabilities	**310**	247
Non-current liabilities	**444**	448
Total liabilities	**754**	695
TOTAL EQUITY	**3 173**	2 568

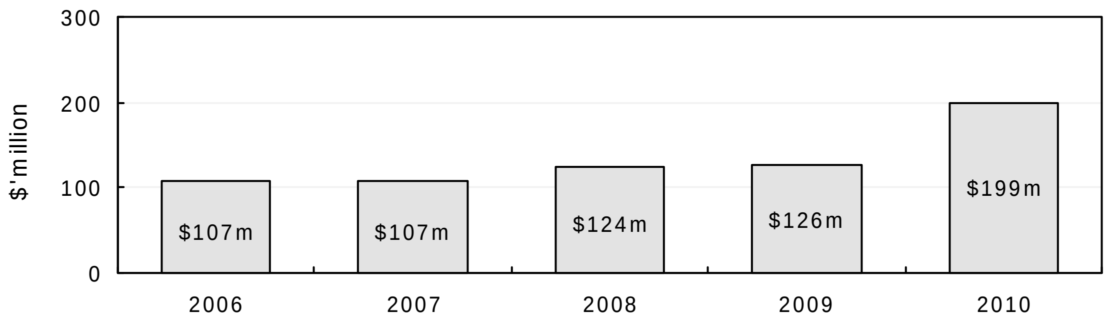
Statement of Comprehensive Income

Expenses

Total expenses increased by $202 million (9 percent) to $2.422 billion. This was due mainly to:

- a $101 million increase in employee benefit expenses, reflecting enterprise bargaining increases during 2009-10 and payments to employees receiving targeted voluntary separation packages (refer to note 5 to the financial statements)
- a $90 million (16 percent) increase in supplies and services, resulting mainly from an increase in minor works, maintenance and equipment expenditure.

The following chart shows minor works, maintenance and equipment expenditure for the five years to 2010.



The $73 million (58 percent) increase in minor works, maintenance and equipment expenditure in 2010 relates mainly to the Commonwealth Government's National School Pride component of the Building the Education Revolution (BER) economic stimulus package.

Income

Total income increased by $360 million (66 percent) to $903 million. This was due mainly to a $346 million (107 percent) increase in Commonwealth revenues reflecting receipt of $554 million associated with the Commonwealth Government's BER economic stimulus package, offset by a reduction in recurrent grants.

Revenues from SA Government

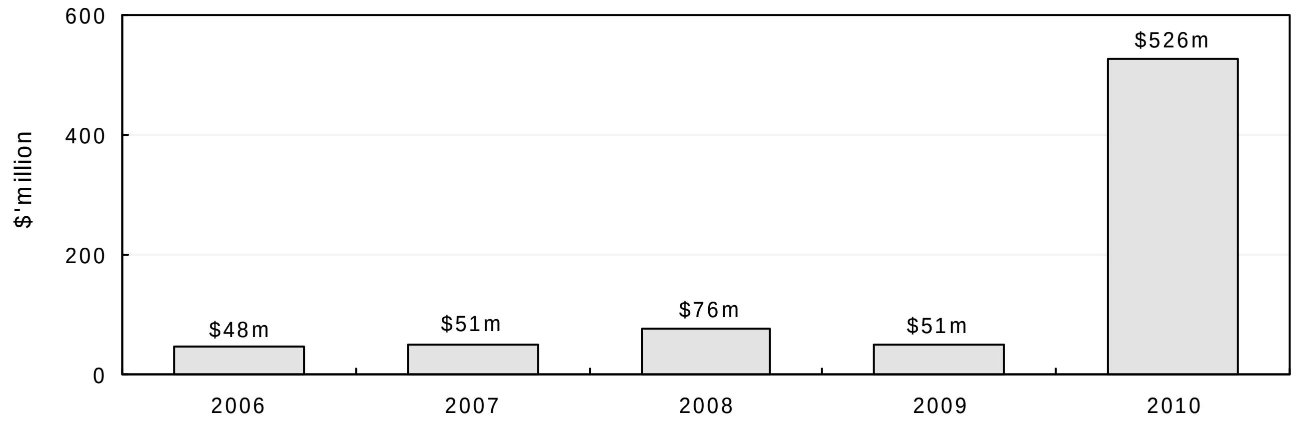
Revenues from the SA Government increased by $308 million (18 percent) to $2.062 billion principally to fund increases in salaries and wages and TVSPs.

Statement of Financial Position

Cash increased by $101 million to $583 million due mainly to the receipt of $554 million from the Commonwealth for BER and additional revenues from SA Government, offset by increases in operating cash outflows.

Non-current assets increased by $541 million (20 percent) to $3.279 billion due mainly to an increase in the value of land and construction of new school facilities, offset by annual depreciation charges.

The following chart shows capital expenditure on land, buildings and construction works in progress (corporate department only) for the five years to 2010.



The $475 million increase in capital expenditure for 2010 reflected in the chart relates mainly to the Commonwealth Government's BER economic stimulus package.

As at 30 June 2010 the employee benefits and related on-cost liability of $560 million ($529 million) comprised 74 percent (76 percent) of total liabilities. The liability for unsettled workers compensation claims comprised a further 12 percent (14 percent) of total liabilities.

As at 30 June 2010 the Department employed the following full time equivalent employees (FTEs) by category:

	2010	2009
	FTE	FTE
Department		
Education Act 1972	**13 827**	13 790
Schools Services Officers Award	**3 842**	3 787
Children's Services Act 1985	**987**	941
PSA	**1 202**	1 186
Weekly paid	**302**	325
Other	**242**	235
Total	**20 402**	20 264
Administered activities		
PSA	**10**	9
Education Act 1972	**6**	6
Total	**16**	15

Statement of Cash Flows

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

	2010	2009	2008	2007
	$'million	$'million	$'million	$'million
Net cash flows				
Operating	**588**	140	126	70
Investing	**(487)**	(44)	(77)	(53)
Financing	**-**	-	(2)	(6)
Increase in cash	**101**	96	47	11
Cash at 30 June	**583**	482	386	339

The analysis of cash flows shows that the Department's cash position has grown over the four years. It should be noted that unspent BER funds held by the Department and it's schools at 30 June 2010 total $127 million. The Department is expecting to spend most of this cash during 2010-11.

Administered items

The Department administers certain funds on behalf of the Minister for Education. The funds are received from the Commonwealth and SA Government's and used mainly to pay:

- grants to non-government schools of $1045 million ($685 million)
- subsidies of $14 million ($16 million) to the Public Transport Division of DTEI for student travel concessions on metropolitan and country transport services
- an operating grant to the SACE Board of South Australia of $13 million ($13 million).

Grants to non-government schools included $142 million ($135 million) in State grants. The grants were based principally on the average annual enrolment of the schools and the 'needs' of the schools and their students.

The 'needs' of the schools and their students took into account the following elements:

- special needs students
- social equity
- non-English speaking background/Aboriginality
- fee remission
- boarding
- index of rurality
- interest subsidy
- index of disadvantage.

FURTHER COMMENTARY ON OPERATIONS

Student enrolments

The following table shows the gradual shift of enrolled full time equivalent students from government schools to non-government schools. The chart includes full fee paying overseas students.

	2010	2009	2008	2007	2006	2005
	Number	Number	Number	Number	Number	Number
Full time equivalent students in:						
Government schools	**161 408**	161 140	161 986	162 922	162 918	163 876
Non-government schools	**91 435**	89 114	88 618	86 871	85 306	84 042

Building the Education Revolution

In February 2009 the Commonwealth and state governments signed the 'National Partnership Agreement on the Nation Building and Jobs Plan: Building Prosperity for the Future and Supporting Jobs Now'.

This National Partnership Agreement (NPA) was aimed at providing nationwide economic stimulus in response to the global economic recession. The Agreement involved the provision of funding for targeted capital purposes including the construction of new school facilities and refurbishment of existing schools. The schools component of the agreement is known as 'Building the Education Revolution' (BER).

The BER comprises the following three elements:

1. Primary schools for the 21st Century (P21)

   All Australian primary schools, K-12 schools (primary school component) and special schools were eligible to apply for funding to support the construction of new buildings such as libraries and multipurpose halls, or the upgrade of existing facilities. For the three completed funding rounds, the Commonwealth has approved funding of $824 million to South Australian schools for 720 projects.

As at 30 June 2010 the Department had received $485 million in P21 funding and had spent $413 million associated with P21 projects.

In accordance with the requirements of the NPA, all projects must be completed by March 2011.

2. Science and language centres for the 21st Century secondary schools (SLC)

Funding is provided to secondary schools for the construction of new science laboratories or language learning centres. Funding for SLC was approved through a one-off competitive grants process. The Commonwealth has approved funding of $47.7 million to South Australian schools for 40 projects.

As at 30 June 2010 the Department had received $47.7 million in SLC funding and had spent $19.4 million associated with SLC projects.

The NPA required SLC projects to be completed by 30 June 2010. The Commonwealth has approved extensions in timeframes for projects which were not completed at 30 June 2010.

3. National school pride (NSP)

All Australian schools were eligible to apply for funding for minor capital works and maintenance projects. For the two completed funding rounds, the Commonwealth has approved 920 projects in South Australian schools with a total value of $72.9 million.

As at 30 June 2010 the Department had received $72.9 million in NSP funding and had transferred $54.8 million to schools.

The NPA required all projects to be completed by February 2010. The Commonwealth has approved extensions in timeframes for projects which were not completed by the February 2010 expected completion date.

BER projects associated with the P21 and SLC elements are administered by the Department's corporate office and DTEI using existing project management arrangements. The majority of NSP projects are being administered by schools.

As at 30 June 2010 the Department had received $8.8 million in funding from the Commonwealth for administration of BER and had spent $5.7 million.

Internal audit of National School Pride

The audit of government schools performed by contractors appointed, managed and monitored by the Department's internal auditor included a review of aspects of the NSP element of BER over approximately 200 sites (metropolitan and country).

The internal audit report dated July 2010 highlighted a number of procurement non-compliance matters, including:

- 57 percent of schools had not created a purchase order

  Not raising a purchase order introduces the risk of contractors not being aware of the Department's terms and conditions resulting in an inability to prevent possible breach of contract and over-expenditure due to a schools inability to track NSP commitments.

- 36 percent of schools had not obtained three quotations for purchases in excess of $11 000

  Not obtaining three quotes introduces the risk that suppliers selected did not provide the best value for money as the market was not approached and work performed was below standard and additional schools funds may need to be spent to correct completed projects.

- 11 percent of schools had made prepayments to suppliers for NSP projects in excess of the 10 percent limit allowed under TI 11

  Excessive prepayments made to suppliers that are unable to deliver projects may result in a loss of school funds.

- 6.5 percent of school principals had not signed NSP program invoices as evidence of their review and approval of expenditure

  This exposes the risk that principals were unaware of NSP expenditure incurred and purchases may not have complied with NSP program terms and conditions.

The report also contains a number of recommendations, including the need for the Department to provide school staff with training to enhance their understanding of required procurement and financial processes, roles and authorities, including delegations of authority.

The internal audit report findings, recommendations and management's responses were presented to the Department's Audit and Risk Management Committee at its August 2010 meeting.

Audit will review action taken by the Department in early 2010-11.

Public Private Partnership - New Schools

Project overview

This project titled 'Education Works - New Schools Project' involves the development of six new schools facility developments on separate campuses, providing education from birth through to Year 12. The schools will be located across the northern and western suburbs of Adelaide.

In March 2009, Cabinet approved Pinnacle Education as the Preferred Proponent for the Education Works - New Schools project. Following negotiations with Pinnacle Education in regard to a number of financial and technical issues Cabinet, in June 2009, approved a delegation to the Treasurer to approve and execute a Project Agreement with Pinnacle Education for the construction and operation of the six new schools under a Public Private Partnership (PPP) arrangement.

Contractual close of the Education Works New Schools PPP Project was achieved in early July 2009. The total value of the contracts of $323 million (net present cost) represents the cost of construction, management and maintenance of the schools over a 30 year period.

Commitments for expenditure arising from the Project Agreement with Pinnacle Education total $871 million over 30 years. When construction of the schools is complete the Department will assume responsibility for the schools and recognise a financial lease liability and related finance lease asset. Refer note 29 to the financial statements.

Project management expenditure by the Department for the year on the Education Works program, which includes the PPP New Schools Project, totalled $3.3 million for 2009-10. This comprised $794 000 for consultants and other government agency assistance, and $2.5 million relating to departmental project management and administration. Project management costs to date were $12.9 million ($4.7 million, consultants and other government agency assistance and $8.2 million, departmental project management and administration).

Project agreement (contract) arrangements and status

The Project Agreement covers the six schools facility developments and provides for two facilities to begin operating in term four 2010, two in term one 2011 and the remaining two to become operational in term two 2011.

As the schools developments are nearing completion with operations to follow, Audit has sought to extend its understanding of some specific project/contract management matters, which are considered important to the effective management of certain project risks and the achievement of project outcomes.

In this regard, Audit made a request in writing to the Department in July 2010 in relation to some specific matters, including:

- Project Agreement/Contract management strategy and approach. Audit sought advice of the principal elements being adopted and/or progressed for the effective project/contract management of the Education Works New Schools PPP Project, and whether it included knowledge and process framework documents, such as a Project Agreement summary document and a Project/Contract management manual and process framework.

- Schools facilities completion and handover status. Audit requested advice as to whether there was any expected delay/deferral of commissioning of the school facilities as stated in the schedules to the Project Agreement.

- Notification of disputes. Audit requested an understanding of any matter (if applicable) that was the subject of a Notice of Dispute pursuant to the Project Agreement.

- Provision of documentation. Audit sought confirmation of the endorsement and submission status of required Operating Term Documentation (Facility, Policy and Procedures manual, Asset management Plans and Asset Registers) required prior to acceptance of a school facility.

The Department responded in late August 2010, advising the following:

- The approach regarding the Project Agreement/Contract management strategy has been agreed with DTF and was being progressed in conjunction with the Crown Solicitor's Office.

- There was a revised approved schedule of dates for facility commercial acceptance as noted in the Project Agreement. Audit have been advised that the first two facilities designated to begin operating in term four from September 2010 has been revised to October 2010, and that the sixth facility development (State Sports Park) has been revised from March 2011 to June 2011.

- A matter in dispute pursuant to the Project Agreement was being reviewed by the Independent Certifier appointed in accordance with the Project Agreement.

- All draft Operating Term Documentation which was required to be submitted prior to facility commercial acceptance of the first two facilities has been provided, other than the Asset Register. This had not been finalised and provided to the Department at the time of the response to Audit.

The response from the Department, including the updated advice, will be considered along with other matters as part of Audit's review of the project/contractual arrangements of the Education Works New Schools PPP Project.

Statement of Comprehensive Income
for the year ended 30 June 2010

		Consolidated		DECS	
		2010	2009	**2010**	2009
EXPENSES:	Note	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	5	**1 685 360**	1 583 639	**1 659 147**	1 557 796
Supplies and services	6	**637 665**	547 876	**352 771**	320 108
Grants and subsidies	7	**16 234**	15 083	**170 359**	126 498
Depreciation and amortisation	8	**70 481**	69 547	**67 484**	66 756
Borrowing costs		**18**	96	**-**	35
Net loss from disposal of non-current assets	13	**3 339**	-	**3 337**	-
Other expenses	9	**9 539**	3 468	**3 161**	1 215
Total expenses		**2 422 636**	2 219 709	**2 256 259**	2 072 408
INCOME:					
Commonwealth revenues	10	**669 169**	323 438	**669 169**	323 438
Student and other fees and charges	11	**124 474**	119 969	**18 916**	19 181
Other grants and contributions		**50 332**	44 251	**15 296**	13 969
Interest revenues	12	**16 080**	10 276	**12 551**	6 272
Net gain from disposal of non-current assets	13	**-**	273	**-**	220
Other revenues	14	**42 736**	45 205	**14 826**	11 902
Total income		**902 791**	543 412	**730 758**	374 982
NET COST OF PROVIDING SERVICES		**1 519 845**	1 676 297	**1 525 501**	1 697 426
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:					
Revenues from SA Government	15	**2 062 314**	1 753 739	**2 062 314**	1 753 739
Payments to SA Government	15	**(25 920)**	(8 881)	**(25 920)**	(8 881)
NET RESULT		**516 549**	68 561	**510 893**	47 432
OTHER COMPREHENSIVE INCOME:					
Changes in property, plant and equipment asset revaluation surplus		**88 292**	63 710	**88 174**	63 695
TOTAL COMPREHENSIVE RESULT		**604 841**	132 271	**599 067**	111 127

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

Statement of Financial Position
as at 30 June 2010

		Consolidated		DECS	
		2010	2009	**2010**	2009
CURRENT ASSETS:	Note	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	16	**582 970**	481 725	**371 663**	279 170
Receivables	17	**53 202**	29 305	**52 106**	29 964
Inventories	18	**4 204**	4 023	**204**	181
Other financial assets	19	**-**	93	**-**	-
Other current assets		**91**	148	**-**	-
Non-current assets held for sale	20	**6 805**	9 188	**6 805**	9 188
Total current assets		**647 272**	524 482	**430 778**	318 503
NON-CURRENT ASSETS:					
Receivables	17	**179**	257	**8 220**	6 366
Other financial assets	19	**121**	498	**-**	-
Property, plant and equipment	21	**3 279 042**	2 736 582	**3 266 395**	2 724 744
Intangible assets	22	**-**	871	**-**	871
Total non-current assets		**3 279 342**	2 738 208	**3 274 615**	2 731 981
Total assets		**3 926 614**	3 262 690	**3 705 393**	3 050 484
CURRENT LIABILITIES:					
Payables	23	**98 900**	58 913	**107 179**	67 617
Borrowings	24	**-**	206	**-**	-
Employee benefits	25	**167 096**	143 619	**166 238**	142 902
Provisions	26	**17 172**	19 162	**17 330**	19 354
Other current liabilities	27	**26 764**	25 058	**14 902**	15 962
Total current liabilities		**309 932**	246 958	**305 649**	245 835
NON-CURRENT LIABILITIES:					
Payables	23	**26 759**	26 501	**26 728**	26 459
Borrowings	24	**404**	406	**121**	121
Employee benefits	25	**343 493**	339 591	**341 489**	337 919
Provisions	26	**71 679**	79 489	**71 679**	79 489
Other non-current liabilities	27	**1 359**	1 598	**359**	360
Total non-current liabilities		**443 694**	447 585	**440 376**	444 348
Total liabilities		**753 626**	694 543	**746 025**	690 183
NET ASSETS		**3 172 988**	2 568 147	**2 959 368**	2 360 301
EQUITY:					
Retained earnings	28	**1 772 940**	1 248 676	**1 559 491**	1 040 883
Asset revaluation surplus	28	**1 400 048**	1 319 471	**1 399 877**	1 319 418
TOTAL EQUITY		**3 172 988**	2 568 147	**2 959 368**	2 360 301

