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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

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Part B: Agency Audit Reports

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

TABLE OF CONTENTS TO VOLUMES 1 TO 5

Page

VOLUME 1

VOLUME 2

VOLUME 3

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

TABLE OF CONTENTS TO VOLUMES 1 TO 5

Page

VOLUME 3

VOLUME 4

VOLUME 5

Appendix

VOLUMES 1 TO 5

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.

TRANSADELAIDE

FUNCTIONAL RESPONSIBILITY

Establishment

TransAdelaide

The *TransAdelaide (Corporate Structure) Act 1998* (the TA Act) was proclaimed on 14 January 1999. The TA Act provided for the continuation of TransAdelaide as a statutory corporation to which the provisions of the PCA apply. TransAdelaide is responsible to the Minister for Transport.

Transfer to the Rail Commissioner

The *Rail Commissioner Act 2009* was proclaimed on 3 December 2009 and established the Rail Commissioner as a body corporate. In the interval between the end of the 2009-10 financial year and the date of this Report, Cabinet approved that all assets, contracts, rights and liabilities, expenditure and revenue including the employment of staff be transferred from TransAdelaide to the Rail Commissioner. This was gazetted on 19 August 2010 with the effective date of the transfer from 1 September 2010. This transfer will be accounted for in TransAdelaide's 2010-11 financial statements.

Functions

TransAdelaide's key objectives are to:

- ensure efficient, relevant and reliable rail passenger transport services are provided to its customers
- undertake activities which build customer support and use of the rail passenger transport system
- maintain infrastructure to a standard that ensures the efficient, safe and reliable delivery of rail passenger transport services.

TransAdelaide has a contract with the Department for Transport, Energy and Infrastructure (DTEI) for the provision of rail (ie train and tram) passenger transport services. TransAdelaide was also part of a joint venture arrangement to manage a bus contract. TransAdelaide's 50 percent interest in the joint venture was disposed of effective from 30 June 2010. Details of the arrangement are provided under the heading 'Further commentary on operations'.

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 a public authority. In addition, subsection 32(4) of the PCA provides for the Auditor-General to audit the accounts of TransAdelaide in respect of 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 TransAdelaide 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, areas of review included:

- payroll
- expenditure
- revenue
- fixed assets
- workers compensation
- cash and receipting
- financial accounting
- inventory
- capital works.

Audit also sought an understanding of internal audit activities to assist in:

- identifying and assessing the risks of material misstatements of the financial statements
- design and performance of 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 TransAdelaide as at 30 June 2010, and its 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 TransAdelaide 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 TransAdelaide have been conducted properly and in accordance with the law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Acting General Manager and the Chairman, Audit and Risk Committee of TransAdelaide. Responses to the management letters were generally considered to be satisfactory. The matters referred to TransAdelaide and the related responses are detailed below.

Management of annual leave entitlements

Audit reviewed the management of annual leave balances at TransAdelaide. The review was triggered by an upward trend in annual leave balances within TransAdelaide over a number of years. Audit noted there were a number of employees with large annual leave balances. Audit examined a sample of employees with annual leave balances over one year's entitlement for evidence of review by management. A significant number of employees examined did not have the carry forward of their annual leave balance reviewed and a leave plan established.

In response, TransAdelaide has taken steps to develop a comprehensive strategy to ensure that employees take annual leave, and will assess rostering issues and the available pool of qualified drivers and other staff to ensure that services can be maintained.

Other business cycle control improvements

There were a number of areas where the control environment could be improved:

- Not all of the changes to pay rates processed to the payroll masterfile were independently checked.

- There was some breakdown in controls over independent review of information entered into the payroll system.

- There were some revenue credit notes and adjustments with no supporting documents attached.

- Follow-up of outstanding debts for property income could be improved by conducting follow-up on a timely basis.
- There were a number of long outstanding purchase orders in the system which needed to be reviewed.
- Inventory at the Glengowrie site is not being correctly recorded in the inventory system.

In response TransAdelaide advised of action taken to address the matters raised and progress made is monitored by TransAdelaide's Audit and Risk Committee.

Implementation of TIs 2 and 28

TIs 2 and 28 require TransAdelaide to develop, implement, document and maintain a robust and transparent financial management compliance program (FMCP) which is aimed at assessing the effectiveness of its internal controls.

TransAdelaide has established and implemented a compliance program covering financial controls and legal compliance. During the year Audit reported matters to TransAdelaide related to the stage of progress on the implementation of the requirements of TIs 2 and 28. Audit noted a number of areas where documentation needed to be enhanced by updating its policies and procedures. There was also a need to set specific timeframes for management to monitor and review the progress of the FMCP.

In response TransAdelaide commented that it will review the requirements of TIs 2 and 28 and will update and enhance documentation as required and set monitoring timeframes.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements

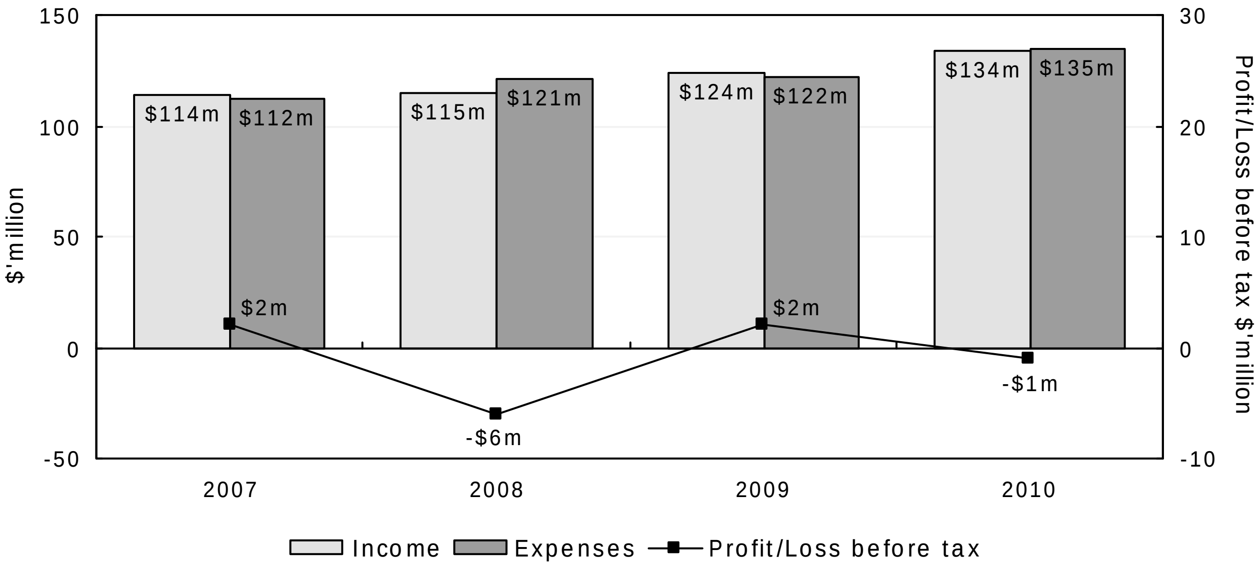
	2010	2009
	$'million	$'million
INCOME		
Government funding	**1.6**	2.0
Provision of services	**98.5**	90.6
Other revenue	**33.7**	31.8
Total income	**133.8**	124.4
EXPENSES		
Employee benefit expenses	**65.2**	56.2
Supplies and services	**62.1**	59.9
Depreciation and amortisation expense	**7.2**	5.6
Other expenses	**0.2**	0.2
Total expenses	**134.7**	121.9
(Loss) Profit before income tax equivalents	**(0.9)**	2.5
Income tax equivalents expense	**-**	0.8
(Loss) Profit after income tax equivalents	**(0.9)**	1.7
OTHER COMPREHENSIVE INCOME		
Changes in asset revaluation surplus	**-**	26.5
Total comprehensive result	**(0.9)**	28.2
NET CASH PROVIDED BY OPERATING ACTIVITIES	**3.4**	9.6
ASSETS		
Current assets	**27.8**	20.8
Non-current assets	**143.4**	146.5
Total assets	**171.2**	167.3

	2010 **$'million**	2009 $'million
LIABILITIES		
Current liabilities	**18.5**	16.8
Non-current liabilities	**29.9**	26.8
Total liabilities	**48.4**	43.6
TOTAL EQUITY	**122.8**	123.7

Statement of Comprehensive Income

Profit before income tax equivalents

The following chart shows the income, expenses and profit/loss before income tax equivalents for the four years to 2010.



In 2010, TransAdelaide achieved a $1 million loss before tax equivalents. Expense and income movements are discussed hereunder.

Income

As TransAdelaide's primary functions are to provide rail passenger transport services under a contract, its main operating revenue is from provision of services. Government funding and other revenue is less significant.

The previous table, 'Highlights of the financial statements', shows that total income increased by $10 million over the previous year. Operating revenues for the provision of services increased by $8 million and other revenue increased by $2 million due to the recharge of services provided to DTEI for capital works.

Contract income - Department for Transport, Energy and Infrastructure contract

The DTEI contract requires TransAdelaide to provide passenger services in the specified service area in return for contract payments. All ticket revenue collected by TransAdelaide is remitted to DTEI.

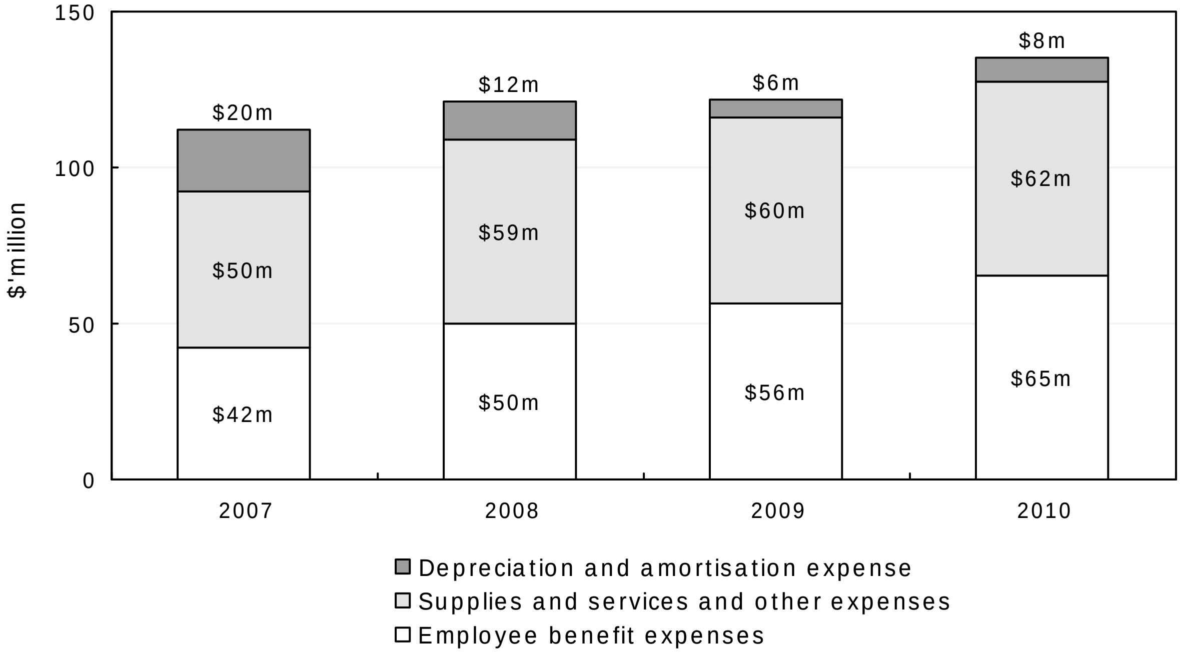
Under the contract TransAdelaide must maintain public liability insurance, comprehensive motor vehicle insurance and compulsory third party insurance.

Contract income - financial dependence

Income of $95 million ($87 million) from DTEI for the provision of passenger services represented 71 percent (70 percent) of TransAdelaide's income. A high degree of financial dependency relates to maintaining and securing future contracts of service.

Expenses

The following chart analyses the main expense items for TransAdelaide for the four years to 2010.

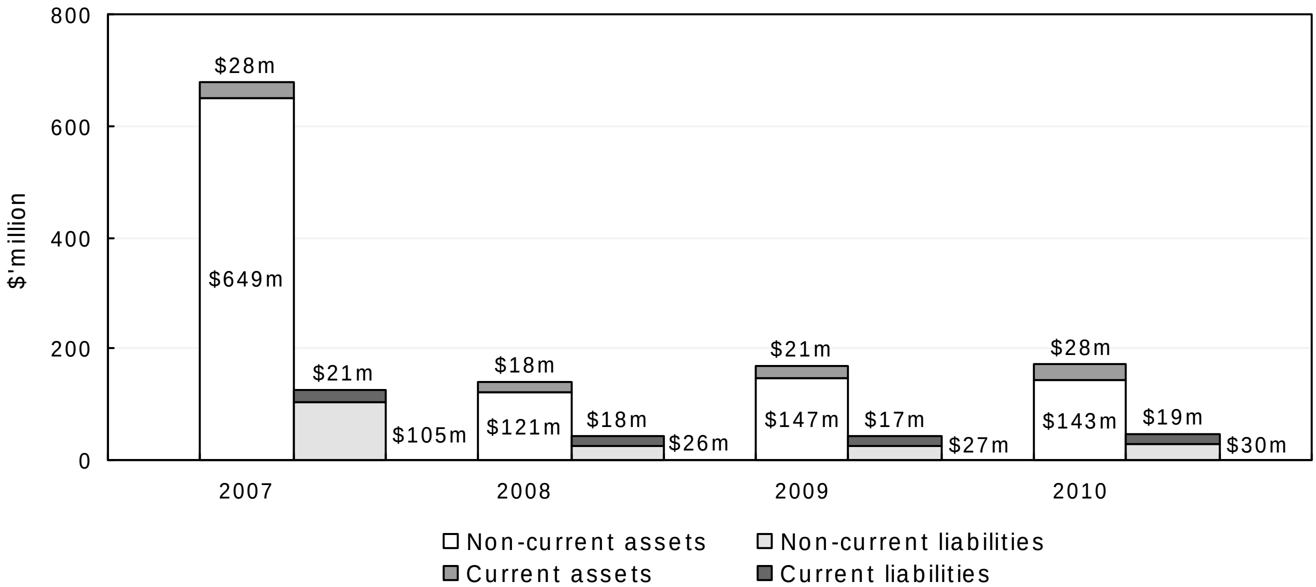


The chart indicates the following:

- an increasing trend in employee benefit expenses due to increases in employee numbers and salary rates under enterprise bargaining agreements
- an increase of $2 million in supplies and services and other expenses in 2010. This was due mainly to increases in costs incurred on capital works services provided (and recharged) to DTEI
- the reduction in depreciation and amortisation in 2008 and 2009 resulted from the transfer of the majority of non-current assets to the Minister for Transport, effective from 1 January 2008. The increase in 2010 reflects the revaluation of non-current assets in 2009.

Statement of Financial Position

The following chart analyses the assets and liabilities for TransAdelaide for the four years to 2010.



Assets and liabilities

The reduction in non-current assets in 2008 resulted from the transfer of the majority of non-current assets to the Minister for Transport, effective from 1 January 2008. The increase in non-current assets in 2009 reflects the revaluation increment for non-current assets of $26 million. The increase in current assets in 2010 of $7 million reflects the $7 million increase in receivables for recharge work undertaken for DTEI.

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**	9.6	1.6	22.1
Investing	**(4.3)**	(4.9)	(10.1)	(18.2)
Financing	**-**	-	(8.1)	(5.3)
Change in cash	**(0.9)**	4.7	(16.6)	(1.4)
Cash at 30 June	**7.9**	8.8	4.1	20.7

The inflow from operating activity decreased in 2010 to $3.4 million. This was due mainly to an increase in revenues of $906 000 which was less than the increase in cash outflows for expenditure of $7.1 million due mainly to an increase in employee benefit payments.

FURTHER COMMENTARY ON OPERATIONS

Joint venture relationship

In 1999-2000 TransAdelaide and Australian Transit Enterprises Pty Ltd (ATE) formed a joint venture and equally invested capital to form a company called Transitplus Pty Ltd to bid for passenger service contracts in the Adelaide hills. Transitplus Pty Ltd was awarded a contract for the provision of bus passenger transport services in the hills Metroticket area and the Mount Barker country area.

Transitplus Pty Ltd's operations are governed by the *Corporations Act 2001* and a Board comprising two representatives each from TransAdelaide and ATE. The nature and scope of its activities are defined within the Transitplus Pty Ltd constitution. In 2010 TransAdelaide has brought to account $1.6 million ($1.2 million) for its share of net profit and fees from the joint venture. With Cabinet approval, TransAdelaide disposed of its 50 percent interest in Transitplus Pty Ltd effective from 30 June 2010. Refer to notes 6 and 21 to the financial statements for further information.

Statement of Comprehensive Income
for the year ended 30 June 2010

	Note	**2010**	2009
INCOME:		**$'000**	$'000
Revenues from the provision of services	3	**98 520**	90 603
Revenues from SA Government	4	**1 623**	1 997
Interest revenues	5	**478**	537
Other revenues	7	**31 590**	30 041
Income from joint venture	21	**1 584**	1 233
Total income		**133 795**	124 411
EXPENSES:			
Employee benefit expenses	8	**65 222**	56 232
Supplies and services	11	**62 063**	59 875
Depreciation and amortisation expense	12	**7 167**	5 657
Other expenses	13	**55**	165
Net loss from the disposal of non-current assets	6	**196**	-
Total expenses		**134 703**	121 929
(Loss) Profit before income tax equivalent		**(908)**	2 482
Income tax equivalent expense	14	**-**	744
(LOSS) PROFIT AFTER INCOME TAX EQUIVALENTS		**(908)**	1 738
OTHER COMPREHENSIVE INCOME:			
Changes in asset revaluation surplus	27	**-**	26 461
TOTAL COMPREHENSIVE RESULT		**(908)**	28 199

Net (loss) profit 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
ASSETS:		**$'000**	$'000
CURRENT ASSETS:			
Cash and cash equivalents	15	**7 904**	8 797
Receivables	16	**15 265**	7 555
Inventories	17	**4 647**	4 396
Total current assets		**27 816**	20 748
NON-CURRENT ASSETS:			
Plant and equipment	18	**143 376**	146 204
Intangible assets	19	**69**	134
Other non-current assets	21	**-**	200
Total non-current assets		**143 445**	146 538
Total assets		**171 261**	167 286
LIABILITIES:			
CURRENT LIABILITIES:			
Payables	22	**10 100**	7 768
Employee benefits	24	**6 565**	6 589
Provisions	25	**1 870**	1 938
Other current liabilities	26	**18**	540
Total current liabilities		**18 553**	16 835
NON-CURRENT LIABILITIES:			
Payables	22	**1 916**	1 340
Employee benefits	24	**16 197**	14 540
Provisions	25	**6 002**	8 124
Other non-current liabilities	26	**5 791**	2 737
Total non-current liabilities		**29 906**	26 741
Total liabilities		**48 459**	43 576
NET ASSETS		**122 802**	123 710
EQUITY:			
Asset revaluation surplus	27	**77 631**	77 631
Retained earnings		**45 171**	46 079
TOTAL EQUITY		**122 802**	123 710

Total equity is attributable to the SA Government as owner

Commitments for expenditure	28		
Contingent assets and contingent liabilities	29		

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		51 170	44 341	95 511
Profit after income tax equivalent for 2008-09		-	1 738	1 738
Gain on revaluation of rollingstock during 2008-09	27	26 461	-	26 461
Total comprehensive result for 2008-09		26 461	1 738	28 199
Balance at 30 June 2009		77 631	46 079	123 710
Profit (loss) after income tax equivalent for 2009-10		-	(908)	(908)
Total comprehensive result for 2009-10		-	(908)	(908)
Balance at 30 June 2010		**77 631**	**45 171**	**122 802**

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:			
Sales of goods and services		**99 036**	89 740
Interest received		**470**	512
Receipts from SA Government		**1 473**	1 997
Dividends received		**1 308**	1 259
GST recovered from the ATO		**12 789**	12 428
Other receipts		**26 305**	34 539
Cash generated from operations		**141 381**	140 475
CASH OUTFLOWS:			
Employee benefit payments		**(63 388)**	(55 351)
Payments for supplies and services		**(61 473)**	(63 667)
Tax equivalent paid		**(186)**	-
GST paid to the ATO		**(6 509)**	(6 747)
GST remitted to the ATO		**(6 448)**	(5 132)
Cash used in operations		**(138 004)**	(130 897)
Net cash provided by operating activities	30(b)	**3 377**	9 578
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from sale of plant and equipment		**4**	-
Cash generated from investing activities		**4**	-
CASH OUTFLOWS:			
Purchase of plant and equipment		**(4 250)**	(4 816)
Purchase of intangibles		**(24)**	(107)
Cash used in investing activities		**(4 274)**	(4 923)
Net cash used in investing activities		**(4 270)**	(4 923)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(893)**	4 655
CASH AND CASH EQUIVALENTS AT 1 JULY		**8 797**	4 142
CASH AND CASH EQUIVALENTS AT 30 JUNE	30(a)	**7 904**	8 797

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of TransAdelaide

TransAdelaide was established as a public authority under the *TransAdelaide (Corporate Structure) Act 1998* in January 1999.

TransAdelaide is a body corporate subject to the provisions of the PCA. The *TransAdelaide (Corporate Structure) Act 1998* provides that TransAdelaide's principal activity is to operate passenger transport services, an activity that continued to be the primary focus throughout the year.

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 TransAdelaide has early-adopted, AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by TransAdelaide 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 TransAdelaide's accounting policies. The areas involving high degrees 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, that have been included in these financial statements:

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

  (b) expenses incurred as a result of engaging consultants

  (c) employees whose normal remuneration is $100 000 or more (within $10 000 bandwidths) and the aggregate of 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.

TransAdelaide'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 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.

(c) Reporting entity

The financial statements cover TransAdelaide as an individual reporting entity. TransAdelaide is a public authority pursuant to the *TransAdelaide (Corporate Structure) Act 1998*.

(d) Comparative information

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

(e) Rounding

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

(f) Taxation

In accordance with TI 22, TransAdelaide is required to pay to the State Government an income tax equivalent. TransAdelaide is liable for payroll tax, FBT, GST, 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
- receivable 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 the 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 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 of 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.

(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 entity will occur and can be reliably measured.

Income and 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 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:

- *Revenue from provision of services*

  Revenues are derived from the provision of 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.

  The revenue is recognised when:

  — the amount of the revenue, stage of completion and transaction costs incurred can be reliably measured

  — it is probable that the economic benefits associated with the transaction will flow to the entity or authority.

  Services directly related to the provision of rail services are disclosed under note 3. Other services provided on an ad hoc basis are disclosed as 'Other revenues' under note 7.

- *Interest income*

  Interest income is interest received from investments. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

- *Income from joint venture*

  Income from joint venture is recognised when the right to received payment is established.

- *Revenues from SA Government*

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

  Government grants relating to costs are deferred and recognised in the Statement of Comprehensive Income over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of plant and equipment are recognised as deferred income and are credited to the Statement of Comprehensive Income on a straight-line basis over the expected lives of the related assets.

- *Other revenue*

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

  Other revenue includes rental income arising on properties which is accounted for on a straight-line basis over the lease term.

- *Net gain on 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 retained earnings.

Expenses

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 TransAdelaide to the superannuation plan in respect of current services of current TransAdelaide 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 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:

Class of assets	*Depreciation method*	*Useful life (years)*
Rollingstock - railcars	Straight-line	20-42
Machinery, plant and equipment	Straight-line	3-100
Intangibles	Straight-line	3

- *Supplies and services*
  Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of TransAdelaide. These items are recognised as an expense in the reporting period in which they are incurred.

- *Maintenance expenses*
  TransAdelaide undertakes major cyclical maintenance on the State's rail 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.

(i) Current and non-current classification

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

(j) 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.

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.

For the purpose 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 the public and other government agencies. 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 TransAdelaide may not be able to collect the debt. Bad debts are written off when identified.

Other non-current assets
TransAdelaide measures other assets at the lower of cost or recoverable amount.

Inventories
Inventories include goods and other property held for use 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 weighted average cost 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 as an expense 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 train, tram and infrastructure spare parts.

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.

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

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

Every five years, TransAdelaide revalues its rollingstock. However, if at anytime 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 valuations 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 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 revaluation surplus for that asset class.

TransAdelaide uses the gross method of revaluation where the gross asset value and the accumulated depreciation are both restated to the revalued amounts of the assets.

Upon disposal or derecognition, any revaluation surplus relating to the 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. TransAdelaide 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 (identifiably, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and reliable measurement 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 TransAdelaide has been unable to attribute this expenditure to the intangible asset rather than to TransAdelaide as a whole.

(k) 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.

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 TransAdelaide.

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.

TransAdelaide 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.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. TransAdelaide has entered into operating leases.

Operating leases

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

Employee benefits

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

Wages, salaries, annual leave and sick leave

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

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

Long service leave

The liability for long service leave is recognised after an employee has completed 5.5 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 TransAdelaide's experience of employee retention and leave taken.

Provisions

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the 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.

(l) 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.

(m) Insurance

TransAdelaide has arranged, through SAFA, SAICORP Division, to insure all major risks of TransAdelaide.

There is a standard $100 000 excess on all insurance cover with SAICORP.

(n) Joint venture

TransAdelaide has not established any partnership or body corporate to carry out its principal business operations. However TransAdelaide held a 50 percent interest in Transitplus Pty Ltd, a joint venture entity established for the provision of bus services through the Adelaide hills until 30 June 2010.

In TransAdelaide's financial statements the investment in joint venture entity was carried at the lower of cost or recoverable amount until disposal. TransAdelaide's share of the joint venture entity's net profit or loss is recognised in the Statement of Comprehensive Income from the date joint control commenced.

The economic entity's investment in joint venture entity is based upon the equity method of accounting for investment in associates as per AASB 128.

3. Revenues from the provision of services

	2010 $'000	2009 $'000
Services received by entities within SA Government	94 921	86 783
Services received by entities external to the SA Government	3 599	3 820
Total revenues from the provision of services	98 520	90 603

4. Revenues from (payments to) SA Government

(a) Revenues from SA Government

Included in the Statement of Comprehensive Income:		
Appropriation from Consolidated Account pursuant to the *Appropriation Act*	1 623	1 997

(b) Payments to SA Government

Dividends paid and payable have been specifically determined and approved in consultation with the Treasurer and TransAdelaide's Minister.

No ordinary or special dividends were paid to DTF for 2009-10.

5. Interest revenues

Interest received/receivable from entities within SA Government	478	537
Total interest revenues	478	537

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

Plant and equipment:		
Proceeds from disposal	4	-
Net book value of assets disposed	-	-
Net gain from disposal of plant and equipment	4	-
Other non-current assets:		
Proceeds from disposal	-	-
Net book value of assets disposed(1)	(200)	-
Net loss from disposal of non-current assets	(200)	-
Total assets:		
Total proceeds from disposal	4	-
Total value of assets disposed	(200)	-
Total net loss from disposal of assets	(196)	-
Total assets disposals comprise:		
Assets disposed of in the ordinary course of business:		
Total proceeds from disposal	4	-
Total value of assets disposed	(200)	-
Net loss from disposal of assets	(196)	-
Total net loss from disposal of assets	(196)	-

(1) Assets disposed comprise of TransAdelaide's 50 percent interest in the Transitplus Pty Ltd joint venture investment, which was disposed of at 30 June 2010. No proceeds from the sale were received by TransAdelaide, however the Department for Transport, Energy & Infrastructure (DTEI) received $1.35 million in reduced contract payments to Transitplus Pty Ltd for the provision of services.

7. Other revenues

	2010	2009
Other revenues from entities external to the SA Government:	$'000	$'000
Property rental	1 442	1 301
Other revenue	2 567	2 708
Total revenues from entities external to the SA Government	4 009	4 009
Other revenues from entities within the SA Government:		
DTEI	27 569	26 020
Property rental	12	12
Total revenues from entities within the SA Government	27 581	26 032
Total other revenues	31 590	30 041

Future minimum payments receivable from non-cancellable operating leases of non-investment properties are:

(i) within one year $1.182 million
(ii) between two and five years $2.441 million
(iii) later than five years $676 000

Leases include advertising and display sites, mobile telephone transmitters and real estate with tenancies retained by TransAdelaide on transfer of assets to the Minister for Transport in 2008.

8. Employee benefit expenses

	2010	2009
	$'000	$'000
Salaries and wages	47 609	42 063
Long service leave	2 370	1 290
Annual leave	4 545	3 706
Block book off	795	708
Employee on-costs - superannuation	5 024	4 563
Employee on-costs - payroll tax	3 246	2 208
Board and committee fees	224	220
Other employee related expenses	1 409	1 474
Total employee benefit expenses	65 222	56 232

Remuneration of employees

Total remuneration for employees greater than $100 000	13 479	8 712

The number of employees whose remuneration received or receivable falls within the following remuneration bands were:	2010 Number	2009 Number
$100 000 - $109 999	50	29
$110 000 - $119 999	25	18
$120 000 - $129 999	18	12
$130 000 - $139 999	4	1
$140 000 - $149 999	4	-
$150 000 - $159 999	2	4
$160 000 - $169 999	1	1
$170 000 - $179 999	2	2
$180 000 - $189 999	3	1
$190 000 - $199 999	-	1
$210 000 - $219 999	-	-
$220 000 - $229 999	2	-
$230 000 - $239 999	1	2
	112	71

This 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.

9. Key management personnel

(a) Board members

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

Mr K Benger	Mr L Di Lernia	Mr J Hearsch
Ms V Hickey	Mr R Jowett	Miss M M Starrs

(b) Other key management personnel

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

Peter Doggett		Chief Operating Officer
Robert Stobbe	to 26 February 2010	General Manager
Rod Hook	from 1 March 2010	Acting General Manager
Randall Barry		Executive Manager - Rail Development
Andrea Higgs		Executive Manager - Customer Service and Communications
Shaun Matters		Executive Manager - Corporate Services
Erryn Munchenberg		Executive Manager - Safety, Security and Environment
Vi Nguyen		Executive Manager - Infrastructure Services

(c) Key management personnel compensation

Key management personnel compensation for the years ended 30 June 2010 and 2009 is set out below.

The key management personnel are the board members and the senior management team (including the General Manager) who have responsibility for the strategic direction and management of TransAdelaide.

	2010	2009
Employee benefits:	$'000	$'000
Short-term benefits	1 404	1 859
Post employment benefits	241	200
Long-term benefits	77	72
Termination benefits	7	13
	1 729	2 144

(d) Remuneration of board members

The number of Board members whose remuneration received or receivable falls within the following bands:	Number	Number
$20 000 - $29 999	3	3
$30 000 - $39 999	1	1
$40 000 - $49 999	1	1
$60 000 - $69 999	1	1
	6	6

The total remuneration received and receivable by those board members was $224 000 ($220 000) which includes superannuation contributions.

Amounts paid to a superannuation plan for board members was $44 000 ($43 000).

In accordance with DPC Circular 16, government employees did not receive any remuneration for board 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.

Remuneration of committee members

The following board members were also committee members on the TransAdelaide Audit and Risk Committee:

Mr K Benger Ms V Hickey Miss M M Starrs

Board members V Hickey and K Benger were also on the board of Transitplus Pty Ltd in which TransAdelaide had a 50 percent interest. Board fees relating to these positions are paid to the board members by TransAdelaide and are included in the remuneration above.

10. Related party disclosures

TransAdelaide held a 50 percent interest in a joint venture entity Transitplus Pty Ltd until it was disposed on 30 June 2010. TransAdelaide received an annual management fee of $125 600 ($125 600) and profit distributions from the joint venture entity of $1.458 million ($1.107 million).

11. Supplies and services

	2010	2009
Supplies and services provided by entities external to the SA Government:	$'000	$'000
Security	2 560	2 111
Rollingstock maintenance	9 724	10 619
Rollingstock fuel and power	9 386	11 215
Materials, parts and consumables	30 345	27 180
Contractors	2 507	1 431
Other supplies and services	4 049	4 403
Total supplies and services - non-SA Government entities	58 571	56 959
Supplies and services provided by entities within SA Government:		
Accommodation and telecommunication	482	782
Information technology expenses	54	33
Legal costs	66	31
Accreditation fees	155	150
Contract supplies and maintenance	665	308
Vehicle leasing and fuel costs	1 151	1 037
Insurance	287	314
Security	-	101
Other supplies and services	632	160
Total supplies and services - SA Government entities	3 492	2 916
Total supplies and services	62 063	59 875

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	10	47	19	52
$10 000 - $50 000	6	175	16	405
Above $50 000	3	224	4	292
Total paid/payable to the consultants engaged	19	446	39	749

Auditor's remuneration

	2010	2009
	$'000	$'000
Audit fees paid/payable to the Auditor-General's Department	164	145
Total auditor's remuneration	164	145

Other services

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

12. Depreciation and amortisation expense

Depreciation:		
Rollingstock	6 841	5 334
Other plant and equipment	237	241
Total depreciation	7 078	5 575
Amortisation:		
Intangible assets	89	82
Total depreciation and amortisation expense	7 167	5 657

13. Other expenses

Other expenses paid/payable to entities external to the SA Government:		
Net bad and doubtful debts	47	52
Write-down of inventories to net realisable value	8	113
Total other expenses - non-SA Government	55	165

14. Income tax equivalent expense

(Loss) Profit before income tax expense	(908)	2 482
Prima facie tax (if profit) thereon at 30 percent	-	(744)
Income tax equivalent expense - SA Government	-	(744)

The income tax liability is based on the State taxation equivalent regime, which applies the accounting profit method. This requires that the corporate tax rate be applied to net profit.

15. Cash and cash equivalents

Cash at bank	7 866	8 761
Imprest account/cash on hand	38	36
Total cash and cash equivalents	7 904	8 797

Interest rate risk

Cash on hand is non-interest bearing. Deposits at call and with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

16. Receivables

	2010	2009
Current:	$'000	$'000
Gross accrued income	15 274	7 581
Allowance for doubtful debts	(9)	(26)
Total receivables	15 265	7 555
Receivables from SA Government entities:		
Accrued income	13 781	6 018
DTEI capital works/service recharge	-	538
Total receivables from SA Government entities	13 781	6 556

The total receivable figure does not include non-current receivables as TransAdelaide does not have any receivables that meet the definition of non-current. Any non-current receivables would be disclosed in this note.

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
Movements in the allowance for doubtful debts:	$'000	$'000
Carrying amount at 1 July	26	4
Increase in the allowance	9	22
Amounts written off	(26)	-
Carrying amount at 30 June	9	26

Bad and doubtful debts

TransAdelaide has recognised a bad and doubtful debt expense of $47 000 ($52 000) in the Statement of Comprehensive Income.

17. Inventories

	2010	2009
	$'000	$'000
Stores inventories	4 647	4 396
Total inventories	4 647	4 396

18. Plant and equipment

	2010	2009
Rollingstock - railcars:		
Railcars at fair value	243 492	242 500
Accumulated depreciation	109 072	102 231
Total rollingstock - railcars	134 420	140 269
Other plant and equipment:		
At fair value	3 012	2 830
Accumulated depreciation	1 943	1 727
Total other plant and equipment	1 069	1 103
Assets under construction:		
Rolllingstock - railcars	7 490	4 566
Other plant and equipment	397	266
Total assets under construction	7 887	4 832
Total plant and equipment	143 376	146 204
Carrying amounts of plant and equipment that would have been recognised if these assets were stated at cost:		
Rollingstock - railcars	72 813	72 813
Other plant and equipment	1 299	1 299
Total plant and equipment at cost	74 112	74 112

All major non-current assets are revalued every five years on an existing use, fair value basis in the financial statements at the revalued amounts.

The valuation of rollingstock was performed by McGees Property, an independent valuer as at 30 June 2009.

In accordance with the APF, TransAdelaide has assessed that assets recorded at cost reflect fair value where such assets have not been independently revalued.

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

19. Intangible assets

	2010	2009
Computer software:	$'000	$'000
Internally developed computer software	131	107
Accumulated amortisation	(113)	(99)
Other computer software	1 174	1 175
Accumulated amortisation	(1 123)	(1 049)
Total intangible assets	69	134

20. Reconciliation of asset carrying amounts

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

2010	Rolling-stock $'000	Other plant & equipmnt $'000	Assets under constrctn $'000	Total plant & equipmnt $'000	Intangible assets $'000	Total non-current assets $'000
Carrying amount at 1 July	140 269	1 103	4 832	146 204	134	146 338
Additions	-	-	4 274	4 274	-	4 274
Transfers	992	203	(1 219)	(24)	24	-
Depreciation	(6 841)	(237)	-	(7 078)	(89)	(7 167)
Carrying amount at 30 June	134 420	1 069	7 887	143 376	69	143 445

New assets resulting from completed assets under construction have been treated as transfers.

20. Reconciliation of asset carrying amounts (continued)

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

2009	Rolling-stock $'000	Other plant & equipmnt $'000	Assets under constrctn $'000	Total plant & equipmnt $'000	Intangible assets $'000	Total non-current assets $'000
Carrying amount at 1 July	118 594	812	1 136	120 542	113	120 655
Additions	-	-	4 890	4 890	-	4 890
Write offs	-	-	(11)	(11)	-	(11)
Transfers	548	532	(1 183)	(103)	103	-
Revaluation increment	37 758	-	-	37 758	-	37 758
Depreciation on revaluation	(11 297)	-	-	(11 297)	-	(11 297)
Depreciation	(5 334)	(241)	-	(5 575)	(82)	(5 657)
Carrying amount at 30 June	140 269	1 103	4 832	146 204	134	146 338

New assets resulting from completed assets under construction have been treated as transfers.

21. Other non-current assets

Ownership interest	2010 Percent	2009 Percent
Joint venture:		
Transitplus Pty Ltd	-	50

	2010 $'000	2009 $'000
Investment in related entities:		
Transitplus Pty Ltd	-	200
	-	200

Principal activities:
Transitplus Pty Ltd - provision of bus services

Investment in Transitplus Pty Ltd:		
Carrying amount at 1 July	200	200
Share of net profit	1 584	1 233
Distributions received or receivables	(1 584)	(1 233)
Sale of investment effective 30 June	(200)	-
Carrying amount at 30 June	-	200

In TransAdelaide's financial statements the investment in joint venture entity was carried at the lower of cost or recoverable amount until disposal at 30 June 2010. TransAdelaide's share of the joint venture entity's net profit (loss) is recognised in the Statement of Comprehensive Income from the date joint control commenced, until the date joint control was terminated.

The economic entity's investment in joint venture entity was based upon the equity method of accounting for investment in associates as per AASB 128 until disposal.

22. Payables

	2010 $'000	2009 $'000
Current:		
Creditors	4 652	3 166
Accrued expenses	3 827	2 690
Income tax equivalent payable	558	744
Accrued employment on-costs	767	761
GST payable	296	407
Total current payables	10 100	7 768
Non-current:		
Employment on-costs	1 916	1 340
Total non-current payables	1 916	1 340
Payables to SA Government entities:		
Creditors	124	22
Accrued expenses	969	699
Income tax equivalent payable	558	744
Employment on-costs	2 683	2 101
Total payables to SA Government entities	4 334	3 566

23. Financial instruments/financial risk management

Categories 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 expense are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2.

Credit risk
Credit risk arises when there is the possibility of TransAdelaide's debtors defaulting on their contractual obligations resulting in financial loss to TransAdelaide. TransAdelaide measures credit risk on a fair value basis and monitors risk on a regular basis. TransAdelaide has minimal concentration of credit risk. TransAdelaide has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

In 2009-10 TransAdelaide has not engaged in any hedge activities.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently TransAdelaide does not hold any collateral as security to its financial assets. Other than receivables, there is no evidence to indicate that the financial assets are impaired. Refer note 16 for information in the allowance for impairment in relation to receivables.

Category of financial asset and liability

	Note	2010 Carrying amount/ fair value $'000	2009 Carrying amount/ fair value $'000
Financial assets			
Cash and cash equivalents	15	7 904	8 797
Receivables:			
Loans and receivables[1]	16	15 265	7 555
Investments in Transitplus Pty Ltd:			
Held-to-maturity investments	21	-	200
Total financial assets at cost		23 169	16 552
Financial liabilities			
Financial liabilities - at cost:			
Payables[1]	22	8 498	5 857
Other financial liabilities	26	5 809	3 277
Total financial liabilities at cost		14 307	9 134

(1) All amounts recorded are carried at cost (not materially different from amortised cost). The fair value of all financial assets and liabilities is represented by their carrying amount. Amounts disclosed exclude amounts relating to statutory receivables and payables.

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	8 150	564	6 560	15 274
Impaired:				
Receivables	-	-	9	9
2009				
Not impaired:				
Receivables	7 195	50	336	7 581
Impaired:				
Receivables	-	-	26	26

Maturity analysis of financial assets and liabilities
All financial assets and liabilities mature within one year, with the exception of other financial liabilities which will mature over 20 years.

Liquidity risk
Liquidity risk arises where TransAdelaide is unable to meet its financial obligations as they fall due. The continued existence of TransAdelaide is dependent on maintaining a service level agreement with the transport division of DTEI and the funding that flows.

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

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

Market risk
Market risk for TransAdelaide is primarily through interest rate risk. TransAdelaide has no exposure to foreign currency or other price risks.

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

Credit standby arrangements
TransAdelaide has a $728 000 ($757 000) credit card facility with the ANZ Bank. The unused portion of this facility as at 30 June 2010 was $619 000 ($683 000).

24. Employee benefits

	2010	2009
Current:	$'000	$'000
Annual leave	3 120	2 920
Long service leave	920	810
Block book off	1 055	901
Retiring and death gratuity	6	6
Total current employee benefits provisions	5 101	4 637
Accrued wages and salaries	1 464	1 952
Total current employee benefits	6 565	6 589
Non-current:		
Annual Leave	2 834	2 270
Retiring and death gratuity	93	89
Long service leave	13 270	12 181
Total non-current employee benefits	16 197	14 540
Total employee benefits	22 762	21 129
Employee benefits as above	22 762	21 129
Related on-costs included in current payables	2 683	2 101
Aggregate employee benefits plus related on-costs	25 445	23 230

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 $93 000 and employee benefit expense of $6000. 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.

25. Provisions

	2010	2009
Current:	$'000	$'000
Workers compensation claims	1 174	1 143
Third party accident damage	696	730
Railcar maintenance debt	-	65
Total current provisions	1 870	1 938
Non-current:		
Workers compensation claims	6 002	6 511
Third party accident damage	-	1 613
Total non-current provisions	6 002	8 124
Total:		
Workers compensation claims	7 176	7 654
Third party accident damage	696	2 343
Railcar maintenance debt	-	65
Total provisions	7 872	10 062

(a) Reconciliation of provisions movements

	Workers comp claims $'000	Third party accident damage $'000	Railcar maintnce debt $'000	Total $'000
Carrying amount at 1 July	7 654	2 343	65	10 062
Amounts written off in 2009-10	-	(1 105)	-	(1 105)
Recognised provision in 2009-10	465	-	-	465
Payments made in 2009-10	(943)	(542)	(65)	(1 550)
Movement	(478)	(1 647)	(65)	(2 190)
Carrying amount at 30 June	7 176	696	-	7 872

Workers compensation
This liability reflects unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of outstanding claims by Brett & Watson Pty Ltd at 30 June 2010.

Third party accident damage
This liability reflects TransAdelaide's partial self-insurance for this operational risk. The third party accident damage provision is based on an internal assessment of outstanding claims as at 30 June 2010. TransAdelaide has reinsurance for claims exceeding $2.1 million for claims prior to 1 July 1997, exceeding $1 million for claims between 1 July 1997 and 30 June 2008 and $100 000 for claims post 1 July 2008.

Railcar maintenance debt
This liability relates to work being performed by Bombardier Transportation Ltd on the 2000 and 3000 class bogies for which, under the Railcar maintenance and service contract, TransAdelaide has agreed to pay a portion.

26. Other liabilities

	2010	2009
Current:	$'000	$'000
Revenue received in advance from SA Government	-	522
Deferred income from SA Government	18	18
Total other current liabilities	18	540
Non-current:		
Deferred income from SA Government	5 791	2 737
Total other non-current liabilities	5 791	2 737

TransAdelaide received grant funding from Government in relation to the refurbishment of rollingstock. In line with the requirements of AASB 120, this funding is treated as deferred income and recognised on a systematic and rational basis over the useful life of the railcar assets (approximately 20 years).

27. Asset revaluation surplus

	2010	2009
	$'000	$'000
Asset revaluation surplus	77 631	77 631
Movements during the year		
Opening balance	77 631	51 170
Gain on revaluation of rollingstock	-	26 461
Reserves as at end of year	77 631	77 631

Nature and purpose of surplus
The asset revaluation surplus includes the net revaluation increments (decrements) arising from the revaluation of non-current assets in accordance with AASB 116. Asset decrements are expensed where no previous revaluation reserve increment exists for that asset.

Upon disposal of revalued assets, any related revaluation increment standing to the credit of the asset revaluation surplus is transferred to retained profits.

28. Commitments

	2010	2009
Capital commitments	$'000	$'000
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:		
Within one year	16 154	11 655
Later than one year but not longer than five years	14 049	17 103
Total capital commitments	30 203	28 758

TransAdelaide's capital commitments are for the refurbishment of the railcars that were retained as TransAdelaide assets and minor information systems improvements.

Remuneration commitments

Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at reporting date but not recognised as liabilities are payable as follows:		
Within one year	5 262	4 509
Later than one year but not later than five years	6 617	9 800
Total remuneration commitments	11 879	14 309

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

Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Not later than one year	739	802
Later than one year but not later than five years	599	488
Total operating lease commitments	1 338	1 290

TransAdelaide leases property under operating leases expiring from one month to four years. The leases generally provide TransAdelaide with a right of renewal at which time all terms are negotiated. Contingent rental payments are based upon either movements in the CPI or operating criteria.

29. Contingent assets and contingent liabilities

TransAdelaide has a contingent liability in relation to the warranty of AUSTRICS products sold and provision of annual support of the same. The life of various elements of the indemnities vary between one and six years from when AUSTRICS was sold in 2004-05. As at balance date, this could not be reliably measured.

TransAdelaide has a contingent liability in relation to court action initiated by MooreAir. As at balance date, the total amount of the claim could not be reliably measured but the total of this liability will not exceed $100 000 due to insurance cover.

TransAdelaide has 50 3000/3100 class railcars subject to a cross border lease agreements. These cross border leases were cancelled in December 2009 and therefore TransAdelaide no longer has a contingent liability in relation to this agreement.

30. Cash flow reconciliation

	2010	2009
(a) Reconciliation of cash	$'000	$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	7 904	8 797

	2010	2009
(b) Reconciliation of profit (loss) to net cash provided by operating activities		
(Loss) Profit	(908)	1 738
Non-cash items:		
Depreciation and amortisation	7 167	5 657
Loss on sale or disposal of non-current assets	196	-
Write-off on inventory	(8)	(113)
Write-off of work in progress	-	11
Accrued non-current assets	-	33
Provision for income tax	-	744
Bad and doubtful debts	(47)	(52)
Net cash provided by operating activities before change in assets and liabilities	6 400	8 018
Movements in:		
(Increase) Decrease in receivables	(7 655)	1 265
(Increase) Decrease in inventories	(251)	664
Increase (Decrease) in payables	2 908	(1 486)
Increase in employee benefits	1 633	1 376
Decrease in provisions	(2 190)	(2 834)
Increase in other liabilities	2 532	2 575
Net cash provided by operating activities	3 377	9 578

The effective interest rate on cash deposits held throughout the year was 3.37 percent (5.19 percent).

31. After balance date events

The Rail Commissioner was established by the *Rail Commissioner Act 2009* as a body corporate. In the interval between the end of the financial year and the date of this report, Cabinet approved from 1 September 2010 all assets, liabilities and trading activities from TransAdelaide including employment of staff and existing contractual arrangements be transferred to the Rail Commissioner. This was gazetted on 19 August 2010. It is proposed that as part of Stage 2 of the integration of the Rail Commissioner with DTEI, and subject to Cabinet approval, the *TransAdelaide (Corporate Structure) Act 1998* will be repealed, ceasing all operations of the organisation.

DEPARTMENT FOR TRANSPORT, ENERGY AND INFRASTRUCTURE

FUNCTIONAL RESPONSIBILITY

Establishment

The Department for Transport, Energy and Infrastructure (the Department) is an administrative unit established pursuant to the PSA.

Functions

The Department has diverse responsibilities in relation to transport systems and services, energy policy and regulation, and infrastructure planning for South Australia. Its functions include:

- providing leadership in the development of transport options by providing policy, planning and investment advice to assist the Government to achieve its strategic objectives
- delivering and supporting safe, sustainable and secure transport that underpins the economic and social growth of South Australia
- providing improved passenger transport to meet the social inclusion, environmental, efficiency and safety objectives of the Government by improving mobility and accessibility to enhance the quality of life of all South Australians
- providing policy advice on energy issues, and delivering energy programs and regulatory services for the competitive, safe and reliable supply and use of energy, for the benefit of the South Australian community, including an efficient transition towards a sustainable energy future
- identifying strategic infrastructure priorities for the State, coordinating infrastructure planning and development across government and facilitating timely delivery of key projects that support the economic and social development of the State
- providing project risk management, building asset management, procurement and contract services
- delivering capital building works and major projects
- providing information technology policy, support and management services
- regulating the access, behaviour and security of transport system users
- providing land valuation, survey and registration.

For more information about the Department's objectives 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.

Specific areas of audit attention included:

- accounts payable
- payroll
- bus and rail contract payments
- grants and subsidies
- registration and licence fees
- Metroticket sales
- other revenue
- financial management compliance
- fixed assets including:
  - network assets
  - land, buildings and facilities
  - plant and equipment
  - capital works in progress
  - office and rental properties
  - phone and data communication
- Building the Education Revolution
- the South Australian Transport Subsidy Scheme.

In addition an understanding of internal audit activities was obtained in order to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

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

> ***Basis for qualified auditor's opinion***
>
> *Commonwealth grants*
>
> *In each of the three years ended 30 June 2008 the Department for Transport, Energy and Infrastructure has recognised grants from the Commonwealth Government as liabilities representing income received in advance. The amounts were reported as Other Current and Non-Current liabilities-Deferred Income and in each year were:*
>
> - *for the year ended 30 June 2006 $100 million*
> - *for the year ended 30 June 2007 $11.2 million*
> - *for the year ended 30 June 2008 $1.2 million.*
>
> *In my opinion, the grants meet the recognition criteria of income as specified in AASB 1004 and APF V. The grants represent contributions with unconditional stipulations and as such should be recognised as income upon receipt.*
>
> *The balances of the Deferred Income liabilities are reduced by recognising amounts as income to match the expenditure of the grant funds.*
>
> *As a result, the following financial statement lines have been misstated:*
>
> - *Total income and total comprehensive result have been overstated by $42.0 million (overstated by $43.3 million for the year ended 30 June 2009) reflecting the recognition as income of amounts previously recognised as Deferred Income.*
>
> - *Other current liabilities have been overstated by $11.7 million ($53.7 million as at 30 June 2009).*

- *Accumulated Surplus as at 30 June 2010 has been understated by $11.7 million ($53.7 million as at 30 June 2009).*

The Department has disclosed its accounting treatment of the grants in Note 38 'Other Liabilities'.

Cash at Bank

Controls implemented by the Department for Transport, Energy and Infrastructure and Shared Services SA did not ensure the general ledger bank account balance was reconciled to the Department's bank account records as at 30 June 2010. Consequently there were bank deposits and withdrawals which were not recognised in the general ledger and general ledger transactions which were not matched to transactions recognised in the bank account records.

As a result, I was unable to obtain assurance that all the transactions processed by the Department through the bank account during the year are accurately reflected in the financial statements. It was not possible to quantify the adjustments, if any, which may be necessary to the financial statements if the general ledger bank account balance was reconciled to the Department's bank account records.

Qualified auditor's opinion

In my opinion, except for the effects of the matters referred to in the preceding paragraphs, the financial statements present fairly, in all material respects, the financial position of the Department for Transport, Energy and Infrastructure 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.

Financial statements

For the reasons discussed below the Independent Auditor's Report with respect to the Department's financial statements for the year ended 30 June 2010 is qualified for the matter of the accounting treatment of certain Commonwealth grants received by the Department and also for the matter of the reconciliation of cash at bank.

Accounting for Commonwealth grants

In past years the Department has received Commonwealth grants which it has recognised as deferred income - a liability representing revenue received in advance. The grants relate to funding received in advance for projects which are planned to be completed over a number of years. The projects include capital works related to road infrastructure and a planning research project.

The accounting treatment adopted by the Department is inconsistent with the recognition criteria incorporated in AASB 1004 and APF V and resulted in understatement, in the year of receipt, of the Department's operating income by the amount of the unrecognised grants (ie deferred income).

In 2009-10 the Department has recognised as income a component of the previously deferred income to match expenditure by the Department on the funded projects.

Cash at bank

The reconciliation of cash at bank general ledger accounts and relevant bank records is a key element in the control framework exercised over the Department's operations.

The Department's bank reconciliations are now performed by Shared Services SA (SSSA) on behalf of the Department in accordance with a service level determination. Effective reconciliations provide assurance transactions are accounted for and recorded in the general ledger. Audit review found the Department's cash at bank and related reconciliation processes did not provide effective control assurance over the completeness and accuracy of general ledger recording of transactions for financial reporting purposes.

Consolidation of ledger and bank accounts

In March 2010 the ledger and banking functions for ex-DAIS divisions transferred to the DTEI ledger and bank accounts. The transition resulted in a significant increase in the number of bank and ledger transactions processed by SSSA to the DTEI general ledger. The Audit review found that SSSA staff experienced difficulties in effectively reconciling the Department's general ledger bank accounts to bank records. Effective processes to match general ledger transactions to bank records were not established upon transition. Also there were significant delays in completing the bank reconciliations and there were significant unreconciled bank and ledger transactions.

These matters were raised with the Department and SSSA and SSSA committed increased resources and focussed attention to address the matters associated with the reconciliations.

Status of 30 June 2010 bank reconciliations

The review of the Department's bank reconciliations (in particular the accounts receivable collection and accounts payable disbursement reconciliation components) for 30 June 2010 found that SSSA had not satisfactorily completed the bank reconciliations at the time of finalising this Report. The reconciliations contained significant bank deposits and withdrawals which were not recorded in the general ledger and transactions recorded in the general ledger which were not matched to bank records. Audit review noted SSSA staff were progressively resolving unrecorded bank deposits and withdrawals and unrecorded ledger transactions, however, this work was not finalised.

As a consequence, I was unable to obtain sufficient audit assurance that the Department had addressed all matters associated with the bank reconciliations. On this basis, I have concluded that it is appropriate to provide a qualified Independent Auditor's Report with respect to cash at bank as is detailed in the extract from the Independent Auditor's Report.

Further detail of the controls over the bank account reconciliations is discussed under 'Communication of audit matters'.

Assessment of controls

In my opinion, the controls exercised by the Department for Transport, Energy and Infrastructure in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to TRUMPS – financial control, network assets and capital works in progress, the South Australian Transport Subsidy Scheme, other fixed assets, payroll, accounts payable, revenue and accounts receivable, financial accounting, bank account reconciliations and the financial management compliance program, as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Department for Transport, Energy and Infrastructure have been conducted properly and in accordance with law.

Communication of audit matters

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

TRUMPS – financial control

The TRUMPS system supports the Department's administration and accounting for revenue from motor vehicle and other licence and registration fees. The system became fully operational in September 2007 to replace the legacy DRIVERS system.

The reconciliation of the TRUMPS system, the general ledger and relevant bank records is a key element in the control framework exercised over TRUMPS operations.

Previous reviews have identified weaknesses in internal controls which evidenced that the reconciliation procedures were not effective.

The current year's audit of aspects of TRUMPS and its utilisation in Service SA operations involved assistance from an external accounting firm. The scope of the review included:

- identifying and documenting process flows and key controls associated with cash, collection, disbursement and revenue cycles
- evaluating the effectiveness of control design and performing control testing.

The audit also considered work performed by the Department's financial improvements team and follow-up of certain matters raised in prior year audits.

The work performed concluded the Department continued to commit resources and focussed attention to address control weaknesses identified in prior years. Audit noted that this included review by internal audit and significant work undertaken by the Department's financial improvements team. Audit also noted the Department acquired a commercially available automated reconciliation system. The system is expected to reduce the need for human intervention, provide increased controls over the collection and disbursement of monies, and efficiencies in both the resolution of reconciling items and management reporting. It is expected to be implemented in November 2010.

The audit found that the Department implemented measures to address many key financial risks associated with cash collection, disbursement and revenue processes. Further, audit testing found many controls were operating effectively throughout the financial year.

In particular, it was noted that key reconciliations were generally performed within planned timeframes and were effectively monitored. In addition, cash and system discrepancies were more effectively recorded, monitored, reported and addressed. There was also a reduction in the volume and time taken to resolve outstanding discrepancies.

Notwithstanding these improvements there were a number of areas which still require management attention. The following summarises our key observations:

- The Department still relies on manual spreadsheets to perform reconciliation procedures, control discrepancies, and manual review processes rather than system reports and automated processes.
- The Department is using a dual receipting system (ie the GRL and TRUMPS) to process the majority of registration and licence transactions. This increases the complexity of reconciling processes and increases the risk of errors by receipting staff.
- Reporting, management and resolution of transactions processed to TRUMPS suspense accounts (ie adjustment account, site/client clearing account, transfers account) could be improved.
- Documented procedures do not provide clear guidance on the recommended resolution and treatment of collection discrepancies.
- Responsibility for important tasks including processing journals was not segregated. Specifically, Service SA staff involved in system and bank reconciliations had access to process journals directly into the general ledger which has potential to circumvent the journal review process.
- Reconciliation and checking procedures performed at customer service centres were not evidenced as being reviewed. In addition, testing found instances where documentation supporting reconciliation and checking procedures could not be located.
- User access to the general ledger and Bizgate was not regularly reviewed.

The Department responded to the findings by detailing actions taken or proposed to address the matters raised including:

- implementing the automated reconciliation system in November 2010 which will also improve the treatment and resolution of collection discrepancies
- implementing additional measures to lockdown programming code used in spreadsheets
- assessing future receipting options to further reduce the risk of human error
- transferring responsibility for the management and reporting of TRUMPS suspense accounts to the Safety and Regulation Division
- implementing monthly reviews of access to ensure adequate segregation of duties
- conducting regular training and testing procedures with customer service managers and assistant managers.

The South Australian Transport Subsidy Scheme

The South Australian Transport Subsidy Scheme (SATSS) provides subsidised taxi travel for people with disabilities which limit their capacity to use public transport.

Total expenditure for the scheme for the year was $14.8 million ($13.8 million). The scheme has been reviewed by a number of parties over a number of years with reviews identifying weaknesses in controls which increased the risk of fraud. A review of the financial operations of the scheme was undertaken and included determining actions taken by the Department to address matters raised by previous reviews.

Establishment of review team

In response to an unexplained increase in scheme expenditure the Department established a review team in February 2009 to review and seek to improve the operation of the scheme. The review team implemented a number of improvements and recommended further measures including:

- revising the conditions of use to clarify key responsibilities
- updating the accreditation process to ensure drivers and operators acknowledge the conditions of use and confirm they accept them
- redesigning SATSS vouchers to clarify the responsibilities of members
- developing manuals to standardise and document administration processes
- revising member application and information brochures
- analysing SATSS data to identify potential misuse and fraud within the scheme
- establishing a SATSS Steering Committee to review progress in addressing misuse and fraud associated with the scheme.

Voucher misuse and fraud investigations

The review team identified numerous instances of potential misuse of vouchers or fraudulent activity by drivers and/or members. These matters were referred to the Department's Investigations and Audit Unit for investigation with some matters referred to SAPOL. Some of the matters being investigated include systematic fraud for large amounts involving multiple drivers.

Reliance on manual processes

The Audit found that the Department relies on manual vouchers and processes to administer the scheme. Furthermore, it was noted that administering the scheme involves processing large volume of low value manual vouchers. Consequently it is not practical to review every manual voucher to ensure the amounts claimed are reasonable and represents a valid trip by the member detailed on the voucher. As a consequence there are a number of inherent risks associated with the scheme including:

- errors in processing vouchers
- drivers altering or manipulating vouchers to inflate fares
- persons using vouchers who are not entitled to used them
- drivers claiming for trips which did not occur
- non-compliance with the conditions of the scheme by members and drivers.

It is understood the Department was considering the feasibility of implementing Smart Card technology, GPS and other trip data to improve internal controls over the scheme. Audit supports the use of Smart Cards and other technology as it is understood this may significantly reduce manual processes and checking procedures. It is understood that the use of Smart Cards will enable the Department to implement reliable automated system controls and electronically record trip and other data. This will also assist with processing and enable the Department to efficiently analyse large volumes of data to identify instances of non compliance with the conditions of scheme and suspicious/fraudulent transactions.

Internal control weaknesses

The review found many weaknesses identified in previous reviews have not been addressed by the Department, including:

- fraud minimisation procedures were not appropriately documented

- the Department did not enforce some existing conditions of the scheme
- existing controls provide limited assurance that details of members updated to the system are valid and have been input correctly.
- there was scope to improve member identification procedures
- processes to identify inflated fares could be improved
- existing controls provide limited assurance that SATSS vouchers processed are valid and have been input correctly

Internal audit

Review by internal audit found controls over SATSS vouchers do not sufficiently mitigate the risk of fraud and misuse and have contributed to an increase in the number and complexity of investigations involving misuse of SATSS vouchers. Audit consider it is appropriate for internal audit to continue to review the operations of the SATSS scheme including the progress made in addressing identified control weaknesses.

Project management approach

Audit consider that effectively responding to the matters raised from various reviews of the scheme will require implementation of a formal project management approach. This approach will require the management of resources and effective monitoring of planned outcomes. Specifically, it is considered that a formal project management approach should be adopted including:

- developing a documented project plan identifying key risks, mitigation strategies and proposed solutions, resource requirements and completion timeframes
- formal monitoring and reporting arrangements
- confirming whether proposed solutions effectively address identified issues.

Audit recommended the Department revisit current roles, governance and reporting arrangements to provide senior management with regular updates on progress in implementing improvements in internal controls (including system enhancements and new technologies) and the status/outcomes of investigations of suspected fraud.

In response the Department advised that project management principles have been used to minimise misuse or fraud within the SATSS. Specifically, a business case was approved through the 2008-09 budget bilateral process and the Executive Director and Chief Executive are informed of progress against the business case. The Department also advised that it will implement a formal project management approach as recommended by Audit including developing a documented project plan. It also indicated governance and reporting arrangements are being reviewed as part of forming a new Public Transport Services Division.

Financial management compliance program

The prior year audit found the Department was in the process of developing and documenting an effective and robust financial management compliance program (FMCP). The review for the current year found the Department continued to progress implementing the FMCP with action taken to develop, document and implement key elements of the framework. The specific aspects of the framework which were not finalised and documented included:

- which officer had overall responsibilities for the Department's FMCP
- key compliance requirements and associated controls
- the nature, timing and extent of required compliance activities
- how financial management compliance issues are to be addressed
- reporting requirements regarding the outcome of compliance activities
- the process for reviewing the design and operation of the FMCP.

Internal audit review (compliance checklist)

Internal audit reviewed the Department's compliance levels against TIs requirements as prescribed by the financial management compliance checklist. In completing the review internal audit concluded that the Department's control environment was reasonably sound with satisfactory overall compliance.

The review of internal audit's approach found that in completing the checklist significant reliance was placed on representations from management and control custodians regarding the existence of controls and extent of compliance. Internal audit confirmed the existence of documented policies and procedures but did not validate all management representations and test compliance with policies and procedures. Audit recommended the Department implement a process to validate representations made by management and verify actual compliance with policies and procedures.

Network assets and capital works in progress

Previous Reports have included comments on weaknesses in the Department's controls over recognising and valuing network assets.

Audit review for the current year found that the Department made progress in addressing matters raised in prior years including expanding the scope of reviews of project expenditure recorded in the job cost system and implementing more frequent reviews. Notwithstanding the improvements made by the Department the current audit identified areas which have not been addressed. Areas identified included the following:

- A number of projects were not capitalised on a timely basis as required by Department policy.
- A number of projects identified as complete from the review of work in progress balances in the Department's job cost system were not capitalised /and or excluded at balance date.
- Expenditure on rest areas was not accounted for consistently. In some instances it was accounted for as an exclusion (ie expensed) and in other instances as an asset (ie capital work in progress).
- Expenditure of a capital nature was inappropriately accounted for as an exclusion (ie expensed).
- Some reconciling items between the MPFAS asset system and subsidiary network asset systems (ie EARLS, RITS and BIS) were not reviewed and appropriately actioned.
- Road assets replaced as part of the Department's capital works program were not removed from the MPFAS asset system.
- The requirement for project managers to advise Asset Accounting of exclusions as incurred has not been documented in department policies.

In response the Department advised actions taken to address the issues raised by Audit including:

- continuing to focus on timely capitalisation of projects including undertaking internal audit reviews to ensure compliance with capitalisation policies
- reviewing ancillary expenditure relating to the road networks including the appropriate treatment of rest areas
- commencing a process to deal with remaining reconciling items between the MPFAS and subsidiary network systems and re-emphasising the importance of timely action to address outstanding items
- developing a suite of reports to enable removal of replaced road assets
- updating policies to clarify the timeframes for processing exclusions.

Other fixed assets

The current audit identified areas where controls could be improved and where specific transactions were not accounted for appropriately. Some of the more significant findings were:

- some assets were not depreciated
- data input errors in the MPFAS asset system leading to errors in calculating depreciation expense
- instances where amendments to useful lives identified by asset managers were not processed to the MPFAS

- there was no control to ensure that asset manager declarations were reviewed and any required amendments were processed to the MPFAS. The asset manager declarations confirm the existence and completeness of asset details recorded in the MPFAS
- established procedures do not ensure all land and building additions and disposals are identified and updated in the MPFAS on a timely basis
- MPPAS was not able to generate acquisition and disposal reports.

The Department acknowledged the findings and, consistent with those findings will pursue improvements in this area. The Department indicated that they considered the impact of the findings to be immaterial.

Payroll

During the year the Department progressively transferred all former Department for Administration and Information Services (ex-DAIS) employees onto the Department's payroll database. This transfer occurred in two stages (October 2009 and February 2010). As a consequence, for part of the year, different control processes and inconsistent procedures were employed for the two different employee groups. The audit identified that weaknesses in controls over processing payroll for the ex-DAIS staff identified by Audit in previous years were not addressed prior to the transition. In particular:

- there was scope to improve policies and procedures for the review and certification of payroll reports
- management review and certification of bona fide and leave booked reports was not effective
- documents initiating payroll transactions were not reviewed to ensure they were valid and appropriately authorised.

The review of the Department's payroll database revealed matters raised in prior years were not addressed. Specifically, the review found:

- controls over the review of bona fide reports were not effective
- controls over leave recording were not effective and instances were identified where leave recorded in attendance records was either not recorded or incorrectly recorded in the payroll system.

In addition, during the current year internal audit reviewed the bona fide certification processes to assess the adequacy of relevant control and management processes. Internal audit noted the Department had adequate documented policies and procedures, however, they found continued weaknesses in the internal control environment within business units.

The Department advised that it has established clear procedures for the review of leave taken, certification of bona fide reports and follow-up of bona fide report queries. Divisions will be requested to reinforce with managers and staff the importance of compliance with these procedures. The monitoring of compliance will continue through key performance indicators reported quarterly to the Human Resource Governance Committee. The Department also advise that since the integration of the ex-DAIS payroll function, controls and reporting were applied consistently across all divisions.

Accounts payable

The audit of the arrangements for processing accounts payable transactions on behalf of the Department included consideration of activities undertaken by the Department and SSSA on its behalf. Areas identified by Audit, both within the Department and SSSA, where controls did not operate effectively included the following:

- Manual checking procedures were relied on rather than system controls to ensure payments were authorised in accordance with the Department's delegations of authority.
- Manual checking procedures were used to ensure purchase requisitions for a large project were authorised in accordance with the Department's delegations.
- Creating and changing user profiles within eProcurement did not require approval.
- Segregation of duties within the eProject for a large project were considered inadequate.

- Procurement exception reports were not effectively reviewed.

- Manual payment vouchers were not effectively reviewed to confirm they were authorised in accordance with the Department's delegations of authority.

- The accounts payable subsidiary ledger and general ledger were not effectively reconciled by SSSA. At the time of finalising this Report the reconciliation included an unreconciled balance of $72 000.

- Security over the electronic funds transfers (EFT) file could be improved.

- There was scope to improve policies and procedures.

The Department indicated the Department's eProcurement system will be decommissioned when the new SSSA procurement and Procurement Contract Management system (PCMS) are implemented. The Department will investigate the feasibility of implementing system controls when implementing the new systems. The Department also provided details of the actions taken to address the other matters raised by Audit.

SSSA also responded to specific findings relevant to the services provided to the Department indicating they will work with DTEI to address the matters raised.

Revenue and accounts receivable

The audit identified the following areas, both within the Department and SSSA, where controls did not operate effectively including:

- The accounts receivable subsidiary ledger and general ledger were not effectively reconciled by SSSA.

- Cash receipts were not timely processed by SSSA which contributed to a deficit in the Department's Transport Operating Special Deposit Account. Notably, EFTs for March 2010 were not processed resulting in a reconciling item of $52 million recorded in the March 2010 reconciliation. Refer to the commentary below under 'Bank account reconciliations'.

- Controls to ensure all invoices were processed could be improved.

- There was scope to improve debtor follow-up procedures.

The Department responded to the findings detailing the actions taken to address the matters raised including:

- working closely with SSSA to ensure reconciliations are completed timely and effectively
- continuing to work with SSSA to ensure receipts are processed in a timely manner
- reviewing the debt recovery function to improve current processes
- investigating the possibility of replacing manual invoice request forms with an automated system.

SSSA also responded to specific findings relevant to the services provided to the Department detailing actions taken to address the matters raised. This includes working with the Department to improve receipting processes with the Department.

Ledger consolidation project

During the year the Department consolidated the recording of financial activity and associated asset and liability balances for ex-DAIS divisions into the Department's general ledger and associated subsidiary systems. This consolidation occurred in two phases with the first phase occurring in November 2009 and the second phase in February 2010.

Consolidating the departmental financial activity into one ledger was a positive initiative which supports more efficient financial reporting and reduces the complexity of control processes.

The audit identified a number of areas where project management processes were not effective which were reported to the Department.

Internal audit review of the project found a project management framework was in place which included a project plan, a communication plan and regular project status reports for planning, monitoring, reporting and controlling the project. Their review also identified some areas for improvement including:

- the project plan was not approved to evidence the plan and methodologies were discussed and agreed with the project sponsor

- the risk management strategy to address the identified project risks was not finalised
- a quality assurance and control plan was not developed for the project.

The Department indicated that the findings and recommendations will be considered for future projects and provided details of action taken or proposed to address outstanding matters such as the follow-up of the payroll reconciliation and exceptions.

Financial accounting

Reconciliations are a key component of the Department's control environment ensuring transactions are appropriately accounted for and recorded.

TI 2 requires the Chief Executive to ensure that reconciliations are performed on a regular and timely basis.

Audit review revealed that the Department established a framework to monitor reconciliations across the Department, however, the framework was not implemented as intended. Specifically Audit noted:

- details of non-bank reconciliations were not reported to the corporate leadership group
- details of the number, nature and age of reconciling items associated with each bank reconciliation were not provided to the leadership group
- monthly divisional reconciliation reports detailing the status of reconciliations were not always prepared
- required assurance reviews over the reconciliation reporting process were not undertaken by internal audit
- information provided to the corporate leadership group did not always accurately reflect the status of reconciliation processes.

The review also identified that the controls over suspense/holding accounts and the authorisation and checking of journals and manual cost adjustments could be improved.

The Department indicated that senior management identified the need to review the reconciliation reporting formats due to deficiencies in the information collated. To ensure reporting to senior management continued, an interim reporting mechanism was implemented. The Department was confident that the interim measure did identify key issues and suitably reported those to senior management. The Department has engaged the Financial Improvements Team to review the reconciliation matters raised by Audit.

In relation to suspense/holding accounts the Department is working with SSSA to improve controls.

Bank account reconciliations

The Department's bank reconciliations are now performed by SSSA on behalf of the Department in accordance with a service level determination. Effective reconciliations provide assurance transactions are accounted for and recorded in the general ledger. The audit identified significant weaknesses in the bank reconciliation processes. The following summarises the major observations.

Accounts Receivable Collection Bank Account reconciliation

The Accounts Receivable (AR) Collection Bank Account is a significant bank account controlled by the Department and is used to process receipts received by the Department from different sources. Last year Audit noted that the Department experienced difficulties in reconciling the account throughout the year.

Follow-up in 2009-10 found the Department implemented measures to address the concerns of the prior year, including engaging the Department's Financial Improvements Team to review reconciliation processes associated with Marine Revenue and the Recreational Boating system.

Notwithstanding this action the audit in 2009-10 disclosed areas of weakness in the reconciliation processes that were not addressed and the Department continued to experience difficulties in reconciling the account throughout the year. The audit also noted weaknesses in systems and controls associated with reconciling subsidiary systems (ie PALMS and Recreational Boating System) to bank records were not resolved and reconciling items were not effectively identified and resolved.

Transition of ex-DAIS units to the Department's ledger

In March 2010 the general ledger and banking functions for ex-DAIS divisions transferred to the Department's general ledger and bank accounts.

The transition resulted in a significant increase in the number of bank and ledger transactions processed by SSSA to the DTEI general ledger. The audit revealed that SSSA staff experienced difficulties in effectively reconciling the AR Collections Bank Account after the transition and that processes to effectively match general ledger transactions to bank records were not established. The review noted:

- the delays in processing EFT transactions, referred to earlier, resulted in a reconciling item of $52 million recorded in the March 2010 reconciliation
- reconciliations were not completed on a timely basis
- reconciling items were not resolved on a timely basis
- there were significant unreconciled bank and ledger transactions for the Building Management and Land Services ex-DAIS divisions
- the independent review of the reconciliation was not effective as all transaction flows and reconciliation procedures were not clearly understood by SSSA.

Other bank reconciliations

The review of the Accounts Payable (AP) Disbursement and Payroll Disbursement Bank Account reconciliations found:

- reconciliations performed by SSSA were not always completed on a timely basis.
- outstanding reconciling items were not resolved of a timely basis.

Review of the AP Disbursement Bank Account reconciliation for 30 June 2010 found:

- the reconciliation was not satisfactorily completed at the time of the audit
- not all bank withdrawals were recoded in the general ledger with some unresolved items dating back to March 2010
- there was a lack of understanding of the nature and cause of discrepancies
- ineffective follow-up of withdrawals not recorded in the general ledger and other reconciliation discrepancies
- there was a breakdown in recording manual payments.

Bus and rail contract expenditure

The Department has developed a number of processes to support management of contracts with bus and rail operators. The audit for 2009-10 identified areas where internal controls and documentation of management decisions and contract management activities could be improved including:

- approval to vary the frequency of customer surveys, including reasons, and how contractor performance should be assessed in the absence of a survey, were not documented
- annual customer surveys were not performed as provided for in the service contracts
- documentation supporting input cost prices used for indexation was not maintained
- not all contractors submitted an annual return as required by the service contract
- there was scope to improve policies and procedures.

The Department responded to the audit findings by detailing actions to be taken to address the matters raised. In relation to annual customer surveys, the Department indicated the decision to not complete customer surveys was made in 2001-02 and there is a long standing agreement between parties that the survey would not be held every year. The current agreed process will be formally established, documented and signed by the appropriate parties.

Metroticket revenue

The Passenger Transport division collects revenue from the sale of tickets for use on metropolitan trains, trams and buses. Audit review noted a number of areas where controls could be improved including the following:

- The Department's audits of Metroticket revenue and reconciliation processes were either not performed or were not performed on a timely basis.
- The status of Metroticket revenue audits was not always accurately reported to management.
- The Department's processes for recovering Metroticket cash shortages from bus contractor payments did not provide assurance that this occurred on a timely basis.
- Policies and procedures for performing checks on unwanted/replaced tickets were not documented.
- Processes to ensure all invoices are raised were not effective.
- There was scope to improve debtor follow-up procedures.

The Department responded to the audit findings by detailing factors contributing to the findings and detailing actions taken to address the matters raised.

Government ICT services

Audit review of financial operations of Government ICT services (GICTS) found a number of areas where controls could be enhanced. A number of these matters had been raised in previous years and remain unresolved. These matters included:

- existing fees and charges were not reviewed and there was no approval for new fees and charges
- variances between internet usage charged by the provider and those recorded by the GICTS were not investigated in accordance with the Department's policies and procedures
- there was no independent check to ensure moves and changes to customer telephone services were accurately reflected in the telephone billing system for ongoing rental charges
- there was scope to improve documented polices and procedures.

The Department responded by indicating:

- reviews of fees and charges have not been undertaken due to a planned transfer of these services to SSSA. Should the transfer to SSSA not occur, the Department will conduct a full review of fees and charges
- the review of internet revenue and expenses had not been undertaken due to the planned transition to SSSA
- the Department had implemented sample checking, however, this checking was not documented. The Department will ensure the checking process is evidenced in future
- a process is being developed to ensure procedures are developed and amended when required and are reviewed at least annually.

Building management - Project services

Audit review of the financial operations of the Project Services division found a number of areas where controls could be improved including:

- clients were not always billed for work performed because Project Managers did not obtain approval to extend project funding
- project managers did not always document strategies to address projects where expenditure exceeded the approved funding

- the reconciliation between the Fees and Resource Management System (FARMS) and the general ledger was not adequately documented
- the debtor management policy was not regularly reviewed.

The Department, in response, provided details of actions taken to address the matters raised by Audit.

ICT management and control

TRUMPS

In a Supplementary Report to Parliament in June 2009 Audit made comment that the system was implemented in September 2007 in the absence of a formal sign-off report and with a number of defects. These defects included limitations in TRUMPS capability associated with financial control reporting and reconciliation processes and matters associated with information security controls. Weaknesses were also found in the arrangements in place with the private sector ICT service providers to ensure compliance with the Government's Information Security Management Framework.

Audit conducted a follow-up review in the latter part of 2009. That review, found that there were still significant issues required to be addressed by DTEI management to ensure a fully effective business operation, security control and financial integrity of the TRUMPS system. A response from the Department in November 2009 advised that some matters will not be finalised until the end of 2010 due to the complexity of implementation.

It is intended to undertake a follow-up review on the status of these matters during 2010-11.

Land Ownership and Tenure system

The Land Services division (LSD) is responsible for key land administration functions in South Australia. The major components of that responsibility are discharged through the operation of the Land Ownership and Tenure system (LOTS).

Previous years' Reports have included comment on Audit's review of key aspects of the LOTS system and its environment. In 2010 Audit followed up a number of outstanding matters being addressed by the Department.

One matter related to a LOTS file transfer (FTP) protocol server, which stores valuation data accessed by public and private sector clients. Audit requested the status and timeframes of remedial action to the recommendations from an external security assessment report commissioned by the Department. The report identified a number of high, medium and low risks, including vulnerabilities that could potentially allow users to gain unauthorised access or might allow an attacker to take full control of the servers. The report issued in September 2009 recommended that the high value risks should be addressed within 30 days and the medium risk items within three months.

The Department provided two formal updates to the remediation status of these matters during 2010. Audit was advised that the LSD is committed to working closely with DTF to address all recommendations from the external security assessment report. In the latest update provided the Department has indicated that remedial actions have been accelerated against original target timeframes, with the majority of high to medium items completed. The outstanding high to medium risk items are to be completed by December 2010, with the exception of an additional high risk item that has recently been identified by DTF and which was receiving attention.

Audit also requested the remedial status of legacy system documentation, business continuity and disaster recovery plans, removal of generic operating system accounts and the development of service level agreements (SLAs) relating to agencies of government.

The Department advised that the LSD will continue to work with DTF regarding the progressive update of legacy system documentation, with the LOTS spatial architecture and environment documentation expected to be finalised by September 2010.

Development of supporting documentation for business continuity plans (BCP) is targeted for September 2010, a BCP testing strategy by June 2011 and the Disaster Recovery Framework in December 2010. DTEI also advised that the generic operating system accounts have been removed and the SLAs for a number of key agencies have been established. SLAs for certain other agencies will follow in 2010-11.

While the Department has stated that remediation of issues is continuing, the progress by the Department in relation to these important matters has been prolonged. Audit considers that these types of matters, particularly identified security concerns with computing facilities, should be addressed in a more timely manner.

Merchant facilities and Bizgate – 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. Audit also took into consideration the PCI compliance status of the Service SA Bizgate merchant transaction facility, utilised by some agencies as a third party service provider.

The review concluded that the Department needed to document the various merchant transaction processes currently utilised and specify which Department infrastructure is affected by PCI compliance requirements. The Department also needed to ensure that all ongoing PCI self-assessment questionnaires sent to the ANZ bank are appropriately signed, with all questions completed.

The matters were conveyed to the Department and the response indicated that the matters were being addressed.

The Department provided Audit with a copy of the PCI compliance report and attestation statement from an external accredited PCI qualified security assessor in relation to the Bizgate merchant transaction facility. This report stated that the Bizgate merchant transaction facility was PCI compliant.

Other reviews

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) which includes three elements:

- Primary Schools for the 21st Century (P21) which provides funding to build new or upgrade existing facilities within primary schools, K-12 schools (primary school component) and special schools. The approved funding for all South Australian schools was $824 million for 720 projects and the NPA requires all projects to be completed by March 2011.
- Science and Language Centres for the 21st Century (SLC) which provides funding to build new science laboratories and language learning centres in selected secondary schools. The approved funding for all South Australian schools was $47.7 million for 40 projects. The NPA required SLC projects to be completed by 30 June 2010 and the Commonwealth has approved extensions of time for any projects which were incomplete at that date.
- National School Pride (NSP) which provides funding to all schools to undertake approved minor capital works and maintenance projects. The approved funding for all South Australian schools was $72.9 million for 920 projects. The NPA required all projects to be completed by February 2010.

The investment in SA Government schools through the BER program represented a significant increase in the scale of investment by the SA Government, through the Department, in school buildings. The planned value of the BER expenditure on SA Government schools of $852 million, to be incurred over three years, compares to the average additions to the Department of Education and Children’s Services (DECS) fixed assets in the four years to 30 June 2009 of $58.5 million.

The Department and DECS are responsible for delivering the BER program in South Australia in public schools. Under these arrangements, DTEI is responsible for providing procurement and program management services for the P21 program and the SLC program. DECS is responsible for the National School Pride program with responsibility for administering individual projects assigned to schools.

The role of the Department, through the Building Management division, with respect to the P21 and SLC programs includes:

- procuring design and construction services for projects approved under the BER program
- payment of contractors
- program management.

DECS is responsible for agreeing the scope of works and reporting to the Commonwealth.

The 2009-10 audit of the Department included review of aspects of its involvement in the BER program. The focus of the audit was on reviewing:

- procurement planning
- risk management
- governance arrangements
- prequalification and allocation of projects
- project management arrangements
- management reporting
- value for money assessment.

The review has considered both the management of individual projects, through review of contracting and project management arrangements, and the management of the overall program.

At the time of preparing this Report, Audit is in the process of considering responses provided by the Department to a number of matters raised with the Department following the recent completion of this audit review. The audit findings will be included in a supplementary report to the Parliament.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements

	2010	2009
	$'million	$'million
EXPENSES		
Employee benefit expenses	**214**	199
Supplies and services	**733**	724
Depreciation and amortisation	**288**	208
Other expenses	**94**	101
Total expenses	**1 329**	1 232
INCOME		
Fees and charges	**450**	441
Commonwealth revenues	**436**	297
Sale of goods and services	**197**	175
Rental income	**189**	179
Other income	**113**	106
Total income	**1 385**	1 198
Net revenue from (cost of) providing services	**56**	(34)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT		
Revenues from SA Government	**429**	439
Payments to SA Government	**(8)**	(7)
Total revenues from SA Government	**421**	432
Net result	**477**	398
OTHER COMPREHENSIVE INCOME		
Changes in asset revaluation surplus	**9 421**	1 017
Total comprehensive result	**9 898**	1 415

	2010 $'million	2009 $'million
NET CASH PROVIDED BY OPERATING ACTIVITIES	**628**	569
ASSETS		
Current assets	**784**	548
Non-current assets	**19 130**	9 071
Total assets	**19 914**	9 619
LIABILITIES		
Current liabilities	**352**	289
Non-current liabilities	**157**	155
Total liabilities	**509**	444
TOTAL EQUITY	**19 405**	9 175

Statement of Comprehensive Income

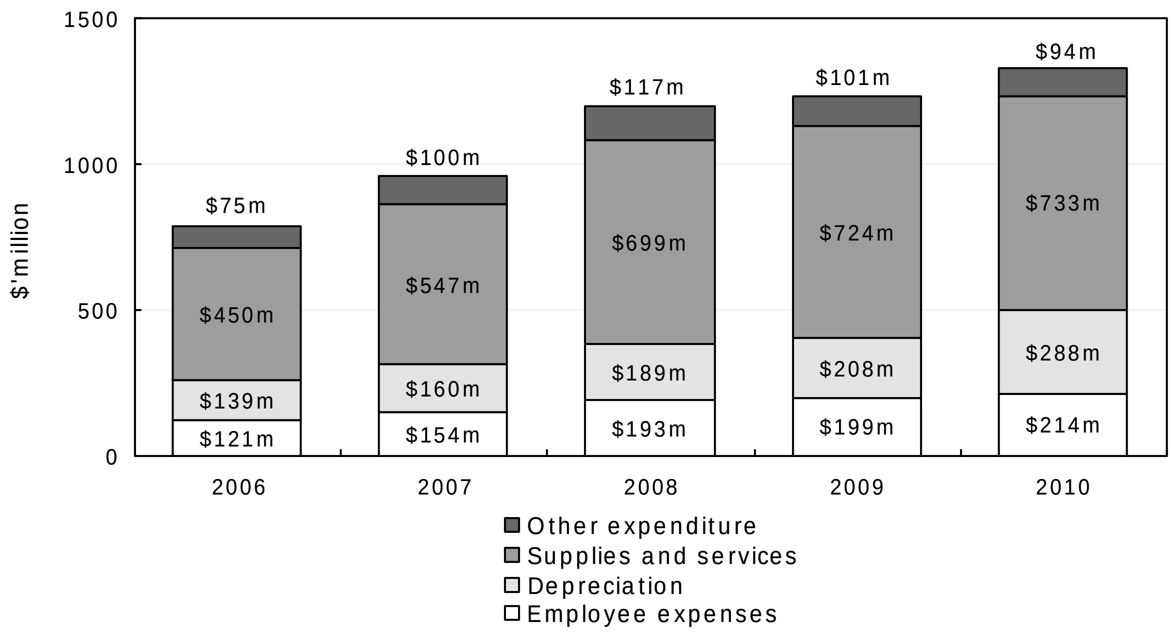
Expenses

Total expenses for the year increased by $97 million (8 percent). The increase mainly reflects a $79 million increase in depreciation expense and a $15 million increase in employee benefit expenses. The increase in depreciation expense was due mainly to an increase in depreciation expense for network assets ($60 million) reflecting a revaluation of road assets and the effect of the change in accounting policy relating to the further componentisation of the sealed road network.

Expenses for the year totalled $1329 million ($1231 million) and are mainly attributable to:

- employee benefit expenses of $214 million (16 percent)
- supplies and services expenses of $733 million (55 percent) of which $250 million (34 percent) relates to the bus and rail service contract payments and $111 million (15 percent) to the cost of major infrastructure and other service contracts
- depreciation and amortisation expense of $288 million of which $191 million (66 percent) relates to network asset depreciation.

For the five years to 2010, a structural analysis of the major expense items for the Department is shown in the following chart.



Income

Total income (excluding revenues from the SA Government and changes in asset revaluation surpluses) for the year increased by $187 million (16 percent). The increase reflected a $140 million increase in Commonwealth funding due mainly to an increase in *Nation Building Program (National Land Transport) Act 2009* funding.

Income for the year totalled $1385 million ($1198 million) and represents:

- fees and charges of $450 million (32 percent) of which $334 million (74 percent) relates to driver and vehicle registration income and $77 million (17 percent) to Metroticket income

- Commonwealth revenues of $436 million (31 percent) of which $196 million relates to funding received for the Northern Expressway project (NEXY), $58 million for the South Road Upgrade project and $41 million for road maintenance projects, $39 million for the Sturt Highway upgrade and $40 million for the Gawler line electrification/re-sleepering project

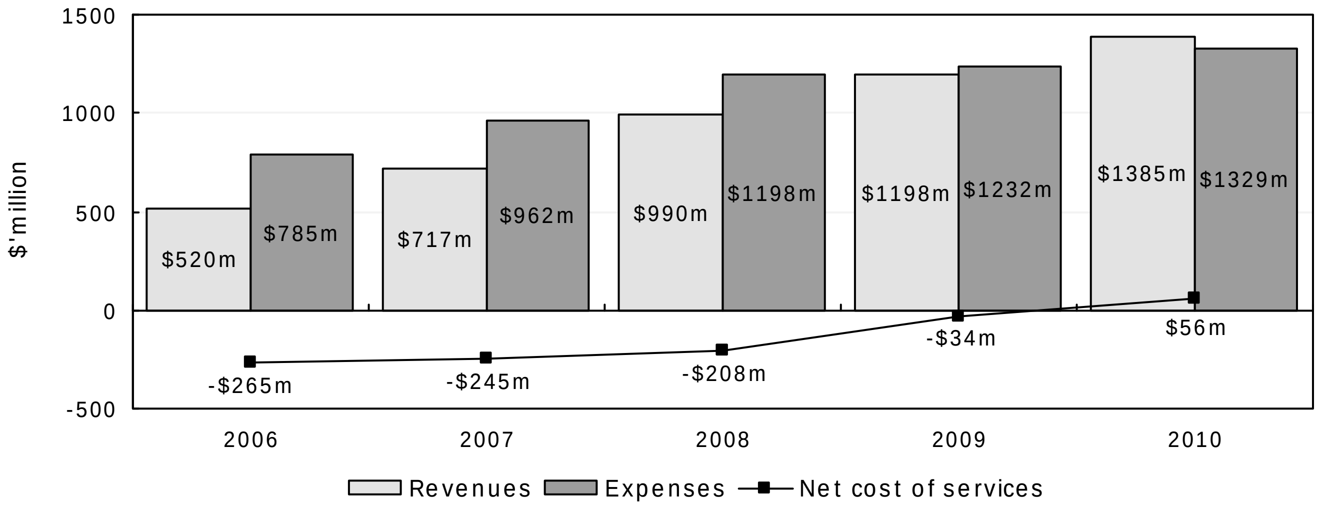
- sale of goods and services income of $197 million (14 percent) of which $92 million relates to facilities maintenance services provided to government agencies and $51 million is attributable to charges for the use of the government radio, telephone and data networks

- rental income of $189 million (14 percent) comprising $156 million for office accommodation and $33 million for residential accommodation.

Net revenue from (cost of) providing services

The net revenue from (cost of) providing services for the year was a surplus of $56 million compared to a deficit of $34 million the previous year.

The following chart shows the income, expenses and net cost of providing services for the five years to 2010.



Revenues from/payments to SA Government

Revenues from SA Government totalled $429 million ($438 million). The decrease mainly reflects a $28 million decrease in appropriation funding received pursuant to the *Appropriation Act* which was offset by a $18 million increase in transfers from contingency provisions.

In addition, during the year the Department received an appropriation in the form of an equity contribution from the SA Government totalling $373 million ($58 million). As the appropriation represents an equity contribution it was not recognised in the Statement of Comprehensive Income but was recognised in the Statement of Changes in Equity.

Payments to the SA Government totalled $8 million ($7 million).

Statement of Financial Position

Total assets of the Department as at 30 June 2010 totalled $19.9 billion ($9.6 billion), of which $15.3 billion ($5.9 billion) represents the written down value of the network assets. The increase reflects a $9.4 billion increase in network assets.

Network assets

Network assets represent 80 percent (66 percent) of total non-current assets. The major classes of network assets are roads with a written down value of $13.3 billion (87 percent) and structures with a written down value of $1.3 billion (8 percent).

The written down value of network assets increased by $9.4 billion to $15.3 billion. The increase is attributable mainly to:

- a revaluation of components of network assets during the year resulting in a revaluation increment of $9.4 million which reflects mainly:
  - — a revaluation increment of $9.1 billion for roads
  - — a revaluation increment of $305 million for structures
  - — a revaluation increment of $23 million for rail and bus track infrastructure assets.

  The revaluation increment for road assets reflects an internal revaluation undertaken by the Department with effect as at 1 July 2009. In completing the revaluation the Department significantly revised its valuation model. A key assumption of the model is that the road network will be replaced by an modern equivalent asset having the same service potential as the existing road asset network in use. For further details of the valuation model and key assumptions refer to note 3.13. The increment for rail and bus infrastructure asset mainly reflects revaluation performed by an independent valuer

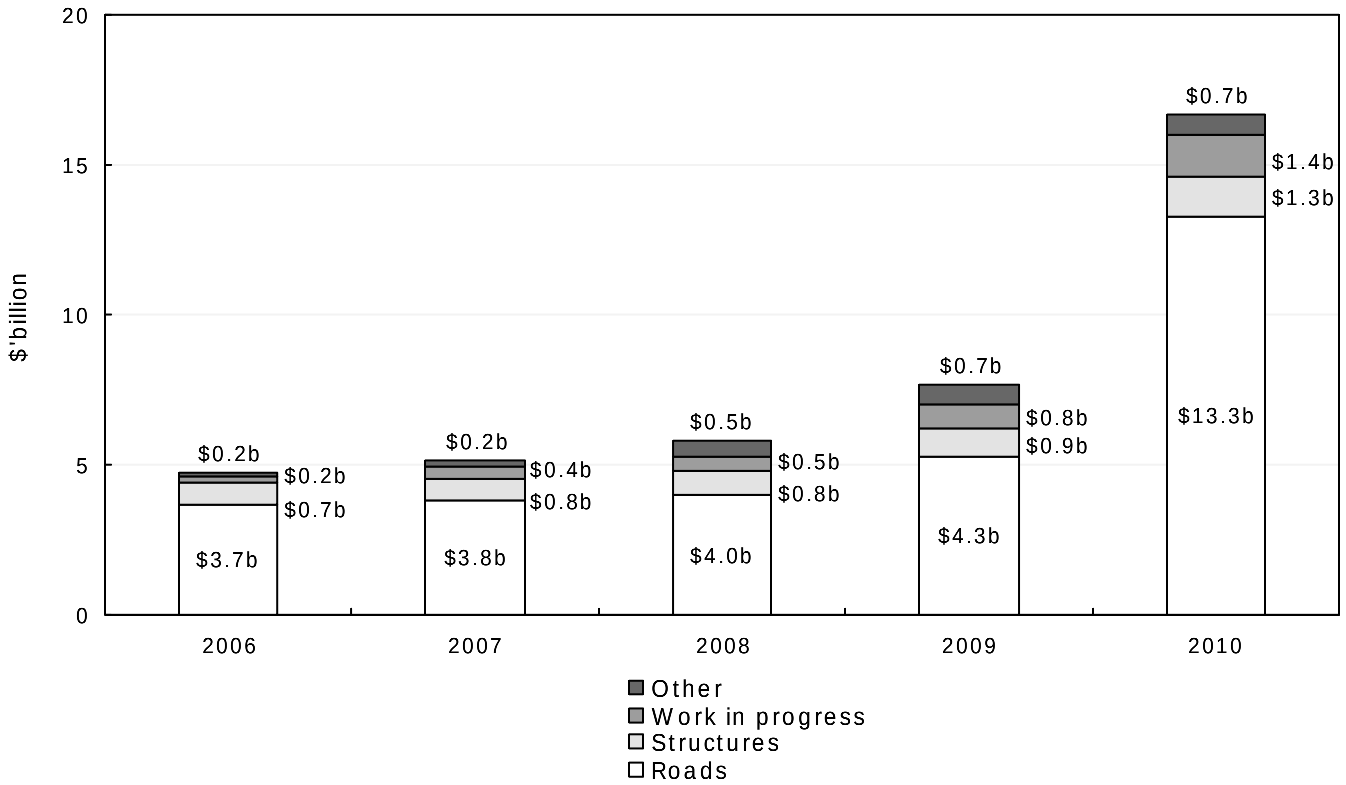
- the capitalisation of a number of key projects totalling $238 million of which $75 million related to the South Road/Anzac Highway underpass, $29 million relates to the South Road Overpass and $17 million relates to works on outback roads.

Capital works in progress

The value of capital works in progress increased by $628 million (77 percent) to $1.4 billion.

The increase reflects a larger capital works program and increased expenditure for a number of major capital projects, including the Northern Expressway project ($196 million), the Citywest to Entertainment Centre Tram extension ($68 million), the Rail Car Depot Relocation project ($109 million) and the State Aquatic Centre project ($44 million).

The following chart shows, for the five years to 30 June 2010, a structural analysis of the written down value of network assets and capital work in progress.



Consistent with previous years, sources of funding to maintain and develop network assets were from the annual collection of registration and licence fees of $334 million ($327 million), grants from the Commonwealth Government of $436 million ($297 million) and appropriations from the SA Government of $408 million ($436 million). This regular source of funding explains the low level of borrowings which totalled $48 million ($48 million).

Land, buildings and facilities

The value of land, buildings and facilities increased by $48 million (3 percent) from $1.88 billion to $1.93 billion.

The increase relates mainly to a revaluation increment of $77 million which reflects mainly a revaluation increment for land of $62 million and a revaluation increment for building and facilities for $15 million.

This increase was offset by depreciation and amortisation charges of $33 million and a transfer of land and buildings to assets held for sale of $31 million.

Other assets and liabilities

The Commonwealth Government's total investment in South Australia under the National Partnership Agreement is $1.2 billion with investment in government schools of $852 million in approximately 740 projects in 540 schools.

The Department and DECS are responsible for delivering the BER program in South Australian public schools. Under these arrangements, the Department is responsible for providing procurement and project management services for the P21 program and the SLC program.

The provision of these services to DECS has contributed to a significant increase in current payables ($97 million) and current receivables ($106 million) reflecting an increase in amounts owing to contractors for completed work under the program and an increase in the amount receivable from DECS for work completed by contractors.

The increase in payables and receivables also reflects a significant increase in the Department's capital works program. Refer to commentary provided under 'Capital works in progress'.

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	**628**	569	305	338
Investing	**(875)**	(609)	(308)	(291)
Financing	**365**	55	(37)	14
Change in cash	**118**	15	(40)	61
Cash at 30 June	**487**	369	354	394

The analysis of cash flows shows a consistent increase in net cash outflows from investing activities reflecting a continuing increase in the Department's capital works program and resulting increase in payments for property, plant and equipment and network assets.

The net cash flows from financing activities for 2010 mainly reflects an equity contribution from the SA Government for $373 million ($58 million).

Administered items

Collections on behalf of third parties

The Department collects money through its registration and licensing function on behalf of third parties including:

- compulsory third party insurance on motor vehicles on behalf of the Motor Accident Commission
- stamp duty on behalf of DTF.

In 2009-10 amounts collected on behalf of third parties totalled $828 million ($762 million) and included $522 million ($477 million) for compulsory third party insurance, $149 million ($138 million) for stamp duty and $30 million ($30 million) for the Emergency Services levy.

Collections on behalf of third parties receipts represents 84 percent (84 percent) of revenues administered by the Department.

Cash at bank and payables

Land services regulatory fees collected by the Department are required to be paid monthly into the Consolidated Account which is maintained by DTF. Total payments to the Consolidated Account for the year were $140 million ($127 million). During the year the transfer of land services regulatory fees for the period January 2010 to June 2010 totalling $65 million paid into the Consolidated Account were not recognised in the Department's ledger until July 2010 which contributed to an increase in the reported administered cash at bank and payables of $29 million.

Statement of Comprehensive Income
for the year ended 30 June 2010

		2010	2009
EXPENSES:	Note	**$'000**	$'000
Employee benefit expenses	6	**214 008**	198 859
Supplies and services	7	**733 417**	724 141
Depreciation and amortisation expense	8	**287 836**	208 431
Grants and subsidies	9	**68 023**	68 283
Borrowing costs	10	**3 702**	4 400
Other expenses	11	**21 842**	27 413
Total expenses		**1 328 828**	1 231 527
INCOME:			
Fees and charges	13	**449 866**	441 214
Commonwealth revenues	14	**436 216**	296 654
Sale of goods and services	15	**196 551**	175 339
Rental income	16	**189 464**	178 499
Grants and subsidies	17	**59 022**	46 249
Interest	18	**4 352**	7 051
Commissions received	19	**12 276**	12 785
Net gain from the disposal of non-current assets	20	**4 057**	2 162
Resources received free of charge	21	**30**	-
Other income	22	**32 839**	37 969
Total income		**1 384 673**	1 197 922
NET REVENUE FROM (COST OF) PROVIDING SERVICES		**55 845**	(33 605)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT			
Revenues from SA Government	23	**428 614**	438 411
Payments to SA Government	23	**(7 994)**	(6 897)
Net revenues from SA Government		**420 620**	431 514
NET RESULT		**476 465**	397 909
OTHER COMPREHENSIVE INCOME:			
Changes in property, network assets and plant and equipment asset revaluation surplus		**9 421 066**	1 016 854
Other		**237**	2
TOTAL COMPREHENSIVE RESULT		**9 897 768**	1 414 765

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

Statement of Financial Position
as at 30 June 2010

		2010	2009	2008
CURRENT ASSETS:	Note	**$'000**	$'000	$'000
Cash and cash equivalents	24	**487 290**	369 504	354 686
Receivables	25	**246 832**	141 324	110 211
Inventories	26	**4 927**	6 661	9 466
Other current assets	27	**21 379**	26 984	6 181
Non-current assets classified as held for sale	28	**23 293**	3 356	6 766
Total current assets		**783 721**	547 829	487 310
NON-CURRENT ASSETS:				
Receivables	25	**10 521**	10 963	10 260
Land, buildings and facilities	29	**1 929 491**	1 881 137	1 421 041
Plant and equipment	30	**420 740**	401 524	382 230
Network assets	31	**15 312 122**	5 946 141	5 263 116
Capital works in progress	32	**1 440 275**	812 548	527 118
Intangible assets	33	**16 991**	18 756	19 883
Total non-current assets		**19 130 140**	9 071 069	7 623 648
Total assets		**19 913 861**	9 618 898	8 110 958
CURRENT LIABILITIES:				
Payables	34	**267 354**	170 547	127 298
Borrowings	35	**1 637**	1 915	1 818
Employee benefits	36	**28 146**	27 452	25 407
Provisions	37	**26 379**	23 645	19 680
Other current liabilities	38	**28 067**	65 249	57 417
Total current liabilities		**351 583**	288 808	231 620
NON-CURRENT LIABILITIES:				
Payables	34	**5 852**	5 747	4 945
Borrowings	35	**65 868**	66 523	67 585
Employee benefits	36	**58 960**	57 806	54 165
Provisions	37	**7 449**	6 700	6 606
Other non-current liabilities	38	**19 193**	18 334	54 988
Total non-current liabilities		**157 322**	155 110	188 289
Total liabilities		**508 905**	443 918	419 909
NET ASSETS		**19 404 956**	9 174 980	7 691 049
EQUITY:				
Retained earnings	39	**6 279 510**	5 843 911	5 436 212
Asset revaluation surplus	39	**12 499 621**	3 078 555	2 060 438
Contributed capital	39	**625 825**	252 514	194 399
TOTAL EQUITY		**19 404 956**	9 174 980	7 691 049

Total equity attributable to SA Government as owner

Unrecognised contractual commitments	42			
Contingent assets and liabilities	43			

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

	Note	Contributed capital $'000	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2008		194 399	2 061 404	5 429 479	7 685 282
Prior period - error correction	39	-	(966)	6 733	5 767
Restated balance at 30 June 2008		194 399	2 060 438	5 436 212	7 691 049
Net result for 2008-09		-	-	397 907	397 907
Gain on revaluation of property during 2008-09		-	427 294	-	427 294
Gain on revaluation of network assets during 2008-09		-	576 897	-	576 897
Gain on revaluation of plant and equipment during 2008-09		-	12 663	-	12 663
Other		-	-	4	4
Total comprehensive result for 2008-09		-	1 016 854	397 911	1 414 765
Transactions with SA Government as Owner					
Equity contribution received		58 115	-	-	58 115
Dividends paid		-	-	(1 156)	(1 156)
Balance at 30 June 2009		252 514	3 077 292	5 832 967	9 162 773
Prior period - error correction	39	-	1 263	10 944	12 207
Restated balance at 30 June 2009		252 514	3 078 555	5 843 911	9 174 980
Net result for 2009-10		-	-	476 465	476 465
Change in accounting policy		-	(65 472)	-	(65 472)
Gain on revaluation of property during 2009-10		-	76 940	-	76 940
Gain on revaluation of network assets during 2009-10		-	9 382 702	-	9 382 702
Gain on revaluation of plant and equipment during 2009-10		-	27 261	-	27 261
Revaluation of network assets reserve transfer		-	3 022	(3 022)	-
Equity transfer on asset disposal		-	(3 267)	3 267	-
Other		-	(120)	(8)	(128)
Total comprehensive result for 2009-10		-	9 421 066	476 702	9 897 768
Transactions with SA Government as Owner					
Net assets transferred as a result of an administrative restructure		-	-	(35 147)	(35 147)
Equity contribution received		373 311	-	-	373 311
Dividends paid		-	-	(1 706)	(1 706)
Equity contribution repaid		-	-	(4 250)	(4 250)
Balance at 30 June 2010		**625 825**	**12 499 621**	**6 279 510**	**19 404 956**

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		**(212 090)**	(193 892)
Payments for supplies and services		**(818 028)**	(754 121)
Payments of grants and subsidies		**(67 575)**	(67 932)
Interest paid		**(3 913)**	(4 397)
Construction work payments		**(738 254)**	(163 366)
GST paid to the ATO and suppliers		**(177 123)**	(43 732)
Other payments		**(13 050)**	(8 575)
Cash used in operations		**(2 030 033)**	(1 236 015)
CASH INFLOWS:			
Fees and charges		**449 866**	436 014
Receipts from Commonwealth		**439 174**	254 471
Rental income		**175 165**	173 324
Sale of goods and services		**265 861**	203 368
Grants and subsidies		**59 022**	46 249
Interest received		**4 811**	7 160
Commissions		**12 276**	12 785
Construction work reimbursements		**617 174**	159 270
GST received from the ATO and customers		**181 199**	44 313
Other receipts		**30 362**	36 847
Cash generated from operations		**2 234 910**	1 373 801
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		**428 614**	438 411
Payments to SA Government		**(5 462)**	(6 897)
Cash generated from SA Government		**423 152**	431 514
Net cash provided by operating activities	44	**628 029**	569 300
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of property, plant and equipment		**(289 840)**	(142 462)
Purchase of network assets		**(604 859)**	(481 756)
Purchase of intangibles		**(13)**	(904)
Cash used in investing activities		**(894 712)**	(625 122)
CASH INFLOWS:			
Proceeds from sale of property, plant and equipment		**19 306**	15 759
Cash generated from investing activities		**19 306**	15 759
Net cash used in investing activities		**(875 406)**	(609 363)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Payment of dividend to SA Government		**(1 706)**	(1 156)
Repayment of finance leases		**(2 047)**	(1 959)
Net cash transfer out as a result of administrative restructure		**(145)**	(119)
Equity contribution repaid		**(4 250)**	-
Cash used in financing activities		**(8 148)**	(3 234)
CASH INFLOWS:			
Capital contributions from SA Government		**373 311**	58 115
Cash generated from financing activities		**373 311**	58 115
Net cash provided by financing activities		**365 163**	54 881
NET INCREASE IN CASH AND CASH EQUIVALENTS		**117 786**	14 818
CASH AND CASH EQUIVALENTS AT 1 JULY		**369 504**	354 686
CASH AND CASH EQUIVALENTS AT 30 JUNE	24	**487 290**	369 504

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

(Activities - refer note 5)	1		2		3		4	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
EXPENSES:								
Employee benefit expenses	**11 696**	11 184	**62 946**	55 081	**21 107**	19 172	**9 156**	9 915
Supplies and services	**8 297**	4 203	**87 971**	124 838	**23 804**	8 206	**263 533**	256 360
Depreciation and amortisation expense	**44**	33	**218 980**	152 715	**2 234**	1 739	**26 976**	21 667
Grants and subsidies	**540**	1 831	**555**	3 613	**-**	-	**21 233**	20 067
Borrowing costs	**4**	1	**53**	52	**114**	4	**1 417**	1 958
Other expenses	**77**	223	**5 763**	5 072	**185**	490	**77**	257
Total expenses	**20 658**	17 475	**376 268**	341 371	**47 444**	29 611	**322 392**	310 224
INCOME:								
Fees and charges	**-**	1	**8 916**	8 962	**21 082**	19 362	**76 272**	79 384
Commonwealth revenue	**-**	-	**425 594**	283 663	**418**	150	**1 625**	460
Sale of goods and services	**-**	17	**2 343**	4 386	**3 564**	3 551	**7 213**	1 278
Rental income	**-**	-	**40**	62	**-**	-	**1 026**	518
Grants and subsidies	**-**	-	**-**	1 638	**-**	-	**51 935**	44 611
Interest	**-**	-	**1 514**	3 588	**81**	138	**-**	-
Commissions received	**-**	-	**-**	-	**-**	-	**-**	-
Net (loss) gain from disposal of non-current assets	**-**	-	**(1 078)**	88	**(1)**	-	**(106)**	(39)
Resources received free of charge	**-**	-	**-**	-	**-**	-	**-**	-
Other income	**400**	197	**15 664**	12 677	**1 871**	1 586	**1 717**	2 550
Total income	**400**	215	**452 993**	315 064	**27 015**	24 787	**139 682**	128 762
NET REVENUE FROM (COST OF) PROVIDING SERVICES	**(20 258)**	(17 260)	**76 725**	(26 307)	**(20 429)**	(4 824)	**(182 710)**	(181 462)

(Activities - refer note 5)	5		6		7	
	2010	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
EXPENSES:						
Employee benefit expenses	**6 230**	6 535	**2 641**	2 221	**13 221**	11 111
Supplies and services	**5 177**	7 931	**1 999**	3 599	**40 258**	39 972
Depreciation and amortisation expense	**184**	206	**35**	11	**11 079**	12 732
Grants and subsidies	**6 117**	5 634	**2 000**	-	**-**	-
Borrowing costs	**-**	-	**3**	-	**17**	34
Other expenses	**68**	58	**34**	38	**103**	390
Total expenses	**17 776**	20 364	**6 712**	5 869	**64 678**	64 239
INCOME:						
Fees and charges	**39**	32	**-**	-	**-**	-
Commonwealth revenue	**-**	-	**-**	607	**-**	-
Sale of goods and services	**1 710**	2 939	**18**	2	**58 606**	58 412
Rental income	**-**	-	**-**	-	**-**	-
Grants and subsidies	**-**	-	**7 087**	-	**-**	-
Interest	**-**	-	**-**	-	**-**	
Commissions received	**-**	-	**-**	-	**-**	-
Net (loss) gain from disposal of non-current assets	**-**	-	**-**	-	**(184)**	(15)
Resources received free of charge	**-**	-	**-**	-	**-**	-
Other income	**4 966**	4 679	**941**	402	**315**	1 032
Total income	**6 715**	7 650	**8 046**	1 011	**58 737**	59 429
NET REVENUE FROM (COST OF) PROVIDING SERVICES	**(11 061)**	(12 714)	**1 334**	(4 858)	**(5 941)**	(4 810)

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

(Activities - refer note 5)	8		9		10	
	2010	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
EXPENSES:						
Employee benefit expenses	**31 071**	26 057	**25 209**	24 147	**21 797**	25 981
Supplies and services	**249 482**	222 396	**17 107**	21 546	**25 969**	27 512
Depreciation and amortisation expense	**25 883**	18 034	**876**	350	**929**	575
Grants and subsidies	**-**	-	**-**	-	**-**	-
Borrowing costs	**2 087**	2 347	**1**	-	**3**	-
Other expenses	**15 133**	20 270	**115**	130	**158**	67
Total expenses	**323 656**	289 104	**43 308**	46 173	**48 856**	54 135
INCOME:						
Fees and charges	**1**	-	**14 995**	12 335	**328 561**	321 138
Commonwealth revenue	**-**	-	**-**	-	**-**	-
Sale of goods and services	**108 264**	88 547	**13 714**	15 188	**1 119**	1 011
Rental income	**188 398**	177 919	**-**	-	**-**	-
Grants and subsidies	**-**	-	**-**	-	**-**	-
Interest	**2 559**	2 614	**-**	-	**198**	377
Commissions received	**-**	-	**-**	-	**12 276**	12 785
Net (loss) gain from disposal of non-current assets	**5 426**	2 126	**-**	1	**-**	1
Resources received free of charge	**30**	-	**-**	-	**-**	-
Other income	**5 374**	13 952	**508**	698	**1 083**	-
Total income	**310 052**	285 158	**29 217**	28 222	**343 237**	335 312
NET REVENUE FROM (COST OF) PROVIDING SERVICES	**(13 604)**	(3 946)	**(14 091)**	(17 951)	**294 381**	281 177

(Activities - refer note 5)	11		General/ Not attributable		Total	
	2010	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
EXPENSES:						
Employee benefit expenses	**8 934**	7 455	**-**	-	**214 008**	198 859
Supplies and services	**9 820**	7 578	**-**	-	**733 417**	724 141
Depreciation and amortisation expense	**616**	369	**-**	-	**287 836**	208 431
Grants and subsidies	**37 578**	37 138	**-**	-	**68 023**	68 283
Borrowing costs	**3**	4	**-**	-	**3 702**	4 400
Other expenses	**129**	418	**-**	-	**21 842**	27 413
Total expenses	**57 080**	52 962	**-**	-	**1 328 828**	1 231 527
INCOME:						
Fees and charges	**-**	-	**-**	-	**449 866**	441 214
Commonwealth revenue	**8 579**	11 774	**-**	-	**436 216**	296 654
Sale of goods and services	**-**	8	**-**	-	**196 551**	175 339
Rental income	**-**	-	**-**	-	**189 464**	178 499
Grants and subsidies	**-**	-	**-**	-	**59 022**	46 249
Interest	**-**	334	**-**	-	**4 352**	7 051
Commissions received	**-**	-	**-**	-	**12 276**	12 785
Net (loss) gain from disposal of non-current assets	**-**	-	**-**	-	**4 057**	2 162
Resources received free of charge	**-**	-	**-**	-	**30**	-
Other income	**-**	196	**-**	-	**32 839**	37 969
Total income	**8 579**	12 312	**-**	-	**1 384 673**	1 197 922
NET REVENUE FROM (COST OF) PROVIDING SERVICES	**(48 501)**	(40 650)	**-**	-	**55 845**	(33 605)

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2010

(Activities - refer note 5)	1		2		3		4	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
ASSETS:								
Cash and cash equivalents	**-**	-	**-**	-	**-**	-	**-**	-
Receivables	**392**	424	**31 742**	43 939	**1 352**	1 168	**4 130**	8 259
Inventories	**-**	-	**3 484**	5 337	**-**	-	**100**	88
Other current assets	**1**	9	**6 052**	16 527	**219**	301	**864**	-
Non-current assets classified as held for sale	**-**	-	**-**	637	**-**	-	**-**	-
Land, buildings and facilities	**-**	-	**269 056**	286 926	**36**	27	**70 699**	71 795
Plant and equipment	**34**	27	**233 037**	205 699	**170**	101	**171 156**	141 585
Network assets	**-**	-	**15 312 115**	5 946 134	**-**	-	**-**	-
Capital works in progress	**4 254**	4 443	**1 222 931**	751 910	**28 752**	24 091	**9 066**	6 787
Intangible assets	**-**	-	**-**	-	**9 746**	10 424	**-**	-
Total assets	**4 681**	4 903	**17 078 417**	7 257 109	**40 275**	36 112	**256 015**	228 514
LIABILITIES:								
Payables	**2 043**	2 269	**99 804**	100 613	**6 662**	3 765	**9 660**	13 693
Borrowings	**-**	-	**47 760**	47 760	**-**	-	**-**	-
Employee benefits	**4 662**	4 626	**26 610**	27 035	**9 199**	9 217	**2 355**	2 360
Provisions	**201**	231	**27 822**	23 855	**694**	584	**102**	90
Other liabilities	**-**	-	**11 802**	55 976	**69**	71	**158**	817
Total liabilities	**6 906**	7 126	**213 798**	255 239	**16 624**	13 637	**12 275**	16 960

(Activities - refer note 5)	5		6		7	
	2010	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
ASSETS:						
Cash and cash equivalents	**-**	-	**-**	-	**-**	-
Receivables	**494**	341	**196**	61	**6 258**	10 342
Inventories	**-**	-	**-**	-	**84**	69
Other current assets	**-**	-	**-**	-	**84**	466
Non-current assets classified as held for sale	**-**	-	**-**	-	**-**	-
Land, buildings and facilities	**589**	622	**-**	-	**-**	527
Plant and equipment	**1 230**	893	**-**	-	**14 256**	52 722
Network assets	**-**	-	**-**	-	**-**	-
Capital works in progress	**55**	1 203	**44 169**	2 409	**8 873**	1 310
Intangible assets	**205**	206	**-**	-	**2 164**	2 979
Total assets	**2 573**	3 265	**44 365**	2 470	**31 719**	68 415
LIABILITIES:						
Payables	**1 079**	901	**17 737**	1 696	**5 246**	8 110
Borrowings	**-**	-	**-**	-	**52**	358
Employee benefits	**1 700**	1 601	**1 363**	1 057	**3 714**	3 551
Provisions	**59**	53	**2**	1	**23**	17
Other liabilities	**-**	-	**-**	-	**1 034**	2 087
Total liabilities	**2 838**	2 555	**19 102**	2 754	**10 069**	14 123

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2009 (continued)

(Activities - refer note 5)	8		9		10	
	2010	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
ASSETS:						
Cash and cash equivalents	**-**	-	**-**	-	**-**	-
Receivables	**209 516**	84 273	**2 714**	2 752	**559**	728
Inventories	**-**	-	**-**	-	**16**	26
Other current assets	**12 968**	9 280	**137**	141	**62**	-
Non-current assets classified as held for sale	**23 293**	2 719	**-**	-	**-**	-
Land, buildings and facilities	**1 521 872**	1 458 014	**601**	826	**459**	686
Plant and equipment	**126**	168	**397**	194	**334**	72
Network assets	**7**	7	**-**	-	**-**	-
Capital works in progress	**114 145**	14 676	**6 809**	4 536	**728**	690
Intangible assets	**1 580**	4 545	**3 137**	54	**159**	548
Total assets	**1 883 507**	1 573 682	**13 795**	8 503	**2 317**	2 750
LIABILITIES:						
Payables	**117 616**	36 314	**6 800**	3 728	**2 288**	2 420
Borrowings	**17 628**	16 304	**-**	-	**2 000**	2 000
Employee benefits	**11 481**	10 328	**9 639**	9 975	**5 536**	5 659
Provisions	**3 497**	4 321	**239**	198	**627**	545
Other liabilities	**33 839**	24 502	**353**	121	**-**	-
Total liabilities	**184 061**	91 769	**17 031**	14 022	**10 451**	10 624

(Activities - refer note 5)	11		General/ Not applicable		Total	
	2010	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
ASSETS:						
Cash and cash equivalents	**-**	-	**487 290**	369 504	**487 290**	369 504
Receivables	**-**	-	**-**	-	**257 353**	152 287
Inventories	**-**	-	**1 243**	1 141	**4 927**	6 661
Other current assets	**-**	-	**992**	260	**21 379**	26 984
Non-current assets classified as held for sale	**-**	-	**-**	-	**23 293**	3 356
Land, buildings and facilities	**-**	-	**66 179**	61 714	**1 929 491**	1 881 137
Plant and equipment	**-**	-	**-**	63	**420 740**	401 524
Network assets	**-**	-	**-**	-	**15 312 122**	5 946 141
Capital works in progress	**-**	-	**493**	493	**1 440 275**	812 548
Intangible assets	**-**	-	**-**	-	**16 991**	18 756
Total assets	**-**	-	**556 197**	433 175	**19 913 861**	961 898
LIABILITIES:						
Payables	**-**	-	**4 271**	2 785	**273 206**	176 294
Borrowings	**-**	-	**65**	2 016	**67 505**	68 438
Employee benefits	**-**	-	**10 847**	9 849	**87 106**	85 258
Provisions	**-**	-	**562**	450	**33 828**	30 345
Other liabilities	**-**	-	**5**	9	**47 260**	83 583
Total liabilities	**-**	-	**15 750**	15 109	**508 905**	443 918

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Department for Transport, Energy and Infrastructure

The Department for Transport, Energy and Infrastructure (the Department) has diverse responsibilities in relation to transport systems and services, energy policy and regulation, and infrastructure planning and provision for South Australia.