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	29
Contingent assets and liabilities	30

Statement of Changes in Equity
for the year ended 30 June 2010

			Consolidated	
		Asset revaluation surplus	Retained earnings	Total
	Note	$'000	$'000	$'000
Balance at 30 June 2008		1 261 382	1 174 494	2 435 876
Net result for 2008-09		-	68 561	68 561
Gain on revaluation of property during 2008-09		63 710	-	63 710
Transfer asset revaluation surplus on disposal of property, plant and equipment		(5 621)	5 621	-
Total comprehensive result for 2008-09		58 089	74 182	132 271
Balance at 30 June 2009	28	1 319 471	1 248 676	2 568 147
Net result for 2009-10		-	516 549	516 549
Gain on revaluation of property during 2009-10		88 292	-	88 292
Transfer asset revaluation surplus on disposal of property, plant and equipment		(7 715)	7 715	-
Total comprehensive result for 2009-10		80 577	524 264	604 841
Balance at 30 June 2010	28	**1 400 048**	**1 772 940**	**3 172 988**

			DECS	
		Asset revaluation surplus	Retained earnings	Total
		$'000	$'000	$'000
Balance at 30 June 2008		1 261 344	987 830	2 249 174
Net result for 2008-09		-	47 432	47 432
Gain on revaluation of property during 2008-09		63 695	-	63 695
Transfer asset revaluation surplus on disposal of property, plant and equipment		(5 621)	5 621	-
Total comprehensive result for 2008-09		58 074	53 053	111 127
Balance at 30 June 2009	28	1 319 418	1 040 883	2 360 301
Net result for 2009-10		-	510 893	510 893
Gain on revaluation of property during 2009-10		88 174	-	88 174
Transfer asset revaluation surplus on disposal of property, plant and equipment		(7 715)	7 715	-
Total comprehensive result for 2009-10		80 459	518 608	599 067
Balance at 30 June 2010	28	**1 399 877**	**1 559 491**	**2 959 368**

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

Statement of Cash Flows
for the year ended 30 June 2010

		Consolidated		DECS	
		2010	2009	**2010**	2009
		Inflows	Inflows	**Inflows**	Inflows
CASH FLOWS FROM OPERATING ACTIVITIES:		**(Outflows)**	(Outflows)	**(Outflows)**	(Outflows)
CASH OUTFLOWS:	Note	**$'000**	$'000	**$'000**	$'000
Employee benefit payments		**(1 663 807)**	(1 555 646)	**(1 638 074)**	(1 530 029)
Payments for supplies and services		**(637 673)**	(571 402)	**(355 168)**	(332 875)
Payments of grants and subsidies		**(16 599)**	(15 717)	**(176 353)**	(120 944)
Interest paid		**(53)**	(61)	**(35)**	-
GST payments on purchases		**(110 712)**	(56 859)	**(80 533)**	(31 716)
Other payments		**(1 259)**	(1 225)	**(1 214)**	(1 205)
Cash used in operations		**(2 430 103)**	(2 200 910)	**(2 251 377)**	(2 016 769)
CASH INFLOWS:					
Receipts from Commonwealth		**668 599**	320 940	**668 600**	320 940
Student and other fees and charges		**107 419**	122 148	**13 972**	16 548
Other grants and contributions received		**50 332**	44 208	**15 296**	13 926
Interest received		**13 957**	8 164	**10 417**	4 157
GST recovered from the ATO		**94 879**	48 944	**69 304**	27 290
GST receipts on receivables		**6 714**	7 323	**3 386**	3 911
Other receipts		**40 263**	44 585	**12 352**	11 283
Cash generated from operations		**982 163**	596 312	**793 327**	398 055
CASH FLOWS FROM SA GOVERNMENT:					
Receipts from SA Government		**2 062 314**	1 753 739	**2 062 314**	1 753 739
Payments to SA Government		**(25 920)**	(8 881)	**(25 920)**	(8 881)
Cash generated from SA Government		**2 036 394**	1 744 858	**2 036 394**	1 744 858
Net cash provided by operating activities	32	**588 454**	140 260	**578 344**	126 144
CASH FLOWS FROM INVESTING ACTIVITIES:					
CASH OUTFLOWS:					
Purchase of property, plant and equipment		**(493 695)**	(54 907)	**(490 008)**	(51 871)
Loans advanced		**-**	-	**(2 622)**	-
Cash used in investing activities		**(493 695)**	(54 907)	**(492 630)**	(51 871)
CASH INFLOWS:					
Proceeds from the sale of property, plant and equipment		**6 219**	4 683	**6 223**	4 407
Proceeds from maturing term deposits		**470**	6 244	**-**	-
Receipt of loan repayments		**10**	3	**556**	540
Cash generated from investing activities		**6 699**	10 930	**6 779**	4 947
Net cash used in investing activities		**(486 996)**	(43 977)	**(485 851)**	(46 924)
CASH FLOWS FROM FINANCING ACTIVITIES:					
CASH OUTFLOWS:					
Repayments of borrowings		**(213)**	(926)	**-**	(926)
Cash used in financing activities		**(213)**	(926)	**-**	(926)
CASH INFLOWS:					
Loans received		**-**	491	**-**	-
Cash generated from financing activities		**-**	491	**-**	-
Net cash used in financing activities		**(213)**	(435)	**-**	(926)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**101 245**	95 848	**92 493**	78 294
CASH AND CASH EQUIVALENTS AT 1 JULY		**481 725**	385 877	**279 170**	200 876
CASH AND CASH EQUIVALENTS AT 30 JUNE	32	**582 970**	481 725	**371 663**	279 170

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

	Consolidated					
Activities - refer note 4	Early Years Education and Care (Birth to Preschool)				Education: Early Years Education	
	Early Childhood Education and Care (Birth to Preschool)		Preschool Services		Reception to Year 2 Education	
	2010	2009	**2010**	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**11 435**	10 739	**94 180**	85 056	**371 353**	349 676
Supplies and services	**27 150**	27 427	**10 455**	9 247	**140 756**	118 021
Grants and subsidies	**770**	799	**3 611**	4 221	**1 944**	1 559
Depreciation and amortisation	**545**	9	**2 334**	81	**12 748**	16 432
Borrowing costs	**-**	-	**-**	-	**4**	23
Net loss from disposal of non-current assets	**-**	-	**123**	-	**1 419**	-
Other expenses	**208**	201	**223**	220	**2 128**	721
Total expenses	**40 108**	39 175	**110 926**	98 825	**530 352**	486 432
INCOME:						
Commonwealth revenues	**30 649**	28 282	**6 138**	127	**225 291**	75 688
Student and other fees and charges	**1 700**	1 327	**316**	304	**28 964**	28 011
Other grants and contributions	**1 418**	1 552	**7**	33	**11 802**	9 715
Interest revenues	**149**	117	**373**	292	**4 479**	2 335
Net gain from disposal of non-current assets	**-**	-	**-**	(22)	**-**	(251)
Other revenues	**38**	23	**92**	226	**10 026**	10 358
Total income	**33 954**	31 301	**6 926**	960	**280 562**	125 856
NET COST OF PROVIDING SERVICES	**6 154**	7 874	**104 000**	97 865	**249 790**	360 576
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:						
Revenues from SA Government	**8 316**	8 113	**140 598**	101 125	**345 783**	383 800
Payments to SA Government	**(105)**	(41)	**(1 767)**	(512)	**(4 346)**	(1 944)
NET RESULT	**2 057**	198	**34 831**	2 748	**91 647**	21 280

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

	Consolidated							
Activities - refer note 4	Education: Primary and Secondary Education							
	Year 3 to Year 7 Education		Year 8 to Year 10 Education		Year 11 to Year 12+ Education		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**542 496**	510 673	**399 229**	375 909	**266 667**	251 586	**1 685 360**	1 583 639
Supplies and services	**205 291**	175 143	**148 895**	126 948	**105 118**	91 090	**637 665**	547 876
Grants and subsidies	**2 849**	2 283	**2 088**	1 682	**4 972**	4 539	**16 234**	15 083
Depreciation and amortisation	**23 866**	23 968	**18 867**	17 648	**12 121**	11 409	**70 481**	69 547
Borrowing costs	**6**	32	**5**	25	**3**	16	**18**	96
Net loss from disposal of non-current assets	**2 071**	-	**(166)**	-	**(108)**	-	**3 339**	-
Other expenses	**3 104**	1 052	**2 354**	774	**1 522**	500	**9 539**	3 468
Total expenses	**779 683**	713 151	**571 272**	522 986	**390 295**	359 140	**2 422 636**	2 219 709
INCOME:								
Commonwealth revenues	**328 605**	110 396	**46 920**	65 422	**31 566**	43 523	**669 169**	323 438
Student and other fees and charges	**42 248**	40 856	**31 106**	30 083	**20 140**	19 388	**124 474**	119 969
Other grants and contributions	**17 216**	14 171	**12 246**	10 435	**7 643**	8 345	**50 332**	44 251
Interest revenues	**6 533**	3 405	**2 762**	2 508	**1 784**	1 619	**16 080**	10 276
Net gain from disposal of non-current assets	**-**	172	**-**	227	**-**	147	**-**	273
Other revenues	**14 623**	15 897	**10 768**	11 124	**7 189**	7 577	**42 736**	45 205
Total income	**409 225**	184 897	**103 802**	119 799	**68 322**	80 599	**902 791**	543 412
NET COST OF PROVIDING SERVICES	**370 458**	528 254	**467 470**	403 187	**321 973**	278 541	**1 519 845**	1 676 297
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:								
Revenues from SA Government	**498 801**	549 362	**633 120**	419 921	**435 696**	291 418	**2 062 314**	1 753 739
Payments to SA Government	**(6 269)**	(2 782)	**(7 957)**	(2 126)	**(5 476)**	(1 476)	**(25 920)**	(8 881)
NET RESULT	**122 074**	18 326	**157 693**	14 608	**108 247**	11 401	**516 549**	68 561

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

Activities - refer note 4	DECS					
	Early Years Education and Care (Birth to Preschool)				Education: Early Years Education	
	Early Childhood Education and Care (Birth to Preschool)		Preschool Services		Reception to Year 2 Education	
	2010	2009	**2010**	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**11 435**	10 739	**94 180**	85 056	**365 151**	343 559
Supplies and services	**27 149**	27 427	**10 455**	9 247	**73 350**	64 132
Grants and subsidies	**769**	799	**3 611**	4 221	**43 059**	33 827
Depreciation and amortisation	**545**	9	**2 334**	81	**12 039**	15 772
Borrowing costs	**-**	-	**-**	-	**-**	8
Net loss from disposal of non-current assets	**-**	-	**123**	-	**1 419**	-
Other expenses	**207**	201	**223**	220	**619**	188
Total expenses	**40 105**	39 175	**110 926**	98 825	**495 637**	457 486
INCOME:						
Commonwealth revenues	**30 650**	28 282	**6 138**	127	**225 291**	75 687
Student and other fees and charges	**1 701**	1 327	**316**	304	**3 989**	4 165
Other grants and contributions	**1 418**	1 552	**7**	33	**3 513**	2 551
Interest revenues	**149**	117	**373**	292	**3 644**	1 388
Net gain from disposal of non-current assets	**-**	-	**-**	(22)	**-**	(264)
Other revenues	**37**	23	**92**	226	**3 423**	2 479
Total income	**33 955**	31 301	**6 926**	960	**239 860**	86 006
NET COST OF PROVIDING SERVICES	**6 150**	7 874	**104 000**	97 865	**255 777**	371 480
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:						
Revenues from SA Government	**8 316**	8 113	**140 598**	101 125	**345 783**	383 800
Payments to SA Government	**(105)**	(41)	**(1 767)**	(512)	**(4 346)**	(1 944)
NET RESULT	**2 061**	198	**34 831**	2 748	**85 660**	10 376

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

	DECS							
Activities - refer note 4	Education: Primary and Secondary Education							
	Year 3 to Year 7 Education		Year 8 to Year 10 Education		Year 11 to Year 12+ Education		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**533 450**	501 756	**392 568**	369 343	**262 363**	247 343	**1 659 147**	1 557 796
Supplies and services	**106 975**	96 540	**76 503**	69 072	**58 339**	53 690	**352 771**	320 108
Grants and subsidies	**52 590**	36 924	**40 668**	27 869	**29 662**	22 858	**170 359**	126 498
Depreciation and amortisation	**22 832**	23 005	**18 105**	16 939	**11 629**	10 950	**67 484**	66 756
Borrowing costs	**-**	12	**-**	9	**-**	6	**-**	35
Net loss from disposal of non-current assets	**2 070**	-	**(167)**	-	**(108)**	-	**3 337**	-
Other expenses	**903**	274	**734**	202	**475**	130	**3 161**	1 215
Total expenses	**718 820**	658 511	**528 411**	483 434	**362 360**	334 977	**2 256 259**	2 072 408
INCOME:								
Commonwealth revenues	**328 604**	110 396	**46 920**	65 423	**31 566**	43 523	**669 169**	323 438
Student and other fees and charges	**5 819**	6 074	**4 284**	4 473	**2 807**	2 838	**18 916**	19 181
Other grants and contributions	**5 124**	3 720	**3 344**	2 740	**1 890**	3 373	**15 296**	13 969
Interest income	**5 315**	2 023	**1 865**	1 490	**1 205**	962	**12 551**	6 272
Net gain from disposal of non-current assets	**-**	154	**-**	214	**-**	138	**-**	220
Other revenues	**4 992**	4 405	**3 676**	2 661	**2 606**	2 108	**14 826**	11 902
Total income	**349 854**	126 772	**60 089**	77 001	**40 074**	52 942	**730 758**	374 982
NET COST OF PROVIDING SERVICES	**368 966**	531 739	**468 322**	406 433	**322 286**	282 035	**1 525 501**	1 697 426
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:								
Revenues from SA Government	**498 801**	549 362	**633 120**	419 921	**435 696**	291 418	**2 062 314**	1 753 739
Payments to SA Government	**(6 269)**	(2 782)	**(7 957)**	(2 126)	**(5 476)**	(1 476)	**(25 920)**	(8 881)
NET RESULT	**123 566**	14 841	**156 841**	11 362	**107 934**	7 907	**510 893**	47 432

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2010

Activities - refer note 4	Consolidated					
	Early Years Education and Care (Birth to Preschool)				Education: Early Years Education	
	Early Childhood Education and Care (Birth to Preschool)		Preschool Services		Reception to Year 2 Education	
	2010	2009	**2010**	2009	**2010**	2009
ASSETS:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	**1 933**	1 575	**16 834**	10 756	**137 238**	116 469
Receivables	**106**	43	**345**	285	**11 947**	6 394
Inventories	**-**	-	**-**	-	**995**	952
Other financial assets	**-**	-	**-**	-	**29**	140
Other assets	**-**	-	**-**	-	**22**	34
Non-current assets classified as held for sale	**710**	-	**1 006**	1 710	**1 983**	2 704
Property, plant and equipment	**34 273**	34 231	**102 196**	99 849	**726 346**	539 454
Intangible assets	**-**	6	**-**	48	**-**	191
Total assets	**37 022**	35 855	**120 381**	112 648	**878 560**	666 338
LIABILITIES:						
Payables	**558**	607	**5 191**	4 513	**33 247**	18 256
Borrowings	**-**	-	**-**	-	**96**	145
Employee benefits	**3 515**	3 329	**26 881**	25 354	**112 944**	106 911
Provisions	**617**	685	**4 626**	5 185	**19 669**	21 826
Other liabilities	**2**	2	**13**	13	**6 650**	6 302
Total liabilities	**4 692**	4 623	**36 711**	35 065	**172 606**	153 440

Activities - refer note 4	Consolidated							
	Education: Primary and Secondary Education							
	Year 3 to Year 7 Education		Year 8 to Year 10 Education		Year 11 to Year 12+ Education		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
ASSETS:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	**200 996**	170 884	**135 502**	109 125	**90 467**	72 916	**582 970**	481 725
Receivables	**17 430**	9 620	**12 588**	6 852	**10 965**	6 368	**53 381**	29 562
Inventories	**1 451**	1 388	**1 068**	1 022	**690**	661	**4 204**	4 023
Other financial assets	**41**	204	**31**	150	**20**	97	**121**	591
Other assets	**31**	43	**23**	43	**15**	28	**91**	148
Non-current assets classified as held for sale	**2 894**	3 944	**129**	504	**83**	326	**6 805**	9 188
Property, plant and equipment	**1 316 452**	1 032 522	**670 784**	627 889	**428 991**	402 637	**3 279 042**	2 736 582
Intangible assets	**-**	281	**-**	207	**-**	138	**-**	871
Total assets	**1 539 295**	1 218 886	**820 125**	745 792	**531 231**	483 171	**3 926 614**	3 262 690
LIABILITIES:								
Payables	**48 722**	27 237	**21 996**	19 637	**15 945**	15 164	**125 659**	85 414
Borrowings	**139**	211	**103**	155	**66**	101	**404**	612
Employee benefits	**164 922**	156 108	**121 400**	114 913	**80 927**	76 595	**510 589**	483 210
Provisions	**28 719**	31 868	**21 140**	23 458	**14 080**	15 629	**88 851**	98 651
Other liabilities	**9 700**	9 193	**7 142**	6 769	**4 616**	4 377	**28 123**	26 656
Total liabilities	**252 202**	224 617	**171 781**	164 932	**115 634**	111 866	**753 626**	694 543

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

	DECS					
Activities - refer note 4	Early Years Education and Care (Birth to Preschool)				Education: Early Years Education	
	Early Childhood Education and Care (Birth to Preschool)		Preschool Services		Reception to Year 2 Education	
	2010	2009	**2010**	2009	**2010**	2009
ASSETS:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	**1 933**	1 575	**16 834**	10 756	**87 243**	68 544
Receivables	**106**	43	**345**	285	**13 590**	7 994
Inventories	**-**	-	**-**	-	**48**	43
Non-current assets classified as held for sale	**710**	-	**1 006**	1 710	**1 983**	2 704
Property, plant and equipment	**34 273**	34 231	**102 196**	99 849	**723 353**	536 653
Intangible assets	**-**	6	**-**	48	**-**	192
Total assets	**37 022**	35 855	**120 381**	112 648	**826 217**	616 130
LIABILITIES:						
Payables	**558**	607	**5 191**	4 514	**35 199**	20 305
Borrowings	**-**	-	**-**	-	**29**	28
Employee benefits	**3 515**	3 329	**26 881**	25 354	**112 267**	106 346
Provisions	**617**	685	**4 626**	5 185	**19 707**	21 870
Other liabilities	**2**	2	**13**	13	**3 607**	3 857
Total liabilities	**4 692**	4 623	**36 711**	35 066	**170 809**	152 406

	DECS							
Activities - refer note 4	Education: Primary and Secondary Education							
	Year 3 to Year 7 Education		Year 8 to Year 10 Education		Year 11 to Year 12+ Education		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
ASSETS:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	**128 073**	100 983	**81 809**	57 656	**55 771**	39 656	**371 663**	279 170
Receivables	**19 827**	11 947	**14 353**	8 578	**12 105**	7 483	**60 326**	36 330
Inventories	**70**	62	**52**	46	**34**	30	**204**	181
Non-current assets classified as held for sale	**2 894**	3 944	**129**	504	**83**	326	**6 805**	9 188
Property, plant and equipment	**1 312 089**	1 028 437	**667 570**	624 881	**426 914**	400 693	**3 266 395**	2 724 744
Intangible assets	**-**	280	**-**	207	**-**	138	**-**	871
Total assets	**1 462 953**	1 145 653	**763 913**	691 872	**494 907**	448 326	**3 705 393**	3 050 484
LIABILITIES:								
Payables	**51 567**	30 226	**24 092**	21 838	**17 300**	16 586	**133 907**	94 076
Borrowings	**41**	42	**31**	31	**20**	20	**121**	121
Employee benefits	**163 935**	155 283	**120 672**	114 306	**80 457**	76 203	**507 727**	480 821
Provisions	**28 772**	31 934	**21 181**	23 508	**14 106**	15 661	**89 009**	98 843
Other liabilities	**5 261**	5 627	**3 874**	4 143	**2 504**	2 680	**15 261**	16 322
Total liabilities	**249 576**	223 112	**169 850**	163 826	**114 387**	111 150	**746 025**	690 183

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Department of Education and Children's Services

Legislation

The Department of Education and Children's Services (the Department) operates within the:

- *Education Act 1972* and the Education Regulations 1997
- *Children's Services Act 1985* and the Regulations under the *Children's Services Act 1985*
- PSA.