The goal of the Department is to ensure that South Australia's needs for the movement of people and freight, and the delivery of services across energy, transport and infrastructure are met safely, efficiently, cost-effectively and sustainably. In addition, the Department plays a leadership role in the management of public sector building assets, provision of ICT services and infrastructure, provision of access to government services for all South Australians and administration of the state's lands title system.

The Department will work to achieve this goal through the following long-term directions:

- identifying strategic infrastructure priorities for the State
- promoting integrated infrastructure and land use planning and development across government
- promoting reforms to infrastructure related policies and strategies and improvements to infrastructure related business processes and capabilities across government
- providing leadership in the development of options to improve the state's transport system
- investing in the integrated transport solutions that increase the safety, effectiveness and efficiency of the state's transport infrastructure and services for all users
- providing improved public transport services
- managing and advising on state-owned transport assets
- managing traffic on the arterial road network
- regulating the access, behaviour and security of transport system users
- providing South Australia's input into Commonwealth Government aviation safety regulatory change, and aligning the State's strategies for air services and airport development with national regulatory change
- enabling the transformation of the business of the Government by developing and implementing a whole-of-government ICT policy framework, and coordinating the provision of core ICT infrastructure services and business applications
- increasing the overall efficiency and effectiveness of the delivery of government services through current and future ICT investments
- managing the state-wide portfolio of Government office accommodation and employee housing
- providing direction, advice and services to government agencies related to the construction, maintenance and management of building and property assets
- providing policy advice on major energy market reforms and strategic issues relating to the development and performance of the electricity and gas industries
- assisting in the delivery of the Government's policy on sustainable energy and implementation of South Australia's Greenhouse Strategy
- conducting an annual review, audit and approval of energy industry safety and technical management plans and promotion of safety
- providing statutory services and information to the community in relation to land titling, survey, valuation and advice on land administration issues
- providing government services and information to the community through a choice of integrated online, phone and face-to-face delivery channels.

2. Departmental organisation

The structure of the Department has been established in a manner that provides clear accountabilities and responsibilities for all offices and divisions and enables an open and steady flow of information between these areas. The offices and divisions of the Department are:

- Office of the Chief Information Officer
- Building Management
- Energy
- Government Relations and Reform Office
- Lands Services
- Service SA
- Office of Major Projects and Infrastructure
- Policy and Planning
- Public Transport
- Safety and Regulation
- Transport Services
- Corporate Services.

2. Departmental organisation (continued)

The Executive Directors of the offices and divisions within the Department report to the Chief Executive, Department for Transport, Energy and Infrastructure.

During 2009-10 there were no changes to the Department's structure.

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 relevant 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. These are outlined in note 4.

3.2 Basis of preparation

The preparation of the financial statements requires:

(a) the use of certain accounting estimates and the exercise of judgement in the process of applying the Department's accounting policies. Any areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes

(b) accounting policies have been selected and applied to ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported

(c) compliance with APS issued pursuant to section 41 of the PFAA.

In the interest of public accountability and transparency the following note disclosures are included in these financial statements:

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

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

(c) employee TVSP information

(d) employees whose normal remuneration is $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 have been valued in accordance with specific applicable valuation policies described under this note.

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

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

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

3.3 Reporting entity

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

The financial statements and accompanying notes include all the controlled activities of the Department. Transactions and balances relating to administered items are not recognised in this departmental statement.

As administered items are significant in relation to the Department's overall financial performance and position, they are disclosed in the administered financial statements following the controlled departmental general purpose financial statements. Except as otherwise disclosed administered items are accounted for on the same basis and using the same accounting policies as for departmental transactions.

3.4 *Comparative information*

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

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted unless impracticable. Where retrospective application of changes to accounting policies and recognition of errors has occurred, relevant comparative amounts have also been amended.

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

3.5 *Rounding*

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

3.6 *Business overheads*

The Department adopts a full cost approach to the costing of its infrastructure capital and recurrent works. This methodology includes allocating a proportionate share of overheads to these activities based on a regime of cost drivers. Costs that are typically allocated using these cost drivers include general engineering and field related expenses, and goods or services that support the resources directly engaged in working on these activities.

Business overheads relating to those functions or areas responsible for the management and control of property, building, information and communication technology assets are allocated across the Department. Business areas incurring these costs allocate the costs to specific activities and outputs in line with the Department's full cost approach methodology.

Costs normally associated with the establishment and operation of governance frameworks designed to support the role of executive management are not attributed to individual specific works and are borne by the Department as a whole.

3.7 *Taxation*

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

With respect to GST, income, expenses and assets are recognised net of the amount of GST except:

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

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.

With respect to tax equivalents, the Department is liable to pay income tax equivalents to the Consolidated Account in relation to the commercial operations of the Building Management division.

In determining its tax equivalent commitments, the Department utilises the 'accounting profits' model. Under this model, income tax expense is calculated separately for each taxable entity by applying the companies income tax rate (currently 30 percent) to the accounting profit for the year.

3.8 *Events after the reporting period*

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

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

3.9 *Transferred functions*

Assets, liabilities and contributed capital transferred to or from the Department under government restructuring arrangements have been reported in accordance with APS contained within APF II, AASB 1004 and Interpretation 1038.

3.9 Transferred functions (continued)

The Public Sector Management (Abolition of Administrative Unit and Public Service Restructure) Proclamation 2009 (dated 1 September 2009) declared that:

- the taxation and financial accounting services from Corporate Services transitioned to Shared Services SA (SSSA) during 2009-10. This transition was approved by Cabinet on 15 October 2009
- the Government Radio Network from Government ICT transitioned to Attorney-General's Department effective from 1 April 2010. This transition was approved by Cabinet on 8 February 2010 (refer note 41).

3.10 Income

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

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

The following are specific recognition criteria:

Fees and charges
Revenues from the levying of fees or charges set in accordance with various legislative acts (for example, vehicle registration and drivers' licence fees) are recognised when the Department obtains control over the funds. Control is generally obtained upon receipt of those funds.

Sale of goods and services
Revenues are derived from the provision of goods and services to other SA Government agencies and to the public. These revenues are driven by consumer demand and are recognised upon the delivery of those goods and services to the customers or by reference to the stage of completion, where possible.

Grants received
Grant revenue is recognised as income at the time the Department obtains control over the grant funds or obtains the right to receive the grant funds. For grants with unconditional stipulations, control generally occurs when the Department has been formally advised that the grant has been approved, the agreement has been signed and the grant has been received. For grants with conditional stipulations, control passes at the time the stipulations are satisfied or met.

Grants received by the Department from the Commonwealth are generally monies given to fund capital or recurrent activities. Such grants are recognised as Commonwealth revenues if received directly from the Federal Government or as intra-government transfer if received via DTF. These grants are usually subject to terms and conditions as set out in the contract, correspondence or legislation governing the provision of the grant.

Net gain on non-current assets
Gains or losses from the disposal of non-current assets are recognised on a net basis on the face of the Statement of Comprehensive Income when control of the asset has passed to the buyer. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

Resources received free of charge
Resources received free of charge may include assets (ie land, buildings or other property) contributed to the Department at no value or minimal value. Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value when control has passed to the Department. Contributions of services are recognised only when a fair value can be determined reliably and the services would have been purchased if they had not been donated.

Revenues from SA Government
Revenues from SA Government include monies appropriated to the Department under the *Appropriation Act* or other Acts. These appropriations are recognised as revenues when the Department obtains control over the funds. Control is generally obtained upon receipt of those funds. Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Department and the appropriation is recorded as contributed equity.

3.11 Expenses

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

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

The following are specific recognition criteria:

Employee benefit expenses

Employee benefit expenses include all costs related to employment of departmental staff. These costs are recognised when incurred and consist of wages and salaries, including amounts sacrificed, leave entitlements, employment on-costs such as payroll tax and superannuation, workers compensation payments, and other employee related expenses.

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

Depreciation and amortisation

The useful life of an asset is generally determined on the basis of 'economic useful life to the entity'. The useful lives of all major assets held by the Department are reassessed on an annual basis.

All non-current assets having a limited useful life are systematically depreciated/amortised over their estimated useful lives in a manner that reflects the consumption of their service potential. Land, unsealed roads (graded and formed), earthworks, site preparation works, non-current assets held-for-sale and works in progress are not depreciated. Buildings residing on land acquired for current road projects are not recognised and therefore are not depreciated.

The value of equipment assets under finance lease is amortised over the shorter of the lease term and the underlying asset's useful life. The value of building assets under finance lease is amortised over the assets useful life. Capitalised software is amortised over the useful life of the intangible asset, with a maximum period for amortisation of 10 years.

Depreciation/amortisation for non-current assets are determined as follows:

Asset class	*Method*	*Estimated useful life*
Leased assets:		
Computers and network printers	Straight-line	3-4 years
StateNet core	Straight-line	3-5 years
Buildings and facilities:		
Buildings and facilities	Straight-line	5-143 years depending on individual structure
Plant and equipment:		
Plant and equipment	Straight-line	3-116 years depending on individual assets
Buses	Diminishing Value	25 years
Metro rail and trailer cars	Straight-line	13-30 years
Information technology	Straight-line	3-10 years
Data and voice net equipment	Straight-line	7-15 years
PABX equipment	Straight-line	3-7 years
Transmission equipment	Straight-line	5-20 years
Network assets:		
Roads (sealed surface)	Straight-line	19-28 years
Roads (sealed pavement)	Straight-line	40-58 years
Roads (sheeted)	Straight-line	15 years
Gantries (major signs)	Straight-line	58-60 years
Bridges and culverts	Straight-line	26-149 years based upon individual structures
Traffic signals and road lighting	Straight-line	15-30 years
Rail and bus track	Straight-line	5-155 years depending on individual components
Other	Straight-line	Useful life depends upon individual items
Intangible assets:		
Software	Straight-line	5-10 years

Grants and subsidies paid

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

Grants provided by the Department to other entities are generally unconditional in nature and are recognised as expenses in the period in which they are paid.

Borrowing costs

In accordance with APF II, APS 3.6, borrowing costs are recognised as expenses in the period in which they are incurred.

Resources provided free of charge

Resources provided free of charge are recorded as expenditure in the Statement of Comprehensive Income at their fair value in the expense line items to which they relate. For example, assets contributed by the Department to other entities at no value or minimal consideration are disclosed separately under 'Other expenses' as donated assets.

Payments to SA Government
Payments to SA Government include the return of surplus cash pursuant to the cash alignment policy and payments for tax equivalents.

3.12 *Current and non-current classification*

Assets and liabilities are classified as either current or non-current in nature. Assets and liabilities that will be sold, consumed or realised as part of the 12 month operating cycle are classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

3.13 *Assets*

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

Cash and cash equivalents
For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and deposits at call that are readily converted to cash and are used in the day-to-day cash management function of the Department. Cash is measured at nominal value.

Administered cash is reported separately in the administered financial statements.

Cash alignment policy
In October 2003 the Government introduced a policy with respect to aligning departmental cash balances with appropriation and expenditure authority. This policy came into effect during 2003-04 and has continued in operation through to 2009-10.

Receivables

- *Trade receivables*
  Trade receivables arise in the normal course of providing goods and services to other agencies and to the public. Trade receivables are usually settled within 30 days after the issue of an invoice or from when the goods/services have been provided under a contractual arrangement.

  If payment from a debtor has not been received within 90 days after the amount falls due, under the terms and conditions of the arrangement with the debtor, the Department may be able to charge interest at commercial rates until the whole amount of the debt is paid.

  The collectability of receivables is reviewed on an ongoing basis. The Department determines an allowance for doubtful debts based on an annual review of balances of receivables. The balance of the allowance for doubtful debts is calculated as that amount of specific trade receivables that have been assessed as impaired or uncollectible at reporting date. Bad debts are written off when identified.

- *Loan receivables*
  In accordance with the requirements of APF IV, the Department measures financial assets such as loan receivables at their historic cost, except interest free loans which are measured at the present value of expected repayments.

- *Finance lease receivables*
  The Department has entered into a number of finance lease arrangements as lessor for the purpose of providing housing and accommodation. Receivables to be derived from these lease arrangements have been brought to account in the Statement of Financial Position in accordance with the requirements of AASB 117.

Inventories
Inventories include goods and other property held either for sale, use or for distribution in the ordinary course of business and excludes depreciable assets.

Inventories held for distribution are measured at cost and may be adjusted where applicable for any loss of service potential. The basis used in assessing loss of service potential includes current replacement cost and technological or functional obsolescence. Inventories (other than those held for distribution at no or nominal consideration) are measured at the lower of cost or their net realisable value.

Inventories of roadside materials are measured at historic cost and stores are measured on a weighted average historic cost basis. Inventories held for works performed for clients external to the Department are measured at cost.

Contracts in progress
The Department acts as project manager for major capital works in relation to government buildings or government accommodation and for a range of minor capital works and maintenance type activities associated with the role of facilities manager.

Profits on these contracts are brought to account on a percentage of completion basis as determined under current engineering estimates and in accordance with AASB 111. Where losses are foreseeable, such losses are provided in full based on current engineering estimates.

Contracts in progress (continued)

The expenses incurred in undertaking these capital works and/or maintenance activities and the revenue from charging the respective government departments are transacted within the Statement of Financial Position. The net of the expenditure incurred and the revenue recovered is accounted for as a receivable or payable.

Non-current assets (or disposal groups) held for sale

Non-current assets classified as held for sale generally consist of land and buildings that have been declared surplus to the needs of the Department for which a plan of sale has been determined, the sale is highly probable and is expected to be completed within one year from the date of classification.

Non-current assets held for sale are measured at the lower of carrying amount and fair value less cost to sell in accordance with AASB 5, and are presented separately from the other assets in the Statement of Financial Position and are not subject to depreciation.

Non-current assets - acquisition and recognition

The Department capitalises non-current physical assets with an individual or grouped value of $10 000 or greater in accordance with policies that are consistent with APF III and the requirements of AASB 116. Exceptions to this policy are assets under construction, land and buildings, which are capitalised irrespective of their value.

Assets under construction are capitalised from capital works in progress to the appropriate asset classes at the completion of the project. Project costs that do not meet the recognition criteria of an asset are expensed.

The Department recognises land separately from buildings, other improvements and land acquired for current road projects.

In accordance with APF III, APS 9.7 the Department has elected not to recognise in its Statement of Financial Position the value of land under water because of the inherent difficulty in the reliable measurement of all land within this category.

APS 9.6 specifies that land under roads which were acquired before 1 July 2008 are not to be recognised by the Department as an asset. However, any land under roads acquired on or after 1 July 2008 has been recognised by the Department in accordance with AASB 1051, paragraph 15, when the asset recognition criteria are met.

Buildings or other structures residing on land acquired for current road projects are not separately recognised in the Statement of Financial Position. The costs incurred in acquiring the buildings in these instances are deemed to be part of the costs of acquiring the land.

The Department separately recognises the components of specific assets it owns or controls only when the fair value of the asset at the time of acquisition is greater than $5 million for infrastructure assets and $1 million for other assets.

Most assets acquired and recognised by the Department are initially recorded at cost or at the value of any liabilities assumed, plus any incidental costs incurred with the acquisition.

Where the Department acquires assets at no cost, or minimal cost, these items are recorded at their fair value in the Statement of Financial Position. If the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recorded at the value recorded by the transferor entity prior to the transfer.

Revaluation of non-current assets

In accordance with APF III, APS 3.1 and 3.3, the Department revalues all its non-current physical assets to their estimated fair value. Revaluations are performed only in instances where the fair value of the asset or asset group at the time of acquisition is greater than $1 million and the estimated useful life is greater than three years.

The Department revalues its assets every three years as a minimum, depending on the nature or purpose for which that asset is held.

When depreciable non-current assets are revalued, the Department uses the gross method in accounting for most assets with the exception of land and buildings that are subject to commercial leases and held for provision of government agency accommodation and for provision of housing of government employees in remote areas.

If at any time the carrying amount of an asset materially differs from its fair value, the Department revalues the asset regardless of when the last valuation took place. Non-current physical assets that are acquired between revaluations are either held at cost until the next valuation, or revalued if the fair value is likely to be materially different from the acquisition value.

Revaluation of non-current assets (continued)
Revaluation increments are credited directly to the asset revaluation surplus. If within an asset class, an increment reverses a revaluation decrement previously recognised as an expense in the Statement of Comprehensive Income within that class, the increment is recognised as revenue but only to the extent of the decrement previously recognised in this financial statement.

Revaluation decrements are offset against any previous asset revaluation surplus increment for a particular class of asset and any remaining balance is expensed.

When assets are sold or otherwise disposed of, the revaluation increments relating to those assets are transferred to retained earnings.

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

- *Land, buildings and facilities*
  Land and buildings that are subject to commercial leases and held for the provision of government agency accommodation are revalued every two years based on independent valuations.

  Land and buildings that are subject to residential leases and held for the provision of housing of government employees in remote areas are revalued annually using the Valuer-General's assessment.

  All other land (except land classified as held for major current road projects which is not subject to revaluation) is valued on a three year rolling program based on Valuer-General's assessments or from independent valuations.

  All other buildings and facilities are valued on a three year rolling program at written down replacement cost as determined by independent valuations or by suitably qualified valuation officers of the Department.

  Where Valuer-General information is used to measure the value of buildings, that value is based on the Valuer-General's assessment of the building being the difference between the capital value and the site value of the property.

- *Road network assets*
  With the exception of site preparation works (ie service relocation costs and earthworks), which are not subject to depreciation, all road network assets are valued at written down replacement cost either by independent valuers, or by suitably qualified officers of the Department. As these assets have no market they are measured at written down replacement cost which is considered to be their fair value.

  Road network assets are revalued every three years with indexing applied during intervening years to roads, bridges and culverts. Indexing is applied using the Australian Bureau of Statistics (ABS) Road and Bridge Construction Price Index for South Australia.

  The Department revalued its road network assets effective 1 July 2009.

  In performing the revaluation, the Department substantially revised its network asset valuation model. In this model, the road network is segmented into sections that have similar engineering and functional characteristics. Each segment is then characterised by a representative stereotype. Replacement unit rates, useful lives and residual values are calculated for each of these stereotypes and then applied to the surfacing /pavement area of the segments.

  The model assumes that the existing road network would be replaced with the most appropriate modern asset having an equivalent service potential, rather than replacing the existing 'as constructed' network. The stereotypes have been developed through:

  — analysis of the Department's asset registers to produce average or typical values for measurable components

  — application of historic traffic data to derive appropriate design service potential for pavements

  — application of expert engineering judgement to determine most appropriate construction considerations.

  The most significant assumptions in estimating the fair value of the road network include pavement configuration, materials source and haul distances, earthworks quantities and the application of overheads for traffic management, project administration and planning. Schedules for each stereotype using standard items and quantities have been produced and priced by external commercial estimating teams.

  The introduction of a revised valuation model for the road network asset has contributed to a significant increase in the reported fair value of these assets as at 30 June 2010. The increase can be attributed to the following factors:

- *Road network assets (continued)*

  — an increase in construction costs associated with road works, consistent with the escalation factors sourced from the ABS Road and Bridge Construction Index for South Australia

  — the calculation of new unit rates by external commercial estimating teams using a full replacement model approach

  — an increase in the area of the road network included in the valuation due to additions and the redefinition of pavement area to include the medians and shoulders

  — the introduction of a residual value for the road network that reflects the intrinsic value to the Department of a road asset at the end of its useful life. This represents the value of road pavement left in place and reused when a road pavement is renewed or rehabilitated and is consistent with the asset management approach applied by the Department.

- *Plant and equipment*
  Plant and equipment subject to revaluation is valued at fair value which is generally the written down replacement cost either by independent valuers or qualified departmental officers. Plant and equipment, which does not meet the threshold for revaluation, is recorded at historic cost. In these instances, historic cost is deemed to be the fair value of these assets.

- *Non-current capital works in progress*
  Non-current capital works in progress are not revalued and are recorded at historic cost.

- *Assets acquired under Government restructures or other changes in administrative arrangements*
  Former Australian National Rail land, buildings and facilities — These assets continue to be progressively defined, valued and recorded in the Department's asset register as assets that are vested in or transferred to the Minister for Transport. Valuation of some assets has been delayed due to the need to wait for land divisions and completion of transfers to the care and control of the Minister. Whilst awaiting title and/or division values used for reporting these assets are based on net present value of future income flows (nominal only).

- *Timing of asset revaluations*
  The following table shows the classes of assets held by the Department, when they were last revalued and by whom:

Asset class	Last valued / revalued	By whom
Road Network		
Road pavements, road surface and ancillary items	1 July 2009	Mick Lorenz BE(Civil)(1)
Earthworks	1 July 2009	Mick Lorenz BE(Civil)(1)
Bridges/culverts	30 June 2010	Tony Nobbs, BEng(Civil), MEngSc(1)
Major signs	30 June 2010	Tony Nobbs, BEng(Civil), MEngSc(1)
Ferry landings	30 June 2010	Tony Nobbs, BEng(Civil), MEngSc(1)
Traffic signals	30 June 2009	Rick Burt, (Cert in Electrical Eng)(1)
Road lighting	30 June 2008	Rick Burt, (Cert in Electrical Eng)(1)
Drainage	30 June 2009	Rushton Values Pty Ltd
Weighbridges and weigh slabs	30 June 2009	Currie and Brown
Rail and track		
Busway track and structures	30 June 2010	Tony Nobbs, BEng(Civil), MEngSc(1)
Busway interchanges	31 August 2007	Currie and Brown
Metro tram line	30 June 2009	McGees (NT) Pty Ltd
Metro rail lines track and structures	30 June 2009	McGees (NT) Pty Ltd
Land		
Metro rail stations, yards and corridors	30 June 2009	McGees (NT) Pty Ltd
Other rail land	30 June 2010	Valuer-General
Marine land	31 March 2009	Valuer-General
Bus Depot land	30 June 2009	Liquid Pacific Holdings Pty Ltd
Government employee housing	30 June 2010	Valuer-General
Government agency accommodation	30 June 2010	Valcorp
Future road construction	31 March 2009	Valuer-General
Energy SA land	1 January 2007	Valuer-General
Other departmental land	1 July 2009	Valuer-General
Land under roads	Not applicable	

- *Timing of asset revaluations (continued)*

Asset class	Last valued / revalued	By whom
Buildings and facilities		
Marine related	31 October 2007	Liquid Pacific Holdings Pty Ltd/Connell Wagner Pty Ltd, Herron Todd White Pty Ltd
Metro Rail stations and yards	30 June 2009	McGees (NT) Pty Ltd
Other rail related	30 June 2008	Valuer-General
Bus depots	30 June 2009	Liquid Pacific Holdings Pty Ltd
Tram Depot	30 June 2009	McGees (NT) Pty Ltd
Residential Buildings:		
Future road construction	31 March 2009	Valuer-General
Government employee housing	30 June 2010	Valuer-General
Commercial Buildings:		
Future road construction	30 June 2008	Southwick Goodyear
Government agency accommodation	30 June 2010	Valcorp
Other Departmental buildings and facilities	1 July 2009	Egan National Valuers, Liquid Pacific Holdings Pty Ltd, Maloney Field Services
Plant and equipment		
Buses	1 July 2009	Liquid Pacific Holdings Pty Ltd
Metro rail and trailer cars	30 June 2009	McGees (NT) Pty Ltd
Bus depot plant and equipment	30 June 2009	Liquid Pacific Holdings Pty Ltd
Tram depot plant and equipment	30 June 2009	McGees (NT) Pty Ltd
Metro rail plant and equipment	30 June 2009	McGees (NT) Pty Ltd
PABX and transmission equipment	30 June 2008	Gibson Quai and Ian Deefholts, Voice Network Technical Specialist
State Core Net (IT Infrastructure)	30 June 2008	Dimension Data and Phil Milsom, CPEng, BEng, MBA, GD TM(1)
Towing vessel/Tall ships/Patrol boats	30 June 2009	Artemis Marine/Marinassess Pty Ltd/ Currie & Brown
Ferries (including modules)	30 June 2008	Artemis Marine/John Cartwright, MScAE(1)
Aids to navigation	28 February 2008	Spiros Dimas, BE(Hons), MIE(Aust), CPEng(1)
Heavy Plant	30 June 2008	Pickles Auction
Crouzet ticketing system	30 June 2009	Australian Valuation Office
Energy SA power generation and other associated assets	1 July 2007	Liquid Pacific Holdings Pty Ltd
All other minor plant	Not applicable	

(1) Valuation performed by suitably qualified officers of the Department.

Non-current (capital) works in progress
The Department is a key provider of infrastructure for the State and constructs or modifies assets as part of its role in coordinating or facilitating the delivery of transport related and other key strategic or priority projects.

When capitalised, works in progress result in the recognition of non-current assets such as network assets and other items of property, plant or equipment in the Statement of Financial Position.

In accordance with AASB 116, all works in progress arising from these activities are valued at cost.

Intangible assets
Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation.

The acquisition or internal development of software is only capitalised when the expenditure can be reliably measured in accordance with AASB 138 and with the guidance provided in APF III. In line with internal policy, the Department has recognised at cost significant items of corporate software applications where the amount of expenditure is greater than or equal to $100 000.

Costs associated with the development or implementation of software applications that do not meet the criteria for asset recognition (for example, training expenses, research costs, etc) are expensed.

Software applications that have been specifically developed for the Department and cannot be actively traded in the market place are not revalued. These intangibles will continue to be reported at their historic cost less accumulated amortisation in accordance with AASB 138.

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.

Remediation of non-current assets
Land remediation undertaken by the Department is primarily designed to restore the asset to its original state or condition and would not normally meet the criteria for asset recognition under the AASB 'Framework for the Preparation and Presentation of Financial Statements', paragraphs 89-90 'Recognition of assets'.

Where remedial work is to be performed in response to a present obligation, either under legislation or under a contractual arrangement to a third party, the Department recognises a provision for any future work in accordance with requirements of AASB 137. Other land remediation costs are therefore expensed in the period in which the obligation is recognised.

3.14 Liabilities

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

Payables
Payables include creditors, accrued expenses and employment on-costs. All payables are measured at their nominal amount and are unsecured.

- *Creditors*
  Creditors represent the amounts owed by the Department for goods and services provided by other entities that are unpaid at the end of the reporting period where an invoice has been received. Creditors are normally settled within 30 days after the Department receives an invoice in accordance with TI 11.
- *Accrued expenses*
  Accrued expenses represent amounts owed by the Department for goods and services provided by other entities that are unpaid at the end of the reporting period where an invoice has not been received.
- *Employment on-costs*
  Employment on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave and annual leave.

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

Borrowings
Borrowings consist of loans and finance leases.

Loans are recognised when issued at the full amount received and carried at this value less any repayments until the loan is settled.

Interest charges on loans and finance leases are not added to the balance of the loan due. These costs are recognised separately as 'Borrowing costs' in the Statement of Comprehensive Income.

Leases
The Department has entered into finance leases and operating leases both as lessor and lessee and has recognised assets, liabilities, revenues and expenses associated with these business dealings in accordance with AASB 117 and the Government Leasing Guidelines as issued by DTF.

Finance leases
Finance leases, which transfer to the Department substantially all the risks and benefits/rewards incidental to ownership of the leased assets, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

Minimum lease payments are allocated, between interest expense/borrowing costs and reduction of the lease liability, to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Where there is no reasonable assurance that the Department will obtain ownership of the capitalised asset at the end of the lease term, the asset is amortised over the shorter of the lease term and its useful life.

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 – the Department as lessor

- *Recreational jetties*

  The Department has entered into leases as lessor, in regards to the Government's Recreational Jetties Divestment Program where jetties have been leased to Councils throughout the State. Peppercorn rentals of $1 per annum apply over the 25 or 99 year lease term for each lease.

  Under the terms of the lease agreement, these leases have been categorised as finance leases due to the passing of risks and benefits incidental to ownership to the lessee. Since the leases provide no material revenue to the Department, the leases have nil value. The underlying assets are also no longer recorded on the Department's asset register.

- *Government employee housing*

  The Department provides housing services on a leasehold basis to government employees based in remote areas of the State. As lessor, the Department recognises finance lease receivables in relation to these properties at an amount equal to the net investment in the lease.

  Finance lease interest income is recognised based on the periodic rate of return on that net investment. Lease payments from the lessee are applied against the gross investment in the lease to reduce both the principal and the unearned interest income.

Finance leases – the Department as lessee

- *Government accommodation – Roma Mitchell Building*

  The Department is responsible for the finance lease in relation to government office accommodation for Roma Mitchell House, North Terrace and has recognised assets and liabilities at the fair value of the leased property. Lease liabilities under these arrangements are classified as both current and non-current, with the minimum lease payments allocated between interest expense/borrowing costs and the reduction of lease liability for the period.

  The 40-year lease on Roma Mitchell House commenced in July 1987. Ownership of the building will transfer to the Department on payment of a nominal sum at the end of the lease. Under the terms and conditions of the lease agreement, the Department is also liable to pay contingent rentals based on the Adelaide Consumer Price Index.

- *Computer hardware and software*

  The Department has entered into various lease arrangements as lessee with respect to the use of some of its hardware and software. Under the AASs and Government Leasing Guidelines, such agreements are treated as finance leases.

Operating leases – the Department as lessor

The Department leases commercial properties to external parties through operating leases. Income derived from these leases is recognised as rental income in the Statement of Comprehensive Income in the period in which it is earned, and is representative of the patterns of benefits derived from the leased assets.

Operating leases – the Department as lessee

The Department has a number of operating lease agreements as lessee for land, motor vehicles, office equipment, other plant and commercial and residential accommodation. Operating lease payments are charged to the Statement of Comprehensive Income on a basis that is representative of the pattern of benefits derived from the leased assets.

Employee benefits

Benefits accrue to employees as a result of services provided up to reporting date and generally consist of unpaid salaries and wages, annual and long service leave.

- *Wages, salaries, annual leave and sick leave*

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

  The liability for annual leave reflects the value of total annual leave entitlements of all employees as at 30 June and is measured at the undiscounted amounts expected to be paid.

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

- *Long service leave*

  The liability for long service leave is recognised by the Department 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 the expected future payments. This calculation is consistent with the Department's experience of employee retention and leave taken.

  The long service leave liability has been allocated between current and non-current liabilities using the leave pattern history of previous years.

- *Employee benefit on-costs*

  Related on-costs of payroll tax and superannuation are shown separately under the item 'Payables' in the Statement of Financial Position as employment on-costs.

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligations at reporting date.

Provisions have been reported to reflect workers compensation claims not settled, amounts provided for and payable under the tax equivalent regime (TER), future remediation work required on land under the Ports Corp Business and Sale Agreement and outstanding Indenture Port payments.

The workers compensation provision is based on an actuarial assessment coordinated by the Public Sector Workforce Relations Division of DPC.

The provision for TER payments is based on the income tax expense payable at the current companies' income tax rate of 30 cents (refer note 3.7).

The land remediation provision has been calculated on the basis of revised project manager estimates of the value of future remedial work required to meet agreed environmental standards. Given that the remaining work has been scheduled to be completed in 2012-13, these estimates are discounted at their present value in accordance with the requirements of paragraph 45 of AASB 137.

Contingent liabilities and contingent assets
The provision for Indenture Port payments represents outstanding Indenture Port payments required to be paid into Consolidated Account (refer note 45).

Other liabilities
The Department receives monies in advance in the form of conditional grants to undertake specific infrastructure works in future periods (ie AusLink Advance Specific Projects). As these works are completed the amounts received are recognised as revenues in the Statement of Comprehensive Income. The balance of any unspent grant monies as at 30 June is recognised as a liability in the Statement of Financial Position.

The Department receives incentives from building owners in relation to leased accommodation, including accommodation occupied by other government agencies. The value of these incentives is recognised as a liability at the time the incentive is received, and the liability is amortised over the life of the relevant lease on a straight-line basis.

3.15 Unrecognised contractual commitments and contingent assets and liabilities
Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are measured at their nominal amount (refer note 42).

Contingent assets and liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note, and if quantifiable, are measured at their nominal value (refer note 43).

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the ATO.

3.16 Transactions by the Government as owner
Where monies have been appropriated to the Department under the *Appropriation Act* in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Department. Monies issued or applied in this manner are therefore recorded as equity contributions from SA Government in accordance with TI 3.

4. New and revised accounting standards and policies
4.1 Voluntary change of accounting policy
Further componentisation of the sealed road network
The Department reviewed the nature of outlays on the sealed road network and concluded that further componentisation of road-related expenditure on bituminous surfacings was warranted. The replacement cost of pavement surfacings is material to the Department (approximately $1.2 billion at 1 July 2009). The estimated useful life of surfacing also differs distinctly from the underlying pavement, which has a considerably longer useful life.

The decision to further componentise the road assets sub-class of the network assets has been treated as a voluntary change in accounting policy in accordance with AASB 108.

The change has been applied from 1 July 2009 and has not been applied retrospectively as it was impractical to do so. The application of the change in accounting policy would require the calculation of opening balances to be performed for prior years. As a revaluation has taken place data sets have changed and attribution of values relating specifically to componentisation, as opposed to other factors, has proved impractical.

At 1 July 2009 the replacement cost and accumulated depreciation (having been separately calculated) have been restated for the pavement and surfacing assets.

Further componentisation of the sealed road network (continued)
Following a review of the presentation of the financial statements that occurred as part of this policy change, an alteration has been made to the presentation of note 31. The revised presentation is more logical and more relevant to users of financial statements. The revised structure is likely to continue, so comparability is not impaired.

4.2 Statement of compliance

Issued or amended but not yet effective
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 reporting 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 of the financial statements of the Department, except as outlined below.

AASB 2009-05 arising from Annual Improvements Project (AASB 5, AASB 8, AASB 101, AASB 107, AASB 117, AASB 118, AASB 136 and AASB 139) is applicable from 1 January 2010. These amendments arise as a result of IASBs annual improvements project, which provide a vehicle for making urgent but necessary amendments to standards.

Some amendments relate to changes in presentation, recognition or measurement purposes, while others relate to terminology and editorial changes. This includes certain amendments in relation to leases, revising the criteria for classifying leases involving land and buildings.

The Department will be required to reassess the classification of the land elements of all unexpired leases that the Department has entered into as at 1 July 2010, on the basis of information existing at the inception of each relevant lease. This assessment will cover all departmental operating leases with a land component. If leases are reclassified to become finance leases, retrospective accounting adjustments will be processed as far as practicable.

5. Activities of the Department

In achieving its objectives, the Department provides a range of services classified into the following activities:

Activity 1: Policy and Planning
Development and provision of an effective policy framework, planning and investment advice and strategic planning services surrounding legislation committed to the Minister.

Activity 2: Transport Infrastructure Services
The efficient and effective maintenance and operation of traffic control, roads, bridges, ferries, coastal marine, and public transport infrastructure and facilities.

Activity 3: Transport Safety and Regulation Services
Provision of services that regulate access to the transport system under legislation committed to the Minister and to provide advice on transport safety matters.

Activity 4: Public Transport Services
Provision of efficient, equitable and accessible public transport services in metropolitan Adelaide and assisting regional councils and communities to deliver diverse passenger transport services to meet local needs.

Activity 5: Energy Policy and Regulation
Provision of policy advice on energy issues, energy program delivery and regulatory services for the competitive, sustainable, safe and reliable supply and use of energy, for the benefit of the South Australian community.

Activity 6: State Infrastructure Facilitation
Development and provision of processes to improve analysis, prioritisation and across government reporting on progress of state infrastructure projects and facilitation of infrastructure investment.

Activity 7: Information and Communication Technology Services
Management across government ICT strategy and innovation, governance and investment, security and critical infrastructure protection, and strategic sourcing.

Activity 8: Building Management
Provision of services to government agencies in relation to the construction, maintenance and management of property assets.

Activity 9: Land Services
Provides statutory services and information to the community in relation to land titling, survey, valuation and advice on land administration issues, and the development of specialist land administration policy.

Activity 10: Service SA
Government's single entry point for access to most government services and information through an integrated network of online, phone and face-to-face delivery channels.

Activity 11: Road Safety Policy, Planning and Services
Provision of policy, planning and services to improve road safety in South Australia.

The disaggregated disclosures schedules presents expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2009 and 30 June 2010.

6. Employee benefit expenses

	2010	2009
	$'000	$'000
Salaries and wages	145 879	144 657
Board and committee fees (refer below)	77	90
Employment on-costs(1)	27 385	27 247
Annual leave	16 052	14 902
Long service leave	5 715	9 071
Workers compensation expenses	3 591	1 642
TVSP separation payments (refer below)	13 660	-
Other employee related expenses	1 649	1 250
Total employee benefit expenses	214 008	198 859

(1) Employment on-costs are made up of superannuation of $17.964 million ($18.046 million) and payroll tax of $9.421 million ($9.201 million).

TVSPs

	2010	2009
Amounts paid to these employees:		
TVSPs	13 660	-
Annual leave and long service leave paid during the reporting period	4 469	-
	18 129	-
Recovery from DTF	(13 666)	-
Net cost to agency	4 463	-

The number of employees who received a TVSP during the reporting period was 139 (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	155	129
$110 000 - $119 999	80	56
$120 000 - $129 999	35	16
$130 000 - $139 999	17	14
$140 000 - $149 999	16	17
$150 000 - $159 999	12	10
$160 000 - $169 999	13	5
$170 000 - $179 999	4	7
$180 000 - $189 999	9	6
$190 000 - $199 999	7	4
$200 000 - $209 999	5	2
$210 000 - $219 999	1	6
$220 000 - $229 999	3	3
$230 000 - $239 999	2	1
$240 000 - $249 999	-	-
$260 000 - $269 999	1	1
$270 000 - $279 999	-	1
$280 000 - $289 999	1	-
$360 000 - $369 999	1	1
Total	362	279*

The table includes all employees who received remuneration of $100 000 or more during the year. The total remuneration for the 362 employees (279 employees) was $45.4 million ($35.2 million) and reflects all costs of employment including salaries and wages, superannuation contributions (employer's contribution), FBT, other salary sacrifice benefits and separation packages for those with salaries over $100 000.

* This total includes one employee who has been seconded to another Government agency. The remuneration costs paid to the employee by the Department have been reimbursed from the agency.

Remuneration of board and committee members

Members that received remuneration for membership during the 2009-10 financial year were:

Passenger Transport Standards Committee

Mr Ian Bassham	Ms Christina Birch	Mr Graeme Burton
Ms Janet Gould	Ms Margaret Heylen	Ms Kathleen Johnston
Ms Branka King	Dr David King	Mr John McKenzie
Ms Mary O'Dea	Mr Frank Pearce	Dr Josephine Tiddy
Ms Jill Tideman		

Remuneration of board and committee members (continued)

South Australian Boating Facility Advisory Committee
Mr Rodney Payze

State Crewing Committee
Mr Allen Anderson (from 15 August 2009)

Energy Consumers Council

Ms Melinda Brindle	Mr Maxwell Baldock	Mr Andrew Clarke
Mr Owen Covick	Mr Phillip Cheesman	Ms Heather I'Anson (from 8 February 2010)
Mr Nigel Long (from 7 October 2009)	Mr Anthony Moore	Mr John Pike
Ms Burcu Subasi	Ms Rosalyn Williams (from 8 February 2010)	

Road Safety Advisory Council

Mr Alex Gallacher	Sir Eric Neal

	2010	2009
The number of members whose remuneration received/receivable falls within the following bands:	Number	Number
$1 - $9 999	28	29
Total number of members	28	29

Remuneration of members reflects all costs of performing committee member duties including sitting fees, superannuation contributions, FBT and other salary sacrifice arrangements. The total remuneration received by members was $70 000 ($107 000).

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

7. Supplies and services

	Note	2010 $'000	2009 $'000
Supplies and services provided by entities within the SA Government:			
Bus and rail service contracts		94 245	91 868
Other service contracts		9 935	4 977
Operating leases		10 219	13 675
Property expenses		6 528	6 288
Plant, equipment and vehicle expenses		5	17
Information technology		2 593	2 273
Materials and other purchases		58	69
Utilities		2 254	1 778
Insurance		2 643	2 839
Legal services		1 801	1 870
Auditor's remuneration	12	1 000	750
Administrative costs		42	180
Other		19 227	19 934
Total supplies and services - SA Government entities		150 550	146 518
Supplies and services provided by entities external to the SA Government:			
Bus and rail service contracts		155 311	142 119
Major infrastructure maintenance contracts		32 651	68 840
Other service contracts		68 529	59 297
Consultants		218	244
Operating leases		110 157	97 307
Property expenses		105 309	86 132
Plant, equipment and vehicle expenses		6 141	6 307
Information technology		27 005	31 653
Materials and other purchases		15 469	16 529
Utilities		25 546	24 208
Insurance		613	227
Legal services		38	108
Commissions - transaction processing		2 682	4 712
Administrative costs		9 223	11 465
Other		23 975	28 475
Total supplies and services - non-SA Government entities		582 867	577 623
Total supplies and services		733 417	724 141

Consultancies

	2010		2009	
The number and dollar amount of consultancies paid/payable that fell within the following bands:	Number	$'000	Number	$'000
Below $10 000	-	-	1	3
Between $10 000 and $50 000	2	22	7	136
Above $50 000	2	196	1	105
Total paid/payable to the consultants engaged	4	218	9	244

Consultancies (continued)

During 2009-10 the Department spent $218 000 ($244 000) on consultancies. Operating expenditure of $218 000 ($244 000) is reflected in the Statement of Comprehensive Income.

8. Depreciation and amortisation expense

	2010	2009
Depreciation:	$'000	$'000
Network assets	190 922	131 134
Plant and equipment	57 860	46 671
Buildings and facilities	31 777	24 138
Total depreciation	280 559	201 943
Amortisation:		
Leased assets	2 172	2 025
Intangible assets	5 105	4 463
Total amortisation	7 277	6 488
Total depreciation and amortisation	287 836	208 431

Change in depreciation due to a revision in accounting estimate

In 2009-10 the Department reassessed the useful life of some of its assets. This review is expected to result in an increase of $27.985 million in depreciation expense for 2009-10.

9. Grants and subsidies

	2010	2009
Grants and subsidies paid/payable to entities within the SA Government:	$'000	$'000
Recurrent grants:		
Contribution for policing services	34 944	34 853
Other	210	-
Total grants and subsidies - SA Government entities	35 154	34 853
Grants and subsidies paid/payable to entities external to the SA Government:		
Recurrent grants:		
Energy rebates	5 220	5 863
Transport Subsidy Scheme	14 657	13 820
Grants to local councils	4 023	4 393
Transport concessions	5 210	5 090
Other	1 759	4 264
Capital grant:		
Grants to local councils	2 000	-
Total grants and subsidies - non-SA Government entities	32 869	33 430
Total grants and subsidies	68 023	68 283

10. Borrowing costs

	2010	2009
Interest and guarantee fees	2 432	3 029
Finance charges on finance leases	1 270	1 371
Total borrowing costs	3 702	4 400

11. Other expenses

	2010	2009
Other expenses paid/payable to entities within the SA Government:		
Rates, taxes and levies	7 138	5 915
Indenture Ports payable to DTF	3 687	3 244
Other	50	-
Total other expenses - SA Government entities	10 875	9 159
Other expenses paid/payable to entities external to the SA Government:		
Rates, taxes and levies	3 892	3 415
Donated assets expense	159	12 558
Bad and doubtful debts expense	(163)	335
Write-off of an asset	5 109	1 604
Other	1 970	342
Total other expenses - non-SA Government entities	10 967	18 254
Total other expenses	21 842	27 413

12. Auditor's remuneration

	2010	2009
Audit fees paid/payable to the Auditor-General's Department	1 000	750
Total audit fees	1 000	750

Other services

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

13. Fees and charges

	2010	2009
Fees and charges received/receivable from entities within the SA Government:		
Motor registrations	3 153	3 180
Metrotickets	-	46
Marine related fees and charges	2	1
Land services fees	8 662	8 186
Other fees and charges	155	285
Total fees and charges - SA Government entities	11 972	11 698

13. Fees and charges

	2010	2009
Fees and charges received/receivable from entities external to the SA Government:	$'000	$'000
Driver's licence fees	35 067	45 004
Metrotickets	77 398	80 336
Motor registrations	296 198	278 851
Marine related fees and charges	15 416	12 789
Land services fees	6 456	5 749
Other fees and charges	7 359	6 787
Total fees and charges - non-SA Government entities	437 894	429 516
Total fees and charges	449 866	441 214

Road safety

In accordance with the *Highways Act 1926*, $5.844 million ($7.501 million) being one-sixth of driver's licence collections and $636 000 ($587 000) being 1/100th of heavy vehicle registrations, was applied towards funding transport safety related initiatives under the Transport Safety and Regulation Services and Transport Infrastructure Services activities.

14. Commonwealth revenues

	2010	2009
Commonwealth revenues received/receivable from entities internal to the SA Government comprised:	$'000	$'000
Commonwealth grants received via DTF*	385 908	1 638
Total Commonwealth revenues - SA Government entities	385 908	1 638
Commonwealth revenues received/receivable from entities external to the SA Government comprised:		
*Nation Building Program (National Land Transport) Act 2009***	45 351	285 581
*Interstate Road Transport Act 1985***	-	4 968
*Roads to Recovery Act 2000****	-	2 605
Other Commonwealth revenues****	4 957	1 862
Total Commonwealth revenues - non-SA Government entities	50 308	295 016
Total Commonwealth revenues	436 216	296 654

* Commonwealth grants received from DTF represents mainly *Nation Building Program (National Land Transport) Act 2009* and *Interstate Road Transport Act* funding.

** During 2008-09, funding arrangement with the Commonwealth Government changed. The majority of Commonwealth funding is now provided to DTF and is subsequently transferred to the Department.

*** During 2008-09, funding for Roads to Recovery was disclosed separately. This is now part of the *Nation Building Program (National Land Transport) Act 2009.*

**** Other Commonwealth revenue includes Strategic Regional Program which is funded under Part 6 of the former *Auslink (National Land Transport) Act 2005*.

15. Sale of goods and services

	2010	2009
Sale of goods and services received/receivable from entities within the SA Government:	$'000	$'000
IT and telecommunication services	48 036	48 349
Maintenance services	91 849	77 209
Other sale of goods	226	72
Other sale of services	20 019	15 610
Total sale of goods and services - SA Government entities	160 130	141 240
Sale of goods and services received/receivable from entities external to the SA Government:		
IT and telecommunication services	3 170	2 579
Other sale of goods	13 527	13 199
Other sale of services	19 724	18 321
Total sale of goods and services - non-SA Government entities	36 421	34 099
Total sale of goods and services	196 551	175 339

16. Rental income

Rental income received/receivable from entities within the SA Government:		
Government accommodation	177 774	168 108
Other lease income	527	514
Total rental income - SA Government entities	178 301	168 622
Rental income received/receivable from entities external to the SA Government:		
Property rents and recoveries	6 129	5 606
Other lease income	5 034	4 271
Total rental income- non-SA Government entities	11 163	9 877
Total rental income	189 464	178 499

17. Grants and subsidies

	2010	2009
Grants and subsidies received/receivable from entities within the SA Government:	$'000	$'000
Concessional passenger income	51 729	46 065
Total grants and subsidies - SA Government entities	51 729	46 065
Grants and subsidies received/receivable from entities external to the SA Government:		
Concessional passenger income	206	184
Specific purpose grants	7 087	-
Total grants and subsidies - non-SA Government entities	7 293	184
Total grants and subsidies	59 022	46 249

Concessional passenger income

This represents fare concession receipts to fund concessional travel provided to pensioners, the unemployed and students on passenger transport in metropolitan and regional areas.

18. Interest

Interest received/receivable from entities within the SA Government:		
Interest from entities within the SA Government	4 352	7 051
Total interest - SA Government entities	4 352	7 051
Total interest	4 352	7 051

19. Commissions received

Commissions received from entities within SA Government	12 276	12 785
Total commissions received	12 276	12 785

20. Net gain or loss from the disposal of non-current assets

Net gain or loss from disposal of non-current assets received/receivable from entities external to the SA Government:		
Land, buildings and facilities:		
Proceeds from disposal	5 897	2 728
Net book value of assets disposed	(1 751)	(3 630)
Costs incurred to facilitate disposal	(5)	-
Net gain (loss) from disposal of land, buildings and facilities	4 141	(902)
Plant and equipment:		
Proceeds from disposal	838	131
Net book value of assets disposed	(2 199)	(156)
Net loss from disposal of plant and equipment	(1 361)	(25)
Non-current assets held for sale:		
Proceeds from disposal	12 570	12 900
Net book value of assets disposed	(10 980)	(9 811)
Costs incurred to facilitate disposal	(313)	-
Net gain from disposal of non-current assets held for sale	1 277	3 089
Total assets:		
Proceeds from disposal	19 306	15 759
Net book value of assets disposed	(14 931)	(13 597)
Costs incurred to facilitate disposal	(318)	-
Total net gain from disposal of non-current assets - non-SA Government entities	4 057	2 162
Total net gain from disposal of non-current assets	4 057	2 162

21. Resources received free of charge

Resources received/receivable free of charge from entities within the SA Government:		
Land, buildings and facilities	30	-
Total resources received free of charge - SA Government entities	30	-
Total resources received free of charge	30	-

This represents assets received by the Department for no consideration and recognised at fair value.

22. Other income

Other income received/receivable from entities within the SA Government:		
Recoveries and contributions	2 781	4 695
Reimbursement works and external project contributions	8 123	2 484
Intra-government transfers	10 439	18 871
Total other income - SA Government entities	21 343	26 050

22. Other income (continued)

	2010	2009
Other income received/receivable from entities external to the SA Government:	$'000	$'000
Recoveries and contributions	3 464	4 374
Reimbursement works and external project contributions	7 975	7 496
Sundry income	57	49
Total other income - non-SA Government entities	11 496	11 919
Total other income	32 839	37 969

23. Revenues from (payments to) SA Government

	Note	2010	2009
Revenues from SA Government:		$'000	$'000
Appropriations from Consolidated Account pursuant to the *Appropriation Act*		407 530	435 690
Transfers from contingency provisions		21 084	2 721
Total revenues from SA Government		428 614	438 411
Payments to SA Government:			
Income tax equivalent payments	3.7	4 430	5 347
Other payments to Consolidated Account		3 564	1 550
Total payments to SA Government		7 994	6 897

Commonwealth grants received from DTF are reported under note 14.

24. Cash and cash equivalents

	2010	2009	2008
	$'000	$'000	$'000
Deposits at call - Westpac	487 104	369 309	350 595
Deposits with the Treasurer (accrual appropriation)	-	-	3 641
Imprest account	53	56	331
Other	133	139	119
Total cash	487 290	369 504	354 686

Deposits with the Treasurer (accrual appropriation)

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

Other

Includes petty cash floats, cashiers' floats and other cash on hand.

Interest rate risk

Cash and cash equivalents are both interest and non-interest bearing. The carrying amount of cash and cash equivalents represents fair value.

25. Receivables

	2010	2009	2008
Current:	$'000	$'000	$'000
Receivables	177 279	93 416	76 824
Allowance for doubtful debts	(2 227)	(2 692)	(2 442)
Finance lease receivables	852	806	654
GST input tax recoverable	8 770	12 845	13 426
Accrued revenues	62 158	36 949	21 749
Total current receivables	246 832	141 324	110 211
Non-current:			
Receivables	376	401	275
Finance lease receivables	8 495	9 025	8 552
Loan receivables	1 650	1 537	1 433
Total non-current receivables	10 521	10 963	10 260
Total receivables	257 353	152 287	120 471

Government/Non-Government receivables

	2010	2009	2008
Receivables from SA Government entities:			
Receivables	139 838	44 524	48 539
Allowance for doubtful debts	(331)	(322)	(34)
Finance lease receivables	9 347	9 831	9 206
Accrued revenues	54 512	32 189	18 254
Total receivables from SA Government entities	203 366	86 222	75 965
Receivables from non-SA Government entities:			
Receivables	37 817	49 293	28 560
Allowance for doubtful debts	(1 896)	(2 370)	(2 408)
Loan receivables	1 650	1 537	1 433
GST input tax recoverable	8 770	12 845	13 426
Accrued revenues	7 646	4 760	3 495
Total receivables from non-SA Government entities	53 987	66 065	44 506
Total receivables	257 353	152 287	120 471

Movement in the allowance for doubtful debts

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

Movements in the allowance for doubtful debts (impairment loss)	2010 $'000	2009 $'000	2008 $'000
Carrying amount at 1 July	2 692	2 442	1 489
(Decrease) Increase in the provision	(165)	349	1 067
Amounts written off	(300)	(99)	(114)
Carrying amount at 30 June	2 227	2 692	2 442

Bad and doubtful debts

The Department has recognised a decrease in the provision for doubtful debts. As a result, the bad and doubtful debt expense is showing an expenditure reduction of $163 000 (increase of $335 000) in the Statement of Comprehensive Income.

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days or from when goods or services have been provided under a contractual agreement. Receivables and accrued revenues are non-interest bearing.

Other than as recognised in the allowance for doubtful debts, it is not anticipated that debtors will fail to discharge their obligations. The carrying amount of receivables approximates their fair value due to being receivable on demand. The carrying amount for receivables which includes an amount owing of $19.854 million relating to the Indenture Ports (refer to note 45) reflects the most significant concentration of credit risk exposure for the Department.

(a) Maturity analysis of receivables - refer note 40.
(b) Categorisation of financial instruments and risk exposure information - refer note 40.

26. Inventories

	2010 $'000	2009 $'000	2008 $'000
Current - held for distribution at no or nominal consideration:			
Road making material and stores at costs	4 827	6 573	9 361
Total inventories held for distribution at no or nominal consideration	4 827	6 573	9 361
Current - other than those held for distribution at no or nominal consideration:			
Metrotickets at cost	100	88	105
Total inventories other than those held for distribution at no or nominal consideration	100	88	105
Total current inventories	4 927	6 661	9 466

27. Other current assets

Current:			
Prepayments	21 379	26 984	6 181
Total other current assets	21 379	26 984	6 181

Government/non-Government other assets

Other assets from SA Government entities:			
Prepayments	930	66	64
Other assets from SA Government entities	930	66	64
Other assets from non-SA Government entities:			
Prepayments	20 449	26 918	6 117
Other assets from non-SA Government entities	20 449	26 918	6 117
Total other current assets	21 379	26 984	6 181

28. Non-current assets classified as held for sale

Non-current assets classified as held-for-sale:			
Land, buildings and facilities	23 293	3 356	6 766
Total non-current assets classified as held for sale	23 293	3 356	6 766

The Department has identified $23.293 million ($3.356 million) of land, buildings and facilities that are surplus to the Department's requirements. The land, buildings and facilities are expected to be sold within 12 months by public tender or auction.

29. Land, buildings and facilities

	2010	2009	2008
Land:	$'000	$'000	$'000
Land at fair value	1 041 080	958 865	591 900
Total land	1 041 080	958 865	591 900
Land under roads:			
Land under roads at fair value	59	-	-
Total land under roads	59	-	-
Land for current projects:			
Land for current projects at fair value	6 481	4 679	4 014
Land for current projects at cost	61 785	78 561	47 687
Total land for current projects	68 266	83 240	51 701
Buildings and facilities:			
Buildings and facilities at fair value	1 247 347	1 272 234	1 099 620
Accumulated depreciation at 30 June	456 746	462 702	348 794
Total buildings and facilities	790 601	809 532	750 826
Buildings and improvements under lease:			
Buildings and improvements under lease (deemed fair value)	30 400	29 500	27 301
Accumulated amortisation at 30 June	915	-	687
Total buildings and improvements under lease	29 485	29 500	26 614
Total land, buildings and facilities	1 929 491	1 881 137	1 421 041

Valuation of land, buildings and facilities
Refer to note 3.13 for details relating to the revaluation of land, buildings and facilities.

Reconciliation of land, buildings and facilities
The following table shows the movement of land, buildings and facilities during 2009-10.

2010	Land at fair value*	Land for current projects	Buildings & facilities	Buildings & improv'mts under lease	Total
	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July	932 081	87 792	810 450	19 725	1 850 048
Prior period - error correction	26 784	(4 552)	(918)	9 775	31 089
Adjusted opening balance	958 865	83 240	809 532	29 500	1 881 137
Additions	-	-	59	-	59
Disposals	(1 651)	(85)	(15)	-	(1 751)
Donated assets	(127)	-	-	-	(127)
Write-offs	(598)	(475)	(1 790)	-	(2 863)
Revaluation increment (decrement)	62 262	-	14 559	-	76 821
Transfer from works in progress	6 030	11 126	25 082	900	43 138
Depreciation and amortisation	-	-	(31 880)	(915)	(32 795)
Reclassification to assets held for sale	(9 182)	-	(21 863)	-	(31 045)
Transfers due to reclassification of assets	25 540	(25 540)	(3 083)	-	(3 083)
Carrying amount at 30 June	1 041 139	68 266	790 601	29 485	1 929 491

*Includes Land under roads at fair value.

Depreciation of land, buildings and facilities
Total depreciation associated with land, buildings and facilities for 2009-10 was $32.795 million. Of this amount, $32.692 million has been reported within the Statement of Comprehensive Income as operating expenditure of the Department. The remaining $103 000 relates to capital projects that have been reflected within the value of the Department's assets as at 30 June 2010.

30. Plant and equipment

	2010	2009	2008
Plant and equipment:	$'000	$'000	$'000
Plant and equipment (at fair value)	1 092 327	1 075 650	951 860
Information technology (IT)	40 164	34 688	28 551
IT under lease	5 105	5 316	5 129
	1 137 596	1 115 654	985 540
Accumulated depreciation:			
Plant and equipment	690 030	693 972	585 034
Information technology (IT)	23 657	16 994	14 108
IT under lease	3 169	3 164	4 168
	716 856	714 130	603 310
Total plant and equipment	420 740	401 524	382 230

Valuation of plant and equipment
Refer to note 3.13 for details relating to the revaluation of plant and equipment.

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2009-10:

	Plant and equipment $'000	Information technology $'000	IT under lease $'000	2010 Total $'000
Carrying amount at 1 July	380 619	17 402	624	398 645
Prior period - error correction	1 059	292	1 528	2 879
Adjusted opening balance	381 678	17 694	2 152	401 524
Additions	23 185	-	1 119	24 304
Disposals	(2 199)	-	-	(2 199)
Donated assets	(3)	-	-	(3)
Write-offs	(305)	(23)	-	(328)
Revaluation increment	27 261	-	-	27 261
Depreciation and amortisation	(53 369)	(4 603)	(1 329)	(59 301)
Disposal through administrative restructure	(31 018)	-	-	(31 018)
(Disposal) acquisition through other transfers	(1 120)	1 120	-	-
Transfers due to reclassification of assets	(154)	496	-	342
Transfer to/from works in progress	58 341	1 823	-	60 164
Other movements	-	-	(6)	(6)
Carrying amount at 30 June	402 297	16 507	1 936	420 740

Depreciation of plant and equipment

Total depreciation associated with plant and equipment for 2009-10 was $59.301 million. Of this amount, $59.117 million has been reported within the Statement of Comprehensive Income as operating expenditure of the Department. The remaining $184 000 relates to capital projects that have been reflected within the value of the Department's assets as at 30 June 2010.

31. Network assets

	2010 $'000	2009 $'000	2008 $'000
Network assets:			
Network assets (deemed fair value)	19 419 369	10 279 706	9 336 211
Rail and bus track (deemed fair value)	1 217 490	1 147 239	660 138
	20 636 859	11 426 945	9 996 349
Accumulated depreciation:			
Network	4 762 637	4 962 336	4 416 626
Rail and bus track	562 100	518 468	316 607
	5 324 737	5 480 804	4 733 233
Total network assets	15 312 122	5 946 141	5 263 116

Valuation of network assets

Refer to note 3.13 for details relating to the revaluation of network assets.

Reconciliation of network assets

The following table shows the movement of network assets during 2009-10:

	Roads $'000	Structures $'000	Safety barriers $'000	Traffic signals and road lighting $'000	Rail and bus track $'000	Total $'000
Carrying amount at 1 July	4 275 831	953 323	3 628	81 014	628 771	5 942 567
Prior period - error correction	-	1 027	-	2 546	-	3 573
Adjusted opening balance	4 275 831	954 350	3 628	83 560	628 771	5 946 140
Change in accounting policy	(65 472)	-	-	-	-	(65 472)
Transfers from work in progress	151 159	46 040	9 598	4 778	26 870	238 445
Write-offs	-	(828)	-	(420)	(607)	(1 855)
Revaluation increment	9 055 014	304 908	-	-	22 780	9 382 702
Depreciation and amortisation	(127 511)	(21 703)	(223)	(7 697)	(33 788)	(190 922)
Transfers in due to reclassification of assets	-	(8 280)	-	-	11 364	3 084
Carrying amount at 30 June	13 289 021	1 274 487	13 003	80 221	655 390	15 312 122

32. Capital works in progress

	2010 $'000	2009 $'000	2008 $'000
Capital works in progress:			
Buildings and facilities	270 673	85 981	78 073
Road network	784 625	554 191	386 753
Plant, equipment and intangibles	22 352	48 110	22 293
Rail and bus track	362 625	124 267	39 999
Total capital works in progress	1 440 275	812 549	527 118

Valuation of works in progress

Refer to note 3.13 for details regarding works in progress valuations.

Reconciliation of capital works in progress

The following table shows the movement of capital works in progress during 2009-10:

	Road network $'000	Plant, equipment & intangibles $'000	Buildings & facilities $'000	Rail and bus track $'000	Total $'000
Carrying amount at 1 July	563 250	48 404	85 981	124 267	821 902
Prior period - error correction	(9 059)	(294)	-	-	(9 353)
Adjusted opening balance	554 191	48 110	85 981	124 267	812 549
Additions	450 457	39 638	228 139	265 227	983 461
Transfer to capital	(211 574)	(63 904)	(43 139)	(26 869)	(345 486)
Transfer to operating	(8 449)	(940)	(308)	-	(9 697)
Disposal through administrative restructure	-	(549)	-	-	(549)
Other movements	-	(3)	-	-	(3)
Carrying amount at 30 June	784 625	22 352	270 673	362 625	1 440 275

33. Intangible assets

	2010 $'000	2009 $'000	2008 $'000
Software:			
Computer software	46 412	43 492	40 169
Accumulated amortisation	29 421	24 736	20 286
Total intangible assets	16 991	18 756	19 883

Valuation of intangible assets

Refer to note 3.13 for details on the valuation of intangible assets.

Reconciliation of intangible assets

The following table shows the movement of intangible assets during 2009-10:

	2010 $'000
Carrying amount at 1 July	18 760
Prior period - error correction	(4)
Adjusted opening balance	18 756
Additions	13
Transfer out due to reclassification of assets	(342)
Write offs	(63)
Depreciation and amortisation	(5 105)
Transfer from works in progress	3 739
Disposal through administrative restructure	(7)
Carrying amount at 30 June	16 991

34. Payables

	2010 $'000	2009 $'000	2008 $'000
Current:			
Creditors	139 898	116 611	78 901
Accrued expenses	122 126	48 958	43 722
Employment on-costs	5 330	4 978	4 675
Total current payables	267 354	170 547	127 298
Non-current:			
Employment on-costs	5 852	5 747	4 945
Total non-current payables	5 852	5 747	4 945
Total payables	273 206	176 294	132 243

Government/Non-Government payables

Payables to SA Government entities:			
Creditors	22 874	3 967	1 671
Accrued expenses	15 427	6 903	591
Employment on-costs - superannuation and payroll tax	11 182	10 725	9 620
Total payables to SA Government entities	49 483	21 595	11 882
Payables to non-SA Government entities:			
Creditors	117 024	112 644	77 230
Accrued expenses	106 699	42 055	43 131
Total payables to non-SA Government entities	223 723	154 699	120 361
Total payables	273 206	176 294	132 243

Interest rate and credit risk

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

Employment on-costs

DTF has advised the percentage of the proportion of long service leave taken as leave has remained at the 2009 rate of 45 percent and the average factor for the calculation of superannuation on-cost is also unchanged from the 2009 rate of 10.5 percent. These rates are used in the employment on-cost calculation.

Employment on-costs

(a) Maturity analysis of payables – refer note 40.
(b) Categorisation of financial instruments and risk exposure information - refer note 40.

35. Borrowings

	2010	2009	2008
Current:	$'000	$'000	$'000
Obligations under finance leases and plant hire contracts:(1)			
Balance as at 1 July	1 915	1 818	1 674
Increase in lease liabilities due to:			
New leases	409	353	261
Transfers	1 360	1 703	1 577
Repayments	(2 047)	(1 959)	(1 694)
Balance as at 30 June	1 637	1 915	1 818
Total current borrowings	1 637	1 915	1 818
Non-current:			
Obligations under finance leases and plant hire contracts:(1)			
Balance as at 1 July	18 763	19 825	20 972
Increase in lease liabilities due to:			
New leases	710	641	510
Transfers	(1 365)	(1 703)	(1 577)
Repayments	-	-	(80)
Balance as at 30 June	18 108	18 763	19 825
Borrowings from SA Government: (2)			
Balance as at 1 July	47 760	47 760	47 760
Debt received	-	-	-
Repayments	-	-	-
Balance as at 30 June	47 760	47 760	47 760
Total non-current borrowings	65 868	66 523	67 585
Total borrowings	67 505	68 438	69 403

(1) Secured by the asset leased.
(2) Unsecured loans which bear interest.

Borrowings (unsecured loans) are recognised at cost. The interest rate is determined by the Treasurer on a quarterly basis. The weighted interest rate for the 2009-10 year was 4.35 percent (5.71 percent).

Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Assets pledged as security

	2010	2009	2008
The carrying amount of non-current assets pledged as security are:	$'000	$'000	$'000
Leased land and buildings:			
Buildings and improvements under lease	29 485	29 500	26 614
Leased plant and equipment:			
Computer and office equipment	1 873	1 814	1 941
StateNet Core Network equipment	63	338	609
Total assets pledged as security	31 421	31 652	29 164

(a) Maturity analysis of borrowings - refer note 40.
(b) Categorisation of financial instruments and risk exposure information - refer note 40.
(c) Defaults and breaches - there were no defaults or breaches on any of the above liabilities throughout the year.

36. Employee benefits

	2010	2009	2008
Current:	$'000	$'000	$'000
Annual leave	16 749	16 874	15 983
Long service leave	4 876	4 605	4 400
Accrued salaries and wages	6 521	5 973	5 024
Total current employee benefits	28 146	27 452	25 407
Non-current:			
Long service leave	58 960	57 806	54 165
Total non-current employee benefits	58 960	57 806	54 165
Total employee benefits	87 106	85 258	79 572

The total current and non-current employee liability (ie aggregate employee benefit plus related on-costs) for 2010 is $33.476 million ($32.43 million) and $64.812 million ($63.553 million) respectively.

Annual leave

Annual leave is classified as a current liability as employees are required to take all annual leave within the year of entitlement.

Long service leave

Long service leave liability has been allocated between current and non-current liabilities using the leave pattern history of the previous year.

Based on an actuarial assessment performed by DTF, the benchmark measurement of the long service leave liability has changed from 6.5 years to 5.5 years. The net financial effect of the change in the current financial year is an increase in the long service leave liability of $1.023 million and an increase to employee benefit expenses of $101 000. This estimated impact on 2011 and 2012 is not expected to be materially different to the impact in 2010.

The actuarial assessment performed by DTF left the salary inflation rate of 4 percent unchanged from the 2009 rate. As a result, there is no net financial effect resulting from changes in the salary inflation rate

37. Provisions

	2010	2009	2008
	$'000	$'000	$'000
Current:			
Provision for workers compensation	1 337	1 261	1 514
Site remediation	2 436	2 432	2 555
Provision for indentured ports payment to the Treasurer	19 854	16 168	12 924
Other provisions - SA Government	2 752	3 784	2 687
Total current provisions	26 379	23 645	19 680
Non-current:			
Site remediation	3 101	3 090	2 746
Provision for workers compensation	4 348	3 610	3 860
Total non-current provisions	7 449	6 700	6 606
Total provisions	33 828	30 345	26 286

Reconciliation of workers compensation

The following table shows the movement of the workers compensation provision:

Carrying amount at 1 July	4 871	5 374	4 821
Increase in provision due to revision of estimates	3 591	1 642	2 969
Reductions resulting from payments	(2 777)	(2 145)	(2 416)
Carrying amount at 30 June	5 685	4 871	5 374

Reconciliation of site remediation

The following table shows the movement of the site remediation provision:

Carrying amount at 1 July	5 522	5 301	5 214
Increase in provision due to revision of estimates	137	241	226
Reductions resulting from payments	(122)	(20)	(139)
Carrying amount at 30 June	5 537	5 522	5 301

Reconciliation of indentured ports

The following table shows the movement of the indentured ports provision:

Carrying amount at 1 July	16 168	12 924	10 070
Increase in provision resulting from invoices raised	4 638	4 262	3 707
Reductions resulting from payments	(952)	(1 018)	(853)
Carrying amount at 30 June	19 854	16 168	12 924

Reconciliation of other provisions

The following table shows the movement of other provisions:

Carrying amount at 1 July	3 784	2 687	2 311
Increase in provision due to revision of estimates	3 717	4 539	5 620
Reductions resulting from payments	(4 749)	(3 442)	(5 244)
Carrying amount at 30 June	2 752	3 784	2 687

38. Other liabilities

Current:			
Deferred income - SA Government	11 628	966	1 006
Deferred income - non-SA Government	12 951	58 056	51 212
Lease incentives - non-SA Government	3 488	2 478	2 582
Other - SA Government	-	3 749	2 617
Total current other liabilities	28 067	65 249	57 417
Non-current:			
Deferred income - non-SA Government	-	-	50 315
Lease incentives - non-SA Government	19 193	18 334	4 673
Total non-current other liabilities	19 193	18 334	54 988
Total other liabilities	47 260	83 583	112 405

The Auslink Advance Specific Projects Fund includes Commonwealth grants received in relation to the Accelerated Sturt Highway Package and the Auslink Strategic Regional Programme. The Department received a conditional Commonwealth grant of $100 million for works to be performed under the Accelerated Sturt Highway Package on the 30 June 2006, to initially be expended over the four year period between 2006-07 and 2009-10.

38. Other liabilities (continued)

The Department also received a Commonwealth grant of $11.190 million for works to be performed under the Auslink Strategic Regional Programme on 27 June 2007, to be expended over the four year period between 2006-07 and 2009-10. The Department also received $3 million Commonwealth funding to undertake the Transport Sustainability Study, to analyse urban congestion in Adelaide up to 2030. This study was completed as at 30 June 2010.

These funds have been disclosed as deferred income in accordance with APF V, APS 4.12.

39. Adjustments to equity

	2010	2009	2008
Adjustments against retained earnings:	$'000	$'000	$'000
Work in progress adjustment	9 353	14 982	18 278
Asset recognition - error correction	(11 826)	(22 578)	(199 651)
Asset revaluation - error correction	(9 048)	27	(87 391)
Other	577	836	3 459
Total adjustments against retained earnings	(10 944)	(6 733)	(265 305)
Adjustments against asset revaluation surplus:			
Other	(1 263)	966	-
Total adjustments against asset revaluation surplus	(1 263)	966	-
Total adjustments to equity	(12 207)	(5 767)	(265 305)

Adjustments against retained earnings

Work in progress adjustment

Review of completed projects by the Department in 2009-10 identified costs of $9.353 million which were recognised within the capital works in progress asset balance at 30 June 2009 and prior years which did not meet the Department's asset recognition criteria. Recognising these costs within the balance of capital works in progress instead of as expenses in the year ended 30 June 2009 or a prior period is an error which was corrected in 2009-10 by an adjustment to the retained earnings. The impact on the financial statements for 2008-09 and 2007-08 are summarised below:

	2008-09	2007-08	Total
	$'000	$'000	$'000
Network assets	9 059	-	9 059
Plant and equipment	294	-	294
Total work in progress adjustment	9 353	-	9 353

Asset recognition - error correction

Asset revaluation, reconciliation and stocktake procedures in 2009-10 identified assets totalling $27.502 million which were purchased but not recognised as assets in prior years. The value of assets not recognised as at 30 June 2009 by asset class were:

	2008-09	2007-08	Total
	$'000	$'000	$'000
Network assets	(1 930)	(1 703)	(3 633)
Land, buildings and facilities	(8 175)	(14 153)	(22 328)
Plant and equipment	(1 721)	180	(1 541)
Total asset recognition adjustment	(11 826)	(15 676)	(27 502)

The errors identified were adjusted in the 2009-10 financial statements by increasing the balances of relevant asset classes and retained earnings.

Asset revaluation - error correction

A number of assets were identified for the first time during the 2008-09 revaluation of assets. These assets were brought to account via the revaluation surplus, whereas treating them as a prior period error was later considered more appropriate. The value of these assets are:

	2008-09	2007-08	Total
	$'000	$'000	$'000
Network assets	59	-	59
Land and buildings	(9 775)	-	(9 775)
Plant and equipment	(595)	-	(595)
Transfer between reserves	1 263	-	1 263
Total asset revaluation adjustment	(9 048)	-	(9 048)

Other adjustments - error correction

Land, buildings and facilities	324	-	324
Plant and equipment	(740)	-	(740)
Other	993	369	1 362
Total other adjustment	577	369	946

Adjustments against asset revaluation surplus

Asset revaluation - error correction

Land, buildings and facilities	-	691	691
Transfer between reserves	(1 263)	-	(1 263)
Total asset revaluation adjustment	(1 263)	691	(572)

40. Financial instruments

40.1 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 3.

		Carrying amount/ fair value	
		2010	2009
Financial assets:	Note	$'000	$'000
Cash and cash equivalents			
Cash and cash equivalents	24	487 290	369 504
Loans and receivables			
Receivables[(1)]	25	239 138	113 954
Finance lease receivable	25,42	9 347	9 831
Total financial assets		735 775	493 289
Financial liabilities:			
Payables[(1)]	34	267 443	169 002
Borrowings	35	47 760	47 760
Finance lease payable	35,42	19 745	20 678
Total financial liabilities		334 948	237 440

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

Terms, conditions and accounting policies

Financial assets

The carrying amount of cash and cash equivalents represents fair value. Cash is available at call and is recorded at cost.

Receivables are raised for all goods and services provided, for which payment has not been received. Receivables are normally settled within 30 days or in accordance with the terms specified in the contract.

Financial liabilities

Creditors and accruals are recognised for all amounts unpaid equal to the value of goods and services provided. Creditors are normally settled within 30 days.

Finance leases are recorded at amounts equal to the lower of the fair value of the leased asset or the present value of the minimum lease payments using a government borrowing rate. Lease payments are made in accordance with the schedules determined at the inception of each lease.

Borrowings (unsecured loans) are recognised at cost. The interest rate is determined by the Treasurer. The weighted interest rate for the 2009-10 year was 4.35 percent (5.71 percent).

Credit risk

Credit risk arises when there is the possibility of the Department's debtors defaulting on their contractual obligations resulting in a financial loss to the Department. The carrying amount for receivables which includes an amount owing of $19.854 million ($16.168 million) relating to the Indentured ports (refer note 45) reflects the most significant concentration of credit risk exposure for the Department. The Department has credit management policies and procedures in place to ensure business transactions continue to occur with customers with appropriate credit history.

The following table discloses the ageing of financial assets that are past due.

40.2 Ageing analysis of financial assets

	Past due by			
	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2010	$'000	$'000	$'000	$'000
Not impaired:				
Receivables	20 250	4 715	24 275	49 240
2009				
Not impaired:				
Receivables	3 510	1 038	25 119	29 667

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

40.3 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	487 290	487 290	-	-
Receivables(1)	239 138	237 212	316	1 610
Finance lease receivable	12 904	1 280	3 658	7 966
Total financial assets	739 332	725 782	3 974	9 576
Financial liabilities:				
Payables(1)	267 443	264 653	2 790	-
Borrowings	47 760	-	-	47 760
Finance lease payable	29 435	2 796	8 076	18 563
Total financial liabilities	344 638	267 449	10 866	66 323
2009				
Financial assets:				
Cash and cash equivalents	369 504	369 504	-	-
Receivables(1)	113 954	112 015	441	1 498
Finance lease receivable	13 672	1 258	4 000	8 414
Total financial assets	497 130	482 777	4 441	9 912
Financial liabilities:				
Payables(1)	169 002	166 260	2 742	-
Borrowings	47 760	-	-	47 760
Finance lease payable	31 424	3 146	8 028	20 250
Total financial liabilities	248 186	169 406	10 770	68 010

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

Liquidity risk

Liquidity risk arises where the Department is unable to meet its financial obligations as they are due to be settled. In relation to this risk, the Department's exposure is considered to be minimal. The continued existence of the Department in its present form and with its present programs is dependent on government policy, the operation of current fee and charges structures, and continuing appropriations from various acts.

Fair value (market) risk

The Department's exposure to fair value (market) risk is considered minimal. Financial instruments are disclosed at a carrying amount that approximates their net fair value.

The amount for financial assets approximates the net fair value due to the short-term to maturity of the items, or due to the assets being receivable on demand. The carrying amount of financial liabilities is considered to be a reasonable estimate of net fair value.

Foreign currency risk

The Department enters into business transactions that require payment for goods or services in a foreign currency. Foreign currency risk associated with significant payments is minimised using a strategy of forward cover contracts through SAFA. The forward cover aims to hedge against losses arising from any foreign currency price fluctuations at the date of settlement.

Interest rate risk

The Department's exposure to interest rate risk is measured with reference to the level of interest and non-interest bearing assets and liabilities held at reporting date.

Interest revenue from interest bearing assets is calculated using the Common Public Sector Interest Rate (CPSIR) and/or other rates as determined by the Treasurer.

The interest expense implicit in any finance lease payment is fixed at the inception of the lease and is calculated using prevailing government borrowing rates as advised by SAFA.

Interest expense on the Department's unsecured loans is calculated using the CPSIR. Repayments on unsecured loans are negotiated with SAFA. The Department's revenue base is sufficient for the purpose of servicing its interest or loan repayment commitments.

41. Transferred functions

Shared Services Initiative

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 SSSA in DTF.

Shared services initiative (continued)

The business services of SA Government agencies are transferring to SSSA 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 the transfer of Tranche 2 services on 15 October 2009, which comprised of certain financial and taxation services.

As part of this reform, effective 19 October 2009, certain financial accounting and taxation services from the Corporate Services Division transitioned to SSSA.

Eight departmental employees, budget funding for 10 FTEs of $787 000 in 2009-10 ($1.193 million from 2010-11) and the assets and liabilities disclosed below were transferred to SSSA.

Government Radio Network (GRN)

A Cabinet Submission was approved on 8 February 2010 for the transfer of the responsibilities for the SAGRN upgrade project, including all related procurement activities, and the SAGRN's ongoing Service Management function from the Department to the Attorney-General's Department. The effective date for transition was 1 April 2010.

As a result of this transfer, five departmental employees, budget funding of $438 000 in 2009-10 ($1.916 million from 2010-11) and the assets and liabilities disclosed below were transferred to the Attorney-General's Department.

Financial impact of transferred functions	SSSA 2010 $'000	GRN 2010 $'000	Total 2010 $'000	Total 2009 $'000
Cash	145	-	145	119
Receivables	-	7 231	7 231	-
Property, plant and equipment and intangibles	-	31 574	31 574	-
Other assets	-	226	226	-
Total assets	145	39 031	39 176	119
Payables	15	3 602	3 617	-
Employee benefits:				
Current	41	36	77	42
Non-current	89	77	166	77
Other liabilities	-	169	169	-
Total liabilities	145	3 884	4 029	119
Net assets transferred	-	35 147	35 147	-

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

42. Unrecognised contractual commitments

Capital commitments	2010 $'000	2009 $'000
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:		
Within one year	976 022	630 807
Later than one year but no later than five years	311 774	300 087
Later than five years	-	14 800
Total capital commitments	1 287 796	945 694

The Department's capital commitments are predominantly for aggregate capital expenditure on construction projects relating to road networks, the purchase of new public transport vehicles and the construction and upgrade of Government buildings and facilities. Where this construction work is being done on behalf of other agencies the cost is recovered accordingly.

Remuneration commitments	2010 $'000	2009 $'000
Commitments for the payment of salaries and other remuneration under fixed term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	26 767	27 806
Later than one year but no later than five years	37 901	47 178
Total remuneration commitments	64 668	74 984

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

Other commitments		
Within one year	177 666	299 851
Later than one year but no later than five years	393 097	307 775
Later than five years	2 812	145 720
Total other commitments	573 575	753 346

Other commitments (continued)

The Department's other commitments include major service and supply contracts for road maintenance, ferry operations and bus and rail transport services. It also includes the outsourced facilities management contract which it manages on behalf of Government. These costs are reimbursable from other agencies.

Operating lease commitments as lessee	2010	2009
Commitments under operating leases at the reporting date but not recognised as liabilities in the financial report, are payable as follows:	$'000	$'000
Within one year	118 049	109 736
Later than one year but no later than five years	291 597	299 879
Later than five years	152 114	218 316
Total operating lease commitments as lessee	561 760	627 931
Representing:		
Cancellable operating leases	11 103	9 298
Non-cancellable operating leases	550 657	618 633
Total operating lease commitments as lessee	561 760	627 931
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows		
Within one year	111 874	103 838
Later than one year but no later than five years	286 669	296 479
Later than five years	152 114	218 316
Total non-cancellable operating lease commitments as lessee	550 657	618 633

The Department's operating lease commitments as lessee are for land, motor vehicles, office equipment, other plant and equipment and commercial and residential accommodation.

Commercial accommodation leases are non-cancellable with terms ranging from one to ten years. Rental is payable in advance with no contingent rental provisions. Residential accommodation leases are cancellable with varying terms and have no option to renew.

Motor vehicle leases are cancellable, rentals are paid monthly in arrears and no contingent rental provisions exist within the agreement. Motor vehicle lease terms may be for three years (or 60 000 kms whichever comes first) or five years (or 100 000 kms whichever comes first).

Photocopier leases are non-cancellable with terms of four years, with rentals paid monthly.

Operating lease commitments as lessor	2010	2009
Commitments under operating leases at the reporting date but not recognised as receivable in the financial report, are as follows:	$'000	$'000
Within one year	124 044	113 353
Later than one year but no later than five years	282 917	263 422
Later than five years	252 547	209 191
Total operating lease commitments as lessor	659 508	585 966

The Department's operating lease commitments as lessor are for commercial properties and access rights to State owned land sites.

Commercial accommodation leases are non-cancellable with terms ranging from one to 10 years. Rental is receivable in advance.

Finance lease commitments as lessee	2010	2009
Future minimum lease payments under finance leases and hire purchase contracts together with the present value of net minimum lease payments are as follows:	$'000	$'000
Within one year	2 796	3 146
Later than one year but no longer than five years	8 076	8 028
Later than five years	18 563	20 250
Minimum lease payments	29 435	31 424
Future finance leases lease charges	(9 690)	(10 746)
Total finance lease commitments as lessee (recognised as a liability)	19 745	20 678
The present value of finance lease payable is as follows:		
Within one year	1 637	1 915
Later than one year but no longer than five years	4 467	4 237
Later than five years	13 641	14 526
Present value of finance lease	19 745	20 678
Representing:		
Current	1 637	1 915
Non-current	18 108	18 763
Total included in borrowings	19 745	20 678

Finance lease commitments as lessee (continued)

The Department's finance leases as lessee relate to government accommodation and computer hardware and software.

The Department's computer and network printer equipment leases are non-cancellable with terms of three to four years. Each lease contains three options at the conclusion of the current term being: return equipment, extend the lease at fair market value or purchase the equipment at fair market value. In all cases the Department chooses to exercise its right to return the equipment. The weighted average interest rate implicit in the lease is 12.34 percent.

Equipment for the StateNet Core network has been leased under a non-cancellable lease for a term of five years. Rentals are paid monthly and there are no contingent rental provisions. The interest rate implicit in the lease is 6.73 percent.

The lease for Roma Mitchell House is non-cancellable, for a term of 40 years. At the end of the lease term, the building becomes part of the Department's owned portfolio. Rental is payable monthly, in advance. A contingent rental provision exists, in which an amount is expensed after taking into account the principal reduction and interest expense from the monthly lease payment. This contingent rental expense was $1.902 million in 2009-10 ($1.822 million). The lease payment changes each year in accordance with CPI. The interest rate implicit in the lease is 5.52 percent.

Finance lease commitments as lessor	2010	2009
Finance lease receivables contracted for at the reporting date are as follows:	$'000	$'000
Within one year	1 280	1 258
Later than one year but no longer than five years	3 658	4 000
Later than five years	7 966	8 414
Minimum lease payments	12 904	13 672
Unearned finance income	3 557	3 841
Total finance lease commitments as lessor (recognised as an asset)	9 347	9 831
The present value of finance lease receivable is as follows:		
Within one year	852	806
Later than one year but no longer than five years	2 255	2 538
Later than five years	6 240	6 487
Present value of finance lease	9 347	9 831
Representing:		
Current	852	806
Non-current	8 495	9 025
Total included in receivables	9 347	9 831

The Department's finance leases as lessor represent recreational jetties and residential properties (ie government employee housing). As the finance leases for recreational jetties provide no material revenues, amounts associated with these leases have not been recognised (refer note 3.14).

Residential property finance leases where the Department is the lessor are non-cancellable, for a term of 20 years. At the end of the lease term, the asset belongs to the lessee. Rental is paid one month in advance and there are no contingent rental provisions. The interest rate for the June 2010 quarter implicit in the lease is 4.75 percent.

43. Contingent assets and liabilities

At 30 June 2010, the Department had:

- possible material exposures resulting from litigation (or pending litigation) in respect of claims for property damage or personal injury
- received notification of other cases not yet subject to Court action or formal claim, which may result in subsequent litigation in the future
- possible material exposure resulting from the ongoing monitoring and treatment of contaminated land assets to bring the land into a position for future use or sale.

In addition, the Department is awaiting the outcome of formal and informal proceedings which may result in possible material liabilities.

The Department believes that the extent of these contingent liabilities cannot be reliably measured at balance date.

The Department does not have any contingent assets at balance date.

44. Cash flow reconciliation

	2010	2009
Reconciliation of cash - cash at 30 June as per:	$'000	$'000
Statement of Cash Flows	487 290	369 504
Statement of Financial Position	487 290	369 504

Reconciliation of net cash provided by operating activities to net revenue from (cost of) providing services:		
Net cash provided by operating activities	628 029	569 300
Revenues from SA Government	(428 614)	(438 411)
Payments to SA Government	5 462	6 897
Non-cash items:		
Net gain on sale or disposal of non-current assets	4 057	2 162
Depreciation/amortisation expense of non-current assets	(287 836)	(208 431)
Assets written off	(5 109)	(1 604)
Assets donated	(159)	(12 558)
Fair value of assets received	30	-
Movements in assets and liabilities:		
Increase in receivables	112 318	30 592
Decrease in inventories	(1 734)	(2 805)
Increase in other assets	4 774	4 294
Increase in payables and provisions	(10 450)	(7 531)
Increase in employee entitlements	(1 288)	(4 497)
Decrease in other liabilities	36 365	28 987
Net revenue from (cost of) of providing services	55 845	(33 605)

45. Indentured ports

Funds in regard to cargo services and harbour services charges are collected by the Department and applied to the maintenance of indentured ports. Any remaining funds are returned to the Consolidated Account. Assets associated with these ports include land and facilities at Port Bonython, Ardrossan and Whyalla.

The amount paid to the Consolidated Account in 2009-10 was $390 000 ($336 000). In addition to the amount paid, the Department has recognised a provision in 2009-10 of $19.854 million ($16.168 million) representing the outstanding funds to be collected by the Department and returned to the Consolidated Account.

46. Rail Transport Facilitation Fund

The *Rail Transport Facilitation Fund Act 2001*, which established the Rail Transport Facilitation Fund was proclaimed in December 2001. Approval was given for the creation of the Rail Transport Facilitation Fund on 20 September 2002. Net income derived from the sale or leasing of railway assets and net income derived by the State from rail facilitation projects is to be paid into the Fund.

	2010	2009
Inflows:	$'000	$'000
Receipts into the Fund	11 278	10 816
Total inflows	11 278	10 816
Outflows:		
Payments from the Fund	5 331	2 562
Total outflows	5 331	2 562
Net surplus	5 947	8 254
Fund balance:		
Balance at 1 July	31 009	22 755
Net surplus	5 947	8 254
Balance at 30 June	36 956	31 009

Receipts into the Fund

The receipts into the Fund in 2009-10 results predominantly from $1.271 million interest, $4.426 million rental and property income, $4.105 million land sales, $776 000 other sundry rail revenue and $700 000 appropriation from DTF for the Port River Expressway - Stage 3 (Rail).

Payments from the Fund

The payments from the Fund in 2009-10 resulted predominantly from money being spent on non-metropolitan passenger rail services projects.

47. Community Road Safety Fund

The Community Road Safety Fund has been operative since 1 July 2003, and is currently funded by an appropriation from DTF. These funds are utilised for the purposes of road safety initiatives, including a payment to the South Australia Police of $34.7 million for safety related policing expenditure. The appropriation for 2009-10 was $79.251 million.

	2010	2009
Inflows:	$'000	$'000
Receipts into the Fund	80 127	78 141
Total inflows	80 127	78 141

47. Community Road Safety Fund (continued)

	2010	2009
Outflows:	$'000	$'000
Payments from the Fund	73 919	76 659
Total outflows	73 919	76 659
Net surplus	6 208	1 482
Fund balance:		
Balance at 1 July	3 376	1 894
Net surplus	6 208	1 482
Balance at 30 June	9 584	3 376

48. AusLink Advance Account for specific projects

The Auslink Advance Specific Projects Fund includes Commonwealth grants received in relation to the Accelerated Sturt Highway Package and the Auslink Strategic Regional programme. The Department received a conditional Commonwealth grant of $100 million for works to be performed under the Accelerated Sturt Highway Package on 30 June 2006, to initially be expended over the four year period between 2006-07 and 2009-10. The Department also received a Commonwealth grant of $11.190 million for works to be performed under the Auslink Strategic Regional programme on 27 June 2007, to be expended over the four year period between 2006-07 and 2009-10.

The Department received $3 million Commonwealth funding to undertake the Transport Sustainability Study, to analyse urban congestion in Adelaide up to 2030. This study was completed as at 30 June 2010.

These funds have been disclosed as deferred income in accordance with APF V, APS 4.12 (refer note 38).

	2010	2009
Inflows:	$'000	$'000
Receipts into the Fund	1 501	4 196
Total inflows	1 501	4 196
Outflows:		
Payments from the Fund	46 725	46 967
Total outflows	46 725	46 967
Net (deficit) surplus	(45 224)	(42 771)
Fund balance:		
Balance at 1 July	56 717	99 488
Net (deficit) surplus	(45 224)	(42 771)
Balance at 30 June	11 493	56 717

Receipts into the Fund

The receipt into the Fund consists of interest received of $1.36 million on Sturt Highway, $50 000 on the Strategic Regional programme advance and $90 000 relating to the Transport Sustainability Study (Urban congestion).

Payments from the Fund

$22.634 million relates to expenditure associated with the Sturt Highway, $2.162 million expenditure associated with the Strategic Regional programme, $697 000 associated with Oodnadata to Hamilton access road and $3.232 million expenditure associated with the Transport Sustainability Study (Urban congestion).

$18 million has been reallocated from Auslink Advance Account to the Victor Harbor Road/Main Road, McLaren Vale project and to the Renmark Sturt Highway Upgrade project, as agreed with the Commonwealth.

49. After balance date events

The Department is not aware of any events occurring after balance date.

Statement of Administered Comprehensive Income for the year ended 30 June 2010

	Note	**2010 $'000**	2009 $'000
EXPENSES:			
Employee benefit expenses		**434**	408
Supplies and services	A7	**3 388**	3 646
Grants and subsidies	A8	**2 835**	3 386
Disbursements on behalf of third parties	A9	**838 555**	773 008
Borrowing costs		**150**	162
Payments to Consolidated Account	A10	**139 926**	127 088
Total expenses		**985 288**	907 698
INCOME:			
Net revenues from SA Government	A11	**12 896**	13 404
Fees and charges	A12	**140 606**	127 924
Collections on behalf of third parties	A13	**828 095**	761 952
Commonwealth revenue	A14	**2 732**	3 038
Interest		**382**	496
Total income		**984 711**	906 814
NET RESULT	A20	**(577)**	(884)
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE RESULT		**(577)**	(884)

Net result is 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	A15	**81 791**	53 168
Receivables	A16	**572**	533
Total current assets		**82 363**	53 701
NON-CURRENT ASSETS:			
Receivables	A16	**1 945**	2 169
Total non-current assets		**1 945**	2 169
Total assets		**84 308**	55 870
CURRENT LIABILITIES:			
Payables	A17	**70 377**	41 158
Borrowings	A18	**213**	200
Employee benefits	A19	**17**	15
Total current liabilities		**70 607**	41 373
NON-CURRENT LIABILITIES:			
Payables	A17	**-**	4
Borrowings	A18	**1 945**	2 158
Employee benefits	A19	**40**	42
Total non-current liabilities		**1 985**	2 204
Total liabilities		**72 592**	43 577
NET ASSETS		**11 716**	12 293
EQUITY:			
Accumulated surplus	A20	**11 716**	12 293
TOTAL EQUITY		**11 716**	12 293
Contingent assets and liabilities	A25		
Unrecognised contractual commitments	A26		

Net assets are attributable to SA Government as owner

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

	Note	Accumulated surplus $'000	Total $'000
Balance at 30 June 2008		13 177	13 177
Net result for 2008-09		(884)	(884)
Total comprehensive result for 2008-09		(884)	(884)
Balance at 30 June 2009	A20	12 293	12 293
Net result for 2009-10		(577)	(577)
Total comprehensive result for 2009-10		(577)	(577)
Balance at 30 June 2010	A20	**11 716**	**11 716**

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 benefit costs		**(435)**	(399)
Supplies and services		**(2 588)**	(3 160)
Grants and subsidies		**(2 834)**	(3 386)
Disbursements on behalf of third parties		**(864 329)**	(754 034)
Borrowing costs		**(150)**	(162)
Payments to Consolidated Account		**(85 937)**	(127 088)
Total cash outflows		**(956 273)**	(888 229)
CASH INFLOWS:			
Receipts from SA Government		**12 896**	13 404
Receipts from fees and charges		**140 595**	127 945
Collections on behalf of third parties		**828 091**	763 303
Commonwealth revenue		**2 732**	3 038
Interest		**582**	309
Total cash inflows		**984 896**	907 999
Net cash inflows from operating activities	A22	**28 623**	19 770
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Repayment of loans - SA Government		**(200)**	(189)
Total cash outflows		**(200)**	(189)
CASH INFLOWS:			
Repayment of loans - Local Government		**200**	189
Total cash inflows		**200**	189
Net cash inflows from financing activities		**-**	-
NET INCREASE IN CASH HELD		**28 623**	19 770
CASH AT 1 JULY		**53 168**	33 398
CASH AT 30 JUNE	A15	**81 791**	53 168

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

(Activities - refer note A5)	Energy Policy & Regulation		State Infrastructure Facilitation		Public Transport Services	
	2010	2009	**2010**	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**-**	-	**-**	-	**-**	-
Supplies and services	**-**	-	**-**	-	**-**	-
Grants and subsidies	**2 797**	3 375	**-**	-	**38**	11
Disbursements on behalf of third parties	**-**	-	**1**	698	**-**	-
Borrowing costs	**-**	-	**-**	-	**-**	-
Payments to Consolidated Account	**-**	-	**-**	-	**-**	-
Total expenses	**2 797**	3 375	**1**	698	**38**	11
INCOME:						
Net revenues from SA Government	**-**	-	**-**	-	**-**	-
Fees and charges	**-**	-	**-**	-	**-**	-
Collections on behalf of third parties	**-**	-	**7**	209	**-**	-
Commonwealth revenue	**2 732**	3 038	**-**	-	**-**	-
Interest	**-**	-	**-**	-	**1**	3
Total income	**2 732**	3 038	**7**	209	**1**	3
NET RESULT	**(65)**	(337)	**6**	(489)	**(37)**	(8)

(Activities - refer note A5)	Service SA		Transport Infrastructure Services		Land Services	
	2010	2009	**2010**	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**-**	-	**-**	-	**184**	167
Supplies and services	**-**	-	**111**	105	**910**	1 169
Grants and subsidies	**-**	-	**-**	-	**-**	-
Disbursements on behalf of third parties	**837 773**	772 192	**781**	118	**-**	-
Borrowing costs	**-**	-	**150**	162	**-**	-
Payments to Consolidated Account	**-**	-	**-**	-	**139 926**	127 088
Total expenses	**837 773**	772 192	**1 042**	385	**141 020**	128 424
INCOME:						
Net revenues from SA Government	**10 118**	10 673	**-**	-	**132**	108
Fees and charges	**-**	-	**-**	-	**140 606**	127 924
Collections on behalf of third parties	**827 196**	761 519	**892**	224	**-**	-
Commonwealth revenue	**-**	-	**-**	-	**-**	-
Interest	**-**	-	**150**	161	**231**	332
Total income	**837 314**	772 192	**1 042**	385	**140 969**	128 364
NET RESULT	**(459)**	-	**-**	-	**(51)**	(60)

(Activities - refer note A5)	Building Management		Not attributed to any program		**Total**	
	2010	2009	**2010**	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**-**	-	**250**	241	**434**	408
Supplies and services	**2 367**	2 372	**-**	-	**3 388**	3 646
Grants and subsidies	**-**	-	**-**	-	**2 835**	3 386
Disbursements on behalf of third parties	**-**	-	**-**	-	**838 555**	773 008
Borrowing costs	**-**	-	**-**	-	**150**	162
Payments to Consolidated Account	**-**	-	**-**	-	**139 926**	127 088
Total expenses	**2 367**	2 372	**250**	241	**985 288**	907 698
INCOME:						
Net revenues from SA Government	**2 396**	2 382	**250**	241	**12 896**	13 404
Fees and charges	**-**	-	**-**	-	**140 606**	127 924
Collections on behalf of third parties	**-**	-	**-**	-	**828 095**	761 952
Commonwealth revenue	**-**	-	**-**	-	**2 732**	3 038
Interest	**-**	-	**-**	-	**382**	496
Total income	**2 396**	2 382	**250**	241	**984 711**	906 814
NET RESULT	**29**	10	**-**	-	**(577)**	(884)

NOTES TO AND FORMING PART OF THE ADMINISTERED FINANCIAL STATEMENTS

The administered financial statements include income, expenses, assets and liabilities that the Department for Transport, Energy and Infrastructure (the Department) administers on behalf of the SA Government but does not control.

A1. Objectives of the Department

The objectives of the Department, outlined in note 1 for controlled items, apply equally to the administered financial statements.

A2. Departmental organisation

The organisational structure of the Department, outlined in note 2 in the controlled items notes, applies to both the departmental and the administered financial statements.

During 2009-10 there were no changes to the Department's structure that resulted in a change in the nature of administrative items.

A3. Summary of significant accounting policies

The policies of the Department outlined in note 3 for controlled items apply equally to the administered financial statements.

The amount of GST payable/receivable incurred by the Department in relation to administered functions is recognised in the Statement of Financial Position for controlled items.

A4. Changes in accounting policies

The changes in accounting policies as outlined in note 4 for controlled items apply equally to the administered financial statements. With respect to specific policies no changes have been noted for administered functions.

A5. Activities of the Department

The activities of the Department outlined in note 5 in the controlled items notes apply equally to the administered financial statements.

A6. Administered items of the Department

The administered items of the Department are comprised of the following:

- contractors deposits
- Emergency Services Levy receipts
- expiation receipts including the Victims of Crime levy
- firearm licence receipts
- Hospital Fund – contribution
- Land Service regulatory fees
- Lincoln Cove Marina
- major administered projects
- Metropolitan (Woodville, Henley and Grange) Drainage Scheme
- Minister for Transport, Energy and Infrastructure (Special Acts salaries)
- Motor Accident Commission receipts
- Passenger Transport Research and Development Fund
- Real Property Act Assurance Fund
- Real Property Act Trust Accounts
- Registrar-General and Surveyor General Statutory Act revenues
- Registration and Licensing collections and disbursements
- Renewable Remote Power Generation Program
- Service SA collections and disbursements
- South-Western Suburbs Drainage Scheme
- Stamp duties receipts
- unclaimed salaries and wages
- Valuer-General (Special Act salaries)
- Workers Liens Trust Account

A7. Supplies and services

	2010	2009
Supplies and services paid/payable to entities within the SA Government:	$'000	$'000
Project expenditure	2 403	2 256
Total supplies and services - SA Government entities	2 403	2 256
Supplies and services paid/payable to entities external to the SA Government:		
Project expenditure	985	1 390
Total supplies and services - non-SA Government entities	985	1 390
Total supplies and services	3 388	3 646

A8. Grants and subsidies

	2010	2009
Grants and subsidies paid/payable to entities external to the SA Government:		
Capital grants	2 835	3 386
Total grants and subsidies - non-SA Government entities	2 835	3 386
Total grants and subsidies	2 835	3 386

A9. Disbursement on behalf of third parties

	2010 $'000	2009 $'000
Disbursements paid/payable to entities within the SA Government:		
Stamp duties - DTF	148 521	137 671
Hospital Fund - DTF	61 808	61 415
Emergency Services levy - SA Fire and Emergency Services Commission	40 799	40 748
Expiation notices - South Australia Police	38 618	31 231
Firearms licences - South Australia Police	2 640	2 380
Expiation notices - Courts Administration Authority	454	664
Third party insurance - Motor Accident Commission	521 914	477 053
Office of Business and Consumer Affairs	1 110	1 171
SA Water	998	1 162
Other	1 081	850
Total disbursements on behalf of third parties paid/payable to entities within the SA Government	817 943	754 345
Disbursements paid/payable to entities external to the SA Government:		
Refunds	12 405	12 151
Federal registrations	7 255	5 498
Other	952	1 014
Total disbursements on behalf of third parties paid/payable to entities external to the SA Government	20 612	18 663
Total disbursement on behalf of third parties	838 555	773 008

A10. Payments to Consolidated Account

	2010 $'000	2009 $'000
Payments to Consolidated Account	139 926	127 088
Total payments to Consolidated Account	139 926	127 088

A11. Net revenues from SA Government

	2010 $'000	2009 $'000
Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the *Appropriation Act**	12 596	13 055
Special Acts	382	349
Total revenues from SA Government	12 978	13 404
Payments to SA Government:		
Other payments to Consolidated Account	82	-
Total payments to SA Government	82	-
Net revenues from SA Government	12 896	13 404

* During the year funding arrangements with the Commonwealth Government changed. The majority of Commonwealth funding is now provided to DTF and is subsequently transferred to the Department. Commonwealth funding totalling $2.732 million received from DTF is recognised as Commonwealth revenue (refer note A14).

A12. Fees and charges

	2010 $'000	2009 $'000
Fees and charges received/receivable from entities external to the SA Government:		
Regulatory fees	140 606	127 924
Total fees and charges - non-SA Government entities	140 606	127 924
Total fees and charges	140 606	127 924

A13. Collections on behalf of third parties

	2010 $'000	2009 $'000
Collections on behalf of the SA Government:		
Stamp duties - DTF	148 521	137 671
Hospital Fund - DTF	61 808	61 415
Emergency Services levy - SA Fire and Emergency Services Commission	30 222	30 075
Expiation notices - South Australia Police	38 618	31 231
Firearms licenses - South Australia Police	2 640	2 380
Expiation notices - Courts Administration Authority	454	664
Third party insurance - Motor Accident Commission	521 914	477 053
Office of Business and Consumer Affairs	1 110	1 171
SA Water	998	1 162
Other	1 081	850
Total collections on behalf of the SA Government	807 366	743 672
Collections on behalf of entities external to the SA Government:		
Refunds	12 405	12 151
Federal registrations	7 255	5 498
Other	1 069	631
Total collections on behalf of third parties external to the SA Government	20 729	18 280
Total collections on behalf of third parties	828 095	761 952

A14. Commonwealth revenue

	2010 $'000	2009 $'000
Renewable Remote Power Generation Program - energy rebate contribution*	2 732	3 038
Total Commonwealth revenue	2 732	3 038

* During the year funding arrangements with the Commonwealth Government changed. The majority of Commonwealth funding is now provided to DTF and is subsequently transferred to the Department.

A15. Cash and cash equivalents

Deposits at call	81 791	53 168
Total cash	81 791	53 168

A16. Receivables

	2010 $'000	2009 $'000
Current:		
Receivables	489	467
Accrued revenues	83	66
Total current receivables	572	533
Non-current:		
Receivables	1 945	2 169
Total non-current receivables	1 945	2 169
Total receivables	2 517	2 702

Government/non-Government receivables

Receivables from SA Government entities:		
Receivables	7	4
Accrued revenues	63	46
Total receivables from SA Government entities	70	50
Receivables from non-SA Government entities:		
Receivables	2 427	2 632
Accrued revenue	20	20
Total receivables from non-SA Government entities	2 447	2 652
Total receivables	2 517	2 702

(a) Maturity analysis of receivables - refer note A21.
(b) Categorisation of financial instruments and risk exposure information - refer note A21.

A17. Payables

Current:		
Creditors	4 250	29 170
Accrued expenses	66 127	11 988
Total current payables	70 377	41 158
Non-current:		
Accrued expenses	-	4
Total non-current payables	-	4
Total payables	70 377	41 162

Government/non-Government payables

Payables to SA Government entities:		
Creditors	2 524	27 945
Accrued expenses	65 838	11 841
Total payables to SA Government entities	68 362	39 786
Payables to non-SA Government entities:		
Creditors	1 726	1 225
Accrued expenses	289	151
Total payables to non-SA Government entities	2 015	1 376
Total payables	70 377	41 162

(a) Maturity analysis of payables - refer note A21.
(b) Categorisation of financial instruments and risk exposure information - refer note A21.

A18. Borrowings

Balance as at 1 July	2 358	2 546
Increases in debt due to interest	150	162
Repayments:		
Woodville, Henley and Grange Drainage Scheme	37	37
South West Suburbs Drainage Scheme	313	313
Balance as at 30 June	2 158	2 358
Current	213	200
Non-current	1 945	2 158
Total borrowings	2 158	2 358

A18. Borrowings (continued)

(a) Maturity analysis of borrowings - refer note A21.
(b) Categorisation of financial instruments and risk exposure information - refer note A21.
(c) Defaults and breaches - there were no defaults or breaches on any of the above liabilities throughout the year.

A19. Employee benefits

	2010	2009
Current:	$'000	$'000
Employee benefits	17	15
Total current employee benefits	17	15
Non-current:		
Employee benefits	40	42
Total non-current employee benefits	40	42
Total employee benefits	57	57

Remuneration of employees

Amounts received or receivable by employees relating to administered items whose remuneration is greater than $100 000.

The number of employees whose remuneration received or receivable falls within the following bands:	2010 Number	2009 Number
$150 000 - $159 999*	1	1
Total number of employees	1	1

The table includes all employees who received remuneration of $100 000 or more during the year. The total remuneration for the 1 employee (1 employee) was $158 000 ($158 000) and reflects all costs of employment including gross salary and wages, superannuation contributions (employer's contribution), FBT, other salary sacrifice benefits and separation packages.

* In 2009-10 the employee was also paid $40 000 from funds controlled by the Department.

A20. Equity

	2010	2009
	$'000	$'000
Accumulated surplus	11 716	12 293
Total equity	11 716	12 293
Accumulated surplus		
Balance at 1 July	12 293	13 177
Net result	(577)	(884)
Balance at 30 June	11 716	12 293

A21. Financial instruments

A21.1 Categorisation of financial instruments

The financial instrument/financial risk management terms, conditions and accounting policies of the Department, outlined in note 40 for controlled items, apply equally to the administered financial statements.

		Carrying amount/ fair value	
		2010	2009
Financial assets	Note	$'000	$'000
Cash and cash equivalents:			
Cash and cash equivalents	A15	81 791	53 168
Loans and receivables:			
Receivables(1)	A16	2 517	2 702
Total financial assets - at cost		84 308	55 870
Financial liabilities			
Financial liabilities - at cost:			
Payables(1)	A17	70 377	41 162
Borrowings	A18	2 158	2 358
Total financial liabilities - at cost		72 535	43 520

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

Credit risk

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

The Department has minimal concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

A21.2 Maturity analysis of financial assets and liabilities

	Carrying amount	Contractual maturities: Less than 1 year	1-5 years	More than 5 years
2010	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	81 791	81 791	-	-
Receivables(1)	359	359	-	-
Receivables - interest bearing	2 158	213	992	953
Total financial assets	84 308	82 363	992	953
Financial liabilities:				
Payables(1)	70 377	70 377	-	-
Borrowings	2 158	213	992	953
Total financial liabilities	72 535	70 590	992	953
2009				
Financial assets:				
Cash and cash equivalents	53 168	53 168	-	-
Receivables(1)	344	333	11	-
Receivables - Interest Bearing	2 358	200	933	1 225
Total financial assets	55 870	53 701	944	1 225
Financial liabilities:				
Payables(1)	41 162	41 162	-	-
Borrowings	2 358	200	933	1 225
Total financial liabilities	43 520	41 362	933	1 225

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

Liquidity risk

Liquidity risk arises where the Department is unable to meet its financial obligations as they fall due. The continued existence of the Department is dependent on State Government policy and on continuing appropriations by Parliament for the Department's administration and programs. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

The carrying amount of financial liabilities represents the Department's maximum exposure to liquidity risk.

Market risk

Market risk for the Department is primarily through interest rate risk. Exposure to interest rate risk will not arise on the administered interest bearing liabilities and interest bearing assets as the interest rate is fixed over the term of the loan.

A22. Cash flow reconciliation

	2010	2009
Reconciliation of cash - cash at 30 June:	$'000	$'000
Statement of Cash Flows	81 791	53 168
Statement of Financial Position	81 791	53 168
Reconciliation of net cash inflows from operating activities to net result		
Net cash inflows from operating activities	28 623	19 770
Movements in assets and liabilities:		
Decrease in receivables	(185)	(1 371)
Increase in liabilities	(29 015)	(19 283)
Net result	(577)	(884)

A23. Criminal Injuries Compensation Fund (Victims of Crime levy)

In accordance with the *Expiation of Offences Act 1996*, and on behalf of the Attorney-General's Department, the Public Transport Division of the Department collects criminal injuries compensation levies from expiation notices issued.

	2010	2009
	$'000	$'000
Balance at 1 July	4	-
Levies collected during the year	17	8
Levies collected in the previous year	-	2
Amount paid to Attorney-General's Department	(4)	(6)
Amount payable to Attorney-General's Department	17	4

A24. Passenger Transport Research and Development Fund

Pursuant to section 62 of the *Passenger Transport Act 1994*, the Public Transport Division of the Department administers, on behalf of the Minister for Transport, the Passenger Transport Research and Development Fund (an interest bearing deposit account).

The Fund may be applied by the Minister for Transport for:

- the purpose of carrying out research into the taxi-cab industry
- the purpose of promoting the taxi-cab industry
- any other purpose considered by the Minister to be beneficial to the travelling public, in the interests of the passenger transport industry, and an appropriate application of money standing to the credit of the Fund.

	2010	2009
Inflows:	$'000	$'000
Receipts into the Fund	1	3
Total inflows	1	3
Outflows:		
Payments from the Fund	38	11
Total outflows	38	11
Net deficit	(37)	(8)
Fund balance:		
Balance at 1 July	51	59
Net deficit	(37)	(8)
Balance at 30 June	14	51

A25. Contingent assets and liabilities

The Department is not aware of any administered contingent assets or liabilities.

A26 Unrecognised contractual commitments

The Department is not aware of any administered unrecognised contractual commitments.

A27. Transfer payments

Transfer payments to SA Government:		
DTF	350 366	326 280
SAFECOM (SA Fire and Emergency Services Commission)	40 799	40 748
South Australia Police	41 258	33 611
Courts Administration Authority	454	664
Land Development Corporation	1	698
Motor Accident Commission	521 914	477 053
Other	3 188	3 189
Transfer payments to Federal Government:		
Department of Infrastructure, Transport, Regional Development and Local Government	7 255	5 498
Transfer payments to Local Government	243	230
Transfer payments to non-SA Government:		
Other	19 226	19 157
Total transfer payments	984 704	907 128

DEPARTMENT OF TREASURY AND FINANCE

FUNCTIONAL RESPONSIBILITY

Establishment

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

Functions

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

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

In turn the Department is a major service provider by:

- collecting tax revenue and implementing taxation legislation through RevenueSA
- raising and managing the State's debt funding and managing and insuring government risk through SAFA
- administering public sector superannuation through the State Superannuation Office (Super SA)
- managing whole-of-government contract services and providing support for the State Procurement Board
- implementing shared services reform.

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

Shared Services SA

Shared Services SA (SSSA) was created on 15 October 2007 as part of the Department and is responsible to the Under Treasurer to operate as the Government's shared services provider. The first group of agency services transitioned into SSSA on 31 March 2008. Further agency services transitioned into SSSA during 2008-09 and 2009-10 (refer note 32 to the financial statements).

Fleet SA

Effective from 1 July 2009 administrative responsibility for Fleet SA was transferred from the Department to the South Australian Government Financing Authority (SAFA). Fleet SA is responsible for the management of the SA Government's passenger and light commercial vehicle fleet operations. Refer to note 32 to the financial statements.

Administered funds

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

Corporate systems

- expenditure
- payroll
- revenue
- financial accounting.

RevenueSA

- financial accounting and recording systems for tax collectors
- emergency services levy collection system
- first home owners grant applications and disbursements
- compliance services for all taxes.

Shared services

- service delivery revenue
- transitioned business processes
- electronic funds transfer (EFT) processing.

Agency merchant facilities

The Department is the holder of the whole of government contract for merchant facilities with the Australia and New Zealand Banking Group (ANZ). The 2009-10 Audit included a high level assessment of these arrangements.

Financing and insurance services

Commentary in respect of these activities is included in the section of Part B of this Report covering SAFA.

Superannuation services

Commentary in respect of these activities is included in the section of Part B of this Report covering the South Australian Superannuation Board.

Public finances

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

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 Treasury and Finance 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 Treasury and Finance in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to corporate systems, Government Accounting Reporting and Procurement Branch, Shared Services (corporate systems) and shared services (agency electronic funds transfer processing), as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Department of Treasury and Finance have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit 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. Major matters raised with the Department and the related responses are detailed below.

Corporate systems

Outstanding bona fide reports

The Department's branch managers are required to review and certify the completeness and accuracy of fortnightly bona fide reports. 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.

The Department requires branch managers to return the certified bona fide report to the Financial Services unit within two weeks of receiving the report. To monitor compliance with this policy the Financial Services unit maintains a register of outstanding bona fide reports.

Audit's review of the bona fide report register noted that approximately 23 percent of bona fide reports (365/1553) were outstanding as at 19 January 2010.

Audit recommended that the Department remind site managers of the requirement to check and return bona fide reports and follow up the outstanding bona fide reports.

The Department's response indicated that staff turnover had contributed to delays in maintaining the completeness of its bona fide register and that it had transferred additional resources to address this concern. Further, the Department indicated that all branch managers would be reminded on the importance of certifying and returning bona fide reports to the Financial Services unit.

The need to improve the monitoring of outstanding bona fide reports was previously identified by Audit in 2008-09.

As at September 2010 the Department's bona fide register recorded that 41 percent of bona fide reports remained outstanding for 2009-10.

Outstanding leave booked reports

Branch managers are also required to review and certify the completeness and accuracy of monthly leave booked reports. Certification of the leave booked report ensures that the CHRIS system represents a complete and accurate record of leave taken by staff and provides:

- the Department with assurance that all leave taken by employees is deducted from their leave entitlement
- worksite managers with reliable leave information to support their approval of future leave applications.

The Department requires branch managers return the certified leave booked report to the Financial Services unit within two weeks of receiving the report. To monitor compliance with this policy the Financial Services unit maintains a register of outstanding leave booked reports.

Audit's review of the leave booked report register noted that approximately 48 percent (289/598) of leave booked reports were outstanding as at 19 January 2010.

The Department's response indicated that staff turnover had contributed to delays in maintaining the completeness of its leave booked report register and that it had transferred additional resources to address this concern. Further, the Department indicated that all branch managers would be reminded on the importance of certifying and returning Leave Booked Reports to the Financial Services unit.

The need to improve the monitoring of outstanding leave booked reports was previously identified by Audit in 2008-09.

As at September 2010 the Department's leave booked return register recorded that 70 percent of leave booked reports remained outstanding.

Service level agreements

Audit noted that the Department has not revised and renewed expired service level agreements (SLAs) with the following client agencies:

- Department of the Premier and Cabinet (DPC)
- Essential Services Commission of South Australia (ESCOSA)
- Independent Gambling Authority (IGA)
- South Australian Superannuation Board (Super SA)
- South Australian Government Financing Authority (SAFA)
- Motor Accident Commission (MAC).

Audit was advised that client agencies are presently charged for services using the billing schedules documented in the expired SLAs. These billing schedules may not reflect the current cost to the Department when providing these services.

In July 2010 the Department advised that it had developed draft SLA documents for all identified agencies but indicated that it has experienced delays in finalising these agreements following the transition of some corporate services to SSSA.

Government Accounting Reporting and Procurement Branch

Responsibilities of the Government Accounting Reporting and Procurement branch (GARP) include administering the appropriation process, recording the activities of the Consolidated Account and the balances of the Treasurer's deposit accounts and Treasurer's loans.

Matters raised included the following:

- Audit identified a small number of long outstanding reconciling items on the daily reconciliation of the Treasurer's Operating Account. One of these reconciling items dated back to 30 June 2006. In addition to resolving these matters, Audit has recommended the implementation of checking processes designed to ensure the timely resolution of reconciling items identified through the daily reconciliation of the Treasurer's Operating Account.

- Audit noted that GARP had incorrectly calculated interest on all agency interest bearing deposit and Special Deposit Accounts for the first two quarters of 2009-10. Audit was advised that the error was caused when GARP officers erroneously used interest rates supplied by SAFA for a different purpose. While these errors were identified and corrected by GARP in agency interest payments for the third quarter, Audit recommended that GARP implement a control designed to certify that it has used the correct interest rate in future interest calculations.

At the time of preparation of this report Audit had formally communicated these matters to the Department and was anticipating a formal response in the near future.

Merchant facilities – eCommerce data security compliance

The Department is the holder of the whole-of-government contract for merchant facilities with ANZ. ANZ is the appointed preferred supplier for government agencies. To maintain merchant services each applicable agency must comply with the global payment card industry (PCI) compliance requirements to protect cardholder data.

In July 2009 the ANZ wrote to the Department outlining specific PCI security and evidence requirements that the Department and agencies had to fulfil to maintain their merchant status. In February-March 2010 Audit conducted a high-level PCI compliance assessment involving the Department and selected agencies.

The review concluded that the Department as the holder of the whole-of-government contract needed to formalise the PCI governance process, with clearly defined roles and responsibilities for the Department, ANZ and the agencies. This included defining the responsibility for reviewing the accuracy of completed PCI self-assessment questionnaires, vulnerability scans and remediation plans. Audit also recommended the Department evaluate and discuss potential PCI scanning options for all PCI related devices, both external and internal. Finally Audit recommended that the Department liaise with the ANZ and the third party scanning vendor regarding the list of information extracted by their vulnerability scanning tool used by agencies, with assurance on how this data is protected and stored.

These matters were conveyed to the Department and the response indicated that the matters have been actioned or were in the process of being addressed in conjunction with the ANZ.

Shared services (corporate systems)

The following outlines audit findings from reviews of SSSA financial management functions performed on behalf of the Department.

Payroll processing

Responsibility for payroll processing for Department employees was transferred to SSSA during 2008-09.

Each pay period payroll officers must confirm the completeness and accuracy of payroll processing by performing transaction checking and review of specific payroll reporting. Audit was advised that SSSA does not check 100 percent of all transactions but rather adopts a risk based approach.

Audit was, however, unable to sight documented policies and procedures that clarify this risk-based approach to payroll checking and that specify the minimum nature and extent of checking SSSA expects its payroll officers to perform each pay period.

Documenting the expected level of checking procedures would:

- ensure payroll officers understand management's expectations on the nature and extent of checking procedures
- support consistency in the nature and extent of checking procedures performed each pay period
- support SSSA's monitoring of compliance with minimum performance expectations.

SSSA has indicated that it is currently reviewing and documenting existing processes and the risks associated with performing less than 100 percent checking. This documentation will form part of a framework that SSSA intends to implement to support payroll checking and internal monitoring of compliance.

Authentication of payment approval

Responsibility for accounts payable processing for the Department was transferred to SSSA during 2008-09.

Audit noted that SSSA accounts payable officers do not authenticate the signature of department officers approving invoices for payment.

The service summary between the Department and SSSA, which outlines the Department's minimum service expectations, states that SSSA personnel are required to check invoice payment approval against a register of authorised persons.

SSSA responded that the recently implemented eProcurement arrangements will include controls that authenticate the identity of officers approving invoices for payment.

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 various reviews and issues including external and internal audits.

SSSA reported that, excluding specific exceptions listed in its letter, the control environment operated effectively for the year ended 30 June 2010.

Material exceptions reported by SSSA included the need to:

- improve the level of segregation of duties within the payroll, accounts receivable and financial services process environments.
- formally review existing procedures for ongoing relevance and accuracy.

SSSA has provided the Department with the following response to these matters:

- SSSA will review existing processes and system access (where applicable) with a view to segregating incompatible functions. In specific instances SSSA has acknowledged that the current structure of teams in agency clusters does not support an adequate segregation of duties framework. SSSA has indicated that it will address this issue in the early part of 2011 with the introduction of functional teams as opposed to the existing agency clusters.

- SSSA is committed to reviewing, and where required, updating all procedures that transitioned from other units within the Department, including those services that transitioned without any documented procedures or with procedures that require updating.

Shared services – agency electronic funds transfer processing

The Department, through SSSA undertakes the payment of accounts payable and payroll expenses on behalf of government agencies. The responsibility arrangements for the services provided to agencies are set out in Service Level Determination agreements between the parties.

During the year Audit completed reviews of the SSSA electronic funds transfer arrangements for DTF Corporate and two other government agencies for the payment of accounts and payroll expenses. These payments are processed through a number of government systems, including Masterpiece, eProcurement Baseware, CHRIS and EMPOWER and also the contracted bank service provider's payment system. The review examined controls over electronic funds transfer payments including:

- segregation of duties for systems involved in the payment functions
- restriction and management of user access to payment processes and systems
- timing and effectiveness of bank reconciliations
- security over manual and system generated payment files from accounts payable and payroll modules to the contracted bank service provider's payment system
- EFT audit logging and monitoring of audit trails.

While the reviews revealed some controls in operation over reconciliation and checking processes, Audit identified many notable deficiencies in the end-to-end processing of financial payment transactions. Certain matters raised will require the joint involvement of SSSA and the applicable agency for remediation.

The more salient weaknesses were:

Policies and Procedures

- There were instances where a high level EFT payment policy was either not in existence or, where present, had not been complied with.
- There were incidences where processes were not documented or the procedural documentation needed to be updated.

Segregation of duties

- There were weaknesses identified with segregation of duties for staff in the systems tested that could result in the processing of unauthorised transactions without appropriate checks.
- Two government agencies reviewed had allocated a number of system administrators in the contracted bank service provider's payment system. These administrators had access to administer system security and also perform EFT functions, such as creating and approving EFT disbursements.

Processing and reconciliation controls

- There was a lack of documented procedures detailing the degree of checks to be performed on various financial transaction and payroll processes and a need to evidence checks actually carried out.
- SSSA payroll team had the ability to add agency employees within the EMPOWER and CHRIS applications. No specific reports however were produced by the applicable agency to verify the validity of employees being added to the EMPOWER or CHRIS systems.

User access controls

- Obsolete user access, generic user accounts and user accounts with excessive permission were identified on the systems tested. In some cases system administrator profiles, which provided full access to the system, were allocated to SSSA team members not assigned to the applicable administrator team.
- Masterpiece user access profiles were not well understood and insufficiently documented to enable a clear assessment in terms of segregation of duties.

- For one of the agencies reviewed the access functionality provided for each CHRIS profile screen needed to be further documented, with the results mapped against the current user task requirements.
- Notwithstanding ad hoc reviews undertaken, there was no formal regular process to review user access within some of the systems tested.
- Weak password controls existed in the EMPOWER and CHRIS systems used to process payroll for two of the agencies reviewed.

EFT file controls

- There were an excessive number of users identified who could access and modify the EFT payment files.

Logging and monitoring

- Insufficient logging and log monitoring of user account activity and EFT payment processing was observed for the systems tested.

Sensitive information

- The contracted bank service provider's payment system was set up to display sensitive information, such as user personal and security information.

The Department provided comprehensive formal responses addressing all salient matters raised. In particular the Department advised SSSA will conduct an organisational review of user access to transaction systems. The aim of the review is to strengthen system security controls and ensure that SSSA staff's access to key transactions and authorisations is appropriately restricted and segregated.

The responses also indicated that SSSA was committed to reviewing and where required, updating all procedures that transitioned from agencies to SSSA. Further, the resolution of certain matters was dependent on the applicable agency.

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 Department's financial statements

	2010	2009
	$'million	$'million
EXPENSES		
Employee benefit expenses	**130.7**	107.8
Supplies and services	**73.8**	103.6
Other expenses	**4.5**	69.2
Total expenses	**209.0**	280.6
INCOME		
Revenue from fees and charges	**128.6**	195.5
Other revenue	**1.9**	-
Total income	**130.5**	195.5
Net cost of providing services	**(78.5)**	(85.1)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT		
Revenues from SA Government	**110.3**	94.2
Payments to SA Government	**-**	(0.5)
Income tax equivalent paid	**-**	(0.3)
Net result and total comprehensive result	**31.8**	8.3

	2010	2009
	$'million	$'million
ASSETS		
Current assets	**84.4**	159.6
Non-current assets	**24.0**	155.0
Total assets	**108.4**	314.6
LIABILITIES		
Current liabilities	**25.2**	101.5
Non-current liabilities	**28.1**	186.0
Total liabilities	**53.3**	287.5
TOTAL EQUITY	**55.1**	27.1

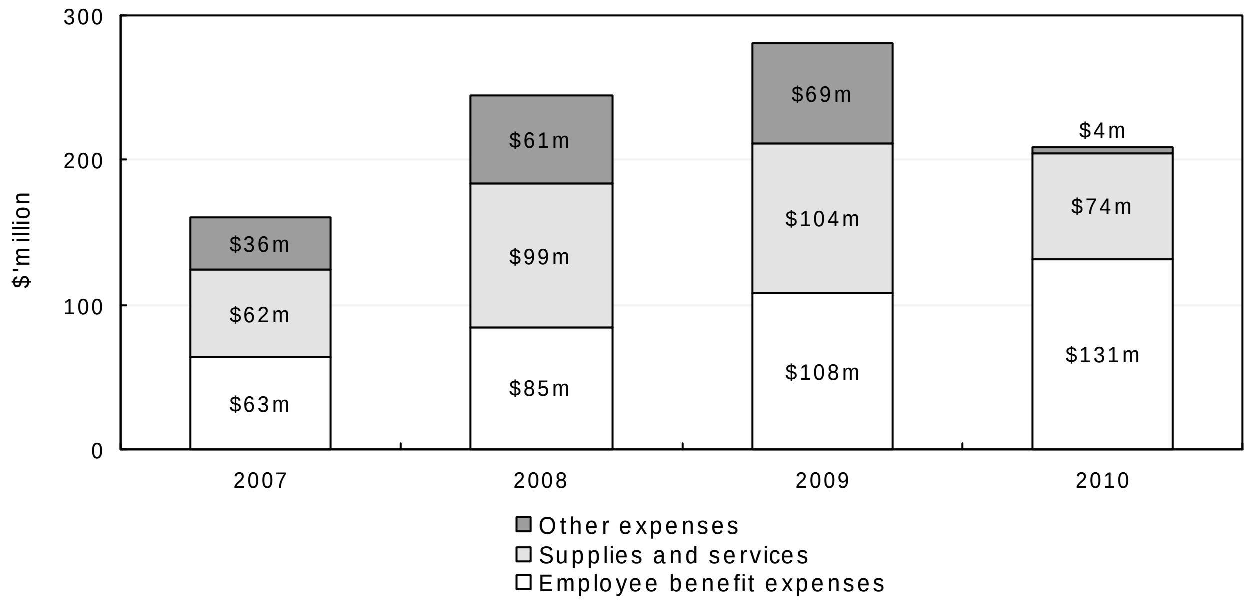
Statement of Comprehensive Income

The change in financial activity since 2007 reflects the Department's involvement in major government restructure reforms over this period. These reforms have moved the Department from primarily policy administration to include significant service operations.

The Disaggregated Disclosure – Expenses and Income for the year ended 30 June 2010 highlights the financial activities of the Department's programs.

Expenses

The following chart shows the main expense items for the Department for the four years to 2010.



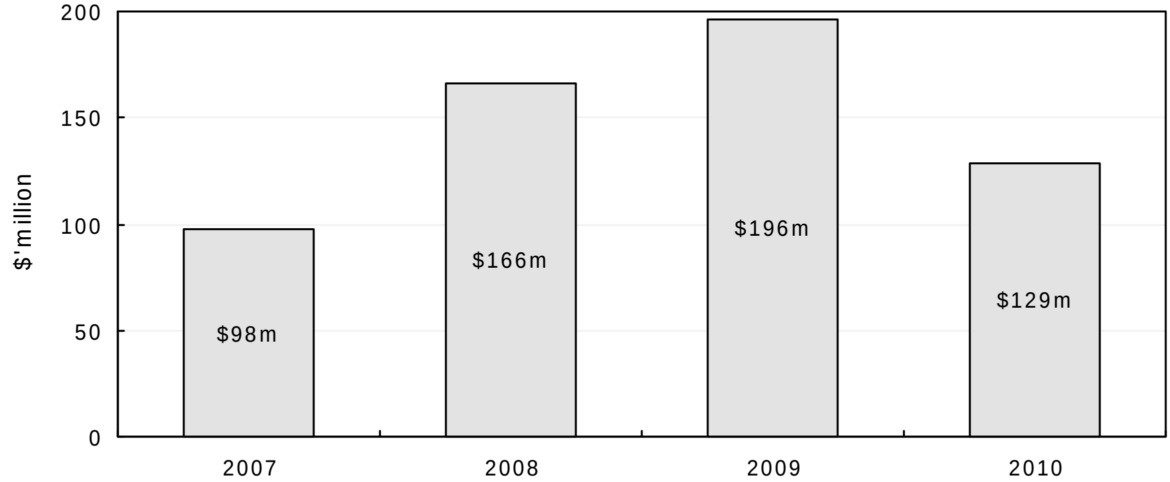
Total expenses decreased by $72 million to $209 million as a result of a $95 million decrease in supplies and services and other expenses offset by a $23 million increase in employee benefit expenses.

The decrease in supplies and services and other expense is due mainly to the transfer of Fleet SA to SAFA on 1 July 2009. Employee benefits expenses did not similarly decrease because the Department staff are assigned to SAFA to support its activities. The Department recovers the full cost of assigning staff from SAFA as a revenue recovery.

The increase in employee expenses for 2010 reflects the full year impact of the transfer of staff from agencies to SSSA during 2009.

Income

The following chart shows revenues from fees and charges for the four years to 2010.



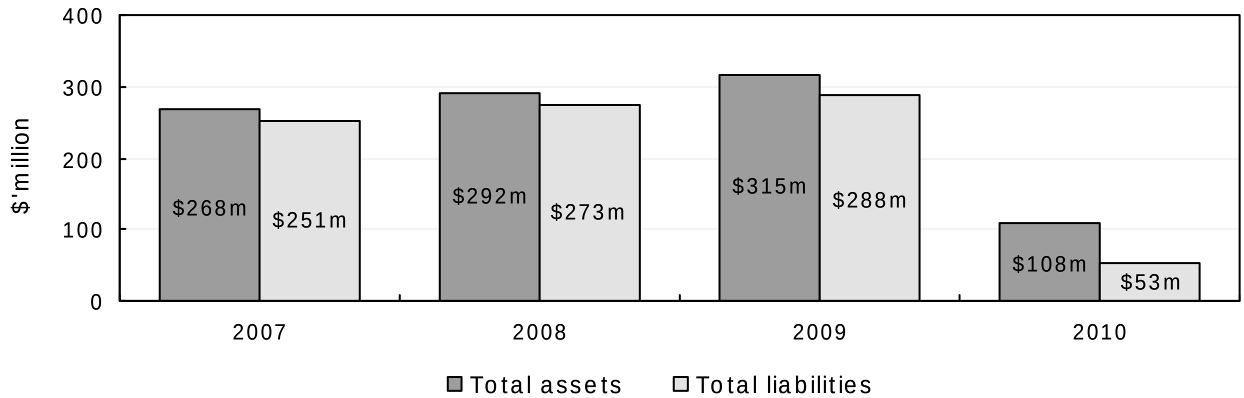
Revenues from fees and charges decreased by $67 million to $129 million due mainly to a $102 million decrease in vehicle hire charges following the transfer of Fleet SA activities to SAFA, offset by a $29 million increase in fees and charges generated by SSSA following the transfer in from agencies of general accounting, external financial reporting, asset accounting and taxation services in October 2009.

Statement of Financial Position

Assets and liabilities

Total assets decreased by 66 percent to $108 million due mainly to the transfer to SAFA of Fleet SA assets totalling $242 million. This decrease in assets was offset by the transfer to SAFA of liabilities totalling $238 million.

The following chart shows the assets and liabilities for the Department for the four years to 2010.



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	**37.6**	53.2	39.9	50.3
Investing	**(11.6)**	(61.4)	(37.0)	(28.0)
Financing	**(23.0)**	12.4	24.3	(2.1)
Change in cash	**3.0**	4.2	27.2	20.2
Cash at 30 June	**66.0**	63.0	58.8	31.6

Highlights of the Department's administered financial statements

The administered financial statements mainly reflect the Department's transactions on behalf of the SA Government for the Consolidated Account.

	2010	2009
	$'million	$'million
INCOME		
Taxation	**3 328**	3 120
Commonwealth revenues	**8 511**	4 919
Revenues from SA Government	**1 761**	1 609
Other revenues	**1 161**	978
Total income	**14 761**	10 626
EXPENSES		
Payments to SA Government	**9 966**	7 791
Grants, subsidies and transfers	**3 985**	1 804
Other expenses	**772**	807
Total expenses	**14 723**	10 402
Net result	**38**	224
ASSETS		
Current assets	**1 283**	1 182
Non-current assets	**1**	4
Total assets	**1 284**	1 186
LIABILITIES		
Current liabilities	**919**	855
Non-current liabilities	**488**	492
Total liabilities	**1 407**	1 347
TOTAL EQUITY	**(123)**	(161)

The Consolidated Account result for 2009-10 is reported in the Treasurer's Statements (refer to the Appendix to Part B of this Report).

FURTHER COMMENTARY ON OPERATIONS

Commonwealth funding arrangements

From 1 January 2009, the 'Intergovernmental Agreement on Federal Financial Relations' (IGA) came into operation. The IGA provides a new framework for the Commonwealth's financial relations with the States and Territories. Accompanying the reform process was a rationalisation of the Commonwealth-State payment structure.

The IGA provides for the following types of Commonwealth payments:

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

Under the new IGA all Commonwealth funding is provided to the Department, which is then responsible for distributing funds to agencies. The Treasurer has established a Special Deposit Account to receive and disburse money paid to the State for the National SPP purposes listed in Schedule F of the IGA and the National NPP purposes listed in Schedule G.

2009-10 represents the first full year of operation of these new Commonwealth specific purpose funding arrangements. Prior to 1 January 2009 Commonwealth funding was provided directly to agencies.

The balance of the IGA account at 30 June 2010 was $258.2 million ($224.6 million).

Statement of Comprehensive Income for the year ended 30 June 2010

	Note	**2010 $'000**	2009 $'000
EXPENSES:			
Employee benefit expenses	5	**130 712**	107 815
Supplies and services	6	**73 814**	103 631
Depreciation and amortisation expense	7	**4 301**	49 641
Borrowing costs	8	**-**	15 287
Other expenses	9	**172**	4 237
Total expenses		**208 999**	280 611
INCOME:			
Revenues from fees and charges	11	**128 575**	195 501
Interest revenues	12	**854**	173
Net loss from disposal of non-current assets	13	**-**	(1 015)
Commonwealth revenue		**313**	-
Other income	14	**716**	903
Total income		**130 458**	195 562
NET COST OF PROVIDING SERVICES		**(78 541)**	(85 049)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT			
Revenues from SA Government	15	**110 303**	94 184
Payments to SA Government	15	**-**	(455)
Income tax equivalent paid	15	**-**	(346)
Total revenues from SA Government		**110 303**	93 383
NET RESULT		**31 762**	8 334
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE RESULT		**31 762**	8 334

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	16	**66 028**	62 976
Receivables	17	**18 348**	29 972
Property, plant and equipment	19	**-**	59 755
		84 376	152 703
Non-current assets classified as held for sale	18	**-**	6 911
Total current assets		**84 376**	159 614
NON-CURRENT ASSETS:			
Receivables	17	**840**	21
Property, plant and equipment	19	**6 151**	146 055
Intangible assets	20	**17 067**	8 899
Total non-current assets		**24 058**	154 975
Total assets		**108 434**	314 589
CURRENT LIABILITIES:			
Payables	21	**10 804**	11 373
Borrowings	22	**-**	73 054
Employee benefits	23	**13 500**	12 186
Provisions	24	**208**	1 159
Other current liabilities	25	**670**	770
		25 182	98 542
Liabilities directly associated with non-current assets held for sale		**-**	2 951
Total current liabilities		**25 182**	101 493
NON-CURRENT LIABILITIES:			
Payables	21	**2 386**	2 244
Borrowings	22	**-**	158 962
Employee benefits	23	**24 079**	22 654
Provisions	24	**685**	452
Other non-current liabilities	25	**1 004**	1 674
Total non-current liabilities		**28 154**	185 986
Total liabilities		**53 336**	287 479
NET ASSETS		**55 098**	27 110
EQUITY:			
Contributed capital	26	**547**	547
Retained earnings	26	**54 443**	26 455
Asset revaluation surplus	26	**108**	108
TOTAL EQUITY		**55 098**	27 110

Total equity is attributable to the SA Government as owner

	Note
Unrecognised contractual commitments	27
Contingent assets and liabilities	28

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

	Note	Contributed capital $'000	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2008		-	108	17 538	17 646
Error correction		-	-	709	709
Restated balance at 30 June 2008		-	108	18 247	18 355
Net result for 2008-09		-	-	8 334	8 334
Total comprehensive result for 2008-09		-	-	8 334	8 334
Transactions with SA Government as owner					
Equity contribution received		5 087	-	-	5 087
Equity contribution repaid		(4 540)	-	-	(4 540)
Net assets transferred as a result of an administrative restructure	32	-	-	(126)	(126)
Balance at 30 June 2009	26	547	108	26 455	27 110
Error Correction		-	-	-	-
Restated balance at 30 June 2009		547	108	26 455	27 110
Net result for 2009-10		-	-	31 762	31 762
Total comprehensive result for 2009-10		-	-	31 762	31 762
Transactions with SA Government as owner					
Net assets transferred as a result of an administrative restructure	32	-	-	(3 774)	(3 774)
Balance at 30 June 2010	26	**547**	**108**	**54 443**	**55 098**

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		**(126 819)**	(104 908)
Payments for supplies and services		**(75 742)**	(107 513)
Interest paid		**-**	(15 287)
GST payments on purchases		**(9 778)**	(21 826)
GST remitted to ATO		**(11 489)**	(23 311)
Cash used in operations		**(223 828)**	(272 845)
CASH INFLOWS:			
Fees and charges		**127 483**	188 568
Interest received		**781**	152
GST receipts on receivables		**10 916**	22 291
GST recovered from ATO		**10 997**	21 867
Commonwealth funding		**313**	-
Other receipts		**668**	351
Cash generated from operations		**151 158**	233 229
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		**110 303**	94 184
Payments to SA Government		**-**	(455)
Income tax equivalents paid		**-**	(851)
Cash generated from SA Government		**110 303**	92 878
Net cash provided by operating activities	30(b)	**37 633**	53 262
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of property, plant and equipment		**(1 956)**	(102 281)
Purchase of intangible assets		**(9 635)**	(6 316)
Cash used in investing activities		**(11 591)**	(108 597)
CASH INFLOWS:			
Proceeds from sale of property, plant and equipment		**-**	47 162
Cash generated from investing activities		**-**	47 162
Net cash used in investing activities		**(11 591)**	(61 435)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Repayment of borrowings		**-**	(95 801)
Contribution to government		**(462)**	-
Repayment of finance leases		**-**	(349)
Repayment of capital contribution to SA Government		**-**	(4 540)
Cash transferred as a result of restructuring activities		**(23 289)**	-
Cash used in financing activities		**(23 751)**	(100 690)
CASH INFLOWS:			
Cash received as a result of restructuring activities		**761**	6 855
Proceeds from borrowings		**-**	101 122
Capital contribution from SA Government		**-**	5 087
Cash generated from financing activities		**761**	113 064
Net cash (used in) provided by financing activities		**(22 990)**	12 374
NET INCREASE IN CASH AND CASH EQUIVALENTS		**3 052**	4 201
CASH AND CASH EQUIVALENTS AT 1 JULY		**62 976**	58 775
CASH AND CASH EQUIVALENTS AT 30 JUNE	30(a)	**66 028**	62 976

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	**17 954**	17 515	**41 434**	37 284	**50 940**	35 942	**20 014**	16 715
Supplies and services	**5 902**	7 395	**23 035**	23 235	**28 710**	19 782	**16 129**	53 164
Depreciation and amortisation expense	**242**	834	**1 228**	1 532	**1 829**	680	**999**	46 592
Borrowing costs	**-**	-	**-**	-	**-**	-	**-**	15 287
Other expenses	**40**	79	**87**	163	**-**	-	**44**	3 994
Total expenses	**24 138**	25 823	**65 784**	62 214	**81 479**	56 404	**37 186**	135 752
INCOME:								
Revenues from fees and charges	**3 468**	3 353	**33 197**	33 811	**66 035**	34 720	**25 811**	123 517
Interest revenues	**4**	-	**8**	-	**837**	166	**5**	7
Net gain (loss) from disposal of non-current assets	**-**	-	**-**	-	**-**	-	**-**	(1 015)
Commonwealth revenue	**-**	-	**313**	-	**-**	-	**-**	-
Other income	**144**	223	**288**	259	**223**	25	**60**	396
Total income	**3 616**	3 576	**33 806**	34 070	**67 095**	34 911	**25 876**	122 905
NET COST OF PROVIDING SERVICES	**(20 522)**	(22 247)	**(31 978)**	(28 144)	**(14 384)**	(21 493)	**(11 310)**	(12 847)
REVENUES FROM (PAYMENT TO) SA GOVERNMENT:								
Revenues from SA Government	**-**	-	**-**	-	**-**	-	**-**	-
Payments to SA Government	-	-	-	-	-	-	**-**	-
Income tax equivalent paid	-	-	-	-	-	-	**-**	-
NET RESULT	**(20 522)**	(22 247)	**(31 978)**	(28 144)	**(14 384)**	(21 493)	**(11 310)**	(12 847)

(Activities - refer note 4)	5		General/ Not Attributable		Total	
	2010	2009	**2010**	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**370**	359	**-**	-	**130 712**	107 815
Supplies and services	**38**	55	**-**	-	**73 814**	103 631
Depreciation and amortisation expense	**3**	3	**-**	-	**4 301**	49 641
Borrowing costs	**-**	-	**-**	-	**-**	15 287
Other expenses	**1**	1	**-**	-	**172**	4 237
Total expenses	**412**	418	**-**	-	**208 999**	280 611
INCOME:						
Revenues from fees and charges	**64**	100	**-**	-	**128 575**	195 501
Interest revenues	**-**	-	**-**	-	**854**	173
Net gain (loss) from disposal of non-current assets	**-**	-	**-**	-	**-**	(1 015)
Commonwealth revenue	**-**	-	**-**	-	**313**	-
Other income	**1**	-	**-**	-	**716**	903
Total income	**65**	100	**-**	-	**130 458**	195 562
NET COST OF PROVIDING SERVICES	**(347)**	(318)	**-**	-	**(78 541)**	(85 049)
REVENUES FROM (PAYMENT TO) SA GOVERNMENT:						
Revenues from SA Government	**-**	-	**110 303**	94 184	**110 303**	94 184
Payments to SA Government	**-**	-	**-**	(455)	**-**	(455)
Income tax equivalent paid	**-**	-	**-**	(346)	**-**	(346)
NET RESULT	**(347)**	(318)	**110 303**	93 383	**31 762**	8 334

The allocations to programs are indicative and are based on broad costing methodologies.

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2010

(Activities - refer note 4)	1		2		3	
	2010	2009	**2010**	2009	**2010**	2009
ASSETS:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	**-**	-	**-**	-	**-**	-
Receivables	**243**	452	**1 342**	1 860	**10 568**	12 108
Property, plant and equipment	**66**	94	**1 461**	1 420	**2 273**	2 871
Intangible assets	**-**	1 223	**11 925**	6 448	**4 257**	24
Non-current assets classified as held for sale	**-**	-	**-**	-	**-**	-
Total assets	**309**	1 769	**14 728**	9 728	**17 098**	15 003
LIABILITIES:						
Payables	**1 093**	692	**3 449**	1 976	**5 248**	4 450
Borrowings	**-**	-	**-**	-	**-**	-
Employee benefits	**5 151**	4 584	**11 888**	7 544	**14 691**	13 529
Provisions	**125**	62	**289**	161	**337**	234
Other liabilities	**-**	-	**-**	-	**1 674**	2 343
Liabilities directly associated with non-current assets held for sale	**-**	-	**-**	-	**-**	-
Total liabilities	**6 369**	5 338	**15 626**	9 681	**21 950**	20 556
NET ASSETS	**(6 060)**	(3 569)	**(898)**	47	**(4 852)**	(5 553)

(Activities - refer note 4)	4		5	
	2010	2009	**2010**	2009
ASSETS:	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	**-**	-	**-**	-
Receivables	**4 935**	14 809	**-**	-
Property, plant and equipment	**1 822**	200 717	**-**	-
Intangible assets	**100**	295	**-**	-
Non-current assets classified as held for sale	**-**	6 911	**-**	-
Total assets	**6 857**	222 732	**-**	-
LIABILITIES:				
Payables	**1 795**	5 075	**16**	1
Borrowings	**-**	232 016	**-**	-
Employee benefits	**5 743**	3 922	**106**	4
Provisions	**140**	1 071	**2**	-
Other liabilities	**-**	76	**-**	-
Liabilities directly associated with non-current assets held for sale	**-**	2 951	**-**	-
Total liabilities	**7 678**	245 111	**124**	5
NET ASSETS	**(821)**	(22 379)	**(124)**	(5)

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

(Activities - refer note 4)	General/Not attributable		Total	
	2010	2009	**2010**	2009
ASSETS:	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	**66 028**	62 976	**66 028**	62 976
Receivables	**2 100**	764	**19 188**	29 993
Property, plant and equipment	**529**	709	**6 151**	205 810
Intangible assets	**785**	909	**17 067**	8 899
Non-current assets classified as held for sale	**-**	-	**-**	6 911
Total assets	**69 442**	65 358	**108 434**	314 589
LIABILITIES:				
Payables	**1 589**	1 423	**13 190**	13 617
Borrowings	**-**	-	**-**	232 016
Employee benefits	**-**	5 257	**37 579**	34 840
Provisions	**-**	83	**893**	1 611
Other liabilities	**-**	25	**1 674**	2 444
Liabilities directly associated with non-current assets held-for-sale	**-**	-	**-**	2 951
Total liabilities	**1 589**	6 788	**53 336**	287 479
NET ASSETS	**67 853**	58 570	**55 098**	27 110

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of Department of the Treasury and Finance

The Department of Treasury and Finance (the Department) provides policy advice and financial management services to the Government of South Australia in order to strengthen state finances and contribute to community well being through supporting the objectives of South Australia's Strategic Plan (SASP). This is achieved by promoting policy accountability in the public sector based on objective and comprehensive analysis of options, by managing the whole-of-government financial processes and by providing financial services.

The Department is the lead agency supporting the government's key economic, social and financial policy outcomes through the provision of advice and coordination of resource allocation for government programs. The Department also provides financial services to the government and the community, covering asset and liability management, collection of state taxes, insurance and superannuation.

The Department also supports the Government's target for improved administrative efficiency within the public sector through implementation and provision of shared services and provision of procurement and fleet management further across the SA Government.

The Department provides the Government with policy and financial advice on achieving the SASP through the following departmental priorities:

Strengthen state finances including maintaining the AAA credit rating
Related SASP objective: Growing prosperity
Target area: Credit rating; Strategic infrastructure

Achieve performance improvements in the South Australian public sector
Related SASP objective: Growing prosperity
Target area: Performance in the public sector – administrative efficiency; Government decision-making

Improve budget and financial management processes
Related SASP objective: Growing prosperity
Target area: Performance in the public sector – Government decision making; Strategic infrastructure

Improve service delivery
Related SASP objective: Growing prosperity
Target area: Performance in the public sector – customer and client satisfaction with Government services; Government decision-making

1. Objectives of Department of the Treasury and Finance (continued)

Effective industry regulation

Related SASP objective: Growing prosperity
Target area: Performance in the public sector – Government decision-making

Corporate priorities

Related SASP objective: Growing prosperity
Target area: Performance in the public sector – productivity; Government decision-making

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

2. Summary of significant accounting policies

2.1 Statement of compliance

The 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.

Basis of preparation

The preparation of the financial statements requires:

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

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

2.3 *Restructure of administrative arrangements*

2009-10

- Transferred out:
  - Fleet SA

    On 1 July 2009 the light motor vehicle fleet transferred to SAFA. The net impact on equity was transfer of net assets from the Department to SAFA of $3.773 million. Further detail is contained in note 32.

- Transferred in:
  - Shared Services SA

    Shared Services SA completed the transition of Tranche 2 services in October 2009. The services comprised general accounting, external financial reporting, asset accounting and taxation services for 8 agencies. There were 43.6 FTEs that transitioned into Shared Services SA. Further detail is contained in note 32.

2008-09

- Transferred out:
  - Supply SA

    On 1 July 2008, SA Health assumed the responsibility of Supply SA Camden Park site. This resulted in the transfer of 21 FTEs, employee liabilities, lease for the premises and associated assets of the Camden Park warehouse. Further detail is contained in note 32.

- Transferred in:
  - Shared Services SA

    Certain business services of SA Government agencies transferred into Shared Services SA in a series of transition programs known as Tranches during 2008-09. 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 1 services on 15 October 2007, which comprised accounts payable, accounts receivable and payroll services.

    The next tranche of services to transition was approved by Cabinet on 8 December 2008 and comprised of certain financial services, ICT services and support, contract services and purchase card administration. The first group of Tranche 2 transferred into Shared Services SA in June 2009. Further detail is contained in note 32.

2.4 *Comparative information*

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

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

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

2.5 *Rounding*

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

2.6 *Taxation*

In 2008-09, in accordance with TI 22, Fleet SA was required to pay to the State Government income tax equivalents. The income tax liability is based on the Treasurer's accounting profit method, which requires the corporate tax rate be applied to the net profit. The current income tax liability relates to the income tax expense outstanding for the current period.

On 1 July 2009 Fleet SA was transferred to SAFA.

The Department is liable for payroll tax, FBT and GST.

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

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

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

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

2.6 Taxation (continued)

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

2.7 Events after the end of the reporting date

Events after the reporting date (refer note 33).

2.8 Income

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

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

The following are specific recognition criteria:

Fees and charges

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

Contributions received

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

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

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

Commonwealth funding

The Commonwealth provided a national payment under the Intergovernmental Agreement on Federal Financial Relations for the recovery of costs in undertaking work under the standard business reporting requirement. The funding was $313 000.

Revenues from SA Government

Appropriations for program funding are recognised as revenues when the Department obtains control over the funding. Control over appropriations is normally obtained upon receipt.

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

Net gain on disposal of non-current assets

Income from the disposal of non-current assets is recognised when 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.

2.9 Expenses

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

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

The following are specific recognition criteria:

Employee benefit expenses

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

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

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

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.

The assets' residual values, useful lives and depreciation/amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

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

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

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

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

Class of asset	*Depreciation/amortisation method*	*Useful life (years)*
Buildings	Straight-line	20-40
Fitouts - leased buildings	Straight-line	Remaining life of lease
Furniture	Straight-line	10
Information technology equipment	Straight-line	3-5
Intangibles	Straight-line	3-15
Motor vehicles	Straight-line	1-5
Office equipment	Straight-line	3-5
Plant and equipment	Straight-line	5-10

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

Borrowing costs
All borrowing costs are recognised as expenses.

Payments to SA Government
Payments to the SA Government represent the return of surplus cash pursuant to the cash alignment policy and is paid directly to the Consolidated Account.

2.10 Current and non-current classification
Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

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

Cash and cash equivalents
Cash and cash equivalents in the Statement of Financial Position includes cash on hand and deposits at call that are readily converted to cash and which are subject to insignificant risk of changes in value.

Cash is measured at nominal value.

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

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

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

Other financial assets
The Department measures financial assets and debt at historical cost, except for interest free loans (measured at the present value of expected repayments).

Non-current assets (or disposal groups) held for sale
Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed one year from the date of classification.

Non-current assets classified as held for sale and the assets of a disposal group classified as held-for-sale are presented separately from the other assets in the Statement of Financial Position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Statement of Financial Position.

Non-current assets - acquisition and recognition
Non-current assets are initially recorded at cost or at the value of any assets 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 book value, ie the amount recorded by the transferor public authority immediately prior to the restructure.

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

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

Every three years, the Department revalues its land, buildings and fitouts over $1 million. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the 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 reviewed for indication of impairment through stocktaking processes or at the reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets an impairment loss is offset against the 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.

Intangible assets (continued)
The acquisition of software or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiably, 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 Intangible Assets are expensed.

Subsequent expenditure on intangible assets that includes upgrades or enhancements to existing software systems that result in additional functionality or performance is capitalised. Other expenditure for modifications that merely maintain the existing level of performance or system functionality is expensed.

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

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

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

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

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

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

The Department makes contributions to several State Governments 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 schemes.

Borrowings/Financial liabilities
The Department measures financial liabilities including borrowings/debt at historical cost.

Borrowings are recognised when issued at the amount of the net proceeds received and carried at cost less any repayments until the loan is settled.

Light motor vehicles - loan arrangements with SAFA
Effective 1 July 2009, the responsibility for Fleet SA transferred to SAFA. Arrangements for the ongoing acquisition of motor vehicles had existed with SAFA since 2003. Funding was provided through a loan facility direct to Fleet SA. The vehicle purchases were financed on a credit foncier basis of three year fixed periods. As at 30 June 2009 loans outstanding represent those settled from July 2006 onwards. The outstanding borrowings transferred to SAFA effective 1 July 2009.

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 finance leases and operating leases.

Finance leases
Finance leases, which transfer to the Department substantially all the risks and benefits/rewards incidental to ownership of the leased assets, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

Minimum lease payments are allocated between borrowing costs and reduction of the lease liability, to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Lease liabilities are classified as both current and non-current.

Where there is no reasonable assurance that the Department will obtain ownership of the capitalised asset at the end of the lease term, the asset is amortised over the shorter of the lease term and its useful life.

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

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

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

Lease incentives in the form of leasehold improvements are capitalised as an asset and amortised 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.

Salaries and wages, annual leave and sick leave
The liability for salaries and wages is measured as the amount unpaid at 30 June 2010 at remuneration rates current at 30 June 2010.

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 salaries 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 (6.5 years). An actuarial assessment of long service leave based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Department's experience of employee retention and leave taken.

The current/non-current classification of Department's long service leave liabilities has been calculated based on historical usage patterns consistent with paragraph 5.15 of APF IV.

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 obligation.

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

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

Workers compensation
The Department is responsible for workers compensation with an actuarial estimate of the outstanding liability as at June 2010 provided by a consulting actuary, Taylor Fry, as requested by DPC - Public Sector Workforce Relations Division.

Procurement of testing services - removal of underground fuel tanks and site remediation
A provision is recognised for the procurement of testing services (relating to the costs associated with the removal of underground fuel tanks previously owned by Mobil Australia including the remediation of sites). The provision specifically includes the procurement of assessment, drilling and analytical services.

2.13 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.

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

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

3. New and revised accounting standards and 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 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: Accountability for Public Sector Resources

The Department has the role of ensuring accountability for public sector resources through providing policy, economic and financial advice to the government and coordinating resource allocations for government programs and priorities at the whole-of-government level.

Activity 2: Financial Services Provision

The Department has a role of providing a range of whole-of-government services including liability management, collection of taxes, and insurance and superannuation administration.

This activity includes the employee benefit expenses and liabilities associated with the employment of staff assigned to support the activities of Super SA and the treasury and insurance activities of SAFA. The recovery of these expenses from Super SA and SAFA are recognised by the Department as revenue from fees and charges.

Activity 3: Shared Services

Design, development, implementation and delivery of shared services across government.

Activity 4: State Procurement and Fleet Operations

The Department has a role of providing a range of services (in addition to those provided by Shared Services SA) to other government agencies including contract management and procurement policy, fleet management, ICT support services.

This activity includes the employee benefit expenses and liabilities associated with the employment of staff assigned to support the fleet management activities of SAFA. The recoveries of these expenses from SAFA are recognised by the Department as revenues from fees and charges.

Activity 4 also includes the employee benefit expenses and liabilities associated with the employment of ICT support services staff assigned to Shared Services SA.

Activity 5: Gambling Policy

The Department provides policy advice to the government on economic, social and regulatory issues associated with gambling.

5. Employee benefit expenses

	2010	2009
	$'000	$'000
Salaries and wages	93 428	78 364
TVSPs (refer below)	2 696	-
Long service leave	4 161	2 924
Annual leave	8 543	7 493
Employment on-costs - superannuation	11 901	10 477
Employment on-costs - other	5 769	5 296
Board fees	263	292
Other employee related expenses	3 951	2 969
Total employee benefit expenses	130 712	107 815

TVSPs

Amount paid to these employees:		
TVSPs	2 696	-
Annual leave and long service leave paid during the reporting period	828	-
	3 524	-
Recovery from the Treasurer	2 134	-
Net amount paid to employees	1 390	-

The number of employees who were paid TVSPs during the reporting period was 24 (0).

Remuneration of employees

The number of employees whose remuneration received/receivable falls within the following bands:	2010 Number	2009 Number
$100 000 - $109 999	83	54
$110 000 - $119 999	31	14
$120 000 - $129 999	10	5
$130 000 - $139 999	4	6
$140 000 - $149 999	10	9
$150 000 - $159 999	7	15
$160 000 - $169 999	13	4
$170 000 - $179 999	2	7
$180 000 - $189 999	4	5
$190 000 - $199 999	1	4
$200 000 - $209 999	8	2
$210 000 - $219 999	4	2
$220 000 - $229 999	2	2
$230 000 - $239 999	1	1
$240 000 - $249 999	1	1
$250 000 - $259 999	1	1
$260 000 - $269 999	1	2
$270 000 - $279 999	1	-
$280 000 - $289 999	-	1
$290 000 - $299 999	2	1
$350 000 - $359 999	1	-
$380 000 - $389 999	-	1
$390 000 - $399 999	1	-
Total	188	137

The table includes all employees who received remuneration of $100 000 or more during the year, of which 62 (61) are executive and 126 (76) non-executive staff. 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 $25.52 million ($19.329 million).

6. Supplies and services

	2010 $'000	2009 $'000
Accommodation and telecommunication	13 915	12 704
Information technology expenses	23 460	20 856
Cost of goods	-	3 249
Motor vehicle expenses	6	30 821
Minor works, maintenance and equipment	702	1 767
Legal costs	835	617
Consultants	1 562	1 312
Contractors and temporary staff	17 092	13 752
Valuation fees	4 511	4 406
General administration and consumables	6 594	4 813
Other	5 137	9 334
Total supplies and services	73 814	103 631

Supplies and services provided by entities within the SA Government:		
Accommodation and telecommunication	13 723	12 309
Information technology expenses	5 291	5 569
Cost of goods	-	3 238
Motor vehicle expenses	-	2 822
Minor works, maintenance and equipment	396	66
Legal costs	781	563
Valuation fees	4 511	4 406
General administration and consumables	1 853	97
Other	2 763	6 447
Total supplies and services within the SA Government	29 318	35 517

The total supplies and services amount disclosed includes GST amounts not-recoverable from the ATO due to the Department not holding a valid tax invoice for payment.

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

	2010 Number	2009 Number	2010 $'000	2009 $'000
Below $10 000	15	13	67	46
Between $10 000 and $50 000	11	16	278	430
Above $50 000	10	8	1 217	836
Total paid/payable to the consultants engaged	36	37	1 562	1 312

7. Depreciation and amortisation expense

	2010	2009
	$'000	$'000
Depreciation:		
Plant and equipment	3	10
Motor vehicles	-	45 354
Furniture	39	20
Information technology equipment	685	551
Office equipment	283	225
Total depreciation	1 010	46 160
Amortisation:		
Intangible assets	2 210	2 133
Building fitouts	1 081	1 085
Leased plant and equipment	-	263
Total amortisation	3 291	3 481
Total depreciation and amortisation expense	4 301	49 641

8. Borrowing costs

	2010	2009
Borrowing costs paid/payable to entities within the SA Government:		
Interest paid/payable on short term and long term borrowings	-	15 287
Total borrowing costs - SA Government entities	-	15 287

9. Other expenses

	2010	2009
Derecognition of assets	-	160
Bad and doubtful debts expenses	172	173
Impairment loss	-	3 904
Total other expenses	172	4 237

10. Auditor's remuneration

	2010	2009
Audit fees paid/payable to the Auditor-General's Department	498	537
Total audit fees	498	537

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

11. Revenue from fees and charges

	2010	2009
Agencies for the provision of corporate services	2 585	2 247
SAFA	14 011	8 058
South Australian Superannuation Board	14 070	13 099
Community Emergency Services Fund	5 495	5 348
Land tax certificates	329	737
Regulatory fees	68	137
Shared services	62 989	33 794
Service provision	27 850	27 573
Fleet management	412	102 513
Sale of goods	6	335
Other recoveries	760	1 660
Total fees and charges	128 575	195 501
Fees and charges received/receivable from entities within the SA Government:		
Agencies for the provision of corporate services	2 585	2 247
SAFA	14 011	8 058
Community Emergency Services Fund	5 495	5 348
Land tax certificates	-	459
Shared Services SA	62 989	33 794
Service provision	24 209	25 583
Fleet management	-	100 659
Sale of goods	-	77
Other recoveries	401	1 042
Total fees and charges within the SA Government	109 690	177 267

12. Interest revenues

	2010	2009
Interest from entities within the SA Government	854	173
Total interest revenues	854	173

13. Net loss from disposal of non-current assets

	2010	2009
Property, plant and equipment:		
Proceeds from disposal	-	47 162
Net book value of assets disposed	-	(48 177)
Total net loss from disposal of non-current assets	-	(1 015)

14. Other income

	2010 $'000	2009 $'000
Commissions	164	157
Banking recoveries	140	84
Other reimbursements	2	116
Other income	328	168
Derecognition liabilities	82	378
Total other income	716	903
Other income received/receivable from entities within the SA Government:		
Other reimbursements	2	116
Total other income from entities within the SA Government	2	116

15. Revenues from (payments to) SA Government

Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the *Appropriation Act*	95 703	91 960
Appropriations under other acts (pursuant to Treasurer's contingency section 15 *Public Finance and Audit Act 1987)*	14 600	2 224
Total revenues from SA Government	110 303	94 184
Payments to SA Government:		
Return of surplus cash pursuant to cash alignment policy	-	455
Total payments to SA Government	-	455
Income tax equivalent:		
Income tax equivalent payment - Fleet SA	-	346
Total income tax equivalent	-	346

The appropriation from Consolidated Account of $95.703 million is predominantly in support of operating activities and the following components can be attributed to capital: RISTEC $6.4 million, eProcurement $5.1 million and Minor Capital replacement $2.1 million - Annual program.

The contingency appropriation of $14.6 million included $10.9 million for the eProcurement project (SSSA), TVSP reimbursements for the Department of $2.1 million and enterprise bargaining supplementation for the Department and Shared Services SA (SSSA) of $1.5 million.

16. Cash and cash equivalents

	2010 $'000	2009 $'000
Deposits with the Treasurer	66 021	62 969
Cash on hand	7	7
Total cash and cash equivalents	66 028	62 976

Deposits with the Treasurer

Includes funds held in the Accrual Appropriation Excess Funds Account. The balance of this fund is not available for general use.

Interest rate risk

From 1 April 2008, the SSSA component of Deposits with the Treasurer earnt a floating interest rate based on daily bank deposit rates. The SSSA balance at 30 June 2010 was $29.348 million ($15.063 million). Other deposits with the Treasurer were non-interest bearing. Cash on hand is non-interest bearing. The carrying amount of cash approximates net fair value.

17. Receivables

	2010 $'000	2009 $'000
Current:		
Receivables	8 069	20 589
Allowance for doubtful debts	(167)	(222)
Accrued revenues	7 830	7 917
Prepayments	2 616	1 688
Total current receivables	18 348	29 972
Non-current:		
Receivables	24	19
Prepayments	816	2
Total non-current receivables	840	21
Total receivables	19 188	29 993
Receivables from entities within SA Government:		
Receivables	7 157	18 912
Accrued revenues	7 731	7 775
Prepayments	21	11
Total receivables from SA Government entities	14 909	26 698

Movement in the allowance for doubtful debts

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

The following table shows the movements in the allowance for doubtful debts (impairment loss):

	2010	2009
	$'000	$'000
Carrying amount at 1 July	222	49
Increase in provision	167	173
Doubtful debts written off	(173)	-
Write-off due to restructure	(49)	-
Carrying amount at 30 June	167	222

Interest rate and credit risk

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

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

Maturity analysis of receivables - refer note 31.3.

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

18. Non-current assets classified as held-for-sale

	2010	2009
	$'000	$'000
Motor vehicles	-	6 911
Total non-current assets classified as held-for-sale	-	6 911

Non-current assets classified as held-for-sale comprise Fleet SA motor vehicles which are available for sale.

19. Property, plant and equipment

Current:		
Motor vehicles:		
At cost	-	99 831
Accumulated depreciation	-	(36 281)
Impairment loss	-	(3 795)
Total current property, plant and equipment	-	59 755
Non-current:		
Building fitouts:		
At cost	8 941	9 001
Accumulated amortisation	(6 201)	(5 219)
Total building fitouts	2 740	3 782
Assets under finance lease:		
At valuation	2 446	2 446
Accumulated amortisation	(2 446)	(2 446)
Total assets under finance lease	-	-
Plant and equipment:		
At cost	13	151
Accumulated depreciation	(11)	(105)
Total plant and equipment	2	46
Motor vehicles:		
At cost	-	151 727
Accumulated depreciation	-	(9 385)
Impairment loss	-	(2 806)
Total motor vehicles	-	139 536
Furniture:		
At cost (deemed fair value)	292	276
Accumulated depreciation	(170)	(130)
Total furniture	122	146
Information technology equipment:		
At cost (deemed fair value)	5 446	3 956
Accumulated depreciation	(2 569)	(1 884)
Total information technology equipment	2 877	2 072
Office equipment:		
At cost (deemed fair value)	1 347	1 127
Accumulated depreciation	(937)	(654)
Total office equipment	410	473
Total non-current property, plant and equipment	6 151	146 055
Total property, plant and equipment	6 151	205 810

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

Resources received free of charge
There were no resources received free of charge.

Reconciliation of property, plant and equipment
The following table shows the movement of property, plant and equipment during 2009-10:

	Building fitouts $'000	Assets under finance lease $'000	Plant and equipment $'000	Motor vehicles $'000
Carrying amount at 1 July	3 782	-	46	199 291
Additions	39	-	-	-
Assets identified via stock take	-	-	-	-
Disposals through administrative restructure	-	-	(41)	(199 291)
Depreciate expense	(1 081)	-	(3)	-
Carrying amount at 30 June	2 740	-	2	-

	Furniture $'000	Information technology equipment $'000	Office equipment $'000	Total $'000
Carrying amount at 1 July	146	2 072	473	205 810
Additions	15	1 471	220	1 745
Assets identified via stock take	-	19	-	19
Disposals through administrative restructure	-	-	-	(199 332)
Depreciation expense	(39)	(685)	(283)	(2 091)
Carrying amount at 30 June	122	2 877	410	6 151

20. Intangible assets

	2010 $'000	2009 $'000
Internally developed computer software	22 246	16 397
Accumulated amortisation	(10 729)	(10 228)
Other computer software	11 945	7 417
Accumulated amortisation	(6 395)	(4 687)
Total intangible assets	17 067	8 899

Reconciliation of intangible assets
The following table shows the movement of intangible assets during 2009-10:

	2010 $'000
Carrying amount at 1 July	8 899
Additions	10 344
Assets identified via stock take	34
Amortisation expense	(2 210)
Carrying amount at 30 June	17 067

Additions mainly relate to the purchase of the Basware procure to pay software and further developments of the Department's RevenueSA databases.

Impairment
There were no indications of impairment for intangible assets as at 30 June 2010.

21. Payables

	2010 $'000	2009 $'000
Current:		
Creditors and accrued expenses	7 215	8 680
Employment on-costs	2 681	2 591
GST payable	908	102
Total current payables	10 804	11 373
Non-current:		
Employment on-costs	2 386	2 244
Total non-current payables	2 386	2 244
Total payables	13 190	13 617

Payables to entities within SA Government

	2010 $'000	2009 $'000
Creditors and accrued expenses	3 081	5 615
Employment on-costs	1 980	1 898
Total payables to SA Government entities	5 061	7 513

Interest rate and credit risk

Creditors are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days of the invoice date provided the goods and services have been received. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand. In addition, there is no concentration of credit risk.

Maturity analysis of payables - refer note 31.3.

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

22. Borrowings

	2010	2009
Current:	$'000	$'000
Borrowings from SAFA[(1)]	-	73 054
Total current borrowings	-	73 054
Non-current:		
Borrowings from SAFA[(1)]	-	158 962
Total non-current borrowings	-	158 962
Total borrowings	-	232 016

(1) These are unsecured loans which bear interest. The terms of the loan are agreed by the Department at the time the loan was provided.

Borrowings are recognised at cost in accordance with APF IV, APS 2.1 and have a maturity date. The interest rate was 6.39 percent in 2009. The interest rates reported are average interest rates for loans outstanding as at 30 June 2009.

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Maturity analysis of borrowings - refer table 31.3.

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

Defaults and breaches - there were no defaults or breaches on any of the above liabilities throughout the year.

23. Employee benefits

	2010	2009
Current:	$'000	$'000
Accrued salaries and wages	2 898	2 437
Annual leave	8 505	8 144
Long service leave	2 097	1 605
Total current employee benefits	13 500	12 186
Non-current:		
Long service leave	24 079	22 654
Total non-current employee benefits	24 079	22 654
Total employee benefits	37 579	34 840

The total current and non-current employee benefit plus related on-costs for 2010 is $16.181 million ($14.777 million) and $26.465 million ($24.898 million) respectively.

The actuarial assessment performed by the Department for the salary inflation rate has remained at 4 percent in 2010.

The actuarial assessment reduced the benchmark for the measurement of the long service leave liability from the 2009 benchmark of 6.5 years to 5.5 years. The net financial effect of the change in the benchmark in the current financial year is an increase in liabilities of $613 000.

24. Provisions

	2010	2009
Current:	$'000	$'000
Provision for workers compensation	208	155
Procurement of testing services for underground fuel tanks and site remediation	-	1 004
Total current provisions	208	1 159
Non-current:		
Provision for workers compensation	685	452
Total non-current provisions	685	452
Total provisions	893	1 611

Reconciliation of provisions

	2010	2009
	$'000	$'000
Carrying amount at 1 July	1 611	1 026
Payments/other sacrifices of future economic benefits	(755)	(301)
Additional provisions recognised	578	886
Restructure transfer	(541)	-
Carrying amount at 30 June	893	1 611

A liability has been recognised to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by DPC. These claims are expected to be settled within the next financial year.

25. Other liabilities

	2010	2009
Current:	$'000	$'000
Unearned revenue	-	100
Lease incentives	670	670
Total current other liabilities	670	770
Non-current:		
Lease incentives	1 004	1 674
Total non-current other liabilities	1 004	1 674
Total other liabilities	1 674	2 444

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

26. Equity

	2010	2009
Capital contribution	547	547
Asset revaluation surplus	108	108
Retained earnings	54 443	26 455
Total equity	55 098	27 110

The asset revaluation surplus is used to record increments and decrements in the value of non-current assets to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

27. Unrecognised contractual commitments

(a) Remuneration commitments

	2010	2009
Commitments for the payment of salaries and other remuneration under employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:	$'000	$'000
Not later than one year	11 790	12 139
Later than one year but not later than five years	20 805	25 116
Later than five years	-	-
Total remuneration commitments	32 595	37 255

Amounts disclosed include commitments arising from executive and other employment contracts. These amounts include a indexation of 4 percent for salary inflation expectations.

(b) Operating lease commitments

The Department as lessee

At the reporting date, the Department has operating leases for office accommodation and motor vehicles.

Office accommodation is leased from the Department for Transport, Energy and Infrastructure. The leases are non-cancellable with terms ranging up to six years with some leases having right of renewal. Rental is payable in arrears.

Motor vehicles are leased from Fleet SA. These leases are non-cancellable with terms of 3-5 years.

	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
Not later than one year	9 831	10 281
Later than one year but not later than five years	24 120	16 082
Later than five years	1 312	2 141
Total non-cancellable operating lease commitments	35 263	28 504

The Department as lessor

Leases receivable contracted for at the reporting date but not recognised as assets:		
Motor vehicle hire:		
Not later than one year	-	61 469
Later than one year but not later than five years	-	49 120
Total non-cancellable operating lease receivables	-	110 589

(c) Other commitments

The Department's other commitments are primarily agreements for software licence and development. The Department also has commitments to provide advisory and planning services to Super SA members.

	2010	2009
	$'000	$'000
Not later than one year	9 298	6 309
Later than one year but not later than five years	11 010	14 575
Total other commitments	20 308	20 884

28. Contingent assets and liabilities

The Department is not aware of any contingent assets or liabilities in relation to the Department's operations. In addition, the Department has made no guarantees.

29. Remuneration of board and committee members

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

SAFA Advisory Board

Mr J Wright (Presiding Member)*
Ms J Brown
Mr B Brownjohn
Mr L Foster
Ms A Howe*
Mr C Long
Ms Y Sneddon

SAFA Audit Committee

Mr L Foster
Mr P Mendo*
Ms Y Sneddon

South Australian Superannuation Board

Mr H Bachmann
Mr K Cantley*
Ms V Deegan
Mr B Griggs* (appointed on 2 October 2009)
Ms J McMahon
Ms R Sumner (resigned on 1 October 2009)
Ms L York**

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

** Deputy Member serving as a member of the Member Services Committee and paid an annual attendance fee.

The number of members whose remuneration received/receivable falls within the following bands:	2010 Number	2009 Number
$0	5	4
$1 - $9 999	2	1
$20 000 - $29 999	2	2
$30 000 - $39 999	5	5
$40 000 - $49 999	1	2
Total	15	14

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 $287 000 ($312 000).

Amounts paid to a superannuation plan for board/committee members was $24 000 ($24 000).

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

30. Cash flow reconciliation

(a) Reconciliation of cash and cash equivalents - cash at 30 June as per:

	2010	2009
	$'000	$'000
Statement of Cash Flows	66 028	62 976
Statement of Financial Position	66 028	62 976

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

	2010	2009
Net cash provided by operating activities	37 633	53 262
Revenues from SA Government	(110 303)	(94 184)
Payments to SA Government	-	455
Income tax equivalent	-	346
Cash on restructure	-	6 855
Non-cash items:		
Depreciation and amortisation expense	(4 301)	(49 641)
Derecognition of assets	-	(160)
Bad and doubtful debt expenses	(172)	(173)
Derecognition of liabilities	82	378
Non-current assets accrual in payables	(522)	1 397
Net assets on restructure impacting operating cash flows	10 671	(312)
Loss on disposal of non-current assets	-	(1 015)
Impairment loss of non-current assets	-	(3 904)

(b) Reconciliation of net cash provided by operating activities to net cost of providing services (continued)	2010 $'000	2009 $'000
Changes in assets/liabilities:		
(Decrease) Increase in receivables	(10 805)	11 056
Decrease (Increase) in payables	427	(72)
Increase in employee benefits	(2 739)	(9 564)
Decrease (Increase) in provisions	718	(585)
Decrease in other liabilities	770	812
Net cost of providing services	(78 541)	(85 049)

31. Financial instruments/financial risk management

31.1 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	16,30	66 028	66 028	62 976	62 976
Loans and receivables:					
Receivables	17	19 188	19 188	29 993	29 993
Total financial assets		85 216	85 216	92 969	92 969
Financial liabilities					
Financial liabilities - at cost:					
Payables(1)	21	12 282	12 282	13 515	13 515
Borrowings	22	-	-	232 016	232 016
Other financial liabilities	25	1 674	1 674	2 444	2 444
Total financial liabilities		13 956	13 956	247 975	247 975

(1) Payment 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 payables, tax equivalents, commonwealth tax, audit payables etc they would be excluded from the disclosure. The standard defines contract as 'enforceable by law". All amounts recorded are carried at cost (not materially different from amortised cost) except for employee on cost which are determined via reference to the employee benefit liability to which they relate.

Credit risk

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

The Department has minimal concentration of credit risk. The Department does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets is calculated on past experience and current and expected changes in client credit rating. Currently the Department does not hold any collateral as security to any of its financial assets. Other than receivables, there is no evidence to indicate that the financial assets are impaired. Refer to note 17 for information on the allowance for impairment in relation to receivables.

31.2 Ageing analysis of financial assets

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

	Past due by			
	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2010	$'000	$'000	$'000	$'000
Not impaired:				
Receivables(1)	15 108	1 642	2 271	19 021
Impaired:				
Receivables(1)	-	-	167	167
2009				
Not impaired:				
Receivables(1)	26 094	2 816	861	29 771
Impaired:				
Receivables(1)	-	-	222	222

31.2 Ageing analysis of financial assets (continued)

(1) Receivable amounts disclosed here exclude amounts relating to statutory receivables. 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, tax equivalents, commonwealth tax, audit receivables etc they would be excluded from the disclosure. The standard defines contract as 'enforceable by law.' They are carried at cost.

31.3 Maturity analysis of financial assets and liabilities

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

		Contractual maturity		
	Carrying amount	Less than 1 year	1-5 years	More than 5 years
2010	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	66 028	66 028	-	-
Receivables	19 188	18 372	816	-
Total financial assets	85 216	84 400	816	-
Financial liabilities:				
Payables	12 282	9 398	830	2 054
Borrowings	-	-	-	-
Other financial liabilities	1 674	670	1 004	-
Total financial liabilities	13 956	10 068	1 834	2 054
2009				
Financial assets:				
Cash and cash equivalents	62 976	62 976	-	-
Receivables	29 993	29 993	-	-
Total financial assets	92 969	92 969	-	-
Financial liabilities:				
Payables	13 515	10 734	452	2 329
Borrowings	232 016	73 054	158 962	-
Other financial liabilities	2 444	770	1 674	-
Total financial liabilities	247 975	84 558	161 088	2 329

Liquidity risk

Liquidity risk arises where the Department is unable to meet its financial obligations as they fall due. The continued existence of the Department is dependent on State Government policy and on continuing appropriations by Parliament for the Department's administration and programs. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

The carrying amount of financial liabilities recorded in note 31.3 represents the Department's maximum exposure to financial liabilities.

Market risk

Market risk for the Department is primarily through interest rate risk. Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. The Department's interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

Sensitivity disclosure analysis

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

32. Net revenue from administrative restructure

Transferred out

On 1 July 2009, Fleet SA from the Department was transferred to SAFA.

On transfer of the Fleet SA to SAFA the Department recognised movement of the following assets and liabilities:

	2010
CURRENT ASSETS:	$'000
Cash	23 289
Receivables	12 174
Property, plant and equipment	59 755
	95 218
Assets classified as held for sale	6 911
Total current assets	102 129

Transferred out (continued)

	2010
	$'000
NON-CURRENT ASSETS	
Property, plant and equipment	139 577
Total non-current assets	139 577
Total assets	241 706
CURRENT LIABILITIES:	
Payables	2 349
Borrowings	73 054
Other current liabilities	616
	76 019
Liabilities directly associated with non-current assets held for sale	2 951
Total current liabilities	78 970
NON-CURRENT LIABILITIES:	
Borrowings	158 962
Total non-current liabilities	158 962
Total liabilities	237 932
NET ASSETS TRANSFERRED	3 774

Transferred in

Shared Services SA completed the transition of Tranche 2 services in October 2009 comprising general accounting, external financial reporting, asset accounting and taxation services for 8 agencies with 43.6 FTE's transitioned into Shared Services SA.

Name of agency

Attorney-General's Department (AGD)
Department of Correctional Services (DCS)
Department of Further Education, Employment, Science and Technology (DFEEST)
Department for Transport, Energy and Infrastructure (DTEI)
Department of Water, Land and Biodiversity Conservation (DWLBC)
South Australian Fire and Emergency Services Commission (SAFECOM)
South Australia Police (SAPOL)

The following table shows income and expenses associated with the functions transferred as part of Tranche 2 Group 2 for 2009-10. The income and expense in the transferor agencies column were supplied by the respective transferor entities and as such have been relied upon by the Department.

	AGD	DCS	DFEEST	DTEI	DWLBC
	$'000	$'000	$'000	$'000	$'000
Appropriation	-	-	280	-	61
Revenue from services	-	-	-	-	-
Other income	-	-	-	-	-
Total income	-	-	280	-	61
Employee benefit expenses	68	96	277	188	57
Supplies and services	4	1	3	75	4
Depreciation and amortisation	-	-	-	-	-
Total expenses	72	97	280	263	61
Net result	(72)	(97)	-	(263)	-

	SAFECOM	SAPOL	SSSA	Total
	$'000	$'000	$'000	$'000
Appropriation	62	12	-	415
Revenue from services	-	-	3 450	3 450
Other income	-	-	411	411
Total income	62	12	3 861	4 276
Employee benefit expenses	121	170	2 244	3 221
Supplies and services	8	11	320	426
Depreciation and amortisation	-	-	4	4
Total expenses	129	181	2 568	3 651
Net result	(67)	(169)	1 293	625

The following assets and liabilities were transferred to SSSA as part of Tranche 2 Group 2.

	AGD	DCS	DFEEST	DTEI
	$'000	$'000	$'000	$'000
Cash	52	34	332	146
Total assets	52	34	332	146
Payables	5	4	33	15
Employee benefits	47	30	299	131
Total liabilities	52	34	332	146
Net assets transferred	-	-	-	-

	DWLBC	SAFECOM	SAPOL	Total
	$'000	$'000	$'000	$'000
Cash	43	102	52	761
Total assets	43	102	52	761
Payables	4	10	5	76
Employee benefits	39	92	47	685
Total liabilities	43	102	52	761
Net assets transferred	-	-	-	-

Net revenue from administrative restructure 2008-09

Transferred out

On 1 July 2008, SA Health assumed the responsibility of Supply SA Camden Park site. This resulted in the transfer of 21 FTEs, employee liabilities, lease for the premises and associated assets of the Camden Park warehouse.

On transfer of Supply SA facilities to SA Health, the Department recognised the movement of the following assets and liabilities:	2009 $'000
Property, plant and equipment	385
Total assets	385
Payables	30
Employee benefits	229
Total liabilities	259
Net assets	126

Transferred in

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 SSSA in DTF.

The business services of SA Government agencies are transferring to SSSA in a series of transition programs known as Tranches. In most cases, these services transition in their current state with the current employees.

As part of Tranche 1, the accounts payable, accounts receivable and payroll services from the following agencies were transitioned to SSSA over the period from 14 July 2008 to 16 February 2009. This resulted in the transfer of 586.1 FTEs.

Name of agency

South Australian Certificate Education of Australian Board (SACE Board)
Attorney-General's Department (AGD)
Department for Correctional Services (DCS)
Department for Environment and Heritage (DEH)
Department of the Premier and Cabinet (DPC)
Department of Primary Industries and Resources (PIRSA)
Department for Transport, Energy and Infrastructure (DTEI)
Department of Families and Communities (DFC)
South Australian Tourism Commission (SATC)
Auditor-General's Department (AudGen)
South Australia Police (SAPOL)
South Australian Fire and Emergency Services Commission (SAFECOM)
Department of Further Education, Employment, Science and Technology (DFEEST)
Department of Education and Children's Services (DECS)
Southern Adelaide Health Service (SAHS)
Children, Youth and Women's Health Service (CYWHS)
Country Health SA (CHSA)
Central Northern Adelaide Health Service (CNAHS)
SA Ambulance Service Inc (SAAS)

From 9 June 2009, financial services and purchase card administration from the following agencies were transitioned to SSSA as part of Tranche 2. This resulted in the transfer of 56.7 FTEs.

Transferred in (continued)

Name of agency

Department for Environment and Heritage (DEH)

Department of the Premier and Cabinet (DPC)

Department of Primary Industries and Resources (PIRSA)

Department for Families and Communities (DFC)

Department of Education and Children's Services (DECS)

South Australian Housing Trust (SAHT)

The following table shows income and expenses associated with the functions transferred as part of Tranche 1 and 2 for 2008-09. The income and expense in the transferor agencies column were supplied by the respective transferor entities and as such have been relied upon by the Department.

	SACE Board $'000	AGD $'000	DCS $'000	DEH $'000	DPC $'000	PIRSA $'000
Appropriation	-	-	-	-	854	487
Interest	-	-	-	-	-	-
Revenue from services	-	-	-	126	46	115
Other income	-	9	-	-	1	-
Total income	-	9	-	126	901	602
Employee benefit expenses	33	72	116	1 547	898	563
Supplies and services	6	30	30	415	135	39
Depreciation and amortisation	-	-	-	-	-	-
Other expenses	-	-	-	213	-	-
Total expenses	39	102	146	2 175	1 033	602
Net result	(39)	(93)	(146)	(2 049)	(132)	-

	DTEI $'000	DFC $'000	SATC $'000	AUD GEN $'000	SAPOL $'000	SAFECOM $'000
Appropriation	-	-	-	-	214	177
Interest	-	-	-	-	-	-
Revenue from services	-	937	-	-	-	-
Other income	-	28	-	-	-	-
Total income	-	965	-	-	214	177
Employee benefit expenses	69	1 557	21	15	207	88
Supplies and services	84	1 127	-	4	7	20
Depreciation and amortisation	-	15	-	-	-	-
Other expenses	45	5	-	-	-	-
Total expenses	198	2 704	21	19	214	108
Net result	(198)	(1 739)	(21)	(19)	-	69

	DFEEST $'000	DECS $'000	SAHT $'000	SAHS $'000	CHSA $'000	CYWHS $'000
Appropriation	578	-	-	1 520	1 977	797
Interest	-	-	-	-	-	-
Revenue from services	-	-	-	-	-	-
Other income	-	-	101	-	-	-
Total income	578	-	101	1 520	1 977	797
Employee benefit expenses	358	1 419	95	1 217	1 754	614
Supplies and services	220	54	6	303	223	183
Depreciation and amortisation	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total expenses	578	1 473	101	1 520	1 977	797
Net result	-	(1 473)	-	-	-	-

	CNAHS $'000	SAAS $'000	Shared Services SA $'000	Total $'000
Appropriation	3 287	418	-	10 309
Interest	-	-	166	166
Revenue from services	-	-	35 073	36 297
Other income	-	-	23	162
Total income	3 287	418	35 262	46 934
Employee benefit expenses	2 859	363	22 937	36 802
Supplies and services	428	55	11 197	14 566
Depreciation and amortisation	-	-	-	15
Other expenses	-	-	59	322
Total expenses	3 287	418	34 193	51 705
Net result	-	-	1 069	(4 771)

The following assets and liabilities were transferred to SSSA as part of Tranche 1 and 2.

	SACE Board	AGD	DCS	DEH	DPC	PIRSA
	$'000	$'000	$'000	$'000	$'000	$'000
Cash	16	118	129	401	361	519
Total assets	16	118	129	401	361	519
Payables	2	12	13	38	36	50
Employee benefits	14	106	116	363	325	469
Total liabilities	16	118	129	401	361	519
Net assets transferred	-	-	-	-	-	-

	DTEI	DFC	SATC	AUD GEN	SAPOL	SAFECOM
	$'000	$'000	$'000	$'000	$'000	$'000
Cash	124	1 547	31	14	172	89
Total assets	124	1 547	31	14	172	89
Payables	12	150	3	1	17	8
Employee benefits	112	1 397	28	13	155	81
Total liabilities	124	1 547	31	14	172	89
Net assets transferred	-	-	-	-	-	-

	DFEEST	DECS	SAHT	SAHS	CHSA	CYWHS
	$'000	$'000	$'000	$'000	$'000	$'000
Cash	462	1 308	84	501	227	341
Total assets	462	1 308	84	501	227	341
Payables	47	128	7	27	13	20
Employee benefits	415	1 180	77	474	214	321
Total liabilities	462	1 308	84	501	227	341
Net assets transferred	-	-	-	-	-	-

	CNAHS	SAAS	Total
	$'000	$'000	$'000
Cash	1 512	122	8 078
Total assets	1 512	122	8 078
Payables	95	10	689
Employee benefits	1 417	112	7 389
Total liabilities	1 512	122	8 078
Net assets transferred	-	-	-

Transfer of assets and liabilities to SSSA were to be fully funded by cash. Cash of $1.223 million was not transferred from agencies to SSSA for employee benefits and associated payables as at the reporting date, but reflected in receivables in the Department's Statement of Financial Position.

Net assets assumed by the Department as a result of the administrative restructure are the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to transfer. For details of assets and liabilities transferred by agencies, please refer to the financial statements of the transferor agency. The net assets transferred were treated as a contribution by the Government as owner.

33. Events after the end of the reporting period

The Department is not aware of any after the reporting period events.

Statement of Administered Comprehensive Income
for the year ended 30 June 2010

	Note	**2010**	2009
		$'000	$'000
INCOME:			
Taxation	35	**3 328 147**	3 120 152
Commonwealth revenues	36	**8 510 452**	4 918 557
Dividends	37	**297 812**	253 154
Interest revenues	38	**117 300**	136 978
Revenues from SA Government	39	**1 761 184**	1 609 430
Grants and contributions	40	**155 177**	165 657
Revenues from fees and charges	41	**46 280**	42 594
Other revenues	42	**544 159**	379 109
Total income		**14 760 511**	10 625 631
EXPENSES:			
Payments to SA Government	39	**9 965 661**	7 790 992
Employee benefit expenses	43	**419 436**	304 858
Supplies and services	44	**64 524**	73 373
Borrowing costs	45	**225 134**	197 304
Grants, subsidies and transfers	46	**3 984 842**	1 803 639
Depreciation expense	47	**159**	159
Other expenses	48	**62 917**	231 365
Total expenses		**14 722 673**	10 401 690
NET RESULT		**37 838**	223 941
OTHER COMPREHENSIVE INCOME			
Changes in property, plant and equipment asset revaluation surplus	52	**448**	-
TOTAL COMPREHENSIVE RESULT		**38 286**	223 941

Net result and total comprehensive result are attributable to 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	49	**1 178 642**	1 124 994
Receivables	50	**102 092**	55 164
Other financial assets	51	**1 990**	1 537
Total current assets		**1 282 724**	1 181 695
NON-CURRENT ASSETS:			
Receivables	50	**2**	2
Other financial assets	51	**426**	3 585
Property, plant and equipment	52	**979**	690
Total non-current assets		**1 407**	4 277
Total assets		**1 284 131**	1 185 972
CURRENT LIABILITIES:			
Payables	53	**913 938**	850 469
Employee benefits	54	**1 238**	1 115
Provisions	55	**16**	14
Other current liabilities	56	**3 628**	3 351
Total current liabilities		**918 820**	854 949
NON-CURRENT LIABILITIES:			
Payables	53	**486 848**	490 585
Employee benefits	54	**276**	521
Provisions	55	**51**	42
Other non-current liabilities	56	**805**	830
Total non-current liabilities		**487 980**	491 978
Total liabilities		**1 406 800**	1 346 927
NET ASSETS		**(122 669)**	(160 955)
EQUITY:			
Accumulated deficit		**(123 117)**	(160 955)
Asset revaluation surplus		**448**	-
TOTAL EQUITY		**(122 669)**	(160 955)

Total equity is attributable to the SA Government as owner

	Note
Unrecognised and contractual commitments	58
Contingent assets and liabilities	59

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

	Note	Asset revaluation surplus $'000	Accumulated deficit $'000	Total $'000
Balance at 30 June 2008		-	(384 896)	(384 896)
Net result for 2008-09		-	256 941	256 941
Total comprehensive result for 2008-09		-	256 941	256 941
Transactions with SA Government as owner				
Balance at 30 June 2009		-	(127 955)	(127 955)
Error correction	57	-	(33 000)	(33 000)
Restate balance as at 30 June 2009		-	(160 955)	(160 955)
Net result for 2009-10		-	37 838	37 838
Gain on revaluation of land and buildings		448	-	448
Total comprehensive result for 2009-10		448	37 838	38 286
Balance at 30 June 2010		**448**	**(123 117)**	**(122 669)**

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 INFLOWS:			
Taxation received		**3 328 147**	3 120 153
Receipts from Commonwealth		**8 510 452**	4 919 390
Dividends		**297 812**	253 154
Interest received		**117 231**	137 124
Receipts from SA Government		**1 761 184**	1 609 430
Grants and contributions		**160 148**	167 016
Fees and charges		**46 615**	62 591
GST receipts on receivables		**8 403**	5 220
GST recovered from ATO		**2 665**	3 287
Other receipts		**548 777**	375 013
Cash generated from operating activities		**14 781 434**	10 652 378
CASH OUTFLOWS:			
Payments to SA Government		**(9 981 058)**	(8 073 096)
Employee benefit payments		**(419 566)**	(304 553)
Payments for supplies and services		**(64 459)**	(94 910)
Interest payments		**(169 829)**	(166 292)
Grants, subsidies and transfers		**(3 989 707)**	(1 806 032)
GST payments on purchases		**(6 399)**	(3 970)
GST remitted to ATO		**(5 289)**	(4 530)
Other payments		**(92 892)**	(189 926)
Cash used in operating activities		**(14 729 199)**	(10 643 309)
Net cash provided by operating activities	61(b)	**52 235**	9 069
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from other financial assets		**1 812**	476
Cash generated from financing activities		**1 812**	476
CASH OUTFLOWS:			
Other financial assets granted		**(399)**	(3 644)
Repayment of interest bearing liabilities		**-**	(10)
Cash used in financing activities		**(399)**	(3 654)
Net cash provided by (used in) financing activities		**1 413**	(3 178)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**53 648**	5 891
CASH AND CASH EQUIVALENTS AT 1 JULY		**1 124 994**	1 119 103
CASH AND CASH EQUIVALENTS AT 30 JUNE	61(a)	**1 178 642**	1 124 994

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

	Admin items on behalf of the Consolidated Account		Commonwealth mirror taxes on Commonwealth Places Revenue Account		Community Development Fund	
	2010	2009	**2010**	2009	**2010**	2009
INCOME:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Taxation	**3 238 450**	3 033 439	**-**	-	**-**	-
Commonwealth revenues	**5 665 643**	3 936 609	**20 673**	20 901	**-**	-
Dividends	**297 812**	253 154	**-**	-	**-**	-
Interest revenues	**114 815**	133 853	**-**	-	**-**	
Revenues from SA Government	**76 885**	87 847	**-**	-	**-**	-
Grants and contributions	**-**	-	**-**	-	**20 000**	20 000
Fees and charges	**29 150**	20 183	**-**	-	**-**	-
Other revenues	**376 771**	220 631	**-**	-	**-**	-
Total income	**9 799 526**	7 685 716	**20 673**	20 901	**20 000**	20 000
EXPENSES:						
Payments to SA Government	**9 722 640**	7 597 870	**-**	-	**-**	-
Employee benefit expenses	**277**	271	**-**	-	**-**	-
Supplies and services	**-**	-	**-**	-	**-**	-
Borrowing costs	**-**	-	**-**	-	**-**	-
Grants, subsidies and transfers	**76 609**	87 575	**-**	-	**20 000**	20 000
Depreciation	**-**	-	**-**	-	**-**	-
Other expenses	**-**	-	**20 673**	20 901	**-**	-
Total expenses	**9 799 526**	7 685 716	**20 673**	20 901	**20 000**	20 000
NET RESULT	**-**	-	**-**	-	**-**	-

	Community Emergency Services Fund		ETSA Sales/Lease Proceeds Account		Hospital Fund	
	2010	2009	**2010**	2009	**2010**	2009
INCOME:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Taxation	**89 697**	86 713	**-**	-	**-**	-
Commonwealth revenues	**-**	-	**-**	-	**-**	-
Dividends	**-**	-	**-**	-	**-**	-
Interest revenues	**153**	129	**-**	-	**-**	-
Revenues from SA Government	**-**	-	**-**	-	**-**	-
Grants and contributions	**86 286**	90 502	**-**	-	**-**	-
Fees and charges	**419**	373	**-**	-	**-**	-
Other revenues	**-**	-	**3 379**	3 076	**158 601**	146 229
Total income	**176 555**	177 717	**3 379**	3 076	**158 601**	146 229
EXPENSES:						
Payments to SA Government	**-**	-	**-**	-	**158 601**	146 229
Employee benefit expenses	**-**	-	**-**	-	**-**	-
Supplies and services	**-**	-	**-**	-	**-**	-
Borrowing costs	**-**	-	**-**	-	**-**	-
Grants, subsidies and transfers	**176 407**	177 628	**-**	-	**-**	-
Depreciation	**-**		**-**	-	**-**	-
Other expenses	**-**		**-**	-	**-**	-
Total expenses	**176 407**	177 628	**-**	-	**158 601**	146 229
NET RESULT	**148**	89	**3 379**	3 076	**-**	-

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

	Industry Financial Assistance Account		Inter-Gov Agreement on Federal Relations		Local Government Disaster Fund	
	2010	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
INCOME:						
Taxation	**-**	-	**-**	-	**-**	-
Commonwealth revenues	**-**	-	**2 824 136**	961 047	**-**	-
Dividends	**-**	-	**-**	-	**-**	-
Interest revenues	**210**	169	**-**	-	**1 579**	2 113
Revenues from SA Government	**750**	-	**-**	-	**-**	-
Grants and contributions	**28 155**	33 827	**-**	-	**-**	-
Fees and charges	**-**	-	**-**	-	**-**	-
Other revenues	**845**	999	**-**	-	**-**	-
Total income	**29 960**	34 995	**2 824 136**	961 047	**1 579**	2 113
EXPENSES:						
Payments to SA Government	**20 000**	33 000	**-**	-	**-**	-
Employee benefit expenses	**-**	-	**-**	-	**-**	-
Supplies and services	**-**	-	**-**	-	**40**	40
Borrowing costs	**-**	-	**-**	-	**-**	-
Grants, subsidies and transfers	**9 397**	9 521	**2 789 702**	737 292	**1 073**	535
Depreciation	**-**	-	**-**	-	**-**	-
Other expenses	**805**	8	**-**	-	**-**	-
Total expenses	**30 202**	42 529	**2 789 702**	737 292	**1 113**	575
NET RESULT	**(242)**	(7 534)	**34 434**	223 755	**466**	1 538

	State Government Auctions		State Supply Board - Gaming Machines		Support Services to Parliamentarians	
	2010	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
INCOME:						
Taxation	**-**	-	**-**	-	**-**	-
Commonwealth revenues	**-**	-	**-**	-	**-**	-
Dividends	**-**	-	**-**	-	**-**	-
Interest revenues	**-**	-	**39**	58	**-**	-
Revenues from SA Government	**-**	-	**-**	-	**-**	-
Grants and contributions	**-**	-	**-**	-	**18 102**	18 457
Fees and charges	**-**	4 178	**15 482**	16 341	**1 229**	1 519
Other revenues	**-**	-	**-**	-	**9**	7
Total income	**-**	4 178	**15 521**	16 399	**19 340**	19 983
EXPENSES:						
Payments to SA Government	**-**	-	**-**	-	**1 713**	-
Employee benefit expenses	**-**	-	**-**	-	**13 318**	12 965
Supplies and services	**-**	4 178	**15 521**	16 399	**5 445**	5 247
Borrowing costs	**-**	-	**-**	-	**-**	-
Grants, subsidies and transfers	**-**	-	**-**	-	**-**	-
Depreciation	**-**	-	**-**	-	**146**	146
Other expenses	**-**	-	**-**	-	**-**	-
Total expenses	**-**	4 178	**15 521**	16 399	**20 622**	18 358
NET RESULT	**-**	-	**-**	-	**(1 282)**	1 625

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

	Sustainable Budget Commission		Treasury and Finance administered items		Treasurer's interest in the National Wine Centre Account	
	2010	2009	**2010**	2009	**2010**	2009
INCOME:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Taxation	**-**	-	**-**	-	**-**	-
Commonwealth revenues	**-**	-	**-**	-	**-**	-
Dividends	**-**	-	**-**	-	**-**	-
Interest revenues	**-**	-	**-**	-	**-**	-
Revenues from SA Government	**1 474**	-	**1 682 075**	1 521 583	**-**	-
Grants and contributions	**-**	-	**-**	-	**-**	-
Fees and charges	**-**	-	**-**	-	**-**	-
Other revenues	**-**	-	**-**	-	**25**	25
Total income	**1 474**	-	**1 682 075**	1 521 583	**25**	25
EXPENSES:						
Payments to SA Government	**-**	-	**62 707**	13 893	**-**	-
Employee benefit expenses	**-**	-	**405 841**	291 622	**-**	-
Supplies and services	**1 176**	-	**42 016**	47 482	**30**	27
Borrowing costs	**-**	-	**225 134**	197 304	**-**	-
Grants, subsidies and transfers	**-**	-	**909 467**	768 968	**-**	-
Depreciation	**-**	-	**-**	-	**13**	13
Other expenses	**-**	-	**36 910**	202 314	**-**	-
Total expenses	**1 176**	-	**1 682 075**	1 521 583	**43**	40
NET RESULT	**298**	-	**-**	-	**(18)**	(15)

	Treasury Working Account		Other[(1)]		Total	
	2010	2009	**2010**	2009	**2010**	2009
INCOME:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Taxation	**-**	-	**-**	-	**3 328 147**	3 120 152
Commonwealth revenues	**-**	-	**-**	-	**8 510 452**	4 918 557
Dividends	**-**	-	**-**	-	**297 812**	253 154
Interest revenues	**-**	-	**504**	656	**117 300**	136 978
Revenues from SA Government	**-**	-	**-**	-	**1 761 184**	1 609 430
Grants and contributions	**-**	-	**2 634**	2 871	**155 177**	165 657
Fees and charges	**-**	-	**-**	-	**46 280**	42 594
Other revenues	**4 529**	8 142	**-**	-	**544 159**	379 109
Total income	**4 529**	8 142	**3 138**	3 527	**14 760 511**	10 625 631
EXPENSES:						
Payments to SA Government	**-**	-	**-**	-	**9 965 661**	7 790 992
Employee benefit expenses	**-**	-	**-**	-	**419 436**	304 858
Supplies and services	**-**	-	**296**	-	**64 524**	73 373
Borrowing costs	**-**	-	**-**	-	**225 134**	197 304
Grants, subsidies and transfers	**-**	-	**2 187**	2 120	**3 984 842**	1 803 639
Depreciation	**-**	-	**-**	-	**159**	159
Other expenses	**4 529**	8 142	**-**	-	**62 917**	231 365
Total expenses	**4 529**	8 142	**2 483**	2 120	**14 722 673**	10 401 690
NET RESULT	**-**	-	**655**	1 407	**37 838**	223 941

(1) Includes Country Equalisation Scheme Account, Local Government Concessions Senior Card Holders and Responsible Gambling Working Party.

NOTES TO AND FORMING PART OF THE ADMINISTERED FINANCIAL STATEMENTS

The administered financial statements include the revenues, expenses, assets and liabilities which the Department administers on behalf of the SA Government but does not control.

These financial statements include a number of revenue and expense transactions on behalf of the SA Government for the Consolidated Account. Such transactions include collection of revenues from taxations, revenues from the Commonwealth Government, dividends and interest. The expense transactions include transfers to agencies for employee entitlements and supplies and services, grants and subsidies to public sector agencies, the private sector, and the community and the transfer of revenues to the Consolidated Account. The associated Statement of Financial Position items for the Consolidated Account such as loans and borrowings are recognised in the whole-of-government general purpose financial report.

From 1 January 2009, the administered financial statements include the Intergovernmental Agreement on Federal Financial Relations Account. The purpose of the account is to receive monies from the Commonwealth Government and disburse the monies to agencies pursuant to the Intergovernmental Agreement on Federal Financial Relations for the National SPP purposes listed in Schedule F of that Agreement and for the NPP payments for the purposes listed in Schedule G of that Agreement. Prior to 1 January 2009, the Commonwealth monies were paid directly to agencies.

The administered financial statements also include the fixed property component of the Emergency Services levy collected by RevenueSA and transferred to the Community Emergency Services Fund and all the transactions for the Special Deposit Accounts established under section 8 of the PFAA that are administered by the Department listed below:

- Community Development Fund
- Commonwealth Mirror Taxes on Commonwealth Places Revenue Account
- Country Equalisation Scheme Account
- ETSA Sales/Lease Proceeds Account
- Home Purchases Assistance Account (ceased 30 June 2009)
- Hospitals Fund
- Industry Financial Assistance Account
- Intergovernmental Agreement on Federal Financial Relations (from 1 January 2009)
- Local Government Concessions Senior Card Holders
- Local Government Disaster Fund
- Responsible Gambling Working Party (from 16 June 2009)
- Treasurer's Interest in the National Wine Centre Account
- Treasury Working Account
- Treasury and Finance Administered Items Account
- Support Services to Parliamentarians
- Sustainable Budget Commission (from 1 November 2009)
- State Procurement Board - Gaming Machines Account
- State Government Auctions Account (ceased 30 June 2009).

34. Summary of significant accounting policies

The Department's significant accounting policies are contained in note 2. The policies outlined in note 2 apply to both the Department and administered financial statements.

35. Taxation

	2010 $'000	2009 $'000
Stamp duties	1 317 840	1 217 846
Commonwealth places mirror - stamp duties	299	545
Payroll tax	1 088 855	1 089 351
Commonwealth places mirror - payroll tax	19 050	19 059
Land tax	553 257	466 582
Commonwealth places mirror - land tax	1 324	1 296
Emergency Services levy	89 697	86 713
Local government rate equivalents	5 226	5 624
Income tax equivalents	136 157	128 225
Contributions from Lotteries Commission	92 754	81 425
Save the River Murray levy	23 659	23 306
Hindmarsh Island Bridge levy	29	180
Total taxation	3 328 147	3 120 152
Taxation received/receivable from entities within the SA Government:		
Stamp duties	4 231	3 717
Payroll tax	209 507	193 235
Land tax	205 159	170 307
Emergency Services levy	2 864	2 447
Local government rate equivalents	2 956	3 880
Income tax equivalents	136 157	128 225
Contributions from Lotteries Commission	92 754	81 425
Total taxation from entities within the SA Government	653 628	583 236

36. Commonwealth revenues

	2010	2009
	$'000	$'000
Commonwealth general purpose grants:		
GST revenue grants	4 099 707	3 786 481
Transitional assistance	7 455	36 711
Commonwealth places mirror taxes	20 673	20 901
Total Commonwealth general purpose grants	4 127 835	3 844 093
Commonwealth specific purpose grants:		
Concessions to pensioners and others	22 804	10 867
Council of Australian Governments Funding arrangements	1 461 110	36 834
Inter-governmental Agreement on Federal Financial Relations - recurrent	1 209 164	956 846
Inter-governmental Agreement on Federal Financial Relations - capital	1 614 972	4 201
First Home Owners Boost	74 567	65 716
National relief and recovery arrangements	-	-
Total Commonwealth specific purpose grants	4 382 617	1 074 464
Total Commonwealth revenues	8 510 452	4 918 557

37. Dividends

	2010	2009
Adelaide Convention Centre	1 017	-
ForestrySA	31 067	15 231
Generation Lessor Corporation	-	227
HomeStart	5 628	5 311
Land Management Corporation	53 603	47 410
Public Trustee Office	-	541
South Australian Water Corporation	169 009	161 296
South Australian Asset Management Corporation	23 500	4 000
SA Government Employee Residential Property	1 706	1 156
SAFA	11 513	10 738
Transmission Lessor Corporation	769	6 880
Transport SA	-	364
Total dividends	297 812	253 154

38. Interest revenues

	2010	2009
Interest	117 300	136 978
Total interest revenues	117 300	136 978
Interest from entities within the SA Government	112 436	131 060
Total interest revenues from entities within the SA Government	112 436	131 060

39. Revenues from (payments to) SA Government

	2010	2009
Revenues from SA Government:		
Appropriations from consolidated account pursuant to the *Appropriation Act*	1 682 075	1 521 583
Appropriations under other Acts	79 109	87 847
Total revenues from SA Government	1 761 184	1 609 430
Payments to SA Government:		
Transfer of revenue received on behalf of Consolidated Account	9 701 967	7 590 862
Other payments to the Consolidated Account	179 274	167 130
Return of surplus cash pursuant to cash alignment	84 420	33 000
Total payments to SA Government	9 965 661	7 790 992

40. Grants and contributions

	2010	2009
Grants and contributions	155 177	165 657
Total grants and contributions	155 177	165 657
SA Government entities	154 719	162 016
Total grants and contributions from entities within the SA Government	154 719	162 016

41. Revenues from fees and charges

	2010	2009
Guarantee fees	29 150	20 183
Support services to Parliamentarians	1 229	1 519
State Government auctions	-	4 178
State Procurement Board - gaming machines	15 455	16 341
Other	446	373
Total fees and charges	46 280	42 594
Fees and charges received/receivable from entities within the SA Government:		
Guarantee fees	29 150	20 183
Support services to Parliamentarians	1 206	1 402
State Procurement Board - gaming machines	27	-
Total fees and charges from entities within the SA Government	30 383	21 585

42. Other revenues

	2010 $'000	2009 $'000
Contributions towards public hospital costs	158 601	146 229
Discounted cash flow valuations for financial assistance loans	845	999
Repayment of advances	87 143	35 129
Return of cash to Consolidated Account - cash alignment policy	143 901	80 102
Return of capital	73 631	-
Return of deposit account balances	59 298	91 747
Essential Services Commission of South Australia	5 356	6 838
Support services to Parliamentarians	9	7
Other	15 375	18 058
Total other revenues	544 159	379 109

	2010 $'000	2009 $'000
Other revenues received/receivable from entities within the SA Government:		
Contributions towards public hospital costs	158 601	146 229
Discounted cash flow valuations for financial assistance loans	845	999
Repayment of advances	87 027	34 919
Return of cash to Consolidated Account - cash alignment policy	143 901	80 102
Return of capital	73 631	-
Return of deposit account balances	48 898	247
Essential Services Commission of South Australia	5 356	6 838
Support services to Parliamentarians	-	3
Other	7 865	5 907
Total other revenues from entities within the SA Government	526 124	275 244

43. Employee benefit expenses

	2010 $'000	2009 $'000
Superannuation contributions to various schemes	405 841	291 622
Salaries and wages	10 353	10 114
Long service leave	574	297
Annual leave	718	774
Employment on-costs - superannuation	1 001	1 012
Employment on-costs - other	624	617
Minister's salary, electorate and expense allowance	277	271
Other employee related expenses	48	151
Total employee benefit expenses	419 436	304 858

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	-	1
$120 000 - $129 999	1	-
$130 000 - $139 999	-	1
$140 000 - $149 999	1	1
Total	2	4

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 $264 000 ($496 000).

44. Supplies and services

	2010 $'000	2009 $'000
State's share of GST administration	41 610	46 962
Support services to Parliamentarians	5 445	5 246
Gaming machines	15 521	16 399
State Government auctions	-	4 178
Unclaimed monies	404	519
Consultants	558	1
General administration	986	68
Total supplies and services	64 524	73 373

	2010 $'000	2009 $'000
Supplies and services provided by entities within the SA Government:		
Support services to Parliamentarians	2 577	2 769
Gaming machines	39	133
State Government auctions	-	3 158
Unclaimed monies	26	94
General administration	945	67
Total supplies and services provided by entities within the SA Government	3 587	6 221

44. Supplies and services (continued)

The number and dollar amount of consultancies paid/payable that fell within the following bands:	2010 $'000	2009 $'000	2010 Number	2009 Number
Below $10 000	6	1	3	2
Between $10 000 and $50 000	153	-	5	-
Great than $50 000	399	-	3	-
Total paid/payable to the consultants engaged	558	1	11	2

Payments to consultants includes $386 069 paid to members of the Sustainable Budget Commission since 1 November 2009 to report to the government on proposals to reform the budget process.

45. Borrowing costs

	2010 $'000	2009 $'000
Interest on borrowings	190 546	157 877
Interest paid on deposit accounts and other monies	34 588	39 427
Total borrowing costs	225 134	197 304
Borrowing costs paid/payable to entities within the SA Government:		
Interest on borrowings	190 546	157 877
Interest paid on deposit accounts and other monies	32 097	36 214
Total borrowing costs to entities within the SA Government	222 643	194 091

46. Grants, subsidies and transfers

	2010 $'000	2009 $'000
Recurrent grants, subsidies and transfers	2 385 762	1 799 438
Capital grants, subsidies and transfers	1 599 080	4 201
Total grants, subsidies and transfers	3 984 842	1 803 639
Grants, subsidies and transfers paid to entities within the SA Government:		
Recurrent grants, subsidies and transfers	2 143 397	1 571 962
Capital grants, subsidies and transfers	1 599 080	4 201
Total grants, subsidies and transfers paid to entities within the SA Government	3 742 477	1 576 163

47. Depreciation expense

	2010 $'000	2009 $'000
Buildings	13	13
Building fitouts	142	142
Office equipment	4	4
Total depreciation expense	159	159

48. Other expenses

	2010 $'000	2009 $'000
Refunds and remissions	20 591	21 672
Payments to the South Australian Superannuation Fund	10 400	91 500
Payments to Commonwealth Government	20 673	95 501
Working capital facility - Shared Services SA	-	10 000
Bad debts	58	1 490
Doubtful debts	512	(1 775)
Discounted cash flow valuations for financial assistance loans	(1 058)	293
Repayment of borrowings	5 840	2 641
Equity capital contribution	-	1 500
Loans forgiven	1 293	-
Other	4 608	8 543
Total other expenses	62 917	231 365
Other expenses paid/payable to entities within the SA Government:		
Repayment of borrowings	5 840	2 641
Equity capital contribution	-	1 500
Other	949	1 212
Total other expenses paid/payable within the SA Government	6 789	5 353

49. Cash and cash equivalents

	2010 $'000	2009 $'000
Deposits with the Treasurer	1 136 542	1 083 494
Promissory notes	42 100	41 500
Total cash and cash equivalents	1 178 642	1 124 994

Interest rate risk

Deposits with the Treasurer earn a floating interest rate based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value. Promissory notes have been issued by the Local Government Finance Authority of South Australia and earned a floating interest rate between 2.28 percent and 7.79 percent during the financial year.

50. Receivables

	2010	2009
	$'000	$'000
Current:		
Receivables	94 015	36 401
Allowance for doubtful debts	(2 492)	(462)
Accrued revenues	10 052	18 864
GST receivables	517	361
Total current receivables	102 092	55 164
Non-current:		
Receivables	2	2
Total non-current receivables	2	2
Total receivables	102 094	55 166
Receivables from entities within SA Government		
Receivables	89 907	35 620
Accrued revenues	9 797	18 699
Total receivables from SA Government entities	99 704	54 319

Movement in the allowance for doubtful debts

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

The following shows the movements in the allowance for doubtful debts (impairment loss):

	2010	2009
	$'000	$'000
Carrying amount at 1 July	462	1 022
Increase (Decrease) in provision	2 030	(560)
Carrying Amount at 30 June	2 492	462

Interest rate and credit risk

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

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

Maturity analysis of receivables - refer note 62.3.

Categorisation of financial instruments and risk exposure information - refer note 62.

51. Other financial assets

	2010	2009
	$'000	$'000
Current:		
Loans for financial assistance	1 990	1 580
Provision for doubtful debts	-	(43)
Total current other financial assets	1 990	1 537
Non-current:		
Loans for financial assistance	426	5 060
Provision for doubtful debts	-	(1 475)
Total non-current other financial assets	426	3 585
Total other financial assets	2 416	5 122
Other financial assets with entities within SA Government		
Loans for financial assistance	-	231
Total other financial assets with entities within SA Government	-	231

Maturity analysis of other financial assets - refer note 62.3.

Categorisation of financial instruments and risk exposure information - refer note 62.

52. Property, plant and equipment

	2010	2009
Buildings:		
At valuation	874	539
Accumulated depreciation	-	(67)
Total buildings	874	472
Building fitouts:		
At cost	651	651
Accumulated depreciation	(604)	(462)
Total building fitouts	47	189

52. Property, plant and equipment (continued)

	2010	2009
	$'000	$'000
Land:		
At valuation	46	13
Total land	46	13
Office equipment:		
At cost	21	20
Accumulated depreciation	(9)	(4)
Total office equipment	12	16
Total property, plant and equipment	979	690

Valuation of non-current assets

A valuation of the land and buildings for the National Wine Centre was performed by Mr Fred Taormina, BAppSc (Val) AAPI of Valcorp as at 30 June 2010. The revaluation involved discounting to net present value of the National Wine Centre land and buildings at the termination of the 40 year lease arrangement with the University of Adelaide. The valuation resulted in a land and building increment of $448 814. The market value based on the income approach will continue to be used to measure fair value in accordance with APF III.

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during 2009-10:

	Buildings	Building Fit-outs	Land	Office equipment	Total
	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July	472	189	13	16	690
Revaluation increment	415	-	33	-	448
Depreciation expense	(13)	(142)	-	(4)	(159)
Carrying amount at 30 June	874	47	46	12	979

53. Payables

	2010	2009
	$'000	$'000
Current:		
Creditors - electricity entities lease proceeds	3 712	3 379
Creditors - revenue on behalf of the Consolidated Account	780 589	731 401
Creditors - other	119 071	96 559
Accrued expenses	10 695	18 801
Employment on-costs	181	175
GST payable	(310)	154
Total current payables	913 938	850 469
Non-current:		
Creditors - electricity entities lease proceeds	486 821	490 533
Employment on-costs	27	52
Total non-current payables	486 848	490 585
Total payables	1 400 786	1 341 054
Payables to entities within SA Government:		
Creditors - electricity entities lease proceeds	490 533	493 912
Creditors - revenue on behalf of the Consolidated Account	780 589	731 401
Creditors - other	118 939	92 265
Accrued expenses	10 050	18 436
Employment on-costs	81	88
Total payables to SA Government entities	1 400 192	1 336 102

Interest rate and credit risk

Creditors are raised for all amounts billed but unpaid. Creditors - electricity entities lease proceeds are normally settled annually in June. Creditors - revenue on behalf of the Consolidated Account are normally settled by the fifteenth day of each month. Other creditors are normally settled within 30 days of the invoice date provided the goods and services have been received. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand. In addition, there is no concentration of credit risk.

Maturity analysis of payables - refer note 62.3.

Categorisation of financial instruments and risk exposure information - refer note 62.

54. Employee benefits

	2010	2009
	$'000	$'000
Current:		
Accrued salaries and wages	310	287
Annual leave	597	653
Long service leave	331	175
Total current employee benefits	1 238	1 115
Non-current:		
Long service leave	276	521
Total non-current employee benefits	276	521
Total employee benefits	1 514	1 636

54. Employee benefits (continued)

The total current and non-current employee benefit plus related on-costs for 2010 is $1.419 million ($1.29 million) and $303 000 ($573 000) respectively.

The actuarial assessment performed by the Department used the salary inflation rate of 4.5 percent. This is the same rate that was used in 2009.

The actuarial assessment performed in 2010 to determine the benchmark used for the measurement of the long service leave liability changed from 6.5 years to 5.5 years.

55. Provisions

	2010	2009
Current:	$'000	$'000
Provision for workers compensation	16	14
Total current provisions	16	14
Non-current:		
Provision for workers compensation	51	42
Total non-current provisions	51	42
Total provisions	67	56

Reconciliation of provisions

Carrying amount at 1 July	56	45
Additional provisions recognised	11	11
Carrying amount at 30 June	67	56

A liability has been recognised to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by DPC. These claims are expected to settle within the next financial year.

56. Other liabilities

	2010	2009
Current:	$'000	$'000
Unearned revenue	3 628	3 351
Total current other liabilities	3 628	3 351
Non-current:		
Unearned revenue	805	830
Total non-current other liabilities	805	830
Total other liabilities	4 433	4 181

57. Error correction

	2009
	$'000
Balance of equity at 1 July 2008 (accumulated deficit)	(384 896)
Comprehensive result for 2008-09	256 941
Error correction to Comprehensive Income - payments to SA Government	(33 000)
Restate Equity balance at 30 June 2009	(160 955)

The correction reflects a $33 million transfer of cash to the Consolidated Account pursuant to the cash alignment policy made during 2008-09 but not recognised in that year.

58. Unrecognised contractual commitments

(a) Remuneration commitments

	2010	2009
Commitments for the payment of salaries and other remuneration under employment fixed-term contracts in existence at the reporting date but not recognised as liabilities are payable as follows:	$'000	$'000
Not later than one year	1 476	1 075
Later than one year but not later than five years	2 723	-
Total remuneration commitments	4 199	1 075

Amounts disclosed include commitments arising from employment contracts for the support services to Parliamentarians. No remuneration contracts greater than five years are offered.

(b) Operating lease commitments

At the reporting date, the support services to Parliamentarians had operating leases for the lease of office accommodation.

Office accommodation is leased from the Department for Transport, Energy and Infrastructure. The leases are non-cancellable with terms ranging up to six years.

	2010	2009
Commitments under non-cancellable operating leases at the reporting date not recognised as liabilities in the financial report, are payable as follows:	$'000	$'000
Not later than one year	579	1 610
Later than one year but not later than five years	212	767
Later than five years	-	21
Total operating lease commitments	791	2 398

(c) Other commitments

Other commitments are with various SA Government agencies to fulfil requirements under the Intergovernmental Agreement on Federal Financial Relations agreements and are as follows:

	2010	2009
	$'000	$'000
Not later than one year	195 956	100 682
Later than one year but not later than five years	66 523	123 800
Total other commitments	262 479	224 482

59. Contingent assets and liabilities

The following contingent assets and liabilities exist for the administered items:

- Residual responsibilities for structural integrity of the National Wine Centre's buildings outside agreed maintenance regimes as required by the Memorandum of Lease - National Wine Centre. The lease expires in September 2043. The estimated maximum exposure of this liability is undefined.
- Under an agreement, dated 9 May 1996, with the Australian Energy Market Operator (AEMO), previously known as National Electricity Market Management Company (NEMMCO), the Treasurer may be required to contribute to the winding up of AEMO. The maximum exposure of the contingent liability at 30 June 2010 is capped at $691 725.
- Under an agreement between Osborne Cogeneration Pty Ltd and SAFA for the Osborne Generation Plant, SAFA has guaranteed the performance of certain obligations by two Origin Energy subsidiaries. SAFA in turn, is indemnified by Origin Energy for the performance of its subsidiaries and by the Treasurer for the performance of Origin Energy under this arrangement. The maximum exposure of the guarantee is estimated at $150 million to $200 million.
- Under an agreement with the South Australian Netball Association, the Treasurer has guaranteed the repayment of a loan, which the South Australian Netball Association has with an external banking institution with a total exposure value of $1.434 million.
- Financial obligations under various assistance agreements with the Treasurer relating to the Industry Investment Attraction Fund, the Structural Adjustment Fund for South Australia, the Strategic Industry Support Fund, the Innovation and Investment Fund for South Australia, the Regional Development Infrastructure Fund, the Upper Spencer Gulf & Outback Enterprise Zone Fund, the Rural Towns Development Fund, the South Australian Innovation and Investment Fund and the Small Business Development Fund. In addition to a number of one-off industry assistance projects that are funded by individual funding submissions. Agreements are subject to performance criteria by those entities receiving assistance.