Purpose

The Department's purpose is to engage every child and student so that they achieve at the highest possible level of their learning and wellbeing through quality care and teaching.

Key functions

Set the directions for education and care in South Australia

The Department ensures the State's education system is well positioned to deliver high quality education and care through strategic and coordinated leadership in implementing South Australia's Strategic Plan, developing integrated policy in collaboration with key stakeholders and planning for an effective workforce to meet current and future requirements.

Provide and regulate children's services

The Department is the SA Government's provider of public early childhood services and schooling. It plans, administers, coordinates and supports early childhood services and is also responsible for a range of associated government services including the licensing of child care providers.

Manage the State's education system

The Department delivers high quality primary and secondary education to school students across the State. The Department is responsible for the education of children and students across all areas of the curriculum and for preparing young people to be active and productive members of a democratic society. The Department involves parents and local communities in the education of children and students.

Goals and key objectives

Strong beginnings for all children

- Strengthen and integrate Early Childhood Services
- Improve the capacity and quality of Early Childhood Services
- Increase the number of young children experiencing successful learning and development

Excellence in learning: provision, achievement and pathways

- Improve overall student achievement
- Provide engaging, stimulating and flexible learning programs and pathways
- Support students to be equipped to respond to changing employment markets
- Increase the number of international students

Engagement and wellbeing

- Improve levels of child and student attendance, retention and engagement in learning programs
- Improve child and student wellbeing

Build workforce capability, flexibility and resilience

- Extend and enhance the capabilities of our workforce
- Develop a culture that values staff wellbeing
- Responsive systems and processes

Quality teaching

- Ensure teachers have recognised professional standards
- Develop the skills, knowledge and capacity of our teaching workforce

Access to integrated services

- Increase the responsiveness and integration of support services to children, students and their families

An interdependent Department of Education and Children's Services

- Improve the provision of service delivery through local decision making
- Support and build the interdependence between local sites, regional offices and state office

A sustainable system

- Foster a culture of sustainability
- Reduce energy and water consumption
- Provide more efficient and effective systems.

2. Summary of significant accounting policies

(a) Statement of compliance

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

Except for AASB 2009-12, which the Department has early-adopted, AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2010. These are outlined in note 3.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Department'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 interests of public accountability and transparency the APSs require the following note disclosures, which have been included in this financial report:

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

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

  c) employee TVSP information

  d) employees whose normal remuneration is $100 000 or more (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the Department to those employees

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

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

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

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

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

(c) Reporting entity

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

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

The Department of Education and Children's Services economic entity comprises:

- the corporate department including its operational units

- government schools (including school councils, canteens, out of school hours care and vacation care programs)

(c) Reporting entity (continued)

- other non-corporate operational units viz:
  - — preschools (including preschool councils/management committees)
  - — long day care centres (those referred to as 'Bowen Funded Centres' only)
  - — neighbourhood houses
  - — toy libraries
  - — child parent centres.

The values in the Consolidated columns in the financial statements incorporate the activities of the corporate department and government schools but exclude funds separately generated by the other non-corporate operational units. As a consequence, the financial statements treat any transactions with these units as transactions with third parties. All material transactions between the corporate department and schools have been eliminated, as required by AASs.

The values in the DECS columns in the financial statements incorporate the activities of the corporate department but exclude funds separately generated by government schools and other non-corporate operational units. As a consequence, the DECS columns in the financial statements treat any transactions with these sites as transactions with third parties. The amounts reported in the DECS columns in the financial statements do include material expenses paid on behalf of schools and preschools (ie salaries and wages, salary related on-costs and utilities expenses), and major assets and liabilities (ie land and buildings, employee benefits).

Financial data was collected from government schools for the school year ended 31 December 2009 for the purpose of consolidating it with data from the corporate department. Adjustments for transactions undertaken by schools between the period 1 January and 30 June 2010 relating to Building the Education Revolution - National School Pride and other material items have been made to the consolidated figures to take into account the effect of schools having a different reporting period to the corporate department. It is not intended that data for other non-corporate operational units be included in the financial statements, as it is not considered material.

The Department is responsible for the administration of specific funds on behalf of the Minister for Education and the Minister for Early Childhood Development. The Department does not have control over how these funds are to be spent and operates in the capacity as an agent responsible for the administration of the transfer process to third parties. The Administered Financial Statements include the income, expenses, assets and liabilities of these funds.

The main administered funds are:

Minister for Education and the Minister for Early Childhood Development
Funds are appropriated to the Minister for Education and the Minister for Early Childhood Development and are disbursed at the discretion of the Minister. The principal payments are:

- the SA Government contribution to the operation of the SACE Board of South Australia
- payments to the Department for Transport, Energy and Infrastructure for the purposes of student travel
- the SA Government contribution to the operation of non-government schools, organisations and services to students with disabilities
- the Commonwealth Government contribution to the operation of non-government schools, organisations and services to students with disabilities.

Minister's salary and allowances
The Minister's salary and allowances are funded by specific legislation and the Department has no control over this part of the annual appropriation.

Minister's borrowings
The Minister for Education is liable for funds borrowed from DTF. The funds were loaned to the Department and various schools by the Minister to undertake capital works projects.

(d) Comparative information

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

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

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

(e) Rounding

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

(f) Taxation

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

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

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

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

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

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

(g) Events after the end of the reporting period

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

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

(h) Income

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

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

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

The following are specific recognition criteria:

Fees and charges

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

Contributions received

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

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

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

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

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

Revenues from SA Government
Appropriations for program funding are recognised as revenues when the Department obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Where money has been appropriated in the form of a loan, the Department has recorded a loan payable.

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

Other income
Other income consists of fundraising and donations, forgiveness of liabilities, assets recognised for the first time, and recoveries.

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

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

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

The following are specific recognition criteria:

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

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

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

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

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

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

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

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

Class of asset	*Useful life (years)*
Buildings and improvements	20-170
Leasehold improvements	10-21
Buses/motor vehicles	7-20
Computing, communication equipment, furniture and equipment	3-15
Intangible assets	5
Other assets	7-10

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

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

Resources provided free of charge
Resources provided free of charge are recorded as expenditure in the Statement of Comprehensive Income at their fair value; and in the expense line items to which they relate.

Borrowing costs
All borrowing costs are recognised as expenses.

Payments to SA Government
Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy paid directly to the Consolidated Account.

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

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

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

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

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

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

For the purpose of the Statement of Cash Flows, cash and cash equivalents is as defined above.

Cash is measured at nominal value.

In October 2003 the Government introduced a policy with respect to aligning agency cash balances with appropriation and expenditure authority. During this financial year the Department was required to transfer $25.92 million of its cash balance to the Consolidated Account as a payment to the SA Government.

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

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

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

Other financial assets
The Department measures financial assets and debt at historical cost, except for interest free loans which are measured at the present value of expected repayments.

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

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

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

Inventories (continued)
Cost for inventory is measured on the basis of the first-in, first-out method. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

The amount of any inventory write-down to net realisable value or inventory losses are recognised in the Statement of Comprehensive Income as an expense in the period the write-down or loss occurred. Any write-down reversals are also recognised in the Statement of Comprehensive Income.

Inventories include canteen stock, uniforms and stationery at school sites, and reference material and resources at corporate office.

Non-current assets held for sale
Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed one year from the date of classification.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Statement of Financial Position.

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

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

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

Componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is equal to or in excess of $5 million for infrastructure assets and $1 million for other assets.

Land
Land valuations reflect the Valuer-General's values (for rating purposes) as at 30 June 2010. The Valuer-General's values are deemed to be fair value for financial reporting purposes.

Buildings and improvements
Information was obtained from the Strategic Asset Management Information system (SAMIS), maintained by the Department for Transport, Energy and Infrastructure. Buildings and improvements are valued at current replacement cost less accumulated depreciation. Replacement costs have been established by reference to quantity surveyors' estimates and updated through the application of a relevant building index. The valuations for buildings are current as at 30 June 2008, asphalt paved areas are current as at 30 June 2007 and swimming pools are current as at 30 June 2009. A desktop revaluation of paving conducted in 2010 showed no material impact and therefore 2007 valuations for paving have been used. The building data provided in the statements relates specifically to buildings, paved areas and swimming pools. The building data excludes landscaping, infrastructure, pergolas, playground equipment, sheds and some paving, fencing and leasehold improvements because they either cannot be reliably measured or no information is centrally recorded.

Buildings under construction are reported as work in progress and are valued at cost.

Where buildings and improvements are destroyed by fire during the year, the written down value of the buildings and improvements is treated as an expense in the Statement of Comprehensive Income.

Buses
Buses are recorded at current replacement cost as at 30 June 2009 less accumulated depreciation. Buses purchased after this date are recorded at cost.

Plant and equipment
Items within administrative sites of the Department acquired prior to 1 July 1997 are recorded at current replacement cost as at 1 July 1997 less accumulated depreciation. Items acquired after 1 July 1997 are recorded at historical cost less accumulated depreciation.

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

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

Any revaluation increment is credited to the asset revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the asset revaluation surplus to the extent of the credit balance existing in the revaluation surplus for that asset class.

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

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

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

For revalued assets, an impairment loss is offset against the respective asset revaluation surplus.

Intangible assets
An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Department only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to $10 000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

Subsequent expenditure on intangible assets has not been capitalised. This is because the Department has been unable to attribute the benefit of the expenditure to the intangible asset rather than to the Department as a whole.

(l) Liabilities
Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where a liability line item combines amounts expected to be settled within 12 months and more than 12 months, the Department has separately disclosed the amounts expected to be settled after more than 12 months.

The notes accompanying the financial statements disclose financial liabilities where the counterparty/ transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Payables
Payables include creditors, accrued expenses and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the Department's normal operations.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Payables (continued)
Employee benefit on-costs include payroll tax, workers compensation and superannuation contributions in respect to outstanding liabilities for salaries and wages, long service leave and annual leave.

The Department makes contributions to several SA Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

Borrowings
The Department measures financial liabilities including borrowings/debt at historical cost, except for interest free loans (measured at the present value of expected repayments).

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

The corporate department has entered into operating leases and a commitment for a future finance lease.

Operating leases
Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

Finance leases
In July 2009 the State of South Australia entered into a 30 year agreement under the Partnership's SA policy, for the financing, design, construction and maintenance of six schools to open during the 2010-11 financial year. When construction is completed the State will assume responsibility and the corporate department will recognise a finance lease at that time.

Employee benefits
These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Wages, salaries, annual leave and sick leave
The liability for salary and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave
The liability for long service leave is recognised after an employee has completed seven years of service (previously 6.5 years). An actuarial assessment of long service leave, undertaken by DTF based on a significant sample of employees throughout the South Australian public sector, determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Department's experience of employee retention and leave taken.

Country incentive leave
Permanent teachers that commenced in designated country schools prior to the end of 2002 school year are entitled to country incentive leave after completing six years of continuous service at that school pursuant to the South Australian Education Staff (Government Preschools, Schools and TAFE) Enterprise Agreement 2006. The liability is recognised when the qualifying criteria has been met, and is measured at substantive remuneration rates current at reporting date.

Provisions
A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of DPC.

A provision is also raised to reflect the liability for outstanding (unsettled) vicarious liability claims. Provisions for outstanding fire claims yet to be settled as at balance date are also reported, as required by AASB 137. This provision is between the corporate department and schools, therefore is eliminated on consolidation.

(m) Insurance

The Department has insured for risks through SAFA, SAICORP Division. Under these insurance arrangements the Department will meet the first $200 000 (except for fire claims $1 million) deductible of a loss or claim arising from property damage or civil liability (including public liability, products liability, professional indemnity and directors' and officers' liability).

(n) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO. If GST is not payable to, or recoverable from, the ATO the commitments and contingencies are disclosed on a gross basis.

3. Changes in accounting policies

The Department did not voluntarily change any of its accounting policies during 2009-10.

Except for AASB 2009-12, which the Department has early-adopted, the AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the period ending 30 June 2010. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the Department's financial statements.

4. Activities of the Department

In achieving its objectives the Department provides a range of services classified into the following activities:

Activity 1: Early Years Education and Care (Birth to Preschool)

Provision of a flexible range of high quality programs and services which meet the changing needs of families and enhance children's development in the critical early years, including the provision of child care centres, children's centres, preschools, family day care, out of school hours care and occasional care.

Subactivity 1.1 *Early Childhood Education and Care (Birth to Preschool)*

Provision of a flexible range of high quality programs and services which meet the changing needs of families and enhance children's development, including child care centres, children's centres, family day care, out of school hours care, rural care and occasional care.

Subactivity 1.2 *Preschool Services*

Provision of early childhood education through preschools, child-parent centres and the purchase (coordination, policy, planning, curriculum, quality regulation and funding) of preschool positions through independent community organisations.

Activity 2: Education: Early Years Education (R-2)

Provision of early years education.

Activity 3: Education: Primary and Secondary Education (3-12)

Provision of primary and secondary education.

Subactivity 3.1 *Year 3 to Year 7 Education Provision*

Delivery of Year 3 to Year 7 educational programs.

Subactivity 3.2 *Year 8 to Year 10 Education Provision*

Delivery of Year 8 to Year 10 educational programs.

Subactivity 3.3 *Year 11 to Year 12 Education Provision*

Delivery of Year 11 to Year 12+ educational programs.

5. Employee benefit expenses

	Consolidated		DECS	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Salaries and wages (including annual leave)	1 360 711	1 281 828	1 337 308	1 258 666
Employment on-costs - superannuation	151 230	144 687	149 093	142 645
Employment on-costs - payroll tax	76 823	73 734	76 823	73 734
Long service leave	56 331	60 981	55 743	60 445
Workers compensation	12 305	14 240	12 305	14 240
TVSPs	23 346	-	23 346	-
Board fees	21	18	21	18
Country incentive leave	1 959	5 528	1 959	5 528
Other employee related expenses	2 634	2 623	2 549	2 520
Total employee benefit expenses	1 685 360	1 583 639	1 659 147	1 557 796

TVSPs	Consolidated		DECS	
	2010	2009	2010	2009
Amounts paid to these employees:	$'000	$'000	$'000	$'000
TVSPs	23 346	-	23 346	-
Annual and long service leave paid during the reporting period	6 110	-	6 110	-
	29 456	-	29 456	-
Recovery from DTF	13 754	-	13 754	-
Net cost to the Department	15 702	-	15 702	-

	Consolidated		DECS	
	2010	2009	2010	2009
	Number	Number	Number	Number
Number of employees who received a TVSP during the reporting period	183	-	183	-

Remuneration of employees	DECS		DECS	
The number of employees whose remuneration received or receivable exceeded $100 000 for this period are grouped within the following bands:	2010 Number of executives*	2010 Number of employees	2009 Number of executives*	2009 Number of employees
$100 000 - $109 999	-	765	-	452
$110 000 - $119 999	1	308	3	220
$120 000 - $129 999	-	153	-	110
$130 000 - $139 999	1	79	3	53
$140 000 - $149 999	6	43	5	37
$150 000 - $159 999	-	32	2	13
$160 000 - $169 999	5	20	5	15
$170 000 - $179 999	4	11	4	11
$180 000 - $189 999	5	11	-	1
$190 000 - $199 999	1	1	-	-
$200 000 - $209 999	-	-	1	1
$210 000 - $219 999	3	5	4	6
$220 000 - $229 999	5	5	1	2
$230 000 - $239 999	-	1	-	1
$240 000 - $249 999	-	1	1	1
$260 000 - $269 999	-	2	-	-
$270 000 - $279 999	-	-	-	1
$280 000 - $289 999	-	1	-	-
$290 000 - $299 999	1	1	2	2
$300 000 - $309 999	1	2	-	-
$310 000 - $319 999	-	2	1	1
$320 000 - $329 999	-	2	-	-
$330 000 - $339 999	-	1	-	-
$350 000 - $359 999	1	1	-	-
$370 000 - $379 999	-	-	1	1
$410 000 - $419 999	-	-	1	1
Total	34	1 447	34	929

* Based on the Department's executive organisation structure.