60. Lease

The Treasurer entered into an agreement with the University of Adelaide to lease land and buildings previously owned by the National Wine Centre over a 40 year period, for an upfront consideration of $1 million. The effective commencement date for the lease was 9 September 2003. The lease has been treated as an operating lease in accordance with AASB 117. The consideration of $1 million has been recorded as unearned revenue and is being apportioned over the life of the lease.

61. Cash flow reconciliation

	2010	2009
(a) Reconciliation of cash and cash equivalents - cash at 30 June as per:	$'000	$'000
Statement of Administered Cash Flows	1 178 642	1 124 994
Statement of Administered Financial Position	1 178 642	1 124 994

(b) Reconciliation of net cash provided by operating activities to net result

	2010	2009
Net cash provided by operating activities	52 235	9 069
Non-cash items:		
Depreciation expense	(159)	(159)
Bad debts	(58)	(1 490)
Doubtful debts	(512)	1 775
Discounted cash flow adjustment	1 904	707
Loans forgiven	(1 293)	-
Increments on revaluation of non-current assets	448	-
Interest written off	6	154
Change in assets and liabilities:		
Increase in receivables	45 588	36 267
(Increase) Decrease in payables	(59 732)	177 192
Decrease (Increase) in employee benefits	122	(277)
Increase in provisions	(11)	(11)
(Increase) Decrease in other liabilities	(252)	714
Total comprehensive result	38 286	223 941

62. Financial instruments/financial risk management

62.1 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:					
Cash and cash equivalents	49,61	1 178 642	1 178 642	1 124 994	1 124 994
Loans and receivables:					
Receivables[(1)]	50	101 577	101 577	54 805	54 805
Investments - held to maturity:					
Other financial assets	51	2 416	2 416	5 122	4 567
Total financial assets		1 282 635	1 282 635	1 184 921	1 184 366
Financial liabilities					
Financial liabilities - at cost:					
Payables[(1)]	53	1 401 096	1 401 096	1 340 900	1 340 900
Total financial liabilities		1 401 096	1 401 096	1 340 900	1 340 900

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

Credit risk

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

The Department has minimal concentration of credit risk. The Department does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets is calculated on past experience and current and expected changes in client credit rating. Currently the Department does not hold any collateral as security to any of its financial assets. Other than receivables, there is no evidence to indicate that the financial assets are impaired. Refer to note 50 for information on the allowance for impairment in relation to receivables.

62.2 Ageing analysis of financial assets

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

	Past due by			
	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
2010	$'000	$'000	$'000	$'000
Not impaired:				
Receivables[(1)]	99 962	1	1 614	101 577
Impaired:				
Receivables[(1)]	-	-	2 492	2 492
	99 962	1	4 106	104 069
2009				
Not impaired:				
Receivables[(1)]	54 578	-	234	54 805
Impaired:				
Receivables[(1)]	7	7	448	462
	54 578	7	682	55 267

(1) Receivable 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'. They are carried at cost.

62.3 Maturity analysis of financial assets and liabilities

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

		Contractual maturity		
2010	Carrying amount	Less than 1 year	1-5 years	More than 5 years
Financial assets:	$'000	$'000	$'000	$'000
Cash and cash equivalents	1 178 642	1 178 642	-	-
Receivables	101 577	101 577	-	-
Other financial assets	2 416	2 416	-	-
Total financial assets	1 282 635	1 282 635	-	-
Financial liabilities:				
Payables	1 401 096	914 248	14 875	471 973
Total financial liabilities	1 401 096	914 248	14 875	471 973
2009				
Financial assets:				
Cash and cash equivalents	1 124 994	1 124 994	-	-
Receivables	54 805	54 805	-	-
Other financial assets	5 122	1 537	3 037	548
Total financial assets	1 184 921	1 181 336	3 037	548
Financial liabilities:				
Payables	1 340 900	850 279	15 739	474 882
Total financial liabilities	1 340 900	850 279	15 739	474 882

Liquidity risk

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

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

The carrying amount of financial liabilities recorded in note 62.1 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. 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 analysis has not been undertaken for the interest rate risk of the Department as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

63. Events after the end of the reporting period

There were no events occurring after the end of the reporting period that have material financial implications on these financial statements.

UNIVERSITY OF ADELAIDE

FUNCTIONAL RESPONSIBILITY

Establishment

The University of Adelaide (the University) is established by the *University of Adelaide Act 1971*.

Functions

The University has the objective of advancing learning and knowledge which it achieves through the provision of university education and the conduct of research activities.

The University has financial interests in a number of entities as detailed in notes 2, 32, 33 and 34 to the financial statements.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Regulations under the PFAA provide that the University is a public authority. Consequently, subsection 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of the University for each financial year.

Assessment of controls

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

Scope of audit

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

During 2009, specific areas of audit attention included:

- corporate governance arrangements
- procurement and accounts payable
- inventory management
- payroll
- revenue
- fixed assets including capital works in progress
- treasury (financial assets)
- general ledger
- capital project management
- monitoring of controlled entity operations
- information and communications technology.

Internal audit activities and reports were also reviewed.

The audits of the controlled entities for the year ending 31 December 2009 were carried out by private accounting firms.

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 University of Adelaide and the Consolidated Entity as at 31 December 2009, and their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the University of Adelaide in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to corporate governance - frameworks and payroll as outlined under 'Communication of Audit Matters', are sufficient to provide reasonable assurance that the financial transactions of the University of Adelaide have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Vice-Chancellor. Responses to the management letters were considered to be generally satisfactory. Major matters raised with the University of Adelaide and the related responses are detailed below.

Corporate governance – frameworks

Audit has continued to follow up and report on the University's progress in addressing certain key issues reported on since 2006. The key issues were the need to implement:

- a risk management framework
- a legal compliance framework
- a contract management framework
- effective payroll controls.

The University has developed and implemented a range of initiatives to strengthen its control environment and has set timeframes to fully address the issues. Audit will continue to monitor the University's progress.

Documented policies and procedures

The review of the documented policies and procedures developed and implemented by the University noted there remain areas in which the University is yet to establish and promulgate policies and procedures to staff.

Payroll

The audit of the payroll control environment included a review of measures implemented to address matters identified in prior years. This review identified that the University has implemented changes to payroll controls with respect to payments to casual employees, including contracts of employment. Changes to other payroll controls, which respond to previous Audit findings, have been delayed until the University implements a new payroll system. The new payroll system, which was planned to be implemented in October 2009, was implemented in August 2010. Audit will undertake a detailed review of the new payroll system in 2011.

The 2009 payroll audit also identified further areas in which controls could be improved. Audit recommended that the University:

- establish and implement leave policies and procedures or ensure existing policies reflect current practice

- ensure faculty/division managers better manage excessive leave balances

- ensure casual employment contracts and payment claim forms are properly authorised before processing casual employee payments.

Information technology governance and control

Audit has continued to assess the area of information and communications technology as it applies across the University and to certain key systems.

During 2009 Audit undertook a follow-up review of aspects of ICT governance and the PeopleSoft HR and accounts payable systems and their computer processing environments. The review and the University's response of December 2009 to the review findings, reported to the University in November 2009, revealed progress in addressing previously raised findings.

While certain important matters have been finalised and implemented (including IT governance framework; performance of security reviews of data centres; conduct of disaster recovery exercises), the University advised of other actions in progress to be completed during 2010 (including risk register consolidation; enhancement of systems documentation).

A further follow-up audit is to be undertaken as part of the University audit for the year ended 31 December 2010.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS (CONSOLIDATED)

The revenue and expense items for the interpretation and analysis of the financial report has been sourced from note 36 as this has been prepared in accordance with the Department of Education, Employment and Workplace Relations reporting guidelines and provides consistency and comparability with the other universities.

Highlights of the financial statements (Consolidated)

	2009	2008
	$'million	$'million
REVENUE		
Australian Government grants and FEE-HELP	**298**	300
HECS-HELP (Australian Government and student)	**72**	68
Fees and charges	**125**	108
Other	**174**	160
Total revenue	**669**	636
EXPENSES		
Employment benefits	**326**	319
Other expenses	**275**	285
Total expenses	**601**	604
Operating result from continuing operations	**68**	32
NET CASH FLOWS FROM OPERATIONS	**74**	88
ASSETS		
Current assets	**145**	116
Non-current assets	**1 062**	955
Total assets	**1 207**	1 071
LIABILITIES		
Current liabilities	**93**	85
Non-current liabilities	**153**	111
Total liabilities	**246**	196
EQUITY	**961**	875

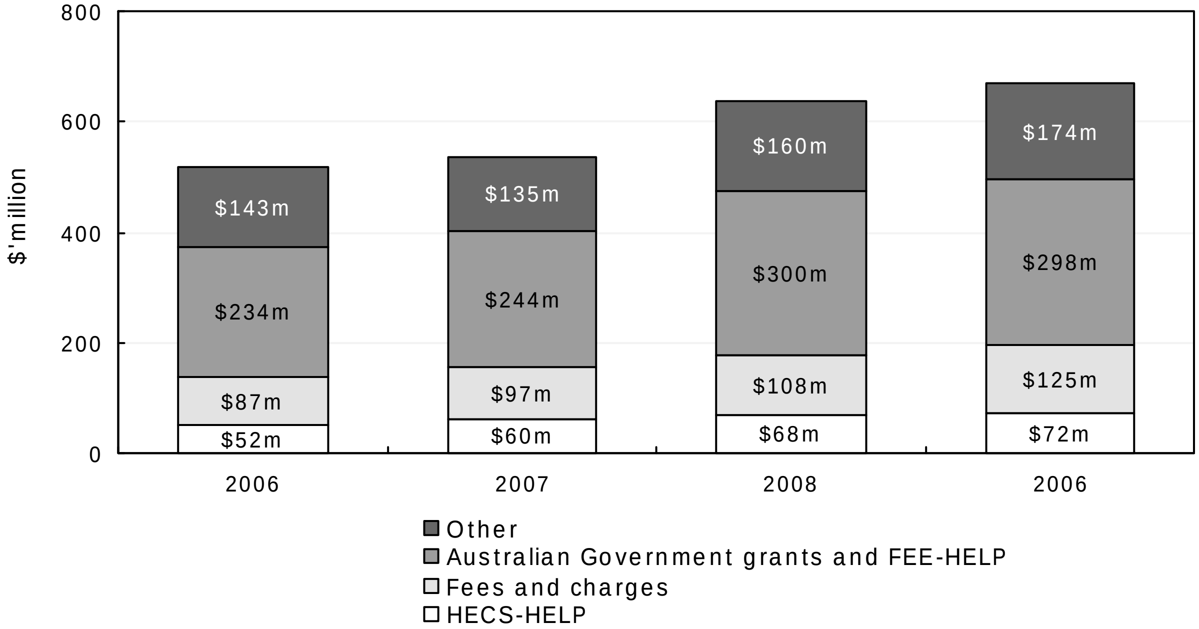
Income Statement (Consolidated)

Revenue

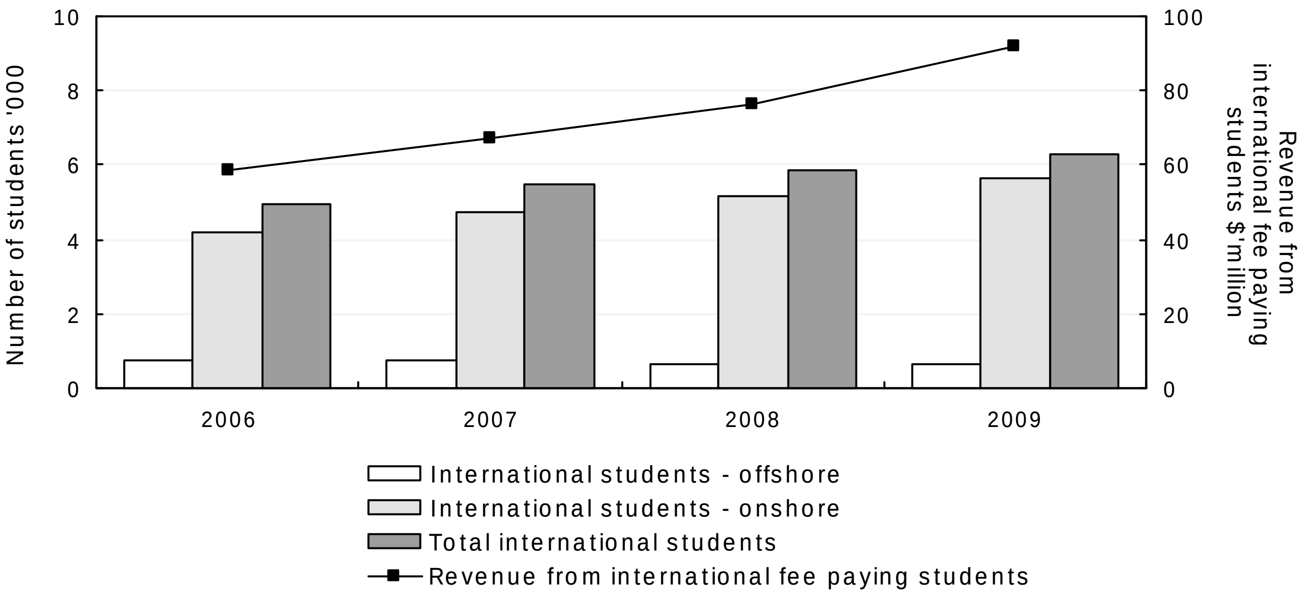
Revenue increased by $33 million to $669 million. The main movements in the University's revenue were:

- an increase in fees and charges of $17 million. This increase is due predominantly to an increase in student fee income of $17 million of which $16 million relates to international fee paying students
- an increase in investment revenue of $16 million which principally reflects the unrealised investment earnings on the Composite Fund performance in 2009
- a reduction in other operating financial assistance from the Commonwealth of $24 million, due principally to reduced capital funding.

A structural analysis of operating revenues for the University in the four years to 2009 is presented in the following chart.



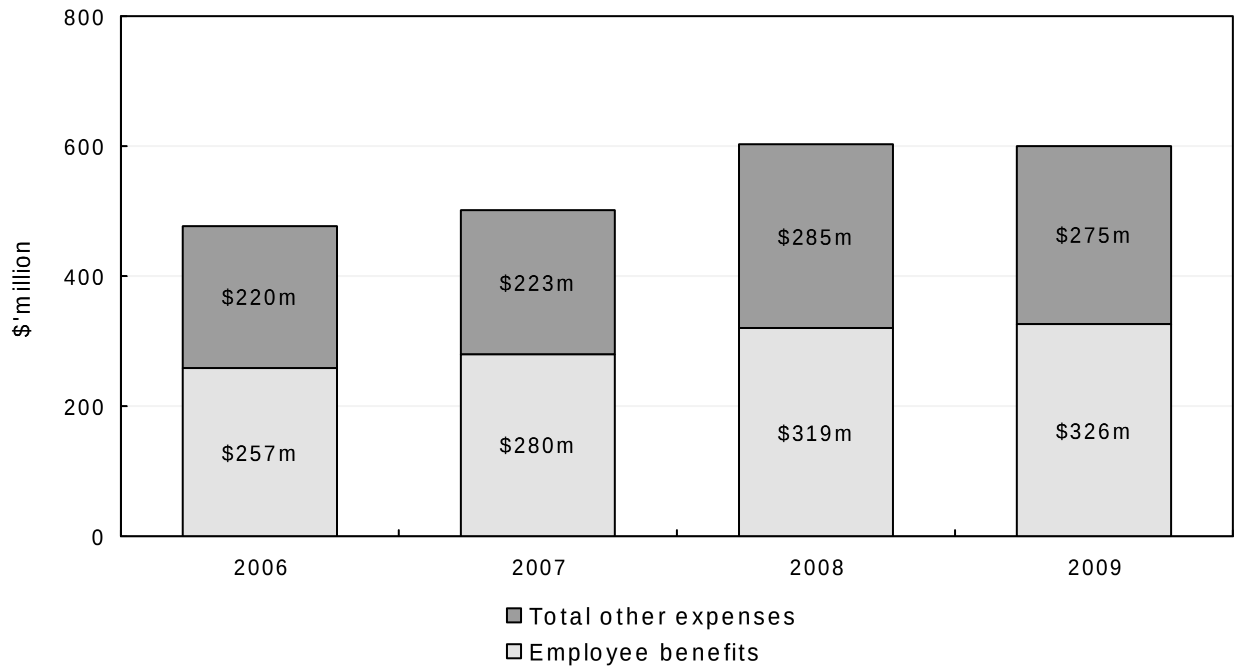
The following chart highlights the general upward trend in the revenue received from international fee paying students and the increase in international fee paying students.



Expenses

Expenditure from continuing operations in 2009 totalled $601 million as compared to $603 million in 2008. This decrease in expenditure reflects the recognition of a $34 million loss in the market valuation of the University's General and Composite Fund investments in 2008 compared to an unrealised gain of $20 million in 2009.

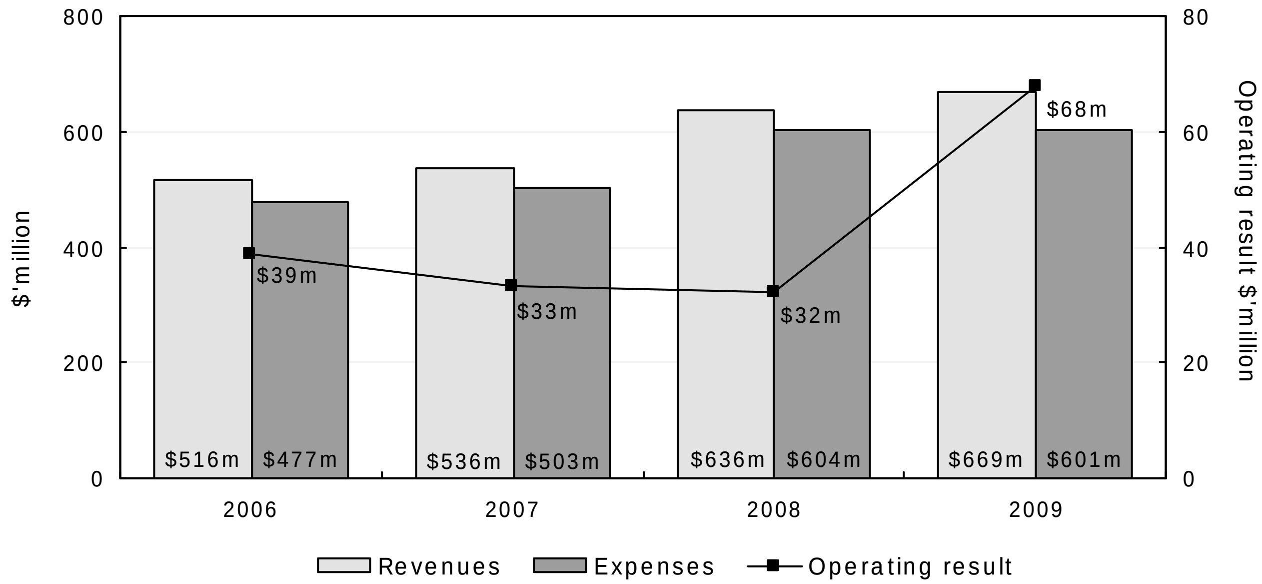
The following chart shows the growth in employee expenses in relation to total other expenses over the four years to 2009.



Operating result from continuing operations

The consolidated operating result for the year was a surplus of $68 million ($32 million). This increase is due predominantly to the University recognising unrealised investment earnings on the General and Composite Fund of $20 million in 2009 compared to a loss of $34 million in 2008.

The following chart shows the operating revenues, operating expenses and operating result for the four years to 2009.



Statement of Financial Position (Consolidated)

The consolidated net assets of the University at 31 December 2009 totalled $961 million ($875 million), an increase of $86 million.

Assets

The value of the University's assets increased by $136 million to $1207 million. The increase is due mainly to an increase in the value of property, plant and equipment which reflects the work in progress for the various capital redevelopment projects.

Liabilities

The value of the University's liabilities increased by $50 million to $246 million. The University borrowed $58 million in 2009 to fund its major capital works program.

Statement of Cash Flows (Consolidated)

The following table summarises the net cash flows for the four years to 2009.

	2009	2008	2007	2006
	$'million	$'million	$'million	$'million
Net cash flows				
Operating	**73.7**	88.3	36.7	51.8
Investing	**(138.8)**	(81.3)	(136)	(17.3)
Financing	**58.3**	(0.1)	(0.3)	(0.1)
Change in cash (including the effect of exchange rate movements)	**(6.6)**	6.8	(99.6)	34.3
Cash at 31 December	**21.4**	28.0	21.2	120.8

The net cash flows used in investing activities increased by $58 million due mainly to the cash outflows relating to the capital works projects.

The increase in the net cash flows from financing activities reflects the borrowings of $58 million undertaken by the University in 2009.

Statement of Comprehensive Income
for the year ended 31 December 2009

		Consolidated		University	
		2009	2008	**2009**	2008
REVENUE FROM CONTINUING OPERATIONS:	Note	**$'000**	$'000	**$'000**	$'000
Received under *Higher Education Support Act*:					
Base operating financial assistance	4	**149 302**	144 563	**149 302**	144 563
Other operating financial assistance	4	**16 374**	40 698	**16 374**	40 698
Higher Education Contribution Scheme	4	**72 093**	67 576	**72 093**	67 576
		237 769	252 837	**237 769**	252 837
Learning and teaching:					
Student fees	4	**114 202**	97 178	**114 202**	97 178
Grants		**36 949**	35 292	**36 477**	35 292
		151 151	132 470	**150 679**	132 470
Research grants and fees:					
National competitive grants		**74 060**	69 976	**74 060**	69 976
Public sector - other		**39 488**	38 604	**37 045**	35 958
Industry and other		**27 039**	20 632	**22 983**	16 610
		140 587	129 212	**134 088**	122 544
Research - other:					
Cooperative Research Centres direct funding		**4 854**	5 881	**4 854**	5 881
Research infrastructure program		**14 471**	14 341	**14 471**	14 341
		19 325	20 222	**19 325**	20 222
Other:					
Investment revenue	4	**25 387**	9 296	**27 423**	12 187
Property revenue	4	**12 337**	11 547	**12 595**	12 020
Specialist services and trading	4	**60 619**	56 574	**16 570**	17 070
Other	4	**22 041**	23 716	**19 825**	21 968
		120 384	101 133	**76 413**	63 245
Total revenue from continuing operations		**669 216**	635 874	**618 274**	591 318
EXPENSES FROM CONTINUING OPERATIONS:					
Salaries and related expenses	5	**326 304**	318 509	**314 010**	306 694
Student services		**30 743**	27 921	**30 743**	27 921
Teaching and research	5	**65 840**	55 840	**66 227**	56 575
Buildings and grounds	5	**37 852**	34 250	**36 090**	32 800
Finance costs	5	**790**	212	**1 121**	1 188
Administration, communication and travel	5	**98 114**	97 691	**62 307**	63 075
Finance and fund administration	5	**5 119**	36 132	**5 119**	36 223
Miscellaneous equipment, depreciation and net loss on disposal of assets	5	**36 455**	32 844	**35 604**	32 050
Total expenses from continuing operations		**601 217**	603 399	**551 221**	556 526
NET OPERATING RESULT FOR THE YEAR		**67 999**	32 475	**67 053**	34 792
Operating Result after Income Tax for the Period		**67 999**	32 475	**67 053**	34 792
OTHER COMPREHENSIVE INCOME:					
Gain (loss) on value of available-for-sale financial assets, net of tax		**-**	-	**819**	(1 373)
Gain on revaluation of works of art		**-**	2 434	**-**	2 434
Gain (loss) on interest rate swap contracts		**13 142**	(17 377)	**13 142**	(17 377)
Share of other comprehensive income of associates and joint ventures, net of tax	4	**(248)**	(269)	**-**	-
Net actuarial gain (loss) recognised in respect of defined benefit plans		**5 013**	(7 672)	**5 013**	(7 672)
Minority equity interest distribution paid		**-**	(108)	**-**	-
Other adjustments recognised directly in equity		**-**	(14)	**-**	-
Total other comprehensive income		**17 907**	(23 006)	**18 974**	(23 988)
Total comprehensive income		**85 906**	9 469	**86 027**	10 804
Total comprehensive income attributable to minority interest		**(128)**	39	**-**	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE UNIVERSITY OF ADELAIDE		**85 778**	9 508	**86 027**	10 804

Statement of Financial Position
as at 31 December 2009

		Consolidated		University	
		2009	2008	**2009**	2008
CURRENT ASSETS:	Note	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	6	**21 428**	28 095	**15 123**	23 456
Receivables	7	**28 728**	33 340	**25 886**	29 900
Other financial assets	8	**40 003**	40 530	**39 600**	40 172
Derivative financial instruments	9	**-**	327	**-**	327
Inventories	10	**8 175**	7 218	**1 172**	1 132
Other non-financial assets	11	**7 354**	6 718	**7 252**	6 606
		105 688	116 228	**89 033**	101 593
Non-current assets held-for-sale	12	**39 297**	-	**-**	-
Total current assets		**144 985**	116 228	**89 033**	101 593
NON-CURRENT ASSETS:					
Other financial assets	8	**108 256**	88 965	**108 643**	89 407
Investments accounted for using the equity method	13	**2 295**	2 473	**713**	643
Available-for-sale financial assets	14	**-**	-	**47 453**	46 634
Property, plant and equipment	15	**877 553**	796 406	**874 696**	754 698
Investment property	16	**19 252**	21 027	**19 252**	21 027
Intangible assets	17	**1 664**	1 225	**1 664**	1 225
Other non-financial assets	11	**1 186**	1 144	**1 186**	1 138
Deferred government superannuation contribution	27	**51 700**	43 700	**51 700**	43 700
Total non-current assets		**1 061 906**	954 940	**1 105 307**	958 472
Total assets		**1 206 891**	1 071 168	**1 194 340**	1 060 065
CURRENT LIABILITIES:					
Payables	18	**48 686**	49 501	**37 324**	35 403
Borrowings	19	**2 506**	6	**2 506**	6
Provisions	20	**27 037**	24 429	**26 268**	23 747
Derivative financial instruments	9	**64**	-	**64**	-
Defined benefit obligation	27	**3 500**	3 300	**3 500**	3 300
Other	21	**11 454**	8 081	**19 100**	19 804
Total current liabilities		**93 247**	85 317	**88 762**	82 260
NON-CURRENT LIABILITIES:					
Payables	18	**5 338**	5 270	**5 239**	5 260
Borrowings	19	**55 849**	56	**55 849**	56
Provisions	20	**40 828**	49 022	**40 596**	48 842
Derivative financial instruments	9	**2 487**	16 067	**2 487**	16 067
Defined benefit obligation	27	**48 200**	40 400	**48 200**	40 400
Total non-current liabilities		**152 702**	110 815	**152 371**	110 625
Total liabilities		**245 949**	196 132	**241 133**	192 885
NET ASSETS		**960 942**	875 036	**953 207**	867 180
EQUITY:					
Capital reserves	23	**513 980**	513 980	**528 497**	527 678
Specific purpose reserves	23	**270 612**	205 275	**270 612**	205 275
Retained surplus	23	**174 565**	154 124	**154 098**	134 227
Total University interest		**959 157**	873 379	**953 207**	867 180
Minority interest		**1 785**	1 657	**-**	-
TOTAL EQUITY		**960 942**	875 036	**953 207**	867 180

Statement of Changes in Equity
for the year ended 31 December 2009

Consolidated	Capital reserves $'000	Specific purpose reserves $'000	Retained surplus $'000	Minority interest $'000	Total $'000
Balance at 1 January 2008	511 507	205 155	147 103	1 802	865 567
Total comprehensive income:					
Parent Entity	2 473	120	7 021	-	9 614
Minority interest	-	-	-	(145)	(145)
Total	2 473	120	7 021	(145)	9 469
Balance at 31 December 2008	513 980	205 275	154 124	1 657	875 036
Balance at 1 January 2009	513 980	205 275	154 124	1 657	875 036
Total comprehensive income:					
Parent Entity	-	65 337	20 441	-	85 778
Minority interest	-	-	-	128	128
Total	-	65 337	20 441	128	85 906
Balance at 31 December 2009	**513 980**	**270 612**	**174 565**	**1 785**	**960 942**
Parent					
Balance at 1 January 2008	526 617	205 155	124 604	-	856 376
Total comprehensive income:					
Parent Entity	1 061	120	9 623	-	10 804
Minority interest	-	-	-	-	-
Total	1 061	120	9 623	-	10 804
Balance at 31 December 2008	527 678	205 275	134 227	-	867 180
Balance at 1 January 2009	527 678	205 275	134 227	-	867 180
Total comprehensive income:					
Parent Entity	819	65 337	19 871	-	86 027
Minority interest	-	-	-	-	-
Total	819	65 337	19 871	-	86 027
Balance at 31 December 2009	**528 497**	**270 612**	**154 098**	**-**	**953 207**

Statement of Cash Flows
for the year ended 31 December 2009

		Consolidated		University	
		2009	2008	**2009**	2008
		Inflows	Inflows	**Inflows**	Inflows
CASH FLOWS FROM OPERATING ACTIVITIES:		**(Outflows)**	(Outflows)	**(Outflows)**	(Outflows)
INFLOWS:	Note	**$'000**	$'000	**$'000**	$'000
Australian Government financial assistance	37(h)	**351 545**	351 665	**351 545**	351 665
OS-HELP (net)	37(h)	**450**	632	**450**	632
Superannuation supplementation		**3 086**	2 820	**3 086**	2 820
State Government financial assistance		**30 360**	34 834	**30 049**	34 538
HECS-HELP - student upfront payments		**12 456**	11 307	**12 456**	11 307
Fee paying student revenue received		**111 819**	92 962	**111 819**	92 962
Fees and charges		**14 589**	17 435	**14 589**	17 435
Donations and bequests		**6 256**	7 345	**6 244**	7 345
Interest and dividends received		**6 494**	8 720	**4 317**	7 276
Consultancy and contract research		**67 862**	54 798	**38 490**	29 856
Specialist services and produce trading		**16 240**	16 727	**4 701**	5 029
GST received		**29 174**	22 975	**27 480**	21 387
Other		**31 481**	37 026	**23 200**	28 818
Total inflows		**681 812**	659 246	**628 426**	611 070
OUTFLOWS:					
Salaries and related expenses		**(325 115)**	(314 177)	**(312 999)**	(302 947)
Student services		**(30 816)**	(28 015)	**(30 752)**	(27 929)
Goods and services		**(219 303)**	(204 504)	**(179 505)**	(168 164)
Interest and other costs of finance		**(1 122)**	(212)	**(1 122)**	(212)
GST paid		**(31 733)**	(24 047)	**(28 190)**	(20 417)
Total outflows		**(608 089)**	(570 955)	**(552 568)**	(519 669)
Net cash provided by operating activities	24	**73 723**	88 291	**75 858**	91 401
CASH FLOWS FROM INVESTING ACTIVITIES:					
INFLOWS:					
Proceeds from sale of property, plant and equipment		**360**	405	**289**	375
Proceeds from sale of financial assets		**83 832**	2 180	**83 475**	2 180
Sale of investments - held-to-maturity		**572**	20 173	**572**	20 173
Increase in loans		**496**	-	**191**	-
Repayment of loans by related parties		**153**	86	**172**	141
Total inflows		**85 413**	22 844	**84 699**	22 869
OUTFLOWS:					
Payments for property, plant and equipment		**(138 079)**	(97 278)	**(137 281)**	(96 061)
Payments for intangible assets		**(887)**	(729)	**(887)**	(729)
Purchase of financial assets		**(85 102)**	(6 025)	**(84 702)**	(5 675)
Decrease in loans		**(142)**	(81)	**(6)**	(81)
Increase in loans to related parties		**-**	(68)	**-**	(100)
Decrease in funds held on deposit		**-**	-	**(4 500)**	(3 000)
Total outflows		**(224 210)**	(104 181)	**(227 376)**	(105 646)
Net cash used in investing activities		**(138 797)**	(81 337)	**(142 677)**	(82 777)
CASH FLOWS FROM FINANCING ACTIVITIES:					
INFLOWS:					
Increase in borrowings		**58 300**	-	**58 300**	-
Total inflows		**58 300**	-	**58 300**	-
OUTFLOWS:					
Dividends paid to minority interests		**-**	(107)	**-**	-
Total outflows		**-**	(107)	**-**	-
Net cash used in financing activities		**58 300**	(107)	**58 300**	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(6 774)**	6 847	**(8 519)**	8 624
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**28 016**	21 241	**23 456**	14 825
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**186**	7	**186**	7
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	6	**21 428**	28 095	**15 123**	23 456

The University invests its surplus working capital into bank bills. These bank bills are reported as financial assets held-to-maturity within note 8 (2009: $39.4 million, 2008: $40 million). As a consequence these amounts are not reported within cash and cash equivalents and the movement in these assets are not reported within the Statement of Cash Flows.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Basis of preparation

These notes, prepared in conjunction with the financial statements, provide an explanation of significant accounting policies and practices adopted in the preparation of the statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements and notes collectively constitute a general purpose financial report prepared in accordance with AASs, Australian Accounting Standards Board (AASB) interpretations, the requirements of the Department of Education, Employment and Workplace Relations (DEEWR) and South Australian TIs and the APF issued under the provisions of the PFAA (except where in conflict with DEEWR requirements).

(a) Compliance with IFRSs

The financial statements and notes of The University of Adelaide (the University) comply with AASs, some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.

(b) Critical accounting estimates

Preparation of financial statements in conformity with AASs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed where applicable, in the relevant notes to the financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and the future periods if the revision affects both current and future periods.

2. Scope of reporting

The financial statements and notes disclose the 2009 operating results and 2008 comparative results of The University of Adelaide as follows:

University — refers to all aspects of operation of The University of Adelaide only.

Consolidated — refers to the financial results of The University of Adelaide together with the financial results of its controlled entities (refer note 32). It includes the University's interests in associated entities (note 33) and its joint venture operations (note 34), recognised using the equity accounting method.

The controlled entities of The University of Adelaide, included in this report are:

- Adelaide Research & Innovation Pty Ltd as trustee for The Adelaide Research & Innovation Investment Trust:
  - ACN 008 123 466 Pty Ltd (formerly Repromed Pty Ltd)
- Adelaide Unicare Pty Ltd as trustee for the Unihealth Research & Development Trust
- Martindale Holdings Pty Ltd as trustee for
  - J S Davies Estate
  - J A T Mortlock Trust
  - The Roseworthy Farm
- National Wine Centre Pty Ltd as trustee for the National Wine Centre Trust
- Roseworthy Piggery Pty Ltd.

3. Statement of significant accounting policies

(a) Basis of accounting

This general purpose financial report has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or current valuations of non-current assets.

These accounting policies have been consistently applied by each Entity in the Consolidated Entity (‘the Consolidated Entity’), and these policies have been consistently applied to all the years presented, unless otherwise stated.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures. Where comparatives have been reclassified, the impact of this reclassification has been disclosed in the relevant note.

(b) Principles of consolidation

The consolidated financial statements of the Consolidated Entity include the financial statements of the University, being the Parent Entity, and its controlled entities. All entities have a 31 December reporting period.

(b) Principles of consolidation (continued)

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The balances, and effects of transactions, between controlled entities have been eliminated in the consolidated financial statements. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Minority interests in the equity and results of the entities that are controlled by the University are shown as a separate item in the consolidated financial statements.

(c) Foreign currency

The University and its controlled entities financial statements are prepared in Australian dollars as their primary activities are conducted within Australia where the functional currency is Australian dollars.

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions and brought to account in the net operating result. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

(d) Revenue recognition

The University recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the University and specific criteria have been met for each of the University's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the transaction have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Grant revenue

Grant revenue is recognised in the accounting period that the University obtains control of the revenue which is generally when it is received.

Student tuition fees and charges

Student tuition fees and charges are recognised in the accounting period in which the service is provided.

Consultancy, contract and industry research

Consultancy, contract and industry research income is recognised in the accounting period in which the service is provided.

Bequests and donations

Bequests and donations are recognised as income in the accounting period they are received.

Interest and investment income

Interest and income from investments are recognised as they accrue (refer to note 3(j)).

Asset sales

The net gain/loss from asset sales is included in the Consolidated Entity net operating result. The profit or loss on disposal of assets is brought to account at the date the contract of sale becomes unconditional.

(e) GST

Revenues, expenses, assets and liabilities are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

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

(f) Intangible assets

Research expenditure is expensed in the period in which it is incurred. Where no internally generated asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

Any intangible assets arising from development (or from the development phase of an internal project) are recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

(f) *Intangible assets (continued)*

All computer software other than operating systems is treated as intangible assets.

Intangible assets are stated at cost less accumulated amortisation and impairment, whereby impairment is tested annually (refer note 17).

(g) *Employee benefits*

Wages and salaries

The employees' entitlements to wages and salaries represent the amount which the Consolidated Entity has a present obligation to pay resulting from employees' services provided up to the balance date. The entitlements have been calculated at the wage and salary rates as at the balance date and have been recognised in payables.

Annual leave

The employees' entitlements to annual leave expected to be settled within 12 months of the balance date have been calculated at the amounts expected to be paid when the liabilities are settled and recognised in current provisions. Where the employees' entitlements to annual leave are not expected to be settled within 12 months of the balance date, the provision has been discounted to present value using the Australian Government three year bond rate and recognised in non-current provisions. The employee on-costs related to annual leave provision are recognised in payables.

Long service leave

The liability for employees' entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

Liabilities for employees' entitlements, which are not expected to be settled within 12 months, are discounted using the rates attaching to Australian Government securities at balance date, which most closely match the terms of maturity of the related liabilities, and recognised in non-current provisions.

In determining the liability for employees' entitlements, consideration has been given to future increases in wage and salary rates, and the Consolidated Entity's experience with staff departures. Related on-costs have been recognised in payables.

Superannuation

Superannuation schemes exist to provide benefits to University employees and their dependents upon retirement, disability or death. The contributions made to these schemes by the University, and emerging costs from unfunded schemes, are expensed in the net operating result. For defined benefit plans, the actuarial gains and losses are recognised immediately in Other comprehensive income in the year in which they occur and the liability in relation to the defined benefit obligation, net of assets, has been recognised in the Statement of Financial Position. Refer note 27 for details relating to the individual schemes.

(h) *Receivables*

The collectability of receivables is assessed at balance date and provision is made for any amounts considered to be doubtful. Any debts considered to be non-collectable have been expensed as bad debts.

(i) *Cash and cash equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) *Other financial assets*

The Consolidated Entity classifies its investment into the following categories: financial assets held-for-trading, financial assets held-to-maturity, available-for-sale financial assets and loans and receivables. The classification depends on the purpose for which the investments were acquired. The classification of the investments is made at initial recognition and is reviewed at each balance date.

Financial assets held-for-trading

The financial assets are classified in this category if acquired for the purpose of selling in the short-term and the assets are subject to frequent changes in fair value. Financial assets held-for-trading purposes are recorded at fair value in the Statement of Financial Position, with any realised and unrealised gains or losses recognised in the net operating result.

- *Composite Fund*

  The majority of specific purpose endowments received by the University to fund research activities, scholarships, prizes and lectures are included in the Composite Fund. This Fund is invested in cash deposits and longer term investments managed by independent investment managers. It includes a mix of Australian equities, overseas equities, fixed interest securities and property trusts. These securities are traded by the investment managers, however, the Composite Fund represents a long term investment holding. As a consequence, these investments are reported in non-current financial assets in the Statement of Financial Position at market values obtained from the investment managers.

Financial assets held-to-maturity
The University places its surplus operating funds into bank bills with fixed maturity dates. The bank bills held at balance date had original maturities of 90 days or less. Financial assets held-to-maturity are recognised at cost.

Available-for-sale financial assets
The financial assets are classified in this category where there is an intention to dispose of the investment, rather than replacing the investment through trading. Available-for-sale financial assets are recorded at fair value less impairment in the Statement of Financial Position. Unrealised gains and losses arising from changes in fair value are recognised directly in the revaluation reserve, until the investment is disposed of or is determined impaired, at which time the cumulative unrealised gain or loss previously recognised in the reserve is included in the net operating result for the period. The University's investments in controlled entities are classified as non-current available-far-sale financial assets as the University does not intend to dispose of these assets in the near future.

Loans and receivables
The financial assets are classified in this category when the Consolidated Entity provides money, goods or services to a debtor with no intention of selling the receivable. Financial assets classified as loans and receivables are recorded at amortised cost less impairment. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets.

Fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes (refer note 31). The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date. Financial instruments that are not traded in an active market are recognised at the lower of cost or net realisable value. The nominal value less estimated credit adjustments of receivables and payables are assumed to approximate their fair values.

(k) Derivative financial instruments

The Consolidated Entity enters into interest rate swaps (derivative financial instruments) to manage its exposure to movements in interest rates on its future borrowings.

In addition, the Consolidated Entity enters into foreign currency swaps (derivative financial instruments) to manage its exposure to movements in exchange rates on its capital expenditure.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised as an asset or liability as the interest rates swaps are effective hedging instruments.

The fair value of hedging derivatives is classified as a non-current asset or a non-current liability if the remaining maturity of the hedge relationship is more than 12 months and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than 12 months.

Hedge accounting
The Consolidated Entity has designated the interest rate and foreign currency swaps as cash flow hedges. At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Consolidated Entity documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting cash flows of the hedged item.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designed and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in the net operating result. As at 31 December 2009 there are no ineffective hedge instruments.

Amounts deferred in equity are recorded in the net operating result in the periods when the hedged item is recognised in the net operating result. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Consolidated Entity revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the net operating result. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the net operating result.

(l) Investments in business undertakings

Controlled entities
Investments in controlled entities are carried in the University's financial statements at fair value. Dividends and distributions are brought to account in the net operating result when they are declared by the controlled entities.

Associates
An associate is an entity, other than a partnership, over which the Consolidated Entity exercises a significant influence and where the investment in that entity has not been acquired with a view to disposal in the near future.

In the University's financial statements, investments in associates are carried at cost.

In the consolidated financial statements, investments in associates are accounted for using the equity method of accounting. The Consolidated Entity's share of the associates' net profit or loss after tax is recognised in Consolidated other comprehensive income after the elimination of unrealised profits and losses on transactions between the associate and any entities in the Consolidated Entity or another associate of the Consolidated Entity.

Joint venture operations
The University derives income as part of its participation in Cooperative Research Centres, as listed in note 34 (a)(i). In the ordinary course of events this income, which is recognised in the financial statements of the University, is used to meet operational costs and/or acquire equipment. As a participant, the University will be entitled to a proportionate share of any intellectual property arising, which in time, it would be required to account for under the rules of joint venture accounting. As at the balance date, the University is not aware of any material intellectual property with commercial value. As such no accounting entries have been recorded.

The University's interest in other joint ventures, as described in note 34(a)(ii), are accounted for using the equity method of accounting.

Other business undertakings
The Consolidated Entity holds a number of investments. In the case of publicly listed investments, these have been valued at market value. In the case of non-publicly listed investments, these have been valued at lower of cost or net realisable value (refer note 3(j)).

(m) Inventories
Consumable materials and trading stock
The University has a number of inventory stores at several locations. The inventory is valued at cost based on the weighted average cost method.

Livestock
The University breeds animals for teaching and research activities and not for profit. Consequently it does not attribute a value to livestock for recording in the Statement of Financial Position. Where controlled entities have reported livestock, this is included at the lower of cost or net realisable value.

(n) Property, plant and equipment
Acquisitions
Items of property, plant and equipment are initially recorded at cost in the Statement of Financial Position (unless otherwise indicated) and depreciated in accordance with note 3(q).

Revaluations
During 2007 land and buildings were independently valued on a fair value basis in accordance with AASs.

Increases in the carrying amounts arising on revaluation of each class of assets, being land and buildings, library collection and works of art are credited to capital reserves in equity within the Statement of Financial Position except to the extent that they reverse previous reductions in the carrying amounts which were charged to the net operating result. Decreases that reverse previous increases of the same class of asset are first charged against the capital reserves in equity to the extent of the remaining reserve attributable to the class of asset. All other decreases are charged to the net operating result.

Disposal of revalued assets
The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal and is included in the results in the year of disposal.

Land and buildings
The University differentiates between ‘trust’ and ‘other’ land and buildings. ‘Trust’ land is land provided to the University by government to be held in trust for the specific purpose of operating the University, or acquired by settlement under a binding trust. Buildings constructed on land classified as ‘trust’ land are classified as ‘trust’ buildings.

All land and buildings are recorded at fair value which has been assessed via an independent valuation on the basis of market value for existing use. The valuation of land and buildings has been carried out by Mr N Satchell, AAPI, BAppSc (Val), Mr Greg McCloud, AAPI, BAppSc (Val), Mrs Kate Tynan, AAPI, BBus Prop (Val) of Rushton Valuers Pty Ltd on 31 December 2007.

Other collections
The University owns a number of collections of cultural, historical and scientific significance. Many of these collections are unique or extremely rare. The University is not able to reliably measure the value of these collections and therefore has not recognised them as an asset in the Statement of Financial Position. Furthermore, collections which are irreplaceable (excluding works of art) are not covered by University insurance due to difficulty in determining an insurable value, the costs associated with deriving such a value, and the premium load an insurer would require to carry such a risk.

Library collection
The Library collection was revalued on 31 December 2007 using an internal valuation based on the annual price movement of books. The additions to the library collection during 2008 and 2009 have been recognised at cost.

Works of art
Works of art greater than $2000, are recorded at fair value on the basis of an independent valuation carried out by Mr J F B Bruce, Valuer (MSAV) of Bonham's & Goodman on 31 December 2008. No provision for depreciation is made for works of art.

Leased property, plant and equipment
Leases of property, plant and equipment where the University, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the net operating result on a straight-line basis, over the period of the lease.

(o) 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. The University intends to dispose of any assets held-for-sale within the next 12 months after balance date.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised in the net operating result for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held-for-sale.

Non-current assets classified as held-for-sale are presented separately within current assets in the Statement of Financial Position.

(p) Impairment of assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the net operating result for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(q) Depreciation and amortisation
Depreciation on freehold buildings is calculated on a diminishing value basis. Depreciation is provided on other property, plant and equipment, excluding land and works of art, on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life. Leasehold improvements are amortised over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The following estimated useful lives are used in the calculation of depreciation/amortisation:

Buildings	20-160 years
Leasehold improvements	10-50 years
Library	10 years
Plant and equipment including motor vehicles	5-10 years
Leased plant and equipment	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

(r) Investment properties
Investment properties are distinct from property, plant and equipment, in that they are held to earn rentals, rather than for use in the production or supply of goods and services. Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the University. Where an investment property is acquired at no cost or for nominal consideration, its cost is deemed to be its fair value, as at the date of acquisition.

(r) Investment properties (continued)

Subsequent to initial recognition at cost, investment properties are re-valued to fair value, which is based on active market prices, with changes in the fair value recognised in the net operating result in the period that they arise. The properties are not depreciated. Rental revenue from the leasing of investment properties is recognised in the net operating result in the periods in which it is receivable, as this represents the pattern of service rendered though the provision of the properties.

An independent valuation of investment properties has been carried out by Mr N Satchell, AAPI, BAppSc (Val) of Rushton Valuers Pty Ltd on 31 December 2009.

(s) Workers compensation

The University is responsible for payments of workers compensation claims and is registered with WorkCover as an exempt employer. Administrative arrangements were in place until 30 September 2008 with the associated entity Unisure Pty Ltd incorporating the management of claims and funds invested. The management of claims was transferred to a new service provider from 7 October 2008.

The actuarial assessment of the provision for workers compensation claims has been prepared by Brett & Watson Pty Ltd using the projected incurred cost method. Under the projected incurred cost method the development of the case estimated incurred cost (case estimates plus paid to date) is calculated and development factors adopted based on past experience. These development factors are used, together with the adopted payment rates, to project payments and estimates for future payment years.

(t) Salaries and related expenses

Items attributed to salaries and related expenses include salaries and wages, employee entitlements and other costs incidental to the employment of staff such as professional development costs and FBT.

(u) Operating revenue -other

The classification 'Other' contains revenue items which individually are not material due to their nature or size. Such items falling within this classification include sale of assets, income from independent organisations for whom the University provided management services, fund raising and bequests, sundry recoveries and recharges.

(v) Borrowings costs

Borrowing costs incurred for the construction of buildings are capitalised during the period of time that is required to complete and prepare the building for its intended use. Other borrowing costs are expensed.

(w) Rounding

All amounts in this report are rounded to the nearest one thousand dollars.

4. Revenue from continuing operations

	Consolidated		University	
Received under *Higher Education Support Act*:	2009	2008	2009	2008
Base operating financial assistance:	$'000	$'000	$'000	$'000
Commonwealth Grants Scheme (Commonwealth supported places)	105 749	100 204	105 749	100 204
Institutional Grants Scheme	15 744	16 232	15 744	16 232
Research Training Scheme	27 809	28 127	27 809	28 127
	149 302	144 563	149 302	144 563
Other operating financial assistance:				
Capital development pool and renewal funding	2 246	31 776	2 246	31 776
Other operating financial assistance	14 128	8 922	14 128	8 922
	16 374	40 698	16 374	40 698
Higher Education Contribution Scheme:				
HECS-HELP student upfront payments	12 456	11 307	12 456	11 307
Australian Government financial assistance	59 637	56 269	59 637	56 269
	72 093	67 576	72 093	67 576
	237 769	252 837	237 769	252 837
Student fee income includes:				
Fee paying student revenue received				
Award Courses:				
Australian fee paying undergraduate students	2 739	2 743	2 739	2 743
Australian fee paying postgraduate students	2 942	3 416	2 942	3 416
International fee paying students	92 017	76 117	92 017	76 117
	97 698	82 276	97 698	82 276
Non-award courses:				
Continuing education	609	543	609	543
Australian fee paying	5 408	3 910	5 408	3 910
Other teaching service fees	4 317	4 063	4 317	4 063
	10 334	8 516	10 334	8 516
	108 032	90 792	108 032	90 792
Australian Government financial assistance:				
FEE-HELP	5 391	5 733	5 391	5 733
Overseas postgraduate research scholarship	779	653	779	653
	114 202	97 178	114 202	97 178

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
4. Revenue from continuing operations (continued)					
Investment revenue:					
General fund earnings		2 127	6 826	2 580	6 330
Net realised gains on Composite Fund investments		-	1 330	-	1 330
General and Composite Fund investment market valuation adjustment		20 335	-	20 335	-
Royalty, trademarks and licences		1 701	922	1 422	488
Dividends received		1 224	218	1 224	218
Distributions from controlled entities		-	-	1 862	3 821
		25 387	9 296	27 423	12 187
Property revenue:					
Rental charges/accommodation fees		10 451	9 784	10 633	10 173
Parking fees		1 004	945	1 004	945
Building development and maintenance recovery		473	324	473	324
Other property revenue		409	494	485	578
		12 337	11 547	12 595	12 020
Other revenue:					
Specialist services and trading:					
Consultancy fees		26 883	24 121	8 262	7 202
Library charges and fines		976	813	976	813
Sale of services		20 888	20 400	5 722	6 549
Sale of goods		9 100	7 750	480	810
Sponsorship and conference income		598	692	598	692
Other specialist services and trading		2 174	2 798	532	1 004
		60 619	56 574	16 570	17 070
Bequests and donations received for:					
Research		3 262	4 237	3 262	4 237
General operational purposes		2 953	4 592	2 953	4 592
		6 215	8 829	6 215	8 829
Prizes and scholarships		1 324	1 414	1 324	1 414
Recharge of costs to other organisations		377	433	377	433
Application management and late fee		490	552	490	552
Franchise fees		998	1 074	998	1 074
Bad debts recoveries		2	5	2	5
Insurance claim recovery		6	4	6	4
Salary recharges		913	1 002	913	1 002
AusAid scholarships and stipends		3 670	1 540	3 670	1 540
Net foreign exchange gain		186	7	186	7
Other revenue		7 860	8 856	5 644	7 108
		22 041	23 716	19 825	21 968
Share of operating results of associates and joint ventures accounted for using the equity method:					
Joint venture operations	34	(84)	(96)	-	-
Associates	33	(164)	(173)	-	-
		(248)	(269)	-	-
5. Expenses from continuing operations					
Salaries and related expenses					
Salaries and related expenses - academic:					
Salaries		129 012	121 376	129 012	121 376
Contributions to superannuation schemes		18 166	16 586	18 166	16 586
Payroll tax		7 214	6 765	7 214	6 765
Annual leave		9 760	12 480	9 760	12 480
Long service leave		2 970	6 797	2 970	6 797
Workers compensation		625	571	625	571
Other		4 333	4 860	4 333	4 860
Total academic salaries and related expenses		172 080	169 435	172 080	169 435
Salaries and related expenses - non-academic:					
Salaries		113 301	106 248	102 907	96 479
Contributions to superannuation schemes		14 708	13 061	13 688	12 119
Payroll tax		5 850	5 642	5 637	5 188
Annual leave		8 877	9 354	8 530	9 037
Long service leave		2 674	5 276	2 596	5 263
Workers compensation		692	725	488	435
Other		4 868	5 858	4 830	5 828
Total non-academic salaries and related expenses		150 970	146 164	138 676	134 349
		323 050	315 599	310 756	303 784
Deferred government superannuation expense		3 254	2 910	3 254	2 910
Total salaries and related expenses		326 304	318 509	314 010	306 694

Salaries and related expenses (continued)		Consolidated		University	
		2009	2008	2009	2008
Teaching and research:	Note	$'000	$'000	$'000	$'000
Agriculture, animals and cropping		618	844	771	844
Books, subscriptions and printed material		8 216	4 061	8 216	4 061
Laboratory expenses		14 765	12 532	14 765	12 532
Research transfer to other institutions		23 693	25 604	23 693	25 604
Other teaching and research		18 548	12 799	18 782	13 534
		65 840	55 840	66 227	56 575
Buildings and grounds:					
Cleaning and security		6 249	6 134	5 805	5 711
Property maintenance		10 454	10 253	9 474	9 551
Building leases and rent		14 229	11 153	14 160	11 099
Utilities		6 920	6 710	6 651	6 439
		37 852	34 250	36 090	32 800
Finance costs:					
Interest		313	-	644	976
Finance charges		477	212	477	212
		790	212	1 121	1 188
Administration, communication and travel:					
Consultants and specialist services		20 948	22 325	18 842	20 230
Fees and licences		9 215	7 723	9 189	7 690
Insurance		1 951	3 107	1 768	2 840
Administration and communication		46 734	45 656	13 627	13 776
Publicity and fundraising		3 764	3 672	3 511	3 447
Travel, accommodation and entertainment		15 502	15 208	15 370	15 092
		98 114	97 691	62 307	63 075
Finance and fund administration:					
Bad and doubtful debts:					
Student loans		34	77	34	77
Student tuition		494	167	494	167
Other debtors		(260)	376	(260)	267
		268	620	268	511
General and Composite Fund investment market valuation adjustment		-	33 795	-	33 795
Net realised loss on Composite Fund investments		1 698	-	1 698	-
Unrealised losses on investment properties		1 775	280	1 775	280
Management and merchant fees		362	280	362	480
FBT payments		815	1 110	815	1 110
Other		201	47	201	47
		5 119	36 132	5 119	36 223
Miscellaneous equipment, depreciation and net loss on disposal of assets includes:					
Amortisation of intangible assets:					
Software		401	190	401	190
Amortisation:	3(q)				
Leasehold improvements		3 160	2 645	3 156	2 641
		3 561	2 835	3 557	2 831
Depreciation:	3(q)				
Buildings		12 498	10 843	12 367	10 734
Plant, equipment and motor vehicles		7 049	6 997	6 333	6 346
Library collection		3 701	3 474	3 701	3 474
		23 248	21 314	22 401	20 554
		26 809	24 149	25 958	23 385
Non-capitalised equipment		9 232	8 289	9 232	8 259
Net loss on disposal of assets		414	406	414	406
		36 455	32 844	35 604	32 050

6. Cash and cash equivalents

	Note	Consolidated 2009	Consolidated 2008	University 2009	University 2008
Cash and cash equivalents	3(i)				
Cash at bank or on hand		13 016	10 658	7 123	6 456
Deposits at call		8 412	17 437	8 000	17 000
		21 428	28 095	15 123	23 456

The University invested its surplus working capital into bank bills (2009: $39.4 million, 2008: $40 million). These bank bills have been reported as financial assets held-to-maturity in note 8. As a result these funds are not reported within cash and cash equivalents or within the Statement of Cash Flows.

7. Receivables

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Current:	3(h)				
Student tuition fees		1 366	1 344	1 366	1 344
Provision for impaired receivables		(629)	(248)	(629)	(248)
		737	1 096	737	1 096
Trade debtors		22 897	19 784	19 786	16 283
Provision for impaired receivables		(752)	(817)	(483)	(756)
		22 145	18 967	19 303	15 527
Sundry debtors and accrued income		5 750	13 123	5 750	13 123
Provision for impaired receivables		-	-	-	-
		5 750	13 123	5 750	13 123
Student loans		360	384	360	384
Provision for impaired receivables		(264)	(230)	(264)	(230)
		96	154	96	154
		28 728	33 340	25 886	29 900

(a) *Impaired receivables*

As at 31 December 2009 current receivables of the group with a nominal value of $2.1 million ($1.9 million) were impaired. The amount of the provision was $1.6 million ($1.3 million). The individually impaired receivables mainly relate to outstanding trade and student debtors. It was assessed that a portion of these receivables is expected to be recovered.

The ageing of impaired receivables is as follows:

	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Zero to three months	48	50	44	50
Three to six months	251	445	251	445
Over six months	1 767	1 389	1 502	1 318
	2 066	1 884	1 797	1 813

As at 31 December 2009 current receivables of the group of $27.2 million ($32.8 million) were not impaired. The majority of these receivables are current and mainly relate to a number of government agencies and independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

The ageing analysis of these receivables is as follows:

	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Zero to three months	24 030	29 731	21 809	27 165
Three to six months	1 481	1 823	1 180	1 002
Over six months	1 668	1 197	1 617	1 154
	27 179	32 751	24 606	29 321

The movement in the provision for impaired receivables is as follows:

At 1 January	1 295	1 411	1 234	1 307
Net provision for impairment recognised (reversed) during the year	475	520	257	541
Receivables written off during the year as uncollectable	(125)	(636)	(115)	(614)
	1 645	1 295	1 376	1 234

The creation and release of the provision for impaired receivables has been included in 'Finance and fund administration' in the Statement of Comprehensive Income. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash. The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

Bad and doubtful debts

The University has recognised a loss of $300 000 ($500 000) in respect of bad and doubtful receivables during the year ended 31 December 2009. The loss has been included in 'Finance and fund administration' expenses in the Statement of Comprehensive Income.

8. Other financial assets

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Current:					
Other loans		172	172	172	172
Held-to-maturity - bank bills		39 428	40 000	39 428	40 000
Term deposits		403	358	-	-
		40 003	40 530	39 600	40 172
Non-current:					
Held-for-trading					
Composite Fund at fair value	3(j)				
Australian fixed interest securities		5 664	11 984	5 664	11 984
Overseas fixed interest securities		5 064	6 325	5 064	6 325
Australian equities		46 216	26 398	46 216	26 398
Overseas equities		31 070	25 214	31 070	25 214
Property trusts		7 588	4 156	7 588	4 156
Cash and liquid assets		4 265	3 720	4 265	3 720
Alternative strategies		6 623	744	6 623	744
Global Listed Infrastructure		-	1 998	-	1 998
Commodities		-	1 258	-	1 258
		106 490	81 797	106 490	81 797
Managed investment held by Unisure Pty Ltd		-	1 175	-	1 175
Other shares		1 033	5 144	983	5 094
Total non-current other financial assets Held-for-trading		107 523	88 116	107 473	88 066
Other loans		733	849	1 170	1 341
Total non-current other financial assets		108 256	88 965	108 643	89 407

Held-to-maturity - bank bills

The University invests its surplus working capital into bank bills and these bank bills have been reported as financial assets held-to-maturity. As a result these funds are not reported within cash and cash equivalents in note 6 or within the Statement of Cash Flows.

9. Derivative financial instruments

	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Current assets:				
Foreign currency swap contracts - cash flow hedges	-	327	-	327
Current liabilities:				
Foreign currency swap contracts - cash flow hedges	64	-	64	-
Non-current liabilities:				
Interest rate swap contracts - cash flow hedges	2 487	16 067	2 487	16 067

During 2007 the University entered into nine $10 million forward start interest rate swaps (totalling $90 million). to manage its interest rate exposures on planned borrowings for its North Terrace Development Strategy. The swaps are due to commence in February 2010 and amortise on a straight-line basis over 20 years. The University is obligated to pay a fixed interest rate of 6.65 percent. These interest rate swaps are effective hedges and the fair value of these hedges are recorded as a non-current liability.

During 2009 the University entered into foreign currency swaps totalling $700 000 to manage USD foreign currency exposures on capital expenditure. As at 31 December 2009, USD $400 000 remained with maturities out to February 2010 at a weighted average exchange rate of 0.7916. These foreign currency swaps are effective hedges and the fair value of these hedges have been recorded as a current liability.

10. Inventories

	Note 3(m)	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Consumable materials and trading stock		6 237	5 373	1 222	1 332
Livestock		1 988	2 045	-	-
Provisions for obsolescence		(50)	(200)	(50)	(200)
		8 175	7 218	1 172	1 132

The University has written down inventories of $154 000 ($8 000) during the year ended 31 December 2009. The loss has been included in 'Teaching and research' expenses in the Statement of Comprehensive Income.

			Consolidated		University	
			2009	2008	2009	2008
11. Other non-financial assets		Note	$'000	$'000	$'000	$'000
Current:						
Prepayments			6 944	5 907	6 890	5 867
Accrued income			410	811	362	739
			7 354	6 718	7 252	6 606
Non-current:						
Prepayments			1 186	1 144	1 186	1 138
12. Non-current assets held-for-sale		3(o)				
Current:						
Controlled entities			39 297	-	-	-
			39 297	-	-	-
13. Investments accounted for using the equity method		3(l)				
Investments in associates:		33				
At cost			-	-	298	298
Equity accounted			227	391	-	-
Interests in joint ventures:		34				
At cost			-	-	415	345
Equity accounted			2 068	2 082	-	-
			2 295	2 473	713	643
14. Available-for-sale financial assets						
Non-current:						
Investments in controlled entities		32	-	-	47 453	46 634

15. Property, plant and equipment
Consolidated

	Trust land	Other land	Trust buildings	Other buildings	WIP
As at 1 January 2008:	$'000	$'000	$'000	$'000	$'000
Cost	4	2 562	864	6 634	33 653
Valuation	135 590	84 541	333 921	29 383	-
Accumulated depreciation/amortisation	-	-	(32)	(67)	-
Net book amount	135 594	87 103	334 753	35 950	33 653
Year ended 31 December 2008:					
Opening net book amount	135 594	87 103	334 753	35 950	33 653
Revaluation increments (decrements)	-	-	-	-	-
Additions	-	-	1 015	509	92 609
Disposals	-	(50)	-	-	-
Transfers	-	-	53 679	20 467	(75 403)
Depreciation/amortisation	-	-	(9 123)	(1 720)	-
Closing net book amount	135 594	87 053	380 324	55 206	50 859
As at 31 December 2008:					
Cost	4	2 512	54 543	27 610	50 859
Valuation	135 590	84 541	334 936	29 383	-
Accumulated depreciation/amortisation	-	-	(9 155)	(1 787)	-
Net book amount	135 594	87 053	380 324	55 206	50 859

	Leasehold Improve-ments	Library Collections	Works of Art	Plant and Equipment	Total
As at 1 January 2008:	$'000	$'000	$'000	$'000	$'000
Cost	14 419	-	104	110 215	168 455
Valuation	-	34 744	4 996	-	623 175
Accumulated depreciation/amortisation	(2 494)	-	-	(73 169)	(75 762)
Net book amount	11 925	34 744	5 100	37 046	715 868
Year ended 31 December 2008:					
Opening net book amount	11 925	34 744	5 100	37 046	715 868
Revaluation increments (decrements)	-	-	2 434	-	2 434
Additions	-	2 557	-	6 503	103 193
Disposals	-	(288)	-	(485)	(823)
Transfers	1 011	-	-	(61)	(307)
Depreciation/amortisation	(2 645)	(3 474)	-	(6 997)	(23 959)
Closing net book amount	10 291	33 539	7 534	36 006	796 406
As at 31 December 2008:					
Cost	15 430	2 269	-	113 874	267 101
Valuation	-	34 744	7 534	-	626 728
Accumulated depreciation/amortisation	(5 139)	(3 474)	-	(77 868)	(97 423)
Net book amount	10 291	33 539	7 534	36 006	796 406

15. Consolidated (continued)

Year ended 31 December 2009:	Trust land $'000	Other land $'000	Trust buildings $'000	Other buildings $'000	WIP $'000
Opening net book amount	135 594	87 053	380 324	55 206	50 859
Additions	-	367	-	126	137 119
Disposals	-	-	-	-	-
Transfers	-	(35 511)	14 674	16 340	(38 583)
Depreciation/amortisation	-	-	(10 487)	(2 011)	-
Closing net book amount	135 594	51 909	384 511	69 661	149 395
As at 31 December 2009:					
Cost	4	2 879	69 217	45 616	149 395
Valuation	135 590	49 030	334 936	27 650	-
Accumulated depreciation/amortisation	-	-	(19 642)	(3 605)	-
Net book amount	135 594	51 909	384 511	69 661	149 395

	Leasehold improve-ments $'000	Library collections $'000	Works of art $'000	Plant and equipment $'000	Total $'000
Year Ended 31 December 2009:					
Opening net book amount	10 291	33 539	7 534	36 006	796 406
Additions	-	2 392	33	7 423	147 460
Disposals	-	(89)	-	(576)	(665)
Transfers	5 394	-	-	(1 611)	(39 297)
Depreciation/amortisation	(3 159)	(3 701)	-	(6 993)	(26 351)
Closing net book amount	12 526	32 141	7 567	34 249	877 553
As at 31 December 2009:					
Cost	20 824	2 303	33	110 656	400 927
Valuation	-	37 013	7 534	-	591 753
Accumulated depreciation/amortisation	(8 298)	(7 175)	-	(76 407)	(115 127)
Net book amount	12 526	32 141	7 567	34 249	877 553

University

As at 1 January 2008:	Trust land $'000	Other land $'000	Trust buildings $'000	Other buildings $'000	WIP $'000
Cost	4	2 562	864	6 634	33 653
Valuation	135 590	48 500	333 921	26 730	-
Accumulated depreciation/amortisation	-	-	(32)	(67)	-
Net book amount	135 594	51 062	334 753	33 297	33 653
Year ended 31 December 2008:					
Opening net book amount	135 594	51 062	334 753	33 297	33 653
Revaluation increments (decrements)	-	-	-	-	-
Additions	-	-	1 015	-	92 609
Disposals	-	(50)	-	-	-
Transfers	-	-	53 679	20 467	(75 403)
Depreciation/amortisation	-	-	(9 123)	(1 611)	-
Closing net book amount	135 594	51 012	380 324	52 153	50 859
As at 31 December 2008:					
Cost	4	2 512	54 543	27 101	50 859
Valuation	135 590	48 500	334 936	26 730	-
Accumulated depreciation/amortisation	-	-	(9 155)	(1 678)	-
Net book amount	135 594	51 012	380 324	52 153	50 859

As at 1 January 2008:	Leasehold improve-ments $'000	Library collections $'000	Works of art $'000	Plant and equipment $'000	Total $'000
Cost	14 339	-	104	102 591	160 751
Valuation	-	34 744	4 996	-	584 481
Accumulated depreciation/amortisation	(2 494)	-	-	(68 038)	(70 631)
Net book amount	11 845	34 744	5 100	34 553	674 601
Year ended 31 December 2008:					
Opening net book amount	11 845	34 744	5 100	34 553	674 601
Revaluation increments (decrements)	-	-	2 434	-	2 434
Additions	-	2 557	-	5 795	101 976
Disposals	-	(288)	-	(473)	(811)
Transfers	1 011	-	-	(61)	(307)
Depreciation/amortisation	(2 641)	(3 474)	-	(6 346)	(23 195)
Closing net book amount	10 215	33 539	7 534	33 468	754 698

15. University (continued)

As at 31 December 2008:	Leasehold improve-ments $'000	Library collections $'000	Works of art $'000	Plant and equipment $'000	Total $'000
Cost	15 350	2 269	-	105 693	258 331
Valuation	-	34 744	7 534	-	588 034
Accumulated depreciation/amortisation	(5 135)	(3 474)	-	(72 225)	(91 667)
Net book amount	10 215	33 539	7 534	33 468	754 698

	Trust land $'000	Other land $'000	Trust buildings $'000	Other buildings $'000	WIP $'000
Year ended 31 December 2009:					
Opening net book amount	135 594	51 012	380 324	52 153	50 859
Additions	-	-	-	-	136 975
Disposals	-	-	-	-	-
Transfers	-	-	14 674	18 515	(38 583)
Depreciation/amortisation	-	-	(10 487)	(1 880)	-
Closing net book amount	135 594	51 012	384 511	68 788	149 251
As at 31 December 2009:					
Cost	4	2 512	69 217	45 616	149 251
Valuation	135 590	48 500	334 936	26 730	-
Accumulated depreciation/amortisation	-	-	(19 642)	(3 558)	-
Net book amount	135 594	51 012	384 511	68 788	149 251

	Leasehold improve-ments $'000	Library collections $'000	Works of art $'000	Plant and equipment $'000	Total $'000
Year ended 31 December 2009:					
Opening net book amount	10 215	33 539	7 534	33 468	754 698
Additions	-	2 392	33	6 752	146 152
Disposals	-	(89)	-	(508)	(597)
Transfers	5 394	-	-	-	-
Depreciation/amortisation	(3 155)	(3 701)	-	(6 334)	(25 557)
Closing net book amount	12 454	32 141	7 567	33 378	874 696
As at 31 December 2009:					
Cost	20 744	2 303	33	108 947	398 627
Valuation	-	37 013	7 534	-	590 303
Accumulated depreciation/amortisation	(8 290)	(7 175)	-	(75 569)	(114 234)
Net book amount	12 454	32 141	7 567	33 378	874 696

16. Investment property

	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Balance at 1 January	21 027	21 307	21 027	21 307
Net loss from fair value adjustments	(1 775)	(280)	(1 775)	(280)
Balance at 31 December	19 252	21 027	19 252	21 027

(a) Amount recognised in income statement for investment property

The University has recognised $2.1 million ($1.5 million) of rental income from investment properties within the Statement of Comprehensive Income. Any direct operating expenses from generating rental income are included within the Statement of Comprehensive Income and are immaterial.

(b) Valuation basis

The basis of valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location, condition and subject to similar leases.

An independent valuation of investment properties has been carried out by Mr N Satchell, AAPI, BAppSc (Val) of Rushton Valuers Pty Ltd on 31 December 2009.

(c) Non-current assets pledged as security

No non-current assets have been pledged.

(d) Contractual obligations

There are no capital commitments for investment properties.

(e) Leasing Arrangements

The investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on investment properties are as follows:

		Consolidated		University	
		2009	2008	2009	2008
	Note	$'000	$'000	$'000	$'000
Within one year		1 390	1 141	1 390	1 141
Later than one year but not later than five years		2 869	3 133	2 869	3 133
Later than five years		5	24	5	24
		4 264	4 298	4 264	4 298

17. Intangible assets

	Note	Consolidated	University
Intangible assets	3(f)		
Non-current:		$'000	$'000
As at 1 January 2008:			
Cost		11 050	11 050
Accumulated amortisation and impairment		(10 671)	(10 671)
Net book amount		379	379
Year ended 31 December 2008:			
Opening net book amount		379	379
Additions		729	729
Transfer from WIP		307	307
Amortisation charge		(190)	(190)
Closing net book amount		1 225	1 225
As at 1 January 2009:			
Cost		12 086	12 086
Accumulated amortisation and impairment		(10 861)	(10 861)
Net book amount		1 225	1 225
Year ended 31 December 2009:			
Opening net book amount		1 225	1 225
Additions		840	840
Amortisation charge		(401)	(401)
Closing net book amount		1 664	1 664
As at 31 December 2009:			
Cost		12 926	12 926
Accumulated amortisation and impairment		(11 262)	(11 262)
Net book amount		1 664	1 664

18. Payables

	Consolidated		University	
	2009	2008	2009	2008
Current:	$'000	$'000	$'000	$'000
Accounts payable	40 568	41 233	30 131	28 694
Accruals	2 064	2 750	1 143	1 194
Salary and wage deductions	5 957	5 428	5 953	5 425
Unspent Commonwealth financial assistance	97	90	97	90
	48 686	49 501	37 324	35 403
Non-current:				
Accounts payable	5 338	5 270	5 239	5 260

19. Borrowings

Current:				
Other - unsecured	2 506	6	2 506	6
Non-Current:				
Other - unsecured	55 849	56	55 849	56
Total borrowings	58 355	62	58 355	62

The University maintains an unsecured $20 million bill acceptance and discount facility (as a standby working capital facility) and an unsecured $100 million multi-option facility (to part fund the North Terrace Development Strategy). As at 31 December 2009 the standby working capital facility has not been drawn down. As at 31 December 2009 the multi-option facility has been drawn down to the value of $58.3 million to fund the Major Capital Works Program.

20. Provisions

	Consolidated		University	
	2009	2008	2009	2008
Current:	$'000	$'000	$'000	$'000
Workers compensation provision	864	955	864	955
Annual and long service leave	24 779	21 587	24 010	20 905
Insurance provision	1 394	1 887	1 394	1 887
	27 037	24 429	26 268	23 747
Non-current:				
Workers compensation provision	890	2 653	890	2 653
Annual and long service leave	35 592	36 457	35 360	36 277
Defined Benefit Fund net liability	4 346	9 912	4 346	9 912
	40 828	49 022	40 596	48 842

Movements in provisions

	Workers compensation provision	Annual and long service leave	Insurance provision	Defined Benefit Fund net liability
Consolidated - current:	$'000	$'000	$'000	$'000
Carrying amount at 1 January	955	21 587	1 887	9 912
Additional (reductions in) provisions recognised	(91)	3 192	(493)	(5 566)
Carrying amount at 31 December	864	24 779	1 394	4 346
Consolidated - non-current:				
Carrying amount at 1 January	2 653	36 457	-	-
Additional (reductions in) provisions recognised	(1 763)	(865)	-	-
Carrying amount at 31 December	890	35 592	-	-

Workers compensation provision

Provision is made based on an actuarial assessment of workers compensation estimated claims liability for future years. Refer to policy note 3(s) 'Workers compensation'.

Annual and long service leave

Provision is made for benefits accruing to employees in respect of annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Refer to policy note 3(g) 'Employee benefits'.

Insurance provision

Provision has been made for the actuarial assessment of future liability to the University for losses incurred prior to 31 December 2009 that were expected to be paid subsequent to 1 January 2010 and are below the University deductible in the University insurance policies.

Defined Benefit Fund net liability

Provision is made for the Super Scheme A 1985 defined benefit obligation in accordance with AASB 119. Refer to policy note 3(g) 'Employee benefits' and note 27(c) 'The University of Adelaide Super Scheme A 1985'.

21. Other liabilities

	Consolidated		University	
	2009	2008	2009	2008
Current:	$'000	$'000	$'000	$'000
Outside funded positions	78	1 699	78	1 699
Income in advance	424	703	32	255
Student tuition fees received in advance	9 835	4 897	9 835	4 897
Residential bonds	312	321	312	321
Employee benefits - redundancy	216	27	216	27
Funds held on deposit for controlled entities	-	-	8 039	12 209
Other	589	434	588	396
	11 454	8 081	19 100	19 804

22. Employee benefits and related on-cost liabilities

In accordance with the requirements of AASB 119, employee on-costs are required to be reported as payables whilst leave liability amounts are reported separately as 'employee benefits'. Below is a composite note disclosure showing the total liabilities the Consolidated Entity has as at 31 December 2009 relating to employee benefits:

		Consolidated		University	
		2009	2008	2009	2008
Annual leave:	Note	$'000	$'000	$'000	$'000
On-costs included in payables - current	18	2 854	2 469	2 822	2 441
Employee benefits - current	20	16 143	13 998	15 768	13 639
		18 997	16 467	18 590	16 080
On-costs included in payables - non-current	18	782	697	778	695
Employee benefits - non-current	20	4 374	3 932	4 345	3 882
		5 156	4 629	5 123	4 577

22. Employee benefits and related on-cost liabilities (continued)

		Consolidated		University	
		2009	2008	2009	2008
Long service leave:	Note	$'000	$'000	$'000	$'000
On-costs included in payables - current	18	871	755	843	729
Employee benefits - current	20	8 636	7 589	8 242	7 266
		9 507	8 344	9 085	7 995
On-costs included in payables - non-current	18	4 481	4 579	4 461	4 565
Employee benefits - non-current	20	31 218	32 525	31 015	32 395
		35 699	37 104	35 476	36 960
		69 359	66 544	68 274	65 612

23. Retained surplus and reserves

(a) *Summary*

	Consolidated 2009	Consolidated 2008	University 2009	University 2008
Capital reserves:				
Capital reserve	2 971	2 971	-	-
Capital profits reserve	1 481	1 481	-	-
Asset revaluation reserve	228 951	228 951	201 920	201 920
Initial asset recognition reserve	279 124	279 124	279 124	279 124
Available-for-sale investments revaluation reserve	1 453	1 453	47 453	46 634
	513 980	513 980	528 497	527 678
Specific purpose reserves:				
Special reserve	149 158	107 377	149 158	107 377
Bequests/donations unspent income reserve	10 734	13 301	10 734	13 301
Restricted purpose bequest capital reserve	84 935	77 188	84 935	77 188
Composite Fund revaluation reserve	25 785	7 409	25 785	7 409
	270 612	205 275	270 612	205 275
Retained surplus	174 565	154 124	154 098	134 227

(b) *Movements in reserves*

	Consolidated 2009	Consolidated 2008	University 2009	University 2008
Capital reserve:				
Opening balance	2 971	2 971	-	-
Current year movement	-	-	-	-
Closing balance	2 971	2 971	-	-
Capital profits reserve:				
Opening balance	1 481	1 481	-	-
Current year movement	-	-	-	-
Closing balance	1 481	1 481	-	-
Asset revaluation reserve:				
Opening balance	228 951	226 517	201 920	199 486
Revaluation increment on property, plant and equipment	-	2 434	-	2 434
Closing balance	228 951	228 951	201 920	201 920
Initial asset recognition reserve:				
Opening balance	279 124	279 124	279 124	279 124
Current year movement	-	-	-	-
Closing balance	279 124	279 124	279 124	279 124
Available-for-sale financial assets revaluation reserve:				
Opening balance	1 453	2 750	46 634	48 007
Current year movement	-	(1 297)	819	(1 373)
Closing balance	1 453	1 453	47 453	46 634
Special reserve:				
Opening balance	107 377	80 102	107 377	80 102
Transfer from retained surplus	41 781	27 275	41 781	27 275
Closing balance	149 158	107 377	149 158	107 377
Bequests/donations unspent income reserve:				
Opening balance	13 301	17 199	13 301	17 199
Transfer to retained surplus	(2 567)	(3 898)	(2 567)	(3 898)
Closing balance	10 734	13 301	10 734	13 301

(b) Movements in reserves (continued)	Consolidated		University	
Restricted purpose bequest capital reserve:	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Opening balance	77 188	71 832	77 188	71 832
Transfer from retained surplus	7 747	5 356	7 747	5 356
Closing balance	84 935	77 188	84 935	77 188
Composite Fund revaluation reserve:				
Opening balance	7 409	36 022	7 409	36 022
Transfer (to) from retained surplus	18 376	(28 613)	18 376	(28 613)
Closing balance	25 785	7 409	25 785	7 409

(c) Nature and purpose of reserves

Capital reserve
Represents capital accounts held within controlled entities of the University.

Capital profits reserve
Represents the accumulation of realised revalued increments of assets sold.

Asset revaluation reserve
Is used to record increments and decrements on the revaluation of non-current assets. Refer to policy note 3(n).

Initial asset recognition reserve
Represents the equity impact arising from the recognition of assets which until the first time the University prepared a set of accrual financial statements, had not previously been recognised.

Available-for-sale financial assets revaluation reserve
Is used to record increments and decrements on the revaluation of available-for-sale financial assets. Refer to policy note 3(j).

Specific purpose reserves
Represents a number of reserves generated through a series of specific purpose transactions, that can only be used in accordance with the attributes of the generating transactions. The special reserve is created for surplus funds which will be specifically acquitted in future accounting periods.

24. Reconciliation of net cash provided by operating activities to operating result

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Operating result		67 999	32 475	67 053	34 792
Non-cash items:					
Amortisation	5	3 561	2 835	3 557	2 831
Depreciation	5	23 248	21 314	22 401	20 554
(Write-up) Write-down of investments		(16 477)	29 254	(16 477)	29 254
Other revenue/expenses		(4 865)	(7 341)	(4 235)	(7 218)
Funds held on deposit		-	-	4 500	3 000
Loss on sale of property, plant and equipment		240	406	308	406
Changes in assets/liabilities:					
(Increase) Decrease in inventories		(957)	838	(40)	113
Decrease (Increase) in receivables		4 612	(7 677)	4 014	(7 901)
Increase in other assets		(678)	(2 086)	(694)	(2 018)
(Decrease) Increase in payables		(747)	(2 737)	1 900	(1 071)
Increase (Decrease) in other current liabilities		3 373	1 085	(704)	(1 143)
(Decrease) Increase in provisions		(5 586)	19 925	(5 725)	19 802
Net cash provided by operating activities		73 723	88 291	75 858	91 401

25. Commitments

	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Operating expenditure				
Contracted but not provided for and payable:				
Not later than one year	16 589	12 541	16 589	12 541
Later than one year, but not later than five years	25 811	29 162	25 811	29 162
Later than five years	775	388	775	388
	43 175	42 091	43 175	42 091
Capital expenditure				
Property, plant and equipment				
Contracted but not provided for and payable:				
Not later than one year	161 937	94 004	161 937	94 004
Later than one year, but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	161 937	94 004	161 937	94 004

	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Operating lease commitments				
Future operating base rental not provided for and payable:				
Not later than one year	7 844	8 335	7 408	7 478
Later than one year, but not later than five years	12 379	16 039	11 718	14 396
Later than five years	66	65	66	65
	20 289	24 439	19 192	21 939
Representing:				
Cancellable operating leases	19 192	24 439	19 192	21 939
Non-cancellable operating leases	1 097	-	-	-
	20 289	24 439	19 192	21 939

The operating lease commitments primarily relate to leases of photocopiers, computers, office equipment and office space.

26. Contingencies

(a) *Guarantees*

The University in 1997 provided a $120 000 guarantee to the Commonwealth Government, Department of Human Services, for an interest free, 20 year loan of $126 000 to be used for the construction of the Observatory Child Care Centre.

On July 1 2006 the University ceased to be a Crown exempt employer and was required to register as an exempt employer with WorkCover and provide a bank guarantee to cover projected workers compensation outstanding claims liabilities. The University provided a $6 million bank guarantee to WorkCover which matures on 30 April 2010. The amount of the guarantee was based on an actuarial assessment of the projected workers compensation claims liabilities. In June 2007 the University was advised by WorkCover Corporation that its Self-Insurer Licence will be renewed for a period of three years from 1 July 2007.

(b) *Superannuation*

(i) *The University of Adelaide Superannuation Scheme A 1985 (Scheme A 1985)*

The University has guaranteed that members of this superannuation scheme will receive defined benefits in the event that this closed scheme has insufficient assets to meet the benefits. Employer contributions of 14 percent of salaries recommenced on actuarial advice as from 1 January 2003 to ensure there are sufficient assets in the scheme to meet expected future liabilities of remaining members. In addition the University has agreed to a contribution program to finance the current deficit and the University will contribute $600 000 during 2010. Refer note 27(c).

(ii) *UniSuper Limited Superannuation Schemes*

Refer note 27(b).

(c) *Litigation*

In the ordinary course of its operations, the University and its controlled entities become involved in legal disputes. At the date of adoption of these financial statements, some matters remain outstanding. On legal advice, the University is of the opinion that no material losses are likely to arise. The University or its controlled entities will make a provision where a material loss is identified. Claims of an insurance nature have been covered by a provision of $1.4 million under the self insurance component of the University programme. Refer note 20.

27. Superannuation schemes

(a) *Categories*

The University contributes to a range of superannuation schemes, which are divided into the following categories:

(i) *Those operative and open to membership*

- UniSuper Defined Benefit Plan or Accumulation Super 2 (formerly Investment Choice Plan)
- Accumulation Super 1 (formerly UniSuper Award Plus Plan)

(ii) *Those operative but closed to future membership*

- The University of Adelaide Superannuation Scheme A 1985 (Scheme A 1985)

(iii) *State Government Schemes closed to future membership by University employees*

- State Pension Scheme
- State Lump Sum Scheme

(b) *UniSuper Limited Superannuation Schemes*

The employees' UniSuper plan is determined by the terms of employment and is administered by UniSuper Management Pty Ltd with UniSuper Ltd as the trustee.

The employer contribution rate during 2009 for employees in either the Defined Benefit Division or Accumulation Super 2 (formerly Investment Choice Plan) was 14 percent of salaries plus 3 percent of salaries contribution to the Accumulation Super 1 (formerly Award Plus Plan) and for employees only in the Accumulation Super 1 was 9 percent of salaries.

(b) UniSuper Limited Superannuation Schemes

The operation of clause 34 of the Trust Deed (as amended in 2006) means that the UniSuper Defined Benefit Division is a defined contribution fund for the purpose of AASB 119, allowing participating employers to treat the UniSuper Defined Benefit Division a defined contribution fund.

Clause 34 states that where the trustee considers the assets to be insufficient to provide benefits payable under the Deed, the Trustee must reduce the benefits of its members on a fair and equitable basis.

As set out under paragraph 25 of AASB 119 a defined contribution plan is a plan where the employer's legal or constructive obligation is limited to the amount it agrees to contribute to the fund and the actuarial risk and investment risk fall on the employee.

As at 30 June 2009 there is no funding surplus or deficit which currently affects, or is expected to affect, the amount of future contributions payable by participating employers to the Defined Contribution Plan.

As at 30 June 2009 the assets of the Defined Benefit Division in aggregate were estimated to be $1.396 million in deficiency of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of CPI indexed pensions being provided by the Defined Benefit Division .

As at 30 June 2009 the assets of the Defined Benefit Division in aggregate were estimated to be $39 million in deficiency of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and CPI indexed pensioners which arise from membership of UniSuper up to the reporting date.

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary, Russell Employee Benefits, using the actuarial demographic assumptions outlined in their report dated 12 June 2009 on the actuarial investigation of the Defined Benefit Division as at 31 December 2008. The financial assumptions used were:

	Vested benefits	Accrued benefits
Gross of tax investment return	7.25% p.a.	8.5% p.a.
Net of tax investment return	6.75% p.a.	8.0% p.a.
CPI	2.75% p.a.	2.75% p.a.
Inflationary salary increases long-term	3.75% p.a.	3.75% p.a.

Assets have been included at their net market value, ie allowing for realisation costs.

(c) The University of Adelaide Superannuation Scheme A 1985

The University of Adelaide Superannuation Scheme A 1985 (the Scheme) is a defined benefit plan in accordance with AASB 119 that provides superannuation benefits for employees who had not transferred to UniSuper. The Scheme is administered by Tidswell Financial Services Ltd. The trustee is The University of Adelaide Superannuation Scheme A 1985 Inc. The Scheme is governed by a separate trust deed and the general laws relating to trusts and superannuation. The Scheme provides a defined benefit (or accumulated member contributions multiplied by a factor of 2.5 if this amount is greater). The Scheme is closed to new members.

Reconciliation of the present value of the defined benefit obligation	Note	2009 $'000	2008 $'000
Present value of defined benefit obligations at 1 January		19 622	15 362
Current service costs		523	396
Interest cost		680	813
Contributions by scheme participants		53	57
Actuarial (gains) losses		(4 024)	4 036
Benefits paid		(729)	(659)
Taxes, premiums and expenses paid		(308)	(383)
Present value of defined benefit obligations at 31 December		15 817	19 622
Reconciliation of the fair value of scheme assets			
Fair value of Scheme assets at 1 January		9 710	12 075
Expected return on Scheme assets		752	824
Actuarial gains (losses)		989	(3 636)
Employer contributions		1 004	1 432
Contributions by Scheme participants		53	57
Benefits paid		(729)	(659)
Taxes, premiums and expenses paid		(308)	(383)
Fair value of scheme assets at 31 December		11 471	9 710
Reconciliation of the assets and liabilities recognised in the Statement of Financial Position			
Defined benefit obligation including contributions tax provisions		15 817	19 622
Fair value of scheme assets		(11 471)	(9 710)
Defined Benefit Fund net liability	20	4 346	9 912

Expense recognised in the Statement of Comprehensive Income	Note	2009 $'000	2008 $'000
Service cost		523	396
Interest cost		680	813
Expected return on assets		(752)	(824)
Superannuation expense		451	385
Amounts recognised in Total Comprehensive Income			
Actuarial (gains) losses		(5 013)	7 672
Cumulative amount recognised in Total Comprehensive Income			
Cumulative amount of actuarial (gains) losses		(1 959)	3 054

Scheme assets	2009	2008
The percentage invested in each asset class at the reporting date:	Percent	Percent
Australian equity	18	17
International equity	33	31
Fixed income	28	33
Property	9	7
Cash	12	12

Fair value of Scheme assets

The fair value of scheme assets does not include amounts relating to any of the University's own financial instruments or any property occupied by, or other assets used by, the University.

Expected rate of return on Scheme assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each asset class and allowing for the correlations of the investment returns between asset classes. The returns used for each asset class are net of investment tax and investment fees. The expected return on assets assumption for pension assets has not been reduced for investment tax, as earnings on the assets supporting the pension liability are tax free.

	2009 $'000	2008 $'000
Actual return on Scheme assets	1 741	(2 812)

Principal actuarial assumptions at the Statement of Financial Position date	2009 Percent	2008 Percent
Discount rate (active members)	5.10	3.60
Discount rate (pensioners)	5.70	4.00
Expected rate of return on plan assets (active members)	7.00	7.00
Expected rate of return on plan assets (pensioners)	7.75	7.75
Expected salary increase rate	4.00	4.50
Expected pension increase rate	2.50	2.50

Historical information	2009 $'000	2008 $'000	2007 $'000	2006 $'000	2005 $'000
Present value of defined benefit obligation	15 817	19 622	15 362	15 366	17 780
Fair value of scheme assets at 1 January	11 471	9 710	12 075	10 580	9 507
Deficit in scheme	4 346	9 912	3 287	4 786	8 273
Experience adjustments (gain) loss scheme assets	(989)	3 636	(210)	(792)	(508)
Experience adjustments (gain) loss scheme liabilities	(25)	1 138	(798)	(872)	(7)

Expected contributions

The expected employer contributions for the year ended 31 December 2010 are $1 million, which includes the $600 000 annual payment to finance the current deficit.

(d) State Government Superannuation Schemes

In 1991, employees of the City campus of the South Australian College of Advanced Education and Roseworthy Agricultural College were transferred to the University. Their terms of appointment to the University protected their membership of the State Pension Scheme and State Lump Sum Scheme. The schemes are administered by the South Australia Superannuation Board. The schemes provide defined benefits and are mainly unfunded. The only employer contributions made in 2009 were 3 percent of salaries, and remaining benefits are met on an emerging cost basis.

Super SA estimate that, as at 31 December 2009, using AASB 119 assumptions there is an unfunded liability of $51.7 million ($43.7 million). This represents an increase in liability of $8 million since 31 December 2008. 2009 is the first year the unfunded liability was calculated using AASB 119 assumptions. Previously the unfunded liability was determined using long term economic assumptions used in the triennial actuarial assessment.

(d) *State Government Superannuation Schemes*

The Commonwealth Government has agreed to provide assistance under section 20 of the *Higher Education Funding Act* to meet the additional costs in respect of State Government emerging cost schemes, where costs are in excess of funding provided for this purpose in the base operating grant. Under the Commonwealth legislation titled *'State Grants (General Purposes) Amendment Act 1982'*, the method of payment of these costs by the Commonwealth to the State Governments was promulgated. Further, the accounting methodology employed in these financial statements is in accordance with 'Financial Statement Guidelines for Australian Higher Education Providers for 2009 Reporting Period' provided by DEEWR. The accounting treatment employed is also consistent with the approach taken by other Australian Universities. Accordingly, total assets of $51.7 million have been recorded as a 'Deferred government superannuation contribution' which offsets the current and non-current liability for the State Government Superannuation Schemes recorded as 'Defined benefit obligation'.

Summary	Consolidated		University	
Deferred Government superannuation	2009	2008	2009	2008
contribution:	$'000	$'000	$'000	$'000
Non-current asset	51 700	43 700	51 700	43 700
Defined benefit obligation:				
Current liability	3 500	3 300	3 500	3 300
Non-current liability	48 200	40 400	48 200	40 400
	51 700	43 700	51 700	43 700

(e) *Contributions*

The total employer contributions were:		
UniSuper Defined Benefit Division (UniSuper Defined Contribution Plan) or Accumulation Super 2 (formerly Investment Choice Plan)	24 945	22 537
Accumulation Super 1 (formerly UniSuper Award Plus Plan)	10 986	10 014
State Government Superannuation Schemes (3 percent)	19	21
The University of Adelaide Superannuation Scheme A 1985	103	102
Self-managed funds	37	-
	36 090	32 674

28. Disaggregation information

The University predominantly operates in the field of higher education in Australia. Its primary activities are teaching and research. Income generated overseas from teaching and research activities is not significant so as to warrant disaggregation information disclosure.

29. Auditors' remuneration

	Consolidated		University	
	2009	2008	2009	2008
Amounts paid or payable for assurance services were:	$'000	$'000	$'000	$'000
South Australian Auditor-General	224	210	224	210
Other auditors of controlled entities	85	94	-	-
	309	304	224	210
Amounts paid or payable for other services were:				
Other auditors of controlled entities	31	22	-	-
	340	326	224	210

Amounts paid or payable for advisory services relate to the provision of accounting services.

30. The University Council members and senior management

(a) *Names of the University Council members and senior management*

University Council members

Ex officio	von Doussa QC, the Hon John William	
	McWha, Professor James Alexander	
	Findlay AM, Professor Christopher	commenced 01.01.09
Co-opted	vacant	
Appointed	Adler AC, Mr Norman Ross	ceased 31.12.09
	Bagot, Mr Charles	
	Castine, Ms Kathryn	
	Davidson, Ms Dianne	
	Kowalick, Mr Ian John	
	Martin, Ms Pamela June	
	Young, Mr Stephen Elliot	
Elected staff	Cecchin, Mr John	ceased 05.03.09
	Crewther, Dr Rodney James	
	Linton, Professor Valerie Margaret	
	Kwan, Mr Jeremy	commenced 06.03.09
	Percival, Ms Kylie Joy	ceased 05.03.09
	Soteriou, Mr Christakis	commenced 06.03.09

University Council members (continued)

Elected graduates	Anderson, Ms Carolyn Yvette	
	Maddocks, Professor Simon	
	Radcliffe AM, Dr John Clive	
Student	Chen, Ms Ai	commenced 06.03.09
	Harron, Mr Trent	ceased 05.03.09
	Ji, Mr Zhen	ceased 05.03.09
	Kirchner, Mr Sam	commenced 06.03.09
	Plagakis, Ms Sophie	

University senior management

McWha, Professor James
Brooks, Professor Mike
Duldig, Mr Paul
McDougall, Professor Fred
Beilby, Professor Justin
Dowd, Professor Peter
Harvey, Professor Nicholas
Hill, Professor Robert
Quester, Professor Pascale
Lohmann, Professor Birgit
Russel AM, Professor Richard
Taplin, Professor John

(b) Remuneration of the University Council members and senior management

University Council members

No remuneration was paid to any members of Council, or members of its standing committees for the financial year in their role as councillor or members of those committees. Some members of Council are employees of the University or were contractors of the University, and as such receive remuneration in the course of their employment with the University.

University senior management	2009 $'000	2008 $'000
Amounts paid or payable to University senior management	3 903	3 517

	2009 Number	2008 Number
$205 000 - $219 999	-	5
$220 000 - $234 999	4	-
$235 000 - $249 999	1	1
$250 000 - $264 999	-	1
$265 000 - $279 999	2	2
$295 000 - $309 999	1	-
$325 000 - $339 999	-	2
$340 000 - $354 999	1	-
$355 000 - $369 999	2	-
$745 000 - $759 999	-	1
$820 000 - $834 999	1	-
	12	12

The DEEWR Guidelines specify that executives are defined as the CEO and/or any person in a senior management position considered to be part of the University's executive group who is directly accountable and responsible for the strategic direction and operational management of the entity.

Remuneration is based upon the total remuneration package which includes employer and employee (pre-tax) superannuation contributions and termination payments, due and receivable, by senior managers from the University.

31. Financial instruments

(a) Interest rate risk

The Consolidated Entity has placed its investments in a portfolio managed by independent investment managers. The fund managers may enter into interest rate swaps, futures contracts, interest rate options and other forms of agreements to manage cash flow risks associated with the interest rates on investments that are floating, or to alter interest rate exposures arising from mismatches in repricing dates between assets and liabilities.

The Consolidated Entity has entered into forward start interest rate swaps to manage its interest rate exposures on borrowings for its North Terrace Development Strategy. Further details are contained in note 9.

(a) Interest rate risk (continued)

2009		Weighted average effective rate	Floating interest rate	Fixed maturity dates: Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years
Financial assets:	Note	Percent	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	6	3.50	19 546	-	-	-	-
Receivables	7	-	-	-	-	-	-
Financial assets held-for-trading	8	-	-	-	-	-	-
Financial assets held-to-maturity	8	4.60	-	39 831	-	-	-
Other financial assets	8,13	1.87	-	117	117	117	117
Derivative financial instruments	9	-	-	-	-	-	-
			19 546	39 948	117	117	117
Weighted average interest rate			3.59%	4.66%	6.50%	6.50%	6.50%
Financial liabilities:							
Derivative financial instruments	9	-	-	-	-	-	-
Payables	18	-	-	-	-	-	-
Borrowings	19	4.45	-	2 500	5 000	5 000	5 000
			-	2 500	5 000	5 000	5 000
Weighted average interest rate			-	4.45%	4.45%	4.45%	4.45%

		Fixed maturity dates: 4 to 5 years	More than 5 years	Non-interest bearing	Total
Financial assets:		$'000	$'000	$'000	$'000
Cash and cash equivalents	6	-	-	1 882	21 428
Receivables	7	-	-	28 728	28 728
Financial assets held-for-trading	8	-	-	107 523	107 523
Financial assets held-to-maturity	8	-	-	-	39 831
Other financial assets	8,13	117	320	2 295	3 200
Derivative financial instruments	9	-	-	-	-
		117	320	140 428	200 710
Weighted average interest rate		6.50%	6.87%		
Financial liabilities:					
Derivative financial instruments	9	-	-	2 551	2 551
Payables	18	-	-	54 024	54 024
Borrowings	19	5 000	35 800	55	58 355
		5 000	35 800	56 630	114 930
Weighted average interest rate		4.45%	4.45%		

2008		Weighted average effective rate	Floating interest rate	Fixed maturity dates: Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years
Financial assets:	Note	Percent	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	6	4.01	27 419	-	-	-	-
Receivables	7	-	-	-	-	-	-
Financial assets held-for-trading	8	-	-	-	-	-	-
Financial assets held-to-maturity	8	6.74	-	40 358	-	-	-
Other financial assets	8,11	1.91	-	117	117	117	117
Derivative financial instruments	9	-	-	-	-	-	-
			27 419	40 475	117	117	117
Weighted average interest rate			4.01%	6.74%	6.41%	6.41%	6.41%
Financial liabilities:							
Derivative financial instruments	9	-	-	-	-	-	-
Payables	18	-	-	-	-	-	-
Borrowings	19	-	-	-	-	-	-
			-	-	-	-	-
Weighted average interest rate			-	-	-	-	-

(a) Interest rate risk (continued)

2008		Fixed maturity dates			
		4 to 5 years	More than 5 years	Non-interest bearing	Total
Financial assets:	Note	$'000	$'000	$'000	$'000
Cash and cash equivalents	6	-	-	676	28 095
Receivables	7	-	-	33 340	33 340
Financial assets held-for-trading	8	-	-	88 116	88 116
Financial assets held-to-maturity	8	-	-	-	40 358
Other financial assets	8,11	117	436	2 473	3 494
Derivative financial instruments	9	-	-	327	327
		117	436	124 932	193 730
Weighted average interest rate		6.41%	6.76%		
Financial liabilities:					
Derivative financial instruments	9	-	-	16 067	16 067
Payables	18	-	-	54 771	54 771
Borrowings	19	-	-	62	62
		-	-	70 900	70 900
Weighted average interest rate		-	-		

(b) Foreign exchange risk

The Consolidated Entity has placed its investments in a portfolio managed by independent investment managers. The fund managers may enter into forward foreign currency exchange contracts to hedge overseas fixed interest securities and a portion of overseas equities. The terms of the hedge contracts are usually less than three months.

The Consolidated Entity has entered into foreign currency swaps to manage foreign currency exposures on capital expenditure. Further details are contained in note 9.

(c) Credit risk exposures

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

(i) On Statement of Financial Position financial instruments

The credit risk on financial assets recognised in the Statement of Financial Position is the carrying amount of those assets, net of any allowances for losses.

The credit risk relating to receivables is limited as it consists of a large number of customers across different industries and sectors, including a significant amount owing from government customers with minimal credit risk. The credit risk relating to cash holdings and investments is limited as the counterparties are banks and investment managers with high credit ratings assigned by international credit-rating agencies.

(ii) Off Statement of Financial Position financial instruments

The reporting entity and its controlled entities do not possess or trade any off Statement of Financial Position financial instruments.

(d) Liquidity risk

Liquidity risk is managed through maintaining a minimum level of readily accessible funds, by continuously monitoring forecast and actual cash flows, in line with the University's Liquidity Risk Management Policy.

(e) Fair values of financial assets and financial liabilities

Fair values of financial assets and financial liabilities are determined by the Consolidated Entity on the following basis:

(i) On Statement of Financial Position financial instruments

The Consolidated Entity has placed its investments in a portfolio managed by independent managers. Listed shares and equities included within these investments are traded in an organised financial market by the fund managers. The Consolidated Entity values these investments at current market value.

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at amounts due from customers (reduced for expected credit losses) or due to suppliers.

Bank term deposits, accounts receivable, accounts payable and bank loans are carried at nominal value which approximates fair value.

The fair value of investments in unlisted shares in other corporations is determined by reference to the underlying net assets of the respective corporations.

(ii) *Off Statement of Financial Position financial instruments*
The reporting entity and its controlled entities do not possess or trade any off Statement of Financial Position financial instruments.

32. Investments in controlled entities

Controlled entities and contribution to operating result before elimination of consolidation items:

	Holding		Investment at fair value		Investment at cost		Contribution to operating result	
	2009	2008	2009	2008	2009	2008	2009	2008
Controlled Entity	Percent	Percent	$'000	$'000	$'000	$'000	$'000	$'000
The Adelaide Research and Innovation Investment Trust	100	100	714	1 208	-	-	273	684
Adelaide Unicare Pty Ltd	100	100	2 486	1 877	-	-	610	51
Martindale Holdings Pty Ltd as trustee for:								
J S Davies Estate	83	83	17 977	17 337	-	-	639	(193)
J A T Mortlock Trust	100	100	25 221	24 681	-	-	944	623
Roseworthy Farm	100	100	602	1 225	-	-	17	270
National Wine Centre Pty Ltd	100	100	88	306	-	-	(218)	5
Roseworthy Piggery Pty Ltd	100	100	365	-	100	100	415	83
			47 453	46 634	100	100	2 680	1 523

All of the above controlled entities are incorporated in Australia.

J S Davies Estate

The University holds a 5/6th interest in a joint venture named J S Davies Estate, the principal activity of which is farming. This venture is managed by Martindale Holdings Pty Ltd and included in the Consolidated Entity. The remaining 1/6th is recognised as an outside equity interest.

33. Investments in associates

(a) Equity and contribution to operating result

		Holding		Consolidated carrying amount		Investment at cost	
		2009	2008	2009	2008	2009	2008
Associate Entity	**Principal activity**	Percent	Percent	$'000	$'000	$'000	$'000
Held by the University							
Unisure Pty Ltd	Responsible for processing of tertiary institution workers compensation insurance.	-	33	-	-	-	-
Ngee Ann Adelaide Education Centre Pte Ltd	Operates a graduate education centre in Singapore.	50	50	172	347	298	298
Australian Centre for Plant Functional Genomics Pty Ltd	Responsible for the development of world-class capability in plant genomic research and its application for economic and social benefit to Australia.	43	42	55	44	-	-
				227	391	298	298

Ngee Ann Adelaide Education Centre Pte Ltd is incorporated in Singapore. All other associates are incorporated in Australia.

The University has a 25 percent interest in an incorporated associate. SABRENet Ltd, which has been established to further the use of advanced data networking, for the conduct of research and education in South Australia. SABRENet Ltd is not accounted for using the equity method as the University does not have access to the residual assets of the entity.

Unisure Pty Ltd was deregistered during 2009 and ceased to be an associate.

(b) Movements in carrying amounts of investments in associates

	Consolidated		University	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
At 1 January	391	564	-	-
Additional investment in associates	-	-	-	-
Share of operating result	(164)	(173)	-	-
	227	391	-	-

(c) Results attributed to associates

	Consolidated 2009	Consolidated 2008	University 2009	University 2008
Operating result	(164)	(173)	-	-
Additional investment in associates	-	-	-	-
Retained surplus attributable to associates at 1 January	391	564	-	-
Retained surplus attributable to associates at 31 December	227	391	-	-

(d) Accounting for associates

(i) Capital and other expenditure commitments

There are no material capital and other expenditure commitments relating to associated entities.

(ii) Contingent liabilities

There are no material contingent liabilities relating to associated entities.

(iii) Post-balance date events

There are no material post balance date events to report for associated entities.

(iv) Assets, liabilities, revenue and expenditure

Since the above activities do not materially affect the Consolidated Entity figures, assets, liabilities, revenue and expenditure have been reported as net amounts.

(v) Off Statement of Financial Position financial instruments

Neither the Consolidated Entity, nor any of its associated entities, have any off Statement of Financial Position financial instruments.

(e) Unisure Pty Ltd

The University of Adelaide was a shareholder along with the University of South Australia and Flinders University in Unisure Pty Ltd until 2009. The University's interest (33.3 percent) in Unisure Pty Ltd was not considered to be material to the University's core activities. Consequently, the investments in the associates has not been accounted for using the equity method as per AASB 128.

Unisure Pty Ltd was deregistered during 2009 and ceased to be an associate.

Unisure Pty Ltd is the trustee of the Unisure Unit trust which managed the University's workers compensation claims until 30 September 2008. The University's workers compensation liabilities and the associated investment funds were transferred to the University from the Unisure Unit Trust during 2008.

The University has incorporated its share of the financial transactions of the Unisure Unit Trust into the University column of the Financial Statements.

34. Interests in joint ventures

(a) Groups

The University participates in a number of joint ventures. For reporting purposes these have been segregated into three groups as follows:

(i) Cooperative Research Centres

CRCs have the characteristics of joint ventures. These operations are not material to the University and there is no separate disclosure for 2009 in accordance with AASB 131.

A CRC is a research initiative of the Australian Government established to pursue specific areas of research. One of the desired outcomes of a CRC is the creation of specific intellectual property with commercial value. The participants in CRCs are an amalgam of research institutions, eg CSIRO, government agencies, universities and private enterprise. Direct participants in these schemes are vested with joint venture interest based on their contribution proportion. The funding of the CRC is coordinated through either a Company formed by the core participants or by a Centre Agent who is appointed generally from one of the participating entities.

Funding transfers between the CRC and the University are accounted for as general revenue and expenditure.

			Participation Percent
CRC for Greenhouse Gas Technologies	(U)	(C)	10
CRC for Molecular Plant Breeding	(U)	-	25
CRC for NPB Ltd	(I)	(C)	-
Beef CRC Ltd	(I)	(C)	8
Pork CRC Ltd	(I)	-	26
eWater Ltd	(I)	(C)	2
Desert Knowledge	(U)	(C)	-
Future Farm Industries	(I)	(C)	1
Seafood CRC	(I)	-	-

(I) Incorporated (U) Unincorporated (C) CSIRO is a partner

The University is a supporting participant for the CRC for NPB Ltd and Seaford CRC, and is an associate participant for the Desert Knowledge CRC under the terms of an Associate Agreement entered into with Ninti One Limited the CRC management company acting as centre agent.

The University over the next five years will make both cash and in-kind contributions to support the work of the CRCs. The University has committed to participate in the work of these CRCs, with contributions in constant dollars, $500 000 in cash ($900 000) and $9.9 million in-kind ($14.8 million).

(ii) Joint ventures accounted for using the equity method

Name	Principal activity		Participation Percent
Middleback Field Centre	To provide pastoral-zone courses and range land ecology research programmes.	(U)	33
Professional Certificate in Arbitration (previously - National Course in General Arbitration and Dispute Resolution)	To develop and deliver tertiary courses in arbitration.	(U)	50
South Australian Centre for Economic Studies	To obtain quality research regarding regional economic development with particular application to South Australia.	(U)	50
South Australian Tertiary Admissions Centre	Established as the agent for tertiary institutions in Adelaide for the purpose of receiving and processing applications from intending students.	(U)	25
South Australian Consortium for Information Technology and Telecommunications	Represents the three South Australian universities by providing a focal point for the State in pursuing and winning major research funding in IT&T.	(I)	33
Ethics Centre of South Australia (ECSA)	ECSA draws on expertise from the three South Australian universities to conduct research and provide education and advice on ethical issues. ECSA also aims to provide discussion and understanding of ethical issues in the South Australian community.	(U)	33
Water Ed Australia Pty Ltd	A centre of leadership and innovation in collaborative water resources management education and training.	(I)	20
Adelaide Proteomics Centre (APC)	Provision of cost effective and high quality proteomic analysis to researchers conducting basic and applied research.	(U)	50
Defence Systems Innovation Centre	A centre to conduct contract-based studies and consultancies, post-graduate and under-graduate education programs, and collaborative research projects, focussed on the needs of the defence community.	(U)	50
eResearchSA	To provide expertise, facilities and advice to the South Australian research community for research collaboration, data management, high performance computing and visualisation technologies.	(U)	50

(I) Incorporated (U) Unincorporated

All joint ventures have a 31 December reporting period, except for Water Ed Australia Pty Ltd, which has a 30 June reporting period. The South Australian Tertiary Admissions Centre changed their reporting period from 30 June to 31 December. Therefore, the December 2009 figures are for 18 months.

The Consolidated Entity's reported interest in the assets employed in the joint ventures totals $2.1 million ($2.1 million). These are included in the Consolidated Statement of Financial Position, in accordance with the accounting policy described in note 3(l).

(b) Equity and contribution to operating result

Joint Venture Entity	2009	2008	Carrying amount 2009	Carrying amount 2008	Investment at cost 2009	Investment at cost 2008
Held by the University:	Percent	Percent	$'000	$'000	$'000	$'000
Middleback Field Centre	33	33	20	22	-	-
Professional Certificate in Arbitration	50	50	11	33	65	65
South Australian Centre for Economic Studies	50	50	306	151	-	-
South Australian Tertiary Admissions Centre	25	25	419	204	-	-
South Australian Consortium for Information Technology and Telecommunications	33	33	91	200	-	-
Ethics Centre of South Australia	33	33	46	42	-	-
Water Ed Australia Pty Ltd	20	20	913	1 277	350	280
Adelaide Proteomics Centre (APC)	50	50	-	-	-	-
Defence Systems Innovation Centre	50	48	-	-	-	-
eResearchSA	50	33	262	153	-	-
			2 068	2 082	415	345

(c) Movements in carrying amounts of joint ventures

	Consolidated 2009	Consolidated 2008	University 2009	University 2008
	$'000	$'000	$'000	$'000
At 1 January	2 082	2 108	-	-
Share of operating result	(84)	(96)	-	-
Additional investment in joint ventures	70	70	-	-
	2 068	2 082	-	-

(d) Results attributed to joint ventures

Operating result	(84)	(96)	-	-
Additional investment in joint ventures	70	70	-	-
Retained surplus attributable at 1 January	2 082	2 108	-	-
Retained surplus attributable at 31 December	2 068	2 082	-	-

(e) Accounting for joint ventures

(i) Capital and other expenditure commitments
There are no material capital and other expenditure commitments relating to joint ventures.

(ii) Contingent liabilities
There are no known material contingent liabilities relating to joint ventures.

(iii) Post-balance date events
There are no material post balance date events to report for joint ventures.

(iv) Assets, liabilities, revenue and expenditure
Since the above activities do not materially affect the University group figures, assets, liabilities, revenue and expenditure have been reported as net amounts.

(v) Off Statement of Financial Position financial instruments
Neither the reporting entity, nor any of its joint ventures, have any off Statement of Financial Position financial instruments.

35. Related parties

(a) Parent Entity
The ultimate Parent Entity within the group is The University of Adelaide.

(b) Controlled entities, joint ventures and associated entities
Investments in controlled entities are detailed in note 32, investments in associates are detailed in note 33 and interests in joint ventures are detailed in note 34.

(c) Council members and senior management

Disclosures relating to the University Council members and senior management are detailed in note 30.

(d) Councillor related transactions

Certain councillors are members of incorporated and unincorporated associations that are an integral part of the University. Transactions between these bodies, the University and Council members, in respect of services provided to Council members, are trivial and domestic in nature.

Certain Council members hold positions and interests in entities that provide goods and services to the University and its subsidiaries. The provision of these goods and services is on normal trading terms.

(e) Property leases

The University is the lessor of long term leases at peppercorn rents to the CSIRO and SARDI. On this land, these organisations have erected or leased buildings. These buildings become property of the University at the termination of the lease.

The University and the CSIRO are partners in a number of Cooperative Research Centres (refer to note 34).

(f) Fees paid to members of Council

No remuneration was paid to any members of Council, or members of its standing committees for the financial year in their role as councillor or members of those committees. Some members of Council are employees of the University or were contractors of the University, and as such receive remuneration in the course of their employment with the University.

(g) Students at The University of Adelaide

From time to time, Council members will have members of their immediate family who are students at the University. Unless specifically stated within the financial statements, such students are subject to the normal fee structure and scholarships as any other students. This also applies to members of Council who are enrolled as students.

The following information being note 36 to note 41 has been prepared in accordance with the DEEWR reporting guidelines.

36. Income Statement for the year ended 31 December 2009

		Consolidated		University	
REVENUE FROM CONTINUING OPERATIONS:	Note	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Australian Government financial assistance	37	357 233	356 594	356 761	356 594
State and Local Government financial assistance	39	31 641	35 096	31 330	34 800
HECS-HELP - student upfront payments	4	12 456	11 307	12 456	11 307
Fees and charges	40	125 304	108 006	125 486	108 395
Investment income		23 686	8 374	26 001	11 699
Royalties, trademarks and licences	4	1 701	922	1 422	488
Consultancy and contract revenue	41	62 613	54 778	37 804	31 172
Other revenue		54 582	60 797	27 014	36 863
Total revenue from continuing operations		669 216	635 874	618 274	591 318
EXPENSES FROM CONTINUING OPERATIONS:					
Salaries and related expenses	5	326 304	318 509	314 010	306 694
Depreciation and amortisation	5	26 809	24 149	25 958	23 385
Building and grounds	5	37 852	34 250	36 090	32 800
Bad and doubtful debts	5	268	620	268	511
Finance costs	5	790	212	1 121	1 188
General and Composite Fund investment market valuation adjustment	5	-	33 795	-	33 795
Net realised loss on Composite Funds investments		1698	-	1698	-
Scholarships, grants and prizes		28 036	25 369	28 036	25 369
Non-capitalised equipment	5	9 232	8 289	9 232	8 259
Advertising, marketing and promotional expenses		3 511	3 447	3 511	3 447
Net losses on disposal of assets	5	414	406	414	406
Other expenses		166 303	154 353	130 883	120 672
Total expenses from continuing operations		601 217	603 399	551 221	556 526
NET OPERATING RESULT FOR THE YEAR		67 999	32 475	67 053	34 792

37. Australian Government financial assistance

		Consolidated		University	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
(a)	***DEEWR - Commonwealth Grants Scheme and other DEEWR grants***				
	Commonwealth Grants Scheme	105 749	100 204	105 749	100 204
	Teaching hospitals grant	694	644	694	644
	Indigenous Support Programme	666	583	666	583
	Equity programmes	160	201	160	201
	Disability Support Program	-	-	-	-
	Workplace Reform Programme	1 194	1 166	1 194	1 166
	Learning and Teaching Performance Fund	1 853	500	1 853	500
	Capital development pool	2 246	16 300	2 246	16 300
	Diversity and Structural Adjustment Fund	320	220	320	220
	Workplace Productivity Programme	1 296	600	1 296	600
	Improving the practical component of teacher education initiative	18	70	18	70
	Transitional Cost Program	3 919	1 114	3 919	1 114
		118 115	121 602	118 115	121 602
(b)	***Higher Education Loan Programmes***				
	HECS-HELP (Australian Government payments only)	59 637	56 269	59 637	56 269
	FEE-HELP	5 391	5 733	5 391	5 733
	OS-HELP	444	571	444	571
		65 472	62 573	65 472	62 573
(c)	***Learning scholarships***				
	Australian postgraduate awards	5 143	4 210	5 143	4 210
	International postgraduate research scholarships	779	653	779	653
	Commonwealth education costs scholarships	1 236	1 109	1 236	1 109
	Commonwealth accommodation scholarships	1 532	1 462	1 532	1 462
	Indigenous access scholarships	171	188	171	188
		8 861	7 622	8 861	7 622
(d)	***DIISR Research***				
	Institutional Grants Scheme	15 744	16 232	15 744	16 232
	Research Training Scheme	27 809	28 127	27 809	28 127
	Research infrastructure block grants	12 961	13 641	12 961	13 641
	Implementation Assistance Programme	189	169	189	169
	Australian Scheme for Higher Education Repositories	289	264	289	264
	Commercialisation Training Scheme	232	219	232	219
		57 224	58 652	57 224	58 652
(e)	***Other Capital Funding***				
	Better Universities Renewal funding	-	15 476	-	15 476
	Teaching and Learning Capital Fund	11 096	-	11 096	-
		11 096	15 476	11 096	15 476
(f)	***Australian Research Council***				
	(i) Discovery:				
	Projects	11 537	12 416	11 537	12 416
	Fellowships	1 312	231	1 312	231
	Indigenous researchers development	12	37	12	37
		12 861	12 684	12 861	12 684
	(ii) Linkages:				
	Infrastructure	1 510	700	1 510	700
	International	26	182	26	182
	Projects	5 046	4 768	5 046	4 768
		6 582	5 650	6 582	5 650
	(iii) Networks and centres:				
	Networks	331	650	331	650
	Centres	2 269	3 699	2 269	3 699
		2 600	4 349	2 600	4 349
	Total ARC	22 043	22 683	22 043	22 683
(g)	***Other Australian Government financial assistance received***				
	AusAID	578	419	578	419
	Australian Centre for International Agricultural Research	1 601	1 429	1 601	1 429
	Australian Institute of Health and Welfare	648	660	648	660
	CSIRO	1 163	1 219	1 163	1 219
	Defence, Science and Technology Organisation	1 828	1 762	1 828	1 762
	Department of Agriculture, Fisheries and Forestry	13 955	12 514	13 955	12 514
	Department of Communications, IT and Arts	-	4	-	4

(g) Other Australian Government financial assistance received (continued)

	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Department of Defence	178	7	178	7
Department of Education, Employment and Workplace Relations	680	1 069	680	850
Department of Environment, Water, Heritage and the Arts	1 034	239	1 034	239
Department of Health and Ageing	44 169	42 070	43 697	42 070
Department of Immigration and Citizenship	114	30	114	30
Department of Infrastructure, Transport, Regional Development and Local Government	39	82	39	82
Department of Innovation, Industry, Science and Research	7 413	6 048	7 413	6 048
Department of Resources, Energy and Tourism	4	61	4	61
Department of Trade and Economic Development	-	-	-	-
Department of Veterans' Affairs	18	276	18	276
Other	1 000	316	1 000	316
	74 422	68 205	73 950	67 986
Reconciliation				
Australian Government grants	292 205	294 592	291 733	294 592
HECS-HELP - Australian Government payments	59 637	56 269	59 637	56 269
FEE-HELP	5 391	5 733	5 391	5 733
	357 233	356 594	356 761	356 594

(h) Australian Government grants received - cash basis

	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
CGS and other DEEWR grants	115 798	118 766	115 798	118 766
Higher education loan programmes	67 290	61 174	67 290	61 174
Scholarships	8 861	7 739	8 861	7 739
DIISR research	57 224	58 652	57 224	58 652
Other Capital Funding	12 918	12 895	12 918	12 895
ARC grants - discovery	11 096	15 476	11 096	15 476
ARC grants - linkages	6 582	5 392	6 582	5 392
ARC grants - networks and centres	2 600	4 349	2 600	4 349
Other Australian Government grants	69 176	67 222	69 176	67 222
	351 545	351 665	351 545	351 665
OS-HELP (net)	450	632	450	632
Superannuation Programme	3 086	2 820	3 086	2 820
	355 081	355 117	355 081	355 117

38. Acquittal of Australian Government financial assistance

(a) DEEWR - Commonwealth Grants Scheme and other DEEWR grants

Parent Entity (University) only

	Note	Commonwealth Grants Scheme 2009 $'000	Commonwealth Grants Scheme 2008 $'000	Teaching Hospitals Grant 2009 $'000	Teaching Hospitals Grant 2008 $'000
Financial assistance received in cash during the reporting period		103 432	97 493	694	644
Net accrual adjustments		2 317	2 711	-	-
Revenue for the period	37(a)	105 749	100 204	694	644
Surplus (Deficit) from the previous year		-	-	-	-
Total revenue Including accrued revenue		105 749	100 204	694	644
Expenses including accrued expenses		(105 749)	(100 204)	(694)	(644)
Surplus (Deficit) for the reporting period		-	-	-	-

	Note	Indigenous Support Programme 2009 $'000	Indigenous Support Programme 2008 $'000	Equity Programme 2009 $'000	Equity Programme 2008 $'000
Financial assistance received in cash during the reporting period		666	583	160	201
Net accrual adjustments		-	-	-	-
Revenue for the period	37(a)	666	583	160	201
Surplus (Deficit) from the previous year		-	-	-	-
Total revenue including accrued revenue		666	583	160	201
Expenses including accrued expenses		(666)	(583)	(160)	(201)
Surplus (Deficit) for the reporting period		-	-	-	-

(a) DEEWR - Commonwealth Grants Scheme and other DEEWR grants (continued)

		Parent Entity (University) only			
		Workplace Reform Programme		Learning and Teaching Performance Fund	
		2009	2008	2009	2008
	Note	$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		1 194	1 166	1 853	500
Net accrual adjustments		-	-	-	-
Revenue for the period	37(a)	1 194	1 166	1 853	500
Surplus (Deficit) from the previous year		-	-	-	-
Total revenue including accrued revenue		1 194	1 166	1 853	500
Expenses including accrued expenses		(1 194)	(1 166)	(1 853)	(500)
Surplus (Deficit) for the reporting period		-	-	-	-

		Capital Development Pool		Diversity and Structural Adjustment Fund	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		2 246	16 300	320	220
Net accrual adjustments		-	-	-	-
Revenue for the period	37(a)	2 246	16 300	320	220
Surplus (Deficit) from the previous year		13 550	-	-	-
Total revenue including accrued revenue		15 796	16 300	320	220
Expenses including accrued expenses		(14 533)	(2 750)	(320)	(220)
Surplus (Deficit) for the reporting period		1 263	13 550	-	-

		Workplace Productivity Programme		Improving the Practical Component of Teacher Education Initiative	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		1 296	600	18	70
Net accrual adjustments		-	-	-	-
Revenue for the period	37(a)	1 296	600	18	70
Surplus (Deficit) from the previous year		-	-	-	-
Total revenue including accrued revenue		1 296	600	18	70
Expenses including accrued expenses		(1 296)	(600)	(18)	(70)
Surplus (Deficit) for the reporting period		-	-	-	-

		Transitional Cost Programme		Total	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		3 919	989	115 798	118 766
Net accrual adjustments		-	125	2 317	2 836
Revenue for the period	37(a)	3 919	1 114	118 115	121 602
Surplus (Deficit) from the previous year		-	-	13 550	-
Total revenue including accrued revenue		3 919	1 114	131 665	121 602
Expenses including accrued expenses		(3 919)	(1 114)	(130 402)	(108 052)
Surplus (Deficit) for the reporting period		-	-	1 263	13 550

(b) Higher Education Loan Programmes

		Parent Entity (University) only			
		HECS-HELP (Australian Government payments only)		FEE-HELP	
		2009	2008	2009	2008
	Note	$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		60 596	55 130	6 244	5 412
Net accrual adjustments		(959)	1 139	(853)	321
Revenue for the period	37(b)	59 637	56 269	5 391	5 733
Surplus (Deficit) from the previous year		-	-	-	-
Total revenue including accrued revenue		59 637	56 269	5 391	5 733
Expenses including accrued expenses		(59 637)	(56 269)	(5 391)	(5 733)
Surplus (Deficit) for the reporting period		-	-	-	-

		OS-HELP		Total	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		450	632	67 290	61 174
Net accrual adjustments		(6)	(61)	(1 818)	1 399
Revenue for the period	37(b)	444	571	65 472	62 573
Surplus (Deficit) from the previous year		-	-	-	-
Total revenue including accrued revenue		444	571	65 472	62 573
Expenses including accrued expenses		(444)	(571)	(65 472)	(62 573)
Surplus (Deficit) for the reporting period		-	-	-	-

(c) Learning scholarships

		Parent Entity (University) only			
		Australian Postgraduate Awards		International Postgraduate Research Scholarships	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		5 143	4 210	779	770
Net accrual adjustments		-	-	-	(117)
Revenue for the period	37(c)	5 143	4 210	779	653
Surplus (Deficit) from the previous year		878	925	-	-
Total revenue including accrued revenue		6 021	5 135	779	653
Expenses including accrued expenses		(5 022)	(4 257)	(779)	(653)
Surplus (Deficit) for the reporting period		999	878	-	-

		Commonwealth Education Costs Scholarships		Commonwealth Accommodation Scholarships	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		1 236	1 109	1 532	1 462
Net accrual adjustments		-	-	-	-
Revenue for the period	37(c)	1 236	1 109	1 532	1 462
Surplus (Deficit) from the previous year		540	222	982	577
Total revenue including accrued revenue		1 776	1 331	2 514	2 039
Expenses including accrued expenses		(914)	(791)	(1 328)	(1 057)
Surplus (Deficit) for the reporting period		862	540	1 186	982

(c) Learning scholarships (continued)

		Parent Entity (University) only			
		Indigenous Access Scholarships		Total	
	Note	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Financial assistance received in cash during the reporting period		171	188	8 861	7 739
Net accrual adjustments		-	-	-	(117)
Revenue for the period	37(c)	171	188	8 861	7 622
Surplus (Deficit) from the previous year		14	-	2 414	1 724
Total revenue including accrued revenue		185	188	11 275	9 346
Expenses including accrued expenses		(183)	(174)	(8 226)	(6 932)
Surplus (Deficit) for the reporting period		2	14	3 049	2 414

(d) DIISR Research

		Parent Entity (University) only			
		Institutional Grants Scheme		Research Training Scheme	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Financial assistance received in cash during the reporting period		15 744	16 232	27 809	28 127
Net accrual adjustments		-	-	-	-
Revenue for the period	37(d)	15 744	16 232	27 809	28 127
Surplus (Deficit) from the previous year		-	-	-	-
Total revenue including accrued revenue		15 744	16 232	27 809	28 127
Expenses including accrued expenses		(15 744)	(16 232)	(27 809)	(28 127)
Surplus (Deficit) for the reporting Period		-	-	-	-

		Research Infrastructure Block Grants		Implementation Assistance Programme	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Financial assistance received in cash during the reporting period		12 961	13 641	189	169
Net accrual adjustments		-	-	-	-
Revenue for the period	37(d)	12 961	13 641	189	169
Surplus (Deficit) from the previous year		-	-	-	-
Total revenue including accrued revenue		12 961	13 641	189	169
Expenses including accrued expenses		(12 961)	(13 641)	(189)	(169)
Surplus (Deficit) for the reporting period		-	-	-	-

		Australian Scheme for Higher Education Repositories		Commercialisation Training Scheme	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Financial assistance received in cash during the reporting period		289	264	232	219
Net accrual adjustments		-	-	-	-
Revenue for the period	37(d)	289	264	232	219
Surplus (Deficit) from the previous year		-	-	215	151
Total revenue including accrued revenue		289	264	447	370
Expenses including accrued expenses		(289)	(264)	(192)	(155)
Surplus (Deficit) for the reporting period		-	-	255	215

(d) DIISR Research (continued)

	Note	Parent Entity (University) only Total 2009 $'000	2008 $'000
Financial assistance received in cash during the reporting period		57 224	58 652
Net accrual adjustments		-	-
Revenue for the period	37(d)	57 224	58 652
Surplus (Deficit) from the previous year		215	151
Total revenue including accrued revenue		57 439	58 803
Expenses including accrued expenses		(57 184)	(58 588)
Surplus (Deficit) for the reporting period		255	215

(e) Better Universal Renewal Funding

	Note	Parent Entity (University) only			
		Better Universities Renewal Funding		Teaching and Learning Capital Fund	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Financial assistance received in cash during the reporting period		-	15 476	11 096	-
Net accrual adjustments		-	-	-	-
Revenue for the period	37(e)	-	15 476	11 096	-
Surplus (Deficit) from the previous year		15 476	-	-	-
Total revenue including accrued revenue		15 476	15 476	11 096	-
Expenses including accrued expenses		(1 750)	-	(2 037)	-
Surplus (Deficit) for the reporting period		13 726	15 476	9 059	-

	Note	Total 2009 $'000	2008 $'000
Financial assistance received in cash during the reporting period		11 096	15 476
Net accrual adjustments		-	-
Revenue for the period	37(e)	11 096	15 476
Surplus (Deficit) from the previous year		15 476	-
Total revenue including accrued revenue		26 572	15 476
Expenses including accrued expenses		(3 787)	-
Surplus (Deficit) for the reporting period		22 785	15 476

(f) Australian Research Council grants - Discovery

	Note	Parent Entity (University) only			
		Projects		Fellowships	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Financial assistance received in cash during the reporting period		11 593	12 362	1 312	496
Net accrual adjustments		(56)	54	-	(265)
Revenue for the period	37(f)	11 537	12 416	1 312	231
Surplus (Deficit) from the previous year		5 334	4 582	-	569
Total revenue including accrued revenue		16 871	16 998	1 312	800
Expenses including accrued expenses		(11 400)	(11 664)	(699)	(800)
Surplus (Deficit) for the reporting period		5 471	5 334	613	-

	Note	Indigenous Researchers Development		Total	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Financial assistance received in cash during the reporting period		13	37	12 918	12 895
Net accrual adjustments		(1)	-	(57)	(211)
Revenue for the period	37(f)	12	37	12 861	12 684
Surplus (Deficit) from the previous year		11	3	5 345	5 154
Total revenue including accrued revenue		23	40	18 206	17 838
Expenses including accrued expenses		(11)	(29)	(12 110)	(12 493)
Surplus (Deficit) for the reporting period		12	11	6 096	5 345

Australian Research Council grants - Linkages		Parent Entity (University) only			
		Infrastructure		International	
		2009	2008	2009	2008
	Note	$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		1 510	700	52	182
Net accrual adjustments		-	-	(26)	-
Revenue for the period	37(f)	1 510	700	26	182
Surplus (Deficit) from the previous year		-	499	89	114
Total revenue including accrued Revenue		1 510	1 199	115	296
Expenses including accrued expenses		(919)	(1 199)	(28)	(207)
Surplus (Deficit) for the reporting period		591	-	87	89

		Projects		Total	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		5 020	4 510	6 582	5 392
Net accrual adjustments		26	258	-	258
Revenue for the period	37(f)	5 046	4 768	6 582	5 650
Surplus (Deficit) from the previous year		1 988	1 684	2 077	2 297
Total revenue including accrued revenue		7 034	6 452	8 659	7 947
Expenses including accrued expenses		4 143	4 464	5 090	5 870
Surplus (Deficit) for the reporting period		2 891	1 988	3 569	2 077

Australian Research Council grants - Networks and Centres		Parent Entity (University) only			
		Networks		Centres	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period		331	650	2 269	3 699
Net accrual adjustments		-	-	-	-
Revenue for the period	37(f)	331	650	2 269	3 699
Surplus (Deficit) from the previous year		445	552	-	-
Total revenue including accrued revenue		776	1 202	2 269	3 699
Expenses including accrued expenses		498	757	2 269	3 699
Surplus (Deficit) for the reporting period		278	445	-	-

		Total	
		2009	2008
		$'000	$'000
Financial assistance received in cash during the reporting period		2 600	4 349
Net accrual adjustments		-	-
Revenue for the period	37(f)	2 600	4 349
Surplus (Deficit) from the previous year		445	552
Total revenue including accrued revenue		3 045	4 901
Expenses including accrued expenses		2 767	4 456
Surplus (Deficit) for the reporting period		278	445

39. State and Local Government financial assistance

(a) SA Government and Local Government financial assistance	Consolidated		University	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Arts SA	85	128	85	128
Bio Innovation SA	1 884	1 853	1 884	1 853
Central Northern Adelaide Health Service	2 897	2 570	2 897	2 570
Children, Youth and Women's Health Service	297	365	297	365
Department for Environment and Heritage	509	489	509	489
Department for Families and Communities	432	92	432	92
Department of Further Education, Employment, Science and Technology	7 718	14 699	7 718	14 699
Department of Health	1 565	2 331	1 565	2 331
DPC	1 444	296	1 444	296
Department of Primary Industries and Resources	4 370	1 291	4 370	1 291

	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
(a) SA Government and Local Government financial assistance (continued)				
Department of Education and Children's Services	35	73	35	73
Department for Trade and Economic Development	-	95	-	95
Department for Transport, Energy and Infrastructure	664	637	664	637
Department of Water, Land and Biodiversity Conservation	1 166	668	1 166	668
Institute of Medical and Veterinary Science	60	281	60	281
Motor Accident Commission	638	655	638	655
Police Department SA	292	361	292	361
Public Trustee Office	27	52	27	52
Royal Adelaide Hospital	5 166	4 902	5 166	4 902
SafeWork SA	79	89	79	89
South Australian Dental Service	501	170	501	170
SAFA	-	750	-	750
South Australian Museum	155	412	155	412
Southern Adelaide Health Service	-	10	-	10
Southern Yorke Peninsula Health Service	311	296	-	-
WorkCover Corporation	223	136	223	136
Other	627	710	627	710
Total SA Government and local government financial assistance	31 145	34 411	30 834	34 115
(b) Other State Government and Local Government financial assistance	496	685	496	685
Total SA Government and Local Government financial assistance	31 641	35 096	31 330	34 800

40. Fees and charges

Fees and charges were collected from the following sources during the reporting period:

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Student fee income	4	108 032	90 792	108 032	90 792
Library charges and fines	4	976	813	976	813
Application management and late fees	4	490	552	490	552
Parking fees	4	1 004	945	1 004	945
Rental charges/accommodation fees	4	10 451	9 784	10 633	10 173
Recharge of costs to other organisations	4	377	433	377	433
Franchise fees	4	998	1 074	998	1 074
Other		2 976	3 613	2 976	3 613
		125 304	108 006	125 486	108 395

41. Consultancy and contract revenue

Consultancy	26 883	24 121	8 262	7 202
Contract research	35 730	30 657	29 542	23 970
	62 613	54 778	37 804	31 172

UNIVERSITY OF SOUTH AUSTRALIA

FUNCTIONAL RESPONSIBILITY

Establishment

The University of South Australia (the University) is established under the *University of South Australia Act 1990*.

Functions

To provide tertiary education programs, preserve, extend and disseminate knowledge through teaching, research, scholarship and consultancy and to provide educational programs for the benefit of the wider community or the enhancement of its cultural life.

The University has a financial interest in a number of entities as detailed in notes 1(b), 33, 34 and 35 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 University for each year of operation.

Assessment of controls

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

Scope of audit

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

For the year ended 31 December 2009 areas reviewed included:

- payroll
- expenditure
- fixed assets
- liabilities including provisions
- revenue including government financial assistance, student fees, research revenue and other revenue
- receipting and banking
- general ledger and financial accounting
- cash at bank
- information and communications technology and control.

Internal audit activities were also reviewed.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

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

> ***Basis for qualified auditor's opinion***
>
> *The University has recognised $25.6 million of unspent funding as a liability for the year ended 31 December 2009. This amount has been accounted for as income received in advance and included in 'Other Liabilities - Commonwealth and State Government Grants' and 'Other Liabilities - Income in advance on incomplete projects' in Note 26 to the financial statements. The University has disclosed its accounting treatment of these funds in Note 1(d) to the financial statements.*

In my opinion, the funds represent contributions and meet the recognition criteria of income in accordance with Accounting Standard AASB 1004 'Contributions' and the Department of Treasury and Finance Accounting Policy Framework V 'Income Framework'. The University controls these funds upon receipt and it is highly probable that any unspent funds will be spent in accordance with stipulated conditions. It is highly unlikely that unspent funds will need to be repaid to the granting bodies and as such funds received, including any unspent portion, should be recognised as income at the time of receipt.

As a result, the following has been misstated in the 2009 financial statements:

- *the revenue recognised as Australian Government Grants is understated by $11 million ($6.9 million understated in 2008)*
- *the revenue recognised as State Government Financial Assistance is overstated by $2 million ($1.5 million overstated in 2008)*
- *the revenue recognised as Contract research is understated by $620 000 (nil in 2008)*
- *Operating result after income tax is understated by $9.6 million ($5.4 million understated in 2008)*
- *Retained Surplus is understated by $16 million ($10.6 million understated in 2008)*
- *Other Liabilities is overstated by $25.6 million ($16 million overstated in 2008).*

Qualified auditor's opinion

In my opinion, except for the effect of the matter referred to in the preceding paragraphs, the financial statements present fairly, in all material respects, the financial position of the University of South Australia and of the consolidated entity as at 31 December 2009, and their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act 1987, *the* Higher Education Supporting Act 2003 *and Australian Accounting Standards.*

Assessment of controls

In my opinion, the controls exercised by the University of South Australia in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to payroll, expenditure, journal processing and finance systems – access and segregation of duties as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the University of South Australia have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Vice Chancellor. The response to the management letter was generally considered to be satisfactory. Major matters raised with the University and the related responses are detailed below.

Grant funding

As occurred in past years, the University has recognised a liability for some grants which were unspent as at 31 December 2009.

In my opinion, these grants represent contributions which are non-reciprocal and the University obtains control of the grant funding on receipt. As a consequence, in accordance with AASB 1004, these grants should be recognised as revenue in the year of receipt.

As a result the Independent Auditor's Report on the University's financial statements for 2009 (and 2008) was qualified on the treatment of these grants. The financial effect of the non-compliance with the accounting standard is provided above under the heading 'Auditor's report on the financial statements'.

Payroll

Permanent and fixed contract employees

In recent years Audit has reported that management review of payroll leave records was not sufficient to allow adequate follow up of missing leave forms. These concerns continued to exist in 2009. The potential control and cost impact of incorrect leave payments was raised with the University.

The University advised it will continue to improve processes where possible, nevertheless indicated a belief that they are managing the risk appropriately and listed a number of recent improvements including:

- incorporating leave plans within employee performance plans
- establishing an on-line HR Service portal (myHR) which allows for online leave application and management review
- changes to payroll reporting.

Casual employment payments

Review of casual employment payment processes noted the following:

- inconsistency in the review of fortnightly reports to ensure the validity and accuracy of casual payments
- instances where the casual payroll system was used to make payments which were not for casual work.

The University responded that it will reinforce with managers the requirement for review of payroll reports and for the appropriate use of the casual payment system. The response also indicated the University is pursuing improvements to the controls in this area through a combination of initiatives including planning for a replacement of the Human Resources Management System.

Expenditure

Research expenditure

The 2009 audit included a review of aspects of the University's management of research expenditure. Audit raised that accountability and transparency of the use of research funds would benefit from a central oversight of expenditure. It was recommended that this include establishing minimum standards expected of research fund managers and monitoring processes to ensure compliance with grant agreements, and the overall management of expenditure against available funds.

The University indicated it had recently developed a set of post award procedures requiring division accountants to monitor research cost centres and to scrutinise and sign off project reports. It also indicated that a program of regular management audits of project cost centres commenced in 2010.

Financial delegations and segregation of duties

In recent years Audit has recommended improvements to the University's capacity to ensure adherence to the Vice Chancellor's delegations and to ensure that at least two officers with familiarity of the expenditure substantiate any given transaction. These concerns continued to exist in 2009. The University had previously indicated that a planned automated workflow system was intended to address these concerns from late 2009 or early 2010.

The University responded that it had implemented a new Vice Chancellor's Authorisations Policy from 1 December 2009. Further, the University advised that it is investigating workflow solutions which can be used with the existing financial systems.

Journal processing

While University policy requires that general journals be independently approved prior to posting, there was no preventive or monitoring controls to ensure this occurred. An independent approval acts as a control against fraud or unauthorised alteration of financial records. Audit recommended that the University review its journal posting arrangements to include preventive or monitoring controls.

The University advised that system controls aimed at strengthening the segregation of duties are being investigated as part of advanced functionality within the existing financial system.

Finance systems – access and segregation of duties

Audit recommended that the University review the need for a particular manager to have access both to journal processing and bank disbursement authority. This level of access presented a risk to the validity of financial records as the officer may be in a position to circumvent controls.

The University agreed and will remove the officer from the list of approved signatories on University bank accounts.

Intellectual property

Last year's report commented that adequate intellectual property (IP) and associated risk management was dependent on the timely finalisation and implementation of the University's proposed IP framework and policy. A follow up of the University's progress noted that the IP framework had been established, however, IP policies had yet to be created and implemented.

The University indicated its intention to review the current corporate level policies and develop a stand-alone IP policy.

ICT controls

In the latter part of 2009 Audit followed up on aspects of ICT controls for the personnel and payroll and accounts payable functions and their computer processing environments.

The follow-up review and the University's response of January 2010 to the review findings reported to the University in November 2009 confirmed satisfactory action taken on many findings that had been previously raised with the University. The review and response also identified actions proposed or in progress on the remaining matters, mainly updating risk registers with information technology risks; documenting aspects of system logging and user access and monitoring activity; and determining a corporate approach to business continuity planning.

The matters in progress will be reviewed as part of the overall audit of the University for the year ending 31 December 2010.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

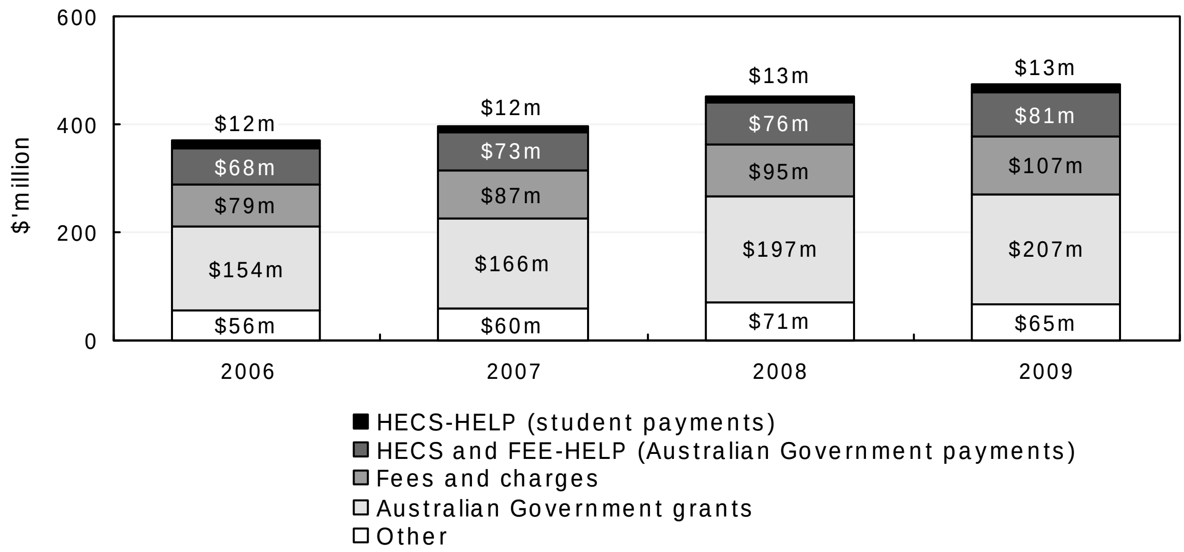
The following analysis has been prepared from the consolidated financial statements and should be read in conjunction with the 'Qualified Auditor's Opinion' provided under the heading 'Auditor's report on the financial statements'. The qualification expresses that the University has not applied AASs and mandatory APFs when reporting grant revenues.

Highlights of the financial statements (Consolidated)	**2009**	2008
	$'million	$'million
INCOME		
Australian Government grants	**207**	197
HECS-HELP and FEE-HELP (Australian Government)	**81**	76
HECS HELP (student payments)	**13**	13
Fees and charges	**107**	95
Other	**65**	71
Total income	**473**	452
EXPENSES		
Employee related expenses	**265**	257
Other expenses	**166**	158
Total expenses	**431**	415
Operating result before income tax	**42**	37
NET CASH INFLOWS FROM OPERATING ACTIVITIES	**87**	78
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES	**(52)**	(44)
ASSETS		
Current assets	**209**	174
Non-current assets	**954**	1 015
Total assets	**1 163**	1 189
LIABILITIES		
Current liabilities	**117**	97
Non-current liabilities	**366**	454
Total liabilities	**483**	551
EQUITY	**680**	638

Statement of Comprehensive Income

Income

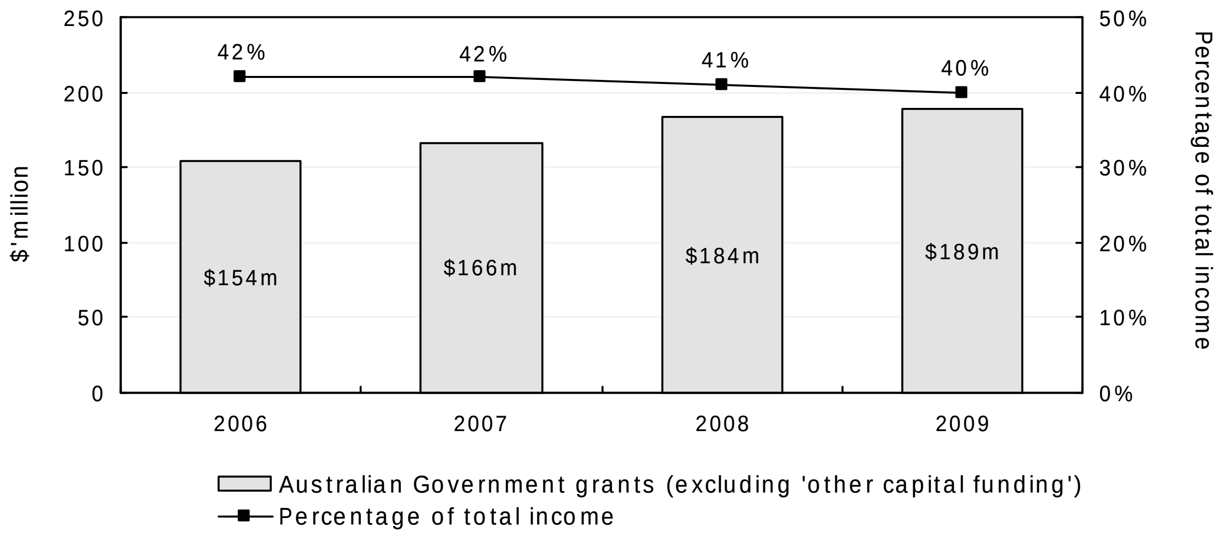
A structural analysis of the University's income for the four years to 2009 is presented in the following chart.



The chart demonstrates that revenue has continued to grow.

Australian Government grants

Australian Government grants increased $10 million to $207 million. $4.2 million of the increase relates to large capital receipts disclosed as 'other capital funding'. Capital funding is not necessarily comparable from year to year and has been excluded from the following chart which shows Australian Government grants in recent years.



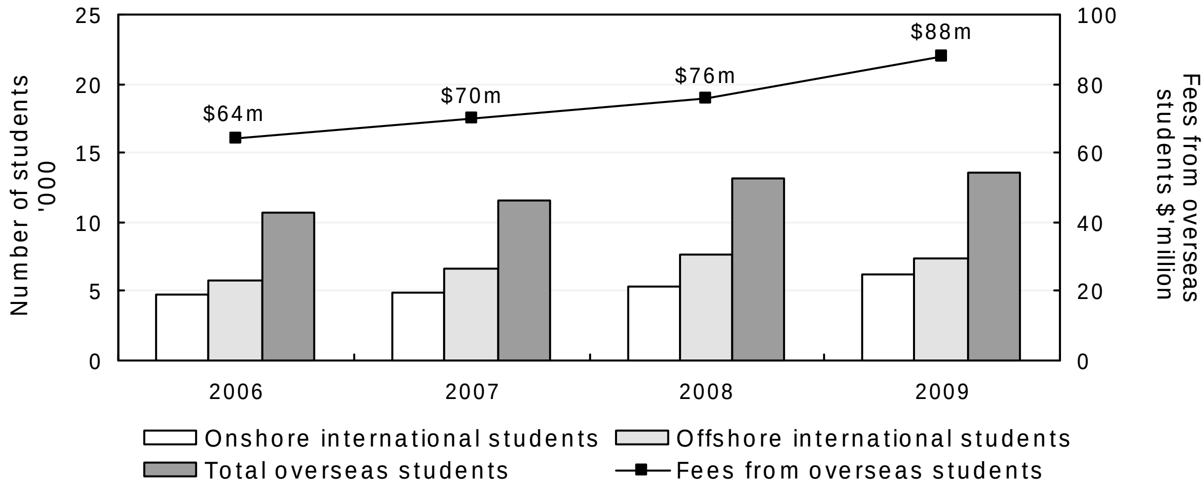
While the chart shows continued growth, the proportion of Australian Government grants to total income has remained relatively constant over the four years.

Of note were the following changes in 2009:

- $5.9 million increase in the base operating grant reflecting indexation and increased student activity
- $2.6 million increase in other Commonwealth Government research grants
- $1.5 million from the Learning and Teaching Performance Fund (project related funding)
- $1.1 million increase from the Diversity and Structural Adjustment Fund (project related funding)
- $4.3 million decrease in Capital Development Pool funding (project related funding).

Fees and charges - overseas students

The following chart highlights the continuing upward trend in fees from overseas students. This trend reflects growth in international student enrolments. While onshore international student numbers continue to rise, offshore international student numbers have fallen slightly reflecting the University's scale back of its transnational operations.

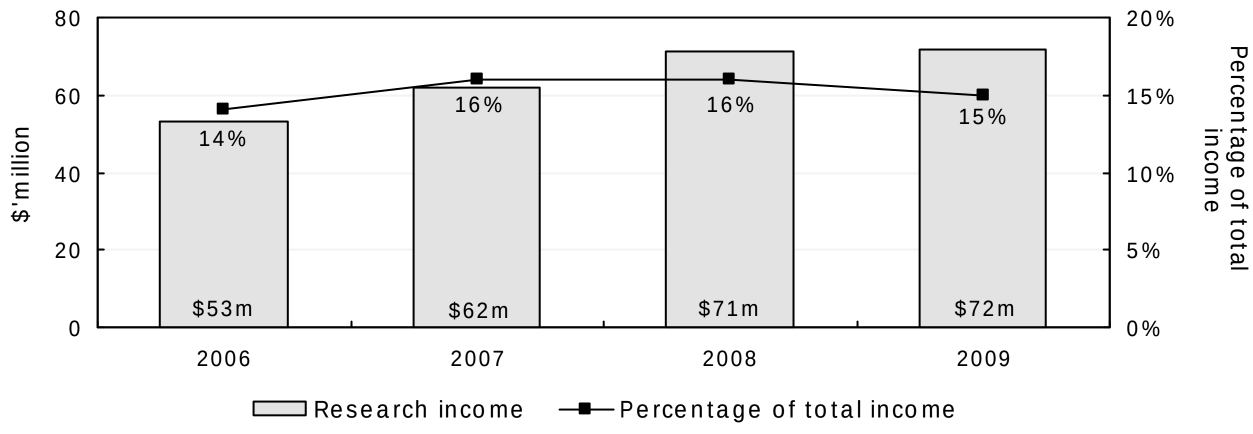


Source: Student numbers were obtained from the University's annual reports and are unaudited figures.

Fees from overseas students increased by $12 million to $88 million. Over the four year period, overseas student numbers have increased by 28 percent while fee income has increased by 38 percent. Revenue from fee paying overseas students represents 19 percent of total revenue, a ratio which has grown since 2006 when it represented 17 percent of total revenue.

Research

The following chart shows the increase in research income over the four years. Research income is disclosed in the notes to the financial statements as DIISR - Research - note 3(d), Australian Research Council - note 3(g), Other Commonwealth Government research grants - note 3(h), State and Local Government research grants - note 4 and Contract research - note 7. While the chart shows a relatively moderate increase of $1 million in 2009, as a percentage of total income it has fallen from 16 to 15 percent.



When interpreting research income it is important to note that the University has deferred significant amounts of research revenue into future reporting periods. These receipts are held as cash at bank and as a current liability 'income received in advance – Commonwealth and State Government grants'. Please refer to the comments made earlier under the heading 'Auditor's report on the financial statements' and to comments under the heading 'Balance Sheet' later in this section of this Report.

Expenses

Expenses increased by $16 million, totalling $431 million. The main expense of the University is employee benefits. This item increased by $7.8 million to $265 million. Of the University's total income, 56 percent is expended on employee benefits.

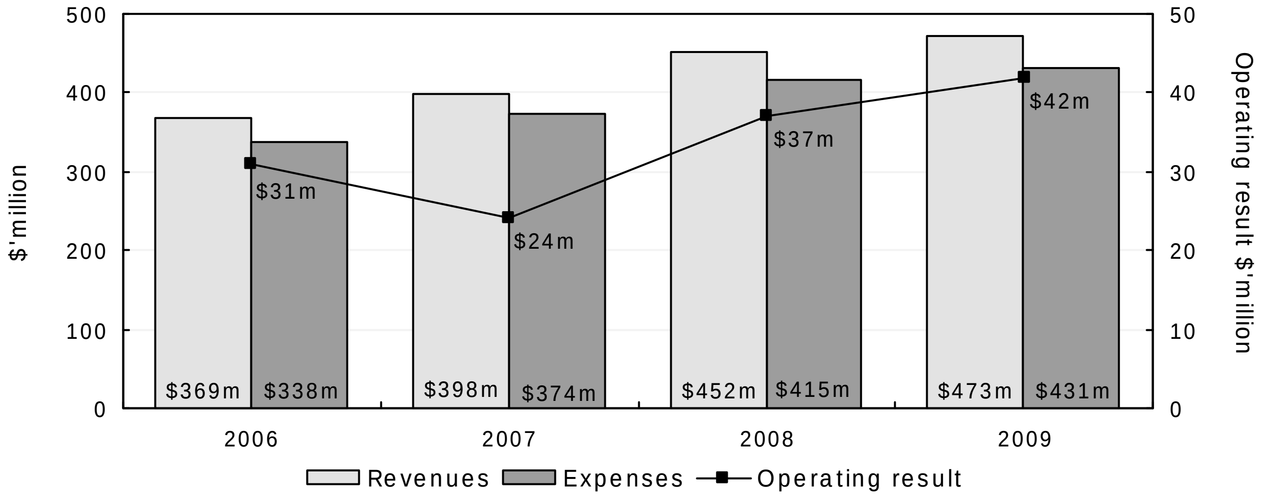
Other expenses increased by $8 million to $166 million. Of note were increases in:

- depreciation and amortisation, $2.3 million
- scholarships grants and prizes, $1.8 million
- external services, $2.9 million
- general consumables, $1.8 million.

Operating result

The result of operations for the year was a surplus of $42 million ($37 million), an increase of $5 million. The result in part reflects significant levels of capital funding including $15 million from the Teaching and Learning Capital Fund and $2.6 million from the Education Investment Fund.

The following chart shows the movement in income, expenses and the operating result before income tax for the last four years.



Balance Sheet

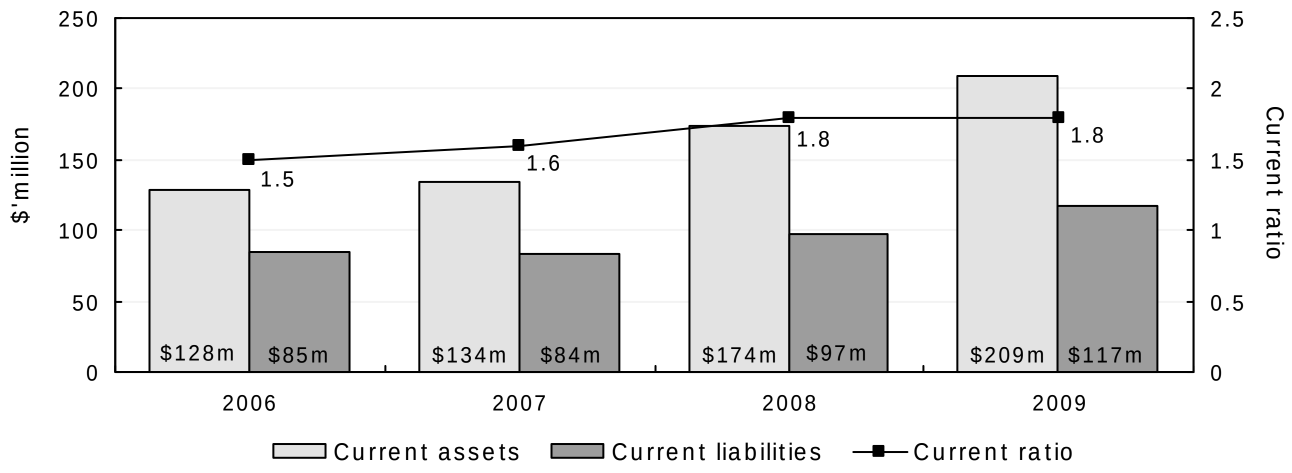
The main item of the University's Balance Sheet is property, plant and equipment, representing 53 percent of total assets. The carrying value of property, plant and equipment increased by $25 million to $611 million.

The increase was due mainly to:

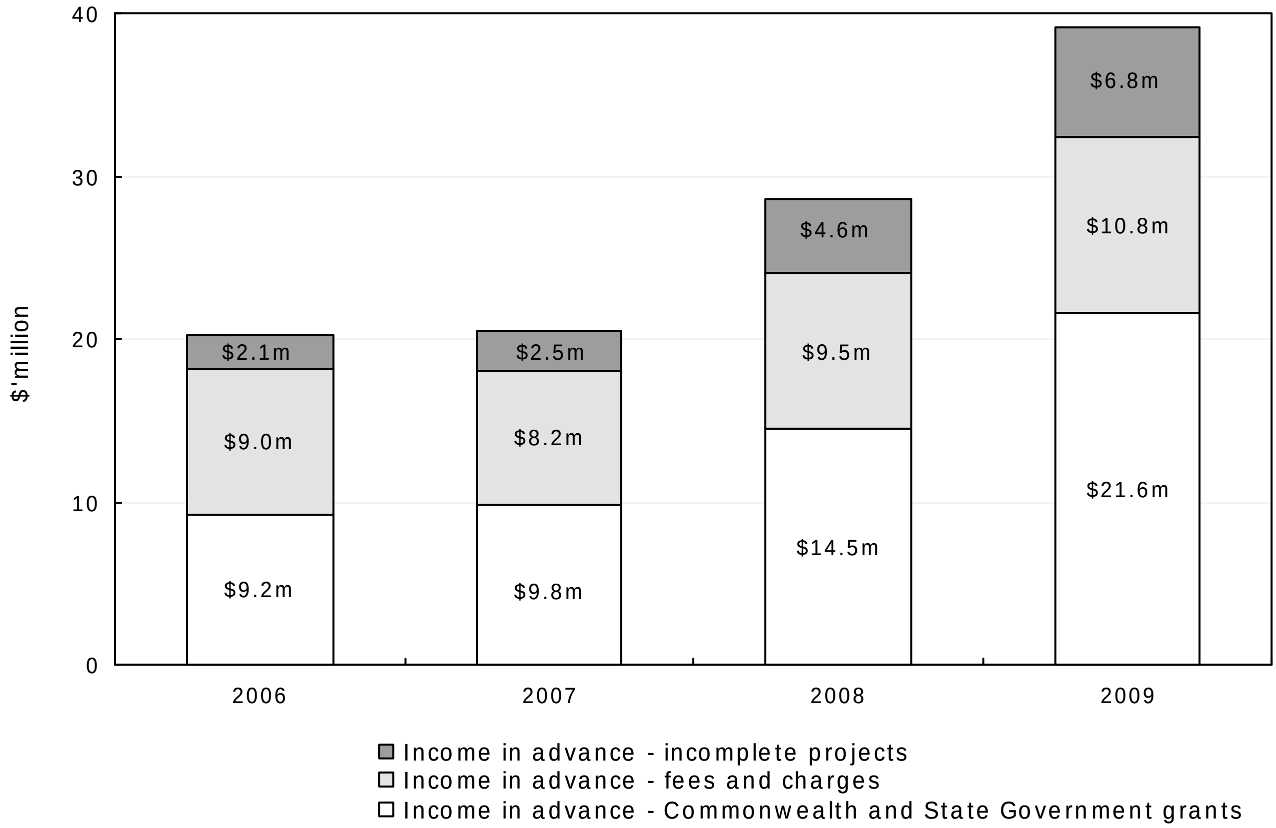
- continuation of major capital development projects, $26.9 million
- additions of land and freehold buildings, $11.6 million
- other asset additions, $14 million.

These increases were offset by depreciation charges of $25.8 million.

The following chart shows the University's current assets and liabilities. As at 31 December 2009 current assets, $209 million exceeded current liabilities, $117 million by $92 million.



The following chart shows the growth of income in advance within the University's other liabilities. These liabilities represent deferral of income into future reporting periods in accordance with the University's income recognition policies. Reference should be made to note 1(d) and also to the audit qualification described earlier under the heading 'Auditor's report on the financial statements' in this section of this Report.



Statement of Cash Flows

The University's substantial cash balances have continued to grow. As at 31 December 2009 cash and at call deposits were $145.6 million ($111.4 million). The following table summarises the net cash flows for the four years to 2009.

	2009 $'million	2008 $'million	2007 $'million	2006 $'million
Net cash flows				
Operating	**87**	77	53	54
Investing	**(52)**	(44)	(46)	(46)
Financing	**-**	-	(1)	(16)
Change in cash	**35**	33	6	(8)
Cash at 31 December	**146**	111	78	72

A significant portion of the University's net operating inflows continue to be offset by investing outflows, which primarily comprise payments for property, plant and equipment.

Statement of Comprehensive Income for the year ended 31 December 2009

		Consolidated		University	
		2009	2008	**2009**	2008
REVENUE FROM CONTINUING OPERATIONS:	Note	**$'000**	$'000	**$'000**	$'000
Australian Government financial assistance:					
Australian Government grants	3, 41	**206 705**	197 085	**208 705**	197 085
HECS-HELP Australian Government payments	3, 41(b)	**76 105**	73 295	**76 105**	73 295
FEE-HELP	3, 41(b)	**5 277**	2 954	**5 277**	2 954
Total Australian Government financial assistance		**288 087**	273 334	**288 087**	273 334
State and Local Government financial assistance	4	**11 630**	11 580	**11 630**	11 632
HECS-HELP student payments		**12 986**	12 758	**12 986**	12 758
Fees and charges	5	**107 175**	94 641	**107 175**	94 641
Investment income	6	**6 548**	8 662	**7 178**	9 329
Royalties		**638**	421	**503**	300
Consultancy and contract research	7	**27 107**	27 011	**27 273**	27 029
Other revenue	8	**19 398**	23 513	**11 291**	15 170
Total revenue from continuing operations		**473 569**	451 920	**466 123**	444 193
Other (loss) income	9	**(418)**	127	**(418)**	(457)
Total income		**473 151**	452 047	**465 705**	443 736
EXPENSES FROM CONTINUING OPERATIONS:					
Employee related expenses	11	**264 692**	256 852	**258 732**	251 705
Depreciation and amortisation	12	**26 744**	24 486	**26 525**	24 293
Repairs and maintenance	13	**8 403**	7 582	**8 385**	7 564
Bad and doubtful debts	14	**204**	535	**204**	535
Other expenses	15	**131 372**	125 223	**128 657**	122 669
Total expenses from continuing operations		**431 415**	414 678	**422 503**	406 766
OPERATING RESULT BEFORE INCOME TAX		**41 736**	37 369	**43 202**	36 970
Income tax expense		**214**	148	**214**	148
OPERATING RESULT AFTER INCOME TAX FOR THE YEAR ATTRIBUTABLE TO THE MEMBERS OF THE UNIVERSITY OF SOUTH AUSTRALIA		**41 522**	37 221	**42 988**	36 822
Property, plant and equipment revaluation reserve:					
Loss on revaluation of library	27(a)	**(83)**	(1 526)	**(83)**	(1 526)
Available-for-sale investments reserve:					
Gain (Loss) on revaluation of available-for-sale financial assets	27(a)	**1 591**	(1 322)	**1 591**	(1 322)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE MEMBERS OF THE UNIVERSITY OF SOUTH AUSTRALIA		**43 030**	34 373	**44 496**	33 974

Balance Sheet
as at 31 December 2009

		Consolidated		University	
		2009	2008	**2009**	2008
CURRENT ASSETS:	Note	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	16	**145 632**	111 379	**143 459**	108 565
Receivables	17	**27 268**	25 152	**26 063**	23 367
Other financial assets	19	**-**	1 790	**-**	1 790
Other non-financial assets	20	**9 973**	10 513	**10 711**	10 495
Deferred government superannuation contribution	32	**26 000**	25 300	**26 000**	25 300
Total current assets		**208 873**	174 134	**206 233**	169 517
NON-CURRENT ASSETS:					
Other financial assets	19	**7 312**	5 214	**7 508**	5 844
Property, plant and equipment	21	**610 975**	585 652	**610 551**	585 222
Intangible assets	22	**5 553**	5 638	**5 553**	5 638
Deferred government superannuation contribution	32	**330 600**	418 100	**330 600**	418 100
Total non-current assets		**954 440**	1 014 604	**954 212**	1 014 804
Total assets		**1 163 313**	1 188 738	**1 160 445**	1 184 321
CURRENT LIABILITIES:					
Payables	23	**30 694**	23 488	**30 070**	22 837
Provisions	25	**18 172**	17 389	**17 634**	16 893
Other liabilities	26	**41 241**	30 050	**41 314**	30 025
Current tax liabilities		**689**	644	**689**	644
Provision for superannuation	32	**26 000**	25 300	**26 000**	25 300
Total current liabilities		**116 796**	96 871	**115 707**	95 699
NON-CURRENT LIABILITIES:					
Payables	23	**4 149**	4 128	**4 149**	4 128
Provisions	25	**31 008**	31 909	**31 008**	31 909
Provision for superannuation	32	**330 600**	418 100	**330 600**	418 100
Total non-current liabilities		**365 757**	454 137	**365 757**	454 137
Total liabilities		**482 553**	551 008	**481 464**	549 836
NET ASSETS		**680 760**	637 730	**678 981**	634 485
EQUITY:					
Reserves	27(a)	**126 643**	125 135	**126 643**	125 135
Retained surplus	27(b)	**554 117**	512 595	**552 338**	509 350
TOTAL EQUITY		**680 760**	637 730	**678 981**	634 485

Statement of Changes in Equity
for the year ended 31 December 2009

	Reserves $'000	Retained surplus $'000	Total $'000
Consolidated			
Balance at 1 January 2008	127 983	475 374	603 357
Total comprehensive income	(2 848)	37 221	34 373
Balance at 31 December 2008	125 135	512 595	637 730
Balance at 1 January 2009	125 135	512 595	637 730
Total comprehensive income	1 508	41 522	43 030
Balance at 31 December 2009	**126 643**	**554 117**	**680 760**
University			
Balance at 1 January 2008	127 983	472 528	600 511
Total comprehensive income	(2 848)	36 822	33 974
Balance at 31 December 2008	125 135	509 350	634 485
Balance at 1 January 2009	125 135	509 350	634 485
Total comprehensive income	1 508	42 988	44 496
Balance at 31 December 2009	**126 643**	**552 338**	**678 981**

Statement of Cash Flows
for the year ended 31 December 2009

		Consolidated		University	
		2009	2008	**2009**	2008
		Inflows	Inflows	**Inflows**	Inflows
CASH FLOWS FROM OPERATING ACTIVITIES:		**(Outflows)**	(Outflows)	**(Outflows)**	(Outflows)
INFLOWS:	Note	**$'000**	$'000	**$'000**	$'000
Australian Government grants received	3(i)	**293 498**	280 604	**293 498**	280 604
OS-HELP (net)	3(i)	**(3)**	5	**(3)**	5
Superannuation supplementation	3(i)	**28 924**	23 398	**28 924**	23 398
State and Local Government grants		**10 173**	9 571	**10 173**	9 623
HECS-HELP - student payments		**12 986**	12 758	**12 986**	12 758
Receipts from student fees and other customers		**116 632**	104 299	**115 775**	103 441
Dividends received		**1 536**	191	**1 434**	1 020
Interest received		**4 607**	7 939	**4 533**	7 777
Royalties		**638**	421	**503**	300
Consultancy and contract research		**28 172**	27 579	**27 757**	27 912
Other receipts		**19 406**	24 013	**11 299**	15 086
Taxes recovered (GST)		**6 813**	5 670	**7 353**	6 223
OUTFLOWS:					
Payments to suppliers and employees (inclusive of GST)		**(436 859)**	(418 682)	**(427 715)**	(411 274)
Net cash inflows from operating activities	37	**86 523**	77 766	**86 517**	76 873
CASH FLOWS FROM INVESTING ACTIVITIES:					
INFLOWS:					
Proceeds from sale of property, plant and equipment		**354**	56	**354**	56
Proceeds from sale of investments		**380**	78	**230**	8
OUTFLOWS:					
Payments for property, plant and equipment		**(52 116)**	(43 684)	**(51 903)**	(43 460)
Payments for investments		**(888)**	(770)	**(304)**	(610)
Net cash outflows from investing activities		**(52 270)**	(44 320)	**(51 623)**	(44 006)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**34 253**	33 446	**34 894**	32 867
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**111 379**	77 933	**108 565**	75 698
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	16	**145 632**	111 379	**143 459**	108 565
Non-cash investing and financing activities	38				

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for the University of South Australia (the University) as an individual entity and the Consolidated Entity consisting of the University and its subsidiaries.

(a) Basis of preparation

The financial report is a general purpose financial report prepared in accordance with applicable AASs, AASB Interpretations and the Department of Education, Employment and Workplace Relations (DEEWR) requirements.

Except where in conflict with the DEEWR requirements, the financial report is prepared in accordance with the South Australian TIs and APSs issued under the provisions of the PFAA.

Unless otherwise indicated, all amounts are rounded to the nearest thousand dollars and presented in Australian dollars.

Historical cost convention

The financial statements have been prepared on an accrual basis and under the historical cost convention, except for certain assets and liabilities that were valued in accordance with the applicable valuation policy.

Critical accounting estimates
Compliance with AASB requires certain critical accounting estimates and assumptions to be applied in preparing the financial statements. Further, it requires management to exercise judgment in applying the University's accounting policies. Management's judgment is based on estimates and associated assumptions which are supported by historical experience and other reasonable factors.

The areas involving a high degree of judgment where assumptions and estimates are significant to the financial statements are superannuation receivable and provision, valuation and depreciation of property, plant and equipment and long service leave. Further details are disclosed in the relevant notes to the financial statements.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period which it effects. If the revision affects both current and future periods, the revision is recognised in the period of the revision and future periods.

(b) Principles of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the University as at 31 December 2009 and the results of all subsidiaries for the year then ended. The University and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Details of subsidiaries are set out in note 33.

(ii) Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 percent and 50 percent of the voting rights.

With the exception of Unisure Pty Ltd in 2008, the Group has no material investments in associates. The investment in Unisure Pty Ltd has not been accounted for using the equity method however the University has incorporated its share of the year end balances and the financial transactions of the Unisure Unit Trust within the Group.

Details of associates are set out in note 34.

(iii) Joint venture operations
If material, the proportionate interests in the assets, liabilities and expenses of a joint venture operation are incorporated in the financial statements under the appropriate headings.

Details of joint venture operations are set out in note 35. The University's interests in these joint ventures are not considered to be material to the University's core activities.

(iv) Joint venture entities
If material, the interest in a joint venture entity are accounted for in the consolidated financial statements using the equity method and are carried at cost by the University.

Under the equity method the Group's share of its associates' post acquisition profits or losses is recognised in the Statement of Comprehensive Income, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment.

Details of joint venture entities are set out in note 35(b). The University's interests in these joint ventures are not considered to be material to the University's core activities.

(c) Foreign currency translation
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) Financial assistance

- *DEEWR financial assistance (including Commonwealth Grant Scheme, Higher Education Loan Programs, Scholarships and DIISR – Research)*
  The University recognises DEEWR financial assistance as revenue in the year in which it had been designated for the funding of teaching and research.

- *Other financial assistance (including ARC, NHMRC, Australian Government and State Government)*
  Grants received which have specified conditions which give the grantor the right to recall funds not spent in accordance with the specific agreement imposes on the University a performance obligation. That is, the University is required to consume the future economic benefits of the grant as specified, or return the grant to the grantor. Therefore these grants are deferred until this performance obligation has been extinguished and the grant funds have been expended in accordance with their respective agreement or the grantor has exercised the right for funds to be repaid or transferred.

  Other grants which do not contain specified conditions are generally recognised on receipt.

(ii) Fees and charges

Fees and charges comprise revenue earned from the provision of programs and other services. Fees and charges are recognised in the period in which the programs or services are provided.

(iii) Investment income

Interest income is recognised as it accrues. Dividend income is recognised only when it is declared, determined or recommended by external entities before the 31 December reporting date.

(iv) Consultancy and contract research

Revenue from consultancy and contract research is recognised in the period in which the services are provided.

(v) Other revenue

Other revenue is recognised when the University obtains control or the right to receive the monies and the recognition criteria is met.

(e) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Receivables

Trade receivables are recognised initially at fair value and subsequently adjusted for any provision for impairment. Trade receivables are normally due for settlement no more than 14 days from the date of recognition.

Student fees receivables are recognised initially at fair value as at census date and are collectible at that point. Periodically these receivables are adjusted for any provision for impairment.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of receivables. The movement in the provision is recognised in the Statement of Comprehensive Income in the period in which receivables are adjusted to an estimated recoverable amount (at least annually).

(h) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Balance Sheet date.

(h) Available-for-sale financial assets (continued)

Purchases and sales of investments are recognised on trade-date (the date on which the University commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the University has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the Statement of Comprehensive Income as gains and losses from investment securities.

If the market for a financial asset is not active (eg unlisted securities), the University attempts to establish fair value by using other valuation techniques. If no relevant or reliable fair value can be determined then the valuation basis reverts to original cost adjusted for impairment.

The University assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss is removed from equity and recognised in the Statement of Comprehensive Income.

The University has investments in shares, property trusts and managed funds, which are classified as 'available-for-sale financial assets' and are measured at fair value. During 2008 the global financial crisis caused financial markets to significantly decline. The University assessed its investments for objective evidence of impairment, and concluded that they were impaired. The amount of the impairment loss was $1.91 million and this was recognised by way of a reduction to the investment revaluation reserve in equity ($1.46 million) and an impairment loss in the Statement of Comprehensive Income ($450 000). During 2009 markets recovered and the impairment loss recognised in 2008 was partially reversed in 2009 by way of an increase to the investment revaluation reserve in equity ($910 000) and an increase in the value of available-for-sale financial assets ($910 000).

(i) Property, plant and equipment

Property, plant and equipment original cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably. Repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Revaluation increments are credited directly to the asset revaluation reserve except to the extent that the net increment reverses a net revaluation decrement previously recognised as an expense, in which case the revaluation increment is charged to the Statement of Comprehensive Income.

Revaluation decrements are debited directly to the asset revaluation reserve to the extent that a credit balance exists for that asset class. Any remainder of the net revaluation decrement is charged to the Statement of Comprehensive Income.

Revaluation increments and decrements are offset against one another within asset classes, but not otherwise.

Items of property, plant and equipment have been recognised in the financial statements as identified below. Expenditure on a single item of less than $10 000 is generally not capitalised.

(i) Land

Land occupied by the University is either owned by the University or by the State Government. All land is recognised on the basis that the University effectively controls the land occupied and is shown at fair value based on periodic, but at least triennial, valuations by external independent valuers.

The last valuation was as at 31 December 2007 and was performed by P Lornie BComm (VFM) AAPI and R Wood BAppSc PRM(VAL) AAPI from Southwick Goodyear Pty Ltd. Land fair value estimates were based on the highest and best use of the land and valued separately from any structures or improvements residing on it, but having regard to any restrictions of its use. Detail of restrictions on assets is provided in note 1(k).

(ii) Buildings

Buildings, other than buildings under construction, have been recognised on a fair value basis which Management have concluded is approximated by written down current cost. These fair value estimates are based on periodic, but at least triennial, valuations by external independent valuers.

(ii) Buildings (continued)

As at 31 December 2007, the entire buildings portfolio was re-valued independently by P Lornie BComm (VFM) AAPI and R Wood BAppSc PRM(VAL) AAPI from Southwick Goodyear Pty Ltd. Buildings fair value estimates were based on the highest and best use, being the existing use as University campuses. The valuation approach adopted was to assess the 'written down current cost' for the buildings based upon the 'new replacement cost' having regard to the estimated useful and remaining life for each structure.

Buildings under construction and buildings commissioned or purchased after the valuation are measured at cost.

(iii) Library collection

The library collection is valued at fair value. The University has concluded that the collection's fair value is best approximated by written down current cost based on a University valuation which is completed at the end of each year. The 2009 valuation resulted in a decrease of $702 000 and this has been recognised by way of a reduction to the library revaluation reserve in equity ($83 000) and a loss in the Statement of Comprehensive Income ($619 000) recorded within other expenses.

(iv) Plant and equipment

Plant and equipment includes computer hardware and software, general equipment and vehicles. Plant and equipment is depreciated in accordance with note 1(j). The carrying value, cost less accumulated depreciation, is deemed to approximate fair value.

(v) Art collection

As at 31 December 2007, the University internally valued its art collection at fair value with the offsetting adjustments to the art collection revaluation reserve. The 2007 valuation resulted in no change to the valuation of the art collection. The art collection will be internally re-valued every three years.

(vi) Leased assets

Leases of property, plant and equipment where the University has substantially all the risks and rewards of ownership are classified as finance leases (note 31). Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest bearing liabilities. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. Refer note 31 for details on operating leases.

(j) Depreciation and amortisation

Depreciation is provided for all property, plant and equipment other than land, art collection and buildings under construction. The University does not depreciate the art collection because it believes that the collection does not diminish in value over time. Depreciation is calculated on a straight line basis to allocate the written down current cost of an asset over its estimated remaining useful life.

Asset class	*Useful life*
Property:	
Buildings	50-150 years
Leasehold improvements	Lease term
Library collection:	
Books	10 years
Journals	15 years
Electronic materials	10 years
Plant and equipment:	
IT infrastructure	5 years
IT systems	7 years
IT other	3 years
Motor vehicles	5 years
Other	10 years
Leased plant and equipment:	
IT infrastructure	5 years
IT other	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

(k) Restrictions on assets

Land includes $42.13 million ($42.13 million) of Crown Lands and $19.61 million ($19.61 million) of land dedicated for educational use by the Minister of Education.

The University has restrictions on the above land by application of the *University of South Australia Act 1990* section 6(3).

(l) Intangible assets

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the Statement of Comprehensive Income as an expense when it is incurred.

With respect to internally generated intangible assets, expenditure on development activities is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the Statement of Comprehensive Income as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit, which is currently between five and seven years.

Intangibles in progress represent capitalised expenditure where the project was incomplete at balance date. The expenditure is transferred to intangibles upon the completion of the project.

(m) Unfunded superannuation

In accordance with the 1998 instructions issued by the Department of Education, Training and Youth Affairs, now DEEWR, the effects of the unfunded superannuation liabilities of the University and its controlled entities were recorded in the Statement of Comprehensive Income and the Balance Sheet for the first time in 1998. The prior years' practice had been to disclose liabilities by way of a note to the financial statements.

In 2009, the DEEWR Guidelines for Defined Benefit Obligations (Superannuation) were rewritten to align with the accounting standards. Superannuation Supplementation Program funding is not to be recognised as a revenue as the payment is in respect of an existing liability. The recognition of the expense in the face statements should be offset by the revenue received in respect of the receivable from the Australian Government. This has resulted in the removal of the deferred government super revenue (Commonwealth Supplementation) from the Statement of Comprehensive Income and moving the expense item (which is a net amount) to an 'ordinary' expense within employee related expenses. As the University has a defined benefit plan which is fully covered by the Superannuation Supplementation Program it has reported a nil expense in the Statement of Comprehensive Income.

An arrangement exists between the Australian Government and the South Australian State Government to meet the unfunded liability of the University's beneficiaries of the South Australian State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by the *State Grants (General Revenue) Amendment Act 1987*, *Higher Education Funding Act 1988* and subsequent amending legislation. Accordingly, the unfunded liabilities have been recognised in the Balance Sheet as a liability with a corresponding asset. The recognition of both the asset and the liability consequently does not affect the year end net asset position of the University or the Group. Refer note 32.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the University prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Employee benefits

Employee benefits expected to be settled within one year have been recognised at their nominal amount. These liabilities are measured at the amounts expected to be paid when the liability is settled. Employee entitlements to be settled later than one year have been measured at the present value of the estimated applicable future cash flows.

(i) Wages, salaries, non-monetary benefits and annual leave

Liabilities for wages, salaries, non-monetary benefits and annual leave (including the leave loading) expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The annual leave liability includes associated on-costs. Only on-costs accruing to employees are recognised under employee provisions, while related on-costs are recognised as payables.

(ii) 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.

(iii) Long service leave

The long service leave liability is independently actuarially estimated each year in accordance with AASB 119. The last update was performed at 31 December 2009 by Stuart Mules, FIAA, of Mercer Human Resource Consulting Pty Ltd.

The current portion represents the amount expected to be paid in the following 12 months.

(iii) Long service leave (continued)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national Government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows. The long service leave liability includes associated on-costs. Only on-costs accruing to employees are recognised under employee provisions, while related on-costs are recognised as payables.

(iv) Superannuation

Superannuation schemes exist to provide benefits to University employees and their dependants upon resignation, retirement, disability or death. The contributions made to the funded schemes and on an emerging cost basis to the unfunded schemes by the University and are expensed in the Statement of Comprehensive Income. Note 32 provides details in respect of the individual schemes.

(p) Workers compensation

The University is responsible for payments of workers compensation. During the 2008 year Unisure Pty Ltd was replaced with Lawson Risk Management Services to administer workers compensation arrangements on behalf of the University. Unisure Pty Ltd commenced the process of being deregistered in 2009. Note 34 provides details of net assets that were held by Unisure Pty Ltd on behalf of the University.

The provision for workers compensation is independently actuarially estimated each year. The last update was performed at 31 December 2009 by Laurie Brett FIA, FIAA of Brett & Watson Pty Ltd using Case Estimation Methodology. Under this methodology consideration is given to individual case estimates of all open claims plus allowance for incurred but not reported claims, re-opening of claims regarded as closed and unforseen escalation of case estimates as more information becomes available.

(q) Funds held on behalf of external entities

The University holds funds on behalf of a number of external entities which are managed by the University. As at balance date, the funds held are included in cash assets and a corresponding liability is included in other liabilities (refer note 26).

(r) GST

Revenues, expenses and assets other than receivables are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables (excluding accruals) are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included in receivables or payables in the Balance Sheet.

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

(s) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted for changes in deferred tax assets and liabilities. Due to the University's Income Tax Exempt Charitable Entity status, it does not incur Australian income tax. In relation to foreign operations, the University is subject to tax under the Tax Acts applicable in some foreign countries. Tax in respect of these operations has been brought to account in the year it is incurred.

(t) Changes in accounting policy note

AASs and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the University for the reporting period ending 31 December 2009. The University has assessed the impact of the new and amended standards and interpretations and considers the impact to be insignificant.

2. Disaggregated information (Consolidated)

	Revenue		Results		Total assets	
	2009	2008	2009	2008	2009	2008
Geographical	$'000	$'000	$'000	$'000	$'000	$'000
Australia	454 471	432 860	40 662	36 364	1 163 256	1 188 677
Asia	19 057	19 055	858	857	57	61
Other	41	5	2	-	-	-
	473 569	451 920	41 522	37 221	1 163 313	1 188 738

The University operates in the field of higher education principally in Australia and provides teaching and research services. The results of the geographical segments, other than Australia, are based upon consideration of the variable costs associated with those operations.

3. Australian Government Grants including HECS-HELP and FEE-HELP

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
(a) Commonwealth Grants Scheme and other grants	41(a)				
Commonwealth Grants Scheme		130 835	124 914	130 835	124 914
Indigenous Support Program		1 059	1 219	1 059	1 219
Equity Programmes		602	686	602	686
Workplace Reform Programme		1 634	1 628	1 634	1 628
Workplace Productivity Programme		1 581	1 148	1 581	1 148
Learning and Teaching Performance Fund		1 532	-	1 532	-
Capital Development Pool		-	4 259	-	4 259
Diversity and Structural Adjustment Fund		1 266	180	1 266	180
Chair in Child Protection		419	1 083	419	1 083
Improving the Practical Component of Teacher Education Initiative		726	637	726	637
Transitional Costs Program		1 083	1 678	1 083	1 678
Total Commonwealth Grants Scheme and other grants		140 737	137 432	140 737	137 432
(b) Higher Education Loan Programmes	41(b)				
HECS-HELP		76 105	73 295	76 105	73 295
FEE-HELP		5 277	2 954	5 277	2 954
Total Higher Education Loan Programmes		81 382	76 249	81 382	76 249
(c) Scholarships	41(c)				
Australian Postgraduate Awards		2 356	1 832	2 356	1 832
International Postgraduate Research Scholarships		344	374	344	374
Commonwealth Education Cost Scholarships		2 412	2 065	2 412	2 065
Commonwealth Accommodation Scholarships		2 084	2 313	2 084	2 313
Indigenous Access Scholarships		-	122	-	122
Indigenous Staff Scholarships		35	-	35	-
Total scholarships		7 231	6 706	7 231	6 706
(d) DIISR - Research	41(d)				
Institutional Grants Scheme		5 708	5 310	5 708	5 310
Research Training Scheme		10 753	10 019	10 753	10 019
Research Infrastructure Block Grants		2 295	2 145	2 295	2 145
Implementation Assistance Programme		137	120	137	120
Australian Scheme for Higher Education Repositories		242	217	242	217
Commercialisation Training Scheme		110	104	110	104
Total DIISR - research grants		19 245	17 915	19 245	17 915
(e) Voluntary student unionism	41(e)				
VSU Transition Fund		-	-	-	-
Total voluntary student unionism		-	-	-	-
(f) Other capital funding	41(f)				
Better Universities Renewal Funding		-	13 346	-	13 346
Teaching and Learning Capital Fund		14 914	-	14 914	-
Education Investment Fund		2 586	-	2 586	-
Total other capital funding		17 500	13 346	17 500	13 346
Total DEEWR funding		266 095	251 648	266 095	251 648
(g) Australian Research Council	41(g)				
(i) Discovery					
Project		3 314	2 376	3 314	2 376
Indigenous Researchers Development		5	-	5	-
Total discovery		3 319	2 376	3 319	2 376
(ii) Linkages					
International		43	98	43	98
Projects		3 168	5 032	3 168	5 032
Infrastructure		(15)	498	(15)	498
Total linkages		3 196	5 628	3 196	5 628
(iii) Networks and centres					
Research networks		346	161	346	161
Centres		68	914	68	914
Total networks and centres		414	1 075	414	1 075

	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
(h) Other Australian Government financial assistance				
Other Commonwealth Government research grants	13 563	10 995	13 563	10 995
Aboriginal Tutorial Assistance Scheme grant	201	191	201	191
Other Commonwealth grants	1 299	1 421	1 299	1 421
	15 063	12 607	15 063	12 607
Total Australian Government financial assistance	288 087	273 334	288 087	273 334
Reconciliation:				
Australian Government grants	206 705	197 085	206 705	197 085
HECS-HELP - Australian Government payments	76 105	73 295	76 105	73 295
Other Australian Government loan programmes	5 277	2 954	5 277	2 954
Total Australian Government financial assistance	288 087	273 334	288 087	273 334
(i) Australian Government grant received - cash basis				
CGS and other DEEWR grants	145 284	141 733	145 284	141 733
Higher Education Loan Programmes	77 709	77 224	77 709	77 224
Scholarships	7 231	6 706	7 231	6 706
DIISR - research	19 245	17 915	19 245	17 915
Other capital funding	16 600	13 346	16 600	13 346
ARC grants - discovery	3 388	2 320	3 388	2 320
ARC grants - linkages	5 602	5 622	5 602	5 622
ARC grants - networks and centres	234	1 118	234	1 118
Other Australian Government grants	18 205	14 620	18 205	14 620
Total Australian Government grants received - cash basis	293 498	280 604	293 498	280 604
OS-Help (Net)	(3)	5	(3)	5
Superannuation supplementation	28 924	23 398	28 924	23 398
Total Australian Government funding received - cash basis	322 419	304 007	322 419	304 007
4. State and local government financial assistance				
Research grants	9 542	9 446	9 542	9 498
Other	2 088	2 134	2 088	2 134
Total State and local government financial assistance	11 630	11 580	11 630	11 632
5. Fees and charges				
Course fees and charges:				
Continuing education	1 838	1 526	1 838	1 526
Fee-paying overseas students	88 410	75 947	88 410	75 947
Fee-paying domestic postgraduate students	1 799	3 791	1 799	3 791
Total course fees and charges	92 047	81 264	92 047	81 264
Other fees and charges:				
Other fees and charges	7 486	7 053	7 486	7 053
Miscellaneous enrolment fees	6 780	5 409	6 780	5 409
Seminar/workshops	862	915	862	915
Total other fees and charges	15 128	13 377	15 128	13 377
Total fees and charges	107 175	94 641	107 175	94 641
6. Investment income				
Dividends	1 541	249	2 245	1 078
Interest	5 007	8 091	4 933	7 929
Investment income from associated entity (Unisure Pty Ltd)	-	322	-	322
Total investment income	6 548	8 662	7 178	9 329
7. Consultancy and contract research				
Consultancy	4 716	3 907	4 742	3 924
Contract research	22 391	23 104	22 531	23 105
Total consultancy and contract research	27 107	27 011	27 273	27 029
8. Other revenue				
Donations and bequests	1 625	1 686	1 625	1 686
Scholarships and prizes	1 505	1 444	1 505	1 444
Other fees and charges	13 798	15 125	5 682	6 782
Other*	2 470	5 258	2 479	5 258
Total other revenue	19 398	23 513	11 291	15 170

* Net foreign exchange gains included in other revenue for 2009 were $nil ($1.937 million).

9. Other income

	Consolidated		University	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Net loss on disposal of property, plant and equipment (refer note 9(a))	(370)	(459)	(370)	(459)
Net gain (loss) on disposal of investments	(48)	586	(48)	2
Total other income	(418)	127	(418)	(457)

(a) Net gain (loss) on disposal of property, plant and equipment

Proceeds from sale	354	56	354	56
Carrying amount of assets sold	(724)	(515)	(724)	(515)
Net loss on disposal of property, plant and equipment	(370)	(459)	(370)	(459)

10. Correction of error

(a) Superannuation Supplementation Program funding

The DEEWR Guidelines for Defined Benefit Obligations (Superannuation) were rewritten to align with the accounting standards. Superannuation Supplementation Program funding is not to be recognised as a revenue as the payment is in respect of an existing liability. The recognition of the expense in the face statements should be offset by the revenue received in respect of the receivable from the Australian Government.

This has resulted in the removal of the deferred government super revenue (Commonwealth Supplementation) from the Statement of Comprehensive Income and moving the expense item (which is a net amount) to an 'ordinary' expense within employee related expenses.

As the University has a defined benefit plan which is fully covered by the Superannuation Supplementation Program it has reported a nil expense in the Statement of Comprehensive Income.

(b) Correction of error in recording of revenue in a previous financial year

During the year the University determined it had not correctly applied its revenue recognition policy in respect of the Diversity and Structural Adjustment Fund received from the Australian Government which is classified as other financial assistance. The University had recognised the financial assistance as revenue in the year in which it had been designated however the grants received have specified conditions which give the grantor the right to recall funds not spent in accordance with the specific agreement which imposes on the University a performance obligation. That is, the University is required to consume the future economic benefits of the grant as specified, or return the grant to the grantor. Therefore these grants are deferred until this performance obligation has been extinguished and the grant funds have been expended in accordance with their respective agreement or the grantor has exercised the right for funds to be repaid or transferred.

This had the effect of overstating Australian Government financial assistance, retained earnings and total equity and understating other liabilities and total liabilities by $5.799 million.

This has been corrected by restating each of the affected financial statement line items as at 31 December 2008, as described above.

(c) Measurement of the South Australian Superannuation Fund

The University's superannuation liability with respect to future benefits for current pensioners and employees for the South Australian Superannuation Fund was incorrectly measured by application of AAS 25. The valuation methodology that should be applied is AASB 119.

This had the effect of understating the non-current liability, provision for State superannuation and the non-current asset, deferred government superannuation contribution by $143.5 million. There is no impact on net assets as the non-current liability and non-current asset offset.

This has been corrected by restating each of the affected financial statement line items as at 31 December 2008, as described above.

11. Employee related benefits

(a) Employee related benefits

	Consolidated		University	
	2009	2008	2009	2008
Academic:	$'000	$'000	$'000	$'000
Salaries	115 254	108 721	115 254	108 721
Contributions to superannuation and pension schemes:				
Emerging cost	745	806	745	806
Funded	16 089	15 370	16 089	15 370
Payroll tax	6 787	6 553	6 787	6 553
Workers compensation	554	1 026	554	1 026
Long service leave	2 356	4 361	2 356	4 361
Annual leave	7 070	7 660	7 070	7 660
Total academic	148 855	144 497	148 855	144 497

(a) *Employee related benefits*

	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Non-academic:				
Salaries	87 590	83 130	82 445	78 800
Contributions to superannuation and pension schemes:				
Emerging cost	970	942	517	556
Funded	12 458	11 493	12 458	11 493
Payroll tax	5 844	5 616	5 552	5 361
Workers compensation	489	896	460	876
Long service leave	1 935	3 749	1 910	3 668
Annual leave	6 350	6 409	6 334	6 334
Total non-academic	115 636	112 235	109 676	107 088
Total academic and non-academic employee benefits and on-costs	264 491	256 732	258 531	251 585
Council member remuneration	201	120	201	120
Total employee benefits and on-costs	264 692	256 852	258 732	251 705

(b) *Voluntary separation packages*

Employee benefits include voluntary separation packages paid during the year as follows:

	Consolidated 2009	Consolidated 2008	University 2009	University 2008
	Number	Number	Number	Number
Number of voluntary separation packages	27	47	27	47
	$'000	$'000	$'000	$'000
Voluntary separation package expenses	2 266	2 608	2 266	2 608
Annual leave and long service leave entitlements paid	877	914	877	914
Total amount associated with separations	3 143	3 522	3 143	3 522

There is no entitlement to recover separation payments from DPC.

(c) *Total aggregate employee benefits liability*

In accordance with AASB 119, employee on-costs are required to be reported as payables whilst leave liability amounts are reported separately as employee benefits. Below is a composite note showing the total liabilities the University has as at 31 December 2009 relating to employee benefits:

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Annual leave:					
On-costs included in payables - current	23	2 275	2 269	2 275	2 269
On-costs included in payables - non-current	23	1 179	1 144	1 179	1 144
Employee benefits - current	25	10 214	9 968	9 959	9 729
Employee benefits - non-current	25	5 159	4 904	5 159	4 904
		18 827	18 285	18 572	18 046
Long service leave:					
On-costs included in payables - current	23	691	590	691	590
On-costs included in payables - non-current	23	2 970	2 984	2 970	2 984
Employee benefits - current	25	6 382	5 717	6 099	5 460
Employee benefits - non-current	25	24 721	25 539	24 721	25 539
		34 764	34 830	34 481	34 573
Separations Scheme:					
Employee benefits - current		1 025	1 268	1 025	1 268
Total aggregate employee benefits liability		54 616	54 383	54 078	53 887

12. Depreciation and amortisation

	Consolidated 2009	Consolidated 2008	University 2009	University 2008
Buildings	15 707	15 058	15 676	15 024
Leasehold improvements	426	416	426	416
Library collection	2 645	2 801	2 645	2 801
Plant and equipment	6 975	5 685	6 787	5 526
Amortisation - intangible asset	991	526	991	526
Total depreciation and amortisation	26 744	24 486	26 525	24 293

13. Repairs and maintenance

	Consolidated 2009	Consolidated 2008	University 2009	University 2008
Buildings	7 346	6 592	7 338	6 575
Grounds	1 057	990	1 047	989
Total repairs and maintenance	8 403	7 582	8 385	7 564

14. Bad and doubtful debts

	Consolidated 2009	Consolidated 2008	University 2009	University 2008
Doubtful debts	204	535	204	535

15. Other expenses

	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Scholarships, grants and prizes	20 771	18 959	20 771	18 959
Non-capitalised equipment	4 130	4 228	4 127	4 284
Advertising, marketing and promotional expenses	6 338	5 557	6 241	5 522
Telecommunications	4 830	4 703	4 740	4 616
Travel, staff development and entertainment	16 633	18 285	16 420	18 089
External services*	40 100	37 162	39 180	36 059
IT hardware and software	7 843	8 493	7 808	8 459
Library subscriptions	3 539	3 842	3 539	3 842
Printing	1 747	1 376	1 747	1 376
Operating lease rental expenses	2 474	2 712	2 450	2 692
Bank charges, legal costs, insurance and taxes	4 262	4 106	4 219	4 073
General consumables	7 571	5 752	6 879	5 188
Other**	11 134	10 048	10 536	9 510
Total other expenses	131 372	125 223	128 657	122 669

* Included within external services for 2009 is an amount for consultants of $2.089 million ($2.127 million consolidated) exclusive of GST ($1.791 million, $1.899 million consolidated). This amount excludes consultant payments in relation to the capital works program.

** Net foreign exchange losses included in other expenses for 2009 were $484 000 ($nil). Impairment loss in respect of available-for-sale assets included in other expenses for 2009 were $nil ($446 000, $446 000 consolidated).

16. Cash and cash equivalents

	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Cash at bank and on hand	4 317	5 277	3 904	4 447
Deposits at call	141 315	106 102	139 555	104 118
Total cash and cash equivalents	145 632	111 379	143 459	108 565

(a) Reconciliation to cash at the end of the year

	Consolidated 2009	Consolidated 2008	University 2009	University 2008
Balances as above	145 632	111 379	143 459	108 565
Balance per Statement of Cash Flows	145 632	111 379	143 459	108 565

(b) Cash at bank and on hand

As at 31 December 2009 the deposits earned 3.25 percent interest (3.75 percent) and the interest is credited to the University quarterly in March, June, September and December.

(c) Deposits at call

During the year the cash deposits earned interest at a floating rate between 3.25 percent and 6.15 percent (between 4.59 percent and 8.35 percent). These deposits had an average maturity of 96 days.

17. Receivables

	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Trade debtors	14 792	12 602	13 587	10 817
Provision for impaired receivables	(505)	(455)	(505)	(455)
	14 287	12 147	13 082	10 362
Student fees	4 267	4 261	4 267	4 261
Provision for impaired receivables	(576)	(661)	(576)	(661)
	3 691	3 600	3 691	3 600
Commonwealth receivable	7 832	7 383	7 832	7 383
Other	1 458	2 022	1 458	2 022
Total current receivables	27 268	25 152	26 063	23 367

(a) Impaired receivables

As at 31 December 2009 current trade receivables of the Group with a nominal value of $492 000 ($440 000) were specifically identified as impaired. The individually impaired receivables were assessed in consultation with local responsible managers. Factors considered in the assessment included the age of the debt combined with the particular circumstances and experience with similar debt types. In addition, current trade receivables were collectively evaluated for impairment based upon past-due status and historical collection experience resulting in a further provision of $13 000 ($15 000). The total amount of the provision was $505 000 ($455 000).

(a) *Impaired receivables (continued)*

The ageing of these receivables is as follows:

	Consolidated 2009 $'000	Consolidated 2008 $'000
Less than three months	-	-
Three to six months	27	14
Over six months	478	441
	505	455

As at 31 December 2009, trade receivables of $4.966 million ($7.158 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these receivables is as follows:

	Consolidated 2009 $'000	Consolidated 2008 $'000
Less than three months	4 021	6 157
Three to six months	760	826
Over six months	185	175
	4 966	7 158

Movements in the trade debtors provision for impaired receivables are as follows:

	2009	2008
At 1 January	455	590
Provision for impairment recognised during the year	385	292
Receivables written off during the year as uncollectable	(42)	(114)
Unused amount reversed and debts collected	(293)	(313)
At 31 December	505	455

Movements in the student fees provision for impaired receivables are as follows:

	2009	2008
At 1 January	661	1 708
Provision for impairment recognised during the year	316	556
Receivables written off during the year as uncollectable	(325)	(1 603)
Unused amount reversed and debts collected	(76)	-
At 31 December	576	661

The creation and release of the provision for impaired receivables has been included in 'Bad and doubtful debts expense' in the Statement of Comprehensive Income. Amounts charged to the provision account are written off when there is no expectation of recovering additional cash.

The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

(b) *Foreign exchange and interest rate risk*

The carrying amount of the Group and the University's current receivables are denominated in Australian dollars.

(c) *Fair value and credit risk*

Due to the short-term nature of the current receivables, their carrying amount is assumed to approximate their fair value.

18. Investments accounted for using the equity method

With the exception of Unisure Pty Ltd in 2008, the University has no material investments in associates or joint venture entities which would be accounted for in the consolidated financial statements using the equity method of accounting and carried at cost by the University.

Refer note 34 for the accounting methodology adopted for Unisure Pty Ltd.

19. Other financial assets

	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Current:				
Workers compensation investment fund	-	1 790	-	1 790
Non-current:				
Available-for-sale	7 312	5 214	5 778	4 114
Investment in controlled entities	-	-	1 730	1 730
Total non-current other financial assets	7 312	5 214	7 508	5 844
Total other financial assets	7 312	7 004	7 508	7 634

20. Other non-financial assets

Current:				
Prepayments	8 133	7 399	8 066	7 381
Accrued income	1 840	3 114	2 645	3 114
Total current other non-financial assets	9 973	10 513	10 711	10 495

21. Property, plant and equipment

Consolidated	Construction in progress $'000	Land $'000	Freehold buildings $'000	Plant & equipment $'000	Leasehold improvements $'000
At 1 January 2008:					
Cost	10 879	-	666	45 847	3 242
Valuation	-	87 740	798 226	-	-
Accumulated depreciation	-	-	(366 609)	(25 344)	(998)
Net book amount	10 879	87 740	432 283	20 503	2 244
Year ended 31 December 2008:					
Opening net book amount	10 879	87 740	432 283	20 503	2 244
Revaluation	-	-	-	-	-
Additions	25 531	-	211	10 202	-
Disposals	-	-	-	(403)	(7)
Reclassification	(30 164)	-	29 245	868	51
Depreciation charge	-	-	(15 058)	(5 685)	(416)
Closing net book amount	6 246	87 740	446 681	25 485	1 872
At 31 December 2008:					
Cost	6 246	-	30 569	53 461	3 283
Valuation	-	87 740	797 778	-	-
Accumulated depreciation	-	-	(381 666)	(27 976)	(1 411)
Net book amount	6 246	87 740	446 681	25 485	1 872
Year ended 31 December 2009:					
Opening net book amount	6 246	87 740	446 681	25 485	1 872
Revaluation	-	-	-	-	-
Additions	26 948	6 147	5 435	11 237	-
Disposals	-	-	-	(723)	-
Reclassifications	(14 108)	-	12 419	1 597	92
Depreciation charge	-	-	(15 707)	(6 975)	(426)
Closing net book amount	19 086	93 887	448 828	30 621	1 538
At 31 December 2009:					
Cost	19 086	6 147	48 424	61 564	3 375
Valuation	-	87 740	797 778	-	-
Accumulated depreciation	-	-	(397 374)	(30 943)	(1 837)
Net book amount	19 086	93 887	448 828	30 621	1 538

	Library $'000	Art collection $'000	Total $'000
At 1 January 2008:			
Cost	-	-	60 634
Valuation	34 625	1 355	921 946
Accumulated depreciation	(16 897)	-	(409 848)
Net book amount	17 728	1 355	572 732
Year ended 31 December 2008:			
Opening net book amount	17 728	1 355	572 732
Revaluation	(1 527)	-	(1 527)
Additions	2 978	-	38 922
Disposals	(83)	(22)	(515)
Reclassifications	-	-	-
Depreciation charge	(2 801)	-	(23 960)
Closing net book amount	16 295	1 333	585 652
At 31 December 2008:			
Cost	-	-	93 559
Valuation	31 640	1 333	918 491
Accumulated depreciation	(15 345)	-	(426 398)
Net book amount	16 295	1 333	585 652
Year ended 31 December 2009:			
Opening net book amount	16 295	1 333	585 652
Revaluation	(702)	-	(702)
Additions	2 707	28	52 502
Disposals	(1)	-	(724)
Reclassifications	-	-	-
Depreciation charge	(2 645)	-	(25 753)
Closing net book amount	15 654	1 361	610 975
At 31 December 2009:			
Cost	-	-	138 596
Valuation	28 202	1 361	915 081
Accumulated depreciation	(12 548)	-	(442 702)
Net book amount	15 654	1 361	610 975

21. Property, plant and equipment *(continued)*

University

	Construction in progress $'000	Land $'000	Freehold buildings $'000	Plant and equipment $'000	Leasehold improvements
At 1 January 2008:					
Cost	10 879	-	666	44 668	3 242
Valuation	-	87 740	797 778	-	-
Accumulated depreciation	-	-	(366 275)	(24 450)	(998)
Net book amount	10 879	87 740	432 169	20 218	2 244
Year ended 31 December 2008:					
Opening net book amount	10 879	87 740	432 169	20 218	2 244
Revaluation	-	-	-	-	-
Additions	25 531	-	189	10 000	-
Disposals	-	-	-	(403)	(7)
Reclassifications	(30 164)	-	29 245	868	51
Depreciation charge	-	-	(15 024)	(5 526)	(416)
Closing net book amount	6 246	87 740	446 579	25 157	1 872
At 31 December 2008:					
Cost	6 246	-	30 100	52 093	3 283
Valuation	-	87 740	797 778	-	-
Accumulated depreciation	-	-	(381 299)	(26 936)	(1 411)
Net book amount	6 246	87 740	446 579	25 157	1 872
Year ended 31 December 2009:					
Opening net book amount	6 246	87 740	446 579	25 157	1 872
Revaluation	-	-	-	-	-
Additions	26 948	6 147	5 433	11 026	-
Disposals	-	-	-	(723)	-
Reclassifications	(14 108)	-	12 419	1 597	92
Depreciation charge	-	-	(15 676)	(6 787)	(426)
Closing net book amount	19 086	93 887	448 755	30 270	1 538
At 31 December 2009:					
Cost	19 086	6 147	47 952	59 985	3 375
Valuation	-	87 740	797 778	-	-
Accumulated depreciation	-	-	(396 975)	(29 715)	(1 837)
Net book amount	19 086	93 887	448 755	30 270	1 538

	Library $'000	Art collection $'000	Total $'000
At 1 January 2008:			
Cost	-	-	59 455
Valuation	34 625	1 355	921 498
Accumulated depreciation	(16 897)	-	(408 620)
Net book amount	17 728	1 355	572 333
Year ended 31 December 2008:			
Opening net book amount	17 728	1 355	572 333
Revaluation	(1 527)	-	(1 527)
Additions	2 978	-	38 698
Disposals	(83)	(22)	(515)
Reclassifications	-	-	-
Depreciation charge	(2 801)	-	(23 767)
Closing net book amount	16 295	1 333	585 222
At 31 December 2008:			
Cost	-	-	91 722
Valuation	31 640	1 333	918 491
Accumulated depreciation	(15 345)	-	(424 991)
Net book amount	16 295	1 333	585 222
Year ended 31 December 2009:			
Opening net book amount	16 295	1 333	585 222
Revaluation	(702)	-	(702)
Additions	2 707	28	52 289
Disposals	(1)	-	(724)
Reclassifications	-	-	-
Depreciation charge	(2 645)	-	(25 534)
Closing net book amount	15 654	1 361	610 551
At 31 December 2009:			
Cost	-	-	136 545
Valuation	28 202	1 361	915 081
Accumulated depreciation	(12 548)	-	(441 075)
Net book amount	15 654	1 361	610 551

22. Intangible assets

Consolidated	Intangibles in progress $'000	Intangibles $'000	Total $'000
At 1 January 2008:			
Cost	1 921	4 298	6 219
Accumulated amortisation	-	(3 841)	(3 841)
Net book amount	1 921	457	2 378
Year ended 31 December 2008:			
Opening net book amount	1 921	457	2 378
Additions	3 397	389	3 786
Reclassifications	(5 318)	5 318	-
Amortisation charge	-	(526)	(526)
Closing net book amount	-	5 638	5 638
At 31 December 2008:			
Cost	-	5 968	5 968
Accumulated amortisation	-	(330)	(330)
Net book amount	-	5 638	5 638
Year ended 31 December 2009:			
Opening net book amount	-	5 638	5 638
Additions	891	15	906
Reclassifications	-	-	-
Amortisation charge	-	(991)	(991)
Closing net book amount	891	4 662	5 553
At 31 December 2009:			
Cost	891	5 983	6 874
Accumulated amortisation	-	(1 321)	(1 321)
Net book amount	891	4 662	5 553

University			
At 1 January 2008:			
Cost	1 921	4 298	6 219
Accumulated amortisation	-	(3 841)	(3 841)
Net book amount	1 921	457	2 378
Year ended 31 December 2008:			
Opening net book amount	1 921	457	2 378
Additions	3 397	389	3 786
Reclassifications	(5 318)	5 318	-
Amortisation charge	-	(526)	(526)
Closing net book amount	-	5 638	5 638
At 31 December 2008:			
Cost	-	5 968	5 968
Accumulated amortisation	-	(330)	(330)
Net book amount	-	5 638	5 638
Year ended 31 December 2009:			
Opening net book amount	-	5 638	5 638
Additions	891	15	906
Reclassifications	-	-	-
Amortisation charge	-	(991)	(991)
Closing net book amount	891	4 662	5 553
At 31 December 2009:			
Cost	891	5 983	6 874
Accumulated amortisation	-	(1 321)	(1 321)
Net book amount	891	4 662	5 553

23. Payables

	Consolidated		University	
	2009	2008	2009	2008
Current:	$'000	$'000	$'000	$'000
Trade creditors	21 911	16 214	21 287	15 563
Accrued salaries	5 817	4 415	5 817	4 415
Annual leave on-costs	2 275	2 269	2 275	2 269
Long service leave on-costs	691	590	691	590
Total current payables	30 694	23 488	30 070	22 837
Non-current:				
Annual leave on-costs	1 179	1 144	1 179	1 144
Long service leave on-costs	2 970	2 984	2 970	2 984
Total non-current payables	4 149	4 128	4 149	4 128
Total payables	34 843	27 616	34 219	26 965

(a) Foreign exchange and interest rate risk

The carrying amount of the Group and the University's current payables are denominated in Australian dollars.

24. Borrowings

The University does not hold any long term borrowings.

(a) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

Credit standby arrangements:				
Total facilities:				
Credit card facility with National Australia Bank (NAB)	5 000	5 000	5 000	5 000
Credit card facility with Amex	1 530	1 530	1 530	1 530
Documentary letter of credit facility with NAB	200	200	200	200
Pre-approved lease/lease purchase with NAB	2 000	2 000	2 000	2 000
IT lease facility with Commonwealth Bank	5 000	5 000	5 000	5 000
Bank guarantee	5 100	5 100	5 100	5 100
	18 830	18 830	18 830	18 830
Used at balance date:				
Credit card facility with NAB	919	943	919	943
Credit card facility with Amex	374	368	374	368
Documentary letter of credit facility with NAB	-	-	-	-
Pre-approved lease/lease purchase with NAB	-	-	-	-
IT lease facility with Commonwealth Bank	1	1	1	1
Bank guarantee	3 677	3 869	3 677	3 869
	4 971	5 181	4 971	5 181
Unused at balance date:				
Credit card facility with NAB	4 081	4 057	4 081	4 057
Credit card facility with Amex	1 156	1 162	1 156	1 162
Documentary letter of credit facility with NAB	200	200	200	200
Pre-approved lease/lease purchase with NAB	2 000	2 000	2 000	2 000
IT lease facility with Commonwealth Bank	4 999	4 999	4 999	4 999
Bank guarantee	1 423	1 231	1 423	1 231
	13 859	13 649	13 859	13 649
Bank loan facilities:				
NAB facilities	35 000	35 000	35 000	35 000
Total facilities	35 000	35 000	35 000	35 000
Used at balance date	-	-	-	-
Unused at balance date	35 000	35 000	35 000	35 000

25. Provisions

Current:				
Annual leave	10 214	9 968	9 959	9 729
Long service leave	6 382	5 717	6 099	5 460
Separation scheme	1 025	1 268	1 025	1 268
Workers compensation liability	551	436	551	436
Total current provisions	18 172	17 389	17 634	16 893
Non-current:				
Annual leave	5 159	4 904	5 159	4 904
Long service leave	24 721	25 539	24 721	25 539
Workers compensation liability	1 128	1 466	1 128	1 466
Total non-current provisions	31 008	31 909	31 008	31 909
Total provisions	49 180	49 298	48 642	48 802

25. Provisions (continued)

Movements in the workers compensation liability is set out below:

	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Carrying amount at 1 January	1 902	2 193	1 902	2 193
Additional provisions recognised	788	787	788	787
Amounts used	(748)	(741)	(748)	(741)
Unused amounts reversed	(99)	(688)	(99)	(688)
(Decrease) Increase in discounted amount	(164)	351	(164)	351
Carrying amount at 31 December	1 679	1 902	1 679	1 902

26. Other liabilities

	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Other	742	846	815	821
Funds held on behalf of external entities	1 250	529	1 250	529
	1 992	1 375	2 065	1 350
Income in advance on incomplete projects	6 812	4 625	6 812	4 625
Other income in advance:				
Fees and charges	10 798	9 530	10 798	9 530
Commonwealth and State Government grants	21 639	14 520	21 639	14 520
	32 437	24 050	32 437	24 050
Total other liabilities	41 241	30 050	41 314	30 025

27. Reserves and retained surplus

(a) Reserves

	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Property, plant and equipment revaluation reserve:				
Land and buildings	124 494	124 494	124 494	124 494
Art collection	294	294	294	294
Library	-	83	-	83
	124 788	124 871	124 788	124 871
Available-for-sale investments revaluation reserve	1 855	264	1 855	264
Total reserves	126 643	125 135	126 643	125 135
Movements in reserves				
Property, plant and equipment revaluation reserve:				
Land and buildings:				
Opening balance	124 494	124 494	124 494	124 494
Asset revaluation increment	-	-	-	-
	124 494	124 494	124 494	124 494
Art collection:				
Opening balance	294	294	294	294
Asset revaluation decrement	-	-	-	-
	294	294	294	294
Library:				
Opening balance	83	1 609	83	1 609
Asset revaluation decrement	(83)	(1 526)	(83)	(1 526)
	-	83	-	83
Total property, plant and equipment revaluation reserve	124 788	124 871	124 788	124 871
Available-for-sale investments revaluation reserve:				
Opening balance	264	1 586	264	1 586
Assets revaluation increment	1 591	-	1 591	-
Assets revaluation decrement	-	(1 322)	-	(1 322)
Total available-for-sale investments revaluation reserve	1 855	264	1 855	264

(b) Retained surplus

Movement in retained surplus were as follows:	Consolidated 2009 $'000	Consolidated 2008 $'000	University 2009 $'000	University 2008 $'000
Retained surplus at 1 January	512 595	475 374	509 350	472 528
Operating result for the year	41 522	37 221	42 988	36 822
Retained surplus at 31 December	554 117	512 595	552 338	509 350

(c) Nature and purpose of reserves

The University has four reserves. The land and buildings reserve records revaluations in land and buildings, the available-for-sale investments reserve records revaluations in investments, the library revaluation reserve records revaluations in the library collection and the art collection revaluation reserve records revaluations in the art collection.

28. Responsible persons and executive officers

(a) Names of responsible persons

The following persons were responsible persons of the University during the 2009 year. Council members include University employees who may be ex officio members or elected staff members. An asterisk indicates University employees.

2009 Council members
Dr Ian Gould, Chancellor
Professor Peter Høj*, Vice Chancellor
Ms Alice McCleary, Deputy Chancellor (term completed 31 December 2009)
Associate Professor Stephen Boyle* (term commenced 3 August 2009 to 31 December 2009)
Mr William Cossey, AM
Dr Wendy Craik, AM (term commenced 17 December 2009)
Professor Drew Dawson* (term commenced 1 January 2009)
Mr Terry Evans
Ms Tanya Hosch (term commenced 1 January 2009)
Mr Bruce Linn
Mr Jim McDowell
Mr Ian McLachlan
Associate Professor Margaret Peters* (leave of absence 3 August 2009 to 31 December 2009)
Mr Thomas Rudkin (term commenced 1 January 2009, term completed 31 December 2009)
Ms Anne Skipper AM (term commenced 1 January 2009, resigned 10 April 2009)
Dr Sue Vardon, AO
Mr James Wangmann (term commenced 1 January 2009, term completed 31 December 2009)
Ms Bronwen Webb* (term commenced 1 July 2008, term completed 31 December 2009)

(b) Remuneration of council members, directors of subsidiary companies and executive officers

Council members who were employees of the University did not receive any remuneration other than by way of salary and related benefits from a normal employment relationship. A number of council members who were not employees of the University were entitled to receive remuneration for their services as a council member from 1 July 2008. In addition two council members received remuneration for their services as a director of a subsidiary company in 2009 (one in 2008).

	Consolidated		University	
	2009	2008	2009	2008
Remuneration of council members	Number	Number	Number	Number
$0 - $9 999	7	21	7	21
$10 000 - $19 999	7	1	8	2
$20 000 - $29 999	-	2	1	1
$30 000 - $39 999	1	-	1	-
$40 000 - $49 999	2	-	-	-
$50 000 - $59 999	1	-	1	-
	18	24	18	24

The remuneration received and receivable by council members for their services as council members was $200 995 ($119 900). The total remuneration received and receivable by council members in their position as council members and as directors of subsidiary companies was $261 695 ($134 900).

	Consolidated		University	
	2009	2008	2009	2008
Remuneration of executive officers	Number	Number	Number	Number
$100 000 - $109 999	1	-	1	-
$200 000 - $209 999	1	-	1	-
$210 000 - $219 999	-	1	-	1
$240 000 - $249 999	-	1	-	1
$250 000 - $259 999	-	1	-	1
$260 000 - $269 999*	1	-	1	-
$270 000 - $279 999	2	-	2	-
$280 000 - $289 999	1	2	1	2
$290 000 - $299 999	1	-	1	-
$300 000 - $309 999#	-	3	-	3
$310 000 - $319 999	-	1	-	1
$320 000 - $329 999	1	-	1	-
$330 000 - $339 999	1	-	1	-
$340 000 - $349 999	-	1	-	1
$350 000 - $359 999	1	-	1	-
$530 000 - $539 999	-	1	-	1
$580 000 - $589 999	1	-	1	-
	11	11	11	11

* includes payments made upon termination for accrued annual leave and long service leave.

\# includes payments made upon termination for accrued annual leave and long service leave to one executive officer.

(b) Remuneration of council members, directors of subsidiary companies and executive officers (continued)

Executives are defined as the Vice Chancellor and President and the University's Senior Management Group. The remuneration includes all normal salary, leave, allowances and other benefits paid during the reporting period. No executive received any remuneration from the University other than by way of salary and related benefits from a normal employment relationship.

(c) Executive officers' compensation

	Consolidated		University	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Short-term employee benefits	2 936	2 772	2 936	2 772
Post-employment benefits	431	417	431	417
Other long-term benefits	21	-	21	-
Termination benefits	-	203	-	203
	3 388	3 392	3 388	3 392

(d) Related party transactions

From time to time University council members have interests or positions in entities with which the University conducts business. In all cases, transactions with these entities are undertaken on a normal commercial basis.

29. Remuneration of auditors

During the year the following fees were paid for services provided by the auditor of the University of South Australia, its related practices and non-related audit firms:

Assurance services	Consolidated		University	
Audit services	2009	2008	2009	2008
Fees paid to the Auditor-General's Department:	$'000	$'000	$'000	$'000
Auditing the financial statements	233	255	233	255
Fees paid to other audit firms:				
Audit and review of financial reports of any entity in the consolidated entity	19	9	19	9
	252	264	233	255

30. Contingent liabilities

The University entered into an agreement with the Minister of the Department of Education, Training and Employment on 20 February 1997 to provide 35 spaces in a child care centre built in 1997 at the University's City West campus. If the agreement is terminated at any time after the commencement of the eighth year of the term, a sum of $680 000 is to be repaid on a pro rata basis reducing to zero after 21 years. As at 31 December 2009 this contingent liability reduced to $437 000.

The University entered into an agreement with the Commonwealth Department of Innovation, Industry, Science and Research (DIISR) on 23 September 2009 to raise $5 million by 2014 after which an endowed chair in child protection can be funded from investment revenue. The Commonwealth has provided $2 million and the University must raise $3 million by 2014. If the $3 million is not raised by 2014, the Commonwealth may request repayment of any portion of the Commonwealth contribution of $2 million. As at 31 December 2009 this contingent liability is $2 million.

No material losses are anticipated in respect of any of the above contingent liabilities.

The University has no other material contingent liabilities.

31. Commitments for expenditure

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		University	
	2009	2008	2009	2008
Property, plant and equipment payable:	$'000	$'000	$'000	$'000
Within one year	8 707	14 805	8 707	14 805
Later than one year but not later than five years	4 279	23	4 279	23
Later than five years	-	-	-	-
	12 986	14 828	12 986	14 828

(b) Lease commitments - operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

(b) Lease commitments - operating leases (continued)

Commitments in relation to leases contracted for at the reporting date, but not recognised as liabilities (ie operating leases), are payable as follows:

	Consolidated		University	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Within one year	2 602	3 822	2 602	3 822
Later than one year but not later than five years	3 233	4 989	3 233	4 989
Later than five years	-	-	-	-
	5 835	8 811	5 835	8 811

Major operating leases include leases for office space, vehicles and computers. The terms of the office space lease agreements include renewal or purchase options ranging between one and 10 years.

(c) Other expenditure commitments

Commitments for other expenditure in existence at the reporting date but not recognised as liabilities are payable as follows:

	Consolidated		University	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Within one year	5 427	10 054	5 427	10 054
Later than one year but not later than five years	8 313	17 025	8 313	17 025
Later than five years	615	87	615	87
Total other expenditure commitments	14 355	27 166	14 355	27 166

32. Superannuation plans

The University contributes to the following employee superannuation funds:

(a) South Australian Superannuation Fund

A number of present and past employees of the University and its predecessor institutions are members of State Government superannuation schemes. Under the schemes benefits are paid as a lump sum or continuing pension on the termination of employees' service based on contributions made by the employee and the employees' final salary. Employee contributions and certain employer contributions are paid to the South Australian Superannuation Board (the Board) which is responsible for the administration of the schemes.

Under current arrangements the Board pays the benefits and is reimbursed by the University for the shortfall in the employer's contribution. The Commonwealth Government fully funds the University on an emerging cost basis for the costs and recovers the State's share of the cost directly from the State Government.

The University's superannuation liability with respect to future benefits for current pensioners and employees was assessed (the assessment) by the Director Superannuation (State Superannuation Office) DTF as at 31 December 2009 to be $379.8 million ($462.6 million). The assessment took into account a discount rate based on the government bond rate as at 31 December 2009 and the latest triennial actuarial investigation of the South Australian Superannuation Fund as at 30 June 2007. This was performed by LC Brett, FIA, FIAA, of Brett and Watson Pty Ltd.

The University's liability under the schemes has been partly funded by an amount of $23.2 million ($19.2 million) arising from 3 percent productivity employer contributions. This results in an unfunded liability of $356.6 million ($443.4 million).

Defined benefit obligations	2009	2008
	$'000	$'000
Present value obligations	379 800	462 600
Present value of plan assets	23 200	19 200
Total liability	356 600	443 400

The net unfunded amount has been recognised in the accounts of the University as a liability and a corresponding receivable from the Commonwealth Government. The asset and liability have been classified as current and non-current according to cash flow projections of the assessment.

Recognition of the receivable from the Commonwealth is in accordance with DEEWR Guidelines and reflects an assessment that, while there is no legislated requirement, the Commonwealth has committed to fund the University's emerging costs.

(a) South Australian Superannuation Fund (continued)

Assumptions adopted by the Director Superannuation (State Superannuation Office), DTF in determining the University's liability were:

	2009 Percent per annum	2008 Percent per annum
Rate of increase in the CPI	2.5	2.5
Rate of salary increases	4.0	4.0
Return on fund assets	8.0	8.0
Discount rates	5.9	4.1

These rates provide for a 1.5 percent real gap between CPI and salary increases and a further 1.9 percent real gap between salary increases and investment earnings.

(b) Deferred government superannuation contribution

The Commonwealth Government has undertaken to provide funding for emerging superannuation costs in its grants to institutions and to recover the State's share of the cost directly from the State Government.

On an accrual basis, expenses of $24.722 million ($26.771 million) are offset by $24.722 million Commonwealth revenue. As the University has a defined benefit plans which is fully covered by the Superannuation Supplementation program these costs have been offset and therefore have not been disclosed in the Statement of Comprehensive Income.

Note 41(i) contains details regarding payments made to the South Australian Superannuation Fund and revenue received from the Commonwealth Government.

	2009 $'000	2008 $'000
Defined benefit obligations:		
Current provision for superannuation	26 000	25 300
Non-current provision for superannuation	330 600	418 100
Total liability	356 600	443 400
Reimbursement rights:		
Current deferred Government superannuation contribution	26 000	25 300
Non-current deferred Government superannuation contribution	330 600	418 100
Total asset	356 600	443 400
Total net liability/asset in Balance Sheet	-	-

(c) UniSuper

The University contributes to the following employee superannuation funds:

(i) UniSuper Defined Benefit Division (DBD)

The University contributes to the DBD at a rate double the contributions made by employees. Employees' contributions are normally 7 percent of their gross salaries. The DBD provides defined benefits based on years of service, average service fraction and final average salary or choice of investment funds.

At its 23 November 2006 meeting the Board approved an amendment to clause 34 of the UniSuper Trust Deed, effective 31 December 2006, altering its classification from a Defined Benefit Plan to a Defined Contribution Plan. Previously under clause 34 if the UniSuper assets were considered by the Trustee to be insufficient to provide benefits payable under the Deed, the trust could request additional contributions from employers, provided they are given notice that such a request may be made four years in advance. If such a request was agreed to by employers then members were required to also make additional contributions equal to one-half of the rate which their employer is prepared to contribute.

Clause 34 now states that where the Trustee considers the assets to be insufficient to provide benefits payable under the Deed, the Trustee must reduce the benefits on a fair and equitable basis.

As set out under paragraph 25 of AASB 119 a defined contribution plan is a plan where the employer's legal or constructive obligation is limited to the amount it agrees to contribute to the fund and the actuarial risk and investment risk fall on the employee.

As at 30 June 2009 the assets of the DBD in aggregate (ie entire multiemployer DBD plan) were estimated to be:

- $1396 million in deficiency of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of CPI indexed pensions being provided by the DBD.

- $39 million in deficiency of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and CPI indexed pensioners which arise from membership of UniSuper up to the reporting date.

(i) UniSuper Defined Benefit Division (DBD) (continued)

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary Russell Employee Benefits using the actuarial demographic assumptions outlined in their report dated 12 June 2009 on the actuarial investigation of the DBD as at 31 December 2008. The financial assumptions used were:

	Vested benefits Percent per annum	Accrued benefits Percent per annum
Gross of tax investment return	7.25	8.50
Net of tax investment return	6.75	8.00
CPI	2.75	2.75
Inflationary salary increases long term	3.75	3.75

Assets have been included at their net market value, ie allowing for realisation costs.

(ii) UniSuper Accumulation Super 2 (Accum 2)

The University contributes to the scheme at a rate double the contributions made by employees. Employees' contributions are normally 7 percent of their gross salaries. The fund provides benefits based on the defined contributions of the University and employee during the membership of the employee.