The table includes all employees who received remuneration of $100 000 or more during the year. The remuneration includes salary, employer's superannuation costs, use of motor vehicle in accordance with prescribed conditions and associated fringe benefits tax.

This number of employees includes 130 (86) who received country incentive payments. There were 11 (0) persons who received an amount under the TVSP scheme that retired at the over $100 000 remuneration level and an additional 52 (71) persons who did not receive an amount under the TVSP Scheme that retired at the over $100 000 remuneration level. These 63 (71) persons are included in the above employees numbers.

Remuneration received or due and receivable by the above employees was $169.9 million ($109.4 million), which is included in employee benefit expenses. Salary rates during 2009-10 increased by 4 percent for *Education Act 1972* employees and 2.5 percent for PSA employees effective the first pay period on or after 1 October 2009, and 3.5 percent for executives effective 1 July 2009 due to enterprise agreements.

Number of employees as at the reporting date

As at 30 June, the Department employed 20 402 (20 264) full-time equivalents.

6. Supplies and services	Consolidated		DECS	
Supplies and services provided by entities within	2010	2009	2010	2009
the SA Government:	$'000	$'000	$'000	$'000
Minor works and maintenance	72 137	70 897	87 608	82 669
Rentals and leases	16 497	15 999	16 514	16 023
Management fees, fees and charges	14 718	10 654	15 198	10 919
Computer communications	309	658	314	668
Utilities	9 593	6 468	9 592	6 471
Vehicle and travelling expenses	5 806	5 686	7 185	6 410
Insurance (including self-insurance)	3 840	3 552	4 374	4 330
Telecommunications	2 116	1 826	2 120	1 791
Security	4 429	4 484	4 437	4 490
Legal	1 292	1 389	1 292	1 395
Contractors and other outsourced services	5 231	2 658	8 345	6 382
School card and other allowances	-	-	11 648	10 574
Other	9 840	5 383	11 260	6 270
Total supplies and services - SA Government entities	145 808	129 654	179 887	158 392
Supplies and services provided by entities external to the SA Government:				
Printing, postage and consumables	70 711	71 228	5 928	5 602
Minor works, maintenance and equipment	127 015	55 464	22 436	8 184
Child care assistance, school card and other allowances	29 261	29 330	29 261	29 330
Cleaning	29 568	29 194	3 403	3 301
Student learning materials	23 992	24 900	-	-
Utilities	18 460	19 556	17 321	18 413
Cost of goods sold	16 600	16 280	-	-
Vehicle and travelling expenses	23 772	22 165	19 923	18 375
Bus contractors	17 912	18 548	17 912	18 548
Telecommunications	13 739	13 148	12 250	11 834
Contractors and other outsourced services	16 800	19 873	15 902	18 977
Excursions and camps	17 740	16 812	-	-
Security	920	987	487	551
Computer communications	8 907	10 465	6 779	9 068
Training and development	5 990	5 410	2 555	2 097
Rentals and leases	3 944	3 134	1 758	1 353
Other	66 526	61 728	16 969	16 083
Total supplies and services - non-SA Government entities	491 857	418 222	172 884	161 716
Total supplies and services	637 665	547 876	352 771	320 108

The total supplies and services amount disclosed includes GST amounts not recoverable from the ATO due to the Department not holding a valid tax invoice or payments relating to third party arrangements.

Consultancy fees	DECS 2010		DECS 2009	
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
Between $10 000 and $50 000	1	14	3	51
Above $50 000	2	390	1	868
Total paid/payable to the consultants engaged	3	404	4	919

7. Grants and subsidies	Consolidated		DECS	
Grants and subsidies paid/payable to entities	2010	2009	2010	2009
within the SA Government:	$'000	$'000	$'000	$'000
Recurrent grants paid to schools and units	-	-	106 177	109 527
Capital grants paid to schools and units	-	-	47 948	1 888
Recurrent grants paid to preschools	3 856	3 652	3 856	3 652
Recurrent grants paid to other organisations	1 057	1 338	1 057	1 338
Capital grants paid to other organisations	612	-	612	-
Total grants and subsidies - SA Government entities	5 525	4 990	159 650	116 405
Grants and subsidies paid/payable to entities external to the SA Government:				
Recurrent grants paid to other organisations	10 709	10 093	10 709	10 093
Total grants and subsidies - non-SA Government entities	10 709	10 093	10 709	10 093
Total grants and subsidies	16 234	15 083	170 359	126 498

8. Depreciation and amortisation

	Consolidated		DECS	
	2010	2009	2010	2009
Depreciation:	$'000	$'000	$'000	$'000
Buildings and improvements	60 557	60 029	60 545	60 015
Computing, communication equipment, furniture and equipment	4 684	4 587	2 541	2 551
Buses and motor vehicles	2 548	2 205	2 004	1 742
Other	508	542	210	264
Total depreciation	68 297	67 363	65 300	64 572
Amortisation:				
Intangible assets	871	871	871	871
Leasehold improvements	1 313	1 313	1 313	1 313
Total amortisation	2 184	2 184	2 184	2 184
Total depreciation and amortisation	70 481	69 547	67 484	66 756

9. Other expenses

Other expenses paid/payable to entities within the SA Government:				
Auditor's remuneration - Auditor-General's Department	420	395	420	395
Total other expenses - SA Government entities	420	395	420	395
Other expenses paid/payable to entities external to the SA Government:				
Auditor's remuneration - school/ preschool auditors	839	830	794	810
Allowance for doubtful debts and debt write-offs	5 985	2 149	(348)	(84)
Non-current assets written off	2 295	94	2 295	94
Total other expenses - non-SA Government entities	9 119	3 073	2 741	820
Total other expenses	9 539	3 468	3 161	1 215

Other services

No other services were provided by the Auditor-General's Department.

10. Commonwealth revenues

Recurrent revenue	90 423	236 358	90 423	236 358
Capital revenue	578 746	87 080	578 746	87 080
Total Commonwealth revenues	669 169	323 438	669 169	323 438

The following revenues were recognised at year end with the condition that they be expended in a particular manner, but had yet to be applied in that manner at year end:

	DECS	
	2010	2009
	$'000	$'000
Building the Education Revolution	92 667	35 332
Trade Training Centre	13 708	3 827
Digital Education Revolution	10 584	-
Low Socio-Economic Status School Communities National Partnership	3 383	-
Futures Connect	1 610	1 246
The Spencer Gulf and Outback Australia Technical College	1 475	-
Supporting Improved Literacy Achievement in SA	1 472	2 000
National Partnership Advanced Technology	1 427	-
Universal Preschool Access	1 220	85
National Partnership Aboriginal Children's and Family Centres	1 099	-
Commonwealth Literacy and Numeracy National Partnership	1 092	-
Working Together Grant	1 040	-
Family Day Care Scheme	934	-
National Asian Languages and Studies In Schools program	592	-
National Partnership Youth Attainment Maximising Engagement, Attainment and Successful Transitions	554	-
National Partnership Teacher Quality	436	-
Accelerated Literacy program	435	90
Low Socio-Economic Status Parental Engagement National Partnership	414	-
Early Literacy Component (Australian Early Development Index)	383	-
Indigenous Education Strategic Initiatives program, Supplementary Recurrent Assistance Funding	290	-
Early Assistance (Reflect, Respect, Relate)	284	-

10. Commonwealth revenues (continued)

	DECS 2010 $'000	DECS 2009 $'000
Wiltja Residential program	205	-
SA Indigenous Education Consultative Committee	193	26
Reading Assistance Voucher	127	1 496
National Solar Schools	126	2 772
Indigenous Workforce Development	102	-
Youth Attainment and Transitions National Partnership	34	-
Quality Teacher program	27	23
Drug Education In Schools	3	-
Values Education	2	31
Policy	-	600
Local School - Community Drug Summits	-	364
Languages Plan Implementation	-	336
History project	-	25
Total conditions over revenue	135 918	48 253

11. Student and other fees and charges

	Consolidated 2010 $'000	Consolidated 2009 $'000	DECS 2010 $'000	DECS 2009 $'000
Fees and charges received/receivable from entities within the SA Government:				
Sales/fee for service revenue	349	367	1 243	1 285
Other user fees and charges	1 036	952	3 644	2 883
Total fees and charges - SA Government entities	1 385	1 319	4 887	4 168
Fees and charges received/receivable from entities external to the SA Government:				
Sales/fee for service revenue	13 346	12 669	3 176	3 514
Student enrolment fees and charges	81 485	78 952	960	1 820
Other user fees and charges	9 893	9 679	9 893	9 679
Canteen sales	18 365	17 350	-	-
Total fees and charges - non-SA Government entities	123 089	118 650	14 029	15 013
Total student and other fees and charges	124 474	119 969	18 916	19 181

12. Interest revenues

	Consolidated 2010 $'000	Consolidated 2009 $'000	DECS 2010 $'000	DECS 2009 $'000
Interest from entities within the SA Government	15 922	9 720	12 515	6 227
Other	158	556	36	45
Total interest revenues	16 080	10 276	12 551	6 272

13. Net gain (loss) from disposal of non-current assets

	Consolidated 2010 $'000	Consolidated 2009 $'000	DECS 2010 $'000	DECS 2009 $'000
Land and buildings:				
Proceeds from disposal	6 223	4 407	6 223	4 407
Net book value of assets disposed	(9 528)	(4 187)	(9 528)	(4 187)
Net gain (loss) from disposal of land and buildings	(3 305)	220	(3 305)	220
Vehicles, plant and equipment:				
Proceeds from disposal	181	276	-	-
Net book value of assets disposed	(215)	(223)	(32)	-
Net gain (loss) from disposal of vehicles, plant and equipment	(34)	53	(32)	-
Total assets:				
Total proceeds from disposal	6 404	4 683	6 223	4 407
Total value of assets disposed	(9 743)	(4 410)	(9 560)	(4 187)
Total net gain (loss) from disposal of non-current assets	(3 339)	273	(3 337)	220

14. Other revenues

	Consolidated 2010 $'000	Consolidated 2009 $'000	DECS 2010 $'000	DECS 2009 $'000
Fundraising revenue	7 269	7 154	-	-
Assets recognised for the first time	2 542	369	2 542	369
Recoveries - other	1 076	1 548	1 144	2 013
Other revenue	31 849	36 134	11 140	9 520
Total other revenues	42 736	45 205	14 826	11 902

15. Revenue from (payments to) SA Government

	Consolidated 2010 $'000	Consolidated 2009 $'000	DECS 2010 $'000	DECS 2009 $'000
Appropriations from the Consolidated Account pursuant to the *Appropriation Act*	2 019 448	1 746 547	2 019 448	1 746 547
Transfers from contingencies	42 866	7 192	42 866	7 192
Total revenues from SA Government	2 062 314	1 753 739	2 062 314	1 753 739

Payments to SA Government	Consolidated		DECS	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Return of surplus cash pursuant to cash alignment policy	(25 920)	(8 881)	(25 920)	(8 881)
Total payments to SA Government	(25 920)	(8 881)	(25 920)	(8 881)

16. Cash and cash equivalents

Deposits with the Treasurer - at call	147 420	88 423	147 420	88 423
Deposits with the Treasurer - Accrual Appropriation Excess Funds account	223 564	189 896	223 564	189 896
SA School Investment Fund (SASIF)	189 785	184 386	-	-
Cash at bank and on hand	21 845	18 670	323	501
Section 21 Deposit Accounts	356	350	356	350
Total cash and cash equivalents	582 970	481 725	371 663	279 170

Deposits with the Treasurer

Includes funds held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use, ie funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.

SA School Investment Fund

Represents the amounts held in schools' SASIF accounts at 31 December 2009 adjusted to account for the Building the Education Revolution net expenditure that occurred between 1 January 2010 and 30 June 2010.

The amount held in schools and units SASIF accounts as at 30 June 2010 was $250.3 million ($248.4 million) and does not include $16.3 million ($16.4 million) held in the account for preschools and some units as these have been treated as transactions with third parties. Refer note 2(c).

17. Receivables	Consolidated		DECS	
	2010	2009	2010	2009
Current:	$'000	$'000	$'000	$'000
Fees, charges and other receivables	38 125	20 516	28 160	16 285
Allowance for doubtful debts	(14 595)	(9 948)	(1 566)	(1 978)
GST recoverable from the ATO	17 303	8 184	13 925	6 082
Accrued revenues	9 880	9 250	9 475	9 020
Prepayments	2 489	1 303	1 486	68
Loan receivables	-	64	626	551
Allowance for doubtful debts loans	-	(64)	-	(64)
Total current receivables	53 202	29 305	52 106	29 964
Non-current:				
Workers compensation receivable	160	229	160	229
Loan receivables	19	28	8 060	6 137
Total non-current receivables	179	257	8 220	6 366
Total receivables	53 381	29 562	60 326	36 330

Government/Non-government receivables

Receivables from SA Government entities:				
Fees, charges and other receivables	11 714	3 165	18 156	9 936
Allowance for doubtful debts	-	-	(917)	(1 381)
Prepayments	1	-	1	-
Loan receivables	-	-	8 667	6 596
Accrued revenues	8 150	5 882	8 723	6 307
Total receivables from SA Government entities	19 865	9 047	34 630	21 458
Receivables from non-SA Government entities:				
Fees, charges and other receivables	26 411	17 351	10 004	6 349
Allowance for doubtful debts	(14 595)	(9 948)	(649)	(597)
GST recoverable from the ATO	17 303	8 184	13 925	6 082
Workers compensation receivable	160	229	160	229
Accrued revenues	1 730	3 368	752	2 713
Prepayments	2 488	1 303	1 485	68
Loan receivables	19	92	19	92
Allowance for doubtful debts loans	-	(64)	-	(64)
Total receivables from non-SA Government entities	33 516	20 515	25 696	14 872
Total receivables	53 381	29 562	60 326	36 330

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (ie calculated on past experience and current and expected changes in client rating) that a receivable is impaired.

An allowance for impairment loss has been recognised in 'Other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movement in the allowance for doubtful debts (impairment loss):

	Consolidated		DECS	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Carrying amount at 1 July	10 012	9 690	2 042	2 156
Increase (Decrease) in the allowance	5 985	2 149	(348)	(84)
Amounts written off	(1 402)	(1 827)	(128)	(30)
Carrying amount at 30 June	14 595	10 012	1 566	2 042

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing.

Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

(a) Maturity analysis of receivables - refer note 33.3.

(b) Categorisation of financial instruments and risk exposure information - refer note 33.

18. Inventories

	Consolidated		DECS	
	2010	2009	2010	2009
Current:	$'000	$'000	$'000	$'000
Materials at net realisable value	4 204	4 023	204	181
Total current inventories	4 204	4 023	204	181
Total inventories	4 204	4 023	204	181

19. Other financial assets

Current:				
Term deposits	-	93	-	-
Total current investments	-	93	-	-
Non-current:				
Term deposits	121	498	-	-
Total non-current investments	121	498	-	-
Total other financial assets	121	591	-	-

The term deposits are carried at cost and are to be held to their maturity.

20. Non-current assets classified as held for sale

Current:				
Land	4 688	7 140	4 688	7 140
Buildings and improvements	1 673	1 636	1 673	1 636
Buses	444	412	444	412
Total non-current assets held for sale	6 805	9 188	6 805	9 188

21. Property, plant and equipment

Land:				
Land at valuation	1 212 716	1 125 664	1 212 424	1 125 525
Land at cost	5 046	5 910	4 955	5 784
Total land	1 217 762	1 131 574	1 217 379	1 131 309
Buildings and improvements:				
Buildings and improvements at valuation	4 284 466	4 295 791	4 284 466	4 295 791
Accumulated depreciation	(2 858 216)	(2 830 645)	(2 858 216)	(2 830 645)
Buildings and improvements at cost	226 652	58 458	226 060	57 808
Accumulated depreciation	(2 952)	(504)	(2 824)	(392)
Total buildings and improvements	1 649 950	1 523 100	1 649 486	1 522 562
Leasehold improvements:				
Leasehold improvements at cost	13 331	13 331	13 331	13 331
Accumulated amortisation	(7 809)	(6 496)	(7 809)	(6 496)
Total leasehold improvements	5 522	6 835	5 522	6 835
Construction work in progress:				
Construction work in progress at cost	380 465	46 940	380 465	46 940
Total construction work in progress	380 465	46 940	380 465	46 940

21. Property, plant and equipment (continued)

	Consolidated 2010 $'000	Consolidated 2009 $'000	DECS 2010 $'000	DECS 2009 $'000
Buses/motor vehicles:				
Buses at valuation	57 505	58 743	57 505	58 743
Accumulated depreciation	(47 946)	(47 215)	(47 946)	(47 215)
Buses at cost	9 400	8 054	1 174	102
Accumulated depreciation	(4 928)	(4 433)	(23)	(1)
Total buses/motor vehicles	14 031	15 149	10 710	11 629
Computing, communication, furniture and equipment:				
Computing, communication, furniture and equipment at valuation	1 835	1 835	1 835	1 835
Accumulated depreciation	(1 835)	(1 835)	(1 835)	(1 835)
Computing, communications, furniture and equipment at cost	37 996	36 314	17 875	17 769
Accumulated depreciation	(28 491)	(25 482)	(15 904)	(13 363)
Total computing, communication, furniture and equipment	9 505	10 832	1 971	4 406
Other assets:				
Other assets at cost	7 247	7 233	4 312	4 303
Accumulated depreciation	(5 440)	(5 081)	(3 450)	(3 240)
Total other assets	1 807	2 152	862	1 063
Total property plant and equipment	3 279 042	2 736 582	3 266 395	2 724 744

Valuation of non-current assets

The valuation of land was performed 30 June 2010, swimming pools 30 June 2009, buildings 30 June 2008, and paving 30 June 2007. A desktop revaluation of paving conducted in 2010 showed no material impact and therefore the 2007 valuations for paving have been used. The land valuation was performed by the Valuer-General and the buildings, paving and swimming pools were valued by the Department for Transport, Energy and Infrastructure. Valuations of computing and communication equipment, furniture and equipment, and buses are based on current replacement cost. Schools' plant and equipment is recorded at cost.

Impairment

There were no indications of impairment of property, plant and equipment at 30 June 2010.