Employees may have an Accum 2 account if they had elected within the first 12 months of membership to transfer their benefit calculation from the DBD to the Accum 2. Contributions made by both the employee and employer remain unchanged.

(iii) UniSuper Accumulation Super 1 (Accum 1)

The University makes contributions into the fund for employee entitlements arising under the Superannuation Guarantee and Award obligations. The scheme is non-contributory for employees. The fund provides benefits based on the defined contributions of the University during the membership of the employee.

The University has recognised an expense of $19.157 million ($17.996 million) in respect of the DBD and Accum 2.

The University has also recognised an expense of $9.355 million ($8.831 million) in respect of Accum 1.

33. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b).

Name of entity	Country of incorporation	Ownership interest 2009 Percent	2008 Percent
(a) ITEK Pty Ltd	Australia	100	100
(b) University of South Australia Foundation Incorporated	Australia	100	100

(a) ITEK Pty Ltd (ITEK)

ITEK Pty Ltd was formed on 1 July 1999 and since this time has had a year end date of 30 June. Financial results are consolidated on a calendar year basis. ITEK Pty Ltd is trustee for the ITEK trust and has a 100 percent controlling interest in GTA Pty Ltd which is trustee for the GTA trust. The ITEK trust provides the University with business incubation and technology commercialisation services. ITEK's role is to support the commercialisation of University research through the formation of spin-off companies, licensing and the sale of intellectual property to generate returns for the University, and also for the staff and students involved in the creation of intellectual property.

(b) University of South Australia Foundation Incorporated (Foundation)

The Foundation is a dormant entity with no assets, liabilities or equity as at 31 December 2009. This company will remain legally intact indefinitely to ensure that any future bequests, which have named the Foundation as the beneficiary, will ultimately flow to the University as intended.

The Foundation's purpose was to partner the University, its alumni and its supporters in industry and elsewhere in generating philanthropic support for the benefit of the University.

34. Investments in associates

The University has an interest in Unisure Pty Ltd and SABRENet Ltd as described below:

(a) Unisure Pty Ltd (Unisure)

The University is a shareholder along with the University of Adelaide and the Flinders University of South Australia in Unisure Pty Ltd, which managed workers compensation claims on behalf of the three institutions. The University's interest (33.3 percent) in Unisure Pty Ltd is not considered to be material to the University's core activities. Consequently, the investment in the Associate has not been accounted for using the equity method as per AASB 128 however, consistent with prior years, it has incorporated its share of the year end balances and the financial transactions of the Unisure Unit Trust within the University.

(a) Unisure Pty Ltd (Unisure) (continued)

Unisure Pty Ltd is the trustee of the Unisure Unit Trust which held the University's workers compensation liabilities and the associated investment funds. In December 2009 an application for the voluntary de-registration of Unisure Pty Ltd was made. De-registration was approved by the Australian Securities and Investment Commission on 15 January 2010 with formal de-registration of Unisure Pty Ltd notified from the Australian Securities and Investment Commission on 15 March 2010. The process of winding up of the Unisure Unit Trust and de-registration of Unisure Pty Ltd has involved the distribution of the assets to the unit holders net of liabilities. In 2009 the University of South Australia received $1.785 million in distributions ($nil).

As at 31 December 2009 the Unit Trust did not hold any net assets on behalf of the University of South Australia ($1.79 million).

(b) SABRENet Ltd (SABRENet)

SABRENet Ltd was registered on 28 September 2005 as a non-profit company limited by guarantee and has been recognised by the ATO as a tax exempt entity. The founding members are the three South Australian Universities and the SA Government.

The objects for which the company was established are to be a non-profit institution to further the use of advanced data networking for the conduct of research and education in South Australia for the benefit of South Australia and for the purposes of economic and social advancement in Australia generally.

While the University has significant influence over SABRENet, its interest in SABRENet is limited to the use of SABRENet's asset (the network). That is, the University receives no return for its interest in SABRENet. To date, the University has provided $250 000 to SABRENet which has been recognised as an expense in the year payment was made.

Each of the above associates is incorporated in Australia.

Carrying amounts

Information relating to associates is set out below:

Entity	Principal activity	Ownership interest		Consolidated Carrying amount		University Carrying amount	
		2009	2008	2009	2008	2009	2008
		percent	percent	$'000	$'000	$'000	$'000
*(a) Unisure Pty Ltd**	Manages workers compensation claims on behalf of the University	33	33	-	1 790	-	1 790

* As discussed above the University's investment in Unisure is proportionately consolidated within the University and Consolidated Entity. Therefore the carrying amount denoted here represented the net assets carried within the accounts.

	Consolidated	
Movements in carrying amounts	2009	2008
	$'000	$'000
Carrying amount at 1 January	1 790	1 508
Share of (losses) profits	(5)	282
Distribution to University as unit holder	(1 785)	-
Carrying amount at 31 December	-	1 790

Summarised financial information of associates

	Consolidated entity's share of:			
	Assets	Liabilities	Revenues	(Loss) Profit
	$'000	$'000	$'000	$'000
2009				
Unisure Pty Ltd	-	-	1	(5)
2008				
Unisure Pty Ltd	1 790	-	322	282

35. Interests in joint ventures

(a) Joint venture operations

The University's interests in joint venture operations are as follows:

			Output interest	
			2009	2008
Entity		Reporting date	Percent	Percent
(i)	Mawson Centre Building	31 December	63	63
(ii)	SPRI Building	30 June	100	30
(iii)	e-Research SA	31 December	25	25
(iv)	ANFF	30 June	-	-

(i) *Mawson Centre Building*

The University, the City of Salisbury, the Land Management Corporation, Delfin Lend Lease and the Department of Education and Children's Services entered into an agreement in 2003 to design, develop, construct and eventually operate the Mawson Centre at Mawson Lakes. This multi-purpose community centre will assist in meeting the cultural, entertainment, recreational and educational needs of the Mawson Lakes residents, employees and adjacent community. The University has a 63 percent share of the joint venture and management responsibility for the centre, with the City of Salisbury holding a 19 percent share and Department of Education and Children's Services holding an 18 percent share.

In 2007 the building was independently re-valued and the University's 63 percent share of the asset's carrying amount as at 31 December 2009 is $8.709 million ($8.901 million) which is included in Buildings.

(ii) *Signal Processing Research Institute (SPRI) Building*

The University and the Technology Development Corporation (subsumed by the MFP Development Corporation and subsequently the Land Management Corporation) entered into an agreement in 1991 to establish a building to house the SPRI at Mawson Lakes. The agreement provided the University with a 30 percent share of the joint venture with the Land Management Corporation holding the remaining 70 percent share. In August 2009 the University acquired the Land Management Corporation share and the joint venture ceased operation.

In 2007 the building was independently re-valued and the University's 30 percent share of the asset's carrying amount as at 31 December 2009 is $2.213 million ($2.28 million) which is included in Buildings at Valuation. The University's additional 70 percent share of the asset's carrying amount as at 31 December 2009 is $4.869 million ($nil) is included in Buildings at Cost and will be revalued in 2010.

(iii) *e-Research SA (formerly South Australian Partnership for Advanced Computing (SAPAC))*

e-Research SA is a collaborative joint venture of the three South Australian universities and its mission is to support the development, implementation and use of e-Research methodologies and activities in South Australia and to provide access to e-Research facilities and practical support for researchers from all disciplines. The University's 25 percent share of this joint venture has not been included in the consolidated report due to them being immaterial to the University's activities.

(iv) *South Australian node of the Australia National Fabrication Facility (ANFF)*

Established in 2007, under the National Collaborative Research Infrastructure Strategy, the ANFF links seven university-based nodes to provide researchers and industry with access to state of the art fabrication facilities. Each node offers a specific area of expertise including advanced materials, nanoelectronics and photonics and bio nano applications. The ANFF is a company limited by guarantee and no contributions were made to the ANFF during the year.

(b) *Joint venture entities*

The University has an interest in a number of joint venture entities as described below. The University's interests in these joint ventures are not considered to be material to the University's core activities. Consequently, they have not been taken up in the accounts on an equity basis as per AASB 131.

			Ownership interest	
			2009	2008
Entity		Reporting date	Percent	Percent
(i)	ACCA	30 June	25.00	25.00
(ii)	CIEAM	30 June	11.41	10.74
(iii)	CRCIF	30 June	3.85	2.95
(iv)	CRCST Pty Ltd	30 June	2.72	2.15
(v)	DK-CRC	30 June	9.08	8.39
(vi)	SACITT	31 December	33.33	33.33
(vii)	SGRHS	31 December	50.00	50.00
(viii)	SATAC	30 June	25.00	25.00
(ix)	Auto CRC	30 June	5.00	4.50
(x)	CRC CARE	30 June	24.85	27.69
(xi)	CRC Polymers	30 June	1.86	1.72
(xii)	CRC for Rail Innovation	30 June	11.00	7.23
(xiii)	Australian Seafood CRC	30 June	2.08	2.16
(xiv)	Australian Synchrotron	30 June	1.00	1.00

(i) *ACCA – Australian Centre for Community Ageing*

The ACCA is a joint venture collaboration involving internationally recognised education and training organisations, a major aged care provider, an international developer of urban communities and an internationally respected Research Centre. The collaboration involves the 'pooling' of expertise contributed by each of the joint venture members with an aim of applying outcomes of quality research in ageing issues into practical solutions for older people, as well as informing those who supply older people with goods and services.

(ii) *CIEAM - Co-operative Research Centre for Integrated Engineering Asset Management*
The CIEAM is a national co-operative research centre which involves a multidisciplinary team of Australia's leading researchers in engineering, IT, business and humanities, and six major industry partners in a novel, coordinated and comprehensive approach to the maintenance of Australia's national engineering infrastructure. It will be a leading international research centre focusing on innovative industry directed R&D, education and commercialisation in an integrated approach to life-cycle physical asset management to meet present and future needs to ensure international competiveness and sustainability of Australian industry.

(iii) *CRCIF - Co-operative Research Centre for Irrigation Futures*
The CRCIF is a national co-operative research centre. Its goals are to double profitability and halve water use of Australian irrigation. It also intends to define and promote sustainable irrigation areas and practices.

(iv) *CRCST Pty Ltd - Co-operative Research Centre for Sustainable Tourism Pty Ltd*
The CRCST is a national co-operative research centre with a focus on delivering innovations and strategic knowledge to business, community and government to enhance the environmental, economic and social sustainability of tourism.

(v) *DK-CRC - Desert Knowledge Co-operative Research Centre*
The DK-CRC is a national co-operative research centre and brokerage institution that links researchers with 27 partners. Its purpose is to develop and disseminate an understanding of sustainable living in remote desert environments, delivering enduring regional economies and livelihoods based on Desert Knowledge, and creating the networks to market this knowledge in other desert lands.

(vi) *SACITT - South Australian Consortium for Information Technology and Telecommunications*
The SACITT brings together the three universities of SA and is supported by an Advisory Board comprising industry and government representatives. Its purposes are to establish South Australia as an international centre for IT&T research and academic excellence, to create a single point of focus for marketing the state as centre for IT&T research and academic excellence, to create a forum for information sharing and collaboration, to coordinate future IT&T research demands by South Australia industry, and to enable the three universities to plan jointly for education provision in IT&T through advice to the South Australian Vice-Chancellors' Committee.

(vii) *SGRHS - Spencer Gulf Rural Health School*
The SGRHS is a regional multi-disciplinary school of health science created as a joint initiative of the University of Adelaide and the University of South Australia, supported by the Commonwealth Government. It is located at the University of South Australia, Whyalla campus. The aim of the Centre is to improve access to appropriate health care services for rural and remote communities.

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

(ix) *Auto CRC - CRC for Advanced Automotive Technologies*
The Auto CRC was created in December 2005, as part of a national strategy to secure Australia's position in the global automotive industry. The Auto CRC aims to deliver outcomes that will directly enhance the viability and sustainability of the Australian automotive industry, its capability to export and its productivity. The Auto CRC will provide the incentive for industry to work with research providers in design, engineering and manufacturing research, which will also develop skilled professionals to utilise the outcomes generated.

(x) *CRC CARE - Co-operative Centre for Contamination Assessment and Remediation of the Environment*
The CRC CARE was established under the Federal Government's CRC Program in 2005 to bring together Australia's foremost expertise in science, industry and government.

The CRC CARE is a research and development organisation providing cutting edge technologies and knowledge in assessing, preventing and remediating contamination of soil, water and air.

(xi) *CRC Polymers - Co-operative Research Centre for Polymers*
The CRC for Polymers conducts leading-edge polymer research to deliver the technically advanced polymeric materials and polymer engineering required to transform Australian industries and to establish and expand companies in emerging high-growth areas of the economy. Its research activities are conducted in four programs: biomedical polymers; advanced polymeric materials; polymers for sustainable development; and engineering and design. The Centre is an incorporated joint venture between organisations that include companies, universities and government research laboratories.

(xii) *CRC for Rail Innovation - Co-operative Research for Rail Innovation*
The CRC for Rail Innovation commenced 1 July 2007 and is a collaborative joint venture between leading organisations in the Australian rail industry and Australian universities and is supported by the Commonwealth Government. It seeks to build on the successful collaborative arrangements and approaches from the former Rail CRC by meeting growing transport needs identified by both the rail industry and researchers.

(xiii) *Australian Seafood CRC - Australian Seafood Co-operative Research Centre*
The Australian Seafood CRC has a vision to assist the seafood industry to profitably deliver safe, high quality and nutritious Australian seafood products to premium domestic and overseas markets. It aims to stimulate and provide comprehensive seafood related research and development and industry leadership on a national basis to address institutional and market failure in many of the Australian seafood industry's value chains. The Australian Seafood CRC will undertake research programs covering value chain profitability and product quality and integrity.

(xiv) *Australian Synchrotron (via the SA/La Trobe Consortium)*
The Australian Synchrotron is a joint venture entity funded by the Victorian State Government and various funding partners, one of which is the University of South Australia, a founding member as part of the South Australia/La Trobe University consortium. The Australian Synchrotron was established with an initial subscription of $150 million and is an essential tool for new science providing world leading technical capability to serve universities, research organisations and industry. The facility promotes the international collaboration for important to leading-edge R&D, and is a hub for research that will greatly benefit Australia and our regional neighbours.

36. Events occurring after balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, event of a material and unusual nature likely to affect significantly the operation of the Consolidated Entity, the results of operations, or the state of affairs of the Consolidated Entity in future periods.

37. Reconciliation of operating result after income tax to net cash inflow from operating activities

	Consolidated		University	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Operating result for the year	41 522	37 221	42 988	36 822
Items classified as investing activities:				
Loss on sale of plant and equipment	370	459	370	459
Non-cash items:				
Depreciation and amortisation	26 744	24 486	26 525	24 293
Non-cash donations	(400)	(317)	(400)	(317)
Capital assets	(891)	1 294	(891)	1 294
Available-for-sale asset revaluation	-	446	-	446
Library collection revaluation	619	-	619	-
Change in assets and liabilities:				
(Increase) Decrease in receivables	(2 116)	(1 796)	(2 696)	(1 482)
(Increase) Decrease in other assets	2 330	(1 252)	1 574	(1 251)
Increase (Decrease) in payables	7 227	4 202	7 254	3 989
Increase (Decrease) in provisions	(118)	4 442	(160)	4 286
Increase (Decrease) in other liabilities	11 236	8 581	11 334	8 334
Net cash provided by operating activities	86 523	77 766	86 517	76 873

38. Non-cash investing and financing activities

Donations of works of art and library materials	400	317	400	317
	400	317	400	317

39. Assets and liabilities of trusts for which the University is trustee

The University was custodian for the following funds during the year:

Donald Dyer Scholarship
Irene & David Davy Scholarship.

40. Financial risk management

The University's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The University's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The University currently does not hold any derivative instruments.

The University uses different methods to measure different types of risk to which it is exposed. These methods include informal sensitivity analyses and seeking professional advice with respect to managing the market risk of its investments.

Risk management is co-ordinated by the University under policies approved by Council. The University identifies and evaluates financial risks in close co-operation with the University's operating units.

(a) Market risk

(i) *Foreign exchange risk*

The University assesses the likely foreign exchange risk for offshore activities and enters into hedging arrangements if appropriate. As at 31 December 2009 the University held US$1000 (A$1000) (US$1.929 million (A$2.785 million)) and RM174 000 (A$57 000) - Malaysian Ringgit (2008: RM147 000 (A$61 000)) in offshore bank accounts. During 2009 the University did not enter into any hedging contracts to mitigate foreign exchange risk as transactions in foreign currencies are partially offset by natural hedging arrangements. From time to time the University purchase and hold foreign currency to assist with the purchase of goods and services and to help manage foreign exchange risk. Currency conversion gains and losses are included in the operating result for the year.

(ii) *Cash flow and fair value interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The $35 million bill facility (refer note 24) with the NAB is at a floating rate of interest.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Consolidated Entity intends to hold fixed rate assets and liabilities to maturity.

(iii) *Risk associated with available-for-sale assets*

Investments mainly comprise investments in listed entities. The University has a prudent investment strategy. It is acknowledged there may be short-term fluctuations in asset values from time to time, however historical trends for such a strategy indicate that, with reasonable probability, unrealised losses will be recovered in the medium to long term.

The nature of the University's activities are generally low risk. Investments tend to be largely held in term deposits with banking institutions and debtors are spread across a large number of customers. Derivative instruments are rarely used. Due to the nature and value of the financial instruments held by the University, sensitivity analysis has not been provided.

(b) Credit risk

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

The credit risk on financial assets excluding investments of the University which have been recognised in the Balance Sheet is the carrying amount net of any provisions for impaired receivables.

The University is not materially exposed to any specific overseas country or individual customer.

(c) Liquidity risk

The University maintains a $35 million bill facility with the NAB which has a drawdown facility, available to 31 October 2010. As at 31 December 2009 this facility has not been drawn down.

The following tables summarise the maturity of the Group's financial assets and financial liabilities:

2009	Average interest rate Percent	Less than 1 year $'000	1-5 years $'000	More than 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets:						
Cash assets	3.99	145 632	-	-	-	145 632
Receivables		-	-	-	27 268	27 268
Other financial assets		-	-	-	7 312	7 312
Accrued income		-	-	-	1 840	1 840
Total financial assets		145 632	-	-	36 420	182 052
Financial liabilities:						
Payables		-	-	-	34 843	34 843
Other		-	-	-	742	742
Funds held on behalf of external entities		-	-	-	1 250	1 250
Total financial liabilities		-	-	-	36 835	36 835
2008						
Financial assets:						
Cash assets	6.16	111 379	-	-	-	111 379
Receivables		-	-	-	25 152	25 152
Other financial assets		-	-	-	7 004	7 004
Accrued income		-	-	-	3 114	3 114
Total financial assets		111 379	-	-	35 270	146 649
Financial liabilities:						
Payables		-	-	-	27 616	27 616
Other		-	-	-	846	846
Funds held on behalf of external entities		-	-	-	529	529
Total financial liabilities		-	-	-	28 991	28 991

(d) Fair value estimation

The carrying amounts of financial assets and liabilities at the reporting date all approximate the net fair values.

41. Acquittal of Commonwealth Government financial assistance

(a) Commonwealth Grants Scheme and other grants

	Commonwealth Grants Scheme		Indigenous Support Program		Equity Programs	
	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assistance received in cash during reporting period	129 648	123 543	1 059	1 219	602	686
Net accrual adjustments:						
Movement in accrued income	1 187	1 371	-	-	-	-
Movement in deferred income	-	-	-	-	-	-
Revenue for the period	130 835	124 914	1 059	1 219	602	686
Movement in deferred income	-	-	-	-	-	-
Surplus (deficit) from the previous year	-	-	227	233	428	428
Total revenue including accrued revenue	130 835	124 914	1 286	1 452	1 030	1 114
Expenses including accrued expenses	(130 835)	(124 914)	(1 286)	(1 225)	(536)	(686)
Surplus for reporting period	-	-	-	227	494	428

	Workplace Reform Program		Workplace Productivity Program		Learning & Teaching Performance Fund	
	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assistance received in cash during reporting period	1 634	1 628	1 581	1 148	1 532	-
Net accrual adjustments:						
Movement in accrued income	-	-	-	-	-	-
Movement in deferred income	-	-	-	-	-	-
Revenue for the period	1 634	1 628	1 581	1 148	1 532	-
Movement in deferred income	-	-	-	-	-	-
Surplus (deficit) from the previous year	-	-	-	110	-	-
Total revenue including accrued revenue	1 634	1 628	1 581	1 258	1 532	-
Expenses including accrued expenses	(1 634)	(1 628)	(1 581)	(1 258)	(1 100)	-
Surplus for reporting period	-	-	-	-	432	-

	Capital Development Pool		Diversity and Structural Adjustment Fund		Chair in Child Protection	
	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assistance received in cash during reporting period	-	4 259	6 235	5 979	1 106	1 083
Net accrual adjustments:						
Movement in accrued income	-	-	-	-	-	-
Movement in deferred income	-	-	(4 969)	(5 799)	(687)	-
Revenue for the period	-	4 259	1 266	180	419	1 083
Movement in deferred income	-	-	4 969	5 799	687	-
Surplus (deficit) from the previous year	92	-	5 799	1	2 564	2 434
Total revenue including accrued revenue	92	4 259	12 034	5 980	3 670	3 517
Expenses including accrued expenses	(73)	(4 167)	(1 266)	(181)	(2 983)*	(953)
Surplus for reporting period	19	92	10 768	5 799	687	2 564

(a)	***Commonwealth Grants Scheme and other grants (continued)***	Improving the Practical Comp of Teacher Ed		Transitional Costs Program		Total	
		2009	2008	2009	2008	2009	2008
		$'000	$'000	$'000	$'000	$'000	$'000
	Financial assistance received in cash during reporting period	726	637	1 161	1 551	145 284	141 733
	Net accrual adjustments:						
	Movement in accrued income	-	-	(78)	127	1 109	1 498
	Movement in deferred income	-	-	-	-	(5 656)	(5 799)
	Revenue for the period	726	637	1 083	1 678	140 737	137 432
	Movement in deferred income	-	-	-	-	5 656	5 799
	Surplus (deficit) from the previous year	-	-	-	-	9 110	3 206
	Total revenue including accrued revenue	726	637	1 083	1 678	155 503	146 437
	Expenses including accrued expenses	(726)	(637)	(1 083)	(1 678)	(143 103)	(137 327)
	Surplus for reporting period	-	-	-	-	12 400	9 110

* Expenses include transfer of $2 million which has been designated to establish a corpus to fund an endowed Chair in Child Protection.

(b)	***Higher Education Loan Programs (excluding OS-HELP)***	HECS-HELP		FEE-HELP		Total	
		2009	2008	2009	2008	2009	2008
		$'000	$'000	$'000	$'000	$'000	$'000
	Financial assistance received in cash during reporting period	74 457	74 140	3 252	3 084	77 709	77 224
	Net accrual adjustments	1 648	(845)	2 025	(130)	3 673	(975)
	Revenue for the period	76 105	73 295	5 277	2 954	81 382	76 249
	Surplus (Deficit) from the previous year	-	-	-	-	-	-
	Total revenue including accrued revenue	76 105	73 295	5 277	2 954	81 382	76 249
	Expenses including accrued expenses	(76 105)	(73 295)	(5 277)	(2 954)	(81 382)	(76 249)
	Surplus (Deficit) for reporting period	-	-	-	-	-	-

(c)	***Scholarships***	Australian Postgraduate Award		International Postgraduate Research Scholarships		Commonwealth Education Costs Scholarships	
		2009	2008	2009	2008	2009	2008
		$'000	$'000	$'000	$'000	$'000	$'000
	Financial assistance received in cash during reporting period	2 356	1 832	344	374	2 412	2 065
	Net accrual adjustments	-	-	-	-	-	-
	Revenue for the period	2 356	1 832	344	374	2 412	2 065
	Surplus from the previous year	449	656	-	-	15	-
	Total revenue including accrued revenue	2 805	2 488	344	374	2 427	2 065
	Expenses including accrued expenses	(2 364)	(2 039)	(344)	(374)	(2 392)	(2 050)
	Surplus for reporting period	441	449	-	-	35	15

	Commonwealth Accommodation Scholarships		Indigenous Access Scholarships		Indigenous Staff Scholarships	
	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assistance received in cash during reporting period	2 084	2 313	-	122	35	-
Net accrual adjustments	-	-	-	-	-	-
Revenue for the period	2 084	2 313	-	122	35	-
Surplus from the previous year	86	195	79	-	-	-
Total revenue including accrued revenue	2 170	2 508	79	122	35	-
Expenses including accrued expenses	(2 135)	(2 422)	(67)	(43)	(19)	-
Surplus for reporting period	35	86	12	79	16	-

(c) *Scholarships (continued)*

	Total 2009 $'000	Total 2008 $'000
Financial assistance received in cash during reporting period	7 231	6 706
Net accrual adjustments	-	-
Revenue for the period	7 231	6 706
Surplus from the previous year	629	851
Total revenue including accrued revenue	7 860	7 557
Expenses including accrued expenses	(7 321)	(6 928)
Surplus for reporting period	539	629

(d) *DIISR - research*

	Institutional Grants Scheme 2009 $'000	Institutional Grants Scheme 2008 $'000	Research Training Scheme 2009 $'000	Research Training Scheme 2008 $'000	Research Infrastructure Block Grants 2009 $'000	Research Infrastructure Block Grants 2008 $'000
Financial assistance received in cash during reporting period	5 708	5 310	10 753	10 019	2 295	2 145
Net accrual adjustments	-	-	-	-	-	-
Revenue for the period	5 708	5 310	10 753	10 019	2 295	2 145
Surplus from the previous year	-	-	-	-	-	-
Total revenue including accrued revenue	5 708	5 310	10 753	10 019	2 295	2 145
Expenses including accrued expenses	(5 708)	(5 310)	(10 753)	(10 019)	(2 295)	(2 145)
Surplus (Deficit) for reporting period	-	-	-	-	-	-

	Implementation Assistance Program 2009 $'000	Implementation Assistance Program 2008 $'000	Aust. Scheme for Higher Education Repositories 2009 $'000	Aust. Scheme for Higher Education Repositories 2008 $'000	Commercialisation Training Scheme 2009 $'000	Commercialisation Training Scheme 2008 $'000
Financial assistance received in cash during reporting period	137	120	242	217	110	104
Net accrual adjustments	-	-	-	-	-	-
Revenue for the period	137	120	242	217	110	104
Surplus from the previous years	80	-	-	-	8	4
Total revenue including accrued revenue	217	120	242	217	118	108
Expenses including accrued expenses	(212)	(40)	(242)	(217)	(44)	(100)
Surplus for reporting period	5	80	-	-	74	8

	Total 2009 $'000	Total 2008 $'000
Financial assistance received in cash during reporting period	19 245	17 915
Net accrual adjustments	-	-
Revenue for the period	19 245	17 915
Surplus from the previous years	88	4
Total revenue including accrued revenue	19 333	17 919
Expenses including accrued expenses	(19 254)	(17 831)
Surplus for reporting period	79	88

(e) *Voluntary student unionism*

	VSU Transition Fund 2009 $'000	VSU Transition Fund 2008 $'000
Financial assistance received in cash during reporting period	-	-
Net accrual adjustments	-	-
Revenue for the period	-	-
Surplus from the previous year	-	6
Total revenue including accrued revenue	-	6
Expenses including accrued expenses	-	(6)
Surplus for reporting period	-	-

(f) Other capital funding

	Better Universities Renewal Funding 2009 $'000	Better Universities Renewal Funding 2008 $'000	Teaching & Learning Capital Fund 2009 $'000	Teaching & Learning Capital Fund 2008 $'000	Education Investment Fund 2009 $'000	Education Investment Fund 2008 $'000
Financial assistance received in cash during reporting period	-	13 346	14 914	-	1 686	-
Net accrual adjustments	-	-	-	-	900	-
Revenue for the period	-	13 346	14 914	-	2 586	-
Surplus from the previous year	2 755	-	-	-	-	-
Total revenue including accrued revenue	2 755	13 346	14 914	-	2 586	-
Expenses including accrued expenses	(874)	(10 591)	(363)	-	(2 090)	-
Surplus for reporting period	1 881	2 755	14 551	-	496	-

	Total 2009 $'000	Total 2008 $'000
Financial assistance received in cash during reporting period	16 600	13 346
Net accrual adjustments	900	-
Revenue for the period	17 500	13 346
Surplus from the previous year	2 755	-
Total revenue including accrued revenue	20 255	13 346
Expenses including accrued expenses	(3 327)	(10 591)
Surplus for reporting period	16 928	2 755

(g) Australian Research Council grants

(i) Discovery	Projects 2009 $'000	Projects 2008 $'000	Fellowships 2009 $'000	Fellowships 2008 $'000	Indigenous Researchers Development 2009 $'000	Indigenous Researchers Development 2008 $'000
Financial assistance received in cash during reporting period	3 125	2 315	263	-	-	5
Net accrual adjustments:						
Movement in accrued income	182	359	-	-	-	-
Movement in deferred income	7	(298)	(263)	-	5	(5)
Revenue for the period	3 314	2 376	-	-	5	-
Movement in deferred income	(7)	298	263	-	(5)	5
Surplus from the previous year	2 034	1 736	-	-	5	-
Total revenue including accrued revenue	5 341	4 410	263	-	5	5
Expenses including accrued expenses	(3 314)	(2 376)	-	-	(5)	-
Surplus for reporting period	2 027	2 034	263	-	-	5

	Total 2009 $'000	Total 2008 $'000
Financial assistance received in cash during reporting period	3 388	2 320
Net accrual adjustments:		
Movement in accrued income	182	359
Movement in deferred income	(251)	(303)
Revenue for the period	3 319	2 376
Movement in deferred income	251	303
Surplus from the previous year	2 039	1 736
Total revenue including accrued revenue	5 609	4 415
Expenses including accrued expenses	(3 319)	(2 376)
Surplus for reporting period	2 290	2 039

(ii) Linkages

	Infrastructure		International		Projects	
	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assistance received in cash during reporting period	-	245	16	3	5 586	5 374
Net accrual adjustments:						
Movement in accrued income	(15)	212	-	-	(1 064)	(648)
Movement in deferred income	-	41	27	95	(1 354)	306
Revenue for the period	(15)	498	43	98	3 168	5 032
Movement in deferred income	-	(41)	(27)	(95)	1 354	(306)
Surplus from the previous year	-	41	43	138	2 087	2 393
Total revenue including accrued revenue	(15)	498	59	141	6 609	7 119
Expenses including accrued expenses	15	(498)	(43)	(98)	(3 509)	(5 032)
Surplus for reporting period	-	-	16	43	3 100	2 087

	Total	
	2009	2008
	$'000	$'000
Financial assistance received in cash during reporting period	5 602	5 622
Net accrual adjustments:		
Movement in accrued income	(1 079)	(436)
Movement in deferred income	(1 327)	442
Revenue for the period	3 196	5 628
Movement in deferred income	1 327	(442)
Surplus from the previous year	2 130	2 572
Total revenue including accrued revenue	6 653	7 758
Expenses including accrued expenses	(3 537)	(5 628)
Surplus for reporting period	3 116	2 130

(iii) Networks and centres

	Research networks		Centres		Total	
	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assistance received in cash during reporting period	166	325	68	793	234	1 118
Net accrual adjustments:						
Movement in accrued income	-	-	-	-	-	-
Movement in deferred income	180	(164)	-	121	180	(43)
Revenue for the period	346	161	68	914	414	1 075
Movement in deferred income	(180)	164	-	(121)	(180)	43
Surplus from the previous year	394	230	-	121	394	351
Total revenue including accrued revenue	560	555	68	914	628	1 469
Expenses including accrued expenses	(346)	(161)	(68)	(914)	(414)	(1 075)
Surplus for reporting period	214	394	-	-	214	394

(h) OS-HELP

	Total	
	2009	2008
	$'000	$'000
Cash received during the reporting period	185	210
Cash spent during the reporting period	(188)	(205)
Net cash received	(3)	5
Cash surplus (deficit) from the previous period	3	(2)
Cash surplus (deficit) for reporting period	-	3

(i) Superannuation supplementation

	Total	
	2009	2008
	$'000	$'000
Cash received during the reporting period	28 924	23 398
University contribution on respect of current employees	-	-
Cash available	28 924	23 398
Cash (deficit) surplus from the previous period	(2 541)	826
Cash available for current period	26 383	24 224
Contributions to specified defined benefits funds	(24 690)	(26 765)
Cash surplus (deficit) for reporting period	1 693	(2 541)

DEPARTMENT OF WATER, LAND AND BIODIVERSITY CONSERVATION

FUNCTIONAL RESPONSIBILITY

Establishment

The Department of Water, Land and Biodiversity Conservation (DWLBC) was an administrative unit established pursuant to the PSA.

As a result of a restructure of Government effective from 1 July 2010, a number of functions of DWLBC were transferred to other agencies and DWLBC was renamed the Department for Water. Refer to note 32 of the financial statements.

Functions

The objectives of DWLBC were to improve sustainability through the integration and management of all of the State's natural resources and to achieve improved health and productivity of our biodiversity, water, land and marine resources.

For more information about DWLBC's objectives 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 provides for the Auditor-General to audit the accounts of DWLBC 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 DWLBC 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 towards 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, credit cards, grants and subsidies and payments to Natural Resources Management (NRM) Boards
- payroll
- revenue including fees and charges, water licensing and grant revenue
- fixed assets
- general ledger
- corporate governance
- a review of specific projects managed by DWLBC.

In undertaking its operations for 2009-10, DWLBC is serviced by a number of financial systems of Shared Services SA (SSSA). The audit considered the effectiveness of the controls implemented by SSSA.

Internal audit activities were reviewed to assess the risk 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 relation to:

- the water information licensing management information (WILMA) system and corporate accounts receivable system (CARS) transition project
- the financial management compliance program
- payroll (bona fide and leave reports and time attendance recording).

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 Water, Land and Biodiversity Conservation 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 Department of Water, Land and Biodiversity Conservation 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 water licensing and payroll as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Department of Water, Land and Biodiversity Conservation have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive of DWLBC and the Executive Director of SSSA. The matters were not major in nature. Responses to the management letters were considered to be satisfactory. Internal audit reviews identified certain matters of an internal control nature that required addressing. These matters are described below.

Water information licensing management application and corporate accounts receivable systems

Audit has previously reported on the limitations of the WILMA system and DWLBC's ability to:

- support compliance with aspects of the NRMA
- effectively manage outstanding debtors
- provide complete and accurate data for DWLBC's financial statements (revenue and receivables)
- provide accurate water levy data to the NRM Boards for inclusion in the boards' financial statements.

DWLBC has used supplementary spreadsheets to assist with reconciling data from the WILMA system to the general ledger.

To address these issues DWLBC has upgraded WILMA and implemented a centralised accounts receivable system which will interface directly with WILMA.

Prior to the new system implementation, internal audit undertook a review to determine whether transactions recorded in the general ledger accurately represented the transactions processed in the WILMA system and the supplementary spreadsheets.

While the review identified no material errors it highlighted:

- the audit trail between the WILMA system and the general ledger did not provide the information required to reconcile the systems

- the dependence on one employee to undertake key tasks in this area.

DWLBC has advised the implementation of the new system will address these matters.

The new system went live in September 2010 and Audit will undertake a detailed review of the new system as part of the 2010-11 audit.

Payroll

Audit has previously highlighted bona fide reports and leave booked reports were not reviewed within reasonable timeframes to verify the validity of payments to employees and the recording of leave. DWLBC accepted the recommendation and communicated to managers the importance of ensuring that all leave booked and bona fide reports are reviewed as a matter of priority and discrepancies followed up in a timely manner.

During the year, internal audit reviewed compliance with bona fide reporting requirements and requirements relating to the taking of leave. The review highlighted:

- documented policies and procedures did not reflect current practices
- reports were not certified on a timely basis and discrepancies identified were not appropriately followed up
- leave forms were not certified and approved appropriately
- leave taken was not recorded on the CHRIS payroll system.

The Department has proposed a plan to address the above issues. It specifically advised that it has reviewed and updated the policies and procedures which await approval. It has also performed a reconciliation to identify and correct leave taken but not recorded on the CHRIS payroll system. This review was finalised in late July 2010.

An internal audit review of the implementation of the management action plan will be undertaken in 2010-11. Audit will also review action taken by the Department as part of the 2010-11 payroll audit.

Implementation of TIs 2 and 28

DWLBC developed and implemented a financial management compliance program (FMCP) in 2008-09 which provided for department executives to review financial management arrangements in their areas of responsibility and provide documented assurance with respect to the adequacy of the arrangements.

A key issue arising from the completion of the 2008-09 FMCP was a lack of understanding by some executives of the accounting related questions included in the questionnaires.

In response to the issues arising from last year's FMCP review, the DWLBC internal audit reviewed DWLBC's approach to and effectiveness of the 2009-10 FMCP review.

Internal audit reported that the 2009-10 FMCP had been effectively implemented throughout DWLBC. While no high risk items were identified, internal audit did identify opportunities for DWLBC to further develop the FMCP and in particular enhance the culture of the organisation in relation to financial controls.

Key issues identified by internal audit related to the need for DWLBC to ensure:

- business managers are involved in assessing whether controls are in place and working effectively
- the method of assessing controls is consistently applied across DWLBC
- responsibility for controls are detailed, controls are rated, weaknesses are identified and actions to resolve weaknesses are detailed and monitored
- a methodology which identifies and evaluates financial management controls according to their level of importance is defined and communicated.

In response DWLBC made a number of changes to the FMCP and provided training to business managers.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements

	2010 $'million	2009 $'million
EXPENSES		
Employment benefit expenses	**54**	48
Supplies and services	**59**	49
Grants and subsidies	**139**	68
Water recovery/acquisition expenses	**7**	117
Other	**4**	3
Total expenses	**263**	285
INCOME		
Fees and charges	**12**	15
Grants	**153**	72
Water recovery measures revenues	**-**	21
Other	**3**	3
Total income	**168**	111
Net cost of providing services	**95**	174
REVENUES FROM SA GOVERNMENT	**113**	152
PAYMENTS TO SA GOVERNMENT	**14**	-
Net result	**4**	(22)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**20**	(27)
ASSETS		
Current assets	**47**	49
Non-current assets	**111**	80
Total assets	**158**	129
LIABILITIES		
Current liabilities	**25**	18
Non-current liabilities	**11**	11
Total liabilities	**36**	29
TOTAL EQUITY	**122**	100

Statement of Comprehensive Income

Expenses

Total expenses for the year decreased by $22 million to $263 million. While grants and subsidies expenditure increased by $72 million, water recovery/acquisition expenses decreased by $110 million.

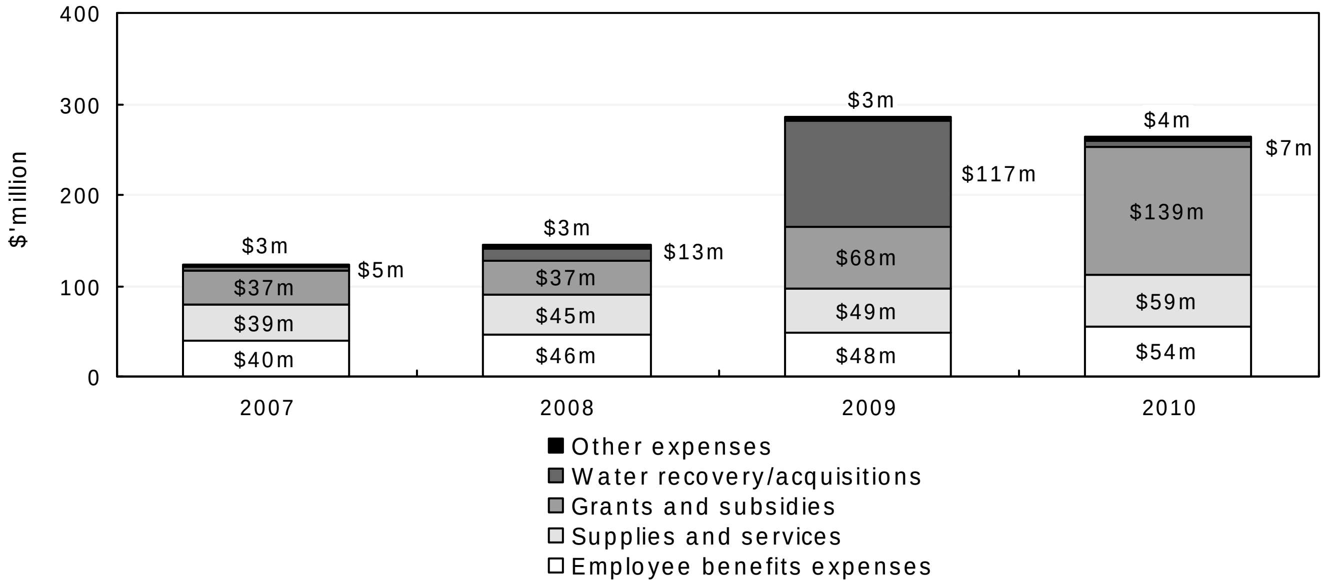
The increase in grants and subsidies is predominantly due to expenditure incurred during the year on:

- the Murray Futures projects and in particular the Integrated Pipeline project. In 2009-10 DWLBC spent $95 million on the Murray Futures projects compared to $27 million in 2008-09

- the Stormwater Harvesting and Reuse projects which are new Commonwealth funded initiatives which commenced in 2009-10. Grants and subsidies expenditure for these projects totalled $7 million. Refer to 'Further commentary on operations' below for details relating to the Stormwater Harvesting and Reuse projects.

The decrease in water recovery/acquisition expenses mainly reflects the completion in 2008-09 of South Australia's commitments under The Living Murray initiative. DWLBC spent $73 million on the recovery/acquisition of water in 2008-09. Refer to note 9 of the financial statements and commentary on The Living Murray initiative under 'Further commentary on operations' below.

For the four years to 2010, a structural analysis of DWLBC's expenses is shown in the following chart.



Income

Income increased by $57 million to $168 million. This increase is represented by:

- an increase in grant revenue of $81 million due mainly to increased funding received from the Commonwealth for the various Murray Futures projects. DWLBC received $106 million in 2009-10 compared to $29 million in 2008-09. DWLBC also received $5 million in first time funding from the Commonwealth Government for the Stormwater Harvesting and Reuse projects

- a decrease in revenues from water recovery measures of $21 million. DWLBC received no funding in 2009-10 as DWLBC had completed the State's commitments under The Living Murray initiative.

Revenues from SA Government

Revenues from the SA Government decreased by $39 million to $113 million and is mainly attributable to:

- one-off funding received in 2008-09 of $24 million for the purchase of water to support the Government's Critical Water Allocation Scheme to save permanent plantings along the River Murray

- $18 million provided in 2008-09 for the purchase of water for the preservation of the Lower Lakes compared to $7 million in 2009-10.

Revenues from SA Government include an appropriation of $22.1 million ($25.3 million) to the Save the River Murray Fund. This appropriation was made under the *Waterworks Act 1932* and relates to the Save the River Murray levy which was collected and paid to the Consolidated Account by the South Australian Water Corporation.

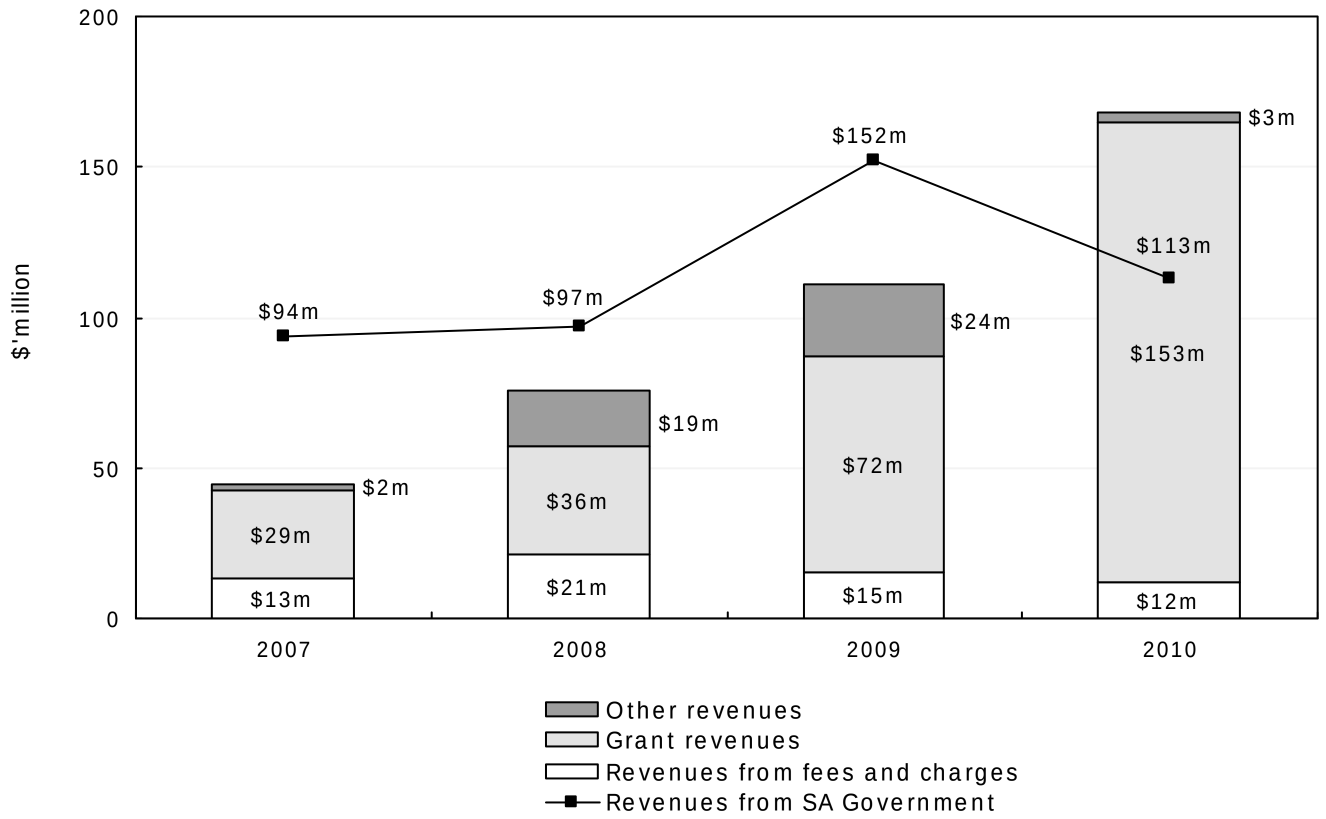
Payments to SA Government

The payments to SA Government relate to the return of:

- $13 million from funding provided in 2008-09 for the purchase of 50 gigalitres of water for the Lower Lakes

- $1.14 million from funding provided in 2008-09 for the purchase of water to support the Government's critical water allocation scheme for the survival of permanent plantings.

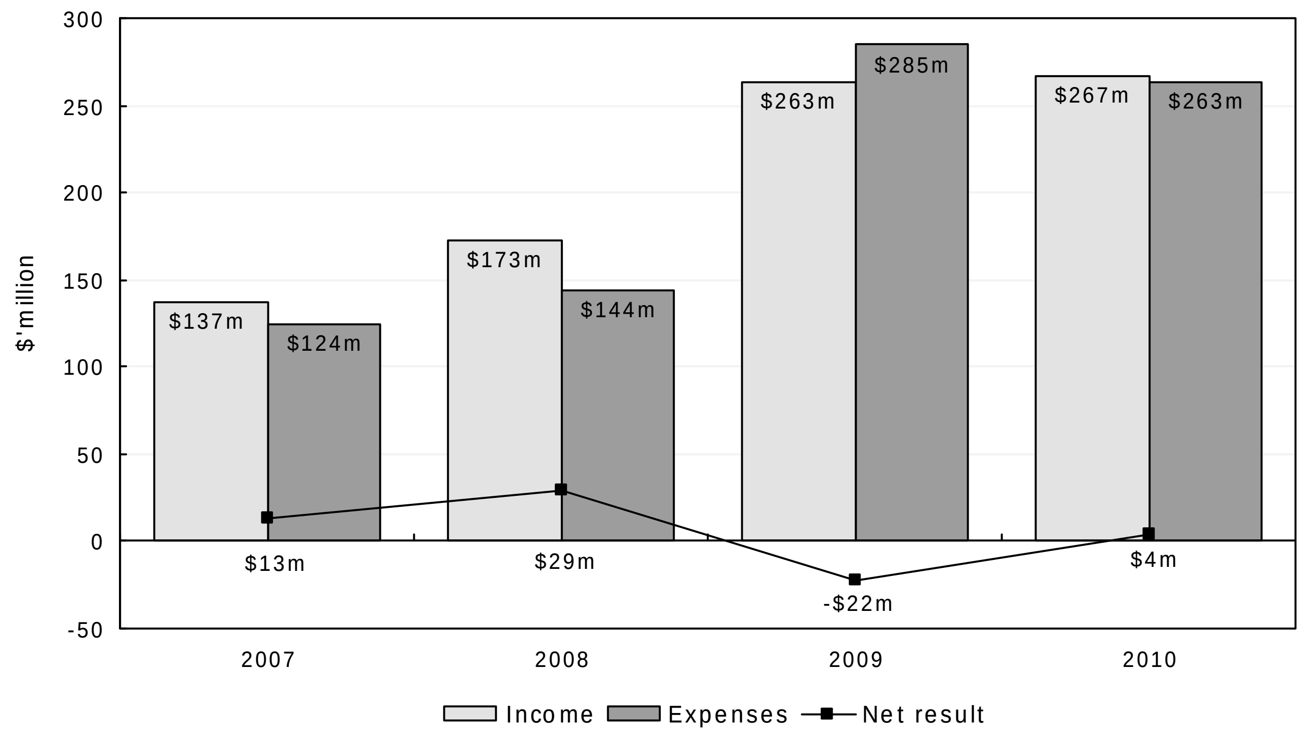
A structural analysis of income and revenues from SA Government in the four years to 2010 is presented in the following chart.



Net result

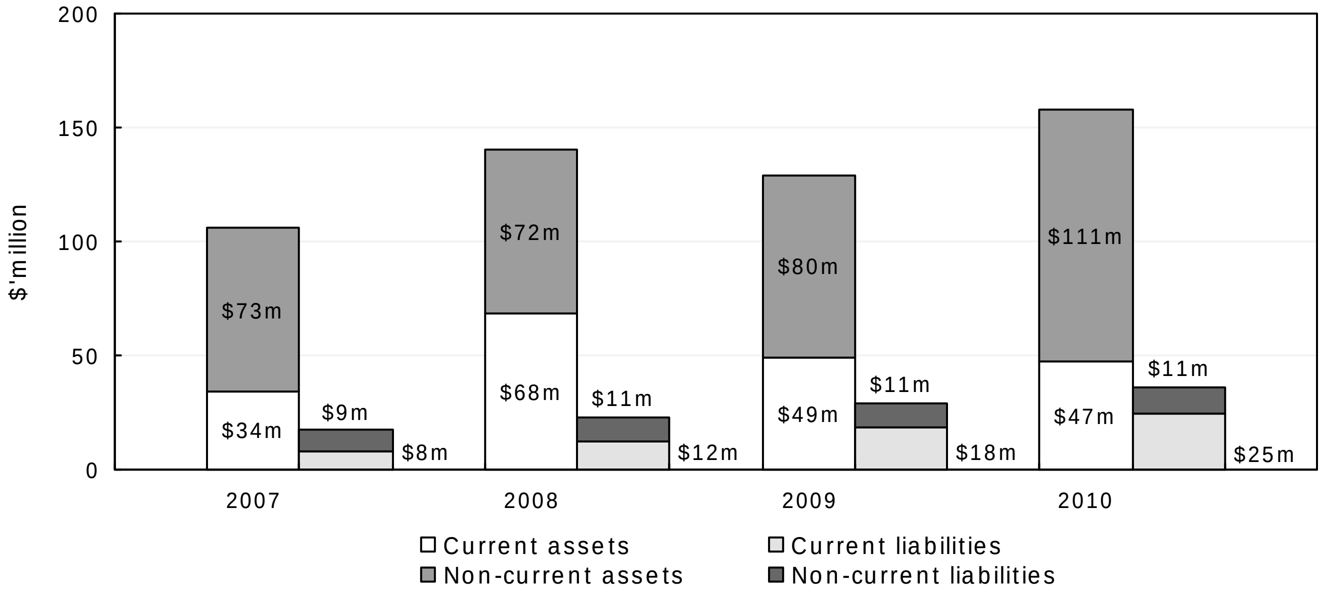
The net result for the year was a gain of $4 million compared to a loss of $22 million for the previous year. While expenditure and net revenues from government decreased by $75 million, income increased by $57 million.

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



Statement of Financial Position

For the four years to 2010, a structural analysis of assets and liabilities is shown in the following chart.



Non-current assets

DWLBC's non-current assets which comprise property, plant and equipment ($97 million) and intangible assets ($14 million) increased by $32 million in 2009-10. The increase is due mainly to:

- the Patawalonga seawater circulation and Barcoo outlet and the salinity disposal schemes being revalued during the year resulting in a net revaluation increment of $15 million
- the construction of two regulators at the Goolwa Channel at a cost of $10.2 million
- intangible assets increasing by $7 million as a result of the internal development of software which has been mainly funded from Commonwealth Government revenues.

Current liabilities

Current liabilities increased by $7 million to $25 million and relates mainly to:

- $3.7 million in payments due to various councils in relation to the Stormwater Harvesting and Reuse projects
- the payment of $1.14 million due to the SA Government.

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	**20**	(27)	32	17
Investing	**(20)**	(5)	(2)	-
Financing	**3**	-	-	-
Change in cash	**3**	(32)	30	17
Cash at 30 June	**29**	26	58	28

The increase in net cash flows from operating activities is due mainly to the increase in grant revenues received in 2009-10.

The increase in net cash flows used in investing activities of $15 million mainly reflects the cash outflows relating to the construction of the water flow regulators at the Goolwa Channel and the costs incurred with the development of the intangible assets.

The increase in the net cash flows from financing activities reflects the equity contribution received from SA Government of $2.7 million.

Administered items

Water levies

Water levies are collected by DWLBC for prescribed water resources within specific natural resource management regions under section 101 of the NRMA.

Due to the impact of the drought on the River Murray the Minister has, since 2007-08, issued a notice of 'Restriction on the taking of water from the River Murray prescribed water course' by water licensees. While the Minister declares a levy, effective on 1 July each year, to take or hold water, the amount payable by the water licensees is adjusted to reflect the percentage restriction advised by the Minister.

For 2009-10 DWLBC raised the levy in July 2009, however invoices were not sent to water licensees pending the Minister's notice. The Minister approved on 8 June 2010 that a levy of 62 percent of the water access entitlement endorsed on the water licence on 1 July 2009 be raised.

DWLBC had not, at 30 June 2010, invoiced water licensees but has recognised in the administered financial statements an accrual of $1.5 million for the 2009-10 levy.

Murray-Darling Basin Authority

The Murray-Darling Basin Authority (MDBA) is established under the *Water Act 2007* (Cwlth). It replaces the Murray-Darling Basin Commission (MDBC) (refer note A10). The MDBA assumed all functions of the former MDBC in December 2008.

The MDBA's functions are to:

- prepare, implement, monitor and enforce the Basin Plan
- implement the decisions of the Ministerial Council and Basin Officials Committee.

The memorandum of understanding requires the MDBA to provide a Basin Plan by 2011. The Commonwealth Minister is the final decision maker for the Basin Plan.

DWLBC has recognised the State's joint interest in the MDBA infrastructure assets and water rights as an interest in a joint venture in accordance with AASB 131 within the administered financial statements.

The recognition of MDBA infrastructure assets and water rights is in accordance with the following agreements which were signed by the Commonwealth, States of NSW, VIC and SA, ACT and MDBA on 12 June 2009:

- asset agreement for River Murray operations assets

- further agreement on addressing water overallocation and achieving environmental objectives in the Murray-Darling Basin - control and management of living Murray assets.

DWLBC has recognised an equity interest of 26.6 percent in accordance with a determination by the former MDBC Finance Committee.

Natural Resources Management Boards and Natural Resources Management Fund

DWLBC has had a significant role in the administration of the NRMA. The main purposes of the NRMA are to promote sustainable and integrated management of the State's natural resources and to make provision for the protection of the State's natural resources.

The NRMA provides for a range of entities with specific responsibilities including eight regional NRM Boards. DWLBC's financial statements include activities administered for the NRM Boards including:

- collecting fees and charges of $7.5 million consisting of water levies and penalty charges and grant revenues of $6.4 million

- payments to NRM Boards of $12.5 million of which $7.1 million relates to water levies and penalties collected by DWLBC on behalf of the Boards.

Administered grant programs

DWLBC is required to provide the Commonwealth with audited annual financial statements for the following administered grant programs.

National Action Plan for Salinity and Water Quality

Under an agreement between the Commonwealth Government and the State, the National Action Plan for Salinity and Water Quality (NAP) aims to enable action to:

- prevent, stabilise and reverse trends in salinity, particularly dryland salinity, affecting the sustainability of production, the conservation of biological diversity and the viability of infrastructure
- improve water quality and secure reliable allocations for human uses, industry and the environment.

The NAP items administered by DWLBC include grant revenues of $781 000, other revenues of $455 000, grant expenses of $7.5 million and cash balances of $8 million.

Natural Heritage Trust

The Natural Heritage Trust (NHT) was established by the *Natural Heritage Trust of Australia Act 1997* (Cwlth). Under agreements between the Commonwealth Government and the State, the NHT's overarching objectives are:

- biodiversity conservation
- sustainable use of natural resources
- community capacity building and institutional change to increase the capacity to implement biodiversity conservation and sustainable resource use.

The NHT items administered by DWLBC include grant revenues of $631 000, other revenues of $47 000, grant expenses of $88 000 and cash balances of $624 000.

Funding for the NAP and NHT grant programs ceased on 30 June 2008. These programs have been replaced by Caring for our Country (refer below).

While funding for NAP and NHT has ceased, these programs will continue until the existing approved projects are completed. DWLBC has advised that it expects both the NAP and NHT programs to be completed by 30 June 2011.

Caring for our Country

The Caring for our Country program, which commenced on 1 July 2008, is the Commonwealth Government's new natural resources management initiative.

DWLBC administers this grant program on behalf of the Commonwealth Government.

The Caring for our Country items administered by DWLBC include revenues from the Commonwealth Government of $17.5 million, grant expenses of $19.2 million and cash balances of $200 000.

FURTHER COMMENTARY ON OPERATIONS

Save the River Murray Fund

DWLBC's financial statements incorporate the financial transactions of the Save the River Murray Fund (the Fund) established pursuant to the *Water Works Act 1932* (the Act). The Act provides for the South Australian Water Corporation to collect the Save the River Murray levy and pay the proceeds into the Consolidated Account. These monies are then to be paid into the Fund and may be applied by the Minister toward programs and measures to improve and promote the environmental health of the River Murray or ensure the adequacy, security and quality of the State's water supply from the River Murray.

Receipts paid into the Fund in 2009-10 amounted to $22.1 million, payments were $17.6 million and the balance of the Fund as at 30 June 2010 was $6.3 million.

The activities of the Fund are considered to be controlled activities of DWLBC and consequently the financial activities are included in DWLBC's general purpose financial statements.

The Living Murray initiative

In June 2004 the State entered into the 'Intergovernmental Agreement on Addressing Water Overallocation and Achieving Environmental Objectives of the Murray-Darling Basin'. This agreement establishes the arrangements for recovery and management of water to address the declining health of the River Murray system (The Living Murray) and to address other water over allocation issues in the Murray-Darling Basin.

The parties agreed to provide $500 million to fund the recovery of up to 500 gigalitres of water for The Living Murray. South Australia's commitment under this agreement is to spend $65 million over a period of five years and achieve a volumetric recovery target of 35 gigalitres of water.

In meeting these commitments, DWLBC has made the following contributions:

2005-06

- DWLBC purchased 10 gigalitres of water entitlements from the South Australian Water Corporation for $15.3 million to meet a water recovery target of 35 gigalitres. This expenditure was part of 'Other expenses - water acquisitions'.

2006-07

- 10 gigalitres of water entitlements were acquired from the South Australian Water Corporation together with 3 gigalitres water entitlements from the Minister for the River Murray which were placed on the MDBC's eligible measures register to meet a water recovery target of 35 gigalitres.

- $4.1 million was paid to the Victorian Government as South Australia's contribution to environmental measures under the River Murray Improvement program. This expenditure forms part of 'Other expenses - investments in water recovery projects'.

2007-08

- $3.6 million was paid to the Victorian Government as South Australia's contribution to environmental measures under the River Murray Improvement program and $2.3 million was paid to the MDBC as South Australia's contribution to the Living Murray Recovery program.

- DWLBC purchased water licences at a cost of $7.4 million.

- The 13 gigalitres of water secured in 2005-06 and 2006-07 was placed on the MDBC's environmental register for application to environmental purposes.

2008-09

- $46.6 million was paid by DWLBC to purchase 22 gigalitres of water from willing sellers.

- $17.2 million was paid to the NSW Government as South Australia's contribution to the NSW market purchase measure.

- $5.6 million was paid to the NSW Government as South Australia's contribution to the NSW package B water recovery measure.

- $3.6 million was paid to the Victorian Government as South Australia's contribution to the Goulburn Murray water recovery package.

DWLBC completed its commitment to The Living Murray initiative in 2008-09. No funds have been received or expended on this project in 2009-10.

Murray Futures

The Murray Futures is a 10 year $610 million program funded by the Commonwealth Government.

The key elements of the program include:

- the $120 million Lower Lakes pipelines to secure a quality water supply from the Lower Lakes

- commitment of $200 million to Lower Lakes and Coorong Recovery to undertake a series of long-term projects around the Lower Lakes
- $110 million committed to river industry renewal to reinvigorate irrigation communities including the implementation of newer and smarter irrigation technology
- committing $100 million to riverine recovery by improving the management of wetlands and floodplains from the SA border to Wellington
- $80 million water buy-back to purchase water entitlements from willing sellers.

Since the inception of the program in 2008-09, DWLBC has received $135 million in revenue from the Commonwealth Government and a further $4 million from the State Government/other sources. Expenditure on the various projects over the past two years has totalled $132 million. The balance of the Murray Futures fund at 30 June 2010 is $7 million.

Stormwater Harvesting and Reuse projects

In November 2009, the Commonwealth announced the outcome of the first funding round ($86 million) for Stormwater Harvesting and Reuse projects. South Australia will receive a total of $66 million of which DWLBC will receive $63.3 million to coordinate delivery of the following seven projects:

- $7 million for the City of Salisbury 'Unity Park Biofiltration and Reuse' project
- $15 million for the City of Onkaparinga 'Water Proofing the South Stage 2' project
- $9.6 million to fund the City of Playford 'Playford Stormwater and Reuse' project
- $4.9 million payable to the South Australian Water Corporation for the Adelaide Airport Stormwater Scheme
- $2.9 million to fund the 'Botanic Gardens First Creek Wetland ASR' project
- $20 million to fund the City of Charles Sturt 'Water Proofing the West Stage 1' project
- $3.9 million to fund the 'Barker Inlet Stormwater Reuse Scheme' project

During the year DWLBC received grant revenues of $5.1 million from the Commonwealth Government and $2.2 million from the State Government and grant expenditure totalled $7 million.

Goolwa Channel Water Level Management project

The Goolwa Channel project is funded by the Commonwealth Government and the Murray-Darling Basin Authority. The funding was provided to establish regulators to protect the Goolwa Channel and associated wetlands from acidification resulting from falling water levels.

DWLBC received $6 million in funding from the Commonwealth Government, $5.8 million from the Murray-Darling Basin Authority and $960 000 from the State Government.

During 2009-10 DWLBC completed the construction of two regulators at a cost of $10.2 million which have been recognised as assets of DWLBC. Refer to note 21 of DWLBC's financial statements.

Fixed assets – control and recognition

Constructed River Murray structures

Over recent years, DWLBC has been involved in construction projects as part of the River Murray Salt Interception Infrastructure program. These constructed assets and associated work in progress have been funded through a combination of grant funding associated with the NAP and MDBC funding.

DWLBC has previously advised that, on completion, the infrastructure assets created through this construction will be controlled by the MDBA and, consequently, the assets have not been directly recognised as controlled assets in DWLBC's accounts. Payments in relation to these programs are recognised as expenses in DWLBC's Statement of Comprehensive Income in the form of employee expenditure, operating costs and grant payments. As discussed under administered items, DWLBC has recognised an interest in the net assets of the MDBA.

Constructed Upper South East drainage assets

DWLBC is involved in the construction of the Upper South East Drainage Scheme. These constructed infrastructure assets and associated work in progress have been funded through the NAP. In accordance with the *Upper South East Dryland Salinity and Flood Management Act 2002* the resulting assets are, on completion, maintained by the South Eastern Water Conservation and Drainage Board.

As discussed further in note 21 of DWLBC's financial statements scheme assets are not recognised by DWLBC and amounts expended in relation to the scheme are recognised as expenses in DWLBC's Statement of Comprehensive Income.

Statement of Comprehensive Income
for the year ended 30 June 2010

	Note	**2010** $'000	2009 $'000
EXPENSES:			
Employee benefit expenses	5	**53 725**	47 673
Supplies and services	6	**58 620**	49 588
Depreciation and amortisation expense	7	**3 772**	2 868
Grants and subsidies	8	**139 320**	67 618
Water recovery/acquisition expenses	9	**7 124**	116 634
Other expenses	10	**296**	282
Net loss from disposal of non-current assets	14	**7**	-
Total expenses		**262 864**	284 663
INCOME:			
Revenues from fees and charges	12	**11 581**	15 232
Interest revenues	13	**1 427**	568
Net gain from disposal of non-current assets	14	**-**	23
Grant revenues	15	**152 950**	71 802
Water recovery measures revenues	16	**-**	21 251
Other revenues	17	**1 680**	1 582
Total income		**167 638**	110 458
NET COST OF PROVIDING SERVICES		**95 226**	174 205
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:			
Revenues from SA Government	11	**113 059**	152 177
Payments to SA Government	11	**(14 141)**	-
Total net revenues from SA Government		**98 918**	152 177
NET RESULT		**3 692**	(22 028)
OTHER COMPREHENSIVE INCOME:			
Changes in property, plant and equipment asset revaluation surplus	21	**15 477**	10 437
Adjustments to accumulated surplus due to a change in accounting policy	21	**-**	(4 679)
Total other comprehensive income		**15 477**	5 758
TOTAL COMPREHENSIVE RESULT		**19 169**	(16 270)

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	18	**28 899**	26 272
Receivables	19	**16 346**	21 504
Inventories	20	**1 708**	1 576
Total current assets		**46 953**	49 352
NON-CURRENT ASSETS:			
Property, plant and equipment	21	**97 355**	73 117
Intangible assets	22	**14 357**	7 038
Total non-current assets		**111 712**	80 155
Total assets		**158 665**	129 507
CURRENT LIABILITIES:			
Payables	23	**20 017**	13 258
Employee benefits	24	**5 291**	4 840
Provisions	25	**146**	140
Total current liabilities		**25 454**	18 238
NON-CURRENT LIABILITIES:			
Payables	23	**1 072**	1 109
Employee benefits	24	**9 364**	9 356
Provisions	25	**473**	400
Total non-current liabilities		**10 909**	10 865
Total liabilities		**36 363**	29 103
NET ASSETS		**122 302**	100 404
EQUITY:			
Contributed capital	26	**10 893**	8 164
Asset revaluation surplus	26	**50 196**	34 719
Retained earnings	26	**61 213**	57 521
TOTAL EQUITY		**122 302**	100 404

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	Contributed capital $'000	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2008		8 164	24 282	85 396	117 842
Change in accounting policy (Lower Murray embankments)	21	-	-	(4 679)	(4 679)
Restated balance at 30 June 2008		8 164	24 282	80 717	113 163
Net result for 2008-09		-	-	(22 028)	(22 028)
Gain on revaluation of property, plant and equipment during 2008-09	21	-	10 437	-	10 437
Total comprehensive result for 2008-09		-	10 437	(22 028)	(11 591)
Balance at 30 June 2009		8 164	34 719	58 689	101 572
Error correction - receivables	19	-	-	(1 168)	(1 168)
Restated balance at 30 June 2009		8 164	34 719	57 521	100 404
Net result for 2009-10		-	-	3 692	3 692
Gain on revaluation of property, plant and equipment during 2009-10		-	15 477	-	15 477
Total comprehensive result for 2009-10		-	15 477	3 692	19 169
Transactions with SA Government as owner:					
Equity contribution received		2 729	-	-	2 729
Balance at 30 June 2010		**10 893**	**50 196**	**61 213**	**122 302**

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		**(53 122)**	(46 801)
Payments for supplies and services		**(61 003)**	(50 996)
Payments of grants and subsidies		**(153 252)**	(71 559)
Water recovery/acquisition expenses		**(7 836)**	(118 734)
GST paid to the ATO		**(434)**	(960)
Other payments		**(321)**	(335)
Cash used in operations		**(275 968)**	(289 385)
CASH INFLOWS:			
Fees and charges		**17 928**	3 730
Grant receipts		**157 487**	73 768
Interest received		**1 393**	577
Water recovery measures revenues		**-**	23 376
GST recovered from the ATO		**18 151**	7 456
Other receipts		**1 848**	1 558
Cash generated from operations		**196 807**	110 465
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		**113 059**	152 177
Payments to SA Government		**(14 141)**	-
Cash generated from SA Government		**98 918**	152 177
Net cash provided by (used in) operating activities	30	**19 757**	(26 743)
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of property, plant and equipment		**(14 371)**	(4 299)
Purchase of intangibles		**(5 496)**	(638)
Cash used in investing activities		**(19 867)**	(4 937)
CASH INFLOWS:			
Proceeds from sale of property, plant and equipment		**8**	27
Cash generated from investing activities		**8**	27
Net cash used in investing activities		**(19 859)**	(4 910)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH INFLOWS:			
Capital contributions from Government		**2 729**	-
Cash generated from financing activities		**2 729**	-
Net cash from financing activities		**2 729**	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**2 627**	(31 653)
CASH AND CASH EQUIVALENTS AT 1 JULY		**26 272**	57 925
CASH AND CASH EQUIVALENTS AT 30 JUNE	18,30	**28 899**	26 272

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	**36 460**	34 186	**12 673**	11 583
Supplies and services	**35 300**	25 096	**15 965**	23 155
Depreciation and amortisation	**2 004**	1 606	**1 581**	1 233
Grants and subsidies	**9 824**	6 656	**27 187**	34 317
Water recovery/acquisition expenses	**-**	-	**7 124**	116 634
Other expenses	**172**	267	**50**	(7)
Net loss from disposal of non-current assets	**-**	-	**-**	-
Total expenses	**83 760**	67 811	**64 580**	186 915
INCOME:				
Revenues from fees and charges	**8 555**	9 544	**3 205**	5 327
Interest revenues	**219**	469	**-**	2
Net gain from disposal of non-current assets	**-**	23	**-**	-
Grant revenues	**25 123**	16 958	**16 221**	25 129
Water recovery measures revenues	**-**	-	**-**	21 251
Other revenues	**1 088**	1 216	**9**	365
Total income	**34 985**	28 210	**19 435**	52 074
NET COST OF PROVIDING SERVICES	**48 775**	39 601	**45 145**	134 841
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:				
Revenues from SA Government	**2 896**	9 571	**39 314**	141 606
Payments to SA Government	**-**	-	**14 141**	-
Net revenue from SA Government	**2 896**	9 571	**25 173**	141 606
NET RESULT	**(45 879)**	(30 030)	**(19 972)**	6 765

(Activities - refer note 4)	3		Total	
	2010	2009	**2010**	2009
EXPENSES:	**$'000**	$'000	**$'000**	$'000
Employee benefits expenses	**4 592**	1 904	**53 725**	47 673
Supplies and services	**7 355**	1 337	**58 620**	49 588
Depreciation and amortisation expense	**187**	29	**3 772**	2 868
Grants and subsidies	**102 309**	26 645	**139 320**	67 618
Water recovery/acquisition expenses	**-**	-	**7 124**	116 634
Other expenses	**74**	22	**296**	282
Net loss from disposal of non-current assets	**7**	-	**7**	-
Total expenses	**114 524**	29 937	**262 864**	284 663
INCOME:				
Revenues from fees and charges	**(179)**	361	**11 581**	15 232
Interest revenues	**1 208**	97	**1 427**	568
Net gain from disposal of non-current assets	**-**	-	**-**	23
Grant revenues	**111 606**	29 715	**152 950**	71 802
Water recovery measures revenues	**-**	-	**-**	21 251
Other revenues	**583**	1	**1 680**	1 582
Total income	**113 218**	30 174	**167 638**	110 458
NET COST OF PROVIDING SERVICES	**1 306**	(237)	**95 226**	174 205
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:				
Revenues from SA Government	**70 849**	1 000	**113 059**	152 177
Payments to SA Government	**-**	-	**14 141**	-
Net revenue from SA Government	**70 849**	1 000	**98 918**	152 177
NET RESULT	**69 543**	1 237	**3 692**	(22 028)

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 and cash equivalents	**9 372**	14 102	**7 649**	5 919
Receivables	**7 193**	8 851	**8 113**	11 552
Inventories	**1 708**	1 576	**-**	-
Property, plant and equipment	**43 305**	38 941	**51 880**	33 177
Intangible assets	**8 594**	3 826	**3 765**	3 212
Total assets	**70 172**	67 296	**71 407**	53 860
LIABILITIES:				
Payables	**3 686**	2 946	**10 484**	8 383
Employee benefits	**10 734**	10 398	**3 368**	3 262
Provisions	**463**	396	**134**	123
Total liabilities	**14 883**	13 740	**13 986**	11 768

(Activities - refer note 4)	3		Total	
	2010	2009	**2010**	2009
ASSETS:	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	**11 878**	6 251	**28 899**	26 272
Receivables	**1 040**	1 101	**16 346**	21 504
Inventories	**-**	-	**1 708**	1 576
Property, plant and equipment	**2 170**	999	**97 355**	73 117
Intangible assets	**1 998**	-	**14 357**	7 038
Total assets	**17 086**	8 351	**158 665**	129 507
LIABILITIES:				
Payables	**6 919**	3 038	**21 089**	14 367
Employee benefits	**553**	536	**14 655**	14 196
Provisions	**22**	21	**619**	540
Total liabilities	**7 494**	3 595	**36 363**	29 103

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Department of Water, Land and Biodiversity Conservation

The objectives of the Department of Water, Land and Biodiversity Conservation (the Department) are to ensure South Australia's natural resources are managed in ecologically sustainable ways that support the wellbeing of present and future generations.

To achieve the Department's objectives, it contributes to the following outcomes:

(a) Integrated natural resource management that covers all of South Australia's natural resource elements.

(b) Improved health and productivity of South Australia's biodiversity, water, land and marine resources.

(c) Community, industry, governments and other stakeholders working together to achieve high quality natural resource management outcomes.

(d) A greater capability and willingness to invest in natural resource management to provide a sustained funding base.

(e) Wise resource allocation that provides for the best environmental, social and economic outcomes.

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.

(a) Statement of compliance (continued)

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 are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in this financial report:
  - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature
  - (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)
  - (c) employee TVSP information
  - (d) employees whose normal remuneration is $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 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 accompanying notes include all the controlled activities of the Department.

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

Transactions in relation to the Murray-Darling Basin Authority are reflected in both the Department's controlled activities and also administered 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 financial reporting, general accounting and taxation services transitioned to Shared Services SA, a business unit within the Department of Treasury and Finance, on 19 October 2009. This transition was approved by Cabinet on 8 December 2008.*

(e) Comparative information

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

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

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

(f) Rounding

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

(g) Taxation

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 the 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 provides information about conditions that existed at 30 June.

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

(i) Income

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

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

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

The Department has attempted to identify all relevant transactions with SA Government entities/ non-SA Government entities.

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.

Grants received

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

Grants received (continued)
Generally, the Department has obtained control or the right to receive for:

- grants 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 grant (eg grant application) has been approved; agreement/contract is executed; and/or the grant is received
- grants 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 grants received or receivable under the agreement.

All grants received by the Department have been grants 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 an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Department and the appropriation is recorded as contributed equity.

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

Any gain on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deducting the cost of the assets from the proceeds at that time.

Water recovery measures revenues
Revenues from water recovery measures includes monies invested by other jurisdictions in South Australian water recovery measures under The Living Murray initiative together with funds from the temporary trading of water entitlements.

Other revenues
Other income includes revenues received from pastoral leases, donated assets and recouped operating expenses.

(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 Department has attempted to identify all relevant transactions with SA Government entities/ non-SA Government entities.

The following are specific recognition criteria:

Employee benefit expenses
Employee benefit expenses includes 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 plans in respect of current services of current departmental staff. DTF centrally recognises the superannuation liability in the whole-of-government general purpose financial statements.

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

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

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

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

Land is not depreciated as the item is considered to have a non-diminishing unlimited useful life.

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	10-60
Leasehold improvements	Life of lease
Groundwater monitoring wells	2-100
Patawalonga seawater circulation and Barcoo outlet	7-97
Surface water monitoring network	8-69
Waste disposal stations	22
Salinity disposal schemes	28-86
Lower Murray embankments	200
Plant and equipment	3-42
Regulators	10

Grants and subsidies
For grants and subsidies payable, the grant/subsidy will be recognised as a liability and expense when the Department has a present obligation to pay the grant/subsidy and the expense recognition criteria are met.

All grants and subsidies paid by the Department have been grants/subsidies 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.

Payments to SA Government
Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy, taxation revenues and expiation fees received on behalf of the Government and paid directly to the Consolidated Account.

Payments of $14.141 million were paid to the Consolidated Account in 2009-10 ($nil).

(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 Department has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

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

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

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

The Department has attempted to identify all relevant transactions with SA Government entities/ non-SA Government entities.

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 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 and other accruals.

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

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

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

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. The Department's inventories include plants and materials held by State Flora and the Branched Broomrape Eradication Program.

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

  All non-current tangible assets with a value equal to or in excess of $5000 are capitalised.

  Minor assets with an individual value of less than $5000 are expensed in the Statement of Comprehensive Income at the time of acquisition, with the exception of groundwater monitoring wells and the Surface Water Monitoring Network due to the significant number and long useful lives of the assets contained within these classes. All assets for these classes have been recognised in the Statement of Financial Position regardless of their initial cost of acquisition.

  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.

- *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.

  If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, when they are revalued to fair value. An independent valuation appraisal will be performed at least every five years.

  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.

- *Revaluation of non-current assets (continued)*
  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 revaluations surplus for that asset class.

  In relation to the groundwater monitoring wells and surface water monitoring wells, accumulated depreciation as at the revaluation date has been eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets. For other property, plant and equipment assets that have been subject to an independent revaluation both the replacement cost and the associated accumulated depreciation have been presented on a gross basis. In 2009-10 assets relating to the Patawalonga seawater circulation and Barcoo outlet and the salinity disposal schemes were revalued and reported using the gross basis.

  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. 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 infinite. The Department has intangible assets with finite and infinite lives.

No amortisation is applied to water entitlements (included in acquired intangible assets) as these have been assessed as having an infinite term of future economic benefits.

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 $5000.

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

(m) Liabilities

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

Where a liability line item combine amounts to be 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.

The Department has attempted to identify all relevant transactions with SA Government entities/ non-SA Government entities.

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 30 June 2010. 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 30 June 2010 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 the 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 and externally managed superannuation schemes.

(n) Leases

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

The Department has not entered into any finance leases, but has entered into non-cancellable operating lease arrangements for office accommodation where the lessor effectively retains all of the risks and benefits incidental to ownership of the items held under the operating 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.

(o) Financial guarantees

The Department has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at reporting date (there was no material liability recognised for financial guarantee contracts in the previous reporting period).

(p) 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 are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

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

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

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.

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 the long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

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

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

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

(q) 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.

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

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.

(r) Interests in joint ventures

Cooperative Research Centres

The Department participates in a number of joint ventures through its interests in Cooperative Research Centres (CRCs).

While CRCs have the characteristics of joint ventures, they are not material to the Department and no separate disclosure for 2010 has been made in accordance with the AASB 131.

A CRC is a research initiative of the Commonwealth Government established to pursue specific areas of research. One of the desired outcomes of a CRC is the creation of specific intellectual property with commercial value. There are usually a number of participants involved with CRCs, which also often have a significant research focus (eg Commonwealth Scientific and Industrial Research Organisation (CSIRO), universities and private sector bodies).

The funding of a CRC is usually coordinated through a centre agent who is appointed generally from one of the participating entities.

Transactions between the CRCs and the Department are accounted for in terms of general revenue and expenditure.

In 2009-10, the Department contributed $1.369 million ($1.424 million) in both cash and in-kind support for the following CRCs:

- CRC for Future Farm Industries
- CRC for Invasive Animals
- CRC for Desert Knowledge
- CRC for E-Water.

NRM Research Alliance

The NRM Research Alliance (the Alliance) comprises all eight regional Natural Resources Management (NRM) Boards, the NRM Council, South Australia's State natural resources management agencies (Department for Environment and Heritage, Department of Water, Land and Biodiversity Conservation, Department of Primary Industries and Resources), CSIRO and South Australia's three universities.

The relevant stakeholders have established the purpose of the Alliance to be to:

- foster and strengthen linkages between the users and providers of NRM science, technology and innovation

- foster and strengthen collaboration between providers of NRM science, technology and innovation to increase capacity and capability

- provide strategic advice on the adoption of NRM science, technology and innovation

- attract and direct investment into NRM science, technology and innovation that will support improved NRM outcomes.

The Alliance's activities are administered through a deposit account held with the Treasurer.

In 2009-10, the Department contributed $198 000 ($133 000) in both cash and in-kind support to the Alliance.

Murray-Darling Basin Authority

The Department administers the State's interest in the Murray-Darling Basin Authority (MDBA). These transactions are reflected in the administered statements. Note A10 of the administered statements refers to changes in accounting for the MDBA, which came into being on 15 December 2008.

3. New and revised accounting standards and 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 financial statements of the Department.

4. Activities of the Department

In achieving its objective, the Department provides a range of services classified into the following activities:

Activity 1: Natural Resources Management
The management of natural resources in South Australia, including the provision of advice and regulatory support for the Government and community; and facilitating the allocation and sustainable use of natural resources.

Activity 2: Natural Resources Management (River Murray)
The management of natural resources in the Murray-Darling Basin in South Australia, including the provision of advice and regulatory support for government and community; and facilitating the allocation and sustainable use of natural resources.

Activity 3: Water security
Coordinating and leading the development of water security policy across government.

The disaggregated disclosures schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2010 and 30 June 2009.

5. Employee benefit expenses

	2010	2009
	$'000	$'000
Salaries and wages	37 114	35 423
Superannuation	4 504	4 609
Annual leave	3 172	3 361
Long service leave	2 186	1 715
Workers compensation	260	109
TVSPs (refer below)	3 859	-
Board and committee fees	217	214
Payroll tax	2 413	2 242
Total employee benefit expenses	53 725	47 673

TVSPs

Amount paid to these employees:		
TVSPs	3 859	-
Annual leave and long service leave paid during the reporting period	1 144	-
	5 003	-
Recovery from DTF	3 635	-
Net cost to agency	1 368	-

The number of employees who received a TVSP during the reporting period was 29 (0).

Employee remuneration

The table below 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 or receivable by these employees for the year was $10.125 million ($8.849 million).

The number of employees whose remuneration of $100 000 or more during the year, falls within the following bands:	2010 Number	2009 Number
$100 000 - $109 999	38	30
$110 000 - $119 999	16	13
$120 000 - $129 999	5	5
$130 000 - $139 999	2	5
$150 000 - $159 999	2	2
$160 000 - $169 999	3	1
$170 000 - $179 999	-	2
$180 000 - $189 999	2	3
$190 000 - $199 999	3	1
$200 000 - $209 999	-	2
$220 000 - $229 999	1	2
$230 000 - $239 999	-	1
$240 000 - $249 999	1	-
$250 000 - $259 999	1	-
$290 000 - $299 000	-	1
$300 000 - $309 999	1	-
$310 000 - $319 999	1	-
$340 000 - $349 999*	1	-
Total	77	68

* Reflects one employee who received a TVSP whose normal remuneration would have exceeded $100 000 during the reporting period.

6. Supplies and services

	2010 $'000	2009 $'000
Contractors	34 455	27 203
Service level determination	2 735	3 137
Accommodation	4 527	3 743
Vehicles	2 272	2 313
Computing	1 044	936
Travel and accommodation	1 389	1 465
Printing, publishing and stationery	784	608
Telephones	669	639
Chemical analysis	645	736
Minor plant and equipment purchases	2 015	1 830
Maps, photographs and plans	34	205
Consultancies	928	798
Materials and consumables	1 027	1 047
Equipment repairs and maintenance	365	612
Advertising, exhibition and promotion	2 430	543
Legal fees	419	430
Staff development	1 214	1 122
Other supplies and services	1 668	2 221
Total supplies and services	58 620	49 588

Consultants

	2010 Number	2010 $'000	2009 Number	2009 $'000
The number and dollar amount of consultancies paid/ payable (included in consultancies expense) that fell within the following bands:				
Below $10 000	65	220	31	106
Between $10 000 and $50 000	20	295	14	312
Above $50 000	4	413	5	380
Total	89	928	50	798

Supplies and services provided by entities within the SA Government

	2010 $'000	2009 $'000
The following supplies and services (included in the supplies and services expense amounts shown above) were provided by entities within the SA Government:		
Contractors	9 925	14 596
Service level determination	2 724	3 137
Accommodation	3 553	3 044
Vehicles	1 840	1 886
Computing	36	48
Travel and accommodation	17	24
Printing, publishing and stationery	78	44
Telephones	436	416
Chemical analysis	48	27
Minor plant and equipment purchases	6	13
Maps, photographs and plans	1	110
Materials and consumables	9	8
Equipment repairs and maintenance	5	93
Advertising, exhibition and promotion	44	84
Legal fees	413	376
Staff development	30	55
Other supplies and services	470	691
Total supplies and services	19 635	24 652

7. Depreciation and amortisation expense

	2010	2009
Patawalonga seawater circulation and Barcoo outlet	355	355
Groundwater monitoring wells	584	584
Plant and equipment	508	526
Salinity disposal schemes	349	349
Surface water monitoring network	59	58
Waste disposal stations	108	63
Buildings	64	40
Lower Murray embankments	50	-
Regulators	813	-
Intangible assets	882	893
Total depreciation and amortisation expense	3 772	2 868

8. Grants and subsidies

	2010 $'000	2009 $'000
Murray-Darling Basin Authority	24 388	23 341
Department of Primary Industries and Fisheries (Qld) - Red imported fire ants	585	426
Irrigators - Lower Murray reclaimed irrigation areas	320	1 121
Lake Eyre Basin - Environment Australia	-	241
River Murray E-Flows Fund	-	5 000
River Murray Improvement program	1 411	1 146
Dog Fence Board - transfer of subsidy	463	438
Transfer to NRM Fund in respect of appropriations allocated to the regional NRM Boards(1)	3 400	3 342
Murray Futures:		
Integrated pipelines	87 028	23 740
Lower Lakes, Coorong adaptive management	7 614	2 885
River industry renewal	348	-
Rainwater tank rebate scheme	-	2 773
Branched broomrape eradication	420	578
Drought emergency measures	1 505	-
Stormwater projects	7 035	-
Other grants	4 803	2 587
Total grants and subsidies - non-SA Government entities	139 320	67 618

(1) Excludes appropriations received by the Department under administered items ($400 000) in respect of the South Australian Arid Lands Natural Resources Management Board.

Grants and subsidies paid/payable to entities within the SA Government

The following grants and subsidies (included in the grants and subsidies amounts shown above) were provided to entities within the SA Government:

	2010 $'000	2009 $'000
River Murray Improvement program	1 411	1 146
Dog Fence Board - transfer of subsidy	463	438
Transfer to NRM Fund in respect of appropriations allocated to the regional NRM Boards(1)	3 400	3 342
Rainwater tank rebate scheme (SA Water)	-	2 773
Branched broomrape eradication	415	578
Murray Futures:		
Integrated pipelines	6 973	23 740
Lower Lakes, Coorong adaptive management	7 614	2 885
River industry renewal	348	-
Drought emergency measures	1 505	-
Stormwater projects	1 654	-
Other grants	2 063	677
Total grants and subsidies - SA Government entities	25 846	35 579

9. Water recovery/acquisition expenses

Water recovery/acquisition expenses paid/payable to entities external to the SA Government:

	2010 $'000	2009 $'000
The Living Murray water recovery projects	-	62 758
The Living Murray water acquisition	-	10 500
Survival of permanent plantings	-	24 352
Environmental water acquisitions - Lower Lakes	7 124	17 536
Other water recovery projects	-	1 488
Total water recovery/acquisition expenses - non-SA Government entities	7 124	116 634

Water recovery/acquisition expenses paid/payable to entities within the SA Government:

The following water recovery/acquisition expenses (included in the water recovery/acquisition amounts shown above) were provided to entities within the SA Government:

	2010 $'000	2009 $'000
The Living Murray water acquisition (Department of Primary Industries and Resources)	-	10 500
Survival of permanent plantings (SA Water)	-	24 352
Environmental water acquisitions - Lower Lakes (SA Water)	7 124	17 536
Water recovery/acquisition expenses paid/payable to entities within the SA Government	7 124	52 388

Refer to notes 11 and 16 for the funding sources supporting the above recovery/acquisition expenses.

10. Other expenses

Other expenses paid/payable to entities external to the SA Government:

	2010 $'000	2009 $'000
Bad and doubtful debts	5	(25)
External auditors remuneration	241	247
Sundry	50	60
Total other expenses	296	282

10. Other expenses

	2010 $'000	2009 $'000
Other expenses paid/payable to entities within the SA Government:		
The following other expenses (included in the other expenses amount shown above) were paid/payable to entities within the SA Government:		
External auditors remuneration	196	225
Sundry	25	26
Total other expenses - SA Government entities	221	251

External auditor's remuneration

External auditor's remuneration (included in the external auditors remuneration expense amount shown above) represents amounts paid/payable to the Auditor-General's Department for audit services. No other services were provided by the Auditor-General's Department.

	2010 $'000	2009 $'000
Audit fees paid/payable to the Auditor-General's Department	196	225
Total audit fees paid/payable to the Auditor-General's Department	196	225

11. Revenues from (payments to) SA Government

Revenues from SA Government:		
Appropriation from Consolidated Account pursuant to the *Appropriation Act*	98 331	108 353
Appropriations under contingencies	14 728	43 824
Total revenues from SA Government	113 059	152 177
Payments to SA Government		
Other payments to the Consolidated Account	14 141	-
Total payments to SA Government	14 141	-

The revenues from SA Government include $22.1 million ($25.3 million) which was paid into the Save the River Murray Fund (the Fund), from the proceeds of the Save the River Murray levy which was introduced in the second quarter of the 2003-04 financial year. The Fund was established under section 100 of the *Waterworks Act 1932* (the Act) and monies credited to the Fund may only be applied to purposes set out in the Act. The total monies applied from the Fund were $17.622 million ($37.985 million). A special purpose financial report is prepared for the Fund.

12. Revenues from fees and charges

	2010 $'000	2009 $'000
Sale of goods and services	9 532	12 172
Taxation revenue	759	927
Fees, levies and licences	1 168	1 419
Service recoveries	122	714
Total revenues from fees and charges	11 581	15 232
Fees and charges received/receivable from entities within the SA Government:		
The following fees and charges (included in the fees and charges revenues shown above) were received/receivable from entities with the SA Government:		
Sale of goods and services	4 903	8 197
Fees, levies and licences	20	33
Service recoveries	112	682
Total fees and charges received/receivable from entities within the SA Government	5 035	8 912

13. Interest revenues

Interest revenue from entities within the SA Government	1 426	564
Other interest	1	4
Total interest revenues	1 427	568

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

Waste disposal stations:		
Proceeds from disposal	-	-
Net book value of assets disposed	(11)	-
Net loss from disposal	(11)	-
Plant and equipment:		
Proceeds from disposal	8	27
Net book value of assets disposed	(4)	(4)
Net gain from disposal	4	23
Total assets:		
Proceeds from disposal	8	27
Net book value of assets disposed	(15)	(4)
Total net (loss) gain from disposal of non-current assets	(7)	23

15. Grant revenues

	2010	2009
(a) Grant revenues from the Commonwealth	$'000	$'000
Department of Agriculture Fisheries and Forestry - Branched Broomrape Eradication Program	1 230	1 168
National Water Commission - National Water Initiative:		
Mount Lofty Ranges	-	3 745
Implementation	5 516	2 979
South East	904	1 602
Fractured Rock	247	622
Restoring Flows to the Wetlands in the Upper South East of SA	5 055	761
Bureau of Meteorology	2 763	1 822
Murray-Darling Basin Authority - Goolwa channel	5 803	863
Murray Futures:		
Lower Lakes, Coorong adaptive management	12 539	3 000
Riverine recovery	2 025	675
Integrated pipeline	91 438	25 240
River industry renewal	348	-
Lake Albert Water Level Management project (MDBA)	-	11 212
The Living Murray	-	7 313
Stormwater project administration	5 110	-
Environmental works and measures projects	612	-
Other	670	151
Total grant revenues from the Commonwealth	134 260	61 153
(b) Grant revenues from SA Government		
Department for Environment and Heritage	-	34
South East Natural Resources Management Board	-	834
South Australian Arid Lands Natural Resources Management Board	-	145
Native Vegetation Fund	-	368
NRM Alliance	-	499
South Australian Water Corporation - Murray Futures Executive	-	800
State NRM program	5 893	2 397
Environmental Works and Measures project	106	-
Survival of Permanent Plantings	1 141	-
Lake Albert Water Level Management project (Department for Environment and Heritage)	1 540	-
Other	871	226
Total grant revenues from SA Government	9 551	5 303
(c) Grant revenues from National Action Plan		
Grant revenue State National Action Plan unmatched:		
Administration contribution	-	415
Other	-	254
Total grant revenues from State National Action Plan unmatched	-	669
Grant revenues from National Action Plan joint Commonwealth and State funding:		
Lower Murray Reclaimed Irrigation Areas	-	1 108
Salt Interception Scheme - Regional Disposal Strategy	703	200
Salt Interception Scheme - Murtho	195	91
Salt Interception - Chowilla	-	332
Salt Interception Scheme - Other	84	166
Upper South East Salinity Accession - (Centre for Natural Resource Management)	-	65
Centre for Natural Resource Management	-	126
Imagery baseline data Natural Resources Management planning monitoring and evaluation	-	892
National Action Plan Drawdown (Upper South East program)	6 390	-
Other	597	119
Total grant revenues from National Action Plan joint Commonwealth and State funding	7 969	3 099
Total grant revenues from National Action Plan	7 969	3 768
(d) Grant revenues from Natural Heritage Trust		
Administration of National Landcare Community Support	-	60
Other	-	170
Total grant revenues from Natural Heritage Trust	-	230
(e) Grant revenues from other entities		
Branched Broomrape Eradication program (other SA Governments)	1 021	970
Cooperative Research Centre Flora Search	-	75
Sundry grants and contribution	149	303
Total grant revenues from other entities	1 170	1 348
Total grant revenues	152 950	71 802

16. Water recovery measures revenues

	2010 $'000	2009 $'000
The Living Murray	-	21 251
Total water recovery measures revenues	-	21 251

Whilst no funding was received in relation to The Living Murray initiative in 2010, $7.313 million was received from the Commonwealth Government in 2009.

Revenues received in 2009 pursuant to The Living Murray constituted monies invested by other jurisdictions in South Australian water recovery measures under The Living Murray initiative. These monies, together with funds generated through the temporary trade of water entitlements, were paid into a separate deposit account held with the Treasurer.

17. Other revenues

	2010 $'000	2009 $'000
Operating expenses recouped	300	48
Pastoral leases	1 015	904
Donated assets	-	166
Other revenue	365	464
Total other revenue	1 680	1 582
Other revenues received/receivable from entities within the SA Government:		
The following other revenues (included in the other revenues shown above) were received/receivable from entities within SA Government:		
Operating expenses recouped	243	30
Donated assets	-	166
Other revenue	86	312
Total other revenue received/receivable from entities within the SA Government	329	508

18. Cash and cash equivalents

	2010 $'000	2009 $'000
Deposits with the Treasurer	28 860	26 232
Cash on hand and imprest accounts	31	32
Other	8	8
Total cash and cash equivalents	28 899	26 272

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.

Interest rate risk

Cash on hand is non-interest bearing. Deposits at call and with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

19. Receivables

	2010 $'000	2009 $'000
Current:		
Receivables(1)	13 084	18 273
Allowance for doubtful debts	(43)	(38)
	13 041	18 235
Accrued interest	95	61
GST receivables	3 189	3 187
Workers compensation recoveries	21	21
Total current receivables	16 346	21 504
Receivables from entities within the SA Government:		
The following receivables (included in the receivables shown above) were received/receivable from entities within SA Government		
Receivables	465	4 312
Allowance for doubtful debts	-	-
	465	4 312
Accrued interest	95	61
Workers compensation recoveries	21	21
Total receivables from entities within the SA Government	581	4 394

(1) Following a change in Commonwealth funding arrangements, effective from January 2009, the Department has identified an adjustment required to the carrying value of a receivable at 30 June 2009. In accordance with AASB 108 the Department has recognised this adjustment as a prior period error. The effect of the adjustment was to reduce the balance of receivables and retained earnings at 1 July 2009 by $1.16 million.

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (ie calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired. An allowance for impairment loss has been recognised in 'Other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists. The allowance for doubtful debts was increased by $5000 in 2009-10.

Interest rate risk 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.

20. Inventories

	2010 $'000	2009 $'000
Materials at cost	1 708	1 576
Total inventories	1 708	1 576

Cost of inventories

The cost of inventories recognised as an expense for raw materials and consumables was $1.389 million. The net change in inventories held for distribution and other inventory for the period is $110 400 and $21 400 respectively.

21. Property plant and equipment

	2010 $'000	2009 $'000
Land:		
Independent valuation(ii)	2 115	2 115
At cost(i)	166	166
Total land	2 281	2 281
Buildings and improvements:		
Independent valuation(ii)	3 079	3 079
At cost(i)	125	125
Accumulated depreciation	(1 784)	(1 720)
Total buildings and improvements	1 420	1 484
Groundwater monitoring wells:		
Independent valuation(ii)	17 924	17 924
At cost(i)	221	221
Accumulated depreciation	(2 424)	(1 840)
Total groundwater monitoring wells	15 721	16 305
Surface water monitoring network:		
Independent valuation(ii)	2 474	2 474
Accumulated depreciation	(175)	(116)
Total surface water monitoring network	2 299	2 358
Waste disposal stations:		
Independent valuation(ii)	5 210	5 210
At cost (deemed fair value)(i)	511	215
Accumulated depreciation	(2 994)	(2 986)
Total waste disposal stations	2 727	2 439
Patawalonga seawater circulation and Barcoo outlet:		
Independent valuation(ii)	30 774	20 545
At cost (deemed fair value)(i)	528	31
Accumulated depreciation	(6 681)	(1 586)
Total Patawalonga seawater circulation and Barcoo outlet	24 621	18 990
Salinity disposal schemes:		
Independent valuation(ii)	44 972	20 031
Accumulated depreciation	(16 661)	(1 395)
Total salinity disposal schemes	28 311	18 636
Lower Murray embankments:		
Independent valuation(ii)	10 062	10 062
Accumulated depreciation	(4 729)	(4 679)
Total Lower Murray embankments	5 333	5 383
Regulators:		
At cost (deemed fair value)(i)	10 167	-
Accumulated depreciation	(813)	-
Total regulators	9 354	-
Plant and equipment:		
At cost (deemed fair value)(i)	7 163	6 636
Accumulated depreciation	(5 617)	(5 125)
Total plant and equipment	1 546	1 511
Capital works in progress:		
Capital works in progress(i)	3 742	3 730
Total capital works in progress	3 742	3 730
Total property, plant and equipment	97 355	73 117

Carrying amounts of property plant and equipment

Classes of property, plant and equipment are valued as follows:

(i) *At cost (acquisition cost)*

This class includes one or more items that have an acquisition cost. All assets within this class are temporarily held at cost pending revaluation that occurs no later than five years from acquisition date.

(ii) *Independent valuation*

These assets are valued separately by independent professional valuers.

Asset revaluations

The Patawalonga seawater circulation and Barcoo outlet and salinity disposal schemes were independently revalued during the reporting period. The following table details all revaluations undertaken in recent years for each class of asset.

Asset class	*Date of last independent valuation*	*Name of valuer*
Land and buildings	30 June 2009	Southwick Goodyear Pty Ltd
Groundwater monitoring wells	30 June 2006	GHD Pty Ltd
Surface Water Monitoring Network	30 June 2007	Valcorp Pty Ltd
Waste disposal stations	30 June 2009	Valcorp Pty Ltd
Patawalonga seawater circulation and Barcoo outlet	30 June 2010	Currie and Brown Pty Ltd
Salinity disposal schemes	30 June 2010	Currie and Brown Pty Ltd
Lower Murray embankments	30 June 2009	Valcorp Pty Ltd
Plant and equipment*	-	-

* Plant and equipment have been brought to account at cost or at officers' valuation for initial recognition purposes.

Movement reconciliation of property, plant and equipment

2010	Land	Buildings	Ground-water monitoring wells	Surface water monitoring network	Waste disposal stations	Patawalonga seawater circulation
Carrying amount:	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July	2 281	1 484	16 305	2 358	2 439	18 990
Additions	-	-	-	-	443	497
Transfers to (from) capital work in progress	-	-	-	-	-	-
Transfers to intangible assets	-	-	-	-	-	-
Depreciation expense	-	(64)	(584)	(59)	(108)	(355)
Net revaluation (decrement) increment	-	-	-	-	(36)	5 489
Disposals	-	-	-	-	(11)	-
Carrying amount as at 30 June	2 281	1 420	15 721	2 299	2 727	24 621

	Salinity disposal schemes	Lower Murray embank-ments	Regulators	Plant and equipment	Capital work in progress	2010 Total
Carrying amount:	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July	18 363	5 383	-	1 511	3 730	73 117
Additions	-	-	9 434	437	3 560	14 371
Transfers to (from) capital work in progress	-	-	733	110	(843)	-
Transfers to intangible assets	-	-	-	-	(2 705)	(2 705)
Depreciation expense	(349)	(50)	(813)	(508)	-	(2 890)
Net revaluation (decrement) increment	10 024	-	-	-	-	15 477
Disposals	-	-	-	(4)	-	(15)
Carrying amount as at 30 June	28 311	5 333	9 354	1 546	3 742	97 355

2009	Land	Buildings	Ground-water monitoring wells	Surface water monitoring network	Waste disposal stations	Patawalonga seawater circulation
Carrying amount:	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July	3 475	883	16 889	2 416	1 068	19 345
Transfers between classes	(2 245)	126	-	-	-	-
Additions	-	-	-	-	215	-
Transfers to (from) capital work in progress	166	-	-	-	-	-
Transfers to (from) intangible assets	-	-	-	-	-	-
Depreciation expense	-	(40)	(584)	(58)	(63)	(355)
Net revaluation increment (decrement)	885	515	-	-	1 219	-
Disposals	-	-	-	-	-	-
Carrying amount as at 30 June	2 281	1 484	16 305	2 358	2 439	18 990

Movement reconciliation of property, plant and equipment (continued)

2009 (continued)	Salinity disposal schemes	Lower Murray embank-ments	Regulators	Plant and equipment	Capital work in progress	2009 Total
Carrying amount:	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July	18 985	-	-	1 615	1 745	66 421
Transfers between classes	-	2 244	-	72	(197)	-
Additions	-	-	-	354	3 730	4 299
Transfers to (from) capital work in progress	-	-	-	-	-	166
Transfers to (from) intangible assets	-	-	-	-	(1 548)	(1 548)
Depreciation expense	(349)	(4 679)	-	(526)	-	(6 654)
Net revaluation increment (decrement)	-	7 818	-	-	-	10 437
Disposals	-	-	-	(4)	-	(4)
Carrying amount as at 30 June	18 636	5 383	-	1 511	3 730	73 117

Assets not recognised

- *Acquisition of water licences for environmental flows*
  While the Department recognises certain water licences controlled by the Minister for the River Murray as intangible assets at 30 June 2009 (refer note 22), the acquisition and transfer of water licences for environmental purposes is generally expensed when such expenditure is incurred (refer previous comments here above).

  The decision not to capitalise these expenditures is linked to the provisions of the Intergovernmental Agreement (the Agreement) signed in June 2004, to which the State of South Australia is a party.

  The Agreement gives effect to a decision by the southern Murray-Darling Basin jurisdictions to commit $500 million over five years to address water over-allocation in the Murray-Darling Basin with an initial focus on achieving specific environmental outcomes for six significant ecological assets along the River Murray.

  The Living Murray business plan is provided for under clause 13 of the Agreement and describes how the actions and milestones in the Agreement are to be achieved.

  The Department is acting to meet the agreed milestones and has acquired water licences for transfer to the eligible measures register and subsequently to the environmental measures register, consistent with this objective.

  The transactions pertaining to the acquisition of water licences and subsequent application of these licences, together with other financial investments in eligible and environmental measures, have been expensed on the basis that the future economic benefits attaching to these transactions are not expected to flow directly to the Department. This excludes water licences that have been subject to temporary trading during the reporting period.

- *Upper South East Drainage Scheme*
  The Department receives funding under the National Action Plan for Salinity and Water Quality to construct drainage assets for the Upper South Eastern Region of South Australia. On completion these assets are managed and maintained by the South Eastern Water Conservation and Drainage Board.

  The future economic benefits that will be derived from these assets are expected to be received by the South Eastern Water Conservation and Drainage Board and not the Department. As a consequence the amounts expended on these assets are recognised in the Department's Statement of Comprehensive Income in the form of employee expenditures, operating costs and grant payments and are not capitalised.

Salt Interception Schemes
The Department receives funding from the National Action Plan for Salinity and Water Quality, and contributes to the construction of the salt interception assets for the Bookpurnong and Loxton Schemes. Upon completion these assets are managed and maintained by the MDBA, and the Department funds its share of these costs.

The future economic benefits that will be derived from these assets are expected to be received by the MDBA and not the Department. As a consequence the amounts expended on these assets are not capitalised, but are recognised in the Department's Statement of Comprehensive Income in the form of employee expenditures, operating costs and grant payments.

22. Intangible assets

	2010	2009
Internally developed intangible assets:	$'000	$'000
Internally developed computer software - at cost (deemed fair value)	14 171	6 230
Accumulated amortisation	(2 815)	(2 004)
Total internally developed intangible assets	11 356	4 226
Externally acquired intangible assets:		
Computer and water licences	3 292	3 033
Accumulated amortisation	(291)	(221)
Total externally acquired intangible assets	3 001	2 812
Total intangible assets	14 357	7 038

Intangible assets
The Department recognises the following intangible assets:

- *Water licences – acquired in the market*
  While the acquisition and transfer of water licences for environmental purposes are generally expensed when such expenditure is incurred, there may be points during which the nature of such assets is transformed due to policy decisions. Ultimately these licences will be applied for environmental purposes and the accounting treatment will be to expense the purchases.

- *Water licences – acquired at no cost*
  An intangible asset for water licences has been recognised. The asset was initially acquired for nil consideration prior to 1 July 2005. A reliable fair value at the time of acquisition was not available. The assets were recognised for the first time at fair value as at 30 June 2006. Fair value was determined by observing prices in the water trading market as at 30 June 2006.

- *Intangible assets (computer software)*
  The internal development of software is capitalised by the Department when the expenditure meets the definition and recognition criteria of an intangible asset outlined in AASB 138 and when the amount of expenditure is greater than or equal to $10 000, in accordance with APF III, APS 2.15. 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. The Department has capitalised the internal development of software for the Water Information and Licensing and Management Application system (WILMA). In addition, certain costs have been capitalised in respect of the Natural Resources Management Information System and other software specific to the Department's core activities. Some intangibles are currently included in work in progress.

Intangible asset movement reconciliation schedule	Internally developed	Externally acquired	Total
2010	$'000	$'000	$'000
Carrying amount at 1 July	4 226	2 812	7 038
Additions - acquisitions	5 386	110	5 496
Additions - transfers from capital work in progress	2 555	150	2 705
Depreciation expense	(811)	(71)	(882)
Carrying amount as at 30 June	11 356	3 001	14 357
2009			
Carrying amount at 1 July	2 933	2 812	5 745
Additions - acquisitions	576	62	638
Additions - transfers from capital work in progress	1 548	-	1 548
Depreciation expense	(831)	(62)	(893)
Carrying amount as at 30 June	4 226	2 812	7 038

23. Payables

	2010	2009
Current:	$'000	$'000
Creditors and accrued expenses	19 185	12 528
Employee benefit on-costs	832	730
Total current payables	20 017	13 258
Current payables to entities within the SA Government:		
The following payables (included in the payables shown above) were payable to entities within the SA Government:		
Creditors and accrued expenses	6 915	7 284
Employee benefit on-costs	371	377
Total current payables to entities within the SA Government	7 286	7 661
Non-current:		
Employee benefit on-costs	1 072	1 109
Total non-current payables	1 072	1 109
Non-current payables to entities within the SA Government:		
The following payables (included in the payables shown above) were payable to entities within the SA Government:		
Employee benefit on-costs	504	498
Total current payables to entities within the SA Government	504	498

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

24. Employee benefits

	2010	2009
Current:	$'000	$'000
Accrued salaries and wages	1 504	1 271
Annual leave	3 028	3 077
Long service leave	759	492
Total current employee benefits	5 291	4 840
Non-current:		
Long service leave	9 364	9 356
Total non-current employee benefits	9 364	9 356

As a result of 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. The net financial effect of the changes in the current financial year is an increase in the long service liability of $406 000 and employee benefit expense of $406 000.

25. Provisions

	2010	2009
Current:	$'000	$'000
Provision for workers compensation	146	140
Total current provisions	146	140
Non-current:		
Provision for workers compensation	473	400
Total non-current provisions	473	400

Provision movement

Carrying amount at 1 July	540	588
Additional provisions recognised	236	109
Amounts used	(157)	(157)
Carrying amount at 30 June	619	540

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.

26 Equity

	2010	2009
	$'000	$'000
Contributed capital	10 893	8 164
Retained earnings	61 213	57 521
Asset revaluation surplus	50 196	34 719
Total equity	122 302	100 404

27. Unrecognised contractual commitments

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	2 679	2 665
Later than one year but not later than five years	4 175	5 226
Later than five years	125	971
Total operating lease commitments	6 979	8 862

The Department's operating leases are non-cancellable and relate to office accommodation with penalty clauses equal to the amount of the residual payments remaining for the term of the lease. Options exist to renew the leases at the end of the term of the leases. Leases are payable one month in advance.

Capital commitments

	2010	2009
Commitments in relation to capital contracted for at the reporting date but not recognised as liabilities are payable as follows:	$'000	$'000
Within one year	-	4 216
Total capital commitments	-	4 216

In 2009, the Department's capital commitments related to the construction of environmental works and measures projects.

Remuneration commitments

Commitments for the payment of salaries and other remuneration under fixed term employment contracts in existence at the reporting date but not recognised as liabilities payable as follows:		
Within one year	7 395	9 608
Later than one year but not later than five years	7 397	6 121
Total remuneration commitments	14 792	15 729

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

Other expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:	2010 $'000	2009 $'000
Within one year	32 754	28 919
Later than one year but not later than five years	94 364	89 634
Total other commitments	127 118	118 553

The Department's other commitments are for agreements for National Red Imported Fire Ant Eradication program in Queensland, projects under the Save The River Murray Fund where funds are payable to other agencies undertaking work on behalf of the Department, contributions to the MDBA, infrastructure costs associated with The Living Murray – Water Recovery Program under inter-government agreements and management of biodiversity assets under the *Upper South East Dryland Salinity and Flood Management Act 2002* and cash and in-kind contributions to Co-Operative Research Centres.

28. Contingent assets and liabilities

The Department is not aware of the existence of any contingent assets or liabilities.

29. Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2010 financial year were:

Environmental Management Advisory Group - Upper South East

M R Bachmann#
R P Breen#
M C DeJong#
C R England
G G Ganf*
M C Geddes*
J Hosking - retired 19/12/09#
J L Hutson*
M Herpich - appointed 20/12/09#
R Johnson - retired 19/12/09#
R H Merry *
W S Meyer*
S A Mustafa#
J C Schilling#
T Milne - appointed 20/12/09*
S Vines - retired 19/12/09#
D Vears - appointed 20/12/09#
J W White*
G Wood#

Ministerial Advisory Committee on Branched Broomrape

J T Arney*
J A Berger
D N Cartwright#
M Cole*
A T Dendy - retired 17/9/09
J G Klitscher
R K Marks*
J Marszal*
J McGorman*
A M Piggott*
M Rossetto - appointed 6/10/09#
M L Thiele
P Warren#

Natural Resource Management Council

W A Bell
R M Bouchee
A C Cheshire*
G Gates
J E Leake - appointed 10/9/09
K J Lester
D R Mutton
V Russell
S R Starick
R B Wickes

Branched Broomrape Community Focus Group

J A Berger

Natural Resources Management Council Assessment Sub-Committee

C D Ball
A Crisp
J E Leake - appointed 10/9/09
R L Melland
V Russell
S R Starick
K J Stokes
G Webster - retired 31/12/09*

Natural Resources Management Volunteer Committee

M M Dennis*
L M Liddle#
H C MacDonald
N K Martin
D E Mitchell
J Pedler#
F M Simes#
A J Todd
F J Vickery
C Woolford

Natural Resources Management Council Aboriginal Statewide Advisory Committee

J Chester#
L A Crocker
H J Davey
C E Dodd
T J Hartman#
C Ireland - retired 7/11/09*
K J Lester
G Lewis
L M Liddle#
D Nicholls - retired 7/11/09*
A Simpson - retired 7/11/09#
F J Vickery
D C Walker*
K B Wanganeen#

Pastoral Board

B Anderson#
D B Bartsch - retired 13/10/09#
I Iwanicki
H K Lamont - appointed 13/9/09#
D G Lillecrapp
V M Linton#
L M Loan#
M P McBride
J Mould*
A S Oldfield
F J Vickery - appointed 13/9/09
R B Wickes

Upper South East Program Board

P J Alexander#
M C Bolster
R England - retired 19/12/09
A Gargett - retired 19/12/09#
C C Johnson
J Lillecrapp - retired 19/12/09
B Longstaff - appointed 20/12/09#
J L Osborne
N Power#
P L Rasenberg - appointed 20/12/09
C D Schweizer
G W Stopp
R B Wickes

29. Remuneration of board and committee members (continued)

Water Security Council

S W Ashby#	J V Hallion#	R L McLeod#
D Blackmore	A N Holmes#	D R Mutton - retired 29/4/10
L Bruce - appointed 2/4/10#	H M Fulcher#	I Nightingale#
P Caica#	A D Howe#	A K Sherbon#
B A Cunningham - retired 1/4/10*	G R Knight#	J W Weatherill#
C B Eccles#	K A Maywald#	J S Wright#
D W Flett		

South East Water Conservation and Drainage Board Act Review Reference Group (1)

F W Aslin	N K Martin	J S Ross
S J Kidman	B N McLaren	M Talanskas#

Border Groundwater Review Committee

B Cohen#	H Hopton#	N Power#

\# Denotes government employees.