DECS

2010	Land $'000	Buildings $'000	Leasehold improvements $'000	Computing, communication, furniture and equipment $'000	Buses/ motor vehicles $'000
Carrying amount at 1 July	1 131 309	1 522 562	6 835	4 406	11 629
Additions	1 002	492	-	105	1 149
Disposals	(1 410)	(5 519)	-	-	-
Assets reclassified to assets held for sale	(1 721)	(759)	-	-	(64)
Transfers to (from) WIP	-	190 739	-	-	-
Revaluation increment (decrement)	88 174	-	-	-	-
Depreciation and amortisation	-	(60 546)	(1 313)	(2 540)	(2 004)
Other movements	25	2 517	-	-	-
Carrying amount at 30 June	1 217 379	1 649 486	5 522	1 971	10 710

	Construction work in progress $'000	Other assets $'000	Tangible asset total $'000	Internally developed computer software $'000	Intangible asset total $'000
Carrying amount at 1 July	46 940	1 063	2 724 744	871	871
Additions	524 264	9	527 021	-	-
Disposals	-	-	(6 929)	-	-
Assets reclassified to assets held for sale	-	-	(2 544)	-	-
Transfers to (from) WIP	(190 739)	-	-	-	-
Revaluation increment (decrement)	-	-	88 174	-	-
Depreciation and amortisation	-	(210)	(66 613)	(871)	(871)
Other movements	-	-	2 542	-	-
Carrying amount at 30 June	380 465	862	3 266 395	-	-

Impairment (continued)

DECS

2009	Land $'000	Buildings $'000	Leasehold improve-ments $'000	Computing, communication, furniture and equipment $'000	Buses/ motor vehicles $'000
Carrying amount at 1 July	1 068 505	1 531 380	8 148	6 586	10 552
Additions	594	612	-	371	2 391
Disposals	(810)	(651)	-	-	-
Assets reclassified to assets held for sale	-	(4)	-	-	(380)
Transfers to (from) WIP	-	51 725	-	-	-
Revaluation increment (decrement)	63 373	(485)	-	-	808
Depreciation and amortisation	-	(60 015)	(1 313)	(2 551)	(1 742)
Other movements	(353)	-	-	-	-
Carrying amount at 30 June	1 131 309	1 522 562	6 835	4 406	11 629

	Construction work in progress $'000	Other assets $'000	Tangible asset total $'000	Internally developed computer software $'000	Intangible asset Total $'000
Carrying amount at 1 July	48 661	1 207	2 675 039	1 742	1 742
Additions	50 004	120	54 092	-	-
Disposals	-	-	(1 461)	-	-
Assets reclassified to assets held for sale	-	-	(384)	-	-
Transfers to (from) WIP	(51 725)	-	-	-	-
Revaluation increment (decrement)	-	-	63 696	-	-
Depreciation and amortisation	-	(264)	(65 885)	(871)	(871)
Other movements	-	-	(353)	-	-
Carrying amount at 30 June	46 940	1 063	2 724 744	871	871

22. Intangible assets

	Consolidated 2010 $'000	Consolidated 2009 $'000	DECS 2010 $'000	DECS 2009 $'000
Computer software:				
Internally developed computer software	4 354	4 354	4 354	4 354
Accumulated amortisation	(4 354)	(3 483)	(4 354)	(3 483)
Total computer software	-	871	-	871

The internally developed computer software relates to the Department's Human Resource Management System (VALEO). Prior to June 2003 costs associated with the development of VALEO were expensed, and after that date capitalised.

23. Payables

	Consolidated 2010 $'000	Consolidated 2009 $'000	DECS 2010 $'000	DECS 2009 $'000
Current:				
Creditors	69 860	34 524	81 270	45 126
Accrued expenses	6 588	5 329	3 507	3 455
Employment on-costs	22 414	19 039	22 402	19 036
Lease payables	38	21	-	-
Total current payables	98 900	58 913	107 179	67 617
Non-current:				
Employment on-costs	26 728	26 459	26 728	26 459
Lease payables	31	42	-	-
Total non-current payables	26 759	26 501	26 728	26 459
Total payables	125 659	85 414	133 907	94 076

Government/Non-government payables

	Consolidated 2010 $'000	Consolidated 2009 $'000	DECS 2010 $'000	DECS 2009 $'000
Payables to SA Government entities:				
Creditors	45 410	14 942	56 820	17 842
Accrued expenses	1 634	1 435	2 187	1 844
Total payables to SA Government entities	47 044	16 377	59 007	19 686
Payables to non-SA Government entities:				
Creditors	24 450	19 582	24 450	27 284
Accrued expenses	4 954	3 894	1 320	1 611
Employment on-costs	49 142	45 498	49 130	45 495
Lease payables	69	63	-	-
Total payables to non-SA Government entities	78 615	69 037	74 900	74 390
Total payables	125 659	85 414	133 907	94 076

Government/Non-government payables (continued)

As a result of an actuarial assessment performed by DTF, the average factor for the calculation of employer superannuation on-cost remained unchanged at 10.5 percent. This rate is used in the employment on-cost calculation.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

(a) Maturity analysis of payables - refer note 33.3.
(b) Categorisation of financial instruments and risk exposure information - refer note 33.

24. Borrowings

	Consolidated		DECS	
	2010	2009	2010	2009
Current:	$'000	$'000	$'000	$'000
Borrowings from SA Government(1)	-	206	-	-
Total current borrowings	-	206	-	-
Non-current:				
Borrowings from SA Government(1)	283	285	-	-
Advances(2)	121	121	121	121
Total non-current borrowings	404	406	121	121
Total borrowings	404	612	121	121

(1) This loan is interest bearing and unsecured. The terms of the loan are agreed by the Minister at the time the loan was provided.

(2) The advance was to establish the imprest account and is non-interest bearing.

Borrowings are recognised at cost and have no maturity date. The interest rate is determined by the Treasurer. The average rate was 4.46 percent in 2010 (5.94 percent).

(a) Maturity analysis of borrowings - refer note 33.3.
(b) Categorisation of financial instruments and risk exposure information - refer note 33.
(c) Defaults and breaches - There were no defaults or breaches on any of the above liabilities throughout the year.

25. Employee benefits

	Consolidated		DECS	
	2010	2009	2010	2009
Current:	$'000	$'000	$'000	$'000
Annual leave	90 593	77 163	90 268	76 947
Accrued salaries and wages	24 803	19 162	24 353	18 795
Long service leave	49 208	45 156	49 125	45 022
Country incentive leave	2 492	2 138	2 492	2 138
Total current employee benefits	167 096	143 619	166 238	142 902
Non-current:				
Long service leave	340 893	336 200	338 889	334 528
Country incentive leave	2 600	3 391	2 600	3 391
Total non-current employee benefits	343 493	339 591	341 489	337 919
Total employee benefits	510 589	483 210	507 727	480 821

The total current and non-current employee expense (ie aggregate employee benefit plus related on-costs) for 2010 is $188.64 million and $368.22 million for DECS and $189.51 million and $370.22 million for Consolidated respectively.

Based on an actuarial assessment performed by DTF, the benchmark for the measurement of the long service leave liability has been calculated at seven years (the benchmark applied in 2008-09 was six years and six months). The result of this has been a decrease to the provision of $4.006 million.

As a result of the actuarial assessment performed by DTF the salary inflation rate remained unchanged in 2010 at 4 percent.

26. Provisions

	Consolidated		DECS	
	2010	2009	2010	2009
Current:	$'000	$'000	$'000	$'000
Provision for workers compensation	16 336	18 386	16 336	18 386
Provision for legal claims	836	764	836	764
Provision for fire claims	-	12	158	204
Total current provisions	17 172	19 162	17 330	19 354

26. Provisions (continued)

	Consolidated 2010 $'000	Consolidated 2009 $'000	DECS 2010 $'000	DECS 2009 $'000
Non-current:				
Workers compensation provision	70 578	77 166	70 578	77 166
Provision for legal claims	1 101	2 323	1 101	2 323
Total non-current provisions	71 679	79 489	71 679	79 489
Total provisions	88 851	98 651	89 009	98 843

Movements in provisions

	Consolidated 2010 $'000	Consolidated 2009 $'000	DECS 2010 $'000	DECS 2009 $'000
Provision for workers compensation:				
Carrying amount at 1 July	95 552	102 446	95 552	102 446
Reductions arising from payments/other sacrifice of future economic benefits	(19 857)	(20 160)	(19 857)	(20 160)
Additional provision recognised	11 219	13 266	11 219	13 266
Carrying amount at 30 June	86 914	95 552	86 914	95 552

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. These claims are expected to be settled within the next financial year.

	Consolidated 2010 $'000	Consolidated 2009 $'000	DECS 2010 $'000	DECS 2009 $'000
Provision for legal claims:				
Carrying amount at 1 July	3 087	2 805	3 087	2 805
Reductions arising from payments/other sacrifice of future economic benefits	(808)	(863)	(808)	(863)
Additional provision recognised	-	1 145	-	1 145
Decrease in provision	(342)	-	(342)	-
Carrying amount at 30 June	1 937	3 087	1 937	3 087
Provision for fire claims:				
Carrying amount at 1 July	12	1	204	675
Reductions arising from payments/other sacrifice of future economic benefits	(12)	-	(464)	(709)
Additional provision recognised	-	11	418	238
Carrying amount at 30 June	-	12	158	204

27. Other liabilities

	Consolidated 2010 $'000	Consolidated 2009 $'000	DECS 2010 $'000	DECS 2009 $'000
Current:				
Deposits	15 300	15 280	14 473	14 699
Unearned revenue	5 487	5 793	207	1 042
Other liabilities	5 977	3 985	222	221
Total current other liabilities	26 764	25 058	14 902	15 962
Non-current:				
Deposits	944	1 094	-	-
Other liabilities	415	504	359	360
Total non-current other liabilities	1 359	1 598	359	360
Total other liabilities	28 123	26 656	15 261	16 322

28. Equity

	Consolidated 2010 $'000	Consolidated 2009 $'000	DECS 2010 $'000	DECS 2009 $'000
Retained earnings	1 772 940	1 248 676	1 559 491	1 040 883
Asset revaluation surplus	1 400 048	1 319 471	1 399 877	1 319 418
Total equity	3 172 988	2 568 147	2 959 368	2 360 301

The asset revaluation surplus is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is disposed of or assets are transferred to another SA Government entity upon an administrative restructure.

29. Unrecognised contractual commitments

Public Private Partnership lease commitments

Commitments outstanding as at the reporting date but not recognised as liabilities are payable in nominal dollars as follows:

	Consolidated 2010 $'000	Consolidated 2009 $'000	DECS 2010 $'000	DECS 2009 $'000
Within one year	14 430	-	14 430	-
Later than one year but not later than five years	109 096	-	109 096	-
Later than five years	747 086	-	747 086	-
Total Public Private Partnership lease commitments	870 612	-	870 612	-

Public Private Partnership lease commitments (continued)

In July 2009 the State of South Australia entered into a 30 year agreement with Pinnacle Education SA2 Pty Ltd under the Partnerships SA policy, for the financing, design, construction and maintenance of six schools to open during the 2010-11 financial year.

When construction of the new schools is completed the State will assume responsibility for education provision, staffing, curriculum and teacher practice, and a commitment in regard to assets will be recognised as a finance lease with related finance lease assets.

This commitment includes quarterly service payments, equipment maintenance, equipment replacement and other expenses.

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:

	Consolidated		DECS	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Within one year	476 899	294 200	476 899	294 200
Later than one year but not later than five years	1 700	196 496	1 700	196 496
Total capital commitments	478 599	490 696	478 599	490 696

The Department's capital commitments are for capital works projects involving the construction or upgrade of school buildings and facilities. Capital commitments for 2008-09 and 2009-10 include commitments for projects associated with Commonwealth Government Building the Education Revolution program.

Remuneration commitments

Commitments for the payment of salaries and other remuneration under fixed term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:

	Consolidated		DECS	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Within one year	5 959	5 083	5 959	5 083
Later than one year but not later than five years	13 146	10 958	13 146	10 958
Total remuneration commitments	19 105	16 041	19 105	16 041

Amounts disclosed include commitments arising from executive service contracts. The Department does not offer fixed-term remuneration contracts greater than five years.

Operating lease commitments for vehicles

Commitments in relation to operating leases for vehicles contracted for at the reporting date but not recognised as liabilities is payable as follows:

Within one year	4 557	4 177	4 557	4 177
Later than one year but not later than five years	4 029	4 896	4 029	4 896
Total operating lease commitments for vehicles	8 586	9 073	8 586	9 073

The Department has non-cancellable operating lease commitments for the provision of vehicles to senior executive officers or sections (ie pool vehicles) with Fleet SA. There are no purchase options available to the Department.

Operating lease commitments for facilities

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	Consolidated		DECS	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Within one year	8 283	7 828	8 283	7 828
Later than one year but not later than five years	9 456	13 063	9 456	13 063
Later than five years	460	28	460	28
Total operating lease commitments for facilities	18 199	20 919	18 199	20 919

The Department has entered into a number of operating leases for the provision of office accommodation and facilities used for the provision of educational services. Office accommodation is leased from the Department for Transport, Energy and Infrastructure. The property leases include both cancellable and non-cancellable leases and are for varied terms. Contingent rentals are based upon changes in market rental rates, the Consumer Price Index or a specified rate of increase in the rental payments. Options exist to renew the leases at the end of the lease term. Some leases have no option to renew. Rent is payable in arrears.

30. Contingent assets and liabilities

The Department is presently defending a claim seeking an interpretation of the allowable break in service (three months or two years) for accrual of long service leave for contract teachers and temporary relieving teachers under the *Education Act 1972*.

30. Contingent assets and liabilities (continued)

On 29 May 2009 a full court of the Industrial Relations Court of South Australia found in favour of the Department's position. The Australian Education Union appealed to the Supreme Court of South Australia. On 28 May 2010, the Supreme Court dismissed the appeal. On 25 June 2010 the Australian Education Union applied to the High Court of Australia for special leave to appeal the Supreme Court decision. Hearing dates have not yet been listed. As a result, the potential for liability still remains.

The Department has received advice from the Crown Solicitor that departmental bus drivers were eligible for long service leave under the former *Public Sector Management Act 1995* from 10 March 1994. Therefore payment from this date is being applied to each application for long service leave that is received.

31. Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2009-10 financial year were:

Animal Ethics Committee

Ms Anne Clark
Dr John Hatch
Mr Manfred Heide
Mr Steve Lawrie
Ms Kay McGrath
Dr David Mason
Ms Pat Sprague
Mr Steve Thompson

SA Aboriginal Education and Training Consultative Body

Ms Joanne Ashford
Mr Peter Buckskin
Mr Leslie Taylor
Mr Michael Wanganeen
Ms Kelly Wilson

DECS Audit and Risk Committee

Ms Yvonne Sneddon

The number of members whose remuneration received or receivable falls within the following bands:	2010 Number	2009 Number
$0	10	18
$1 - $9 999	11	6
$10 000 - $19 999	-	1
Total	21	25

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $22 004 ($12 145).

In accordance with DPC Circular 16, government employees did not receive any remuneration for board/committee duties during the financial year.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

32. Cash flow reconciliation

	Consolidated 2010 $'000	Consolidated 2009 $'000	DECS 2010 $'000	DECS 2009 $'000
Reconciliation of cash and cash equivalents - at 30 June as per:				
Statement of Financial Position	582 970	481 725	371 663	279 170
Statement of Cash Flows	582 970	481 725	371 663	279 170
Reconciliation of net cash provided by operating activities to net cost of providing services:				
Net cash provided by operating activities	588 454	140 260	578 344	126 144
Revenues from SA Government	(2 062 314)	(1 753 739)	(2 062 314)	(1 753 739)
Payments to SA Government	25 920	8 881	25 920	8 881
Non-cash items:				
Depreciation and amortisation expense	(70 481)	(69 547)	(67 484)	(66 756)
Bad and doubtful debts	(5 985)	(2 149)	348	84
Non-current assets derecognised/written off	(2 295)	(94)	(2 295)	(94)
Assets recognised for the first time	2 542	369	2 542	369
(Loss) Gain from disposal of non-current assets	(3 339)	273	(3 337)	220
Change in assets/liabilities:				
Increase (Decrease) in receivables	29 752	(835)	21 583	(754)
Increase in inventories	181	586	23	100
(Increase) Decrease in payables	(3 234)	22 536	(2 820)	8 672
Increase in employee benefits	(27 379)	(32 302)	(26 906)	(32 067)
Decrease in provisions	9 800	5 267	9 834	7 083
(Increase) Decrease in other liabilities	(1 467)	4 197	1 061	4 431
Net cost of providing services	(1 519 845)	(1 676 297)	(1 525 501)	(1 697 426)

33. Financial instruments/financial risk management

33.1 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2.

		2010		2009	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	Note	$'000	$'000	$'000	$'000
Cash and cash equivalents	16,32	371 663	371 663	279 170	279 170
Receivables[(1)]	17	46 401	46 401	30 166	30 166
Total financial assets		418 064	418 064	309 336	309 336
Financial liabilities					
Payables[(1)]	23	116 903	116 903	75 966	75 966
Borrowings	24	121	121	121	121
Other liabilities	27	15 261	15 261	16 322	16 322
Total financial liabilities		132 285	132 285	92 409	92 409

(1) Receivables and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost except for employee on-costs which are determined via reference to the employee benefit liability to which they relate.

Credit risk

Credit risk arises when there is a possibility of the Department's debtors defaulting on their contractual obligations resulting in financial loss to the Department. The Department measures credit risk on a fair value basis and monitors risk on a regular basis.

The Department has minimal concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Department does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently the Department does not hold any collateral as security to any of its financial assets. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to note 17 for information on the allowance for impairment in relation to receivables.

The following table discloses the ageing of financial assets, past due, including impaired assets past due.

33.2 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
2010	$'000	$'000	$'000	$'000
Not impaired:				
Receivables	1 120	1 379	5 556	8 055
Impaired:				
Receivables	-	-	(1 566)	(1 566)
Total financial assets	1 120	1 379	3 990	6 489
2009				
Not impaired:				
Receivables	3 602	1 495	4 807	9 904
Impaired:				
Receivables	-	-	(2 042)	(2 042)
Total financial assets	3 602	1 495	2 765	7 862

The following table discloses the maturity analysis of financial assets and financial liabilities.

33.3 Maturity analysis of financial assets and liabilities

		Contractual maturities		
	Carrying amount	Less than 1 year	1-5 years	More than 5 years
2010	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	371 663	371 663	-	-
Receivables	46 401	38 181	2 834	5 386
Total financial assets	418 064	409 844	2 834	5 386

33.3 Maturity analysis of financial assets and liabilities (continued)

		Contractual maturities		
	Carrying amount	Less than 1 year	1-5 years	More than 5 years
2010	$'000	$'000	$'000	$'000
Financial liabilities:				
Payables	116 903	90 175	26 728	-
Borrowings	121	-	-	121
Other liabilities	15 261	15 261	-	-
Total financial liabilities	132 285	105 436	26 728	121
2009				
Financial assets:				
Cash and cash equivalents	279 170	279 170	-	-
Receivables	30 166	23 800	2 379	3 987
Total financial assets	309 336	302 970	2 379	3 987
Financial liabilities:				
Payables	75 966	49 507	26 459	-
Borrowings	121	-	-	121
Other liabilities	16 322	16 322	-	-
Total financial liabilities	92 409	65 829	26 459	121

Liquidity risk

Liquidity risk arises where the Department is unable to meet its financial obligations as they fall due. The Department is funded principally from appropriation by the SA Government. The Department works with DTF to determine the cash flows associated with its government approved program of work and to ensure funding is provided through the SA Government budgetary processes to meet the expected cash flows. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made within 30 days from resolution.

The Department's exposure to liquidity risk is not considered a material issue based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in note 33.1 represent the Department's maximum exposure to financial liabilities.

Market risk

Market risk for the Department is primarily through interest rate risk. Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. The Department interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

Sensitivity disclosure analysis

A sensitivity disclosure analysis has not been undertaken for the interest rate risk of the Department as it has been determined that the possible impact on the profit and loss or total equity from fluctuations in interest rates is immaterial.

35. Events after the end of the reporting period

There were no events occurring after the end of the reporting period that have material financial implications on these financial statements.

Statement of Administered Comprehensive Income for the year ended 30 June 2010

	Note	**2010 $'000**	2009 $'000
EXPENSES:			
Employee benefit expenses	A3	**1 739**	1 800
Supplies and services	A4	**227**	251
Transfer payments	A5	**1 081 340**	725 665
Borrowing costs		**64**	86
Depreciation		**12**	6
Other expenses		**-**	371
Total expenses		**1 083 382**	728 179
INCOME:			
Revenues from SA Government	A6	**182 978**	166 632
Commonwealth revenues	A7	**868 144**	595 751
Interest revenues	A8	**63**	67
Other revenues		**13**	1
Total income		**1 051 198**	762 451
NET RESULT		**(32 184)**	34 272
TOTAL COMPREHENSIVE RESULT		**(32 184)**	34 272

Net result and total comprehensive result are attributable to the SA Government as owner

Statement of Administered Financial Position
as at 30 June 2010

	Note	**2010** **$'000**	2009 $'000
CURRENT ASSETS:			
Cash and cash equivalents	A9	**15 618**	52 528
Receivables	A10	**675**	324
Total current assets		**16 293**	52 852
NON-CURRENT ASSETS:			
Plant and equipment	A11	**29**	41
Total non-current assets		**29**	41
Total assets		**16 322**	52 893
CURRENT LIABILITIES:			
Payables	A12	**103**	4 353
Employee benefits	A13	**143**	149
Borrowings	A14	**1 500**	1 500
Other liabilities	A15	**6 120**	6 196
Total current liabilities		**7 866**	12 198
NON-CURRENT LIABILITIES:			
Payables	A12	**31**	35
Employee benefits	A13	**399**	450
Total non-current liabilities		**430**	485
Total liabilities		**8 296**	12 683
NET ASSETS		**8 026**	40 210
EQUITY:			
Accumulated surplus		**8 026**	40 210
TOTAL EQUITY		**8 026**	40 210

Total administered equity is attributable to the SA Government as owner

Contingent asset and liabilities	A16		

Statement of Changes in Administered Equity
for the year ended 30 June 2010

	Accumulated surplus $'000	Total $'000
Balance at 30 June 2008	5 938	5 938
Net result for 2008-09	34 272	34 272
Total comprehensive result for 2008-09	34 272	34 272
Balance at 30 June 2009	40 210	40 210
Net result for 2009-10	(32 184)	(32 184)
Total comprehensive result for 2009-10	(32 184)	(32 184)
Balance at 30 June 2010	**8 026**	**8 026**

All changes in equity are attributable to the SA Government as owner

Statement of Administered Cash Flows
for the year ended 30 June 2010

		2010 Inflows (Outflows)	2009 Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	**$'000**	$'000
CASH OUTFLOWS:			
Employee benefit payments		**(1 807)**	(1 763)
Supplies and services		**(336)**	(158)
Transfer payments		**(1 085 274)**	(721 664)
Borrowing costs		**(64)**	(97)
GST payments on purchases		**(15 439)**	(14 536)
Cash used in operations		**(1 102 920)**	(738 218)
CASH INFLOWS:			
Receipts from SA Government		**182 978**	166 632
Receipts from Commonwealth		**867 869**	602 146
Interest received		**94**	36
GST input tax credits		**15 056**	14 313
Other receipts		**13**	1
Cash generated from operations		**1 066 010**	783 128
Net cash (used in) provided by operating activities	A18	**(36 910)**	44 910
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Payments for plant and equipment		**-**	(31)
Cash used in investing activities		**-**	(31)
CASH INFLOWS:			
Loans repaid		**-**	926
Cash generated from investing activities		**-**	926
Net cash provided by investing activities		**-**	895
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(36 910)**	45 805
CASH AND CASH EQUIVALENTS AT 1 JULY		**52 528**	6 723
CASH AND CASH EQUIVALENTS AT 30 JUNE	A18	**15 618**	52 528

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2010

	Minister's other payments		Minister's borrowings		Minister's salary and allowances		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**1 514**	1 559	**-**	-	**225**	241	**1 739**	1 800
Supplies and services	**227**	251	**-**	-	**-**	-	**227**	251
Transfer payments	**1 081 340**	725 665	**-**	-	**-**	-	**1 081 340**	725 665
Borrowing costs	**-**	-	**64**	86	**-**	-	**64**	86
Depreciation	**12**	6	**-**	-	**-**	-	**12**	6
Other expenses	**-**	-	**-**	371	**-**	-	**-**	371
Total expenses	**1 083 093**	727 481	**64**	457	**225**	241	**1 083 382**	728 179
INCOME:								
Revenue from SA Government	**182 753**	166 391	**-**	-	**225**	241	**182 978**	166 632
Commonwealth revenues	**868 144**	595 751	**-**	-	**-**	-	**868 144**	595 751
Interest revenues	**-**	-	**63**	67	**-**	-	**63**	67
Other revenues	**13**	1	**-**	-	**-**	-	**13**	1
Total income	**1 050 910**	762 143	**63**	67	**225**	241	**1 051 198**	762 451
NET RESULT	**(32 183)**	34 662	**(1)**	(390)	**-**	-	**(32 184)**	34 272

NOTES TO AND FORMING PART OF THE ADMINISTERED STATEMENTS

A1. Summary of significant accounting policies

All Department of Education and Children's Services (the Department) accounting policies are contained in note 2. The policies outlined in note 2 apply to both the Department and administered financial statements.

A2. Changes in accounting policies

All Department changes in accounting policies are contained in note 3. The changes outlined in note 3 apply to both the Department and administered financial statements.

A3. Employee benefit expenses

	2010	2009
	$'000	$'000
Salaries and wages (including annual leave)	1 454	1 484
Employment on-costs - superannuation	130	134
Employment on-costs - payroll tax	59	74
Workers compensation	1	1
Long service leave	(58)	(9)
Board and committee fees	152	116
Other employee related expenses	1	-
Total employee benefit expenses	1 739	1 800

TVSPs

No employees were paid TVSPs during the reporting period.

Remuneration of employees

The number of employees whose remuneration received or receivable exceeded $100 000 for this period are grouped within the following bands:

	2010	2009
	Number	Number
$100 000 to $109 999	3	1
$110 000 to $119 999	-	1
$120 000 to $129 999	1	-
Total	4	2

The table includes all employees who received remuneration of $100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $434 000 ($220 000).

A4. Supplies and services

	2010	2009
Supplies and services provided by entities within SA Government:	$'000	$'000
Fees - contractors and other outsourced services	11	-
Vehicle and travelling expenses	8	7
Other	-	1
Total supplies and services to SA Government entities	19	8
Supplies and services provided by entities external to SA Government:		
Fees - contractors and other outsourced services	112	91
Printing, postage and consumables	28	18
Vehicle and travelling expenses	16	31
Conference expenses	6	3
Rentals and leases	4	4
Minor works, maintenance and equipment	2	54
Advertising, publicity and promotions	1	2
Computer communications	1	1
Telecommunications	1	-
Other	37	39
Total supplies and services to non-SA Government entities	208	243
Total supplies and services	227	251

The total supplies and services amount disclosed includes GST amounts not-recoverable from the ATO due to the Department not holding a valid tax invoice or payments relating to third party arrangements.

Consultancy fees

There were no consultants paid/payable in the last two financial years.

A5. Transfer payments

	2010	2009
Transfer payments paid/payable to entities within SA Government:	$'000	$'000
Transport concessions	14 253	15 772
SACE Board of South Australia	13 047	12 557
Special schools	2 569	2 355
Government schools	340	3 587
Government pre-schools	24	14
Other organisations	104	105
Total transfer payments to SA Government entities	30 337	34 390
Transfer payments paid/payable to entities external to SA Government:		
Non-government schools	1 044 728	685 116
Special schools	4 034	3 803
Multicultural grants	1 269	1 132
Other organisations	972	1 224
Total transfer payments to non-SA Government entities	1 051 003	691 275
Total transfer payments	1 081 340	725 665

A6. Revenues from SA Government

Appropriations from Consolidated Account pursuant to the *Appropriation Act*	182 639	166 380
Appropriations under other Acts	225	241
Transfers from contingencies	114	11
Total revenues from SA Government	182 978	166 632

A7. Commonwealth revenues

Recurrent grants	544 039	579 491
Capital grants	324 105	16 260
Total commonwealth revenues	868 144	595 751

A8. Interest revenues

Interest from entities within SA Government	63	67
Total interest revenues	63	67

A9. Cash and cash equivalents

Deposits with the Treasurer - at call	15 618	52 528
Total cash and cash equivalents	15 618	52 528

A10. Receivables

Current:		
GST recoverable from the ATO	670	288
Interest receivable	5	36
Total receivables	675	324

Government/Non-government receivables

	2010	2009
Receivables from SA Government entities:	$'000	$'000
Interest receivable	5	36
Total receivables from SA Government entities	5	36
Receivables from non-SA Government entities:		
GST recoverable from the ATO	670	288
Total receivables from non-SA Government entities	670	288
Total receivables	675	324

A11. Plant and equipment

Computing, furniture and equipment:		
Computing, furniture and equipment at cost	105	105
Accumulated depreciation	(76)	(64)
Total computing, furniture and equipment	29	41
Total plant and equipment	29	41

Valuation of non-current assets

Valuations of computing, furniture and equipment are based on current replacement cost in accordance with DTF policy on valuations of non-current assets.

Impairment

There were no indications of impairment of plant and equipment at 30 June 2010.

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment

	Computing, furniture and equipment	
	2010	2009
	$'000	$'000
Carrying amount at 1 July	41	16
Additions	-	31
Depreciation	(12)	(6)
Carrying amount at 30 June	29	41

A12. Payables

	2010	2009
Current:	$'000	$'000
Creditors	76	4 318
Employment on-costs	18	19
Accrued expenses	9	16
Total current payables	103	4 353
Non-current:		
Employment on-costs	31	35
Total non-current payables	31	35
Total payables	134	4 388

Government/Non-government payables

Payables to SA Government entities:		
Creditors	70	3 032
Accrued expenses	9	16
Total payables to SA Government entities	79	3 048
Payables to non-SA Government entities:		
Creditors	6	1 286
Employment on-costs	49	54
Total payables to non-SA Government entities	55	1 340
Total payables	134	4 388

A13. Employee benefits

Current:		
Accrued salaries and wages	17	12
Annual leave	70	74
Long service leave	56	63
Total current employee benefits	143	149
Non-current:		
Long service leave	399	450
Total non-current employee benefits	399	450
Total employee benefits	542	599

The total current and non-current employee expense (ie aggregate employee benefit plus related on-costs) for 2010 is $161 000 and $430 000 respectively.

A14. Borrowings

	2010	2009
Current:	$'000	$'000
Borrowings from SA Government	1 500	1 500
Total borrowings	1 500	1 500

A15. Other liabilities

	2010	2009
Current:		
Unearned revenue	6 120	6 196
Total other liabilities	6 120	6 196

A16. Contingent assets and liabilities

The Department is not aware of any contingent assets or liabilities and has made no guarantees in relation to its administered activities.

A17. Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2009-10 financial year were:

Non-Government Schools Registration Board

Mr Robin Anderson
Mr Gordon Baker
Ms Josephine Coonan
Ms Kathleen Cotter
Mr Russell Eley
Mr Garry Le Duff
Ms Margaret Linke
Ms Helen O'Brien
Mr Paul Rijken
Ms Elizabeth Swift
Dr Vincent Thomas
Ms Doreen Yam
Mr Alan Young
Mr Dale Wasley

Ministerial Advisory Committee: Students with Disabilities

Ms Erica Baker
Ms Mary Bambacas
Mr Clive Budden
Ms Libby Burns
Ms Claire Cotton (expired 31 December 2009)
Ms Vivian Cagliuso
Ms Stephanie Grant
Ms Cathie Home
Dr Brian Matthews
Mr Nick Schumi
Ms Wendy Wake-Dyster (commenced 1 January 2010)
Ms Margaret Wallace

Multicultural Education Committee

Ms Suzanne Mashtoub Abimosieh
Mr Archie Andrews
Mr Edgar Peter Bliss
Dr Giancarlo Chiro (resigned 31 December 2009)
Ms Deb Dalwood
Ms Cristina Descalzi (expired 31 December 2009 no replacement)
Ms Diana Glenn (commenced 1 January 2010)
Mr Paul Hine
Mr John Kiosoglous
Mr Lewis O'Brien
Assoc Prof, Dr My-Van Tran

Ethnic Schools Board

Mr Paul Demetriou
Ms Raniah Daou
Mrs Chandra Kumari Eriyagama
Mr Paul Hine
Mr John Kiosoglous
Ms Ursula McGowan
Mr Abdi Ali Osman
Ms Goranka Pilja
Mr Brian Turner

Non-Government Schools Joint Planning Committee

Mr John Connell
Mr Kenneth Hinkly
Ms Jan Hurley
Mrs Mary Jackson
Mr Garry Le Duff
Mr Brian Simons
Dr Vincent Thomas

Ministerial Advisory Committee (Non-Government School Advisory Committee)

Ms Ann Bliss
Mr Jeffery Croser
Ms Louise Firrell (commenced 14 May 2010)
Ms Fiona Godfrey
Mr Don Grimmett
Mr Michael Honey
Mr Barry Kahl
Mr Garry Le Duff
Ms Julie Lundberg (resigned 24 February 2010)
Mrs Nicola Mullins
Mr Glen Seidel (commenced 25 February 2010, resigned 13 May 2010)
Ms Elizabeth Swift
Ms Katherine Teague

The number of members whose remuneration received or receivable falls within the following bands:	2010 Number	2009 Number
$0	16	8
$1 - $9 999	51	75
$10 000 - $19 999	1	1
$20 000 - $29 999	1	-
$30 000 - $39 999	-	1
$40 000 - $49 999	1	
Total	70	85

A17. Remuneration of board and committee members (continued)

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $160 277 ($115 789).

In accordance with DPC Circular 16, government employees did not receive any remuneration for board/committee duties during the financial year.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the Department would have adopted if dealing with the related party at arm's length in the same circumstances.

A18. Cash flow reconciliation

	2010	2009
Reconciliation of cash and cash equivalents - at 30 June as per:	$'000	$'000
Statement of Administered Financial Position	15 618	52 528
Statement of Administered Cash Flows	15 618	52 528
Reconciliation of net cash (used in) provided by operating activities to net result		
Net cash (used in) provided by operating activities	(36 910)	44 910
Non-cash items:		
Depreciation	(12)	(6)
Changes in assets/liabilities:		
Increase (Decrease) in receivables	351	(117)
Decrease (Increase) in payables	4 254	(4 292)
Decrease (Increase) in employee benefits	57	(27)
Decrease (Increase) in other liabilities	76	(6 196)
Net result	(32 184)	34 272

A19. Financial instruments/financial risk management

A19.1 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2. The policies outlined in note 2 apply to both the Department and administered financial statements.

		2010		2009	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	Note	$'000	$'000	$'000	$'000
Cash and cash equivalents	A9	15 618	15 618	52 528	52 528
Receivables(1)	A10	5	5	36	36
Total financial assets		15 623	15 623	52 564	52 564
Financial liabilities					
Payables(1)	A12	130	130	4 383	4 383
Borrowings	A14	1 500	1 500	1 500	1 500
Other liabilities	A15	6 120	6 120	6 196	6 196
Total financial liabilities		7 750	7 750	12 079	12 079

(1) Receivables and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost except for employee on-costs which are determined via reference to the employee benefit liability to which they relate.

Credit risk

Credit risk arises when there is a possibility of the Department's debtors defaulting on their contractual obligations resulting in financial loss to the Department. The Department measures credit risk on a fair value basis and monitors risk on a regular basis.

The Department has minimal concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Department does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently the Department does not hold any collateral as security to any of its financial assets. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note A10 for information on the allowance for impairment in relation to receivables.

The following table discloses the maturity analysis of financial assets and financial liabilities.

A19.2 Maturity analysis of financial assets and liabilities

		Contractual maturities		
	Carrying amount	Less than 1 year	1-5 years	More than 5 years
2010	$'000	$'000	$'000	$'000
Financial Assets:				
Cash and cash equivalents	15 618	15 618	-	-
Receivables	5	5	-	-
Total financial assets	15 623	15 623	-	-
Financial Liabilities:				
Payables	130	99	31	-
Borrowings	1 500	1 500	-	-
Other liabilities	6 120	6 120	-	-
Total liabilities	7 750	7 719	31	-
2009				
Financial Assets:				
Cash and cash equivalents	52 528	52 528	-	-
Receivables	36	36	-	-
Total financial assets	52 564	52 564	-	-
Financial Liabilities:				
Payables	4 383	4 348	35	-
Borrowings	1 500	1 500	-	-
Other liabilities	6 196	6 196	-	-
Total financial liabilities	12 079	12 044	35	-

Liquidity risk

Liquidity risk arises where the Department is unable to meet its financial obligations as they fall due. The Department is funded principally from appropriation by the SA Government. The Department works with DTF to determine the cash flows associated with its government approved program of work and to ensure funding is provided through the SA Government budgetary processes to meet the expected cash flows. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made within 30 days from resolution.