* Denotes nil remuneration.

(1) No meetings were held during the year and therefore no remuneration was paid to eligible members.

The number of members whose remuneration received or receivable falls within the following bands:	2010 Number	2009 Number
$0 - $9 999	37	45
$10 000 - $19 999	3	4
$20 000 - $29 999	-	-
$30 000 - $39 999	1	-
$40 000 - $49 999	1	-
$50 000 - $59 999	-	1
Total	42	50

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 $189 000 ($200 000).

In accordance with the DPC Circular 16, government employees did not receive any remuneration for board/committee duties during the financial year. The exception being J Pedler (NRM Volunteer Committee) and L Liddle (NRM Volunteer Committee and NRM Council Aboriginal Statewide Advisory Committee), who sought and were granted exemption from the Chief Executive of DPC in accordance with clause 2.4 of Circular 16.

Unless otherwise disclosed, transactions between members and the Department 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.

For the purposes of this table, travel allowances and other out-of-pocket expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct out-of-pocket expenses incurred by relevant members.

30. Cash flow reconciliation

	2010	2009
Reconciliation of cash and cash equivalents at end of reporting period:	$'000	$'000
Cash at year end as per:		
Cash and cash equivalents disclosed in the Statement of Financial Position	28 899	26 272
Balance as per Statement of Cash Flows	28 899	26 272

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

	2010	2009
Net cash provided by (used in) operating activities	19 757	(26 743)
Cash flows from SA Government	(113 059)	(152 177)
Cash flows to SA Government	14 141	-
Non-cash items:		
Depreciation and amortisation expense of non-current assets	(3 772)	(2 868)
Bad debts expense	(5)	25
Disposal of non-current assets	(7)	23
Donated assets	-	166
Movement in assets and liabilities:		
(Decrease) Increase in receivables	(5 153)	13 789
Increase in inventories	132	227
Increase in payables	(6 722)	(5 931)
Increase in employee benefits	(459)	(764)
(Increase) Decrease increase in provisions	(79)	48
Net cost of providing services	(95 226)	(174 205)

31. 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.

		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	18	28 899	28 899	26 272	26 272
Loans and receivables:					
Receivables	19	16 346	16 346	21 504	21 504
Financial liabilities					
Financial liabilities at cost:					
Payables	23	21 089	21 089	14 367	14 367

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.

Ageing analysis of financial assets

The following table discloses the ageing of financial assets, and the ageing of impaired 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	13 648	874	1 867	16 389
Impaired:				
Receivables	-	-	(43)	(43)
2009				
Not impaired:				
Receivables	18 293	793	2 456	21 542
Impaired:				
Receivables	-	-	(38)	(38)

Maturity analysis of financial assets and liabilities

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

	Contractual maturities		
	Less than 1 year	1-5 years	Carrying amount
2010			
Financial assets:	$'000	$'000	$'000
Cash and cash equivalents	28 899	-	28 899
Receivables	16 346	-	16 346
Total financial assets	45 245	-	45 245
Financial liabilities:			
Payables	21 089	-	21 089
Total financial liabilities	21 089	-	21 089
2009			
Financial assets:			
Cash and cash equivalents	26 272	-	26 272
Receivables	21 504	-	21 504
Total financial assets	47 776	-	47 776
Financial liabilities:			
Payables	14 367	-	14 367
Total financial liabilities	14 367	-	14 367

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 appropriations by the SA Government as well as from grant payments received principally from the Commonwealth Government. The Department works with the DTF to determine the cash flows associated with its government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

Market risk

The Department has no interest bearing liabilities as at the end of the reporting period. There is no exposure to foreign currency or other price risks.

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

32. Events after the reporting period

Machinery of Government

On 18 May 2010 the Government announced its intention to undertake a 'Machinery of Government' restructure, effective from 1 July 2010. The Department's responsibilities will refocus on all aspects of water resources management in the State. Administrative activities previously undertaken by the Department in relation to natural resources management activities and for State Flora will be transferred to the Department for Environment and Natural Resources (DENR). Administrative responsibilities previously undertaken by the Department in relation to bio-security and biodiversity activities will be transferred to the Department of Primary Industries and Resources (PIRSA). The activities being transferred impact on 215 staff (143 to DENR and 72 to PIRSA). The financial effect of this restructure has not been reflected in the financial statements.

Goyder Institute for Water Research

The Department took a lead role in the establishment of the Goyder Institute for Water Research, announced in May 2010 by the Premier and the Federal Minister for Innovation. The Goyder Institute is a five-year, $50 million collaboration between the SA Government, CSIRO, the University of Adelaide, the Flinders University of South Australia and the University of South Australia. It will provide expert scientific advice to help the SA Government address the State's key water policy issues. The Department will commence making financial contributions, of $5 million per annum, to the Institute in 2010-11.

Statement of Administered Comprehensive Income for the year ended 30 June 2010

	Note	**2010 $'000**	2009 $'000
ADMINISTERED EXPENSES:			
Employee benefit expenses		**198**	259
Supplies and services		**43**	52
Grants and subsidies	A2	**47 212**	49 890
Payments to Consolidated Account		**423**	602
Payments to Natural Resources Management Boards	A3	**12 505**	12 559
Payments to South Eastern Water Conservation Drainage Board		**1 969**	1 921
Total administered expenses		**62 350**	65 283
ADMINISTERED INCOME:			
Revenues from SA Government	A4	**25 870**	26 794
Revenues from fees and charges	A5	**7 529**	7 466
Grant revenues	A6	**22 727**	23 712
Other revenues	A7	**619**	1 235
Total administered income		**56 745**	59 207
NET RESULT		**(5 605)**	(6 076)
OTHER COMPREHENSIVE INCOME:			
Gain on revaluation of interest in joint venture	A10	**51 554**	19 459
Total other comprehensive income		**51 554**	19 459
TOTAL COMPREHENSIVE RESULT		**45 949**	13 383

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**	2009
		$'000	$'000
ADMINISTERED CURRENT ASSETS:			
Cash and cash equivalents	A8	**16 582**	22 072
Receivables	A9	**5 439**	5 144
Total current assets		**22 021**	27 216
ADMINISTERED NON-CURRENT ASSETS:			
Interest in joint venture	A10	**718 059**	666 505
Land	A11	**32 938**	32 938
Total non-current assets		**750 997**	699 443
Total assets		**773 018**	726 659
ADMINISTERED CURRENT LIABILITIES:			
Payables	A12	**4 397**	3 987
Total current liabilities		**4 397**	3 987
Total liabilities		**4 397**	3 987
NET ASSETS		**768 621**	722 672
ADMINISTERED EQUITY:			
Asset revaluation surplus		**255 852**	204 298
Retained earnings		**512 769**	518 374
TOTAL EQUITY		**768 621**	722 672

Total administered equity is attributable to the SA Government as owner

Contingent assets and liabilities	A13

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		184 839	524 956	709 795
Error correction - receivables		-	(506)	(506)
Restated balance at 30 June 2008		184 839	524 450	709 289
Net result for 2008-09		-	(6 076)	(6 076)
Revaluation adjustment - interest in joint venture	A10	19 459	-	19 459
Total comprehensive result for 2008-09		19 459	(6 076)	13 383
Balance at 30 June 2009		204 298	518 374	722 672
Net result for 2009-10		-	(5 605)	(5 605)
Revaluation adjustment - interest in joint venture	A10	51 554	-	51 554
Total comprehensive result for 2009-10		51 554	(5 605)	45 949
Balance at 30 June 2010		**255 852**	**512 769**	**768 621**

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 benefit payments		**(198)**	(259)
Payments for supplies and services		**(43)**	(52)
Payments for grants and subsidies		**(47 212)**	(49 890)
Payments to Consolidated Account		**(813)**	-
Payments for Natural Resources Management Boards		**(11 706)**	(13 621)
Payments for South Eastern Water Conservation Drainage Board		**(1 969)**	(1 921)
Cash used in operations		**(61 941)**	(65 743)
CASH INFLOWS:			
Receipts from Government		**25 870**	26 794
Fees and charges		**7 236**	5 546
Grant receipts		**22 727**	23 712
Other receipts		**618**	1 349
Cash generated from operations		**56 451**	57 401
Net cash used in operating activities		**(5 490)**	(8 342)
NET DECREASE IN CASH AND CASH EQUIVALENTS	A8	**(5 490)**	(8 342)
CASH AND CASH EQUIVALENTS AT 1 JULY		**22 072**	30 414
CASH AND CASH EQUIVALENTS AT 30 JUNE	A8	**16 582**	22 072

All GST receipts and payments are recognised in the Department's Statement of Cash Flows.

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

(Activities - refer below)	1	2	3	4	5	6	7
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
ADMINISTERED EXPENSES:							
Employee benefit expenses	-	-	-	-	-	-	-
Supplies and services	33	-	7	3	-	-	-
Grants and subsidies	25	-	3	7 540	88	97	773
Payments to Consolidated Account	-	250	-	-	-	-	-
Payments to Natural Resources Management Boards	12 505	-	-	-	-	-	-
Payments to South East Water Conservation Drainage Board	-	-	-	-	-	-	-
Total administered expenses	12 563	250	10	7 543	88	97	773
ADMINISTERED INCOME:							
Revenues from SA Government	-	250	13	-	-	-	-
Revenues from fees and charges	7 593	-	-	-	-	-	-
Grant revenues	6 403	-	-	781	631	-	574
Other revenues	91	-	-	455	47	-	-
Total administered income	14 087	250	13	1 236	678	-	574
NET RESULT	**1 524**	**-**	**3**	**(6 307)**	**590**	**(97)**	**(199)**

(Activities - refer below)	8	9	10	11	12	**2010**	2009
	$'000	$'000	$'000	$'000	$'000	**$'000**	$'000
ADMINISTERED EXPENSES:							
Employee benefit expenses	-	-	-	198	-	**198**	259
Supplies and services	-	-	-	-	-	**43**	52
Grants and subsidies	19 178	14 602	4 308	3 921	(3 323)	**47 212**	49 890
Payments to Consolidated Account	-	-	-	173	-	**423**	602
Payments to Natural Resources Management Boards	-	-	-	-	-	**12 505**	12 559
Payments to South East Water Conservation Drainage Board	-	-	-	1 969	-	**1 969**	1 921
Total administered expenses	19 178	14 602	4 308	6 261	(3 323)	62 350	65 283
ADMINISTERED INCOME:							
Revenues from SA Government	-	14 500	4 308	6 799	-	**25 870**	26 794
Revenues from fees and charges	-	-	-	(64)	-	**7 529**	7 466
Grant revenues	17 522	139	-	-	(3 323)	**22 727**	23 712
Other revenues	26	-	-	-	-	**619**	1 235
Total administered income	17 548	14 639	4 308	6 735	(3 323)	56 745	59 207
NET RESULT	**(1 630)**	**37**	**-**	**474**	**-**	**(5 605)**	**(6 076)**

1. NRM Fund
2. Qualco-Sunlands
3. Pastoral Board
4. National Action Plan for Salinity and Water Quality
5. Natural Heritage Trust grants
6. Centre for NRM
7. NRM Alliance Fund
8. Caring for our Country
9. State NRM Program
10. Stormwater Management Authority
11. DWLBC Corporate administered items
12. Eliminations

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

(Activities - refer below)	1	2	3	4	5
ADMINISTERED ASSETS:	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	3 375	250	44	7 981	2 298
Receivables	4 853	-	-	46	6
Interest in joint ventures	-	-	-	-	-
Land	-	-	32 938	-	-
Total administered assets	8 228	250	32 982	8 027	2 304
ADMINISTERED LIABILITIES:					
Payables	3 206	250	3	-	4
Total administered liabilities	3 206	250	3	-	4
NET ASSETS	5 022	-	32 979	8 027	2 300

(Activities - refer below)	6	7	8	9	**2010 Total**
ADMINISTERED ASSETS:	$'000	$'000	$'000	$'000	**$'000**
Cash and cash equivalents	255	321	143	1 915	**16 582**
Receivables	-	1	72	461	**5 439**
Interest in joint ventures	-	-	-	718 059	**718 059**
Land	-	-	-	-	**32 938**
Total administered assets	255	322	215	720 435	**773 018**
ADMINISTERED LIABILITIES:					
Payables	255	-	135	544	**4 397**
Total administered liabilities	255	-	135	544	**4 397**
NET ASSETS	-	322	80	719 891	**768 621**

1. NRM Fund
2. Qualco-Sunlands
3. Pastoral Board
4. National Action Plan for Salinity and Water Quality
5. Natural Heritage Trust grants
6. NRM Alliance Fund
7. Caring for our Country
8. State NRM Program
9. DWLBC Corporate administered items

NOTES TO AND FORMING PART OF THE ADMINISTERED STATEMENTS

A1. Summary of significant administered accounting policies

The Department's accounting policies are contained in note 2 'Summary of significant accounting policies'. The policies outlined in note 2 apply to both the Department's controlled and administered items, unless otherwise noted below.

The administered items reflect an accumulation of the balances of each of the individual administered items. Transactions between individual administered items are not eliminated from the administered financial statements.

Some activities have been restructured to assist in the interpretation of the financial transactions relating to the Natural Resources Management Fund (NRM) Fund.

Specific provisions of the NRMA require that the following revenues be paid into the NRM Fund prior to being applied for the purposes of the NRMA:

- government appropriations (controlled and administered allocated in respect of the regional NRM Boards
- water levies
- penalties relating to water levies
- expiation fees and other penalties.

A1. Summary of significant administered accounting policies (continued)

Further commentary regarding these requirements under the NRMA is provided hereunder.

(a) Natural Resources Management Fund

The NRM Fund was established pursuant to subsection 117(1) of the NRMA. The Minister for Environment and Conservation (the Minister) administers the NRM Fund and may apply any part of the NRM Fund in making payments to the regional NRM Boards; in paying subsidies or making grants or other payments to NRM authorities or other persons or bodies for the purposes of the NRMA. This may also include making any payment required, or authorised by or under the NRMA or any other law.

The balance of the NRM fund at 30 June 2010 was $3.375 million ($2.426 million).

(b) Natural Resources Management Boards

The Natural Resources Management Boards (NRM Boards) were established pursuant to subsection 23(1) of the NRMA. The Department administers various revenues and expenses on account of the NRM Boards. Transactions relating to the NRM Boards are separately shown against this program description, which reflects both revenues and expenses administered by the Department in respect of the NRM Boards. These are:

(i) Grants

Grants include monies that had been previously distributed under the Animal Plant Control Commission and the Soil Conservation Council, for which the Department received appropriations and paid to the regional NRM Boards in the form of grants were as follows:

Regional NRM Board	2010	2009
	$'000	$'000
South Australian Murray-Darling Basin NRM Board	200	200
South East NRM Board	295	271
Northern and Yorke NRM Board	465	450
Kangaroo Island NRM Board	530	521
Alinytjara Wilurara NRM Board	700	700
South Australian Arid Lands NRM Board*	600	600
Eyre Peninsula NRM Board	610	600
	3 400	3 342

* Total payments distributed to the NRM Boards included an additional $400 000 received by the Department, included in 'Revenues from Government'. This represented administered appropriations received by the Department in respect of the South Australian Arid Lands NRM Board.

(ii) Water levies

Water levies are collected by the Department for prescribed water resources in regional NRM Boards under section 101 of the NRMA. The levies are subsequently paid to the regional NRM Boards pursuant to subsection 116(1)(a)(ii)(A) of the NRMA.

Levies raised by the department during 2009-10 were $6.75 million ($6.05 million). Unpaid levies at the end of the reporting period of $2.35 million ($1.654 million) have been recognised as current receivables. Receivables factor in adjustments in respect of financial relief provided to River Murray licensees, to offset 38 percent of their liability to pay the NRM water levies.

Levies received, but not yet paid to the regional NRM Boards at the end of the reporting period were $450 000 ($299 000). In addition, levy reduction payments of $905 000 was payable to the South Australian Murray-Darling Basin NRM Board. During the reporting period the following levies were raised in respect of the regions for which the levies were declared:

Regional NRM Board*	2010	2009
	$'000	$'000
South Australian Murray-Darling Basin NRM Board	3 740	3 617
South East NRM Board	1 811	1 639
Adelaide and Mount Lofty Ranges NRM Board	350	319
Eyre Peninsula NRM Board	385	369
South Australian Arid Lands NRM Board	404	106
Northern and Yorke NRM Board	67	-
	6 757	6 050

* Does not include penalties and other payments made or payable to regional NRM Boards. Refer note A5.

(iii) Penalties

Penalties declared in relation to the unauthorised or unlawful taking or use of water were raised pursuant to section 115 of the NRMA.

(iii) Penalties (continued)

In addition, to the penalties raised and received in respect of the NRMA, penalties were also received (though not raised) during 2009-10 under subsection 133(1)(a) of the *Water Resources Act 1997* (WR Act).

Subsection 115(5) of the NRMA and Regulation 9(d) of the Natural Resources Management (Financial Provisions) Regulations 2005 provide that section 116 of the NRMA applies to, and in relation to, a penalty declared under section 115 as if it were a water levy. The effect is that the penalty (and including any interest) so declared must be paid to the regional NRM Board for the region in respect of which the penalty was declared.

The levies pursuant to subsection 115(5) were paid to the regional NRM Boards, with the exception of unpaid penalty charges at the end of the reporting period of $2.957 million ($2.810 million). Of this amount, $462 000 ($699 000) related to penalties raised under the WR Act and $2.495 million ($2.111 million) under the NRMA.

Penalties received under the NRMA are payable to the regional NRM Boards and at 30 June 2010 the amount payable was $1.373 million ($941 000).

Penalties declared under subsection 133(1)(a) of the WR Act continued to be received during 2009-10, although no new penalties were raised. Penalties received under the WR Act and payable to the Treasurer's Consolidated Account at 30 June 2010 were $543 000 ($369 000).

(iv) Reimbursement of payroll tax

NRM Boards are compensated for the anticipated payroll tax expense they incur, with provision having been made in the administered items of the Department's budget on an ongoing basis since 2004-05. An appropriation of $1.002 million ($978 000) was received to fund the payroll tax expenses of the NRM Boards for 2009-10.

(v) Expiation fees and other penalties under the NRMA

Expiation fees and penalties are recovered in respect of offences against the NRMA (eg for unlawful possession of animals or plants). Unlike penalties declared under section 115 of the NRMA, they are not required to be paid to regional NRM Boards. No fees and/or penalties of this type were collected during 2009-10.

(c) Qualco-Sunlands

The *Ground Water (Qualco-Sunlands) Control Act 2000* (GW(QS)C Act) established a scheme to be managed by a Trust to prevent, and reverse, the salinisation and water logging of horticultural land due to irrigation induced factors. The Department collects levies and pays instalments in accordance with the provisions of the GW(QS)C Act.

(d) National Action Plan for Salinity and Water Quality

The National Action Plan (NAP) is a bilateral agreement between the Commonwealth and SA Governments signed in 2001 providing funds to address issues associated with salinity and water quality in priority regions in South Australia. The Commonwealth and the SA Governments made progressive contributions to a single holding account. Disbursement of funds from the account is by agreement between the parties.

(e) Natural Heritage Trust and Natural Heritage Trust Extension

The Natural Heritage Trust (NHT) was established by the *Natural Heritage Trust of Australia Act 1997*. The Bilateral Agreement to deliver the Natural Heritage Trust Extension reflects the intention of the Commonwealth and SA Governments to work as joint investment partners, with the community and other stakeholders, in natural resource management activities including biodiversity conservation, sustainable use of natural resources and community capacity building and institutional change.

Funding for NHT ceased on 30 June 2008 and all projects were completed by 31 December 2009.

(f) Mount Lofty Ranges Catchment Support

The Mount Lofty Ranges Catchment Support Group was established to implement the Integrated Natural Resource Management program for Mount Lofty and Adelaide regions. Functions include the disbursement of grants to local communities, NRM Boards, local government and other SA Government departments together with the management of associated projects. Funds are disbursed subject to the NAP and NHT bilateral processes.

(g) Centre for Natural Resource Management

The Centre for Natural Resource Management (Centre) with its Investment Advisory Board (Board) develops and maintains partnerships with regional NRM groups, scientists and researchers, business and industry, governments and agencies, so that integrated natural resource management across South Australia is based on world-class research and development. A primary role of the Centre and its Board is to create more sustainable environments through the development of new technologies and industries, which benefit the environment and are economically sustainable.

(g) Centre for Natural Resource Management (continued)

The Board makes decisions on the disbursement of NAP and other funds in relation to its portfolios of identified regional priority projects, and to the timeliness and quality of research provider delivery. The Board also oversees the stakeholder engagement process, brokers and builds relationships, alliances and partnerships, and seeks to leverage co-investment against NAP funding.

(h) Pastoral Board

Funds applied by the Minister, on the recommendation of the Board for research and publication of techniques for pastoral land management, for prevention or minimisation of pastoral land degradation and for rehabilitation of degraded pastoral land. During the reporting period an appropriation of $3000 ($3000) was received.

(i) State NRM Program

The State NRM Program is the SA Government's initiative to financially support the effective management of South Australia's natural resources. The program seeks to meet targets in both South Australia's Strategic Plan and the State NRM Plan.

Under the Caring for our Country program, the Commonwealth has removed the requirement for matching funding (as per NHT and NAP), however there is an expectation that South Australia will continue to contribute financial and in-kind support through a complementary State natural resources management program that is at least equivalent to the level of funding provided under previous programs. Therefore the State NRM program is complementary to the Commonwealth's 'Caring for our Country' initiative.

(j) Caring for our Country

The Caring for our Country Program is between the Commonwealth of Australia (the Commonwealth) and the State of South Australia (the State) pursuant to clause 19(2) of the *Natural Heritage Trust of Australia Act 1997* (Cwlth) and section 5 of the *Natural Resources Management (Financial Assistance) Act 1992* (Cwlth).

In March 2008, the Commonwealth announced 'Caring for our Country' as an ongoing and integrated program, bringing together the delivery of the NHT, National Landcare Program, Environmental Stewardship and Working on Country Programs. This program is fully Commonwealth funded and disbursed based on Commonwealth approval.

(k) NRM Alliance Fund

The NRM Alliance Fund was established as a collaborative arrangement to facilitate the delivery of NRM science and research to a range of organisations including agencies of the Commonwealth of Australia, agencies of the South Australian Government, NRM Boards and private sector organisations, and for such NRM science and research to be provided to clients by one or more of the parties with the necessary expertise and capability.

(l) South Eastern Water Conservation and Drainage Board

The South Eastern Water Conservation and Drainage Board (SEWCDB) was established pursuant to Division 1 of the *South Eastern Water Conservation and Drainage Act 1992*. The Department supplies funding to the SEWCDB on a quarterly basis; the funding is sourced from appropriations provided by DTF.

A2. Grants and subsidies

	2010	2009
	$'000	$'000
DWLBC corporate administration items	3 921	4 758
National Action Plan for Salinity and Water Quality	7 540	7 137
NHT grants	88	4 224
Mount Lofty Ranges catchment support	-	20
Centre for Resource Management	97	935
NRM Fund	25	89
NRM Alliance Fund	773	759
Caring for our Country	19 178	17 148
State NRM Program	14 602	16 220
Transfer to Storm Water Management Authority	4 308	4 203
Pastoral Board	3	-
Elimination of intra-program transactions	(3 323)	(5 603)
Total grants and subsidies	47 212	49 890

Grants and subsidies paid / payable to entities within the SA Government

The following grants and subsidies (included in the grants and subsidies amounts shown above) were provided to entities within the SA Government:

	2010	2009
DWLBC corporate administration items	3 921	4 758
National Action Plan for Salinity and Water Quality	7 390	6 487
NHT grants	34	3 891
Mount Lofty Ranges catchment support	-	20
Centre for Resource Management	12	595
NRM Fund	25	89
NRM Alliance Fund	607	659
Caring for our Country	18 828	17 148
State NRM Program	11 779	16 190
Elimination of intra-program transactions	(3 323)	(5 603)
Total grants and subsidies paid/payable to entities within the SA Government	39 273	44 234

		2010	2009
		$'000	$'000
A3.	**Payments to Natural Resources Management Boards**		
	Water levies	7 122	7 258
	Grants to NRM Boards	3 800	3 742
	Payroll tax	1 151	1 176
	Penalties payable	432	383
	Total payments to NRM Boards	12 505	12 559

Note that the NRM Boards are all entities within the SA Government.

		2010	2009
A4.	**Revenues from SA Government**		
	Recurrent appropriations	11 151	10 535
	Appropriations received for the Minister's salary	219	259
	Transfer from Contingencies	14 500	16 000
	Total revenues from SA Government	25 870	26 794
A5.	**Revenues from fees and charges**		
	Water levies	6 757	6 050
	Penalties	760	1 416
	Other	12	-
	Total revenues from fees and charges	7 529	7 466

Fees and charges received / receivable from entities within the SA Government

The following fees and charges (included in the fees and charges revenues shown above) were received/receivable from entities within the SA Government:

	2010	2009
Water levies	2 910	2 704
Total fees and charges received/receivable from entities within the SA Government	2 910	2 704

		2010	2009
A6.	**Grant revenues**		
	NRM Fund	6 403	7 552
	National Action Plan for Salinity and Water Quality	781	429
	NHT grants	631	498
	Mount Lofty Ranges catchment support	-	97
	Centre for Resource Management	-	772
	NRM Alliance Fund	574	724
	Caring for our Country	17 522	18 980
	State NRM program	139	263
	Elimination of intra-program transactions	(3 323)	(5 603)
	Total grant revenues	22 727	23 712

Grants revenues received / receivable from entities within the SA Government

The following grants revenues (included in the grants revenues shown above) were received/receivable from entities within the SA Government:

	2010	2009
NRM Fund	6 403	7 552
National Action Plan for Salinity and Water Quality	781	4
NHT grants	631	-
Mount Lofty Ranges catchment support	-	97
Centre for Resource Management	-	772
NRM Alliance Fund	454	724
Caring for our Country	176	-
State NRM program	72	-
Elimination of intra-program transactions	(3 323)	(5 603)
Total grant revenues received/receivable from entities within the SA Government	5 194	3 546

		2010	2009
A7.	**Other revenues**		
	NRM Fund	91	142
	National Action Plan for Salinity and Water Quality	455	812
	NHT grants	47	132
	Caring for our Country	26	119
	DWLBC corporate administered items	-	30
	Total other revenues	619	1 235

Other revenues received / receivable from entities within the SA Government

The following other revenues (included in the other revenues shown above) were received/receivable from entities within the SA Government:

	2010	2009
NRM Fund	91	141
National Action Plan for Salinity and Water Quality	455	812
NHT grants	47	132
Caring for our Country	26	119
DWLBC corporate administered items	-	30
Total other revenues received/receivable from entities within the SA Government	619	1 234

A8. Administered cash flow reconciliation

	2010	2009
Reconciliation of cash and cash equivalents at the end of the reporting period:	$'000	$'000
NRM Fund	3 375	2 426
Qualco-Sunlands	250	813
Pastoral Board	44	38
National Action Plan for Salinity and Water Quality	7 981	14 299
NHT grants	624	657
Natural Heritage Trust Extension	802	(96)
National Landcare program	872	680
NRM Alliance Fund	255	166
Centre for Natural Resource Management	-	97
Caring for our Country	321	1 946
State NRM Program	143	16
The Department's corporate administrative items	1 915	1 030
Balance as per Statement of Administered Cash Flows	16 582	22 072

	2010	2009
Reconciliation of net cash used in operating activities to net result:		
Net cash used in operating activities	(5 490)	(8 342)
Movement in assets/liabilities:		
Increase in receivables	295	1 806
(Increase) Decrease in payables	(410)	460
Net result	(5 605)	(6 076)

A9. Receivables

	2010	2009
Receivables reflected as current assets as at 30 June comprised the following:		
Water levies	2 350	1 654
Penalties	2 957	2 810
Accrued interest	50	48
Other	82	632
Total receivables	5 439	5 144

Receivables from entities within the SA Government

	2010	2009
The following receivables (included in the receivables shown above) were receivable from entities within the SA Government:		
Accrued interest	50	48
Other	82	632
	132	680

A10. Interest in joint venture

During the year ended 30 June 2009, the agreements for the management of the assets and resources (the water) within the MDBC were restructured. The transition date to the new arrangements was 14 December 2008.

Prior to the restructure, the Department accounted for the State's interest in the MDBC as an equity accounted interest in a joint venture entity and the interest has been reported by the Department as an administered item. At the date of transition the MDBC ceased to exist and was replaced by the Commonwealth wholly owned entity the Murray-Darling Basin Authority (MDBA).

Following the restructure, under the revised arrangements, the venturers no longer have a joint interest in net assets, but instead, they have a joint interest specifically in the infrastructure assets and water rights (as opposed to an interest in an entity controlling/holding the assets). The share in the individually controlled assets was transferred at transition in the original proportions of the share of the entity held by the individual jurisdictions as follows: New South Wales 26.67 percent; South Australia 26.67 percent; Victoria 26.67 percent; the Commonwealth Government 20 percent.

For the year ended 30 June 2010 the Department recognised an increase in its joint interest in MDBA assets of $51.554 million ($19.459 million), bringing the Department's total recognition in the MDBA assets to $718 million ($666.5 million).

A11. Land

The Pastoral Board is responsible for administering pastoral leases under the *Pastoral Land Management and Conservation Act 1989* (PLM&C Act). The unimproved value of land subject to these leases was revalued at $32.938 million as at 1 November 2005 by Robin Norris, Senior Valuer, of the former Department for Transport, Energy and Infrastructure - Land Services giving rise to an asset revaluation reserve of $9.355 million. There were no increases in asset values in 2009-10.

The revenue generated by the pastoral leases is recorded within the Department's Controlled items (note 17) in accordance with the PLM&C Act, to cover the costs incurred by the Department in administering the pastoral leases.

A12. Payables

	2010	2009
Payables reflected as current liabilities at 30 June comprised the following:	$'000	$'000
Penalties - Treasurer's Consolidated Account	543	369
Penalties - Regional NRM Boards	1 373	941
Payroll tax - Regional NRM Boards	371	358
Qualco - Treasurer's Consolidated Account	250	813
National Landcare program	-	4
Water Levies	1 355	1 318
State NRM Program	135	101
NRM Alliance Fund	255	-
Other	115	83
Total payables	4 397	3 987

Payables to entities within the SA Government

The following payables (included in the payables shown above) were payable to entities within the SA Government		
Penalties - Treasurer's Consolidated Account	543	369
Penalties - Regional NRM Boards	1 373	941
Payroll tax - Regional NRM Boards	371	358
Qualco - Treasurer's Consolidated Account	250	813
Water Levies	1 355	1 011
State NRM Program	-	71
NRM Alliance Fund	205	-
Other	107	83
Total payables to entities within the SA Government	4 204	3 646

A13. Contingent assets and liabilities

A contingent assets is acknowledged whereby the Minister for Water Security has an exclusive right to access 40 megalitres per day from the Langhorne and Currency Creek pipeline. The Minister has not exercised this right. The Department is not aware of the existence of any contingent liabilities.

WORKCOVER CORPORATION OF SOUTH AUSTRALIA

FUNCTIONAL RESPONSIBILITY

Establishment

The WorkCover Corporation of South Australia (the Corporation) was established under the *WorkCover Corporation Act 1994* to administer the WRCA.

Functions

The main objectives of the Corporation are to reduce the incidence and severity of work related injuries and to fairly compensate and rehabilitate injured workers while keeping employer's costs to a minimum.

The Corporation administers four funds, the main fund being the Compensation Fund. Refer note 1(c) to the financial statements which describes the nature of operation of the funds.

Regarding the Compensation Fund employers must pay a levy to the Corporation based on remuneration provided to their workers. The Corporation invests the levy revenue until needed to compensate and rehabilitate injured workers. The levy revenue is also used to pay administration expenses and claim management fees. The claim management fees are paid to Employers Mutual Limited (EML) who was engaged in January 2006 to manage workers compensation claims and rehabilitation.

Legislative changes

On 17 June 2008 the South Australian Parliament passed some significant legislative amendments to the WorkCover Scheme. The amendments affect both the WRCA and the *WorkCover Corporation Act 1994*. Many of the changes to the WorkCover Scheme came into effect on 1 July 2008, with some of the more complex changes following later.

WRCA

Amendments to this Act are aimed at significantly increasing worker return to work rates in South Australia, thereby minimising the negative impacts of injured workers remaining on the Scheme, and enabling a reduction in the cost of levies paid by employers and ensuring the achievement of full funding.

A notable change includes work capacity reviews to strengthen the test that determines whether an injured worker is well enough to return to work or is entitled to ongoing compensation beyond 2.5 years.

WorkCover Corporation Act 1994

Amendments to this Act made changes to the governance arrangements of the Corporation.

A notable change was that the Corporation is required to be audited by the Auditor-General, effective 1 July 2008. This is the second year that the Corporation has been reported on in the Annual Report of the Auditor-General to Parliament.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Section 19 of the *WorkCover Corporation Act 1994* and subsection 31(1)(b) of the PFAA provide for the Auditor-General to audit the accounts of the Corporation for each financial year.

Assessment of controls

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:

- levies
- investments
- workers compensation such as income maintenance, redemptions and medical costs
- claim management fees paid or payable to EML
- actuarial estimates of outstanding claim liabilities
- general operating expenses such as payroll and other administrative expenses
- ICT infrastructure and systems.

The Corporation has a comprehensive internal audit program. Planned and actual internal audit activities for 2009-10 were considered and reviewed to assist the planning, conduct and assessment reporting for specific areas of the Corporation's operations that were subject to Audit review and attention.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

It was mentioned on the previous page that as a result of legislative change the Auditor-General became the statutory external auditor of the Corporation from 1 July 2008.

The Corporation was previously audited by a private external auditor.

The Independent Auditor's Report issued by the private auditor on the 2007-08 financial statements of the Corporation was unqualified. The Report, however, included a comment on the inherent uncertainty regarding the outstanding claims provisions, and funding ratio implications.

The comment reflected acknowledgement of a deterioration of the WorkCover Scheme's liabilities in recent years, and uncertainty about the financial impact of the recent legislative reforms to the WorkCover Scheme. The impact of reform will only become clearer as actual claims experience emerges under the reforms in upcoming periods.

As the legislative reform process only came into effect on 1 July 2008, with reforms being progressively implemented in 2008-09 and 2009-10, the nature of the comment included in the unqualified 2007-08 and 2008-09 Independent Auditor's Reports remains relevant for the 2009-10 Independent Auditor's Report.

The following is an extract from the 2009-10 Independent Auditor's Report on the Corporation's 2009-10 financial statements, which is unmodified and includes a comment on the inherent uncertainty of the outstanding claims provisions, and funding ratio implications.

> ***Auditor's opinion***
>
> *In my opinion, the financial statements present fairly, in all material respects, the financial position of the WorkCover Corporation of South Australia 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.*
>
> ***Inherent uncertainty - outstanding claims liability and funding ratio***
>
> *Without qualification to the opinion expressed above, attention is drawn to Notes 2, 18 and 19 to the financial statements.*
>
> *There is significant uncertainty surrounding the financial impact of the WorkCover Scheme legislative reform. The reform is recent and its impact will only become clearer as outstanding claims experience emerges in future financial periods. If in future years the actual cost of claims described in Notes 18 and 19 are greater than the balances recorded in the financial statements, this will adversely impact the funding ratio described in Note 28 and the future average levy rate. The Board of the Corporation will need to take this matter into account when setting the average levy rate in future years.*

Assessment of controls

In my opinion, the controls exercised by the WorkCover Corporation of South Australia in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to workers compensation and levies as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the 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 management letters to the officers responsible for the governance of the Corporation. Responses to the management letters were generally considered to be satisfactory. The main matters raised with the Corporation and the related responses are provided below.

Workers Compensation

Data migration

The Corporation replaced IDEAS with the Curam workers compensation system in April 2010.

Some data was not properly transferred from IDEAS to Curam. Consequently, the Corporation's actuary did not use the IDEAS data in Curam to estimate the liability of workers compensation claims at 30 June 2010. The actuary used a combination of reliable data from IDEAS and Curam.

The Corporation advised that approximately 620 million rows of data were transferred between the systems but there were a small number of areas where the process still requires further work, particularly in relation to some historic data which had not been consistently recorded in IDEAS which made the automated data transfer difficult.

The Corporation advised that it plans to have the data issues resolved before 30 June 2011.

Average weekly earning calculations

Only in certain circumstances under the IDEAS control environment was a check performed that case managers had correctly calculated average weekly earnings (AWE) of injured workers on determination and that the calculations were supported by sufficient appropriate evidence of 12 months earnings. Under the Curam control environment the circumstances for checking the AWE calculation has been broadened to include any AWE over $1000 a week.

Both internal and external audit found errors in a sample of AWE calculations. Staff advised that an incorrectly determined AWE will result in ongoing under or over payments of income maintenance unless the worker or their employer detects the errors when first notified of the AWE determination.

Audit recommended that all AWE calculations be checked on determination.

In response, the Corporation advised that it will request EML to implement this change as soon as practicable.

Entry of AWE amounts into IDEAS or Curam

Audit was unable to ascertain whether there is a check to ensure AWE amounts are correctly entered into IDEAS or Curam when determined.

AWE amounts incorrectly entered into IDEAS or Curam may never be detected unless by workers or employers. These amounts are used as the basis for calculating ongoing weekly payments. Any error not detected would result in ongoing under/over payments to the worker.

Audit recommended a control be established to ensure AWE amounts are correctly entered into Curam when determined.

In response, the Corporation advised that it will request EML to implement this change as soon as practicable.

Drop in income maintenance reimbursements

Income maintenance is paid to workers in two main ways:

- paid directly to workers by EML for the full amount of each worker's notional earnings determined by EML or as a top up between the worker's notional earnings and actual earnings received from their employer

- paid to employers by EML as a reimbursement for the Corporation's share of wages paid by employers. The Corporation's share of wages is the worker's notional earnings less actual earnings for hours worked.

Audit's analysis of payments showed a drop in income maintenance reimbursements paid to employers from February 2010.

The Corporation was already investigating the cause of the drop which began when the income maintenance reimbursement (IMRS) form was replaced with the weekly payment reimbursement request (WPRR) form.

The Corporation advised that it is currently in discussion with employers regarding the use of the new form. Post consultation steps will be taken to streamline the process of reimbursement for employers. It is expected that this will return reimbursement requests to near previous levels once implemented.

Checking of IMRS/WPRR forms

Last year, Audit advised the Corporation there was a risk of:

- case managers not identifying employers who under state on IMRS forms the hours worked and the amounts paid to their workers resulting in a larger reimbursement. In particular, the risk of case managers not noting unusual increases in requested reimbursement amounts or not agreeing hours worked and amounts paid on IMRS forms to valid pay slips or pay records

- data incorrectly entered into IDEAS from IMRS forms going undetected causing under or over payments.

Audit considered this risk continued in 2009-10 under the IDEAS control environment and now the Curam environment for the following reason.

EML staff key into Curam the amount recorded on the WPRR paid to the worker. Curam then calculates the amount to be reimbursed to the employer based on the worker's notional weekly earnings (AWE after various adjustments). The reimbursement payment has to be approved on-line by the worker's case manager. Similar to IDEAS the worker's case manager has an option, before approving the payment, to view in Curam the worker's history of reimbursements week by week making it easy to identify unusual increases in reimbursements. This may trigger the case manager to investigate the cause of the increase possibly resulting in the detection of:

- keying errors

- employers over claiming reimbursements. These employers would be detected when the case manager queries the worker why they are working less.

However, Audit could not find any policies and procedures covering when and how these investigations should happen and whether they should be documented.

The Corporation advised that:

- it is considering changes to the process for claiming reimbursements

- will request EML incorporate in their procedures a review of income maintenance reimbursement changes at appropriate review points

- will investigate the viability of monitoring this by exception through reporting.

Validity of invoices from medical service providers

TI 2 specifies that the Chief Executive must:

- ensure that all valid invoices are processed following the provision of goods received and services rendered

- develop, document and maintain policies, procedures, systems and internal controls relating to expenditure transaction processing.

EML pays invoices from public hospitals, private hospitals, doctors, rehabilitators, physiotherapists etc for medical services provided to workers.

Last year, Audit advised the Corporation that controls were inadequate for verifying that all invoiced medical services had been rendered.

In response, the Corporation indicated that its controls were effective for verifying that services shown on invoices were rendered and had a risk based approach to validating these invoices.

The Corporation indicated that its risk based approach involved:

- case managers confirming services had been rendered for invoices above $500 and for some invoiced items below $500 based on their knowledge of the worker's injuries
- special once-off reviews of some other service items which involved obtaining from a sample of workers who volunteered to be involved in the reviews confirmation that the services had been rendered
- medical providers being interviewed when they deliver a higher number of services to injured workers over and above their peer average and when they have lower than their peer average return to work rates.

However, last year the Corporation did not indicate the value of invoices below $500 that were not covered by these three processes, ie the value of invoices below $500 that were paid without verifying either before or after payment that the services had been rendered. In effect the Corporation last year had not quantified the risk.

Under the IDEAS control environment Audit noted this year that:

- the Corporation had not documented all the controls for verifying that invoiced medical services had been rendered because of the impending replacement of IDEAS with Curam
- workers were not required to certify before or after payment whether the invoiced services had been rendered due to the perceived impracticalities in establishing such a process.

Under the IDEAS control environment Audit again found, consistent with last year:

- before authorising payments over $500, the Corporation expected case managers would verify the services shown on invoices had been rendered based on their knowledge of the worker's injuries. Audit could not find any documented policy or procedure stating this requirement and explaining how this verification process should have been conducted and evidenced and what the case manager had to do when they considered the service had possibly not been rendered. In essence there was no evidence of this control having been properly performed. Case managers could have been authorising payments unaware they had to verify that the services had been rendered.
- certain types of invoices below $500 were not checked by case managers or any other officers to verify the services shown on invoices had been rendered. The invoices were entered into IDEAS by EML Business Administration Services officers who are not expected nor have time to assess whether the invoiced services are consistent with the worker's injuries. The system would authorise the payment where the provider was registered in IDEAS as authorised to provide the services.

For the period July 2009 to April 2010 when IDEAS was in use, Audit again considered there was a deficiency in controls for verifying that all invoiced medical services had been rendered.

Audit also noted that the Corporation's Governance and Risk Compliance unit reported to the Chief Executive Officer in August 2009 on its risk assessment of processes for preventing and detecting invoices for services not rendered. The assessment involved comparison to processes adopted interstate. The assessment involved quantifying this risk for certain groups of service providers and identified some gaps in processes that resulted in a number of recommendations for improvement. Audit understands these risks have been further analysed by an external consultant.

Although the ongoing risk based approach to verifying invoiced services and the recording of worker service plans in the new Curam system from May 2010 has improved the likelihood of detecting invoices for services not rendered, there is potentially a new control risk that has risen. When medical invoices are keyed into Curam they are subjected to a number of validation processes within Curam.

However, the effectiveness of Curam for detecting invoiced services not rendered depends on the follow-up action taken by case managers. Audit could not find any documented policies and procedures covering this follow-up process.

In response to Audit's observations, the Corporation advised that it will request EML update its training, policies and procedures relating to service plans.

Processing of medical invoices

Audit's analysis of payments showed a significant drop in payments of medical invoices in May 2010 soon after Curam was implemented.

EML's internal auditors advised the Corporation there was about seven weeks backlog of invoices awaiting entry into Curam at 30 June 2010 and a large number of invoices entered into Curam awaiting rectification before payment. Extra staff were hired by EML to reduce the backlog.

The Corporation advised that it anticipated the implementation of Curam would cause delays in payment processing. This was communicated to all current service providers prior to implementation of Curam and providers were informed there would be an impact to account payment timeframes.

As such, the Corporation and EML closely monitored account entry and processing during the transition period and continue to do so. A complaint process was also established for providers who believed they were being placed in financial hardship due to payment delays. As at September 2010, EML informed the Corporation that the majority of invoices are back to being paid within 30 day terms, and a continuing improving trend is being seen in the turnaround of all provider invoices.

Approval of redemptions

Changes to the WRCA reduce the ability to redeem the claims of workers particularly those with an injury date after 1 July 2006.

EML has authority from the Corporation to negotiate redemptions with injured workers. Redemption payments in 2009-10 were $123 million. All income maintenance redemptions required the prior approval of the Corporation except those below $300 000 with an injury date before 1 July 2006. In addition, redemptions of a select group of claims from a work capacity review pool had to be approved by the Corporation.

The Corporation planned to review each quarter a sample of 30 redemptions authorised by EML that did not require the Corporation's prior approval. The purpose of the review was to obtain assurance the claims were properly redeemed.

Audit found:

- the quarterly reviews after September 2009 were not performed
- the results of the Corporation's September 2009 quarterly review identified some claims that may not have been properly redeemed. These results were included in a report to EML.

In response to Audit's findings the Corporation advised:

- the results of the September 2009 quarterly review identified some issues which have been satisfactorily addressed with EML.
- the December 2009 and March 2010 quarterly reviews of redemptions were delayed due to the increased activity resulting from the volume of redemption approvals, Tribunal attendances and the Curam system implementation.
- between 1 July 2009 and 30 June 2010, the Corporation had reviewed over 300 claims for redemption suitability (including those in the work capacity review pool and those with a date of injury on or after 1 July 2006).

- as at September 2010 the December 2009 quarterly review was completed and the March 2010 and June 2010 quarterly reviews commenced.

A full review of all paid redemptions will not be undertaken by the Corporation until after 30 September 2010 which will ensure EML obtained all approvals from the Corporation when required. Ad-hoc reviews have been undertaken to 30 June 2010 and will continue until the full review is completed.

An additional review has also been undertaken by the Corporation in July 2010 of all redemptions outstanding to be paid (agreed by 30 June 2010 but not yet finalised) to ensure they had the Corporation's approval where required. No issues were identified in this review.

Since this review, the Corporation has also checked all paid redemptions with a date of injury on or after 1 July 2006 to ensure they had been approved by the Corporation. No exceptions were noted.

Loss of earning capacity

In 2009-10 the Corporation identified that it had paid 10 redemptions amounting to approximately $1.3 million for worker loss of earning capacity (LOEC) which it could no longer do under the revised legislation. Although satisfactory agreement was reached between the Corporation and individual workers on the amounts redeemed the payments were unlawful.

Levies

Quality assurance reviews

Before the 2009-10 levy year, employers used to calculate and pay their levy in arrears based on their levy rate and actual remuneration paid to their workers.

The Corporation's Levy Unit audited a sample of employer's levy calculations to confirm the levies were under or overpaid.

Quality assurance officers reviewed the quality of a sample of levy audits.

Last year, Audit commented on the need for levy auditors to keep extracts of employer's source records such as payroll records, financial statements and general ledger records used to confirm the accuracy of levy calculations. This would help the quality assurance officers to confirm whether sufficient audit evidence was obtained to support the auditor's conclusions.

In response to Audit's comment, the Corporation indicated last year that each levy auditor will decide what documents will be copied and kept.

This year, Audit examined a sample of nine compliance audits undertaken for the 2008-09 levy year. For the sample, Audit requested that the Corporation obtain the extracts of documents that the auditors indicated in their files were used to verify the remuneration declared by the nine employers.

Records were not retrieved from four employers due to various reasons including:

- one employer who was involved in a dispute with the Corporation over the outcomes of the levy audit and resultant fines imposed for wrongly classifying some workers

- one employer who believed they were unfairly treated by the Corporation in the past and indicated the Corporation should already have taken copies of the records.

For the remaining five employers the records provided by the employers were generally consistent with the audit files.

Review of employers' remuneration estimates

Employers used to pay their levy in arrears but since the start of the 2009-10 levy year they must pay their levy in advance. Employers must submit an estimate of the remuneration they expect to pay their workers for the next financial year. The estimate along with the employer's levy rate is used by the Corporation to determine the employer's levy. After the end of the year the Corporation recalculates the employers' levies based on the actual remuneration paid to their workers and recovers any under paid levies or refunds any over paid levies.

Audit determined there were:

- no documented policies and procedures covering the verification of the reasonableness of employers' estimates

- no evidence of internal controls operating to verify the reasonableness of employers' estimates or to ensure unreasonable estimates were properly investigated and resolved.

Audit was advised by the Corporation's staff that:

- an exception report was produced from IDEAS identifying employers whose remuneration varied by 20 percent of their previous year's actual remuneration. The report was meant to be reviewed and employers queried. Audit found no evidence of the existence of this control
- employers' remuneration estimates were received via an online facility and transferred daily into IDEAS by a levy officer. IDEAS flagged to the levy officer those employers whose estimates varied by 50 percent of their previous year's actual remuneration. Because IDEAS did not produce a report of the flagged employers the levy officer was meant to write down the employers' details and investigate the variances. Audit found no evidence that the levy officer had written down the employers' details and investigated the variances
- there was possibly a report showing each employer's estimate compared to their previous year's actual remuneration. No one at the Corporation was able to provide Audit with such a report. Audit produced its own report by combining 2009-10 estimate and 2008-09 actual remuneration data from two separate IDEAS reports to analyse whether estimates submitted by employers were reasonable.

Audit's analysis of employers' remuneration estimates for 2009-10 recorded in IDEAS for monthly payers at 16 August 2009 and annual payers at 29 November 2009 showed:

- estimates were recorded for approximately 49 000 employers
- approximately 4200 employers had estimates that were 50 percent above or below their 2008-09 actual remuneration
- approximately 15 000 employers had estimates that were 10 percent above or below their 2008-09 actual remuneration.

Inaccurate levy remuneration estimates affects the timing of levy revenue received by the Corporation and its cash flows. It also causes more work:

- refunding over-paid levies and recovering under-paid levies.
- estimating levy revenue, refund payables and recovery receivables for inclusion in internal and external financial reports.

In response to Audit's observations, the Corporation agreed that it is important to have as accurate as possible remuneration estimates from employers but actual amount of levies due will vary from estimates. Accordingly it plans to continue to address this by:

- incorporating this as an objective in the levy audit program
- reviewing its levy procedures once the reconciliation and assessment process for the first year of the new levy payment arrangements (ie 2009-10) has been completed.

Fines for late levy payments

Section 71 of the WRCA allows the Corporation to impose a fine on late levy payers and penalty interest.

The purpose of this section is to make employers pay their levies on time.

Before 2009-10, reminder notices followed by fines were automatically issued by IDEAS to late levy payers.

A decision was made to no longer impose fines on late levy payers for 2009-10.

Not imposing fines on late levy payers caused a drop in fine and penalty revenue. Fine and penalty revenue dropped from $4.5 million in 2008-09 to $1.2 million in 2009-10. The $1.2 million represents fines imposed for reasons other than late payment of levies.

In response to Audit's observations, the Corporation advised that in introducing the new levy payment arrangements the Corporation decided to adopt an 'educative' approach in the first instance to assist employers in transitioning to the new system. This approach included not immediately issuing fines for non-compliance with the legislation. A consequence of this was that fine revenue was likely to fall significantly. The Board was aware of this as evidenced by the 2009-10 budget approved by the Board which reflected a decrease in fine revenue from $5.1 million to a budget of $2.4 million.

Implementation of TIs 2 and 28

The Corporation has prepared a document explaining its compliance program.

Audit considers the Corporation's compliance program depends mainly on the:

- integrity of quarterly representations by managers that controls are in place
- completeness of risk registers kept by each business unit specifying their controls
- adequacy of compliance audits that are designed to confirm that controls listed in risk registers are in place. This in turn will help verify the integrity of managers' representations.

Audit identified the following area where improvement could be made to the compliance program.

Monitoring and measuring compliance

Data for monitoring and measuring compliance by business units will be gathered principally through compliance audits. This in turn will help verify the integrity of managers' representations.

Audit recommended the compliance program explain how the controls performed by EML will be audited. More specifically, whether these controls will be audited by the Corporation's internal auditors or whether reliance will be placed on EML's own internal audits.

In response, the Corporation advised that it will explain in the compliance program how the controls performed by EML will be audited.

ICT infrastructure and systems

The Corporation is a major user of information technology infrastructure, communication networks and systems to support its key financial and operational activities. During 2009-10 the Corporation was progressing two major system replacement/development projects.

- project HARRY to replace the Corporation's existing workers compensation processing system (IDEAS) with a market software solution
- project WIRE which involves the construction of a new data warehouse to support the Corporation's essential business information and reporting needs.

Project HARRY was implemented in April 2010 and project WIRE was implemented in May 2010.

The Corporation operated for most of the year on the existing workers compensation system, IDEAS, and its main finance system, Finance One. The Audit review focus was therefore directed to these existing systems with an emphasis on a follow-up of matters raised in the previous year. Audit also undertook a review of the Corporation's human resource payroll system, EmpowerHR

While this was the main Audit focus, attention was also given to certain processes in place regarding the new systems' implementation. This was in consideration of a more detailed review in 2010-11.

The outcomes of ICT related internal audit reports and actions initiated by the Corporation were taken into account during the reviews.

Review of existing systems and environments

Last year's Report raised a number of matters regarding security control concerning the IDEAS and Finance One systems.

This year's review confirmed improvements made to these systems, including aspects of operational documentation, information security access and controls and documentation, systems maintenance procedures, and support areas of security logging and review, and patch management.

Some weaknesses in the IDEAS and Finance One systems were being addressed in part through the implementation of the new systems. Those matters were:

- compilation of additional systems operations documentation for Finance One
- review and rationalisation of some system security configuration issues for Finance One and the new systems
- review of the administrator user accounts on computers for IDEAS and Finance One and reduction of the number of users with administrative rights
- review and amendment of the access of some security administrators within IDEAS
- changes to the password for the system administrator account in the new systems.

In respect to the current year review of EmpowerHR, certain matters were identified that required improvement.

The review found that whilst the system is supported by adequate procedural and configuration documentation, the version of EmpowerHR used by the Corporation is no longer formally supported by the vendor.

The review also found there could be improvement in the segregation of duties of the payroll functions, together with a reduction in the number of users with administrator privileges to the system, and a need for enforcing of password authentication controls at the database level. In addition, there was limited logging or review of user access and activity.

Review of aspects of new systems implementation

As mentioned previously, project HARRY went live in April 2010 and project WIRE in May 2010. Since their go live dates there have been system releases to address certain defects and deferred system functionality. The first of a number of system releases was implemented in June 2010.

The internal audit of the Corporation had a component of their program for the year directed towards the quality assurance and testing arrangements relating to the new systems development and implementation.

Audit related with the internal auditors on their review of the new systems testing and implementation processes to gain a broad understanding of issues impacting the new systems projects. A focus was also given to the reporting of developments to the Board Audit and Risk Committee and the Project HARRY Steering Committee.

The 2010-11 Audit will give focussed attention to the technical and security control matters and measurement against the government information security management framework relating to the new systems and subsequent releases. It will also consider how the new systems have addressed actions taken in regard to the Finance One system.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the consolidated financial statements

	2010	2009
	$'million	$'million
UNDERWRITING RESULT		
Registered employer levy revenue	**610**	631
Claims paid	**(488)**	(576)
Claim recoveries	**22**	24
(Increase) Decrease in net outstanding claims liability	**(110)**	88
Claim management fees	**(44)**	(49)
Other underwriting expenses	**(8)**	(11)
Underwriting result	**(18)**	107

	2010	2009
	$'million	$'million
NET INVESTMENT AND OTHER INCOME		
Investment profit (loss) and investment expenses	**137**	(138)
Other income	**21**	20
Net investment profit (loss) and other income	**158**	(118)
OPERATING EXPENSES		
Employee benefit expenses	**(27)**	(29)
Other expenses	**(36)**	(35)
Total operating expenses	**(63)**	(64)
Total comprehensive result	**77**	(75)
NET CASH FROM OPERATING ACTIVITIES	**136**	32
ASSETS		
Investments	**1 389**	1 182
Other assets	**182**	208
Total assets	**1 571**	1 390
LIABILITIES		
Outstanding claims	**2 498**	2 385
Other liabilities	**55**	64
Total Liabilities	**2 553**	2 449
TOTAL EQUITY	**(982)**	(1 059)

Statement of Comprehensive Income

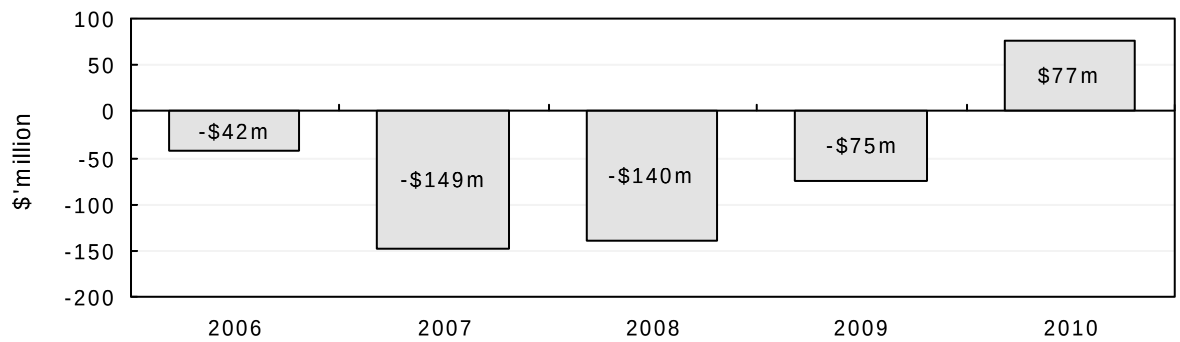
Total comprehensive result

The comprehensive result of the Corporation depends significantly on:

- levy rates being set before the start of the financial year with the aim of ensuring levy revenue and investment income will at least cover the cost of new claims received during the financial year and administrative costs. The levy setting process depends significantly on the actuarial estimate of the cost of new claims likely to be received during the forthcoming year
- actuarial estimate of the outstanding claims provision
- the market value of its investments.

The comprehensive result for the year was a profit of $77 million compared to a loss of $75 million in the prior year. The improvement reflected an investment profit turnaround of $275 million offset by $124 million deterioration in the underwriting result.

The following chart shows the total comprehensive result of the Corporation for the five years to 2010.



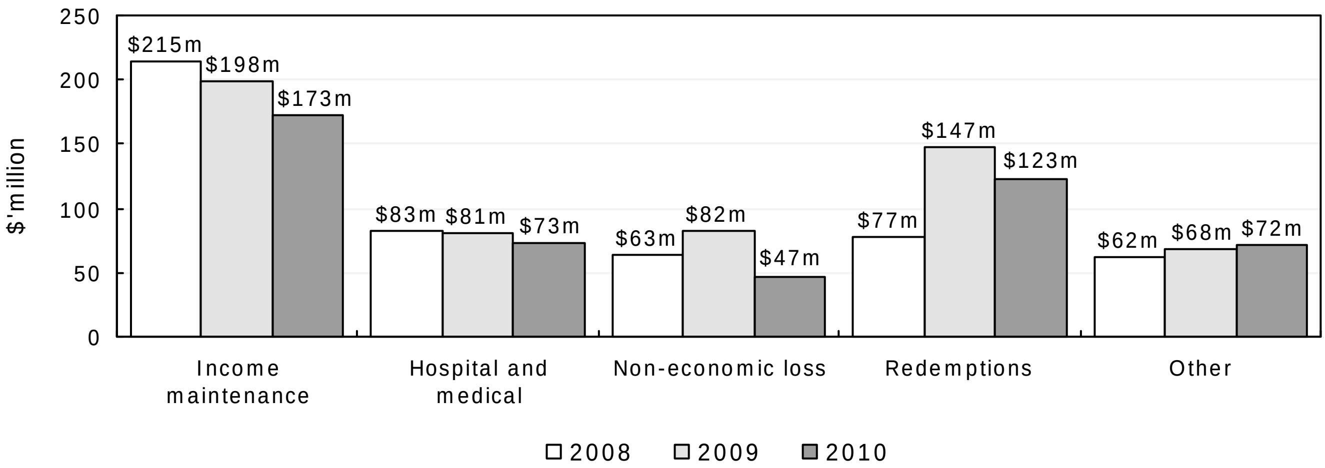
Underwriting result

The underwriting result is essentially registered employer levy revenue less claims expense. Investment income does not form part of the underwriting result. AASB 1023 requires the underwriting result to be shown separately in the Statement of Comprehensive Income to help show the extent to which underwriting activities rely on investment income for the payment of claims.

The underwriting result deteriorated from a gain of $107 million in 2009 to a loss of $18 million in 2010 due mainly to the increase in the actuarial estimate of the net outstanding claims liability resulting from a change in the discount rate and other economic factors. This caused $198 million deterioration in the underwriting result. There was also a drop of $21 million in registered employer levy revenue mainly due to levies no longer being payable on the remuneration of certain types of employees such as apprentices. The deterioration in the underwriting result was partly offset by decreases in claim payments of $88 million.

Claim payments

The following chart analyses claim payments for the three years to 2010.



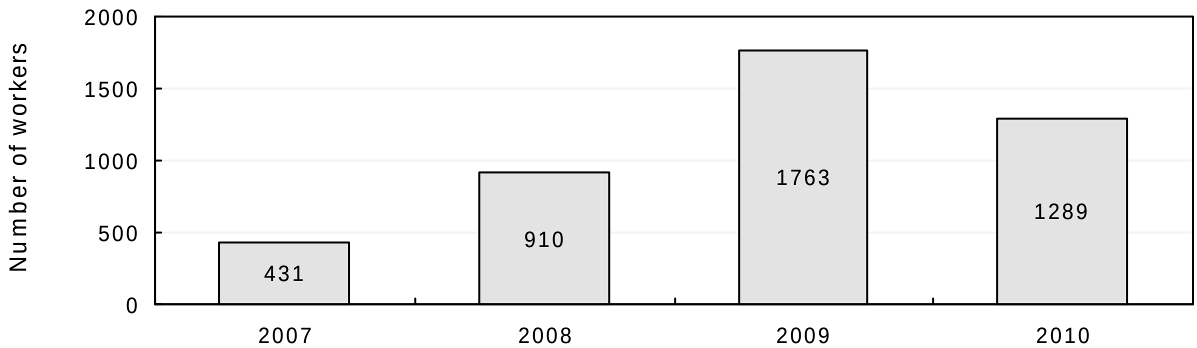
The above chart shows the decrease in income maintenance, hospital and medical expenses, redemptions and lump sum payments for non-economic loss.

Redemptions in recent years have contributed to the decrease in income maintenance. The decrease in 2010 also coincided with a fall in income maintenance reimbursement forms received from employers. For more details refer to 'Communication of audit matters' earlier on in this section of this Report.

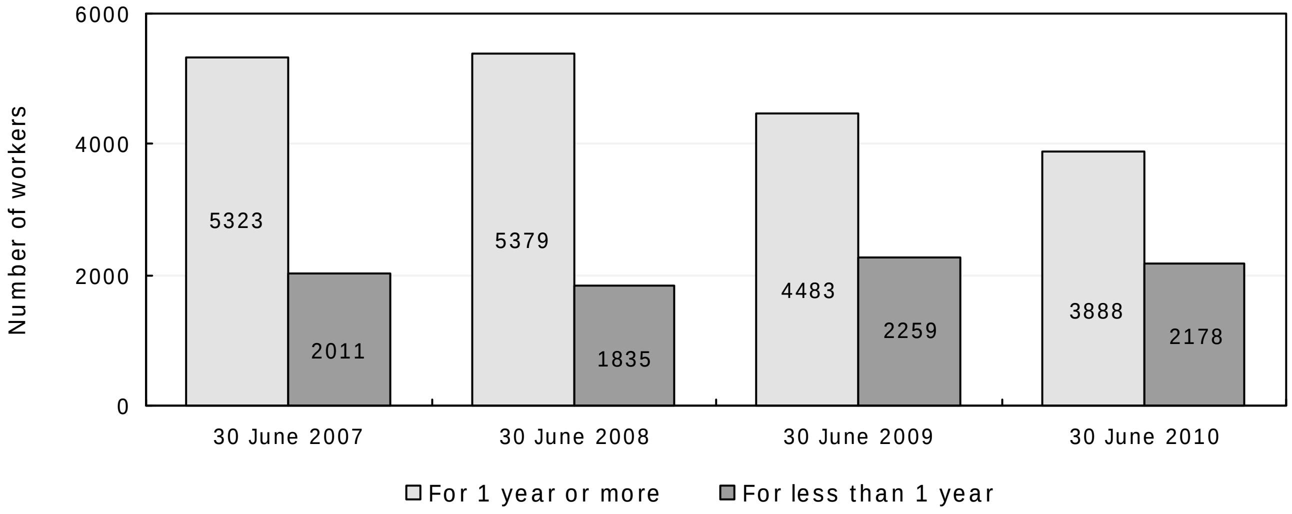
The decrease in hospital and medical expenses in 2010 was due to a backlog of unprocessed invoices caused by the introduction of the Curam workers compensation system. For more details refer to 'Communication of audit matters'.

Amended legislation that became effective on 1 July 2009 has more requirements that must be met before redemptions can be paid. This is intended to cause redemptions to drop in future years.

The following chart shows the number of workers paid redemptions for the four years to 2010. The numbers shown in the chart were provided by the Corporation and are unaudited.



The above chart reflects a concerted effort over the last three years to facilitate the exit of long-term injured workers from the scheme. The drop in the number of workers receiving income maintenance as at 30 June 2010 as a result of the redemptions is reflected in the following chart.

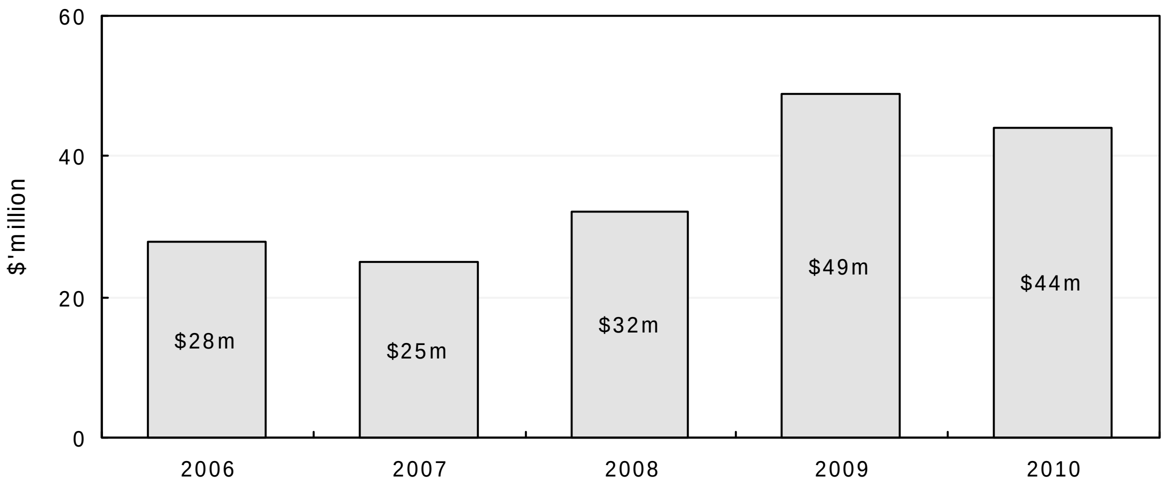


The numbers shown in the above chart were provided by the Corporation and are unaudited.

The above chart shows the drop in the number of workers receiving income maintenance as at 30 June. The drop is more pronounced for those workers receiving income maintenance for one year or more. Legislation dealing with the progressive reduction of worker's income maintenance was changed in 2008-09 to encourage injured workers to return to work earlier. The legislative requirement that worker's notional earnings be reduced by 20 percent after 12 months of the injury was amended in 2008-09 to require reductions to occur after 13 weeks and then be further reduced after 26 weeks.

Claim management fees

The following chart shows claim management fees for the five years to 2010.

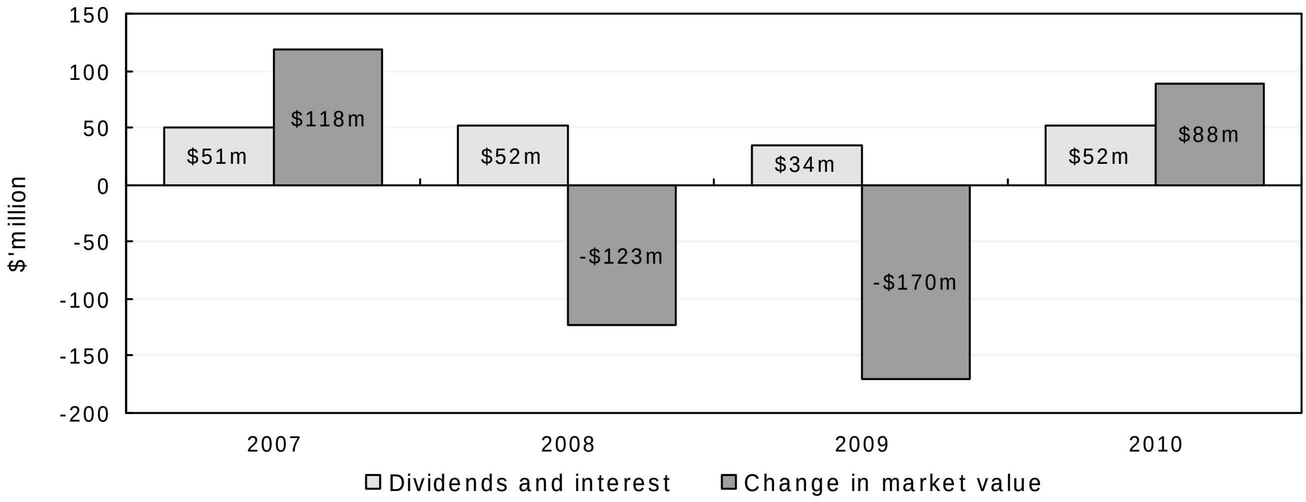


The Corporation has engaged EML since January 2006 to manage workers compensation claims and rehabilitation. Before January 2006 the claims were not managed by EML but a number of other external entities. The estimated claim management fees payable to EML dropped by $5 million in 2010 mainly due to higher performance fees in the prior year for reducing the number of long-term injured workers receiving income maintenance.

Investment profit/losses

The Corporation's investment profits and losses have fluctuated significantly over recent years as result of changes in the market value of its investments which depend on financial market conditions. Financial markets were depressed in 2008 and 2009.

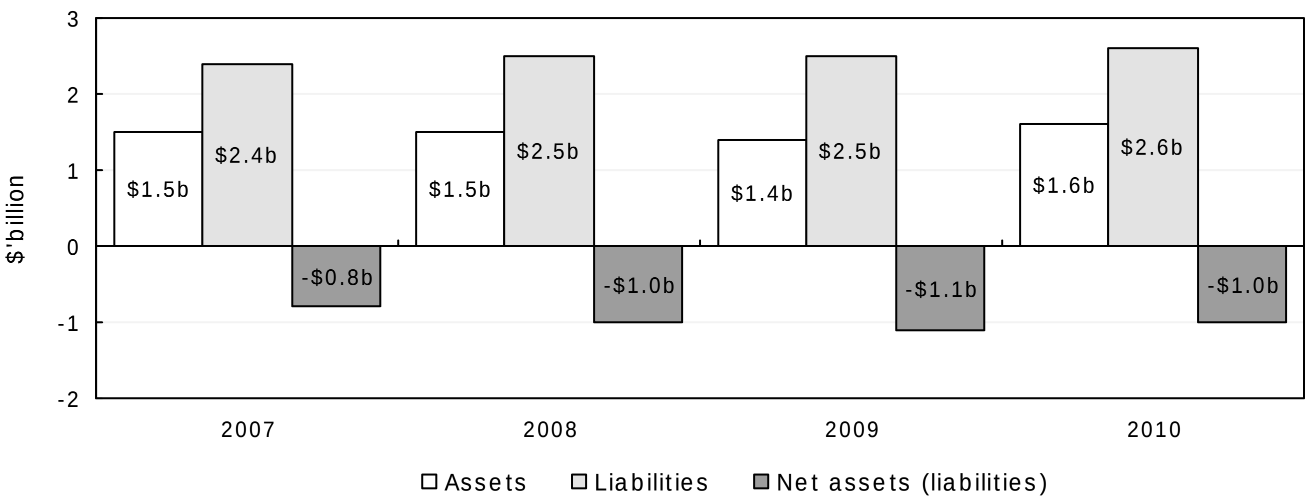
The following chart shows the main categories of investment income of the Corporation for the four years to 2010.



Statement of Financial Position

The net liabilities of the Corporation fell by $77 million in 2010 due mainly to an increase of $207 million in investments (which includes an increase of $25 million in their market value at the end of the year) offset by an increase of $110 million in the outstanding claims liability.

The following chart analyses the assets and liabilities of the Corporation for the four years to 2010.



Outstanding claims

Outstanding claims comprised 98 percent (97 percent) of the Corporation's liabilities. The outstanding claims liability covers expected future payments including those related to claims reported but not yet paid, incurred but not yet reported and incurred but under reported.

The liability is determined on the basis of consideration and assessment by the management and Board of the Corporation of a comprehensive actuarial review of claims exposures by an independent actuary. Relevant information relating to the actuarial estimation of outstanding claims liabilities is provided in notes 1(k), 2, 18 and 19 to the financial statements.

In particular, note 18 indicates that the actuarial estimation has not made full allowance for the impact of the changes in legislation on the liability for outstanding claims at 30 June 2010. This acknowledges, as previously commented, that legislative reform is recent and its impact will only become clearer as actual claims experience emerges under the reforms in upcoming periods. Note 18 also specifies the nature of a number of key uncertainties associated with the actuarial estimation.

Probability of sufficiency

As disclosed in note 18 the estimate of outstanding claims liability is determined by reference to a 65 percent probability that the provision for outstanding claims will be adequate. The charter of the Corporation requires it to estimate its claims liabilities using an appropriate risk margin which is based on at least 65 percent probability of sufficiency. The Australian Prudential Regulation Authority sets a minimum of 75 percent in its Prudential Standard GPS 310. Public sector entities are not bound by this requirement. It is noted that the Motor Accident Commission uses 80 percent and other schemes in Australia, which are fully funded, currently use 75 percent to 80 percent.

The Board considered this matter, as it does annually, and resolved to adopt a 65 percent probability of sufficiency in preparing its 2009-10 financial statements, but also to fully disclose the impact of using a higher level of probability on the outstanding claims liabilities estimates. It also noted its intent to move towards a higher level as full funding is achieved. Note 18(e) shows the material change in the value of net outstanding claims liability using a 75 percent probability of sufficiency.

Funding position

Note 28 to the financial statements discusses the funding position of the WorkCover Scheme and other funds. There was an increase in the funding ratio from 56.7 percent as at 30 June 2009 to 61.5 percent as at 30 June 2010.

Investments

The Corporation's investment portfolio of $1.4 billion mainly comprises investments in pooled funds and discrete mandate funds.

Pooled funds

The Corporation instructs investment management firms (fund managers) to trade unit holdings in pooled funds that have characteristics consistent with the Corporation's investment guidelines. Other organisations besides the Corporation also hold units in the pooled funds.

Discrete mandate funds

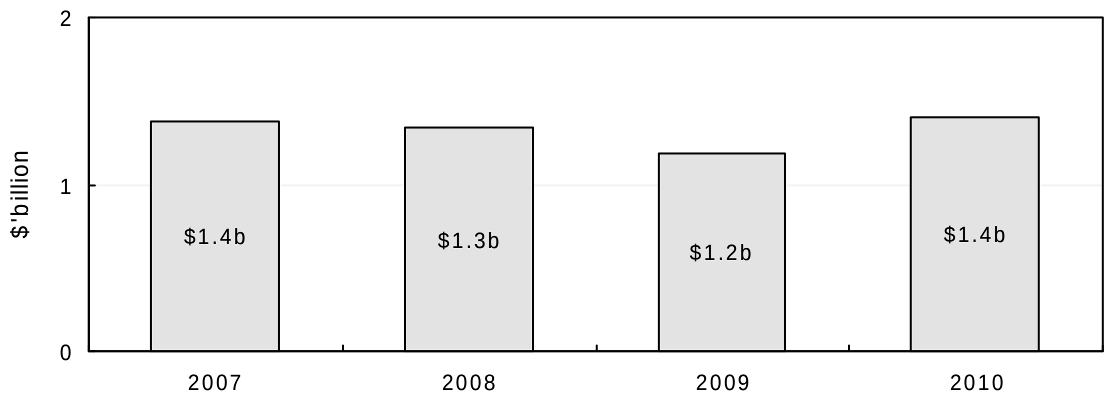
The Corporation has agreements with firms (fund managers) to manage investment portfolios according to rules that ensure compliance with the Corporation's investments guidelines.

The Corporation has appointed the National Australia Bank to be national custodian of the investment activities of the discrete mandate fund managers.

Investment decisions

Investment officers of the Corporation implement the Corporation's investment strategy which involves moving funds between investments held in pooled funds and discreet mandate funds to minimise risk and achieve target returns. The investment officers also receive expert advice on investment matters from an external consultant.

The following chart shows the market value of the Corporation's investments for the four years to 2010.



Statement of Comprehensive Income
for the year ended 30 June 2010

	Note	Compensation Fund $'000	Other Funds $'000	**2010 WorkCoverSA $'000**	2009 WorkCoverSA $'000
Registered employer levy revenue	5	610 194	-	**610 194**	630 807
Cost of claims	6	(566 265)	(10 013)	**(576 278)**	(466 990)
Claims management fees		(44 154)	-	**(44 154)**	(48 930)
Workers Compensation Tribunal		(3 682)	-	**(3 682)**	(5 007)
WorkCover Ombudsman		(625)	-	**(625)**	(797)
Medicals panels SA		(3 066)	-	**(3 066)**	(2 203)
Underwriting result		(7 598)	(10 013)	**(17 611)**	106 880
Investment profit (loss)	7	127 345	12 842	**140 187**	(135 806)
Investment expenses		(2 491)	(202)	**(2 693)**	(2 031)
Self insured employer levy revenue	5	18 808	-	**18 808**	15 533
Net profit (loss) from disposal of non-current assets		4	-	**4**	(82)
Other income	8	2 058	-	**2 058**	4 029
Net investment profit (loss) and other income		145 724	12 640	**158 364**	(118 357)
Employee benefit expenses	9	(26 815)	(69)	**(26 884)**	(29 328)
Depreciation and amortisation expenses	10	(1 600)	-	**(1 600)**	(943)
SafeWork SA		(10 766)	-	**(10 766)**	(10 050)
Return to work fund		(955)	-	**(955)**	(119)
Other general operating expenses	10	(22 634)	(725)	**(23 359)**	(23 214)
Total operating expenses		(62 770)	(794)	**(63 564)**	(63 654)
TOTAL COMPREHENSIVE RESULT		75 356	1 833	**77 189**	(75 131)

Statement of Financial Position
as at 30 June 2010

	Note	Compensation Fund $'000	Other Funds $'000	**2010 WorkCoverSA $'000**	2009 WorkCoverSA $'000
ASSETS:					
Cash	12	3	-	**3**	3
Trade and other receivables	13	137 222	-	**137 222**	177 855
Investments	3,14	1 271 921	117 442	**1 389 363**	1 182 313
Property, plant and equipment	15	1 585	-	**1 585**	1 891
Intangible assets	16	43 149	-	**43 149**	27 579
Total assets		1 453 880	117 442	**1 571 322**	1 389 641
LIABILITIES:					
Unearned levies		1 721	-	**1 721**	892
Trade and other payables	17	38 791	-	**38 791**	48 758
Outstanding claims	18,19	2 395 660	102 081	**2 497 741**	2 384 999
Employee benefits	20	14 260	-	**14 260**	13 516
Provisions	21	782	-	**782**	638
Total liabilities		2 451 214	102 081	**2 553 295**	2 448 803
NET (LIABILITIES) ASSETS		(997 334)	15 361	**(981 973)**	(1 059 162)
EQUITY:					
Retained earnings		(997 334)	15 361	**(981 973)**	(1 059 162)
TOTAL EQUITY		(997 334)	15 361	**(981 973)**	(1 059 162)
Commitments	25				
Self-insured employer financial guarantees	26				
Contingent liabilities	27				

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

	Compensation Scheme $'000	Other Funds $'000	**2010 WorkCoverSA $'000**	2009 WorkCoverSA $'000
Total equity at 1 July	(1 072 690)	13 528	**(1 059 162)**	(984 031)
Total recognised income and expense for the year	75 356	1 833	**77 189**	(75 131)
Total equity at 30 June 2010	(997 334)	15 361	**(981 973)**	(1 059 162)

Statement of Cash Flows
for the year ended 30 June 2010

	Note	Compensation Funds $'000	Other Funds $'000	**2010 WorkCoverSA $'000**	2009 WorkCoverSA $'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Levy receipts		675 509	-	**675 509**	651 105
Claim recoveries		21 122	458	**21 580**	23 889
Other receipts		107	-	**107**	3 987
Claim and other related payments		(504 651)	(1 399)	**(506 050)**	(597 139)
Interest received		20 558	2 073	**22 631**	14 709
Dividends received		27 106	2 734	**29 840**	19 308
Other payments to suppliers and employees		(103 936)	(794)	**(104 730)**	(82 192)
Investment expenses		(2 491)	(202)	**(2 693)**	(2 031)
Net cash from operating activities	22	133 324	2 870	**136 194**	31 636
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale of property, plant and equipment		7	-	**7**	85
Proceeds from the sale of investments		591 869	-	**591 869**	401 676
Acquisition of property, plant and equipment		(566)	-	**(566)**	(1 006)
Acquisition of intangible assets		(16 301)	-	**(16 301)**	(15 512)
Acquisition of investments		(665 938)	(2 870)	**(668 808)**	(423 299)
Net cash used in investing activities		(90 929)	(2 870)	**(93 799)**	(38 056)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		42 395	-	**42 395**	(6 420)
CASH AND CASH EQUIVALENTS AT 1 JULY	12	25 947	-	**25 947**	32 367
CASH AND CASH EQUIVALENTS AT 30 JUNE	12	68 342	-	**68 342**	25 947

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. 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 WorkCover Corporation of South Australia (WorkCoverSA) has early-adopted, AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by WorkCoverSA for the reporting period ending 30 June 2010.

WorkCoverSA has assessed the impact of the new and amended standards and interpretations and consider there will be no material impact on the accounting policies or the financial statements of WorkCoverSA.

(b) Basis of preparation

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

(b) Basis of preparation (continued)

The preparation of financial statements in conformity with AASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. This experience forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of AASs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

The Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost basis except for financial assets that are stated at their fair value and outstanding claims and related recoveries that are discounted to present value using a risk-free rate.

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

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

(c) Reporting entity

WorkCoverSA is a statutory authority constituted under the *WorkCover Corporation Act 1994*. It is domiciled in Australia. For financial reporting purposes four separate funds are recognised as comprising WorkCoverSA:

- Compensation Fund
- Statutory Reserve Fund
- Insurance Assistance Fund
- Mining and Quarrying Industries Fund

Compensation Fund

The Compensation Fund refers to the Fund which was established on 30 September 1987 under section 64 of the WRCA and excludes the Statutory Reserve Fund, the Insurance Assistance Fund and the Mining and Quarrying Industries Fund.

Statutory Reserve Fund

The Statutory Reserve Fund was established under the repealed *Workers Compensation Act 1971* and came into operation in 1980 against which claims relating to workers compensation could be made in the event of the insolvency of an insurance company or the insolvency of an uninsured employer. The Fund was re-established under First Schedule, clause 5 of the WRCA and forms a separate part of the Compensation Fund.

The Compensation Fund is required to meet any liability arising from a shortfall of the Statutory Reserve Fund.

Insurance Assistance Fund

The Insurance Assistance Fund was established under the First Schedule, clause 5A of the WRCA and forms a separate part of the Compensation Fund. The Insurance Assistance Fund exists to support policies issued under section 118g of the repealed *Workers Compensation Act 1971*. These policies provided assistance to employers who were unable to obtain satisfactory workers compensation insurance under the repealed Act at a determined premium.

The Statutory Reserve Fund is required to meet any liability arising from a shortfall of the Insurance Assistance Fund.

Mining and Quarrying Industries Fund

Amendments to the WRCA provided for the establishment of the Mining and Quarrying Industries Fund to replace the Silicosis Fund. Funds standing to the credit of the Silicosis Fund were transferred to WorkCoverSA and credited to a special account titled 'Mining and Quarrying Industries Fund' which is divided into two parts:

Part (a) to satisfy liabilities under the Silicosis Scheme established under the repealed Act

Part (b) to be available to the Mining and Quarrying Occupational Health and Safety Committee for the purposes referred to in the Fourth Schedule.

With effect from 1 January 2006 the *Occupational Health Safety and Welfare (SafeWork SA) Amendment Act 2005* transferred the responsibility for the administration of this fund to SafeWork SA.

(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.

(e) Foreign currency

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. Amounts payable to and by WorkCoverSA in foreign currencies have been translated to Australian currency at rates of exchange current at the reporting period with resulting exchange differences brought to account at 30 June 2010.

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash balances, cash at call and short term deposits and negotiable securities with a maturity of three months or less.

(g) Trade and other receivables

Trade and other receivables are stated at fair value less impairment losses with the exception of claims recoveries receivable. Fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Claim recoveries receivables are stated at the amounts estimated in the actuarial valuation.

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

(h) Investments

Investments are measured at fair value. Changes in the fair values of investments at the end of the reporting period from the end of the previous reporting period, or from cost of acquisition if acquired during the financial year, are recognised as gains or losses in the Statement of Comprehensive Income.

The fair value of investments represents their net fair value and is determined as follows:

- Cash assets are carried at the face value of the amounts deposited or drawn which approximates their fair value.
- Receivables are initially recognised at amortised cost being the actual amounts due. Subsequent measurements are estimated by taking the initially recognised amounts and reducing them for impairment as appropriate (see note 1(n)).
- Listed securities and government securities are valued by reference to market quotations.
- Underlying property assets and investments in unlisted unit trusts are valued by reference to independent valuations.

All investments are classified as backing insurance liabilities (outstanding claims liabilities and unearned levies).

(i) Insurance contracts

Insurance contracts are contracts under which an entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified future event (the insured event) adversely affects the policyholder or other beneficiary. WorkCoverSA's liabilities for outstanding claims are similar in nature to general insurance contracts and accordingly are treated as general insurance contracts for the purpose of AASB 1023.

(j) Events after the reporting period

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

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

(k) Outstanding claims liability

The liability for outstanding claims is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date by WorkCoverSA, with an additional risk margin to allow for the inherent uncertainty in the central estimate. Under Actuarial Professional Standard 300 'Actuarial Reports and Advice on Outstanding Claims in General Insurance', the central estimate is the best estimate of the expected liabilities for outstanding claims based on information currently available and exhibits no bias either towards a pessimistic or an optimistic outcome. A risk margin is applied to the outstanding claims liability to reflect the inherent uncertainty in the central estimate of the outstanding claims liability. The risk margin increases the probability that the net liability is adequately provided to approximately a 65 percent probability of sufficiency.

(k) Outstanding claims liability (continued)

The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not yet reported, claims incurred but under reported and anticipated claims handling expenses including the run-off provision. The expected future payments are discounted to present value using an appropriate risk-free rate.

The claims expense or income in the Statement of Comprehensive Income comprise claims paid and the change in the liability for outstanding claims both reported and unreported, including the risk margin and claims handling expenses.

(l) Assets backing insurance liabilities

The assets backing insurance liabilities (outstanding claims) are those assets required to cover the insurance liabilities. Insurance liabilities are defined as outstanding claims and the liability for unearned levies recorded in the Statement of Financial Position. As WorkCoverSA operates solely in one industry and substantially all of its liabilities are insurance liabilities, WorkCoverSA considers that substantially all of its assets, excluding property, plant and equipment, exist to back these insurance liabilities. As part of its investment strategy WorkCoverSA seeks to manage its assets allocated to insurance activities having regard to the characteristics of the insurance liabilities.

(m) Property, plant and equipment

All assets acquired, including equipment, furniture and fittings and computers are stated at cost less accumulated depreciation and impairment losses (see note 1(n)).

Depreciation is calculated on a straight-line basis so as to write off the net cost of each item over its expected useful life. The estimated useful life in years used for each class of asset is as follows:

Class of asset	*Useful life*	
	2010	2009
	Years	Years
General office equipment	4-5	4-5
Computer and communications	4	4
Office furniture and fittings (including leasehold improvements)	5-10	5-10

All non-current tangible assets with a value in excess of $1000 are capitalised.

The cost of improvements to leasehold properties is amortised over the shorter of the unexpired period of the lease and the estimated useful lives of the improvements.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate

(n) Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

(o) Intangible assets - IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and services, direct payroll and payroll related costs of employees' time spent on the project.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where WorkCoverSA has an intention and ability to use the asset.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Comprehensive Income as incurred.

Amortisation is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the intangible assets, from the date that they are available for use. The estimated useful life is five to 10 years.

(p) Trade and other payables

Trade and other payables are stated at cost. These amounts represent liabilities for goods and services provided to WorkCoverSA prior to the end of the financial year and which are unpaid. These amounts are unsecured and usually paid within 30 days of recognition.

(q) Provisions

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

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

(r) Revenue

Levy revenue

Levies are payable by all registered South Australian employers under the WRCA.

Levies are calculated on the total remuneration paid by employers for the financial year and are recognised on an accruals basis in respect to the financial year for which the remuneration is paid. Estimates are included for levies relating to the current financial year which are payable following the end of the reporting period.

Levies attributable to future years and received in the current financial year have been classified as unearned levies.

Investment income

Interest income is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method. Dividend income is recognised in the Statement of Comprehensive Income on the date WorkCoverSA's right to receive payments is established which in the case of quoted securities is the ex-dividend date.

Claims recoveries

Claims recoveries are made from a range of parties in accordance with the WRCA.

Recoveries on paid claims, reported claims not yet paid and claims incurred but not yet reported, are recognised as revenue. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims in that they are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

Net profit (loss) disposal of on non-current assets

Any profit (loss) on disposal of property, plant and equipment is recognised at the date control of the asset is passed to the buyer and determined after deducting the proceeds from the carrying amount at the time of disposal.

(s) Expenses

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

The specific recognition criteria adopted are:

Operating lease payments

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

The present value of future payments for surplus leased space under non-cancellable operating leases is recognised as a provision, net of subleasing revenue, in the period in which it is determined that the leased space will be of no future benefit to WorkCoverSA.

Claims management fees

Claims management fees are determined on an accruals basis in accordance with the respective agreements between WorkCoverSA and its claims agents.

Employee benefits - wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date are calculated at undiscounted amounts based on remuneration wage and salary rates expected to be paid as at reporting date including related on-costs.

Employee benefits - defined contribution superannuation plan

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the Statement of Comprehensive Income as incurred.

Employee benefits - defined benefits superannuation plan

WorkCoverSA contributes to two defined benefit superannuation plans.

Employee benefits - defined benefits superannuation plan (continued)
WorkCoverSA's net obligation is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is then discounted to determine its present value from which the fair value of any plan assets is deducted. The discount rate is the yield at the end of the reporting period on government bonds that have maturity dates approximating to the terms of WorkCoverSA's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Statement of Comprehensive Income.

Where the calculation results in a benefit to WorkCoverSA, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Employee benefits - long service leave
A liability for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government securities with terms to maturity that match, as closely as possible, the estimated future cash outflows. Related on-costs have been included in trade and other payables.

(t) Taxation

WorkCoverSA is not subject to income tax but continues to be liable for payroll tax, FBT, GST, emergency services levy, land tax equivalents and local government rate equivalents.

Income, expenses and assets are recognised net of GST, except where the amount of GST incurred on a purchase of goods or services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable. Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

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

(u) Futures contracts

Futures contracts are recorded in the financial statements at net market value. The net market value is the unrealised gain/loss on the outstanding contracts as at the reporting period. All open futures contracts mature within 12 months of the reporting period.

(v) Segment reporting

WorkCoverSA operates within the insurance industry predominantly providing for the rehabilitation and compensation of workers with respect to injuries and diseases arising from their employment. WorkCoverSA operates solely in the State of South Australia.

2. Critical accounting judgments and estimates

WorkCoverSA makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on WorkCoverSA and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are those related to the valuation of outstanding claims liability and the estimate of the levies receivable balance.

Outstanding claims liability
WorkCoverSA takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. Given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The details of the valuation of the outstanding claims liability is set out in notes 18 and 19.

The outstanding claims liability has been established on the basis of independent actuarial assessments of the estimated costs of settlement of claims, inflated for the anticipated effects of inflation and other factors and discounted to a present value at the reporting period. Risk-free rates are used when discounting liabilities to current values. WorkCoverSA has adopted a risk margin of 5.5 percent for the Compensation Fund and 5.2 percent for the Statutory Reserve Fund and the Insurance Assistance Fund (5.2 percent for all funds) to value all the outstanding claims liabilities (apart from the liabilities relating to asbestos related diseases where the applicable percentage adopted is 20 percent (20 percent) at 65 percent (65 percent) probability of sufficiency. The risk margins were determined based on advice from Finity Consulting Pty Ltd.

Outstanding claims liability (continued)
The outstanding claims liability has been established on the basis of independent actuarial assessments of the estimated costs of settlement of claims, inflated for the anticipated effects of inflation and other factors and discounted to a present value at the reporting period.

The outstanding claims liability includes a liability in respect of the estimated cost of claims incurred but not settled at the end of the reporting period, including the cost of claims incurred but not yet reported (IBNR) to WorkCoverSA. The IBNR relates principally to claims for asbestos related diseases and affects mainly the Statutory Reserve Fund and the Insurance Assistance Fund.

The estimated cost of claims includes estimates of the direct expenses to be incurred in settling claims net of the expected recoveries.

Levies receivable
The levies receivable balance is the balance of levy debtors as at 30 June plus an estimate of levies receivable based on end of year returns from employers, after allowing for the impairment of any of these amounts and for refunds issued after the end of the year.

3. Risk management

(a) Overview

WorkCoverSA's risk management framework is the principal means by which identified risks are managed. WorkCoverSA has developed a risk management strategy that supports the risk management framework. Each identified risk is analysed according to an established risk management process and appropriate treatment strategies are adopted in order to manage WorkCoverSA's exposure to risk. The key aspects of the process established in the risk management framework to mitigate risk include:

- the establishment of a Board Audit and Risk Committee, which is responsible for developing and monitoring risk management policies
- the establishment and regular review by the Board Audit and Risk Committee and management of a risk register
- the establishment of a system of internal controls to manage risk
- the maintenance and use of management information systems which provide up to date, reliable data relevant to the risks to which the business is exposed
- the identification of operational risks and the establishment and implementation of processes to address and mitigate those risks.

The Board Audit and Risk Committee reports regularly to the Board on its activities. The Committee oversees how management monitors compliance with WorkCoverSA's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by WorkCoverSA. A risk management policy is in place to ensure risks are identified, analysed and managed appropriately by WorkCoverSA. WorkCoverSA's risk management framework is part of its governance risk and compliance system which is reviewed regularly to reflect changes in market conditions and in WorkCoverSA's activities. WorkCoverSA, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Committee is assisted in its oversight by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit and Risk Committee.

The broad categories of risk faced by WorkCoverSA are:

- insurance risk
- operational and other risk
- financial risk.

(b) Insurance risk

As set out in note 1, WorkCoverSA provides workers compensation coverage, in accordance with the WRCA, to workers employed in South Australia through the following funds:

- Compensation Fund
- Statutory Reserve Fund
- Insurance Assistance Fund
- Mining and Quarrying Industries Fund.

In accordance with the WRCA the Scheme is funded by charging levies to all employers covered by the WRCA which are calculated as a percentage of the remuneration paid or expected to be paid by each employer. The percentage or levy rate applicable to each employer is determined annually based on the industry in which the employer operates, the claims history of the individual employer and the average levy rate.

(b) Insurance risk (continued)

The average levy rate is set annually by the Board in accordance with its funding policy based on an actuarial assessment of the overall funding requirement of the scheme and an estimate of the likely overall remuneration for all the employers that are required to pay levies under the WRCA. The average levy rate is then used as a basis for determining an individual levy rate for individual industry groups according to their South Australian WorkCover Industrial Classification (SAWIC). Under the WRCA, WorkCoverSA has the power to set levy rates to recover any shortfalls in levy collections. The funding policy is for WorkCoverSA to become fully funded as soon as practicable. Full funding is defined by the Board as having a ratio of assets to liabilities of between 90 percent and 110 percent.

The risk of setting incorrect levy rates is controlled by taking external actuarial advice concerning the funding requirements of the Scheme and through the use of robust and historical models to translate the average levy rate into individual SAWIC levy rates. The number of registered (non-self-insured) employers for the financial year was approximately 50 000.

The entitlements payable to injured workers are determined by the WRCA.

WorkCoverSA's approach to determining the outstanding claims provisions and related sensitivities is set out in notes 2, 18 and 19. WorkCoverSA relies on the following key controls in seeking to ensure the adequacy of the claims provision:

- There are established processes for managing claims in accordance with the WRCA and other relevant legislation.
- WorkCoverSA has developed internal models to assess the value of the outstanding claims provision for the Compensation Fund.
- The claims provision is reviewed by an external actuary as follows:
  - Compensation Fund – every six months
  - Statutory Reserve Fund (excluding IBNR arising from asbestos related matters) – every 12 months
  - Insurance Assistance Fund (excluding IBNR arising from asbestos related matters) – every 12 months
  - IBNR arising from asbestos related matters – every 12 months with a more detailed review every two years
  - Mining and Quarrying Industries Fund – every three years.

In addition to these key controls the nature of workers compensation means that the liability associated with an individual claim, whilst being difficult to determine precisely on an individual basis, is relatively small in relation to the assessed value of all of the claims taken as a whole.

(c) Operational risk

Operational risk relates to the risk of loss arising from systems failure, human error or from other circumstances not related to insurance or financial risks. These risks are managed through the risk framework outlined above which includes a system of delegated authorities, effective segregation of duties, access controls and review processes.

(d) Financial risk

WorkCoverSA has exposure to the following financial risks:

- credit risk
- liquidity risk
- market risk.

WorkCoverSA's exposure to these risks arises primarily in relation to its investment portfolio but also in relation to its other financial assets. This note presents information about WorkCoverSA's exposure to each of the above risks, objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Investments – risk management framework

WorkCoverSA's investment policy document defines the investment policies for the management and oversight of WorkCoverSA's investment portfolio. It overviews the broader context against which the WorkCoverSA investment program operates, sets forth the specific investment objectives for the portfolio and the Board's governance arrangements for the investment program. The investment policy objectives are to:

- assist in minimising employer levies by delivering investment returns that exceed the actuarial discount rate, achieved by adopting a moderate-risk, balanced-investment portfolio

Investments – risk management framework (continued)

- maintain the purchasing power of monies held to fund WorkCoverSA's predominantly inflation-indexed liabilities, by focusing on maximising real investment returns, measured over rolling three-year periods subject to:

  — the expected impact of the investment program on the volatility of the funding ratio being acceptable

  — there being an acceptable risk that the nominal investment return in any one year will be negative

  — assets being sufficiently liquid to meet any cash outflow requirements.

The formal investment policy is reviewed annually by the Board to ensure it remains appropriate to the organisation's current circumstances. Other documents integral to WorkCoverSA's investment activities are:

- investment strategy – this board approved document incorporates the strategic asset allocation that has been adopted to achieve the Board's investment objectives. This document is reviewed annually

- investment guidelines and credit limits - this document outlines the detailed operating controls and limitations applying to each investment portfolio. This document is reviewed annually

- risk management statement and derivatives policy – this Board Audit and Risk Committee approved document specifies WorkCoverSA's policies for the use of derivatives within the Compensation Fund. This document is reviewed annually.

The investment portfolio is managed internally by experienced professionals supported by an internationally recognised investment firm that provides advice on asset allocation, selection of external fund managers, and undertakes specialised investment research and performance measurement.

In meeting the investment objectives, WorkCoverSA's investment strategy currently maintains exposure to eight asset classes. The funds held in seven of these asset classes are managed on day-to-day basis by 18 (20) external specialist fund managers. The cash portfolio is managed internally. Exposures within each asset class are maintained within the Board approved target ranges as determined by the Investment Strategy document. The allowable range of investments (and resulting risk exposure) for each fund manager is determined by the Investment Guidelines. Fund manager and each asset class performance are comprehensively reviewed at least annually. The guidelines set out for each asset class and portfolio:

- the desired portfolio characteristics

- the required performance and variability in relation to a recognised benchmark appropriate to that portfolio

- the type of asset that can be held

- the extent and nature of trading and the types of financial instrument that can be utilised by the investment manager.

Management in conjunction with specialist advisors monitors each fund manager against risk and return criteria and their contractual obligations. The Board Audit and Risk Committee review investment program risk and compliance activity for individual portfolios and the overall compensation fund.

Individual assets are held either directly by WorkCoverSA or through a variety of investment structures.

At any particular time the composition of the portfolio will vary from the Board approved investment strategy targets depending on the decisions of individual fund managers and broad market movements.

The composition of each asset class at 30 June 2010 was:

2010	Deposits with financial institutions $'000	Govt/ semi-govt securities $'000	Non-govt debt instrument $'000	Securities listed on Austrln Stock Exchange $'000	Securities listed on overseas stock exchanges $'000	Unit trusts unlisted property and debt security assets $'000	Derivative $'000	Total $'000
Cash	68 339	-	-	-	-	-	-	68 339
Fixed interest	17 671	121 871	31 272	-	-	-	5 861	176 675
Inflation linked securities	65 176	201 806	-	-	-	-	(9)	266 973
Australian equities	38 451	-	-	211 742	-	-	(969)	249 224
Overseas equities - hedged	-	-	-	-	136 084	-	-	136 084
Overseas equities - unhedged	-	-	-	-	148 375	-	(199)	148 176
Property	1 306	-	-	-	56 271	45 348	-	102 925
Real return growth assets	6 579	-	54 637	19 526	-	160 225	-	240 967
	197 522	323 677	85 909	231 268	340 730	205 573	4 684	1 389 363

Investments – risk management framework (continued)

2009	Deposits with financial institutions $'000	Govt/ semi-govt securities $'000	Non-govt debt instrument $'000	Securities listed on Austrln Stock Exchange $'000	Securities listed on overseas stock exchanges $'000	Unit trusts unlisted property and debt security assets $'000	Derivative $'000	Total $'000
Cash	25 944	-	-	-	-	-	-	25 944
Fixed interest	42 512	69 864	-	-	-	78 180	466	191 022
Inflation linked securities	31 234	130 020	33 282	-	-	-	-	194 536
Australian equities	15 730	-	-	220 079	-	-	113	235 922
Overseas equities - hedged	-	-	-	-	147 433	-	-	147 433
Overseas equities - unhedged	6	-	-	-	117 793	-	-	117 799
Property	1 197	-	-	43 695	-	18 818	(182)	63 528
Real return growth assets	5 484	-	11 075	9 685	-	179 885	-	206 129
	122 107	199 884	44 357	273 459	265 226	276 883	397	1 182 313

Use of derivatives
In the normal course of its investment activities WorkCoverSA is party to arrangements involving derivatives. Derivatives held within portfolios through WorkCoverSA's custodian have three main objectives:

- risk management – minimisation or reduction of specific risks within a given portfolio. For example forward exchange contracts are used to hedge currency movements to remove their impact on international investments portfolio returns

- transactional efficiency – derivatives provide effective exposure to markets or individual securities while incurring transaction costs at a fraction of the cost of purchasing the underlying security or basket of securities. In many instances the derivative markets provide much more liquidity than the underlying physical market

- value added strategies – given their low cost and high liquidity, derivatives can be an efficient way of taking active portfolio positions. As there can also be pricing anomalies between derivatives and underlying physical securities there can be opportunities to take advantage of different pricing.

Derivative exposures are subject to the same restrictions as physical assets within each portfolio's investment guidelines. Derivatives also need to comply with the fund managers' individual risk management statement Part B and WorkCoverSA's risk management statement and derivatives policy. Where there is inconsistency, the investment guidelines will take precedence. Additionally no gearing or leverage is allowed from derivative positions with all net long derivative exposures covered by cash or cash equivalent securities.

The use of derivatives is restricted to appropriately credentialed counterparties. Unit trusts in which WorkCoverSA invests may use derivative instruments appropriate to the investment markets in which they invest. The use of derivatives within the unit trusts in which WorkCoverSA invests is approved and monitored by the responsible entity or trustee for the respective unit trust.

No single instrument is individually material to the future cash flows of WorkCoverSA. WorkCoverSA does not consider that the nature and extent of the use of derivatives warrants separate disclosure of individual contracts. WorkCoverSA, through its separate account investment portfolios, uses derivative instruments as follows:

Forward exchange contracts

- WorkCoverSA invests in global markets to access the risk reduction benefits of diversification. In order to protect against exchange rate movements for the overseas exposures, WorkCoverSA has entered into forward exchange contracts, which require settlement of the net gain or loss at maturity. For diversification purposes WorkCoverSA intentionally maintains some unhedged currency exposures.

- the gain or loss on open contracts as at the end of the reporting period has been taken up in the financial statements as an unrealised gain or loss based on the exchange rate current as at the end of the reporting period.

- the use of forward exchange contracts for speculative purposes is prohibited.

Credit risk - investments
Credit risk is the risk of financial loss to WorkCoverSA if a levy payer or counterparty to a financial instrument fails to meet their contractual obligations.

WorkCoverSA manages its exposure to credit risk related to fixed interest and cash investments through implementation and monitoring of its investment policy, investment guidelines and investment credit limit documents. Ongoing monitoring by management and specialist advisers of breaches against these documents is reviewed quarterly by the Board Audit and Risk Committee. These documents impose the following restrictions:

- Credit limits are placed on all categories of debt investments on an individual and cumulative basis.

Credit risk - investments (continued)

- For each individual investment and on a cumulative investment category basis minimum credit ratings requirements are imposed based on Standard & Poor's (or equivalent Moody's) ratings.
- Time restraints are imposed on certain lower rated debt instruments to limit exposure to varying credit risk.

The following tables outline the credit risk exposure for WorkCoverSA as at balance date for each major class of defensive assets:

	Short-term issue ratings*			Long-term issue ratings**			Not	
2010	A1+	A1	A2	AAA	AA	A	rated***	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash	51 070	13 936	-	-	-	-	3 333	68 339
Fixed interest	-	-	-	170 815	-	-	5 860	176 675
Inflation linked securities	-	-	-	266 973	-	-	-	266 973
	51 070	13 936	-	437 788	-	-	9 193	511 987
2009								
Cash	13 983	-	-	-	-	-	11 961	25 944
Fixed interest	-	-	-	112 376	-	-	78 646	191 022
Inflation linked securities	-	-	-	194 536	-	-	-	194 536
	13 983	-	-	306 912	-	-	90 607	411 502

* Standard & Poor's short-term financial strength ratings apply for cash portfolio and short-term investments. A1+ is the highest short-term strength rating

** Standard & Poor's long-term credit ratings. AAA is the highest possible long-term credit rating

*** Not rated assets for this table are non-defensive assets and consist of cash or investments in a pooled fund which is benchmarked against the UBS Composite Index.

Credit risk - other financial assets

The only significant exposure to credit risk in relation to assets, other than investments, relates to levies due and payable from registered and self-insured employers and sundry debtors. WorkCoverSA is able to enforce the collection of any debt due under the WRCA through a court of competent jurisdiction. WorkCoverSA has processes in place to monitor all material credit exposures and has an established policy to manage debt recovery.

6.1 percent of WorkCoverSA's levy receivables and sundry debtors were past due greater than 30 days (3.7 percent). The ageing of WorkCoverSA's levy receivables and sundry debtors at the reporting date was:

	2010	2009
	$'000	$'000
Not past due and due up to 30 days	30 045	74 578
Past due 31-60 days	9	-
Past due 61 days to 1 year	1 045	-
More than 1 year	884	2 851
	31 983	77 429

There were no significant concentrations of credit risk. None of the above amounts are considered impaired.

Liquidity risk

Liquidity risk is the risk that WorkCoverSA will not be able to meet its financial obligations as they fall due. WorkCoverSA's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to WorkCoverSA's reputation. At least 50 percent of WorkCoverSA's investments could be liquidated within seven business days if required.

Both the asset and liability liquidity risks are managed through management risk strategies. 80.4 percent (76.6 percent) of WorkCoverSA's liabilities are non-current and consist predominately of estimates of payments of entitlements to workers compensation made over the long-term to individual claimants. WorkCoverSA's asset allocation is such that if required it could be realisable as cash within a few months. Accordingly, WorkCoverSA considers that its short-term liquidity risks are minimal.

The table below outlines the maturity profile of certain financial liabilities based on the remaining undiscounted obligations. Outstanding claims are covered in notes 18 and 19.

	2010	2009
	$'000	$'000
1 year or less	38 370	47 609
1-3 years	421	1 149
3-5 years	-	-
Over 5 years	-	-
No term	-	-
Trade and other payables	38 791	48 758

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect WorkCoverSA's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

WorkCoverSA is exposed to market risk primarily through:

- currency risk
- interest rate risk
- market price risk.

Currency risk

WorkCoverSA is directly exposed to currency risk on purchases and financial instruments that are denominated in a currency other than Australian dollars. WorkCoverSA uses forward exchange contracts for a portion of its international investments to hedge its exposure to foreign currency fluctuations. All overseas bond securities and approximately one half of the international equity securities have forward contracts in place whilst remaining equities are left intentionally exposed to market movements. The changes in the valuations of these open contracts are disclosed in the financial statements as unrealised gains or losses as at the end of the reporting period.

The analysis below demonstrates the impact on profit and equity of a movement in foreign exchange rates against the Australian dollar on our major un-hedged currency exposures. A 5 percent strengthening/ weakening of the Australian dollar against the following currencies at 30 June would have (decreased) increased international equity holdings and profit (loss) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2009.

	Residual exposure		Movement in variable against A$	Profit (Loss)		Equity	
	2010	2009		2010	2009	2010	2009
	$'000	$'000	Percent	$'000	$'000	$'000	$'000
US dollar	26 343	41 123	+5	(1 317)	(2 056)	(1 317)	(2 056)
			-5	1 317	2 056	1 317	2 056
Euro	7 068	15 369	+5	(353)	(768)	(353)	(768)
			-5	353	768	353	768
Sterling	5 622	10 522	+5	(281)	(526)	(281)	(526)
			-5	281	526	281	526

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed interest securities are exposed to changes in fair value due to fluctuating interest rates whilst floating rate securities are exposed to future cash flow variations as a result of changes to interest rates. The risk management approach adopted by WorkCoverSA to minimise such risks is through its strategic asset allocation whereby a mixture of high credit rated and readily liquidated fixed interest securities are held in conjunction with short-term deposits and cash to balance out the respective risks.

WorkCoverSA's fixed interest investments are held in both domestic and international markets. Such holdings form part of WorkCoverSA's defensive or low risk exposure which provide capital stability and secure income. WorkCoverSA's investments in interest bearing securities consist of marketable securities which are not intended to be held for trading.

WorkCoverSA's sensitivity to movements in interest rates in relation to the value of interest bearing investments is shown in the table below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

	Movement in interest rate	Financial impact			
		Profit (Loss)		Equity	
		2010	2009	2010	2009
	percent	$'000	$'000	$'000	$'000
Interest rate movement -	+1	(18 995)	(13 118)	(18 995)	(13 118)
interest bearing investments	-1	18 995	13 118	18 995	13 118

Market price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual instrument or its issuer (idiosyncratic risk), or factors affecting all similar financial instruments traded in the market (systematic risk).

WorkCoverSA is exposed to price risk throughout all asset classes with the highest systematic risk in its domestic and international equity investments. WorkCoverSA's equity investments consist of investments listed on the Australian Stock Exchange and other major international exchanges. WorkCoverSA's property exposure comprises both listed and unlisted domestic and international holdings diversified across the property sub-sectors. The majority of property holdings are through pooled property unit trusts, each of these having varying but moderate risk/return investment objectives. WorkCoverSA invests in inflation linked securities to provide a long-term hedge against inflation and consequent price risk if held to maturity.

Market price risk (continued)
WorkCoverSA manages its exposure to market risk though the adoption of a longer-term investment strategy that is based on extensive modelling of the expected return, volatility and correlation of each asset category included in the investment program to maximize returns for a given level of risk. By diversifying investments across a number of lowly correlated markets the volatility of the aggregate investment return is moderated over time.

The potential impact of movements in the market value of listed equities on WorkCoverSA's Statement of Comprehensive Income and Statement of Financial Position is shown in the sensitivity analysis below. The calculation assumes that exposures are un-hedged. The price risk in relation to unlisted securities is immaterial in terms of the possible impact on profit or loss and has not been included in the sensitivity analysis.