The Department's exposure to liquidity risk is insignificant based on past experience and current assessment of risk. The carrying amount of financial liabilities recorded in note A19.1 represent the Department's maximum exposure to financial liabilities.

Market risk

Market risk for the Department is primarily through interest rate risk. Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. The Department's interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

Sensitivity disclosure analysis

A sensitivity disclosure analysis has not been undertaken for the interest rate risk of the Department as it has been determined that the possible impact on the profit and loss or total equity from fluctuations in interest rates is immaterial.

A20. Events after the end of the reporting period

There were no events occurring after the end of the reporting period that have material financial implications on these financial statements.

ELECTORAL COMMISSION OF SOUTH AUSTRALIA

FUNCTIONAL RESPONSIBILITY

Establishment

The Electoral Commissioner is appointed by the Governor under the provisions of the *Electoral Act 1985*. The Electoral Commission of South Australia (Electoral Commission) is the administrative unit which has been established to assist the Electoral Commissioner to discharge his/her statutory duties. This administrative unit was formerly known as the State Electoral Office.

Functions

The main functions of the Electoral Commission are to administer all South Australian parliamentary electoral events and to conduct elections for all Local Government authorities and other organisations. Refer note 1 of the financial statements for the objectives of the Electoral Commission of South Australia.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Subsection 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of the Electoral Commission for each financial year.

Assessment of controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Electoral Commission in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial statements and internal controls.

During 2009-10, specific areas of audit attention included:

- accounts payable
- payroll
- fixed assets
- revenue
- financial management compliance
- financial accounting
- state election expenditure.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Electoral Commission of South Australia as at 30 June 2010, 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 Electoral Commission of South Australia in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Electoral Commission of South Australia have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Electoral Commissioner. The main issues were:

- the need to review the fixed assets register for completeness and accuracy in recording details of leasehold improvement assets
- segregation of duties could be improved by changing access to the fixed asset register
- inconsistent application of indexation rates on some Electoral Commission charges
- the need to document in a policy the methodology used to standardise overhead costs and determine service charges for local government elections and industrial ballots
- insufficient controls to verify the validity of disbursements to casual employees during the state election
- the need to review user access to Accpac to align access to duties performed by staff and ensure appropriate segregation of duties
- Electoral Commission had not improved control over a weakness in vendors and customers master file changes reported in 2008-09.

The Electoral Commissioner's response indicated these matters would be addressed.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

The level of financial operations of the Electoral Commission is affected by the timing of the State Government elections and to a much lesser extent the timing of the Local Government elections. A State Government election was held in 2009-10, while Local Government elections were last held in 2006-07.

Highlights of the financial statements

	2010	2009
	$'million	$'million
EXPENSES		
Employee benefits expenses	**6.5**	1.6
Supplies and services	**5.9**	2.1
Other	**0.2**	0.2
Total expenses	**12.6**	3.9
INCOME		
Revenues from SA Government	**11.6**	3.2
Other	**0.8**	0.8
Total income	**12.4**	4.0
NET RESULT AND COMPREHENSIVE RESULT	**(0.2)**	0.1
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	**(0.1)**	0.4

	2010	2009
	$'million	$'million
ASSETS		
Current assets	**1.3**	1.6
Non-current assets	**1.2**	1.3
Total assets	**2.5**	2.9
LIABILITIES		
Current liabilities	**0.3**	0.5
Non-current liabilities	**0.3**	0.3
Total liabilities	**0.6**	0.8
EQUITY	**1.9**	2.1

Statement of Comprehensive Income

Operating expenses

As a result of the State Government election the total expenses for the current year increased by $8.7 million. The last State Government election was held in 2005-06.

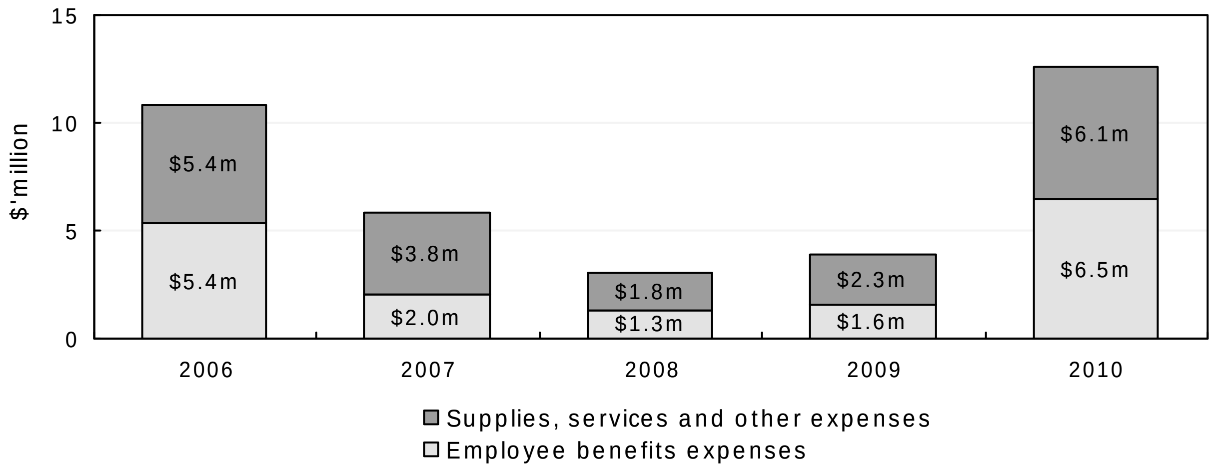
Employee benefits expenses increased by $4.9 million due to an increase in casual staff employed for the election. The total salaries and wages attributable to casual staff for the election was $4.4 million with on-costs of $400 000.

The increase in supplies and services of $3.8 million is due to expenditure on the state election.

The other major areas of expenditure on the state election during 2009-10 were as follows:

- Printing and stationery $905 000
- Advertising $782 000
- Postage $589 000
- Hire, rental and other $431 000
- Accommodation $405 000
- Distribution and storage $297 000
- Communications and information technology $213 000

The following chart shows for the five years 2006 to 2010 total expenses, segregated between employee benefits expenses and supplies and services including other expenses.



The chart shows the higher levels of expenditure in 2006 and 2010 when State Government elections were held compared with the non-election years of 2007, 2008 and 2009.

The total comprehensive result for the 2009-10 financial year is a deficit of $208 000. This is due to a shortfall in budgeted revenue from non-parliamentary elections.

Statement of Financial Position

Total assets and total liabilities at 30 June 2010 were $2.5 million ($2.9 million) and $645 000 ($821 000) respectively. The decrease in total assets was mainly attributable to a decrease in cash and cash equivalents, down $264 000 to $1.1 million. The decrease in liabilities is due to no unearned revenue recognised in 2009-10.

The Commission did not receive any contributed capital from the State Government in 2009-10.

Statement of Cash Flows

The following table summarises the net cash flows for the five years to 2010.

	2010	2009	2008	2007	2006
	$'000	$'000	$'000	$'000	$'000
Net cash flows					
Operating	**(123)**	413	(8)	202	7
Investing	**(141)**	(1 356)	(6)	(109)	(89)
Financing	**-**	1 209	-	154	-
Change in cash	**(264)**	266	(14)	247	(82)
Cash at 30 June	**1 091**	1 355	1 089	1 103	856

The analysis of cash flows shows a net decrease in cash from $1.3 million in 2009 to $1.1 million in 2010. The decrease reflects increased cash outflows principally related to state election expenditure.

Statement of Comprehensive Income
for the year ended 30 June 2010

	Note	**2010**	2009
		$'000	$'000
EXPENSES:			
Employee benefits expenses	6	**6 506**	1 621
Supplies and services	7	**5 926**	2 057
Depreciation/Amortisation	8	**246**	139
Net loss from disposal of non-current assets	10	**-**	92
Total expenses		**12 678**	3 909
INCOME:			
Revenues from fees and charges	11	**769**	775
Other revenue		**36**	-
Total income		**805**	775
NET COST OF PROVIDING SERVICES		**11 873**	3 134
REVENUES FROM SA GOVERNMENT:			
Revenues from SA Government	12	**11 665**	3 246
NET RESULT		**(208)**	112
TOTAL COMPREHENSIVE RESULT		**(208)**	112

Net result and comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2010

	Note	**2010 $'000**	2009 $'000
CURRENT ASSETS:			
Cash and cash equivalents	13	**1 091**	1 355
Receivables	14	**219**	196
Inventories		**18**	56
Total current assets		**1 328**	1 607
NON-CURRENT ASSETS:			
Property, plant and equipment	15	**1 209**	1 314
Total non-current assets		**1 209**	1 314
Total assets		**2 537**	2 921
CURRENT LIABILITIES:			
Payables	16	**181**	198
Unearned revenue		**-**	138
Employee benefits	17(a)	**165**	164
Provisions	18	**1**	1
Total current liabilities		**347**	501
NON-CURRENT LIABILITIES:			
Payables	16	**33**	35
Employee benefits	17(a)	**260**	282
Provisions	18	**5**	3
Total non-current liabilities		**298**	320
Total liabilities		**645**	821
NET ASSETS		**1 892**	2 100
EQUITY:			
Contributed capital		**1 363**	1 363
Retained earnings		**529**	737
TOTAL EQUITY		**1 892**	2 100

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments 19

Statement of Changes in Equity
for the year ended 30 June 2010

	Contributed capital $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2008	154	625	779
Total comprehensive result for 2008-09	-	112	112
Transactions with SA Government as owner			
Equity contributions received	1 209	-	1 209
Balance at 30 June 2009	1 363	737	2 100
Total comprehensive result for 2009-10	-	(208)	(208)
Balance at 30 June 2010	**1 363**	**529**	**1 892**

All changes in equity are attributable to the SA Government as owner

Statement of Cash Flows
for the year ended 30 June 2010

	Note	**2010 Inflows (Outflows) $'000**	2009 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Employee benefits payments		**(6 514)**	(1 653)
Payments for supplies and services		**(5 966)**	(2 341)
GST paid to the ATO		**(641)**	(74)
Cash used in operations		**(13 121)**	(4 068)
CASH INFLOWS:			
Fees and charges		**634**	904
Other revenue		**36**	-
GST received from the ATO		**663**	331
Cash generated from operations		**1 333**	1 235
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		**11 665**	3 246
Cash generated from SA Government		**11 665**	3 246
Net cash (used in) provided by operating activities	20	**(123)**	413
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from the sale of property, plant and equipment		**-**	27
CASH OUTFLOWS:			
Purchase of plant and equipment		**(141)**	(1 383)
Net cash used in investing activities		**(141)**	(1 356)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH INFLOWS:			
Capital contributions from SA Government		**-**	1 209
Net cash provided by financing activities		**-**	1 209
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(264)**	266
CASH AND CASH EQUIVALENTS AT 1 JULY		**1 355**	1 089
CASH AND CASH EQUIVALENTS AT 30 JUNE	13	**1 091**	1 355

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2010

(Activities - refer note 5)	1		2		Total	
	2010	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
EXPENSES:						
Employee benefits expenses	**6 228**	1 381	**278**	240	**6 506**	1 621
Supplies and services	**5 598**	1 633	**328**	424	**5 926**	2 057
Depreciation/Amortisation	**246**	139	**-**	-	**246**	139
Net loss on disposal of non-current assets	**-**	92	**-**	-	**-**	92
Total expenses	**12 072**	3 245	**606**	664	**12 678**	3 909
INCOME:						
Revenues from fees and charges	**113**	125	**656**	650	**769**	775
Other revenue	**36**	-	**-**	-	**36**	-
Total income	**149**	125	**656**	650	**805**	775
NET COST OF PROVIDING SERVICES	**11 923**	3 120	**(50)**	14	**11 873**	3 134
REVENUE FROM SA GOVERNMENT:						
Revenues from SA Government	**11 665**	3 246	**-**	-	**11 665**	3 246
NET RESULT	**(258)**	126	**50**	(14)	**(208)**	112

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2010

(Activities - refer note 5)	1		2		Total	
	2010	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
CURRENT ASSETS:						
Cash and cash equivalents	**1 091**	1 355	**-**	-	**1 091**	1 355
Receivables	**198**	147	**21**	49	**219**	196
Inventories	**18**	56	**-**	-	**18**	56
Total current assets	**1 307**	1 558	**21**	49	**1 328**	1 607
NON-CURRENT ASSETS:						
Property, plant and equipment	**1 209**	1 314	**-**	-	**1 209**	1 314
Total non-current assets	**1 209**	1 314	**-**	-	**1 209**	1 314
Total assets	**2 516**	2 872	**21**	49	**2 537**	2 921
CURRENT LIABILITIES:						
Payables	**181**	198	**-**	-	**181**	198
Unearned revenue	**-**	-	**-**	138	**-**	138
Employee benefits	**165**	164	**-**	-	**165**	164
Provisions	**1**	1	**-**	-	**1**	1
Total current liabilities	**347**	363	**-**	138	**347**	501
NON-CURRENT LIABILITIES:						
Payables	**33**	35	**-**	-	**33**	35
Employee benefits	**260**	282	**-**	-	**260**	282
Provisions	**5**	3	**-**	-	**5**	3
Total non-current liabilities	**298**	320	**-**	-	**298**	320
Total liabilities	**645**	683	**-**	138	**645**	821
NET ASSETS	**1 871**	2 189	**21**	(89)	**1 892**	2 100

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Electoral Commission of South Australia

The Electoral Commission of South Australia (the Commission) is an administrative unit which has been established to assist the Electoral Commissioner to discharge statutory duties in accordance with the provisions of the *Electoral Act 1985* (the Act).

The objectives of the Commission are to promote in the community an understanding of electoral matters including the rights and responsibilities of electors and to provide the opportunity to vote at properly conducted State Parliamentary and non-Parliamentary elections and polls.

The Commission was formerly known as the State Electoral Office, with the name change effective from 27 January 2009.

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.

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Commission's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in these financial statements:

  (a) Revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature.

  (b) Employees whose normal remuneration is $100 000 or more (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees.

The Commission's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010 and the comparative information presented.

2.3 Comparative figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required. The restated comparative amounts do not replace the original financial statements for the preceding period.

2.4 Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars ($'000).

2.5 Taxation

The Commission is not subject to income tax. The Commission is liable for payroll tax, FBT and GST.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables which are stated with the amount of GST included.

2.6 Income and expenses

Income and expenses are recognised to the extent that it is probable that the flow of economic benefits to or from the Commission 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 another accounting standard.

Income from fees and charges are recognised upon the completion of services to customers. Fees charged to Local Government and other third parties are in relation to the conduct of elections and industrial ballots.

Income from disposal of non-current assets is recognised when control of the asset has passed to the buyer and determined by comparing proceeds with carrying amount.

Any income received in advance of services provided is treated as unearned income.

2.7 Revenues from SA Government

Appropriations for program funding are recognised as revenues when the Commission obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Commission and the appropriation is recorded as contributed equity.

2.8 Current and non-current items

Assets and liabilities are characterised as either current or non-current in nature. The Commission has a clearly identifiable operating cycle of 12 months. Therefore assets and liabilities that will be realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits at the bank and is used in the cash management function on a day-to-day basis. Cash is measured at nominal value.

2.10 Receivables

Receivables include amounts receivable from debtors, prepayments and other accruals.

Receivables arise in the normal course of providing services to other agencies and to the public. Receivables are payable within 30 days after the issue of an invoice.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Commission will not be able to collect the debt. Bad debts are written off when identified.

2.11 Inventories

Inventories are election consumables such as ballot paper and polling booth items that are held for potential by-elections and where applicable Local Government elections and industrial ballots. Inventory items are not held for resale and are stated at the lower of cost or replacement cost.

2.12 Non-current asset acquisition and recognition

Assets are recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

The Commission capitalises all non-current physical assets with a value of $1000 or greater.

All non-current assets are tested for indication of impairment at each reporting date. When there is indication of impairment, the asset is written down to its recoverable amount.

2.13 Depreciation/Amortisation of non-current assets

All non-current assets, having a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential.

The useful lives of all major assets held by the Commission are reassessed on an annual basis.

Depreciation/Amortisation for non-current assets is determined as follows:

Class of asset	*Depreciation/ Amortisation method*	*Useful life (years)*
Office equipment	Straight-line	3-10
Furniture and fittings	Straight-line	5
Computer equipment	Straight-line	3
Leasehold improvements	Straight-line	10

2.14 Payables

Payables include creditors, accrued expenses and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Commission.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All amounts are measured at their nominal amount and are normally settled within 30 days from the date of invoice or date the invoice is received.

Employment on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave and annual leave.

2.15 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.

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.

Liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date. The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

The liability for long service leave is recognised after an employee has completed 5.5 years of service (6.5 years). It represents the present value of the estimated future cash flows to be made for those entitlements. This provision has been calculated at nominal amounts based on current salary rates. There has been no impact on the liability due to the change in the benchmark.

The Commission makes contributions to three superannuation schemes operated by the SA Government. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as the South Australian Superannuation Board has assumed these. The only liability outstanding at balance date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

2.16 Provision for workers compensation

The Commission is an exempt employer under the WRCA.

The workers compensation liability recognised for Commission staff is based on an apportionment of an actuarial assessment of the whole-of-government workers compensation liability conducted by Taylor Fry Consulting Actuaries based on 30 June 2010 data.

2.17 Operating leases

The lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased items. Payments are charged to the Statement of Comprehensive Income on a basis which is representative of the pattern of benefits derived from the leased assets.

2.18 Administered items

The Commission has included a Schedule of Administered Items as notes to the accounts as it is considered that administered transactions and balances are insignificant in relation to the Commission's overall Statement of Comprehensive Income and Statement of Financial Position.

The Commission administers, but does not control, certain resources on behalf of the SA Government. The Commission is accountable for the transactions involving these administered items, but does not have any discretion to deploy resources for achievement of its objectives. For these items, the Commission acts only on behalf of the SA Government.

Transactions and balances relating to these administered items are not recognised as income, expenses, assets or liabilities of the Commission but are disclosed in note 21.

There are three administered items namely:

Electoral Districts Boundaries Commission

The Commission administers the receipts and payments of the Electoral District Boundaries Commission.

Special Acts

The Electoral Commissioner and Deputy Electoral Commissioner are appointed as statutory officers pursuant to the provisions of the Act. The Commission receives a separate appropriation for the payment of salaries and allowances for statutory officers which is an administered item.

Other
Other includes administered revenue which is collected on behalf of other government agencies and forwarded to them when received. Administered income comprises non-voter expiation fees as provided in the Act.

3. Risk management

The Commission has non-interest bearing assets (cash and cash equivalents and receivables) and liabilities (payables). The Commission's exposure to market risk and cash flow risk is minimal.

The Commission has no significant concentration of credit risk. The Commission has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

In relation to liquidity/funding risk, the continued existence of the Commission in its present form, and with its present programs, is dependent on continuing appropriations by Parliament for the Commission's administration and programs.

4. Changes in accounting policies

Except for AASB 2009-12, which the Commission has early-adopted, the AASs and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Commission for the period ending 30 June 2010. The Commission 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 Commission.

5. Activities of the Commission

The Commission provides electoral services and this is achieved through two activities and their broad terms are as follows:

Activity 1: Parliamentary electoral services

- Ensure that eligible electors can register their votes effectively and conveniently and have confidence in the management of the electoral process.
- Maintain an accurate register of voters.
- Ensure 'disadvantaged' electors are not denied the ability to exercise their franchise.
- Develop appropriate publicity and education programs to ensure that the public is informed of its democratic rights and obligations.
- Provide comprehensive and efficient administrative, human resources, research and education, financial management and computing services.

Activity 2: Non-Parliamentary electoral services

- Provide statutory, industrial and other organisations with a facility capable of meeting their electoral needs economically and effectively.
- Provide information to organisations seeking advice on electoral matters.
- Conduct elections for and provide electoral services to Local Government authorities.

6. Employee benefits expenses

	2010	2009
	$'000	$'000
Salaries and wages	5 674	1 304
Long service leave	43	15
Annual leave	102	75
Employment on-costs - superannuation	375	150
Employment on-costs - other	312	77
Total employee benefits expenses	6 506	1 621

Remuneration of employees

	2010	2009
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
$140 000 to $149 999	-	1
$150 000 to $159 999	1	-
$190 000 to $199 999	1	1
Total number of employees	2	2

The table includes all employees who received remuneration of $100 000 or more during the year. Remuneration of employees reflect all costs of employment including salaries and wages, superannuation contributions, FBT and other salary sacrifice benefits. The total remuneration received by these employees for the year was $350 000 ($338 000), paid from administered items (refer note 21) and not included in the $6.5 million above.

7. Supplies and services

	2010	2009
Supplies and services provided by entities within the SA Government:	$'000	$'000
Rental accommodation services	716	414
Advertising	2	5
Communication and information technology	32	34
Hire, rental and other	194	37
Audit fees	28	23
Total supplies and services - SA Government entities	972	513
Supplies and services provided by entities external to the SA Government:		
Accommodation	167	-
Advertising	815	84
Production and maintenance of electoral rolls	868	845
Printing and stationery	980	66
Postage	700	110
Communications and information technology	302	145
Education and research	57	53
Distribution, storage and hire rental	483	43
Training and development	42	41
Other	334	157
Contract employees and related expenses	206	-
Total supplies and services - non-SA Government entities	4 954	1 544
Total supplies and services	5 926	2 057

8. Depreciation / Amortisation

Office equipment	84	56
Furniture and fittings	55	24
Computer equipment	15	24
Leasehold improvements	92	35
Total depreciation/amortisation	246	139

9. Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department	28	23

Other services

No other services were provided by the Auditor-General's Department.

10. Net loss from the disposal of non-current assets

Office equipment:		
Proceeds from disposal	-	6
Costs associated with sale	-	(2)
Net book value of assets disposed	-	(3)
Net gain from the disposal of office equipment	-	1
Furniture and fittings:		
Proceeds from disposal	-	21
Costs associated with sale	-	(6)
Net book value of assets disposed	-	(8)
Net gain from the disposal of furniture and fittings	-	7
Leasehold improvements:		
Proceeds from disposal	-	-
Costs associated with sale - decommissioning costs Rose Park premises	-	(100)
Net book value of assets disposed	-	-
Net loss from the disposal of leasehold improvements	-	(100)
Total proceeds from disposal	-	27
Total costs associated with sale	-	(108)
Total net book value of assets disposed	-	(11)
Net loss from the disposal of non-current assets	-	(92)

11. Revenues from fees and charges

Fees and charges received/receivable from entities within the SA Government:		
Industrial elections	165	61
User fees and charges	10	14
Total fees and charges - SA Government entities	175	75
Fees and charges received/receivable from entities external to the SA Government:		
Other local government services	425	383
Industrial elections	17	43
Local Government elections	54	164
User fees and charges	98	110
Total fees and charges - non-SA Government entities	594	700
Total fees and charges	769	775

12. Revenues from SA Government

	2010	2009
Revenues from SA Government:	$'000	$'000
Appropriations from consolidated account pursuant to the *Appropriation Act*	11 665	2 764
Appropriations under other Acts	-	482
Total revenues from SA Government	11 665	3 246

There was no material variation between the amount appropriated and the expenditure associated with appropriation. In 2009 the Commission received $1.209 million as a contribution of equity as shown in the Statement of Changes in Equity.

13. Cash and cash equivalents

	2010	2009
	$'000	$'000
Deposits with the Treasurer	1 090	1 354
Imprest Account/Cash on hand	1	1
Total cash	1 091	1 355

All cash is non-interest bearing and the carrying amount represents fair value.

14. Receivables

	2010	2009
Current:		
Receivables	142	145
Prepayments	35	12
GST receivable	42	39
Total current receivables	219	196
Government/non-Government receivables:		
Receivables from SA Government entities:		
Receivables	24	7
Total receivables from SA Government entities	24	7
Receivables from non-SA Government entities:		
Receivables	118	138
Prepayments	35	12
GST receivable	42	39
Total receivables from non-SA Government entities	195	189
Total receivables	219	196

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables and prepayments are non-interest bearing. The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition there is no concentration of credit risk.

15. Property, plant and equipment

	2010	2009
Office equipment:	$'000	$'000
Office equipment at cost (deemed fair value)	586	558
Accumulated depreciation	(449)	(373)
Total office equipment	137	185
Furniture and fittings:		
Furniture and fittings at cost (deemed fair value)	298	298
Accumulated depreciation	(81)	(26)
Total furniture and fittings	217	272
Computer equipment:		
Computer equipment at cost (deemed fair value)	243	212
Accumulated depreciation	(135)	(158)
Total computer equipment	108	54
Leasehold improvements:		
Leasehold improvements at cost (deemed fair value)	874	838
Accumulated amortisation	(127)	(35)
Total leasehold improvements	747	803
Total property, plant and equipment	1 209	1 314

There is an amount of $304 000 worth of fully depreciated assets still in use.

Impairment

There were no indications of impairment to property, plant and equipment at 30 June 2010.

	Office equipment	Furniture fittings	Computer equipment	Leasehold improvmnts	Total 2010	Total 2009
	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July	185	272	54	803	1 314	189
Additions	36	-	69	36	141	1 275
Accumulated depreciation write-back	8	-	37	-	45	59
Cost of assets disposed	(8)	-	(37)	-	(45)	(70)
Depreciation/Amortisation	(84)	(55)	(15)	(92)	(246)	(139)
Carrying amount at 30 June	137	217	108	747	1 209	1 314

16. Payables

	2010	2009
Current:	$'000	$'000
Creditors	-	73
Accrued expenses	119	65
GST payable	10	21
Employment on-costs	52	39
Total current payables	181	198
Non-current:		
Employment on-costs	33	35
Total non-current payables	33	35
Government/non-Government payables:		
Payables to SA Government entities:		
Creditors	-	27
Accrued expenses	57	27
Employment on-costs	85	74
Total payables to other SA Government entities	142	128
Payables to non-SA Government entities:		
Creditors	-	46
Accrued expenses	62	38
GST payable	10	21
Total payables to non-SA Government entities	72	105
Total payables	214	233

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand.

17. *(a) Employee benefits*

	2010	2009
Current:	$'000	$'000
Annual leave	110	108
Long service leave	55	56
Total current employee benefits	165	164
Non-current:		
Long service leave	260	282
Total non-current employee benefits	260	282
Total employee benefits	425	446

(b) Employee benefits and related on-costs

	2010	2009
Accrued salaries:		
On-costs included in payables - current	5	7
Accrued salaries included in payables - current	32	32
	37	39
Annual leave:		
On-costs included in payables - current	21	19
Provision for employee benefits - current	110	108
	131	127
Long service leave:		
On-costs included in payables - current	7	7
Provision for employee benefits - current	55	56
	62	63
On-costs included in payables - non-current	33	35
Provision for employee benefits - non-current	260	282
	293	317
Aggregate employee benefits and related on-costs	523	546

18. Provisions

	2010	2009
Current:	$'000	$'000
Workers compensation	1	1
Total current provisions - SA Government entities	1	1
Non-current:		
Workers compensation	5	3
Total non-current provisions - SA Government entities	5	3
Total provisions	6	4
Carrying amount at 1 July	4	-
Additional provisions recognised	2	-
Carrying amount at 30 June	6	-

19. Unrecognised contractual commitments

Operating lease commitments

Commitments under non-cancellable operating leases at the reporting date are not recognised as liabilities in the financial report, are payable as follows:		
No later than one year	512	390
Later than one year and not later than five years	1 676	1 586
Later than five years	1 412	1 820
Total operating lease commitments	3 600	3 796

The Commission's operating lease is for office accommodation leased through Building Management Accommodation and Property Services as part of the Department for Transport, Energy and Infrastructure. The current Light Square lease expires on 30 June 2018. The short-term Central Processing Centre lease expires on 30 November 2010.

20. Cash flow reconciliation

	2010	2009
Reconciliation of cash - cash at 30 June as per:	$'000	$'000
Statement of Cash Flows and Statement of Financial Position	1 091	1 355
Reconciliation of net cash (used in) provided by operating activities to net cost of providing services:		
Net cash (used in) provided by operating activities	(123)	413
Revenues from SA Government	(11 665)	(3 246)
Non-cash items:		
Depreciation/Amortisation	(246)	(139)
Disposal of assets	-	(92)
Changes in assets/liabilities:		
Increase in receivables	-	117
Decrease in inventories	(38)	(6)
Increase (Decrease) in prepayments	23	(14)
Decrease (Increase) in payables	19	(59)
Decrease (Increase) in unearned revenue	138	(138)
Decrease in employee benefits	21	34
Increase in provisions	(2)	(4)
Net cost of providing services	(11 873)	(3 134)

21. Administered items

Statement of Administered Comprehensive Income for the year ended 30 June 2010

	Electoral Districts Boundaries Commission $'000	**Special Acts $'000**	**Other $'000**	**2010 Total $'000**	2009 Total $'000
Administered expenses:					
Employee benefits expenses	**-**	**326**	**-**	**326**	330
Fees and charges	**-**	**-**	**62**	**62**	2
Total administered expenses	**-**	**326**	**62**	**388**	332
Administered income:					
Revenues from SA Government	**-**	**326**	**-**	**326**	330
Fees and charges	**-**	**-**	**62**	**62**	2
Total administered income	**-**	**326**	**62**	**388**	332
Net result	**-**	**-**	**-**	**-**	-
Total comprehensive result	**-**	**-**	**-**	**-**	-

21. Administered items (continued)

Statement of Administered Financial Position as at 30 June 2010

	Electoral Districts Boundaries Commission $'000	Special Acts $'000	2010 Total $'000	2009 Total $'000
Administered current assets:				
Receivables	-	188	188	175
Total administered assets	-	188	188	175
Administered current liabilities:				
Payables	-	7	7	8
Employee benefits	-	63	63	61
Total administered current liabilities	-	70	70	69
Administered non-current liabilities:				
Payables	-	10	10	9
Employee benefits	-	108	108	97
Total administered non-current liabilities	-	118	118	106
Total administered liabilities	-	188	188	175
Net administered assets	-	-	-	-
Administered equity:				
Accumulated surplus (deficit)	-	-	-	-
Total administered equity	-	-	-	-

Statement of Administered Changes in Equity for the year ended 30 June 2010

	Electoral Districts Boundaries Commission $'000	Special Acts $'000	Total $'000
Balance at 30 June 2008	-	-	-
Total comprehensive result 2008-09	-	-	-
Balance at 30 June 2009	-	-	-
Total comprehensive result 2009-10	-	-	-
Balance at 30 June 2010	-	-	-

Statement of Administered Cash Flows for the year ended 30 June 2010

	2010 Inflows (Outflows) $'000	2009 Inflows (Outflows) $'000
Cash flows from operating activities:		
Cash outflows:		
Employee benefits payments	(314)	(305)
Cash used in operations	(314)	(305)
Cash inflows:		
Fees and charges	62	2
Cash generated from operations	62	2
Cash flows from SA Government:		
Receipts from SA Government	314	305
Payments to SA Government	(62)	(2)
Cash generated from SA Government	252	303
Net cash provided by (used in) operating activities	-	-
Net increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at 1 July	-	-
Cash and cash equivalents at 30 June	-	-

GLOSSARY OF TERMS

AUSTRALIAN ACCOUNTING STANDARDS - AASB

Reference	Title
AASB 1	First-time Adoption of Australian Accounting Standards
AASB 2	Share-based Payment
AASB 3	Business Combinations
AASB 4	Insurance Contracts
AASB 5	Non-current Assets Held for Sale and Discontinued Operations
AASB 7	Financial Instruments: Disclosures
AASB 8	Operating Segments
AASB 101	Presentation of Financial Statements
AASB 102	Inventories
AASB 107	Statement of Cash Flows
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110	Events after the Reporting Period
AASB 111	Construction Contracts
AASB 112	Income Taxes
AASB 116	Property, Plant and Equipment
AASB 117	Leases
AASB 118	Revenue
AASB 119	Employee Benefits
AASB 120	Accounting for Government Grants and Disclosure of Government Assistance
AASB 121	The Effects of Changes in Foreign Exchange Rates
AASB 123	Borrowing Costs
AASB 124	Related Party Disclosures
AASB 127	Consolidated and Separate Financial Statements
AASB 128	Investments in Associates
AASB 131	Interests in Joint Ventures
AASB 132	Financial Instruments: Presentation
AASB 133	Earnings per Share
AASB 136	Impairment of Assets
AASB 137	Provisions, Contingent Liabilities and Contingent Assets
AASB 138	Intangible Assets
AASB 139	Financial Instruments: Recognition and Measurement
AASB 140	Investment Property
AASB 141	Agriculture
AASB 1004	Contributions
AASB 1023	General Insurance Contracts
AASB 1031	Materiality
AASB 1038	Life Insurance Contracts
AASB 1048	Interpretation of Standards
AASB 1049	Whole of Government and General Government Sector Financial Reporting
AASB 1050	Administered Items
AASB 1051	Land Under Roads
AASB 1052	Disaggregated Disclosures
AASB 2009-12	Amendments to Australian Accounting Standards

AUSTRALIAN INTERPRETATIONS

Reference	Title
Interpretation 4	Determining whether an Arrangement contains a Lease
Interpretation 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
Interpretation 115	Operating Leases - Incentives
Interpretation 121	Income Taxes – Recovery of Revalued Non-Depreciable Assets
Interpretation 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
Interpretation 132	Intangible Assets – Web Site Costs
Interpretation 1030	Depreciation of Long-Lived Physical Assets: Condition-Based Depreciation and Related Methods
Interpretation 1031	Accounting for the Goods and Services Tax (GST)
Interpretation 1038	Contributions by Owners Made to Wholly-Owned Public Sector Entities
Interpretation 1055	Accounting for Road Earthworks

AUSTRALIAN ACCOUNTING STANDARDS - AAS

Reference	Title
AAS 25	Financial Reporting by Superannuation Plans

TREASURER'S INSTRUCTIONS – TIs

Reference	Title
TI 1	Interpretation and Application
TI 2	Financial Management
TI 3	Appropriation
TI 4	Establishment of Merchant Facilities for Acceptance of Payments
TI 5	Debt Recovery and Write Offs
TI 6	Deposit Accounts and Banking
TI 8	Financial Authorisations
TI 9	Payroll Deductions
TI 10	Engagement of Legal Practitioners
TI 11	Payment of Creditors' Accounts
TI 12	Government Purchase Cards and Stored Value Cards
TI 13	Expenditure Incurred by Ministers and Ministerial Staff
TI 14	Ex Gratia Payments
TI 15	Grant Funding
TI 17	Evaluation of and Approvals to Proceed with Public Sector Initiatives
TI 19	Financial Reporting
TI 20	Guarantees and Indemnities
TI 22	Tax Equivalent Payments
TI 23	Management of Foreign Currency Exposures
TI 25	Taxation Policies
TI 28	Financial Management Compliance Program

ACCOUNTING POLICY FRAMEWORK - APF

Reference	Title
APF I	Purpose and Scope
APF II	General Purpose Financial Statements Framework
APF III	Asset Accounting Framework
APF IV	Financial Asset and Liability Framework
APF V	Income Framework
APF VI	Definitions

LEGISLATION

Reference	Title
ITAA	*Income Tax Assessment Act 1936 and/or Income Tax Assessment Act 1997*
NRMA	*Natural Resources Management Act 2004*
PCA	*Public Corporations Act 1993*
PFAA	*Public Finance and Audit Act 1987*
PSA	*Public Sector Act 2009*
WRCA	*Workers Rehabilitation and Compensation Act 1986*

ACRONYMS

Reference	Title
AASs	Australian Accounting Standards[1]
AIFRS	Australian equivalents to International Financial Reporting Standards
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
FBT	Fringe Benefits Tax
GST	Goods and Services Tax
ICT	Information and Communications Technology
SAFA	South Australian Government Financing Authority
TI	Treasurer's Instruction
TVSP	Targeted Voluntary Separation Package

[1] 'Australian Accounting Standards' means accounting standards issued by the Australian Accounting Standards Board which are in force in relation to the reporting period to which the financial statements relate.

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