	Exposure		Movement	Financial impact Profit (Loss)		Equity	
	2010	2009	in variable	2010	2009	2010	2009
	$'000	$'000	Percent	$'000	$'000	$'000	$'000
ASX 200	231 268	273 459	+5	11 563	13 673	11 563	13 673
			-5	(11 563)	(13 673)	(11 563)	(13 673)
MSCI - US	126 501	112 584	+5	6 325	5 629	6 325	5 629
			-5	(6 325)	(5 629)	(6 325)	(5 629)
MSCI - EAFE	107 699	103 954	+5	5 385	5 198	5 385	5 198
			-5	(5 385)	(5 198)	(5 385)	(5 198)
MSCI - EM	36 510	23 981	+5	1 826	1 199	1 826	1 199
			-5	(1 826)	(1 199)	(1 826)	(1 199)

4. Other Funds

(a) *Statement of Comprehensive Income for the year ended 30 June 2010*

	Note	Statutory Reserve Fund $'000	Insurance Assistance Fund $'000	Mining & Quarrying Industries Fund Part A $'000	Part B $'000	Total Other Funds 2010 $'000	2009 $'000
Claims paid	6	(1 399)	-	-	-	(1 399)	(1 119)
Claim recoveries	6	458	-	-	-	458	168
(Increase) Decrease in outstanding claims liability	19	(9 045)	(27)	-	-	(9 072)	2 488
Underwriting result		(9 986)	(27)	-	-	(10 013)	1 537
Investment profit (loss)	7	9 881	1 506	17	1 438	12 842	(11 339)
Investment expense		(155)	(24)	-	(23)	(202)	(250)
Net investment profit (loss)		9 726	1 482	17	1 415	12 640	(11 589)
Total operating expenses		(85)	(7)	-	(702)	(794)	(833)
Total comprehensive result		(345)	1 448	17	713	1 833	(10 885)

(b) *Statement of Financial Position as at 30 June 2010*

	Note	Statutory Reserve Fund $'000	Insurance Assistance Fund $'000	Mining & Quarrying Industries Fund Part A $'000	Part B $'000	Total Other Funds 2010 $'000	2009 $'000
Assets:							
Investments		90 643	13 962	163	12 674	117 442	106 537
Total assets		90 643	13 962	163	12 674	117 442	106 537
Liabilities:							
Outstanding claims	19	101 369	612	100	-	102 081	93 009
Total liabilities		101 369	612	100	-	102 081	93 009
Net (liabilities) assets		(10 726)	13 350	63	12 674	15 361	13 528
Equity:							
Retained earnings		(10 726)	13 350	63	12 674	15 361	13 528
Total equity		(10 726)	13 350	63	12 674	15 361	13 528

5. Total income

	Note	Compensation Fund $'000	Other Funds $'000	2010 WorkCoverSA $'000	2009 WorkCoverSA $'000
Employer levy		609 021	-	609 021	626 281
Fines and penalties		1 173	-	1 173	4 526
Registered employer levy revenuer		610 194	-	610 194	630 807
Self-insured employer levy - SA Government		9 380	-	9 380	7 099
Self-insured employer levy - non-SA Government		9 428	-	9 428	8 434
Self-insured levy revenue		18 808	-	18 808	15 533
Total levy revenue		629 002	-	629 002	646 340
Claim recoveries	6	21 122	458	21 580	23 889
Investment profit (loss)	7	127 345	12 842	140 187	(135 806)
Other income	8	2 058	-	2 058	4 029
Total income		779 527	13 300	792 827	538 452

6. Cost of claims

(a) Cost of claims

	Note	Compensation Fund $'000	Other Funds $'000	2010 WorkCoverSA $'000	2009 WorkCoverSA $'000
Claims paid		486 802	1 399	488 201	576 499
Claim recoveries	5	(21 122)	(458)	(21 580)	(23 889)
Net claims paid		465 680	941	466 621	552 610
Increase (Decrease) in net outstanding claims liability	18,19	100 876	9 072	109 948	(88 203)
Self insurer settlements		(291)	-	(291)	2 583
Cost of claims		566 265	10 013	576 278	466 990

(b) Net claims paid

	Note	Compensation Fund $'000	Other Funds $'000	2010 WorkCoverSA $'000	2009 WorkCoverSA $'000
Income maintenance		173 487	-	173 487	198 442
Redemptions-payments under Division 4A of the WRCA		123 174	-	123 174	147 192
Non-economic loss - payments under Division 5 and Division 6 of the WRCA		46 623	-	46 623	82 037
Hospital treatment		11 469	-	11 469	13 615
Medical treatment		61 125	-	61 125	67 157
Vocational rehabilitation		26 529	-	26 529	21 921
Physiotherapy		10 532	-	10 532	11 018
Legal costs		15 697	366	16 063	14 320
Other		18 166	1 033	19 199	20 797
Claims paid		486 802	1 399	488 201	576 499
Less recoveries from other parties	5	(21 122)	(458)	(21 580)	(23 889)
Net claims paid		465 680	941	466 621	552 610

7. Investment profit (loss)

	Note	Compensation Fund $'000	Other Funds $'000	2010 WorkCoverSA $'000	2009 WorkCoverSA $'000
Dividends		27 106	2 734	29 840	19 308
Interest received		20 558	2 073	22 631	14 709
Change in net market values:					
Investments held at 30 June		22 474	2 266	24 740	(137 503)
Investments realised during the financial year		57 207	5 769	62 976	(32 320)
Investment profit (loss)		127 345	12 842	140 187	(135 806)

8. Other income

	Note	Compensation Fund $'000	Other Funds $'000	2010 WorkCoverSA $'000	2009 WorkCoverSA $'000
Defined benefit fund	20(d)	840	-	840	1 063
Sundry income		1 218	-	1 218	2 966
Total other income		2 058	-	2 058	4 029

9. Employee benefit expenses

	Note	Compensation Fund $'000	Other Funds $'000	2010 WorkCoverSA $'000	2009 WorkCoverSA $'000
Salaries and wages		20 845	57	20 902	19 645
Long service leave		528	1	529	576
Annual leave		1 746	5	1 751	1 692
Expenses related to defined benefit plans	20(d)	1 951	-	1 951	5 739
Contributions to defined contribution plans		1 745	6	1 751	1 676
Total employee benefit expenses		26 815	69	26 884	29 328

The number of employees whose remuneration received or receivable falls within the following bands:	2010 Number	2009 Number
$100 000 - $109 999	17	16
$110 000 - $119 999	8	10
$120 000 - $129 999	13	7
$130 000 - $139 999	7	7
$140 000 - $149 999	3	4
$150 000 - $159 999	4	3
$160 000 - $169 999	2	1
$180 000 - $189 999	-	1
$200 000 - $209 999	-	2
$210 000 - $219 999	1	1
$220 000 - $229 999	-	1
$230 000 - $239 999	1	1
$240 000 - $249 999	1	-
$250 000 - $259 999	-	-
$260 000 - $269 999	-	2
$270 000 - $279 999	1	-
$280 000 - $289 999	2	-
$370 000 - $379 999	-	1
$400 000 - $409 999	-	1
$410 000 - $419 999	1	-
$520 000 - $529 999	1	-
Total	62	58

9. Employee benefit expenses (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 other salary sacrifice benefits and payments of accumulated annual leave, long service leave and superannuation in respect of certain employees whose employment terminated in the financial year. The total remuneration received by these employees for the year was $9.1 million ($8.5 million).

10. Depreciation, amortisation and other general operating expenses

	Compensation Fund $'000	Other Funds $'000	2010 WorkCoverSA $'000	2009 WorkCoverSA $'000
Depreciation - property, plant and equipment	869	-	869	943
Amortisation - intangible assets	731	-	731	-
Depreciation and amortisation expenses	1 600	-	1 600	943
Net rental expenses relating to operating leases	3 252	-	3 252	3 489
Motor vehicle expenses relating to operating leases	238	-	238	251
Consultants	3 008	-	3 008	2 251
Other operating costs	16 136	725	16 861	17 223
Other general operating cost	22 634	725	23 359	23 214

The number and dollar amount of consultancies paid/payable (included in general operating expenses) that fell within the following bands:

	2010		2009	
	Number	$'000	Number	$'000
Below $10 000	10	48	7	42
Between $10 001 - $50 000	11	194	11	239
Above $50 001	12	2 766	8	1 970
Total paid/payable to the consultants engaged	33	3 008	26	2 251

Expenditure on consultants capitalised in intangible assets amounted to $109 000 ($512 000).

11. Auditors' remuneration

	2010 WorkCoverSA $'000	2009 WorkCoverSA $'000
Audit fees paid/payable to the Auditor-General's Department	555	475
Total auditors' remuneration	555	475

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

12. Cash and cash equivalents

	Note	Compensation Fund $'000	Other Funds $'000	2010 WorkCoverSA $'000	2009 WorkCoverSA $'000
Cash		3	-	3	3
Cash equivalents	3	68 339	-	68 339	25 944
Cash and cash equivalents in the Statement of Cash Flows		68 342	-	68 342	25 947

13. Trade and other receivables

	Note	Compensation Fund $'000	Other Funds $'000	2010 WorkCoverSA $'000	2009 WorkCoverSA $'000
Current assets:					
Levies, fines and penalty interest		31 099	-	31 099	76 777
Recoverable claim payments	18	20 386	-	20 386	20 236
Trade debtors		2 026	-	2 026	74
Sundry debtors and prepayments		2 448	-	2 448	2 149
Total current receivables		55 959	-	55 959	99 236
Non-current assets:					
Recoverable claim payments	18	81 263	-	81 263	78 619
Total non-current receivables		81 263	-	81 263	78 619
Total trade and other receivables		137 222	-	137 222	177 855

14. Investments

	2010 WorkCoverSA $'000	2009 WorkCoverSA $'000
Deposits with financial institutions	197 522	122 107
Government/Semi-Government securities	323 677	199 884
Non-government debt instruments	85 909	44 357
Securities listed on the Australian Stock Exchange	231 268	273 459
Securities listed on overseas stock exchanges	340 730	265 226
Unit trusts - unlisted property and debt security assets	205 573	276 883
Derivatives	4 684	397
Total investments at fair value through profit and loss	1 389 363	1 182 313

14. Investments (continued)

	2010 WorkCoverSA $'000	2009 WorkCoverSA $'000
Current	210 755	126 323
Non-current	1 178 608	1 055 990
Total	1 389 363	1 182 313

15. Property, plant and equipment

	Computer and communications equipment $'000	Office furniture and fittings including leasehold improvements $'000	General office equipment $'000	Total $'000
Cost:				
Balance at 1 July 2008	9 817	15 001	1 206	26 024
Additions	983	10	13	1 006
Disposals	(3 737)	(76)	(12)	(3 825)
Balance at 30 June 2009	7 063	14 935	1 207	23 205
Balance at 1 July 2009	7 063	14 935	1 207	23 205
Additions	490	14	62	566
Disposals	(1 106)	-	-	(1 106)
Balance at 30 June 2010	6 447	14 949	1 269	22 665
Depreciation:				
Balance at 1 July 2008	(8 147)	(14 926)	(956)	(24 029)
Depreciation	(851)	(1)	(91)	(943)
Disposals	3 649	-	9	3 658
Balance at 30 June 2009	(5 349)	(14 927)	(1 038)	(21 314)
Balance at 1 July 2009	(5 349)	(14 927)	(1 038)	(21 314)
Depreciation	(770)	(4)	(95)	(869)
Disposals	1 103	-	-	1 103
Balance at 30 June 2010	(5 016)	(14 931)	(1 133)	(21 080)
Carrying amounts:				
At 1 July 2008	1 670	75	250	1 995
At 30 June 2009	1 714	8	169	1 891
At 1 July 2009	1 714	8	169	1 891
At 30 June 2010	1 431	18	136	1 585

16. Intangible assets

	IT development and software $'000
Cost:	
Balance at 1 July 2008	12 067
Additions - internal development	4 084
Additions - external costs	11 428
Balance at 30 June 2009	27 579
Balance at 1 July 2009	27 579
Additions - internal development	4 180
Additions - external costs	12 121
Balance at 30 June 2010	43 880
Amortisation	
Amortisation charge	(731)
Balance at 30 June 2010	(731)
Carrying amounts:	
At 1 July 2008	12 067
At 30 June 2009	27 579
At 1 July 2009	27 579
At 30 June 2010	43 149

The intangible asset relates to the cost of developing WorkCoverSA's new claims management system. The intangible asset was not available for use in the year to 30 June 2009 and accordingly no amortisation was recognised.

17. Trade and other payables	Compensation Fund	Other Funds	2010 WorkCoverSA	2009 WorkCoverSA
Current:	$'000	$'000	$'000	$'000
Creditors	37 962	-	37 962	47 250
Employment on-costs	367	-	367	327
Non-current:				
Creditors	421	-	421	1 149
Employment on-costs	41	-	41	32
Total trade and other payables	38 791	-	38 791	48 758

18. Outstanding claims liability - Compensation Fund

(a) Outstanding claims

	Note	2010 $'000	2009 $'000
Expected future gross claims payments (undiscounted)		3 712 398	3 338 766
Discount to present value		(1 441 630)	(1 160 068)
Central estimate		2 270 768	2 178 698
Risk margin		124 892	113 292
Liability for outstanding claims		2 395 660	2 291 990
Recoveries	13	(101 649)	(98 855)
Net liability for outstanding claims		2 294 011	2 193 135
Current liability for outstanding claims		451 269	517 680
Non-current liability for outstanding claims		1 944 391	1 774 310
Total liability for outstanding claims		2 395 660	2 291 990
Change in liability for outstanding claims		103 670	(77 499)
Change in claim recoveries receivable		(2 794)	(8 216)
Movement in net outstanding claims liability		100 876	(85 715)

	2010 Years	2009 Years
Weighted average expected term to settlement	7.50	6.18

The value of the claims liability is determined by WorkCoverSA following an independent actuarial valuation by Finity Consulting Pty Limited. The value of the outstanding claims liability is based on a central estimate and includes a risk margin of 5.5 percent (5.2 percent) to bring the estimated net liability to a 65 percent probability of sufficiency.

The split of the outstanding claims liability between current and non-current liabilities is based on actuarial advice from Finity Consulting Pty Limited. Should the timing of cash flows vary from that projected by Finity Consulting Pty Limited then the proportions of the overall claims liability that are shown as current and non-current may vary.

The WorkCoverSA Scheme is a scheme designed in part to provide long-term financial support for those injured at work. This long-term financial support can be provided in some cases over many years. The assumptions adopted in relation to the projected durations for active claims for income maintenance claims are detailed below in note 18(d).

With effect from 1 July 2008 the provision of the *Workers Rehabilitation and Compensation (Scheme Review) Amendment Act 2008* has progressively come into force. The estimate of the value of the outstanding claims liability takes account of the potential impact of the changes to the WRCA as they affect the liability for outstanding claims. The principal changes which impact on the estimate of the outstanding liability for existing claims are those relating to the amendments to the non-economic loss provisions, the changes to the dispute resolution process, the introduction of work capacity reviews, the introduction of medical panels and the restrictions on the use of redemptions. Full allowance has not been made for the impact of the changes in legislation on the liability for outstanding claims at 30 June 2010. It is anticipated that further reductions in the liability for outstanding claims will occur over time as a result of the application of the legislation.

The key uncertainties specific to the estimation of the liability for outstanding claims include:

- the impact of significant restrictions on the availability of redemptions from 1 July 2010
- the extent and timing of the impact of work capacity reviews and in particular how the introduction of these provisions interacts with the restrictions on the availability of redemptions
- the effect of medical panels
- the impact on the changes to the dispute resolution framework
- the final impact of the changes to the legislation as they relate to the calculation of entitlements for non-economic loss

(a) Outstanding claims (continued)

- the effectiveness with which the new legislation is implemented and the overall effectiveness of claims management
- the impact of any changes in the overall economic environment.

The increase in the outstanding claims liability includes the net impact of the decrease in the average discount rate from 5.66 percent to 5.39 percent at 30 June 2010.

Note 18(e) sets out the impact of changes in the key assumptions on which the valuation of the outstanding claims liability is based.

(b) Net claims incurred

	Current year $'000	Prior years $'000	2010 Total $'000	Current year $'000	Prior years $'000	2009 Total $'000
Undiscounted:						
Gross incurred	940 290	(7 555)	932 735	844 261	(671 212)	173 049
Recoveries	(22 577)	(284)	(22 861)	(21 169)	(6 714)	(27 883)
Net incurred - undiscounted	917 713	(7 839)	909 874	823 092	(677 926)	145 166
Discounted:						
Gross incurred	616 683	15 524	632 207	577 556	(30 116)	547 440
Recoveries	(17 733)	(5 259)	(22 992)	(16 343)	(15 563)	(31 906)
Net incurred - discounted	598 950	10 265	609 215	561 213	(45 679)	515 534
Discount and discount movement:						
Gross incurred - discounted	(323 607)	23 079	(300 528)	(266 705)	641 096	374 391
Recoveries - discounted	4 844	(4 975)	(131)	4 826	(8 849)	(4 023)
Net incurred discounted	(318 763)	18 104	(300 659)	(261 879)	632 247	370 368

The figures for current period claims relate to the risks borne in the current reporting period. The figures for prior period claims relate to the reassessment of the risks borne in all previous reporting periods.

(c) Claims development

Estimate of ultimate claims cost**	Prior Years* $'000	2002 $'000	2003 $'000	2004 $'000	2005 $'000	2006 $'000	2007 $'000	2008 $'000	2009 $'000	2010 $'000
At end of year	-	238 867	325 617	332 168	395 377	396 059	422 794	445 035	471 917	506 902
One year later	573 536	307 822	314 439	368 048	382 259	419 758	435 848	447 935	480 472	
Two years later	737 743	303 688	333 644	375 409	408 008	452 514	460 605	461 964		
Three years later	801 335	316 880	343 547	387 244	406 101	437 354	475 519			
Four years later	845 969	325 279	354 287	375 531	368 271	417 646				
Five years later	905 348	326 954	339 116	361 281	383 879					
Six years later	968 055	317 367	329 228	357 003						
Seven years later	968 711	323 710	328 029							
Eight years later	961 616	317 739								
Nine years later	921 246									
Current estimate of cumulative claims costs**	921 246	317 739	328 029	357 003	383 879	417 646	475 519	461 964	480 472	506 902
Cumulative payments	782 994	295 191	304 412	324 735	324 739	306 075	249 461	193 378	129 356	50 192
Outstanding payments	138 252	22 548	23 617	32 268	59 140	111 571	226 058	268 586	351 116	456 710
Discount adjustment***	70 021	12 953	11 962	14 140	21 817	33 428	52 308	43 016	30 232	16 781
Net outstanding claims	208 273	35 501	35 579	46 408	80 957	144 999	278 366	311 602	381 348	473 491

* Development of outstanding claims estimate as at 30 June 2002 for claims arising prior to 30 June 2001.

** Discounted to the beginning of the accident year using the discount rate applied in the estimation.

*** Discount adjustment from beginning of accident year to current valuation date.

	2010 $'000	2009 $'000
Prior years	208 273	331 239
Year ended 30 June 2002	35 501	57 449
Year ended 30 June 2003	35 579	56 981
Year ended 30 June 2004	46 408	73 386
Year ended 30 June 2005	80 957	89 675
Year ended 30 June 2006	144 999	208 630
Year ended 30 June 2007	278 366	305 552
Year ended 30 June 2008	311 602	351 769
Year ended 30 June 2009	381 348	439 367
Year ended 30 June 2010	473 491	-
Net outstanding claims	1 996 524	1 914 048
Claims handling expenses	177 894	170 681
Risk margin	119 593	108 406
Net liability for outstanding claims	2 294 011	2 193 135

(d) ***Key assumptions***

The key assumptions used by Finity Consulting Pty Limited in developing the valuation of the claims liability are the economic assumptions relating to inflation and discount rates and the assumptions relating to the duration and severity of claims. The key assumptions have been developed through the actuarial analysis of historic trends in conjunction with analysis of current and likely future economic factors. The following key assumptions were used in the measurement of the outstanding claims liability.

	2010	2009
Economic modelling assumptions:	Percent	Percent
Inflation rate - income maintenance	3.60	3.46
Inflation - medical, legal and other costs	3.85	3.73
Superimposed inflation rate - medical payments	2.00-6.00	2.00-6.00
Superimposed inflation rate - other	Refer below	
Discount rate	5.39	5.66
Duration and severity of claims	Refer below	
Claims handling expenses	8.50	8.50
Risk margin	5.50	5.20

Superimposed inflation of between 1 percent and 6 percent per annum has been included in relation to hospital, vocational rehabilitation expenditure, travel, recoveries, and some other minor payment types.

Finity Consulting Pty Limited has made a range of assumptions relating to the projected duration that claimants will remain in receipt of payments and the quantum of those payments having had regard to the particular characteristics of groups of claims including:

- the length of time that a group of claims has been in receipt of payments
- the analysis of past claims experience including the cost of claims.

The valuation of the outstanding claims liability is strongly dependent on the assumptions adopted in relation to the duration of claims and in particular long-term claims.

(e) ***Sensitivity to changes in key assumptions***

The sensitivity of the discounted net outstanding claims estimate and profit (loss) impact at the 65th percentile (ie after allowing for the risk margin) to changes in key assumptions is shown in the following table:

	Increase (decrease) in net assets $'million	Percentage of net liability
Economic and modelling assumptions:		
Increase in inflation rates by 1 percent	162	7.4
Increase in discount rate by 1 percent	(143)	(6.6)
Increase in medical superimposed inflation by 1 percent	21	0.9
Duration and severity of claims:		
Increase in assumed average lump sum payment for claimants entitled to such payments by 10 percent	21	1.0
Increase in assumed lifetime income maintenance payments by 10 percent for claims less than three years old	76	3.6
Increase in assumed other payments by 10 percent for claims less than three years old	39	1.8
Increase in assumed income maintenance payments by 10 percent for claims more than three years old	48	2.3
Increase in assumed other payments by 10 percent for claims more than three years old	31	1.5

In conducting its valuation, Finity Consulting Pty Limited modelled a number of scenarios under which the assumptions related to redemptions and/or to the long-term non-redemption exit rates or the impact of the introduction of the provisions of the *Workers Rehabilitation and Compensation (Scheme Review) Amendment Act 2008* differed from those used in the valuation. Under those scenarios the total value of the liability differed from the central estimate by the order of up to plus or minus $100 million. These scenarios do not reflect either the maximum or minimum increase in the liability but reflect a range of likely scenarios.

The selection of the probability of sufficiency has a material impact on the valuation of the outstanding claims liability. The impact on the outstanding claims liability of adopting 75 percent probability is shown in the following table:

	2010 $'million	2009 $'million
Increase in net outstanding claims liability at 75 percent probability of sufficiency	104.4	93.8

19. Outstanding claims liability - other funds

(a) Outstanding claims - SRF and IAF

	SRF	IAF	Combined 2010	Combined 2009
	$'000	$'000	$'000	$'000
Open claims	1 823	-	1 823	2 430
Total incurred but not yet reported (IBNR)	77 350	477	77 827	70 229
Claims handling expenses	5 542	33	5 575	5 086
Central estimate	84 715	510	85 225	77 745
Risk margin	16 654	102	16 756	15 164
Total outstanding claims liability	101 369	612	101 981	92 909

The value of the claims liability is determined by WorkCoverSA following an independent actuarial valuation by Finity Consulting Pty Limited. The claims liability estimate is based on a central estimate and includes a risk margin to bring the estimate of claims to a 65 percent probability of sufficiency.

The IBNR component is primarily made up of the estimated liability of the funds for asbestos related disease claims that will be made after 30 June 2010 due to exposure prior to 30 June 2010. Due to the latent nature of the disease there is a significant delay between the time of injury and reporting of the claim. Relatively few claims have been notified at the date of adopting these financial statements. The generally accepted opinion is that this delay is in the order of 40 years on average.

The asbestos related disease IBNR component was estimated by Finity Consulting Pty Limited based on:

- forecast total future claim numbers derived by fitting projection models to the SRF/IAF claims data by disease recognising the varying nature of the exposure for different claims
- forecasts of average claim costs derived from analysis of SRF/IAF claims data, external data and information obtained from discussion with key parties. This analysis was based on disease type, size of claim and legal costs, adjusted to allow for the timing of claim payments and for future claims inflation, discounted to their present value.

(b) Movement in liability - SRF and IAF

	SRF 2010	SRF 2009	SRF Change	IAF 2010	IAF 2009	IAF Change
Asbestos related:	$'000	$'000	$'000	$'000	$'000	$'000
Reported	1 123	1 874	(751)	-	-	-
IBNR/re-opened claims	76 847	69 283	7 564	477	456	21
	77 970	71 157	6 813	477	456	21
Non-asbestos related:						
Reported	700	556	144	-	-	-
IBNR/re-opened claims	503	490	13	-	-	-
	1 203	1 046	157	-	-	-
Central estimate	79 173	72 203	6 970	477	456	21
Claims handling expenses	5 542	5 054	488	33	32	1
Risk margin	16 654	15 067	1 587	102	97	5
Total outstanding claims liability	101 369	92 324	9 045	612	585	27

(c) Key assumptions

The key assumptions used in developing the estimate of the outstanding claims liability include economic assumptions relating to inflation and discount rates, the assumptions relating to severity of claims and the assumptions used to estimate the level of claims incurred but not reported. The key assumptions have been developed through the actuarial analysis of historic trends in conjunction with analysis of current and likely future economic factors.

The following key assumptions were used in this valuation of the outstanding claims liability as at 30 June 2010 shown together with those used at 30 June 2009 for comparison.

	2010	2009
Inflation rate:	Percent	Percent
Asbestos claims*	3.9	3.9
Non-asbestos claims	3.9	3.9
Discount rate:		
Asbestos IBNR	5.6	6.0
Other	5.6	6.0
Claims handling expenses	7.0	7.0
Risk margin:		
Reported claims	5.2	5.2
IBNR claims	20.0	20.0

* Excluding superimposed inflation which is assumed to be 2 percent per annum as at June 2010.

(c) Key assumptions (continued)

The significant assumptions underpinning the asbestos related disease IBNR are that the propensity to claim and the basis for compensating claims remain similar to the current situation, specifically:

- the number of diagnosed incidents of asbestos related disease continues to develop in line with past trends
- the proportion of incidents compensated by the funds remains similar to current levels but with an allowance for an increase in the proportion of claims which revert to the SRF from uninsured and insolvent employers
- there are no additional failures of insurance companies.

(d) Sensitivity to changes in key assumptions - SRF and IAF

The key sensitivity for the SRF and the IAF is in relation to the ultimate value of the IBNR for asbestos related claims.

(e) Mining and Quarrying Industries Fund - silicosis liability

As at 30 June 1989 the balance of the Silicosis Fund established under the repealed Act was transferred to WorkCoverSA under the Mining and Quarrying Industries Fund established for that purpose. At June 2010 Finity Consulting Pty Limited estimated the extent of the existing and prospective liabilities for the Silicosis Scheme under the repealed Act as being $100 000.

(f) Summary of other funds

	2010 $'000	2009 $'000
Statutory Reserve Fund	101 369	92 324
Insurance Assistance Fund	612	585
Mining and Quarrying Industries Fund	100	100
Liability for outstanding claims	102 081	93 009
Current	3 072	2 451
Non-current	99 009	90 558
Liability for outstanding claims	102 081	93 009
Change in liability for outstanding claims	9 072	(2 488)

20. Employee benefits

(a) Liability for employee benefits

	Note	Compensation Fund $'000	Other Funds $'000	WorkCover SA 2010 $'000	WorkCover SA 2009 $'000
Current:					
Annual leave		2 101	-	2 101	1 898
Long service leave		2 381	-	2 381	2 372
		4 482	-	4 482	4 270
Non-current:					
Recognised liability for defined benefit obligations	20(b)	9 069	-	9 069	8 688
Long service leave		709	-	709	558
		9 778	-	9 778	9 246
Total employee benefits		14 260	-	14 260	13 516

The total current and non-current employee benefits including related on-costs for 2010 is $4.8 million and $9.8 million respectively.

(b) Liability for defined benefit obligations

	Compensation Fund $'000	Other Funds $'000	WorkCover SA 2010 $'000	WorkCover SA 2009 $'000
Net liability for defined benefit obligations at 1 July	(8 688)	-	(8 688)	(4 470)
Contributions received	730	-	730	458
Expenses recognised in the Statement of Comprehensive Income	(1 111)	-	(1 111)	(4 676)
Net liability for defined benefit obligations at 30 June	(9 069)	-	(9 069)	(8 688)
Amounts reflected in the Statement of Financial Position:				
Assets	13 343	-	13 343	12 157
Liabilities	(22 412)	-	(22 412)	(20 845)
Net liability	(9 069)	-	(9 069)	(8 688)

(c) Changes in the present value of the defined benefit obligation are as follows:

	Compensation Fund $'000	Other Funds $'000	WorkCover SA 2010 $'000	WorkCover SA 2009 $'000
Opening fair value of Fund assets	12 157	-	12 157	15 567
Expected return	840	-	840	1 063
Actuarial gains (losses)	655	-	655	(3 730)
Contributions by employer	730	-	730	458
Benefits paid	(1 039)	-	(1 039)	(1 201)
Closing fair value of Fund assets	13 343	-	13 343	12 157

(c) Changes in the present value of the defined benefit obligation are as follows: (continued)

	Compensation Fund $'000	Other Funds $'000	WorkCover SA 2010 $'000	WorkCover SA 2009 $'000
Opening liabilities	20 845	-	20 845	20 037
Service cost	265	-	265	247
Interest cost	1 156	-	1 156	1 266
Actuarial losses	1 185	-	1 185	496
Expected benefits	(1 039)	-	(1 039)	(1 201)
Closing liabilities	22 412	-	22 412	20 845

Employees who participate in the defined benefit superannuation fund are deemed to be members of the defined benefit categories of the State Superannuation Scheme. The defined benefit superannuation fund has been closed to new members since May 1994.

The State Superannuation Scheme's assets are under the Superannuation Funds Management Corporation of South Australia's management and invested in its Growth Sector Fund. The Growth Sector Fund was created on 1 April 2005. The net market value of individual assets or portfolios that comprise the Growth Sector Fund may vary from time to time due to movements in financial markets and/or capital placements and redemptions made in accordance with investment strategy. Superannuation Funds Management Corporation of South Australia uses external fund managers to manage its growth portfolio. The investments are in wholesale pooled unit trusts or managed funds offered by each manager.

(d) ***Expenses recognised in the Statement of Comprehensive Income***

	Note	WorkCoverSA 2010 $'000	WorkCoverSA 2009 $'000
Current service costs		265	247
Interest cost		1 156	1 266
Expected return on plan assets		(840)	(1 063)
Actuarial losses		530	4 226
		1 111	4 676
The expense is recognised in the following lines of the Statement of Comprehensive Income:			
Employee benefit expenses	9	1 951	5 739
Other income	8	(840)	(1 063)
		1 111	4 676

WorkCoverSA expects to contribute $760 000 to the Defined Benefit Superannuation Fund in the 2010-11 financial year.

(e) ***Defined contribution plans***
WorkCoverSA makes contributions to the various superannuation schemes as defined contributions. The amount recognised as an expense was $1.8 million (1.7 million)for the year ended 30 June 2010

(f) ***Actuarial assumptions***

	2010 Percent	2009 Percent
Discount rate at 30 June	5.3	5.7
Expected return on plan assets at 1 July	7.0	7.0
Salary increases	4.0	4.0
Inflation	2.5	2.5

Assumptions regarding future mortality are based on published statistics and mortality tables.

(g) ***Historical information***

	2010 $'000	2009 $'000	2008 $'000	2007 $'000	2006 $'000
Present value of defined benefit obligation	22 412	20 845	20 037	19 750	20 656
Fair value of plan assets	13 343	12 157	15 567	18 824	16 883
Deficit in the plan	(9 069)	(8 688)	(4 470)	(926)	(3 773)

21. Provisions

	Redundancies $'000	Surplus leased space $'000	WorkCoverSA 2010 $'000	WorkCoverSA 2009 $'000
Balance at 1 July	358	280	638	495
Provisions made during the year	641	-	641	463
Provisions used during the year	(358)	(139)	(497)	(267)
Provisions reversed during the year	-	-	-	(53)
Balance at 30 June	641	141	782	638

(a) ***Redundancies***
The provision relates to redundancies arising from internal restructuring activities decided upon prior to 30 June 2010. The redundancy provision is calculated in accordance with the WorkCoverSA Award and Certified Agreement. WorkCoverSA expects to extinguish the liability within the next 12 months.

(b) Surplus leased space

The provision relates to the present value of future payments for surplus leased space under non-cancellable operating leases.

22. Reconciliation of net cash flows from operating activities to comprehensive result

	Compensation Fund	Other Funds	WorkCover SA 2010	WorkCover SA 2009
	$'000	$'000	$'000	$'000
Comprehensive result	75 356	1 833	77 189	(75 131)
Depreciation	869	-	869	943
Amortisation	731	-	731	-
Net loss (profit) on disposal of non-current assets	(4)	-	(4)	82
Investment loss (profit)	(127 345)	(12 842)	(140 187)	135 806
Interest received	20 558	2 073	22 631	14 709
Dividends received	27 106	2 734	29 840	19 308
(Decrease) Increase in creditors	(9 967)	-	(9 967)	13 632
Decrease (Increase) in receivables	40 633	-	40 633	(442)
Increase (Decrease) in unearned levies	829	-	829	(1 783)
Increase (Decrease) in outstanding claims liability	103 670	9 072	112 742	(79 988)
Increase in provisions	144	-	144	143
Increase in employee benefits	744	-	744	4 357
Net cash flows from operating activities	133 324	2 870	136 194	31 636

23. Related parties transactions

In relation to Ms S De Poi, the companies in which she has an interest, De Poi Consulting Pty Ltd and Refining Skills Pty Ltd, have current contracts with WorkCoverSA for the provision of rehabilitation services as directed by WorkCoverSA's claims agents. The value of the transactions during the year ended 30 June 2010 was $5.9 million ($3.1 million). The terms and conditions of the transactions were no more favourable than those available or which might reasonably be expected to be available, on similar transactions to non-board member related entities on an arm's length basis.

In relation to Mr P Vaughan, the Chief Executive of Business SA, WorkCoverSA has a current contract with Business SA for the provision of representative services. WorkCoverSA employees also attend Business SA training courses. The value of the payments for services during the year ended 30 June 2010 was $167 620 ($71 408). The terms and conditions of the transactions were no more favourable than those available or which might reasonably be expected to be available, on similar transactions to non-board member related entities on an arm's length basis.

In relation to Mr P Malinauskas, an employee of the Shop Distributive and Allied Employees Association for the sponsorship of the WorkCover Return to Work Awards. The value of payments received during the year ended 30 June 2010 was $2750 ($0). The terms and conditions of the transactions were no more favourable than those available or which might reasonably be expected to be available, on similar transactions to non-board member related entities on an arm's length basis.

Board Member related entities pay levies in accordance with the WRCA. Apart from the details disclosed in this note, no Board Member has entered into a material contract with WorkCoverSA since the end of the previous financial year and there were no material contracts involving board members' interests existing at year end.

24. Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2010 financial year were:

Member	*Board*	*Workplace Injury Committee*	*Regulations Review Committee*	*Audit and Risk Committee*	*Human Resources Committee*
Mr P Bentley	Member	Chair	Member	-	Member
Ms S De Poi	Member	Member	Member	-	-
Mr P Malinauskas	Member	-	-	-	Member
Mr T Phillips	Member	-	-	-	Chair
Ms B Raikowska	Member	-	Chair	Member	-
Ms T Scheer	Member	-	Member	Member	-
Mr P Vaughan	Member	Member	-	-	Member
Mr J Watson	Member	Member	Member	Member	-
Ms J Yuile	Member	Member	-	Chair	-

There were no changes in the composition of the Board during the year 30 June 2010

The number of members whose remuneration received falls within the following bands:	2010 Number	2009 Number
$1 - $9 999	-	1
$10 000 - $19 999	-	1
$20 000 - $29 999	-	1
$30 000 - $39 999	-	2
$40 000 - $49 999	1	4
$50 000 - $59 999	5	1
$70 000 - $79 999	1	-
$80 000 - $89 999	1	1
$100 000 - $109 999	1	-

24. Remuneration of board and committee members (continued)

The Workers Rehabilitation and Advisory Committee is established under the WRCA and gives advice direct to the Minister and not the Board. The members remuneration paid/payable was $28 153 ($22 329) in total for the year ending 30 June 2010 by WorkCoverSA. Current members are J Watson, T Earls, R Shaw, D Frith, S Romeo, T Secombe, A Costa, J Szakacs and N Morris. Remuneration for this committee is not included in the members remuneration table above.

25. Commitments

WorkCoverSA has entered into agreements to lease office accommodation and motor vehicles for terms in excess of one year. The aggregate non-cancellable lease commitments not provided for in the financial statements, were as follows:

	Other $'000	Office leases $'000	Motor vehicles $'000	2010 Total $'000	Other $'000	Offices leases $'000	Motor vehicles $'000	2009 Total $'000
Due within one year	1 207	3 511	279	4 997	-	3 424	257	3 681
Due later than one year and less than five years	205	3 634	183	4 022	-	7 369	222	7 591
	1 412	7 145	462	9 019	-	10 793	479	11 272

WorkCoverSA leases property under non-cancellable operating leases expiring from one to 10 years. Leases provide WorkCoverSA with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on movements in the consumer price index.

WorkCoverSA leases motor vehicles under non-cancellable operating leases expiring from between one to three years.

Other commitments relate to expenditure on the Return to Work Fund initiative. WorkCoverSA established the $15 million Return to Work Fund initiative to implement initiatives that contribute to the improved return of injured workers to work. The amounts above represent known future funding commitments.

26. Self-insured employer financial guarantees

Under section 60 of the WRCA, WorkCoverSA administers financial guarantees lodged by self-insured employers. As at 30 June 2010, WorkCoverSA held security to the value of $359.3 million in financial guarantees for self-insured employers. These guarantees are held in trust for the purpose of extinguishing the claim liabilities under the WRCA of the self-insured employer in the event of that employer no longer being able to meet these liabilities.

27. Contingent liabilities

The SRF and the IAF have exposure to claims in failed insurance companies and uninsured insolvent employers. No specific allowance is made in the claims provision for future new insolvencies. The SRF and the IAF have exposures to claims for asbestos related injuries incurred until 30 September 1987. The outstanding claims liabilities for the SRF and IAF funds were estimated, including an IBNR component, on the basis of claims reported to date. There are inherent uncertainties associated with estimating the outstanding claims liability for asbestos related diseases as set out in note 19. If at any time the SRF and IAF are unable to meet their liabilities, WorkCoverSA is obliged to provide financial support to enable them to do so.

WorkCoverSA has a number of legal cases pending with the Workers Compensation Tribunal. At the time of this report the outcome of these cases is not known and the effects are not quantifiable.

28. Funding ratio

The Board approved policy requires a funding range of 90 percent to 110 percent with any shortfall in funding to be recovered over a Board approved time frame. The unfunded position at June 2010 with prior year comparative figures is provided below:

	Compensation Fund $'000	Other Funds $'000	WorkCoverSA 2010 $'000	WorkCoverSA 2009 $'000
Funded (unfunded) position	(997 334)	15 361	(981 973)	(1 059 162)
Funding percentage	59.3	115.0	61.5	56.7

The mechanism for managing the funding position is the average levy rate. Each year the average levy rate is reviewed and future projections of Scheme liability and cost are analysed to determine the most appropriate average levy rate to achieve WorkCoverSA's desired long-term funding policy. A component of average levy rate is an allowance to recoup the unfunded position.

The Board has considered the following matters in preparing the financial statements on a going concern basis:

- the long-term view of the funding position
- WorkCoverSA retains sufficient funds to meet current expenditure for both claim payments and operating costs
- WorkCoverSA continues to manage its funding position through the average levy rate by setting that rate at a level which includes a contribution to the recovery of the unfunded position and this rate is assessed each year.

29. Transactions with SA Government

The table below details the transactions with SA Government departments and agencies for the financial years ending 30 June 2010 and 2009.

2010	Revenue $'000	Expenses $'000	Assets $'000	Liabilities $'000
Government	10 104	30 011	222	12 521
Non-Government	782 723	685 627	1 571 100	2 540 774
	792 827	715 638	1 571 322	2 553 295
2009				
Government	7 795	33 605	162	13 316
Non-Government	530 657	579 978	1 389 479	2 435 487
	538 452	613 583	1 389 641	2 448 803

30. Events after the reporting date

There have been no events after the reporting date which would have a material effect on the WorkCoverSA's financial statements at 30 June 2010

APPENDIX TO

AUDITOR-GENERAL'S

ANNUAL REPORT

TREASURER'S

FINANCIAL STATEMENTS

(Pursuant to section 22 of the Public Finance and Audit Act 1987)

2009-10

STATEMENT A

SUMMARY OF THE CONSOLIDATED
ACCOUNT FOR THE YEAR ENDED 30 JUNE 2010
(Section 22 (a) (i) Public Finance and Audit Act 1987)
(Prepared on a Cash Basis)

	Budget $	Actual $
RECEIPTS		
Taxation	3 276 876 000	3 412 000 457
Commonwealth General Purpose Grants	3 819 400 000	4 107 162 100
Commonwealth Specific Purpose Grants	1 440 823 000	1 461 109 931
Commonwealth National Partnership Payments	73 443 000	114 938 401
Contributions from State Undertakings	366 622 000	439 196 241
Fees and Charges	295 054 000	313 694 575
Recoveries	48 397 000	230 655 688
Royalties	143 819 000	124 989 993
Other Receipts	268 694 000	286 225 840
Total Receipts	9 733 128 000	10 489 973 226
PAYMENTS		
Appropriation Act	11 578 430 000	11 604 656 615
Specific Appropriation Authorised in Various Acts	120 312 000	137 630 090
Total Payments	11 698 742 000	11 742 286 705
CONSOLIDATED ACCOUNT FINANCING REQUIREMENT	1 965 614 000	1 252 313 479

The deficit for 2009-10 has been funded by borrowings from the South Australian Government Financing Authority, pursuant to section 16(2) of the *Public Finance and Audit Act 1987,* increasing the level of debt serviced from the Consolidated Account.

KEVIN FOLEY, Treasurer

STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL RECEIPTS
TO THE CONSOLIDATED ACCOUNT OF THE GOVERNMENT OF SOUTH AUSTRALIA
FOR THE YEAR ENDED 30 JUNE 2010
(Section 22 (a) (i) Public Finance and Audit Act 1987)
(Prepared on a Cash Basis)

	Budget 2009-10	Actual 2009-10
RECEIPTS	$	$
TAXATION		
Payroll Tax	1 096 600 000	1 088 854 715
Commonwealth Places Mirror Payroll Tax[(a)]	19 200 000	19 050 153
Stamp Duties	1 185 835 000	1 317 840 302
Commonwealth Places Mirror Stamp Duties[(a)]	300 000	298 860
Land Tax	548 200 000	553 256 251
Commonwealth Places Mirror Land Tax[(a)]	1 500 000	1 324 106
Other Taxes on Property	10 000	28 685
Save River Murray Levy	23 900 000	23 658 620
Gaming Machines Tax	295 600 000	283 754 322
Contribution from Lotteries Commission	77 675 000	92 753 686
Contribution from Casino Operations	20 600 000	21 759 392
Contribution from South Australian Totalizator Agency Board	5 300 000	6 390 261
Contribution from On-course Totalizators, Bookmakers and Small Lotteries	1 956 000	3 031 104
Recoup from Recreation and Sport Fund	200 000	—
Total Taxation Receipts	3 276 876 000	3 412 000 457
COMMONWEALTH GENERAL PURPOSE GRANTS		
GST Revenue Grants	3 819 400 000	4 099 707 100
Transitional Assistance [(b)]	—	7 455 000
Total Commonwealth General Purpose Payments	3 819 400 000	4 107 162 100
COMMONWEALTH SPECIFIC PURPOSE GRANTS[(c)]		
Council of Australian Governments funding arrangements [(d)]	1 440 823 000	1 461 109 931
Total Commonwealth Specific Purpose Payments	1 440 823 000	1 461 109 931

(a) Taxes akin to state taxes are levied on activities conducted on Commonwealth places under the authority of Commonwealth mirror tax legislation. Revenue is obtained by the state.

(b) Included in the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations (IGA) was a commitment from the Commonwealth Government that the states and territories would receive a Guaranteed Minimum Amount (GMA) of GST funding. To achieve this, the Commonwealth Government agreed that any shortfall between a jurisdiction's share of GST revenues and its GMA would be met by transitional assistance grants.

(c) Refers only to those Commonwealth specific purpose payments paid to the Consolidated Account and not those paid directly to agencies.

(d) At its November 2008 meeting, the Council of Australian Governments agreed on new Commonwealth-State funding arrangements that were introduced on 1 January 2009. These arrangements provide for the payment of specific purpose payments to the treasuries of each state and territory rather than to the relevant line agencies as was the case under the previous arrangements.

STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL RECEIPTS
TO THE CONSOLIDATED ACCOUNT, 2009-10 - *continued*

	Budget 2009-10	Actual 2009-10
RECEIPTS - *continued*	$	$
COMMONWEALTH NATIONAL PARTNERSHIPS GRANTS		
Concessions to Pensioners and Others [(e)]	22 361 000	22 804 000
First Home Owners Boost	36 900 000	74 567 000
Legal Aid	14 182 000	17 567 401
Total Commonwealth National Partnerships Payments	73 443 000	114 938 401
CONTRIBUTIONS FROM STATE UNDERTAKINGS		
Arrangements with private electricity entities —		
Local Government Rate Equivalent	208 000	208 124
Austraining Pty Ltd —		
Income Tax Equivalent	—	280 812
Adelaide Convention Centre —		
Dividend	—	1 017 179
Defence SA —		
Local Government Rate Equivalent	168 000	—
Department for Transport, Energy and Infrastructure [(f)] —		
Dividend	—	—
Income Tax Equivalent	2 952 000	3 275 272
Local Government Rate Equivalent	804 000	1 442 154
Department of Treasury and Finance [(f)] —		
Income Tax Equivalent	506 000	—
Flinders Ports		
Payment In Lieu —	—	1 672 505
Forestry SA —		
Dividend	19 257 000	31 067 237
Income Tax Equivalent	8 868 000	12 964 597
Funds SA —		
Local Government Rate Equivalent	168 000	172 863

(e) Concessions to pensioners and others, and legal aid previously classified as specific purpose payments, now classified as National Partnership payments. The Commonwealth pays the remainder of National Partnerships payments into a Treasury and Finance special deposit account for subsequent disbursement to the relevant line agencies.

(f) The Department for Administrative and Information Services ceased operations on 31 December 2006 with some functions that generated distributions to the Consolidated Account transferred to the Department for Transport, Energy and Infrastructure, the Department of Treasury and Finance, Department of the Premier and Cabinet and the Attorney-General's Department. Further restructuring in the Department of Transport, Energy and Infrastructure, resulted in the cessation of distributions to the Consolidated Account, offset by reduced appropriation paid to the Department for Transport, Energy and Infrastructure.

STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL RECEIPTS
TO THE CONSOLIDATED ACCOUNT, 2009-10 - *continued*

	Budget 2009-10	Actual 2009-10
RECEIPTS - *continued*	$	$
CONTRIBUTIONS FROM STATE UNDERTAKINGS - *continued*		
HomeStart Finance —		
Dividend	9 410 000	5 628 414
Income Tax Equivalent	5 040 000	3 393 350
Land Management Corporation —		
Dividend	31 554 000	53 603 000
Income Tax Equivalent	15 057 000	18 610 000
Local Government Rate Equivalent	375 000	515 120
Public Trustee Office —		
Dividend	627 000	—
Income Tax Equivalent	83 000	—
Lotteries Commission —		
Income Tax Equivalent	6 331 000	8 867 713
Local Government Rate Equivalent	5 000	5 276
SA Water Corporation —		
Dividend	168 354 000	169 009 000
Income Tax Equivalent	56 687 000	82 002 670
Local Government Rate Equivalent	1 250 000	1 210 345
South Australian Asset Management Corporation —		
Dividend	23 500 000	23 500 000
South Australian Government Employee Residential Properties —		
Dividend	1 156 000	1 706 000
Income Tax Equivalent	1 956 000	1 473 822
South Australian Housing Trust —		
Income Tax Equivalent	—	4 923 200
South Australian Government Financing Authority —		
Dividend	11 513 000	11 513 000
Income Tax Equivalent	—	—
TransAdelaide —		
Income Tax Equivalent	38 000	186 000
Transmission Lessor Corporation —		
Dividend	—	768 697
West Beach Trust —		
Income Tax Equivalent	755 000	179 891
Total Contributions from State Undertakings	366 622 000	439 196 241

STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL RECEIPTS
TO THE CONSOLIDATED ACCOUNT, 2009-10 - *continued*

	Budget 2009-10	Actual 2009-10
RECEIPTS - *continued*	$	$
FEES AND CHARGES[g]		
Auditor-General's Department - Fees for audit and other sundry receipts	12 341 000	13 748 709
Court fines	29 138 000	18 109 006
Court regulatory fees [h]	30 876 000	25 886 498
Land Services regulatory fees	116 968 000	139 986 409
Department of Water, Land and Biodiversity Conservation — Natural Resource Management penalties	1 132 000	173 007
Guarantee fees	24 928 000	29 150 103
Infringement Notice Schemes - Expiation fees	79 000 000	86 589 098
Small lotteries	643 000	—
Sundry fees	28 000	51 745
Total Fees and Charges	295 054 000	313 694 575
RECOVERIES		
Automotive Assistance Package	1 500 000	—
Child Abuse Protection program — Intrasector grants received	200 000	200 000
Contribution to the cost of private plated vehicles	10 000	1 550
Essential Services Commission of SA	5 360 000	5 356 000
Department for Transport, Energy and Infrastructure — Indentured Ports	4 071 000	—
Department of Water, Land and Biodiversity Conservation — Qualco Sunlands	250 000	813 082
Helicopter service - Recovery of costs and sponsorships	1 050 000	1 997 916
Independent Gaming Corporation contribution to Gamblers Rehabilitation Fund	1 500 000	2 000 000
Industry Assistance Fund	—	—
Metropolitan Drainage Fund	7 000	—
National Tax Equivalent Program	50 000	—
Return of cash to Consolidated Account – Cash Alignment Policy	1 587 000	143 901 495
Return of Cash to Consolidated Account – Outer Harbour Headworks	—	—
Return of Deposit account balances	—	61 897 954
Return of deposit account balances - Superannuation	30 000 000	10 400 000
Sale of Government Gazette	166 000	120 549
Sundry recoupments	134 000	656 324
Unclaimed monies and personal property	1 947 000	2 641 377
United Water	565 000	669 441
Total Recoveries	48 397 000	230 655 688

(g) Refers only to those fees and charges paid to the Consolidated Account.

(h) Sale of evidence/transcripts were previously shown separately under the Recoveries section. These fees are now under regulatory fees.

STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL RECEIPTS
TO THE CONSOLIDATED ACCOUNT, 2009-10 - *continued*

	Budget 2009-10	Actual 2009-10
RECEIPTS - *continued*	$	$
ROYALTIES		
Department of Primary Industries and Resources	143 819 000	124 989 993
Total Royalties	143 819 000	124 989 993
OTHER RECEIPTS		
Interest on investments	85 500 000	78 242 169
Interest recoveries from general government entities	5 575 000	5 304 002
Interest recoveries from non commercial public trading enterprises	31 885 000	31 207 473
Interest recoveries from the private sector	61 000	61 027
Repayment of advances —		
Administered Items for the Department for Transport, Energy and Infrastructure	196 000	204 838
Department of Health	2 162 000	2 219 464
Department of Primary Industries and Resources	1 000 000	140 000
Land Management Corporation	205 000	9 434 895
Renmark Irrigation Trust	110 000	110 030
SA Country Arts Trust	20 000	—
South Australia Housing Trust	73 120 000	74 788 803
South Australia Tourism Commission	193 000	239 111
Other	4 000	5 479
Repayment of equity capital contributions —		
Arts SA	—	2 975 000
Department of the Premier and Cabinet	—	14 406 000
Defence SA	8 404 000	2 819 000
Department for Transport, Energy and Infrastructure	—	4 250 000
South Australian Asset Management Corporation	52 000 000	52 000 000
Other —		
Adelaide Entertainment Centre	—	700 000
Agent General Rental Income	—	93 043
Department for Transport, Energy and Infrastructure	—	389 503
Other Recoveries	1 094 000	—
Sale of land and buildings	7 165 000	6 236 003
South Australian Film Corporation	—	400 000
Total other receipts	268 694 000	286 225 840
TOTAL CONSOLIDATED ACCOUNT RECEIPTS	9 733 128 000	10 489 973 226

STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL PAYMENTS
FROM THE CONSOLIDATED ACCOUNT OF THE GOVERNMENT OF SOUTH AUSTRALIA
FOR THE YEAR ENDED 30 JUNE 2010
(Section 22 (a) (i) Public Finance and Audit Act 1987)
(Prepared on a Cash Basis)

	Budget 2009-10	Actual 2009-10
PAYMENTS - AUTHORISED BY VARIOUS ACTS	$	$
SALARIES AND ALLOWANCES		
Agent-General - *Pursuant to Agent-General Act 1901*	313 000	134 450
Auditor-General - *Pursuant to Public Finance and Audit Act 1987*	269 000	271 730
Commissioners of Environment, Resource and Development Court and Commissioners of Industrial Relations - *Pursuant to Remuneration Act 1990*	939 000	968 227
Commissioner of Police - *Pursuant to Police Act 1988*	271 000	381 281
State Coroner and Deputy Coroner - *Pursuant to Remuneration Act 1990*	703 000	703 640
Electoral Commissioner and Deputy Electoral Commissioner - *Pursuant to Electoral Act 1985*	311 000	313 589
Employee Ombudsman - *Pursuant to Fair Work Act 1994*	131 000	147 825
Governor - *Pursuant to Constitution Act 1934*	258 000	268 553
Judges - *Pursuant to Remuneration Act 1990* —		
Chief Justice	573 000	631 577
Judges and Masters	19 872 000	21 238 100
Magistrates - *Pursuant to Remuneration Act 1990*	12 469 000	12 615 770
Members of various Standing Committees - *Pursuant to Parliamentary Remuneration Act 1990 and Parliamentary Committees (Miscellaneous) Act 1991*	700 000	656 798
Ombudsman - *Pursuant to Ombudsman Act 1972*	267 000	283 747
Parliamentary Salaries and Electorate and Expense Allowances—Ministers, Officers and Members of Parliament - *Pursuant to Parliamentary Remuneration Act 1990*	12 888 000	12 525 795
Senior Judge and Judges of the Industrial Relations Commission - *Pursuant to Remuneration Act 1990*	2 566 000	2 299 784
Solicitor-General - *Pursuant to Solicitor-General Act 1972*	475 000	482 954
Valuer-General - *Pursuant to Valuation of Land Act 1971*	117 000	107 659
Total Salaries and Allowances	53 122 000	54 031 479
OTHER		
Contribution for injuries suffered as a result of the commission of criminal acts – *Pursuant to Criminal Injuries Compensation Act 1978*	6 990 000	6 990 000
First Home Owners' Grants - *Pursuant to First Home Owner Grant Act 2000*	60 200 000	76 608 611
Total Other	67 190 000	83 598 611
TOTAL PAYMENTS AUTHORISED BY VARIOUS ACTS	120 312 000	137 630 090

STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL PAYMENTS
FROM THE CONSOLIDATED ACCOUNT, 2009-10—*continued*

	Budget (Appropriation Act 2009)			Actual [(a)]
	Initial Section 4(1)	Transfers Section 5	Balance	2009-10
PAYMENTS	$	$	$	$
Department of the Premier and Cabinet	133 840 000	—	133 840 000	133 192 606
Administered Items for the Department of the Premier and Cabinet	12 160 000	—	12 160 000	12 162 000
State Governor's Establishment	2 903 000	—	2 903 000	2 896 000
Arts SA	146 655 000	—	146 655 000	131 801 000
Department of Trade and Economic Development	61 825 000	—	61 825 000	61 804 000
Defence SA	84 234 000	—	84 234 000	110 511 000
Department of Treasury and Finance	95 703 000	—	95 703 000	95 703 000
Administered Items for the Department of Treasury and Finance	1 611 729 000	—	1 611 729 000	1 682 075 000
Independent Gambling Authority	1 568 000	—	1 568 000	1 568 000
Department of Planning and Local Government	18 002 000	—	18 002 000	19 114 000
Administered Items for Department of Planning and Local Government	2 215 000	—	2 215 000	2 451 000
Department of Primary Industries and Resources	135 931 000	—	135 931 000	120 900 526
Administered Items for the Department of Primary Industries and Resources	3 291 000	—	3 291 000	3 291 000
Department for Transport, Energy and Infrastructure	800 605 000	—	800 605 000	780 841 000
Administered Items for the Department for Transport, Energy and Infrastructure	12 696 000	—	12 696 000	12 596 000
TransAdelaide	2 079 000	—	2 079 000	1 473 638
Attorney-General's Department	138 279 000	4 221 000	142 500 000	127 213 000
Administered Items for Attorney-General's Department	70 020 000	—	70 020 000	57 461 000
Courts Administration Authority	82 102 000	—	82 102 000	81 404 000
Department for Correctional Services	179 865 000	—	179 865 000	174 553 000
South Australia Police	599 132 000	—	599 132 000	566 841 000
Administered Items for South Australia Police	162 000	—	162 000	162 000
Electoral Commission of South Australia	11 672 000	—	11 672 000	11 643 000
Department of Health	3 272 016 000	—	3 272 016 000	3 296 716 000
Department of Education and Children's Services	2 038 971 000	—	2 038 971 000	2 019 448 393
Administered Items for the Department of Education and Children's Services	179 782 000	—	179 782 000	182 639 000
South Australian Tourism Commission	57 800 000	—	57 800 000	59 139 000
Minister for Tourism	4 454 000	—	4 454 000	4 453 000
Department for Environment and Heritage	128 885 000	—	128 885 000	120 564 366
Administered Items for the Department for Environment and Heritage	5 014 000	—	5 014 000	5 104 000

STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL PAYMENTS
FROM THE CONSOLIDATED ACCOUNT, 2009-10—*continued*

	Budget (Appropriation Act 2009)			Actual
	Initial Section 4(1)	Transfers Section 5	Balance	2009-10
PAYMENTS - *continued*	$	$	$	$
Department of Water, Land and Biodiversity Conservation	88 000 000	—	88 000 000	101 060 000
Administered Items for the Department of Water, Land and Biodiversity Conservation	10 865 000	—	10 865 000	11 151 000
Environment Protection Authority	2 957 000	—	2 957 000	5 326 580
Department for Families and Communities	1 008 395 000	—	1 008 395 000	1 045 885 000
Administered Items for the Department for Families and Communities	143 606 000	—	143 606 000	141 106 000
Department of Further Education, Employment, Science and Technology	394 683 000	-4 221 000	390 462 000	384 507 233
Auditor-General's Department	13 445 000	—	13 445 000	13 221 000
House of Assembly	7 881 000	—	7 881 000	7 780 525
Joint Parliamentary Services	9 894 000	—	9 894 000	9 803 284
Legislative Council	5 114 000	—	5 114 000	5 095 464
Total Payments Appropriated for Public Authorities and Ministers	11 578 430 000	—	11 578 430 000	11 604 656 615
TOTAL CONSOLIDATED ACCOUNT PAYMENTS	11 698 742 000	—	11 698 742 000	11 742 286 705

(a) Actual payments includes those authorised under other provisions of the *Public Finance Audit Act 1987* (refer to Statement K)

KEVIN FOLEY, Treasurer

STATEMENT B

SUMMARY OF MOVEMENTS OF FUNDS OF THE TREASURER
DURING THE YEAR ENDED 30 JUNE 2010
(Section 22 (a) (ii) Public Finance and Audit Act 1987)
(Prepared on a Cash Basis)

	2009-10	2008-09
	$'000	$'000
SOURCE OF FUNDS		
Consolidated Account Receipts —		
Taxation	3 412 000	3 223 351
Commonwealth General Purpose Grants	4 107 162	3 823 192
Commonwealth Specific Purpose Grants	1 461 110	36 834
Commonwealth National Partnership Payments	114 938	90 319
Contributions from State Undertakings	439 196	387 003
Fees and Charges	313 695	282 643
Recoveries	230 656	185 238
Royalties	124 990	152 498
Other Receipts	286 226	208 737
Total Receipts	10 489 973	8 389 815
Increase in balance of Special Deposit Accounts	135 224	416 927
Increase in balance of Deposits lodged with the Treasurer	67 459	16 799
Decrease in balance of Imprest Accounts	—	746
Increase in borrowings from the South Australian Government Financing Authority [(a)]	1 252 314	1 158 942
Decrease in cash at bank	—	34 637
Decrease in deposits by the Treasurer with LGFA	—	—
Increase in the value of cheques drawn but not presented/deposits not credited	10 102	—
Decrease in Treasurer's loans to SAFA - payments to be settled [(b)]	—	—
	11 955 072	10 017 866
APPLICATION OF FUNDS		
Consolidated Account Payments	11 742 287	9 548 757
Repayment of borrowings to the South Australian Government Financing Authority	—	—
Increase in cash at bank	62 805	—
Increase in deposits by the Treasurer with SAFA	125 517	385 942
Increase in deposits by the Treasurer with LGFA	600	1 100
Decrease in the value of cheques drawn but not presented/deposits not credited	—	50 625
Increase in Treasurer's Loans to SAFA - payments to be settled [(b)]	23 863	31 442
	11 955 072	10 017 866

(a) As reported in Statement A and Statement J, the Consolidated Account deficit for 2009-10 was funded by the Treasurer's borrowings from the South Australian Government Financing Authority.

(b) Payments processed in respect of June transactions for the Treasurer's loans to the South Australian Government Financing Authority were not settled in that month but recorded as a payable in the Department of Treasury and Finance Administered Items special deposit account.

KEVIN FOLEY, Treasurer

STATEMENT C

FUNDS OF THE TREASURER AS AT 30 JUNE 2010
(Section 22 (a) (xiv) Public Finance and Audit Act 1987)

	2009-10 $'000	2008-09 $'000
BALANCE OF FUNDS		
CONSOLIDATED ACCOUNT - See Statement A	—	—
SPECIAL DEPOSIT ACCOUNT BALANCES - See Statement F	2 151 380	2 016 156
DEPOSITS LODGED WITH THE TREASURER - See Statement G	614 839	547 380
CHEQUES DRAWN BUT NOT PRESENTED/DEPOSITS NOT CREDITED	18 547	8 446
TREASURER'S LOANS TO BE SETTLED [(a)]	- 55 305	- 31 442
	2 729 461	2 540 540
REPRESENTED BY		
CASH AT BANK	216 276	153 472
DEPOSITS WITH SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY - See Statement J	2 470 629	2 345 112
DEPOSITS WITH LOCAL GOVERNMENT FINANCING AUTHORITY OF SA - See Statement E	42 100	41 500
DEPARTMENTAL IMPREST ACCOUNTS - See Statement H	456	456
	2 729 461	2 540 540

(a) Payments processed in respect of June 2010 transactions for the Treasurer's Loans to the South Australian Government Financing Authority were not settled in June 2010 but recorded as a payable in the Department of Treasury and Finance Administered Items special deposit account.

KEVIN FOLEY, Treasurer

STATEMENT D

ABSTRACT OF CONSOLIDATED ACCOUNT RECEIPTS AND PAYMENTS FOR OPERATING ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2010 [(a)]
(Section 22 (a) (iii) Public Finance and Audit Act 1987)

PAYMENTS FOR OPERATING ACTIVITIES MADE, AND RECOVERIES IN THE NATURE OF EARNINGS, FEES AND RECOVERIES, IN CARRYING OUT THE VARIOUS STATE FUNCTIONS WERE AS UNDER—

	$'000 Payments	$'000 Recoveries	$'000 Cost	$'000
Department of the Premier and Cabinet	143 447	214	143 233	
State Governor's Establishment	2 896	—	2 896	
Arts SA	105 864	—	105 864	
South Australian Tourism Commission	59 139	—	59 139	
Minister for Tourism	4 453	—	4 453	
Auditor-General's Department	13 221	13 749	- 528	
Department of Treasury and Finance	1 771 939	2 370 639	- 598 700	
Independent Gambling Authority	1 568	—	1 568	
Department of Trade and Economic Development	61 804	—	61 804	
Defence SA	17 369	2 581	14 788	
Department of Primary Industries and Resources	124 192	—	124 192	
Attorney-General's Department	184 674	19 792	164 882	
Courts Administration Authority	81 404	54 010	27 394	
Department for Correctional Services	174 553	—	174 553	
South Australia Police	551 986	76 399	475 587	
Electoral Commission of South Australia	11 643	59	11 584	
Department of Health	3 147 301	—	3 147 301	
Department for Families and Communities	1 185 080	—	1 185 080	
Department of Education and Children's Services	2 202 087	—	2 202 087	
Department of Further Education, Employment, Science & Technology	384 507	—	384 507	
Department for Environment and Heritage	125 668	3 655	122 013	
Department for Planning and Local Government	21 565	—	21 565	
Department of Water, Land and Biodiversity Conservation	109 482	986	108 496	
Environmental Protection Authority	5 326	—	5 326	
Department for Transport, Energy and Infrastructure	421 600	140 077	281 523	
Legislature	22 679	67	22 612	
Payments authorised under various acts	137 630	—	137 630	
Total	11 073 077	2 682 228	8 390 849	

TOTAL NET COST TO CONSOLIDATED ACCOUNT FOR OPERATING ACTIVITIES 8 390 849

STATEMENT D - *continued*

ABSTRACT OF CONSOLIDATED ACCOUNT RECEIPTS AND PAYMENTS FOR OPERATING ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2010 [(a)]
(Section 22 (a) (iii) Public Finance and Audit Act 1987)

RECEIPTS FROM THE FOLLOWING SOURCES WERE APPLIED TOWARDS MEETING THE ABOVE NET COST—

	$'000	$'000	$'000
State Taxation—			
Payroll Tax	1 088 855		
Stamp Duties	1 317 840		
Land Tax	553 256		
Commonwealth Places Mirror Tax	20 673		
River Murray Levy	23 659		
Other Taxes on Property	29		
Gaming Machines Tax	283 754		
Contribution from Lotteries Commission	92 754		
Contribution from Casino Operations	21 759		
Contribution from Totalizator Agency Board	6 390		
Contribution from On-course Totalizators, Bookmakers and Small Lotteries	3 031		
Total Receipts from State Taxation		3 412 000	
Commonwealth Government General Purpose Grants		4 107 162	
Royalties		124 990	
Total Direct Receipts			7 644 152
LEAVING A DEFICIT ON ACCOUNT OF OPERATING ACTIVITIES FOR THE YEAR OF			- 746 697
THIS WAS INCREASED BY THE NET OF—			
Payments for investing activities		- 663 370	
Payments for financing activities		- 5 839	
Receipts from investing activities		163 593	
			- 505 616
RESULTING IN A CONSOLIDATED ACCOUNT DEFICIT FOR THE YEAR OF			-1 252 313

(a) This statement meets the requirements of section 22 (a) (iii) of the *Public Finance and Audit Act 1987*, which specifies a statement showing the 'net recurrent cost to the Consolidated Account'. The categorisation of Consolidated Account transactions as recurrent or capital has been replaced with classifications contained in the Generally Accepted Accounting Principles. Consequently amounts described in this statement as operating activities correspond to transactions of a 'recurrent' nature and similarly investing and financing activities correspond to the transactions of a 'capital' nature.

KEVIN FOLEY, Treasurer

STATEMENT E

ORGANISATIONS (OTHER THAN THE SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY)
WITH WHICH THE TREASURER HAS INVESTED FUNDS DURING
THE YEAR ENDED 30 JUNE 2010
(Section 22 (a) (iv) Public Finance and Audit Act 1987)

Local Government Finance Authority of South Australia

As a result of an agreement between the Local Government Association and the Government, the Local Government Disaster Fund was established in August 1990 to fund assistance to the Stirling Council and to help meet the cost of providing assistance to local authorities which face unusually high expenditures as a result of natural disasters. As part of the arrangements agreed between the Treasurer, the Minister for Local Government Relations and the Local Government Association the majority of the balance in the Fund is invested with the Local Government Finance Authority of South Australia.

At 30 June 2010 the amount invested with the Local Government Finance Authority of South Australia under these arrangements was $42.1 million.

KEVIN FOLEY, Treasurer

STATEMENT F

SPECIAL DEPOSIT ACCOUNTS—BALANCES AT 30 JUNE 2010
(Section 22 (a) (v) (C) Public Finance and Audit Act 1987)

Account	Balance $
Interest bearing—	
Adelaide Convention Centre Future Asset Replacement Account	13 643 301
Adelaide Convention Centre Operating Account	17 261 757
Adelaide Dolphin Sanctuary Fund	1 162
Adelaide Stormwater Project	3 669 849
ANZAC Day Commemoration Fund	22 450
AusLink Advance for Specific Projects Account	11 493 125
Barossa Wine Industry Fund	663 875
Building the Education Revolution	126 636 108
Caring for our Country	321 039
Citrus Growers Fund	33 720
Clare Valley Wine Industry Fund	123 139
Community Emergency Services Fund	6 012 723
Community Road Safety Fund	3 203 758
Country Equalisation Scheme	14 994 200
Dog Fence Fund	72 144
Electricity Sale/Lease Proceeds Account	—
Eyre Peninsula Grain Growers Rail Fund	522 626
Gamblers Rehabilitation Fund	1 689 951
Governors’ Pensions Account	16 126
Health, Community and Disability Services Ministerial Council	20 868 438
HIH Builders' Indemnity Assistance Account	1 742 002
Homes for Incurables Trust	36 169
HomeStart Finance Account	2 093 199
Housing Loans Redemption Fund	9 230 462
Indigenous Program for Specific Projects	22 274 863
Judges’ Pensions Account	459 983
Land Management Corporation – Cheltenham Trust Account	—
Local Government Disaster Fund	851 510
Murray Futures Fund	7 111 039
National Water Initiative Fund	382 382
Olive Industry Fund	1 924
Parliamentary Superannuation Scheme Account	478 029
Playford Centre Operating Account	3 240 574
Police Superannuation Scheme Contribution Account	1 665 288
Public Trustee Office Operating Account	4 666 822
Regional Investment Funds (Eyre Peninsula Natural Resources Management Board)	583 430
Rock Lobster Fishing Industry Fund	243 159
Rural Finance Account	22 170 081
Rural Industry Adjustment and Development Fund	20 102 847
SA Grape Growers Industry Fund	241 067
School Loans Scheme	1 503 511
Shared Services SA	29 348 065
South Australian Aboriginal Heritage Fund	732 462
South Australian Ambulance Superannuation Scheme	470 374
South Australian Local Government Grants Commission Account	1 671 603
South Australian Lower Lakes Bioremediation and Revegetation	2 711 252
South Australian Superannuation Fund Account	5 302 624
Southern State Superannuation Fund Account	5 648 484
Super SA Retirement Fund	—
Supported Residential Facilities Indemnity Fund	30 429
Victims of Crime Fund	58 107 089
Sub-Total	424 350 214

STATEMENT F - *continued*

SPECIAL DEPOSIT ACCOUNTS—BALANCES AT 30 JUNE 2010
(Section 22 (a) (v) (C) Public Finance and Audit Act 1987)

Account	Balance $
Non-interest bearing—	
Accrual Appropriation Excess Funds	432 953 069
Administrative and Information Services Administered Items Account	—
Administrative and Information Services Operating Account	—
Attorney-General's Administered Items Account	12 170 506
Attorney-General’s Operating Account	4 350 361
Auditor-General's Administered Items Account	488 901
Auditor-General’s Operating Account	1 176 921
Charitable and Social Welfare Fund	—
Commonwealth Mirror Taxes on Commonwealth Places Revenue Account	—
Community Development Fund	—
Complementary State Natural Resource Management Program	143 300
Correctional Services Operating Account	9 018 293
Defence SA	8 676 495
Education and Children's Services Administered Items Account	14 135 222
Education and Children’s Services Operating Account	20 784 190
Egg Industry Deregulation Account	464 709
Electoral Office Operating Account	1 114 574
Environment and Heritage Administered Items Account	727
Environment and Heritage Operating Account	6 601 271
Environment Protection Authority Operating Account	2 145 773
Essential Services Commission of SA	9 295 562
Families and Communities Administered Items Account	31 671 195
Families and Communities Operating Account	36 523 320
Further Education, Employment, Science and Technology Operating Account	34 726 152
Government Workers Rehabilitation and Compensation Fund	1 162 176
Health Administered Items Account	—
Health and Medical Research Fund	11 140 768
Health Operating Account	28 257 350
Highways Fund	393 461 696
Hospitals Fund	—
Industry Financial Assistance Account	41 894 421
Living Murray Fund, The	2 636 906
Local Government Concessions – Seniors Cardholders	1 289 723
Local Government Disaster Fund	42 100 000
Minister for Gambling's Responsible Gambling Working Party	463 854
Motor Vehicles – Clearing Account	1 320 078
NRM Alliance Fund	255 011
Office of Public Employment Operating Account	—
Office of the Venture Capital Board Operating Account	—
Planning and Local Government Operating Account	1 655 158
Planning SA Administered Items Account	888 109
Police and Emergency Services Administered Items Account	609 999
Police Operating Account	11 736 810
Premier and Cabinet Administered Items Account	19 422 962
Premier and Cabinet Operating Account	35 091 413
Primary Industries and Resources Administered Items Account	805 468
Primary Industries and Resources Operating Account	18 945 665
Professional Standards Council Fund	—
Sale of Government Land and Property	4 599 295
Save the River Murray Fund	6 274 881
Save the River Murray Voluntary Contributions Fund	4 415

STATEMENT F - *continued*

SPECIAL DEPOSIT ACCOUNTS—BALANCES AT 30 JUNE 2010
(Section 22 (a) (v) (C) Public Finance and Audit Act 1987)

Account	Balance $
Non-interest bearing—*continued*	
South Australian Electricity Supply Industry Planning Council Operating Account	—
South Australian Film Corporation Unclaimed Investor Returns Account	45 244
Sport and Recreation Fund	3 171 998
State Governor's Establishment Operating Account	225 431
State Procurement Board Account	863 614
Support Services to Parliamentarians	4 408 760
Surplus Cash Working Account	—
Sustainable Budget Commission	405 395
Targeted/Voluntary Separation Package Schemes	3 456
Trade and Economic Development Operating Account	5 316 064
Transport, Energy and Infrastructure Administered Items Account	5 287 180
Transport, Energy and Infrastructure Operating Account	33 281 233
Treasurer's Interest in the National Wine Centre	788 534
Treasury and Finance Administered Items – Intergovernmental Agreement on Federal Financial Relations	258 189 520
Treasury and Finance Administered Items Account	118 012 521
Treasury and Finance Operating Account	35 907 059
Treasury – Working Account	772 252
Water, Land and Biodiversity Conservation Administered Items Account	2 289 305
Water, Land and Biodiversity Conservation Operating Account	7 605 220
Sub-Total	1 727 029 485
TOTAL SPECIAL DEPOSIT ACCOUNTS	2 151 379 699

KEVIN FOLEY, Treasurer

STATEMENT F (1)

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2010
(Section 22 (a) (v) (B) Public Finance and Audit Act 1987)

Account	Purpose
Accrual Appropriation Excess Funds	To record all receipts and payments associated with surplus cash balances generated in agencies by the shift to accrual appropriations.
Adelaide Convention Centre Future Asset Replacement Account	To record all receipts and payments associated with surplus cash balances generated by the Adelaide Convention Centre for future asset replacement.
Adelaide Convention Centre Operating Account	To record receipts and disbursements relating to the operation of the Adelaide Convention Centre and borrowings by the Minister of Tourism.
Adelaide Dolphin Sanctuary Fund	To record receipts and payments related to the Adelaide Dolphin Sanctuary Fund in accordance with the *Adelaide Dolphin Sanctuary Act 2005.*
Adelaide Stormwater Projects Fund	To record the financial activities in relation to the stormwater projects funded jointly by South Australia and the Commonwealth Government's *Water for the Future initiative*.
Administrative and Information Services Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Administrative and Information Services Operating Account	To record all the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
ANZAC Day Commemoration Fund	To record the receipts and payments relating to the ANZAC Day Commemoration Fund in accordance with the *ANZAC Day Commemoration Act*
Attorney-General's Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Attorney-General's Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Auditor-General's Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Auditor-General's Operating Account	To record all activities of the Department (excluding those administered by the Auditor-General's Department) including recurrent expenditure, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Auslink Advance for Specific Projects Account	To record all activities associated with advance funding provided for specific projects by the Commonwealth under the Auslink program.
Barossa Wine Industry Fund	To record receipts and payments relating to the Barossa wine industry in accordance with the *Primary Industries Funding Schemes (Barossa Wine Industry Fund) Regulations.*
Building the Education Revolution	To record the activities in relation to the Bilateral Agreement on the Nation Building and Jobs Plan (Building the Education Revolution Program) for government school's.

STATEMENT F (1)—*continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2010—*continued*
(Section 22 (a) (v) (B) Public Finance and Audit Act 1987)

Account	Purpose
Caring for our Country	To receive funds from the Commonwealth, State and other sources for application towards the Caring for our Country Program.
Charitable and Social Welfare Fund	To record receipts and disbursements associated with the *Gaming Machines (Miscellaneous) Amendment Bill 1996* relating to supporting the work of not-for-profit charities and community based social welfare organisations.
Citrus Growers Fund	To receive funds and to make payments as prescribed by the *Primary Industries Funding Schemes (Citrus Growers Fund) Regulations 2005.*
Clare Valley Wine Industry Fund	To record the receipts and payments relating to the Clare Valley wine industry in accordance with the *Primary Industries Funding Schemes (Clare Valley Wine Industry Fund) Regulations.*
Commonwealth Mirror Taxes on Commonwealth Places Revenue Account	To receive amounts that are levied pursuant to the *Commonwealth Places (Mirror Taxes) Act 1998* of the Commonwealth as contemplated by the arrangements entered into by the State and the Commonwealth pursuant to that Act and to the *Commonwealth Places (Mirror Taxes Administration) Act 1999* of the State, and to deal with those amounts as contemplated by those Acts and arrangements.
Community Development Fund	To record the receipts and disbursements associated with the *Gaming Machines (Miscellaneous) Amendment Bill 1996* relating to the provision of government health, welfare or education services and financial assistance for non government welfare agencies and community development.
Community Emergency Services Fund	To record all of the activities of the Community Emergency Services Fund as outlined in Parts 3 and 4 of the *Emergency Services Funding Act 1998* and any amendments as approved by Parliament.
Community Road Safety Fund	To receive revenue derived from anti-speeding devices and other monies approved by both the Minister and the Treasurer and to make payments for road safety programs and policing.
Complementary State Natural Resource Management Program	To receive funds from the Commonwealth, State and other sources for application towards the Complementary State Natural Resources Management Program.
Correctional Services Operating Account	To record all the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Country Equalisation Scheme	To record injections of funds provided from the Consolidated Account, and to make 'refund' payments to electricity retailers in accordance with the Country Equalisation Scheme.
Defence SA	To record all activities of Defence SA including operating and investing expenditures, revenue from various activities, injection of funds provided from the Consolidated Account and borrowings.
Dog Fence Fund	To record receipts and disbursements relating to the operation of the Dog Fence Board.

STATEMENT F (1)—*continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2010—*continued*
(Section 22 (a) (v) (B) Public Finance and Audit Act 1987)

Account	Purpose
Education and Children's Services Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments and to receive various Commonwealth grants and to disburse the associated payments.
Education and Children's Services Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from the Consolidated Account, revenue from various activities, receipt of borrowings and receipt of various Commonwealth grants and associated payments.
Egg Industry Deregulation Account	To facilitate all transactions associated with or resulting from deregulation of the Egg Industry and the winding up of the SA Egg Board.
Electoral Office Operating Account	To record all of the activities of the Office and those formerly carried on by the Electoral Department including recurrent and capital expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Electricity Sale/Lease Proceeds Account	To receive proceeds of sale/lease agreement, sale or lease under the *Electricity Corporations (Restructuring and Disposal) Act 1999* and other funds as approved by the Treasurer, and to receive interest payments from other interest bearing accounts in which sale/lease agreement proceeds are placed, and to invest those monies and to apply those monies, and income from their investment, towards the retirement of the State debt.
Environment and Heritage Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Environment and Heritage Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Environment Protection Authority Operating Account	To record all of the activities of the Authority including recurrent and capital expenditures, revenue from various activities, injection of funds provided from Consolidated Account and borrowings.
Essential Services Commission of SA	To record the financial transactions of the Essential Services Commission of South Australia.
Eyre Peninsula Grain Growers Rail Fund	To record all receipts and expenditures related to the Eyre Peninsula Grain Growers Rail Fund as established by the *Primary Industry Funding Schemes (Eyre Peninsula Grain Growers Rail Fund) Regulations 2006.*
Families and Communities Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Families and Communities Operating Account	To record all activities of the Department including recurrent and capital expenditure, revenues from various activities, injections of funds provided from the Consolidated Account and borrowings.
Further Education, Employment, Science and Technology Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from the Consolidated Account, revenue from various activities, receipt of borrowings and receipt of various Commonwealth grants and associated payments.

STATEMENT F (1)—*continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2010—*continued*
(Section 22 (a) (v) (B) Public Finance and Audit Act 1987)

Account	Purpose
Gamblers Rehabilitation Fund	To record receipts and disbursements relating to programs for the rehabilitation of addicted gamblers, for counselling such gamblers and their families and for the development of early intervention strategies.
Government Workers Rehabilitation and Compensation Fund	To provide for the funding of rehabilitation programs and payment of workers compensation benefits for Government workers in accordance with current workers compensation legislation and in respect of claims for damages at common law for injury or disease suffered as a result of work.
Governors' Pensions Account	To record receipts and payments for the Governors' Pensions Scheme.
Health Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Health and Medical Research Fund	To record a portion of receipts from the commercialisation of intellectual property by the Health portfolio and the payments of these funds to support health and medical research activities in South Australia.
Health, Community and Disability Services Ministerial Council	To record receipts and disbursements relating to programs and projects of the Health, Community and Disability Services Ministerial Council.
Health Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Highways Fund	To record all transactions associated with the *Highways Act 1926* including the receipt of State and Commonwealth funds and expenditure on the construction and maintenance of roads and bridges.
HIH Builders' Indemnity Assistance Account	To account for the expenditure of funds made available from the Budget and from an increase in building work contractor licence fees to assist consumers relying on builders' warranty indemnity insurance with the HIH Group and to cover administrative costs of the assistance scheme.
Homes for Incurables Trust	To record receipts and payments incurred within the terms of the Home for Incurables Trust
HomeStart Finance Account	To provide for the administration of loans under the Home Ownership Made Easy and HomeStart schemes, including the administration of borrowings required to fund the scheme.
Hospitals Fund	To record receipts from the State Lotteries Commission, Totalizator Agency Board and from Stamp Duty on Third Party Insurance policies to be used for the purpose of maintenance, development and improvement of public hospitals, to refund unclaimed dividends from unauthorised Racing Clubs and to make payments to the Racing Clubs and Trotting Clubs for a share of tax on winning bets made with book-makers.
Housing Loans Redemption Fund	Established under the *Housing Loans Redemption Fund Act 1962* to control amounts received in respect of a low cost insurance scheme established by the South Australian Government, which is administered through various lending authorities.

STATEMENT F (1)—*continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2010—*continued*
(Section 22 (a) (v) (B) Public Finance and Audit Act 1987)

Account	Purpose
Industry Financial Assistance Account	To record the financial transactions of industry financial assistance administered on behalf of the Treasurer, including operating and financing expenditures, revenues from various activities and injection of funds provided by the Consolidated Account.
Indigenous Program for Specific Projects	To record receipts and expenditure of Commonwealth funds (and associated interest earnings) related to the operation of projects under the *Terms and Conditions of Funding Agreement with State/Territory/Local Government Agencies Relating to Indigenous Programs.*
Judges' Pensions Account	To record receipts and payments for the Judges' Pensions Scheme.
Land Management Corporation – Cheltenham Trust Account	To facilitate all transaction associated with the Land Management Corporation – Cheltenham Trust Account.
Living Murray Fund, The	To receive funds and make payments in relation to water recovery measures under the Living Murray initiative, including investments in, and/or received from, other Australian jurisdictions, together with proceeds generated through the temporary trade of water entitlements.
Local Government Concessions – Seniors Cardholders	To administer receipts and payments for Local Government Concessions – Seniors Cardholders.
Local Government Disaster Fund	To record transactions related to the administration of a local government disaster fund in a manner agreed between the Treasurer, the Minister of Local Government and the Local Government Association of South Australia.
Minister for Gambling's Responsible Gambling Working Party	To record the financial transactions related to the operation of the Minister for Gambling's Responsible Gambling Working Party.
Motor Vehicles – Clearing Account	To record the majority of Motor Registration Division receipts pending clearance at the end of each month.
Murray Futures Fund	To record the activities in relation to the projects funded from the Commonwealth Government's Water for the Future initiative.
National Water Initiative Fund	To record receipts and expenditure of Commonwealth funds (and associated interest earnings) provided for projects funded from the Australian Government Water Fund, consistent with the funding agreement(s) entered into with the National Water Commission.
NRM Alliance Fund	To receive funds and make payments in relation to initiatives relating to NRM science, technology and innovation, including investments in, and/or received from the NRM Alliance member organisations, together with proceeds generated through ancillary revenues.
Office of Public Employment Operating Account	To record all of the activities of the Office including operating and investing expenditures, revenues from various activities, injections of funds provided from the Consolidated Account and borrowings.
Office of the Venture Capital Board Operating Account	To record all the activities of the Office including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Olive Industry Fund	To record the receipts and payments relating to the Olive Industry in accordance with the *Primary Industry Funding Schemes (Olive Industry Fund) Regulations 2009*.

STATEMENT F (1)—*continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2010—*continued*
(Section 22 (a) (v) (B) Public Finance and Audit Act 1987)

Account	Purpose
Parliamentary Superannuation Scheme Account	To record receipts and payments for the Parliamentary Superannuation Scheme.
Planning and Local Government Operating Account	To record all activities of the Department including operating and investing expenditures, revenue from various activities, injection of funds provided from the Consolidated Account and Borrowings.
Planning SA Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Playford Centre Operating Account	To reflect all financial transactions of the Playford Centre in its objective to encourage development of the information industry in South Australia.
Police and Emergency Services Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Police Operating Account	To record all the activities of the Police Department including operating and investing expenditures, revenues from various activities, injections of funds provided from the Consolidated Account and borrowings.
Police Superannuation Scheme Contribution Account	To record receipts and payments for the Police Superannuation Scheme.
Premier and Cabinet Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Premier and Cabinet Operating Account	To record all the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings and the receipt of Commonwealth funding for the APY Lands and associated payments.
Primary Industries and Resources Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Primary Industries and Resources Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Professional Standards Council Fund	Record receipts and payments related to the Professional Standards Council as set out in the *Professional Standards Act 2004.*
Public Trustee Office Operating Account	To record all the business and other activities of the Public Trustee Office including recurrent and capital expenditures, revenue raised from commercial activities, injections of funds provided from the Consolidated Account and borrowings.
Regional Investment Funds (Eyre Peninsula Natural Resources Management Board)	To record the receipt and expenditure of funds received by the Eyre Peninsula Natural Resources Management Board in accordance with the Regional Partnership Agreement.

STATEMENT F (1)—*continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2010—*continued*
(Section 22 (a) (v) (B) Public Finance and Audit Act 1987)

Account	Purpose
Rock Lobster Fishing Industry Fund	To record the receipts and payments relating to the Rock Lobster industry in accordance with the *Primary Industries Funding Schemes (Rock Lobster Fishing Industry Fund) Regulations 2008*.
Rural Finance Account	To provide for the administration of separate funds covering - · the agreement between the Commonwealth and the States relating to: - rural reconstruction entered into on 4 June 1971 - rural assistance entered into on 1 January 1977 - rural assistance entered into on 1 July 1985 - rural assistance entered into on 1 January 1989 - rural assistance entered into on 1 January 1993 - Marginal Dairy Farms and Dairy Adjustment; · loans under the Commercial Rural Loans Scheme; · loans made to producer Co-operatives and borrowings required to fund the scheme; To facilitate the Minister for Primary Industries becoming a unit holder in rural property trusts set up by the State Bank of South Australia to assist farmers on Eyre Peninsula and to make payments to the Rural Industry Adjustment and Development Fund and to make payments from profits on the Commercial Rural Loans Scheme to the Primary Industries Operating Account.
Rural Industry Adjustment and Development Fund	To record receipts and payments authorised by the *Rural Industry Adjustment and Development Act 1985*.
SA Grape Growers Industry Fund	To record receipts and payments relating to SA grape growers in accordance with the *Primary Industries Funding Schemes (SA Grape Growers Industry Fund) Regulations.*
SA Lower Lakes Bioremediation and Revegetation	To record the activities in relation to SA's Lower Lakes bioremediation and revegetation projects in accordance with the Commonwealth Government Funding Deed – Bioremediation & Revegetation at South Australia's Lower Lakes.
Sale of Government Land and Property	To record all receipts and payments associated with the sale of Crown lands and other Government land and property.
Save the River Murray Fund	To receive the proceeds of the Save the River Murray Levy via Consolidated Account and make payments as prescribed by the *Waterworks (Save the River Murray Levy) Amendment Act 2003.*
Save the River Murray Voluntary Contributions Fund	To receive voluntary payments and donations in relation to the Save the River Murray Fund and make payments as prescribed by the *Waterworks (Save the River Murray Levy) Amendment Act 2003.*
School Loans Scheme	To administer loans to schools.
Shared Services SA	To record all of the activities of Shared Services SA including operating and investing expenditure, revenue from various activities, and injections of funds provided from the Consolidated Account and borrowings.
South Australian Aboriginal Heritage Fund	To receive funds from the Commonwealth, State and other sources for application towards the protection and preservation of Aboriginal heritage.
South Australian Ambulance Superannuation Scheme	To record receipts and payments for the South Australian Ambulance Service Superannuation Scheme.

STATEMENT F (1)—*continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2010—*continued*
(Section 22 (a) (v) (B) Public Finance and Audit Act 1987)

Account	Purpose
South Australian Electricity Supply Industry Planning Council Operating Account	To record all financial transactions for the South Australian Electricity Supply Industry Planning Council.
South Australian Film Corporation Unclaimed Investor Returns Account	To record all of the activities related to unclaimed investor returns managed by the South Australian Film Corporation.
South Australian Local Government Grants Commission Account	To record all transactions associated with the *South Australian Local Government Grants Commission Act 1992* including the receipt and payment of Commonwealth funds and expenditure on the administration of the Act.
South Australian Superannuation Fund Account	To record receipts and payments in respect of the South Australian Superannuation Fund.
Southern State Superannuation Fund Account	To record receipts and payments in respect of the Southern State Superannuation Fund.
Sport and Recreation Fund	To record receipts and disbursements associated with the *Gaming Machines (Miscellaneous) Amendment Bill 1996* relating to the provision of financial assistance to sporting and recreational organisations.
State Governor's Establishment Operating Account.	To record all the activities of the Establishment including recurrent and capital expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
State Procurement Board Account	To record all of the financial transactions associated with the State Procurement Board in accordance with the *State Procurement Act 2004.*
Super SA Retirement Fund	To facilitate all transactions associated with the Super SA Income Stream and Flexible Rollover Product.
Supported Residential Facilities Indemnity Fund	To record the revenues and expenses of the Supported Residential Facilities Indemnity Fund.
Support Services to Parliamentarians	To record the financial transactions related to the administration of Support Services to Parliamentarians.
Surplus Cash Working Account	To record the movement of surplus cash to and from agencies' operating accounts, and to the Consolidated Account, in accordance with the requirements of the Cash Alignment Policy.
Sustainable Budget Commission	To record the financial transactions related to the operation of the Sustainable Budget Commission.
Targeted/Voluntary Separation Package Schemes	To administer the costs associated with the Targeted/Voluntary Separation Package Schemes.
Trade and Economic Development Operating Account	To record all the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Transport, Energy and Infrastructure Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Transport, Energy and Infrastructure Operating Account	To record the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings other than those activities recorded in other specific deposit accounts.

STATEMENT F (1)—*continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2010—*continued*
(Section 22 (a) (v) (B) Public Finance and Audit Act 1987)

Account	Purpose
Treasurer's Interest in the National Wine Centre	To record all of the financial transactions associated with the management of the *National Wine Centre (Restructuring and Leasing Arrangements) Act 2002* including injections of funds from the Consolidated Account.
Treasury and Finance Administered Items – Intergovernmental Agreement on Federal Financial Relations	To receive and disburse money paid to the State pursuant to the Intergovernmental Agreement on Federal Financial Relations for the National SPP purposes listed in Schedule F of that agreement and for the NPP payments for the purposes listed in Schedule G of that agreement.
Treasury and Finance Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Treasury and Finance Operating Account	To record all the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Treasury – Working Account	To hold charges incurred by the Agent-General in London for semi-Government and non-Government bodies, to record receipts and payments for small lotteries, to record certain receipts and payments arising from various superannuation arrangements, to record certain interest receipts and payments, to effect accounting adjustments and transfers and to hold amounts in suspense pending determination of appropriate treatment.
Victims of Crime Fund	To provide for the receipt of fines, levies and recoveries from offenders and for payment of compensation/costs to victims of crime and any other payments approved by the Attorney-General as being in the interests of victims of crime.
Water, Land and Biodiversity Conservation Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual *Appropriation Act* and to disburse the associated payments.
Water, Land and Biodiversity Conservation Operating Account	To record all the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.

KEVIN FOLEY, Treasurer

STATEMENT F (2)

SPECIAL DEPOSIT ACCOUNTS OPENED DURING THE YEAR ENDED 30 JUNE 2010
(Section 22 (a) (v) (A) Public Finance and Audit Act 1987)

Account	Purpose
Adelaide Stormwater Projects Fund	To record the financial activities in relation to the stormwater projects funded jointly by South Australia and the Commonwealth Government's *Water for the Future initiative*.
Building the Education Revolution	To record the activities in relation to the Bilateral Agreement on the Nation Building and Jobs Plan (Building the Education Revolution Program) for government school's.
Indigenous Program for Specific Projects	To record receipts and expenditure of Commonwealth funds (and associated interest earnings) related to the operation of projects under the *Terms and Conditions of Funding Agreement with State/Territory/Local Government Agencies Relating to Indigenous Programs.*
Land Management Corporation – Cheltenham Trust Account	To facilitate all transactions associated with the Land Management Corporation – Cheltenham Trust Account.
SA Lower Lakes Bioremediation and Revegetation	To record the activities in relation to SA's Lower Lakes bioremediation and revegetation projects in accordance with the Commonwealth Government Funding Deed – Bioremediation & Revegetation at South Australia's Lower Lakes.
Super SA Retirement Fund	To facilitate all transactions associated with the Super SA Income Stream and Flexible Rollover Product.
Sustainable Budget Commission	To record the financial transactions related to the operation of the Sustainable Budget Commission.

KEVIN FOLEY, Treasurer

STATEMENT G

DEPOSITS LODGED WITH THE TREASURER—BALANCES AT 30 JUNE 2010
(Section 22 (a) (vi) Public Finance and Audit Act 1987)

The balances listed below represent amounts held by the Treasurer (pursuant to Section 21 of the *Public Finance and Audit Act 1987*) on behalf of various bodies.

Account	Balance $
Interest bearing—	
Adelaide and Mt Lofty Ranges Natural Resources Management Board	5 137 177
Adelaide Festival Centre Trust	6 272 996
Adelaide Hills Wine Industry Fund	130 627
Agents Indemnity Fund	36 494 678
Alinytjara Wilurara Natural Resources Management Board	1 718 483
Aquaculture Resource Management Fund	229 322
Art Gallery Board Bequests Account	1 886 837
Bank of Tokyo-Mitsubishi Account	87 359
Bio-Innovation SA	98 429
Boating Administration - Working Account	4 776 167
Botanic Gardens Board Endowment and Commercial Fund	3 455 908
Carrick Hill Trust	539 299
Cattle Compensation Fund	1 471 359
Cooperative Research Centre for Sustainable Aquaculture of Finfish	—
Crown Solicitor's Trust Account	5 032 958
Daniel Livingston Scholarship	33 199
Deer Keepers' Compensation Fund	136 366
Distribution Lessor Corporation Account	29 240
District Court Suitors' Fund	2 697 583
Dog and Cat Management Fund	890 136
Education Department - Scholarships and Prizes	163 618
Employment and Technical and Further Education – College Council Funds	729 661
Environment Protection Fund	4 626 290
Eyre Peninsula Natural Resources Management Board	365 627
Fleet SA	7 692 252
Generation Lessor Corporation Account	54 030
Grains Industry Levy Fund	175 976
History Trust of South Australia	1 651 216
Independent Gambling Authority	2 522 920
Industrial Court Commission	12
Institute of Medical and Veterinary Science	9 241 350
Land Management Corporation	21 198 638
Land Management Corporation - Cheltenham Trust Account	—
Land Technologies Alliance Fund	—
Langhorne Creek Wine Industry Fund	62 844
Legal Practitioners Act	270 080
Libraries Board of South Australia	5 568 190
Local Government Taxation Equivalents Fund	1 512
Lower Murray Reclaimed Irrigation Areas Operating Account	33
McLaren Vale Wine Industry Fund	96 248
Motor Accident Commission Account	897 875
Museum Board – Bequests Account	1 092 710

STATEMENT G - *continued*

DEPOSITS LODGED WITH THE TREASURER—BALANCES AT 30 JUNE 2010
(Section 22 (a) (vi) Public Finance and Audit Act 1987)

Account	Balance $
Interest bearing—*continued*	
National Action Plan for Salinity and Water Quality	7 980 861
National Parks General Reserves Account	1 966 456
National Sirex Fund	—
Native Vegetation Fund	7 375 648
Natural Heritage Trust Extension (NHT2)	1 674 030
Natural Resources Management Fund	3 374 954
Outback Areas Community Development Fund	982 159
Passenger Transport Research and Development Fund	13 293
Phylloxera and Grape Industry Fund	1 182 842
Planning and Development Fund	14 580 566
Pleuro Pneumonia Fund	82 057
Police Superannuation Fund	375 710
Rail Transport Facilitation Fund	36 955 048
Real Property Act Assurance Fund	6 706 778
Real Property Act Trust Account	60 092
Recreational Boating Facilities Fund	6 568 990
RESI Corporation Account	154 860
Residential Tenancies Fund	9 239 334
Retail Shop Leases Fund	917 301
Returned and Services League of Australia - Poppy Day Trust Inc - Enfield Project Account	669 856
Returned and Services League of Australia (South Australian Branch) Incorporated	693 052
Riverland Wine Industry Fund	278 253
SA BITS Funds Pty Ltd – Playford Centre Capital	2 638 415
SAFECOM Operating Account	11 920 823
Second-Hand Vehicles Compensation Fund	2 100 796
South Australian Apiary Industry Fund	213 240
South Australian Arid Lands Natural Resources Management Board	4 886 517
South Australian Country Arts Trust	3 518 171
South Australian Forestry Corporation	9 456 452
South Australian Government Financing Authority	37 697 704
South Australian Housing Trust	135 449 789
South Australian Metropolitan Fire Service	27 162 892
South Australian Murray Darling Basin Natural Resources Management Board	2 081 242
South Australian Pig Industry Fund	2 800 268
South Australian Sheep Industry Fund	7 480 903
South Australian Timber Corporation	2 030 931
South East Natural Resources Management Board	4 024 278
State Emergency Relief Fund	62 210
State Procurement Board – Gaming Machine Operations	1 136 062
Superannuation Funds Management Corporation Operating Account	1 925 051
Super SA Board	6 807 750
Supreme Court Suitors Fund	40 702 118

STATEMENT G - *continued*

DEPOSITS LODGED WITH THE TREASURER—BALANCES AT 30 JUNE 2010
(Section 22 (a) (vi) Public Finance and Audit Act 1987)

Account	Balance $
Interest bearing—*continued*	
Teachers' Registration Board	5 023 682
TransAdelaide	7 902 183
Transmission Lessor Corporation Account	35 740
Upper South East Dryland Salinity Project	1 792 424
Waste to Resources Fund	18 615 451
Wildlife Conservation Fund	337 719
Woods, Bagot, Jory and Laybourne-Smith - National War Memorial Account	1 899
Sub-Total	567 166 055
Non-interest bearing—	
Adelaide Children's Court	3 514
Agriculture – Research and Services Grants	5 917 289
Children's Services Office – Capital Assistance Fund	192 235
Coast Protection Fund	261 875
Companies Liquidation Account	94 244
Contractors' Deposits	746 565
Co-operatives Liquidation Account	64 993
Correctional Services - Prisoners' Monies	455 873
Courts Administration Authority	14 073 984
Extractive Areas Rehabilitation Fund	12 541 534
Fisheries – Research and Development Fund	4 204 010
Metropolitan Drainage Maintenance Fund	22 227
Natural Gas Authority of South Australia	—
Recreation and Sport Fund	1 509 195
Sheriff's Office Account	2 948
South Australian Film Corporation Investors Returns Account	284 547
South Australian Tourism Commission	5 682 797
South Eastern Water Conservation and Drainage Board	156 373
State Heritage Fund	441 721
Unclaimed Salaries and Wages Account	505 097
Workmen's Liens	512 155
Sub-Total	47 673 176
TOTAL DEPOSITS LODGED WITH THE TREASURER	614 839 231

KEVIN FOLEY, Treasurer

STATEMENT H

IMPREST ACCOUNTS
(Section 22 (a) (vii) Public Finance and Audit Act 1987)

These amounts represent monies advanced by the Treasurer to Chief Executive Officers pursuant to Section 9 of the *Public Finance and Audit Act 1987*. Imprest accounts provide funds to meet payments at short notice and are subsequently recovered from departmental monies.

By Whom Held	Agency	Unappropriated Funds Allocated
		$
Chief Executive	Attorney-General's Department	44 020
Auditor-General	Auditor-General's Department	3 100
Chief Executive	Department of Education and Children's Services	121 000
Electoral Commissioner	Electoral Commission of South Australia	200
Chief Executive	Department for Families and Communities	285 000
Chief Executive	Department of Trade and Economic Development	3 000
TOTAL		456 320

KEVIN FOLEY, Treasurer

STATEMENT I

INDEBTEDNESS OF THE TREASURER AS AT 30 JUNE 2010
(Section 22 (a) (viii) Public Finance and Audit Act 1987)

As prescribed in Section 22 *(a)* (viii) of the *Public Finance and Audit Act 1987,* this statement provides details on the total indebtedness of the Treasurer.

Lending arrangements within the South Australian public sector give rise to a direct debt relationship between the South Australian Government Financing Authority (SAFA) and certain public non financial corporations and the consolidation of general government sector debt with the Treasurer.

As the State's central financing authority, SAFA's main function is to develop and provide a range of borrowing, investment, and other financial services for South Australian public sector entities. The Treasurer has appointed SAFA to manage the portfolio forming the general government sector debt and is in turn indebted to SAFA.

As a result of these arrangements all of the Treasurer's indebtedness is to SAFA and the balance as at 30 June 2010 was $5 035.9 million. Details on the management of the Treasurer's debt portfolio can be found in SAFA's Annual Report.

The Consolidated Account is the Treasurer's main operating account and it is through this Account that public monies are received and expended pursuant to the requirements of the *Public Finance and Audit Act 1987*. Each year the Treasurer borrows from SAFA an amount equal to the Consolidated Account financing requirement. If there is a negative Consolidated Account financing requirement then an equivalent amount of the Treasurer's debt to SAFA is repaid.

In 2009-10 the Consolidated Account deficit was $1 252.3 million and was funded by borrowings of that amount from SAFA.

The indebtedness of the Treasurer to SAFA is serviced from the Consolidated Account and is recovered, in part, from loans provided by the Treasurer to public sector agencies and other bodies as described below. In addition, the Treasurer has provided equity contributions to certain agencies some of which pay dividends to Consolidated Account as shown in Statement A.

The Treasurer's indebtedness to SAFA has been applied in the public accounts as follows:

	2009-10	2008-09
	$'000	$'000
Loans to State Government Departments		
Department of Primary Industries and Resources—Rural Loans	1 380	1 100
Department for Transport, Energy and Infrastructure	47 761	47 761
	49 141	48 861
Loans to Statutory Authorities and Other Bodies		
Flinders Medical Centre	23 233	23 923
Land Management Corporation	-	9 435
Lyrup Village Association	25	30
Minister for Education and Children's Services	1 500	1 500
Renmark Irrigation Trust	1 080	1 190
South Australian Country Arts Trust	15 637	15 637
South Australian Housing Trust	621 545	696 334
South Western Suburbs Drainage	1 956	2 148
South Australian Tourism Commission	50	289
West Beach Trust	2 716	2 716
Women's and Children's Hospital	-	1 529
Woodville, Henley and Grange Drainage	201	214
	667 943	754 945

STATEMENT I - *continued*

INDEBTEDNESS OF THE TREASURER AS AT 30 JUNE 2010—*continued*
(Section 22 (a) (viii) Public Finance and Audit Act 1987)

	2009-10	2008-09
	$'000	$'000
Equity Contributions		
Adelaide Convention Centre	77 795	77 795
Adelaide Entertainments Corporation	55 536	55 536
Arts SA	25 899	2 937
Courts Administration Authority	3 140	3 140
Defence SA	385 531	295 208
Distribution Lessor Corporation	28 273	28 273
Electoral Commisison of South Australia	1 363	1 363
Environment Protection Authority	3 087	3 087
Forestry SA	4 984	4 984
Generation Lessor Corporation	24 539	24 539
Department for Families and Communities	43 799	41 888
Department of Health	578 813	429 398
National Electricity Administrator	93	93
National Electricity Market Management Company	490	490
Planning SA	1 483	1 483
Department of the Premier and Cabinet	-	12 498
Department of Primary Industries and Resources	1 059	1 059
SA Water Corporation	173 610	173 610
South Australian Asset Management Corporation	716	52 716
South Australian Film Corporation	8 460	8 460
South Australia Police	15 017	-
South Australian Tourism Commission	64	64
State Governor's Establishment	160	160
Department for Treasury & Finance	547	547
Department for Transport, Energy and Infrastructure	582 818	213 757
Department of Water, Land and Biodiversity Conservation	10 893	8 164
	2 028 169	1 441 249
Other Indebtedness		
Debt associated with prior operations of the Consolidated Account	2 290 644	1 542 819
TOTAL TREASURER'S INDEBTEDNESS TO SAFA	5 035 897	3 787 874

Further information on the Treasurer's indebtedness to SAFA can be found in Statement J – Financial Relationships and Transactions between the Treasurer and the South Australian Government Financing Authority.

STATEMENT I—*continued*

INDEBTEDNESS OF THE TREASURER AS AT 30 JUNE 2010—*continued*
(Section 22 (a) (viii) Public Finance and Audit Act 1987)

The Treasurer is authorised or required under a number of Acts to guarantee credit arrangements (eg repayment of borrowings) of various bodies. In the event of default, payment is made from the Consolidated Account. There is, therefore, a contingent liability of the Treasurer.

These fall into two main categories:

- general guarantees in respect of the operations of certain statutory bodies; and
- guarantees to assist the development of an industry or service (eg in respect of the indebtedness of companies and individuals pursuant to the *Industries Development Act 1941*).

In addition, the Treasurer may incur contingent liabilities under the *Government Financing Authority Act 1982* arising from SAFA's role in financing the South Australian Public Sector. These liabilities arise as a result of guarantees and indemnities provided, together with swap contracts and forward foreign currency transactions.

The Treasurer has residual liabilities arising from the sale/lease of the State's electricity assets. These liabilities represent prepaid lease rental payments received by the Treasurer on behalf of the Transmission Lessor Corporation, Distribution Lessor Corporation and Generation Lessor Corporation. The Treasurer's liability to the corporations at 30 June 2010 was $490.5 million. This amount will reduce over the terms of the leases, (up to 200 years), as lease rental revenue is brought to account. No cash payments are anticipated.

KEVIN FOLEY, Treasurer

STATEMENT J

FINANCIAL RELATIONSHIPS AND TRANSACTIONS BETWEEN THE TREASURER AND THE SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY
(Section 22 (a) (ix) Public Finance and Audit Act 1987)

The South Australian Government Financing Authority (SAFA) is an integral part of the management of the Government's finances. Transactions between SAFA and the Public Accounts are described below—

The indebtedness of the Government to SAFA largely stems from ongoing operations of Government including—

- direct loans from SAFA to the Government;
- indebtedness resulting from the assumption by SAFA of the obligations of the State to the Commonwealth Government under the Financial Agreement, Housing and other Specific Purpose Agreements;
- indebtedness resulting from debt rearrangements within the South Australian Public Sector whereby SAFA is assigned loan assets in return for assuming the associated debt servicing obligations of the South Australian Government; and
- the Government's assumption of obligations of semi-government authorities and Public Sector Financial Institutions for past loans from SAFA.

The overall movement in the Government's indebtedness to SAFA during 2009-10 is summarised as follows—

	$million
Balance at 30 June 2009	3 788
Add - Consolidated Account borrowings in 2009-10	1 252
Add - Realised gain (net)	2
Less - Repayment of borrowing	6
Balance at 30 June 2010	5 036
Market value at 30 June 2010 *(a)*	5 160

(a) SAFA manages its financial assets and liabilities on a market value basis (net fair value).

Arrangements for the management of cash require that virtually all funds under the control of the Treasurer which are not immediately required, are deposited with SAFA each day on an at call basis. During 2009-10 SAFA paid interest at the Common Public Sector Interest Rate (CPSIR) to the Treasurer in respect of Treasurer's deposits, that earn interest at the CPSIR. In respect of the remaining funds deposited with SAFA, the Treasurer received interest at a rate determined by reference to SAFA's overnight borrowing rate.

At 30 June 2010 the Treasurer's deposit with SAFA was $2 471 million (SAFA's market valuation $2 481 million).

Statement C shows details of the Treasurer's cash balances at 30 June 2010 and the form in which those balances were held.

SAFA's 2009-10 operating profit before income tax was $104.2 million. SAFA operates within the Tax Equivalent Regime (TER) and under this arrangement the amount paid to Consolidated Account in 2009-10, as reported in Statement A, was nil.

After taking account of the retained surplus carried forward from previous years and the net loss after tax in 2009-10, the amount of SAFA's surplus potentially available for distribution at 30 June 2010 was $264.7 million. The Treasurer determined that the distribution for 2009-10 would be $11.5 million.

Similar to many other semi-government authorities, SAFA operates a Deposit Account—see Statement G. Any surplus funds otherwise standing to the credit of the account are invested by SAFA each day.

The State unconditionally guarantees all the liabilities of SAFA pursuant to Section 15 of the *Government Financing Authority Act 1982*. The Government does not foresee any circumstances in which the guarantee is likely to be called upon.

STATEMENT J - *continued*

FINANCIAL RELATIONSHIPS AND TRANSACTIONS BETWEEN THE TREASURER AND THE SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY
(Section 22 (a) (ix) Public Finance and Audit Act 1987)

On 1 July 2006 the South Australian Government Insurance Corporation (SAICORP) was amalgamated with SAFA.

As part of the amalgamation arrangements, SAFA assumed the assets and liabilities of the South Australian Government Insurance and Risk Management (SAGIRM) Fund sections 1 and 2. The insurance function of SAFA will operate through two funds, (SAICORP Insurance Fund 1 and 2), specifically established in SAFA's financial accounts to quarantine insurance activities from SAFA's financing and investing activities. SAICORP Insurance Funds 1 and 2 correspond with and reflect the transactions of the former SAGIRM Fund sections 1 and 2 respectively.

With respect to SAICORP Insurance Fund 2, the Treasurer has agreed to indemnify SAFA for the financial outcomes of the Fund to reflect the risks SAFA has assumed on the Treasurer's behalf. At 30 June each year the financial position of Fund 2 will be calculated and the Treasurer will be liable for any deficiency in the Fund. Conversely, SAFA will be liable to pay to the Treasurer any surplus in the Fund. Unless otherwise agreed, either the Treasurer or SAFA will settle their liabilities under this arrangement within 12 months of the relevant financial year.

SAICORP Insurance Fund 2 recorded an operating profit of $5.7 million in 2009-10. The Treasurer has a net liability to the Fund of $6.8 million representing the Treasurer's receivable of $5.7 million for 2009-10 offset by an outstanding liability of $12.5 million for 2008-09.

KEVIN FOLEY, Treasurer

STATEMENT K

STATEMENT OF APPROPRIATION AUTHORITIES

GOVERNOR'S APPROPRIATION FUND
(Section 22 (a) (xi) (A) and (B) Public Finance and Audit Act 1987)

	$
Maximum amount that could have been appropriated from the Fund in 2009-10	279 391 000

Purpose of Appropriation	Amounts Issued and Applied
	$
Administered Items for Department of the Premier and Cabinet	2 000
South Australian Tourism Commission	1 339 000
Defence SA	27 683 000
Department of Primary Industries and Resources	473 761
Department of Planning and Local Government	1 112 000
Administered Items for Department of Planning and Local Government	151 000
Department of Health	24 700 000
Department for Families and Communities	37 490 000
Department of Education and Children's Services	4 717 393
Administered Items for Department of Education and Childrens' Services	2 857 000
Department for Further Education, Employment, Science & Technology	8 887 234
Department of Environment and Heritage	1 227 366
Administered Items for the Department of Environment and Heritage	90 000
Department of Water, Land and Biodiversity Conservation	13 060 000
Administered Items for the Department Water, Land, Biodiversity and Conservation	286 000
Environment Protection Authority	2 369 580
TOTAL	126 445 334

STATEMENT K - *continued*

STATEMENT OF APPROPRIATION AUTHORITIES - *continued*

TRANSFERS AUTHORISED PURSUANT TO SECTION 13 OF THE PUBLIC FINANCE AND AUDIT ACT 1987
(Section 22 (a) (xii) Public Finance and Audit Act 1987)

No transfers were made during 2009-10.

REDUCTIONS AUTHORISED PURSUANT TO SECTION 14 OF THE PUBLIC FINANCE AND AUDIT ACT 1987
(Section 22 (a) (xiv) Public Finance and Audit Act 1987)

No reductions were made during 2009-10.

APPROPRIATION AUTHORISED PURSUANT TO SECTION 15 OF THE PUBLIC FINANCE AND AUDIT ACT 1987
(Section 22 (a) (xiii) Public Finance and Audit Act 1987)

	$
Administered Items for the Department of Treasury and Finance	70 346 000
TOTAL	70 346 000

APPROPRIATION AUTHORITIES FOR ACTUAL PAYMENTS FROM THE CONSOLIDATED ACCOUNT, 2009-10
(Section 22 (a) (xiii) Public Finance and Audit Act 1987)

	Appropriation Authority	Actual Payments
	$	$
Appropriation Act 2009 , Section 4	11 578 430 000	11 407 865 281
Public Finance and Audit Act 1987 , Section 15	70 346 000	70 346 000
	11 648 776 000	11 478 211 281
The Governor's Appropriation Fund - *Public Finance and Audit Act 1987,* Section 12	279 391 000	126 445 334
	11 928 167 000	11 604 656 615
Specific appropriation authorised by various Acts	120 312 000	137 630 090
TOTAL	12 048 479 000	11 742 286 705

KEVIN FOLEY, Treasurer

STATEMENT L

STATEMENT OF OTHER TRANSFERS FROM THE ADMINISTERED ITEMS FOR THE DEPARTMENT OF TREASURY AND FINANCE FOR THE YEAR ENDED 30 JUNE 2010
(Section 22 (a) (xiv) Public Finance and Audit Act 1987)

Transfers were made to the following agencies:	$
Department of the Premier and Cabinet	9 693 854
State Governor's Establishment	1 000
Arts SA	479 000
Department of Trade and Economic Development	187 000
Defence SA	39 000
Department of Treasury and Finance	16 823 654
Administered Items for Department of Treasury and Finance	5 451 130
Department of Planning and Local Government	806 511
Department of Primary Industries and Resources	11 328 288
Department for Transport, Energy and Infrastructure	21 084 398
Attorney-Generals Department	11 260 754
Administered Items for Attorney-Generals Department	12 000
Courts Administration Authority	2 882 140
Department for Correctional Services	10 356 437
South Australia Police	2 916 000
Electoral Commission of South Australia	22 000
Department of Health	146 367 568
Department of Education and Children's Services	45 386 164
Administered Items for Department of Education and Children's Services	77 000
South Australian Tourism Commission	911 075
Department for Environment and Heritage	8 323 982
Department of Water, Land and Biodiversity Conservation	29 961 677
Environment Protection Authority	2 121 781
Department for Families and Communities	23 784 697
Department of Further Education, Employment, Science and Technology	21 643 402
Auditor-General's Department	112 000
Bio Innovation SA	4 000
South Australian Fire and Emergency Services Commission	1 191 205
SACE Board of South Australia	3 000
TOTAL	373 230 717

KEVIN FOLEY, Treasurer

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.

General Index to Part B

of the

Report

of the

Auditor-General

for the

Year ended 30 June 2010

A

B

C

D

E

F

N

O

P

Q

R

S